



Western Riverside Council of Governments Administration & Finance Committee

AGENDA

**Wednesday, November 8, 2017
12:00 p.m.**

**County of Riverside
Administrative Center
4080 Lemon Street
5th Floor, Conference Room C
Riverside, CA 92501**

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Administration & Finance Committee meeting, please contact WRCOG at (951) 955-8308. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 4080 Lemon Street, 3rd Floor, Riverside, CA, 92501.

The Administration & Finance Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER (Debbie Franklin, Chair)

2. PUBLIC COMMENTS

At this time members of the public can address the Administration & Finance Committee regarding any items listed on this agenda. Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

3. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

- A. **Summary Minutes from the October 11, 2017, Administration & Finance Committee Meeting are Available for Consideration.** **P. 1**
- Requested Action:** 1. *Approve the Summary Minutes from the October 11, 2017, Administration & Finance Committee meeting.*
- B. **Finance Department Activities Update Including Agency Audit and Upcoming Annual TUMF Compliance Review by Agencies** **P. 7**
- Requested Action:** 1. *Receive and file.*
- C. **Administration & Finance Committee 2018 Meeting Schedule** **P. 13**
- Requested Action:** 1. *Approve the Schedule of Administration & Finance Committee meetings for 2018.*
- D. **Transportation Department Activities Update** **P.19**
- Requested Action:** 1. *Receive and file.*
- E. **Economic Development Activities Update** **P. 255**
- Requested Action:** 1. *Approve the postponement of work on the WRCOG Economic Development initiative until more information and results are provided by the Inland Empire Growth and Opportunity initiative.*
- F. **BEYOND Framework Fund Program Activities Update** **P. 259**
- Requested Action:** 1. *Receive and file.*
4. **REPORTS / DISCUSSION**
- A. **27th Annual General Assembly & Leadership Address** **P. 281**
- Requested Action:** 1. *Discuss and provide direction.*
- B. **PACE Programs Activities Update** **P. 283**
- Requested Actions:** 1. *Recommend that the Executive Committee authorize the Executive Director to continue utilizing Baker Tilly to conduct future operational analyses / audits of its residential PACE Programs.*
2. *Recommend that the Executive Committee authorize the Executive Director to execute a Professional Service Contract with Baker Tilly for operational analysis / audit of Renovate America, in an amount not to exceed \$140,000 for the Fiscal Year 2016/2017.*
- C. **WRCOG Member Dues Discussion** **P. 315**
- Requested Action:** 1. *Discuss and provide direction regarding the assessment of dues on WRCOG member agencies for the fiscal year.*

- D. Carryover Revenue Proposal for Fiscal Year 2016/2017 P. 325

Requested Action: 1. Discuss and provide direction.

- E. Fiscal Year 2016/2017 Comprehensive Annual Financial Report (CAFR) Presentation P. 331

Requested Action: 1. Receive and file.

- F. New Initiatives for Consideration P. 437

Requested Action: 1. Discuss and provide direction.

5. ITEMS FOR FUTURE AGENDAS *Members*

Members are invited to suggest additional items to be brought forward for discussion at future Administration & Finance Committee meetings.

6. GENERAL ANNOUNCEMENTS *Members*

Members are invited to announce items / activities which may be of general interest to the Administration & Finance Committee.

7. NEXT MEETING: The next Administration & Finance Committee meeting is scheduled for Wednesday, December 13, 2017, at 12:00 p.m., in the County of Riverside Administrative Center, 5th Floor, Conference Room C.

8. ADJOURNMENT

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1. CALL TO ORDER

The meeting of the Administration & Finance Committee (Committee) was called to order at 12:02 p.m. by 2nd-Vice Chairwoman Bonnie Wright, at the County of Riverside Administrative Center, 5th Floor, Conference Room C.

Members present:

Debbie Franklin, City of Banning (12:21 p.m. arrival)
Eugene Montanez, City of Corona
Laura Roughton, City of Jurupa Valley (12:03 p.m. arrival)
Brian Tisdale, City of Lake Elsinore
Ben Benoit, City of Wildomar
Mike Naggar, City of Temecula
Chuck Washington, County of Riverside District 3
Marion Ashley, County of Riverside District 5

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Rick Bishop, Executive Director
Ernie Reyna, Chief Financial Officer
Barbara Spoonhour, Director of Community Choice Aggregation Development
Jennifer Ward, Director of Government Relations
Chris Gray, Director of Transportation
Casey Dailey, Director of Energy and Environmental Programs
Janis Leonard, Administrative Services Manager
Chris Tzeng, Program Manager
Cynthia Mejia, Staff Analyst
Jairo Sandoval, Staff Analyst
Suzy Nelson, Administrative Assistant

Guests present:

Warren Diven, Best Best & Krieger
Andrea Roess, David Taussig & Associates

2. PUBLIC COMMENTS

There were no public comments.

3. CONSENT CALENDAR – (District 5 / Murrieta) 8 yes; 0 no; 0 abstention. Items 3.A through 3.D were approved by a unanimous vote of those members present. The Cities of Banning and Jurupa Valley, and the County of Riverside District 3 were not present. The Western Municipal Water District abstained from Item Number 3.A only.

A. Summary Minutes from the September 13, 2017, Administration & Finance Committee Meeting are Available for Consideration.

Action: 1. Approved the Summary Minutes from the September 13, 2017, Administration & Finance Committee meeting.

B. Finance Department Activities Update Including Agency Audit and Upcoming Annual TUMF Compliance Review by Agencies

Action: 1. *Received report.*

C. Single Signature Authority Report

Action: 1. *Received report.*

D. Cost Sharing Agreements for Legal Services Related to California Public Utilities Commission Proceedings R17-06-026 for Power Cost Indifference Adjustment (PCIA)

Actions:

1. *Authorized the Executive Director to enter into cost sharing agreements (not to exceed \$60,000) with Desert Community Energy and Los Angeles Community Choice Energy for legal services related to the California Public Utilities Commission Proceeding R17-06-026 Review of the Power Cost Indifference Adjustment.*
2. *Authorized the use of Fiscal Year 2015/2016 HERO carryover funds to initiate a budget amendment to increase legal services for the Community Choice Aggregation (CCA) Program by \$60,000, recognizing WRCOG's portion of the costs will be \$20,000 and will be reimbursed, once the CCA is operational.*

4. REPORTS / DISCUSSION

A. PACE Programs Activities Update

Barbara Spoonhour reported that in 2015 the Executive Committee adopted a resolution directing staff to bring forth delinquencies on an annual basis to this Committee for discussion on proceeding with judicial foreclosure and/or deferring the foreclosure process and advancing funds to keep the bond holder whole.

A delinquency occurs when a property owner has not paid their property taxes in full. Renovate America has purchased the residential delinquencies in the past; however, it does not want to purchase the delinquencies this year. WRCOG staff and legal counsel are exploring third party entities (debt collectors) interested in purchasing collection rights.

A total of 33 commercial parcels were enrolled in the 2016/2017 Tax Year, with one delinquency. The delinquency process for commercial properties is the same as for residential properties. SAMAS Commercial has the first right of refusal and has indicated that it will not purchase this year.

The owner or lender has until December 1st to bring the assessment current.

Committee member Kelly Seyarto has how the judicial proceedings work.

Warren Diven responded that WRCOG (its legal counsel) would go to court indicating that WRCOG has levied and recorded an assessment and WRCOG has asked its legal counsel to initiate a judicial foreclosure proceeding. Bankruptcy is the only effective defense a property owner has. Cases very rarely go to trial. WRCOG would be foreclosing on the HERO lien only.

Committee Member Mike Naggar indicated that when a property is defaulted on, it cannot go into foreclosure for five years, and asked if that also applies here.

Mr. Diven responded that judicial foreclosure is an alternative remedy under the bond law. If WRCOG advanced the funds, and if the property remained delinquent for five years, the county would most likely initiate judicial foreclosure in a tax sale.

Committee member Naggar asked if WRCOG is initiating a sale outside the five-year term.

Ms. Spoonhour responded there are six of eight properties that have been delinquent for four years. The other two properties have entered into an agreement with the county to bring its assessment current. By next year, the fifth year, those six properties could be put on the auction block by the county if their assessments are not brought current. The HERO Program would then recover its funds through that sale. WRCOG does not initiate foreclosure, the county does.

Committee member Naggar asked what happens to the HERO lien if the county does not initiate foreclosure.

The County has its own policy that it follows regarding initiating foreclosure. The HERO lien would remain deferred until the County took action.

Committee member Laura Roughton asked why WRCOG would be involved if Renovate America has taken on the responsibility of collection rights.

Ms. Spoonhour responded that WRCOG would not be involved.

Committee member Roughton asked if WRCOG knows if the delinquencies are the total tax bills, or if it is the HERO lien itself that is delinquent.

Ms. Spoonhour responded that the counties do not accept partial payments.

Chairwoman Franklin continued the meeting from this point.

Committee member Brenda Dennstedt asked what happens if WRCOG does not defer the foreclosure proceeding, and is there a way to waive penalties.

Ms. Spoonhour responded that the alternative is to initiate foreclosure. Staff recommends deferring to allow the homeowner time to bring their assessment current. But again, the County, not WRCOG, would be the entity to initiate foreclosure proceedings.

Mr. Diven added that during the foreclosure proceedings, penalties can be waived as part of the settlement.

- Actions:**
1. *Recommended that the Executive Committee allocate direct WRCOG to defer the judicial foreclosure proceeding and to assign WRCOG's collection rights to a third party for 263 delinquent parcels totaling \$738,004.43.*
 2. *Recommend the Executive Committee advance funds from WRCOG to allow for the deferral of judicial foreclosure proceedings on a delinquent commercial property.*

(Corona / Murrieta) 10 yes; 0 no; 0 abstention. Item 4.A was approved by a unanimous vote of those members present. The County of Riverside District 3 was not present.

B. Public Service Fellowship Activities Update

Cynthia Mejia reported that Round I of the Fellowship allowed for 13 Fellows, of which eight have been hired at agencies throughout Riverside County. Round II includes 19 Fellows who are in their fifth month and working on matters such as policy analysis, legislative research, event coordination, and project management.

Monthly networking sessions include presentations from City Managers, staff from the League of California Cities, and Police and Fire Chiefs.

A bus tour of the subregion is scheduled for October 26, 2017. Staff is meeting with the Fellows one-on-one, and meetings with the Fellows' supervisors will be scheduled over the next few weeks.

Committee members indicated that this Program has been very beneficial to member jurisdictions.

Rick Bishop indicated that the hope is that after working for one year, the jurisdiction would want to, and be financially able to, hire that Fellow. For some of the smaller jurisdictions which may not have the budget to do so, there is the possibility of having a Fellow every other year.

Committee member Brian Tisdale asked if a jurisdiction could keep the same Fellow two years in a row if that jurisdiction's budget would not allow for hiring of that Fellow.

Jennifer Ward responded that while this question has not come up before, it is a possibility to have the same Fellow two years in a row but there would be a break in between the years.

Committee member Eugene Montanez asked how many Fellows are local residents.

Ms. Ward responded that approximately half live locally.

- Actions:**
1. *Recommended that the Executive Committee allocate \$300,000 from Agency carryover funds for the remainder of the Public Service Fellowship, Round II.*
 2. *Recommend that the Executive Committee allocate \$400,000 from Agency carryover funds for the continuation of the Public Service Fellowship, with Round III commencing in January 2018.*

(Lake Elsinore / Murrieta) 10 yes; 0 no; 0 abstention. Item 4.B was approved by a unanimous vote of those members present. The County of Riverside District 3 was not present.

C. 1st Quarter Draft Budget Amendment for Fiscal Year 2017/2018

Ernie Reyna reported that trends indicate that PACE revenues statewide are still decreasing through the 1st quarter of Fiscal Year 2017/2018. Potential reasons include additions PACE providers now operating throughout the state, market saturation, and other financing options available to consumers. Anticipated carryover revenues for Fiscal Year 2017/2018 will be reduced from \$4M to \$3M.

A reduction in Local Transportation Fund revenue of \$99,000 is due to a difference in calculations provided by the Riverside County Transportation Commission.

- Action:**
1. *Recommended that the Executive Committee approve the 1st Quarter draft Budget amendment for Fiscal Year 2017/2018.*

(Wildomar / Murrieta) 10 yes; 0 no; 0 abstention. Item 4.C was approved by a unanimous vote of those members present. The County of Riverside District 3 was not present.

D. Total Compensation Study Proposal

Ernie Reyna reported that WRCOG would like to have its entire salary schedule examined to see where it stands against other comparable agencies. The salary schedule currently lists seven titles and 14 steps. Staff would also like benefits examined to ensure the Agency is remaining competitive.

- Action:**
1. *Directed the Executive Director to enter into a contract in an amount not to exceed \$20,000 with Koff & Associates to complete a Total Compensation Study for WRCOG.*

(Corona / Lake Elsinore) 10 yes; 0 no; 0 abstention. Item 4.D was approved by a unanimous vote of those members present. The County of Riverside District 3 was not present.

E. Visioning Session Scheduled for October 12, 2017

Jennifer Ward reported that the Visioning Session is scheduled for tomorrow, beginning at 8:30 a.m. Bill Higgins, Executive Director of the California Association of Councils of Governments, will serve as the facilitator.

Action: 1. *Received report.*

5. ITEMS FOR FUTURE AGENDAS

Chairwoman Franklin requested a discussion of waiving member dues.

6. GENERAL ANNOUNCEMENTS

Rick Bishop shared construction pictures of WRCOG's future office.

7. CLOSED SESSION

There were no reportable actions.

8. NEXT MEETING: The next Administration & Finance Committee meeting is scheduled for Wednesday, November 8, 2017, at 12:00 p.m., in the Riverside County Administrative Center, 5th Floor, Conference Room C.

9. ADJOURNMENT: The meeting of the Administration & Finance Committee adjourned at 1:10 p.m.

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Finance Department Activities Update Including Agency Audit and Upcoming Annual TUMF Compliance Review by Agencies

Contact: Ernie Reyna, Chief Financial Officer, ereyna@wrcog.us, (951) 955-8432

Date: November 8, 2017

The purpose of this item is to provide an update on the financial audit of Fiscal Year (FY) 2016/2017, 2nd Quarter Budget Amendments for FY 2017/2018, and the annual TUMF compliance review for FY 2016/2017. Information regarding an agency-wide compensation study is also provided.

Requested Action:

1. Receive and file.

FY 2016/2017 Financial Audit

Auditors from Rogers, Anderson, Malody, & Scott (RAMS) have concluded the interim and final fieldwork portion of the financial audit for the Agency. RAMS reviewed payroll, accounts payable, and all other areas of WRCOG's accounting system. The final draft of the financial statements was reviewed by the Finance Directors' Committee at its quarterly meeting on October 26, 2017, with the final Comprehensive Annual Financial Report (CAFR) being issued on October 31, 2017. Item 4.E of this agenda packet contains the final CAFR, along with the Internal Controls and Management Discussion letters. The Technical Advisory Committee will be presented with the report on November 16, 2017, and the Executive Committee on December 4, 2017.

2nd Quarter Budget Amendment

December 31, 2017, marks the end of the second quarter for Fiscal Year 2017/2018 and it is anticipated that the Administration & Finance Committee will receive the report on January 10, 2018. The Technical Advisory Committee will receive the report at its January 18, 2018, and the Finance Director's Committee will receive the report at its January 25, 2018 meeting. It is anticipated that the Executive Committee will receive the report at its February 5, 2018, meeting.

Annual TUMF Review of Participating Agencies

WRCOG is conducting reviews of TUMF collections by participating agencies for FY 2016/2017. The reviews provide WRCOG an opportunity to meet with staff that are assigned to TUMF, including planning, public works, and finance staff. During the review, WRCOG randomly selects remittance reports to review and verify that the correct land use type has been used and that fees have been calculated properly. The reviews are expected to conclude by December 2017, with reports being issued to City Managers / agency heads in January 2018.

Financial Report Summary through September 2017

The Agency Financial Report summary, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, through September 2017 is provided as Attachment 1.

Prior Actions:

October 26, 2017: The Finance Directors Committee received and filed.
October 19, 2017: The Technical Advisory Committee received and filed.

Fiscal Impact:

This item is informational only; therefore, there is no fiscal impact.

Attachments:

1. Financial Report summary – September 2017.

Item 3.B

Finance Department Activities
Update Including Agency Audit and
Upcoming Annual TUMF Compliance
Review by Agencies

Attachment 1

Financial Report summary
– September 2017

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending September 30, 2017

	Approved 6/30/2018 Budget	Thru 9/30/2017 Actual	Remaining 6/30/2018 Budget
Revenues			
General Assembly	300,000	18,800	281,200
WRCOG HERO Residential Revenue	816,771	400,393	416,378
CA HERO Residential Revenue	7,639,575	1,399,513	6,240,062
SCE WREP Revenue	75,000	14,438	60,562
WRCOG HERO Residential Recording Revenue	182,775	79,200	103,575
CA HERO Residential Recording Revenue	1,508,036	245,520	1,262,516
CA First Residential Revenue	167,000	8,426	158,574
CA First Residential Recording Revenue	86,000	3,159	82,841
Other Misc Revenue	-	5,921	(5,921)
Active Transportation Revenue	150,000	80,567	69,433
RIVTAM Revenue	-	25,000	(25,000)
Commercial/Service - Admin Portion	101,097	14,753	86,344
Retail - Admin Portion	118,867	50,239	68,629
Industrial - Admin Portion	249,133	172,285	76,848
Residential/Multi/Single - Admin Portion	1,045,779	335,760	710,019
Multi-Family - Admin Portion	129,787	15,453	114,334
Commercial/Service - Non-Admin Portion	2,426,945	354,076	2,072,869
Retail - Non-Admin Portion	2,852,820	1,205,733	1,647,087
Industrial - Non-Admin Portion	5,979,195	4,134,842	1,844,353
Residential/Multi/Single - Non-Admin Portion	25,098,070	8,058,228	17,039,842
Multi-Family - Non-Admin Portion	3,114,890	370,869	2,744,020
Total Revenues	62,996,435	16,993,175	46,003,261
Expenditures			
Wages & Salaries	2,584,095	466,133	2,117,962
Fringe Benefits	739,956	175,167	564,789
Total Wages and Benefits	3,384,051	641,299	2,742,751
Overhead Allocation	2,219,371	547,363	1,672,008
Audit Fees	27,500	10,200	17,300
Bank Fees	29,000	11,872	17,128
Commissioners Per Diem	62,500	12,000	50,500
Office Lease	427,060	34,312	392,748
Parking Validations	4,775	990	3,785
Event Support	112,600	19,293	93,307
General Supplies	66,536	2,566	63,970
Computer Supplies	12,500	1,732	10,768
Computer Software	18,000	11,577	6,423
Rent/Lease Equipment	35,000	6,308	28,692
Membership Dues	31,950	6,636	25,314
Subscriptions/Publications	6,500	153	6,347
Meeting Support/Services	12,100	921	11,179
Postage	8,155	1,265	6,890
Other Household Expenditures	4,880	666	4,214
Storage	1,000	3,502	(2,502)
Computer Hardware	1,000	1,643	(643)
Misc. Office Equipment	-	688	(688)
Communications-Regular	1,000	2,571	(1,571)

Communications-Long Distance	500	57	443
Communications-Cellular	12,677	1,723	10,954
Communications-Web Site	5,600	255	5,345
Equipment Maintenance - General	11,000	4,061	6,939
Equipment Maintenance - Computers	25,000	4,158	20,842
Insurance - General/Business Liason	72,950	32,756	40,194
PACE Recording Fees	1,862,811	177,979	1,684,832
Seminars/Conferences	24,550	2,400	22,150
General Assembly Expenditures	304,200	8,148	296,052
Travel - Mileage Reimbursement	15,700	3,564	12,136
Travel - Ground Transportation	13,100	208	12,892
Travel - Airfare	28,704	1,788	26,916
Meals	10,419	786	9,633
Other Incidentals	13,358	2,970	10,388
Training	14,321	4,427	9,894
Supplies/Materials	35,117	11,525	23,592
Consulting Labor	3,659,928	160,421	3,499,507
Consulting Expenses	72,865	33,966	38,899
TUMF Project Reimbursement	39,000,000	2,935,880	36,064,120
BEYOND Expenditures	2,052,917	19,707	2,033,210
Total General Operations	61,181,206	4,083,039	57,098,167
Total Expenditures	64,565,257	4,724,338	59,840,918



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Administration & Finance Committee 2018 Meeting Schedule

Contact: Janis L. Leonard, Administrative Services Manager, jleonard@wrcog.us, (951) 955-8320

Date: November 8, 2017

The purpose of this item is to provide and obtain approval of a meeting schedule for 2018.

Requested Action:

1. Approve the Schedule of Administration & Finance Committee meetings for 2018.

Attached are the proposed meeting dates for the 2018 Administration & Finance Committee. All meeting dates are proposed for the second Wednesday of the month and are scheduled to begin at 12:00 p.m. at WRCOG's office, 3390 University Avenue, Suite #450, Riverside.

Prior Action:

None.

Fiscal Impact:

None.

Attachment:

1. Schedule of Administration & Finance Committee meetings for 2018.

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Item 3.C

Administration & Finance Committee
2018 Meeting Schedule

Attachment 1

Schedule of Administration &
Finance Committee meetings
for 2018

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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS **SCHEDULE OF MEETINGS FOR 2018**

WRCOG Standing Committees	Day	Time	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Administration & Finance	2nd Wed.	12:00 p.m.	10	14	14	11	9	13	11	DARK	12	10	14	12

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Transportation Department Activities Update

Contact: Christopher Gray, Director of Transportation, cgray@wrcoq.us, (951) 955-8304

Date: November 8, 2017

The purpose of this item is to provide an overall update of Transportation Department activities including those related to the TUMF Program, the Active Transportation Plan and a collaborative effort with the Riverside County Transportation Commission (RCTC), CVAG, and Riverside County to update the County Travel Forecasting Model.

Requested Action:

1. Receive and file.

WRCOG's Transportation Uniform Mitigation Fee (TUMF) Program is a regional fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in Western Riverside County. Each of WRCOG's member jurisdictions and the March Joint Powers Authority (JPA) participate in the Program through an adopted ordinance, collect fees from new development, and remit the fees to WRCOG. WRCOG, as administrator of the TUMF Program, allocates TUMF to RCTC, groupings of jurisdictions – referred to as TUMF Zones – based on the amount of fees collected in these groups, and the Riverside Transit Agency.

The Active Transportation Plan will identify challenges to and opportunities for creating a safe, efficient, and complete active transportation network that will expand the availability of active modes of transportation for users both within the region and between neighboring regions.

The Riverside County Traffic Analysis Model (RIVTAM) was developed in 2009 to provide Riverside County jurisdictions a more detailed tool to develop long-term forecasts of future travel behavior. Since 2009, RIVTAM has not undergone a comprehensive update, so the land use and transportation data the RIVTAM utilizes is significantly outdated.

2016 TUMF Nexus Study Update

Staff distributed the TUMF Ordinance / Resolution to member agencies on July 11, 2017, for review and adoption. As of this writing the Cities of Banning, Beaumont, Canyon Lake, Calimesa, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Perris, Norco, Riverside, San Jacinto and Temecula have adopted the Ordinance. March JPA and the County of Riverside have scheduled meetings to adopt the Ordinance. Staff attended a majority of these meetings and provided support to agency staff in terms of providing presentations and answering questions regarding the TUMF Program. Several agencies asked specific questions regarding TUMF projects previously completed within its respective agency. WRCOG also prepared template staff reports and presentations for use by agency staff in these meetings.

Staff also provided continuous updates to all member agencies and stakeholders regarding any upcoming fee changes to the multi-family, service, and industrial TUMF rates. As approved by the Executive Committee in

July 2017, the single-family residential TUMF rate will remain at \$8,873 until June 30, 2019, and the retail TUMF rate was reduced to \$7.50 / square foot.

TUMF Program Ad Hoc Committee

In March 2017, the Executive Committee took action to form a TUMF Program Ad Hoc Committee to discuss and provide recommendations on items including the administration of the TUMF Program, TUMF Zone process, and TUMF calculation issues. The TUMF Program Ad Hoc Committee is comprised of members of the Executive, Technical Advisory, and Public Works Committees.

WRCOG will convene the Ad Hoc Committee for a fourth and final time on November 15, 2017, to discuss questions received on the types of projects that can be funded by TUMF and the criteria for a project to be included in the TUMF Program. Staff anticipates providing a comprehensive review of each TUMF Program Ad Hoc Committee meeting after this final meeting has occurred. Staff will also provide a summary of all of the Ad Hoc Committee meetings for distribution to its standing Committees.

Subsequent TUMF Efforts

Staff is finalizing several documents related to the implementation of the TUMF Program. These documents include an updated TUMF Calculation Handbook and a TUMF Credit/Reimbursement Manual.

TUMF Calculation Handbook: The update will address issues such as an updated fee calculation for gas stations and other technical updates related to the adoption of the Nexus Study. Staff would like to streamline the process for calculating TUMF for gas stations, as staff has identified that the TUMF was miscalculated in a couple of jurisdictions. With agency staff on the frontline of calculating TUMF for developers, WRCOG would like to make the calculation of TUMF as seamless as possible. Staff distributed the draft TUMF Calculation Handbook to the Planning and Public Works Directors for review and comment October 5, 2017. The draft TUMF Calculation will be presented to the Public Works Committee on November 9, 2017 and staff anticipates the draft TUMF Calculation Handbook will be presented to the Executive Committee in December.

TUMF Credit/Reimbursement Manual: The Credit/Reimbursement Manual provides greater clarity regarding eligible expenses for reimbursement and will streamline the process through which agencies receive payment from WRCOG for costs associated with TUMF projects. Staff and the consultant have finalized the Credit/Reimbursement Manual and will be updating the TUMF Administrative Plan to reference the Reimbursement Manual in areas that reimbursements and credits are discussed.

RIVTAM Update

In 2008, WRCOG, RCTC, and Riverside County collaborated on the development of a Countywide RIVTAM for use in land use planning and infrastructure studies such as the TUMF Nexus Study, General Plans, Environmental Impact Reports (EIRs), and other transportation studies. In 2016, staff met with other stakeholders to discuss a potential update of RIVTAM for use by the various jurisdictions throughout Riverside County. Since these initial conversations, WRCOG worked with these agencies to secure agreements to fund the update. WRCOG has now secured agreements with RCTC, Riverside County, and CVAG to fund this model update and will be collaborating on an RFQ / RFP scheduled to be released in mid-November 2017.

Western Riverside County Active Transportation Plan

On May 28, 2015, the California Transportation Commission allocated funding to WRCOG to develop the Western Riverside County Active Transportation Plan. The Active Transportation Plan (ATP) will identify challenges to and opportunities for creating a safe, efficient, and complete active transportation network that will expand the availability of active modes of transportation for users both within the region and between neighboring regions. As part of this, the Project Team is working with member agency staff, and through the Planning Directors and Public Works Committees, to develop a Regional Network. The Regional Network projects were determined with input from prior local and regional plans, collision review, regional destinations analysis, and agency guidance. The goal of the Western Riverside County ATP is to focus on a subset of high

priority, regional projects. The final report, which will be released in early 2018 will include specific details for each project included in the Regional Network that will assist jurisdictions in applying for grant funding, particularly the statewide ATP.

Prior Action:

October 19, 2017: The Technical Advisory Committee received and filed.

Fiscal Impact:

Transportation Department activities are included in the Agency's adopted Fiscal Year 2017/2018 Budget under the Transportation Department.

Attachments:

1. Draft TUMF Calculation Handbook.
2. TUMF Credit / Reimbursement Manual.

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Item 3.D

Transportation Department Activities
Update

Attachment 1

Draft TUMF Calculation Handbook

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TRANSPORTATION UNIFORM MITIGATION FEE

FEE CALCULATION HANDBOOK

Prepared for

The Western Riverside Council of Governments

In Cooperation with

The City of Banning
The City of Beaumont
The City of Calimesa
The City of Canyon Lake
The City of Corona
The City of Eastvale
The City of Hemet
The City of Jurupa Valley
The City of Lake Elsinore
The City of Menifee
The City of Moreno Valley
The City of Murrieta
The City of Norco
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The City of Riverside
The City of San Jacinto
The City of Temecula
The City of Wildomar
The County of Riverside
Eastern Municipal Water District
March Joint Powers Authority
Morongo Band of Mission Indians
Western Municipal Water District

Prepared by

WSP

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1.0 INTRODUCTION AND PURPOSE

The Board of Supervisors of the County of Riverside and the Councils of the Cities of Western Riverside County enacted the Transportation Uniform Mitigation Fee to fund the mitigation of cumulative regional transportation impacts resulting from future development. The mitigation fees collected through the TUMF program will be utilized to complete transportation system capital improvements necessary to meet the increased travel demand and to sustain current traffic levels of service.

The fee calculations are based on the proportional allocation of the costs of proposed transportation improvements based on the cumulative transportation system impacts of different types of new development. Fees are directly related to the forecast rate of growth and trip generation characteristics of different categories of new development. The purpose of this handbook is to detail the methodology for calculating the TUMF obligation for different categories of new development and, where necessary, to clarify the definition and calculation methodology for uses not clearly defined in the respective TUMF ordinances.

2.0 STANDARD FEE CALCULATIONS

A standard methodology will be applied for calculating all TUMF obligations based on the rates for various land use categories as prescribed in the respective TUMF ordinances. Fees associated with new residential development are to be calculated based on the prescribed TUMF rate and the total number of dwelling units associated with a new development using **Worksheet A.1.1**. Similarly, fees for all new non-residential developments are to be calculated based on the prescribed TUMF rate and the gross floor area of all buildings associated with the new development using **Worksheet A.2.1**.

2.1. Standard Residential Fee Calculations

For the purpose of calculating the TUMF obligation, residential dwelling units are defined as a building or portion thereof used by one (1) family and containing one (1) kitchen, which is designed primarily for residential occupancy. Residential dwelling units may include, but are not limited to, detached houses, apartment homes, condominiums and mobile homes. Residential dwelling units do not include hotel and motel rooms, dormitories, medical care facilities and correctional institutions which are considered to be non-residential developments.

Residential TUMF obligations are calculated by multiplying the net increase in the total number of dwelling units associated with a new development by the appropriate residential land use category fee rate using **Worksheet A.1.1**. Residential land use categories include single-family residential dwelling units and multi-family dwelling units, as defined in the respective TUMF ordinances.

2.2. Standard Non-Residential Fee Calculations

For the purpose of calculating the TUMF obligation, non-residential development is defined as retail commercial, service commercial, industrial, and government or public sector development which is designed primarily for use as a business and is not intended for residential occupancy or dwelling use. The applicable non-residential land use category for a non-residential development is determined based on the predominate use of the building or structure associated with the new development and may be related to the underlying land use zoning of the new development site, as prescribed in the respective TUMF ordinances. The TUMF non-residential land use categories were defined with reference to the socioeconomic data obtained from the Southern California Association of Governments (SCAG) and used as the basis for completing this Nexus Study analysis. The SCAG employment data is provided for thirteen employment sectors consistent with the California Employment Development Department (EDD) Major Groups including: Farming, Natural Resources and Mining; Construction; Manufacturing; Wholesale Trade; Retail Trade; Transportation, Warehousing and Utilities; Information; Financial Activities; Professional and Business Service; Education and Health Service; Leisure and Hospitality; Other Service; and Government. For the purposes of the Nexus Study, the EDD Major Groups were aggregated to Industrial (Farming, Natural Resources and Mining; Construction; Manufacturing; Wholesale Trade; Transportation, Warehousing and Utilities), Retail (Retail Trade), Service (Information; Financial Activities; Professional and Business Service; Education and Health Service; Leisure and Hospitality; Other Service) and Government/Public Sector (Government). These four aggregated sector types were used as the basis for calculating the fee.

Table 2.1 provides a table detailing the EDD Major Groups and corresponding North American Industry Classification System (NAICS) Categories that are included in each non-residential sector type. Table 2.1 should be used as a guide to determine the applicable non-residential TUMF land use category based on the predominate use of the buildings associated with the new development. A comprehensive breakdown of the Major Groups and correspondence to the NAICS categories can be found in Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017) and on the U.S. Census Bureau website at www.census.gov/epcd/www/naics.html.

Non-residential TUMF obligation are calculated by multiplying the net increase in the gross floor area of the buildings or structures associated with a new development by the appropriate non-residential land use category fee rate using **Worksheet A.2.1**. The gross floor area of non-residential developments is defined as the sum, measured in square feet, of the area at each floor level, including cellars, basements, mezzanines, penthouses, corridors, lobbies, stores, and offices, that are included within the principal outside faces of the exterior wall of the building or structure, not including architectural setbacks or projections. Included are all stories or areas that have floor surfaces with clear standing head room (at least 6 feet, 6 inches) regardless of their use. Where a ground level area, or part thereof, within the principal outside faces of the exterior walls of the building or structure is left un-roofed, the gross floor area of the un-roofed portion will be added to the overall square footage of the building for the purpose of the non-

residential fee calculation unless the unroofed area is solely provided for architectural or aesthetic purposes.

For certain non-residential land use types that have been explicitly defined in this handbook (herein referred to as 'defined use') un-enclosed un-roofed areas and un-enclosed roofed-over spaces that are integral to the performance of the principal business of the site will be added to the overall square footage of any buildings or structures associated with a new development for the purpose of fee calculation. Defined use types are listed in **Table 3.1** of this handbook. Determination of the precise floor area for each defined use will be made in accordance with the provisions of **Section 4.0** and **Section 5.0** of this handbook.

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Table 2.1 - TUMF Non-Residential Category Detailed NAICS Correspondence Summary

TUMF	California Employment Development Department (EDD)	North American Industry Classification System (NAICS) (2007)
Category	Major Groups	Category Codes & Descriptions*
Industrial	11-000000 Total Farm	11-111 Crop Production 11-112 Animal Production 11-113 Forestry and Logging 11-114 Fishing, Hunting and Trapping 11-115 Support Activities for Agriculture and Forestry
	10-000000 Natural Resources & Mining	10-211 Oil and Gas Extraction 10-212 Mining (except Oil and Gas) 10-213 Support Activities for Mining
	20-000000 Construction	20-236 Construction of Buildings 20-237 Heavy and Civil Engineering Construction 20-238 Specialty Trade Contractors
	30-000000 Manufacturing	32-311 Food Manufacturing 32-312 Beverage and Tobacco Product Manufacturing 32-313 Textile Mills 32-314 Textile Product Mills 32-315 Apparel Manufacturing 32-316 Leather and Allied Product Manufacturing 31-321 Wood Product Manufacturing 32-322 Paper Manufacturing 32-323 Printing and Related Support Activities 32-324 Petroleum and Coal Products Manufacturing 32-325 Chemical Manufacturing 32-326 Plastics and Rubber Products Manufacturing 31-327 Nonmetallic Mineral Product Manufacturing 31-331 Primary Metal Manufacturing 31-332 Fabricated Metal Product Manufacturing 31-333 Machinery Manufacturing 31-334 Computer and Electronic Product Manufacturing 31-335 Electrical Equipment, Appliance, and Component Manufacturing 31-336 Transportation Equipment Manufacturing 31-337 Furniture and Related Product Manufacturing 31-339 Miscellaneous Manufacturing
	41-000000 Wholesale Trade	41-423 Merchant Wholesalers, Durable Goods 41-424 Merchant Wholesalers, Nondurable Goods 41-425 Wholesale Electronic Markets and Agents and Brokers
	43-000000 Transportation, Warehousing & Utilities	43-221 Utilities 43-481 Air Transportation 43-482 Rail Transportation 43-483 Water Transportation 43-484 Truck Transportation 43-485 Transit and Ground Passenger Transportation 43-486 Pipeline Transportation 43-487 Scenic and Sightseeing Transportation 43-488 Support Activities for Transportation 43-491 Postal Service 43-492 Couriers and Messengers 43-493 Warehousing and Storage
Retail	42-000000 Retail Trade	42-441 Motor Vehicle and Parts Dealers 42-442 Furniture and Home Furnishings Stores 42-443 Electronics and Appliance Stores 42-444 Building Material and Garden Equipment and Supplies Dealers 42-445 Food and Beverage Stores 42-446 Health and Personal Care Stores 42-447 Gasoline Stations 42-448 Clothing and Clothing Accessories Stores 42-451 Sporting Goods, Hobby, Book, and Music Stores 42-452 General Merchandise Stores 42-453 Miscellaneous Store Retailers 42-454 Nonstore Retailers

Table 2.1 - TUMF Non-Residential Category Detailed NAICS Correspondence Summary (continued)

TUMF	California Employment Development Department (EDD)	North American Industry Classification System (NAICS) (2007)
Category	Major Groups	Category Codes & Descriptions*
Service	50-000000 Information	50-511 Publishing Industries (except Internet)
		50-512 Motion Picture and Sound Recording Industries
		50-515 Broadcasting (except Internet)
		50-517 Telecommunications
		50-518 Data Processing, Hosting, and Related Services
		50-519 other Information Services
	55-000000 Finance Activities	55-521 Monetary Authorities-Central Bank
		55-522 Credit Intermediation and Related Activities
		55-523 Securities, Commodity Contracts, and Other Financial Investments and Related Activities
		55-524 Insurance Carriers and Related Activities
		55-525 Funds, Trusts, and Other Financial Vehicles
		55-531 Real Estate
		55-532 Rental and Leasing Services
	60-000000 Professional & Business Services	55-533 Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
		60-540 Professional, Scientific, and Technical Services
		60-550 Management of Companies and Enterprises
		60-561 Administrative and Support Services
	65-000000 Educational & Health Services	60-562 Waste Management and Remediation Services
		65-610 Educational Services
		65-621 Ambulatory Health Care Services
		65-622 Hospitals
		65-623 Nursing and Residential Care Facilities
		65-624 Social Assistance
	70-000000 Leisure & Hospitality	70-711 Performing Arts, Spectator Sports, and Related Industries
		70-712 Museums, Historical Sites, and Similar Institutions
		70-713 Amusement, Gambling, and Recreation Industries
		70-721 Accommodation
		70-722 Food Services and Drinking Places
	80 Other Services	80-811 Repair and Maintenance
		80-812 Personal and Laundry Services
80-813 Religious, Grantmaking, Civic, Professional, and Similar Organizations		
80-814 Private Households		
Government/ Public Sector	90-000000 Government	90-910 Federal Government
		90-920 State Government
		90-930 Local Government
Note: * The NAICS Minor Groups and Categories are cross-referenced to the EDD Major Industrial Codes which are used as the basis for the CDR forecasts.		
Sources:	Riverside County Center for Demographic Research (CDR) California Employment Development Department (EDD) US Census Bureau, North American Industry Classification System (NAICS), 2007	

3.0 DEFINED USE TYPE CALCULATIONS

Notwithstanding the provisions of the respective TUMF ordinances, the TUMF Administration Plan, and the standard residential and non-residential fee calculations described in this handbook, there are a number of “defined use” types that are not clearly defined in the respective TUMF ordinances or cannot readily capture the trip making characteristics of the land use based on the number of dwelling units or gross floor area of new development. For these defined use types, this handbook provides the administrative mechanism to clarify the definition of the particular use, and where appropriate, to determine the proportional ‘fair share’ when the trip generation of the use is not directly or wholly associated with the number of dwelling units or gross floor area.

The methodology for determining the proportional “fair share” for the mitigation of the cumulative traffic impacts associated with the “defined uses” will be unique for each land use. However, the fee obligation for each defined use will be calculated based on the standard residential or non-residential fee calculation methodology (described in Section 2.0 of this handbook) using the schedule of fees prescribed in the respective TUMF ordinances.

The defined use types are indicated in **Table 3.1**. The sections following Table 3.1 provide a detailed explanation of each specific defined use, the rationale for the defined use proportional fair share determination and the methodology for calculating the fee obligation for the specific defined use. **Section 4.0** details the calculation methodology for residential defined use types. **Section 5.0** details the calculation methodology for non-residential defined use types and **Section 6.0** outlines calculation worksheets for applicable defined use types.

Table 3.1 – Defined Use Types		
SECTION	DEFINED USE	CALCULATION METHODOLOGY
<i>Residential</i>		Standard residential fee calculation is the net increase in the total number of dwelling units multiplied by the appropriate residential land use category fee rate using Worksheet A.1.1 .
4.1	Mobile Home Parks	Mobile homes to be located in mobile home parks will be calculated as multi-family dwelling units and mobile homes to be located on individual lots will be calculated as single-family dwelling units using Worksheet A.1.1 for standard residential fee calculations.
4.2	Transit Oriented Development	For eligible residential TOD land uses, the TUMF obligation is calculated by multiplying the standard residential TUMF obligation (either single family or multi-family, as appropriate) by the automobile trip reduction factor using the methodology outlined in Worksheet A.1.2 . Documentation including a site plan and location map will be submitted with the development application to demonstrate eligibility of residential land use as TOD.
4.3	Active Senior Living	For eligible senior adult housing (also referred to as Active Senior Living), the TUMF obligation is calculated by multiplying the standard multi-family residential TUMF obligation by the automobile trip reduction factor using the methodology outlined in Worksheet A.1.23 . Documentation including an active senior living qualification checklist will be submitted with the development application to demonstrate eligibility of residential land use as Active Senior Living.

Table 3.1 (continued) – Defined Use Types		
SECTION	DEFINED USE	CALCULATION METHODOLOGY
<i>Non-Residential</i>		Standard non-residential fee calculation in the net increase in the gross floor area of buildings multiplied by the appropriate non-residential land use category fee rate using Worksheet A.2.1 .
5.1	Fuel Filling Stations	For all types of fuel filling stations or facilities with fuel filling positions, the gross floor area will be calculated using Worksheet A.2.2 and the resultant value will be entered as the <i>Total Gross Floor Area for Retail Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations.
5.2	Vehicle Dealerships	Vehicle Dealerships will be calculated as a retail use based on the gross floor area of all buildings and structures associated with the dealership using Worksheet A.2.1 for standard non-residential fee calculations.
5.3	Group Quarters	All types of group quarters will be calculated as service uses using Worksheet A.2.1 for standard non-residential fee calculations.
	Congregate Care Facilities and Nursing Homes	For all group quarters specifically used for congregate care (including assisted living facilities) and/or nursing homes, the gross floor area will be calculated using Worksheet A.2.3 and the resultant value will be entered as the <i>Total Gross Floor Area for Service Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations.
5.4	Mini-Warehouses and Rental Storage	Mini-Warehouses and Rental Storage (including outdoor rental storage areas) will be calculated using Worksheet A.2.4 and the resultant value will be entered as the <i>Total Gross Floor Area for Industrial Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations.
5.5	Golf Courses	Golf Courses will be calculated using Worksheet A.2.5 and the resultant value will be entered as the <i>Total Gross Floor Area for Service Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations.
5.6	Wholesale Nurseries	Wholesale Nurseries will be calculated using Worksheet A.2.6 and the resultant value will be entered as the <i>Total Gross Floor Area for Industrial Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations.
5.7	Retail Nurseries (Garden Centers)	Retail Nurseries will be calculated using Worksheet A.2.7 and the resultant value will be entered as the <i>Total Gross Floor Area for Retail Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations.
5.8	High-Cube Warehouse/Distribution Center	High-Cube Warehouses/Distribution Centers with a minimum gross floor area of 200,000 square feet, a minimum ceiling height of 24 feet and a minimum dock-high door loading ratio of 1 door per 10,000 square feet will be calculated using Worksheet A.2.8 and the resultant value will be entered as the <i>Total Gross Floor Area for Industrial Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations.

Table 3.1 (continued) – Defined Use Types		
SECTION	DEFINED USE	CALCULATION METHODOLOGY
5.9	Wineries	Winery size is determined using Worksheet A.2.9. Small wineries will be calculated as an industrial use based on the gross floor area of all buildings associated with the winery using Worksheet A.2.1 for standard non-residential fee calculations. Medium wineries will be calculated using Worksheet A.2.10 and the resultant value will be entered as the <i>Total Gross Floor Area for Industrial Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations. Large Wineries will be calculated using Worksheet A.2.11 and the resultant value will be entered as the <i>Total Gross Floor Area for Industrial Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations.
5.10	Electric Vehicle Supply Equipment Charging Stations	All types of publically accessible electric vehicle supply equipment (EVSE) charging stations will be calculated using Worksheet A.2.12 and the resultant value will be entered as the <i>Total Gross Floor Area for Retail Buildings</i> in Worksheet A.2.1 for standard non-residential fee calculations.

4.0 DETAILED METHODOLOGY FOR RESIDENTIAL DEFINED USE TYPES

4.1. Mobile Home Parks

4.1.1. Summary

Mobile homes to be located in mobile home parks will be considered as multi-family dwelling units with the TUMF obligation calculated using **Worksheet A.1.1** for standard residential fee calculations. Notice of the fee obligation will be provided to the mobile home park developer at the time of issuance of the “Mobile Home Park Permit” or equivalent building permit for the installation of site infrastructure including, but not limited to, permanent foundations, and electrical, water and sewer receptacles. The TUMF will be required to be paid in full by the mobile home park developer at the time of final inspection by the appropriate local jurisdiction to authorize utilization of the site for lease to a mobile home owner (which is considered the equivalent to the issuance of a certificate of occupancy).

Mobile homes to be located on individual lots will be considered single-family dwelling units with the TUMF obligation calculated using **Worksheet A.1.1** for standard residential fee calculations.

4.1.2. Detailed Narrative

In accordance with Section 6.1 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), all mobile homes are considered to be single-family dwelling units for the purpose of calculating the applicable TUMF obligation for newly developed units. Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) defines single-family detached housing as “all single-family detached homes on individual lots” and notes that “single-family detached units had the highest trip generation per dwelling unit of all residential uses, because they were the largest units in size and had more residents and more vehicles per unit than other residential land uses; they were generally located farther away from shopping centers, employment areas, and other trip attractors than other residential land uses; and they generally had fewer alternative modes of transportation available, because they were typically not as concentrated as other residential land uses.” Mobile homes located on individual lots are generally consistent with this description of single-family detached housing and tend to reflect single-family trip generation characteristics and resultant transportation system impacts. However, mobile homes grouped in higher density mobile home parks tend to demonstrate trip generation characteristics more like those of multi-family residential unit developments. For this reason, it has been determined that mobile homes expressly located in mobile home parks will be considered as multi-family dwelling units for the purpose of calculating the applicable TUMF obligation.

Trip Generation 9th Edition defines mobile home parks as generally consisting of multiple “manufactured homes that are sited and installed on permanent foundations and

typically have community facilities such as recreation rooms, swimming pools, and laundry facilities” provided for the exclusive use of residents. Foundations (and associated utilities) in mobile home parks are generally provided on a ‘for lease’ basis to residents who own the actual mobile home with the mobile home being temporarily located on the foundation for the duration of the lease. For the purpose of the TUMF, *mobile homes to be located in mobile home parks* meeting this description *will be considered as multi-family dwelling units* with the fee obligation for newly developed units to be determined accordingly. *Mobile homes to be located on individual lots will be considered single-family dwelling units* with the fee obligation remaining unchanged from that previously prescribed in the Nexus Study and subsequently adopted local ordinances.

For the exclusive purpose of assessing the TUMF on newly developed mobile home parks or expansions of existing mobile home parks that result in an increase in the number of mobile home sites provided within the mobile home park, notice of the fee obligation will be provided to the mobile home park developer at the time of issuance of the ‘Mobile Home Park Permit’ or equivalent building permit for the installation of site infrastructure including, but not limited to, permanent foundations, and electrical, water and sewer receptacles. The TUMF will be required to be paid in full by the mobile home park developer at the time of final inspection by the appropriate local jurisdiction to authorize utilization of the site for lease to a mobile home owner (which is considered the equivalent to the issuance of a certificate of occupancy).

Mobile home parks sites that have received final inspection prior to the enactment of the respective local jurisdictions TUMF Ordinance are considered to be pre-existing. There is no TUMF fee obligation for pre-existing mobile home park sites.

Community facilities such as recreation rooms, swimming pools, and laundry facilities are considered to be ancillary to the primary multi-family residential land use of mobile home parks. The development or expansion of these types of ancillary community facilities would not require payment of TUMF fees. However, the development of non-residential retail, service or industrial facilities (including, but not limited to, convenience markets, management offices and sales offices) in conjunction with a mobile home park would be considered as separate land uses and would require payment of the TUMF fee in accordance with Section 6.2 of the Nexus Study and the provisions of the respective local TUMF Ordinance.

4.2. Transit-Oriented Development

4.2.1. Summary

As described in the California Mitigation Fee Act, a transit-oriented development (TOD) is “a development project consisting of residential use or mixed use where not less than 50 percent of the floorspace is for residential use...if located within ½ mile of a transit station and with direct walking access to the station, within ½ mile of convenience retail uses including a store that sells food, and with a maximum number of parking spaces as required by state statute or local ordinance.”

For the purpose of calculating the TUMF obligation, a factor reflecting the reduction in automobile trip generation associated with residential TOD will be applied to the standard residential TUMF obligation.

The residential TOD TUMF obligation is calculated by multiplying the standard residential TUMF obligation (either single family or multi-family, as appropriate) by the automobile trip reduction factor. The methodology outlined in **Worksheet A.1.2** and described as follows will be applied to determine the TOD TUMF obligations.

1. Complete the TOD qualification checklist and prepare TOD documentation.
2. Determine the standard TUMF obligation for eligible residential TOD land uses using **Worksheet A.1.1**.
3. Multiply the result for Step 2 by 0.885.

Documentation will be submitted with the development application as the basis for determining the eligibility of the residential land use as a TOD. Documentation will include a site plan indicating that at least 50% of the floorspace of the development is dedicated to residential use and the required number of parking spaces associated with the subject development. Documentation will also include a map showing the location of the subject development circled with a ½ mile radius, as well as the location of a transit station(s), the location of diverse uses and direct walking routes of ½ mile or less between the subject development and the listed uses to justify that the development satisfies the characteristics of TOD.

4.2.2. Detailed Narrative

The California Mitigation Fee Act requires that impact fees for residential development that satisfy certain characteristics of transit-oriented development (TOD) “be set at a rate that reflects a lower rate of automobile trip generation associated with such housing developments in comparison with housing developments without these characteristics.”

Section 66005.1 of the California Government Code (Mitigation Fee Act) states the following with regard to Transit-Oriented Development and impact fees:

“(a) When a local agency imposes a fee on a housing development pursuant to Section 66001 for the purpose of mitigating vehicular traffic impacts, if that housing development satisfies all of the following characteristics, the fee, or the portion thereof relating to vehicular traffic impacts, shall be set at a rate that reflects a lower rate of automobile trip generation associated with such housing developments in comparison with housing developments without these characteristics, unless the local agency adopts findings after a public hearing establishing that the housing development, even with these characteristics, would not generate fewer automobile trips than a housing development without those characteristics:

- (1) The housing development is located within one-half mile of a transit station and there is direct access between the housing development and the transit station along a barrier-free walkable pathway not exceeding one-half mile in length.*

(2) Convenience retail uses, including a store that sells food, are located within one-half mile of the housing development.

(3) The housing development provides either the minimum number of parking spaces required by the local ordinance, or no more than one onsite parking space for zero to two bedroom units, and two onsite parking spaces for three or more bedroom units, whichever is less.

(b) If a housing development does not satisfy the characteristics in subdivision (a), the local agency may charge a fee that is proportional to the estimated rate of automobile trip generation associated with the housing development.

(c) As used in this section, "housing development" means a development project with common ownership and financing consisting of residential use or mixed use where not less than 50 percent of the floorspace is for residential use.

(d) For the purposes of this section, "transit station" has the meaning set forth in paragraph (4) of subdivision (b) of Section 65460.1. "Transit station" includes planned transit stations otherwise meeting this definition whose construction is programmed to be completed prior to the scheduled completion and occupancy of the housing development.

With regard to the definition of transit station, Section 65460.1 of the California Government Code (Transit Village Development Plan Act) states that *the following definitions shall apply:*

(1)"Bus hub" means an intersection of three or more bus routes, with a minimum route headway of 10 minutes during peak hours.

(2)"Bus transfer station" means an arrival, departure, or transfer point for the area's intercity, intraregional, or interregional bus service having permanent investment in multiple bus docking facilities, ticketing services, and passenger shelters.

[...]

(5)"Transit station" means a rail or light-rail station, ferry terminal, bus hub, or bus transfer station."

Research regarding the relationship between automobile trips and TOD is summarized in Table 4.1. Table 4.1 indicates the lower automobile trip generation rates that have been determined to be associated with TOD compared to conventional developments.

Table 4.1 – Examples of Automobile Trip Reduction Rates	
Situation	Automobile Trip Reduction Rate
Housing development within 2,000 ft of a light-rail or commuter rail station ¹	9%
Housing development in settings with intensive transit services ²	15%
Housing or business TOD ³	2 - 16%
TOD housing in California ³	15%
Average trip reduction rate (if the case study indicates a range the average rate was used)	11.5%

Sources

1: Santa Clara County Congestion Management Agency

2: California Air Resource Board study; Parker et al.; 2002

3: Effects of TOD on housing, parking, and travel; R. Cervero et al.; TCRP report 128; 2008

The California Air Resources Board, which estimates the air quality impacts of new developments, calls for up to a 15 percent reduction in trip rates for housing in settings with intensive transit services. The Santa Clara County California's Congestion Management Agency recommends a 9 percent trip reduction in estimated trip generation levels when setting impact fees for new housing developments within 2,000 feet of a light-rail or commuter-rail station. Studies also found that mode shifts and automobile trip reductions are more noticeable in areas where transit use is already high.

Those studies also found wide variations between automobile trip reduction rates from development to development, depending on several factors such as housing density, proximity to downtown, or intensity of transit service. For instance, a 2003 California TOD travel characteristics study found that commute shares of residents living within ½ mile of a transit station strongly differ from the shares of those living outside the station-area. The statewide weighted average difference in transit shares compared against the surrounding ½ mile to 3 miles was nearly 27 percent inside the ½ mile radius and 7 percent outside.

Based on case studies and considering the relatively low housing density in Western Riverside County, as well as the intensity of transit service, an average automobile trip reduction rate of 11.5% will be used to calculate the TUMF obligation for TODs as described in the California Mitigation Fee Act.

The U.S. Green Building Council (USGBC), the Congress for the New Urbanism (CNU), and the Natural Resources Defense Council (NRDC) have developed a national standard for assessing and rewarding environmentally superior neighborhood development practices within the framework of the Leadership in Environmental and Energy Design (LEED®) Green Building Rating System™. As stated in *LEED 2009 for Neighborhood Development Rating System* (USGBC, April 2012), LEED for Neighborhood Development “places emphasis on the site selection, design, and construction elements that bring buildings and infrastructure together into a neighborhood and relate the neighborhood to its landscape as well as its local and regional context. LEED for Neighborhood Development creates a label, as well as guidelines for both decision

making and development, to provide an incentive for better location, design, and construction of new residential, commercial, and mixed-use developments.”

LEED Neighborhood Development (LEED ND) Certification utilizes three environmental categories: Smart Location and Linkage, Neighborhood Pattern and Design, and Green Infrastructure and Buildings. The Smart Location and Linkage (SLL) is consistent with the principles of TOD having the intent described as follows:

- “To encourage development within and near existing communities and public transit infrastructure.
- To encourage improvement and redevelopment of existing cities, suburbs, and towns while limiting the expansion of the development footprint in the region to appropriate circumstances.
- To reduce vehicle trips and vehicle miles traveled (VMT).
- To reduce the incidence of obesity, heart disease, and hypertension by encouraging daily physical activity associated with walking and bicycling.”

In order to achieve LEED ND certification, a prerequisite is meeting the requirements of SLL. A requirement of SLL directly applicable to TOD and mixed use is locating a “project near existing neighborhood shops, uses, and facilities collectively referred to as “diverse uses” such that the ... project’s geographic center is within 1/2-mile walk distance of at least seven diverse uses.” This SLL requirement and LEED ND prerequisite provides an appropriate measure for determining a development meets national standards for mixed use in the context of TOD. Although the California Mitigation Fee Act specifically cites the requirement to be located in proximity to Convenience Retail uses, the LEED ND SLL diverse uses requirement will be utilized by WRCOG as the basis for determining that a development application meets the mixed use requirements of a TOD to adequately reduce trip generation rates.

Documentation of TOD that must be submitted with the development application as the basis for determining the TUMF fee obligation consists of the following:

1. Site Plan including a table or narrative detailing that not less than 50% of the total floorspace of the planned development is dedicated for residential use, and indicating the number of parking spaces associated with the subject development does not exceed the minimum number of parking spaces required by the local ordinance, or no more than one onsite parking space for zero to two bedroom units, and two onsite parking spaces for three or more bedroom units, whichever is less.
2. Location Map showing the location of the subject development circled with a ½ mile radius, as well as the location of a transit station(s), the location of diverse uses and direct walking routes of ½ mile or less between the subject development and the listed uses. The map must also indicate the pedestrian connectivity from the development to a transit station and the other diverse use locations along a barrier-free walkable pathway not exceeding ½ mile.

At least seven diverse uses from the list in Table 4.2 must be identified within a ½ mile walking distance of the development to qualify a TOD. The qualifying diverse uses must include at least one Food Retail establishment and at least one use from each of two other categories. A single establishment may be counted as having more than one diverse use when separate and distinct uses within the establishment fall within different categories. For example, a supermarket (Food Retail category) may also include a pharmacy (Community-Serving Retail category) and a bank (Services category) providing a total of three diverse uses in a single establishment.

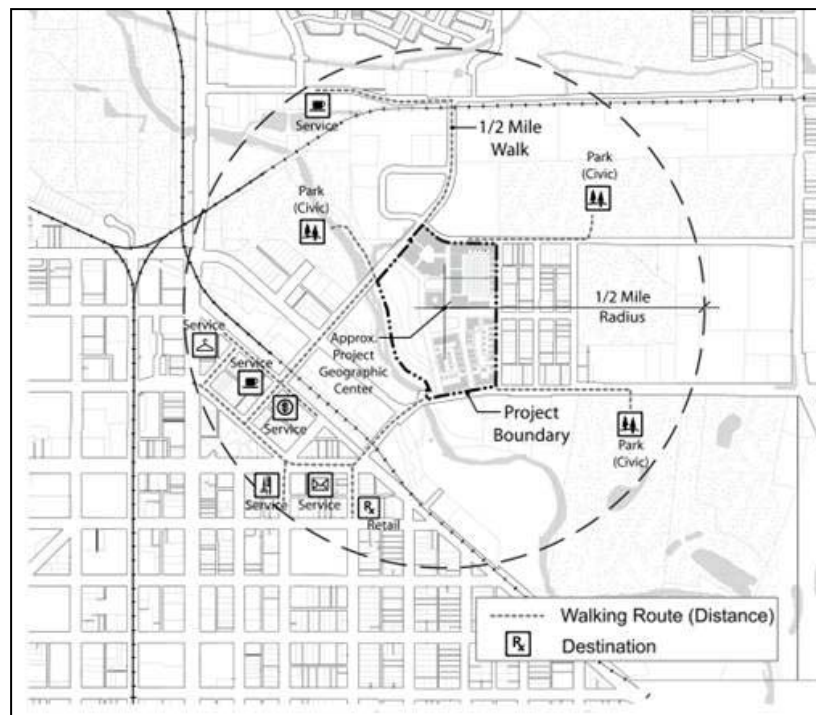
Table 4.2 – List of Diverse Uses¹

Category	Use
Food Retail	Supermarket
	Other food store with produce
Community-Serving Retail	Clothing store or department store selling clothes
	Convenience store
	Farmer's market
	Hardware store
	Pharmacy
	Other retail
Services	Bank
	Gym, health club, exercise studio
	Hair care
	Laundry, dry cleaner
	Restaurant, café, diner (excluding establishments with only drive-throughs)
Civic and Community Facilities	Adult or senior care (licensed)
	Child care (licensed)
	Community or recreation center
	Cultural arts facility (museum, performing arts)
	Educational facility (including K–12 school, university, adult education center, vocational school, community college)
	Family entertainment venue (theater, sports)
	Government office that serves public on-site
	Place of worship
	Medical clinic or office that treats patients
	Police or fire station
	Post office
	Public library
	Public park
	Social services center

Figure 4.1 depicts a sample map of how the Walkability Assessment and Map of Diverse Uses may be presented to meet the requirements.

¹ Adapted from LEED 2009 for Neighborhood Development Rating System, updated April 2012, USGBC

Figure 4.1 – Walkability Assessment and Map of Diverse Uses within ½ mile of Development



The TUMF residential use obligation for a TOD is 88.5% of the standard residential use obligation for a similar development. This rate will be evaluated and updated in conjunction with the regular updates of the TUMF Nexus Study to respond to changes in housing density and transit service in Western Riverside County.

4.3. Active Senior Living

4.3.1. Summary

Senior adult housing (also commonly referred to as “active senior living”) is generally defined in the Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) as detached and/or detached housing units in independent living developments, including retirement communities, age-restricted housing and active adult communities, that may include amenities such as golf courses, swimming pools, 24-hour security, transportation, and common recreational facilities, but generally lack centralized dining and on-site health facilities. Residents in active senior living communities live independently and are typically active (requiring little to no medical supervision), which differs from congregate care facilities (including senior assisted living facilities) and nursing homes that are specific types of group quarters (as described in **Section 5.3**) whose primary function is to provide care for elderly persons or other persons who are unable to adequately care for themselves.

Both detached and attached senior adult housing are typically built in higher density sole purpose developments with age restrictions or limitations on residents. As such, active senior living housing units typically demonstrate trip generation rates significantly below those of standard single-family and multi-family residential unit developments. Furthermore, according to Trip Generation 9th Edition, the trip generation rates for detached and attached dwelling units in active senior housing units are very similar, and more closely reflect the trip generation rates of multi-family dwelling units. For this reason, all dwelling units in eligible active senior living developments (both detached and attached) regardless of density are considered multi-family dwelling units for the purpose of calculating the applicable TUMF obligation.

For the purpose of determining the TUMF obligation, all dwelling units in eligible active senior living developments (both detached and attached) regardless of density will be considered multi-family dwelling units. The methodology outlined in **Worksheet A.1.3** and described as follows will be applied to determine the equivalent number of multi-family dwelling units for all types of active senior living dwelling units.

4. Complete the active senior living qualification checklist and provide the required supporting documentation pursuant to Cal. Civ. Code § 51.11 and Cal. Bus. & Prof. Code § 11010.05 [2016].
5. Multiply the total number of eligible active senior living dwelling units (both detached and attached) by 0.53 to determine the equivalent number of multi-family dwelling units
(i.e. for the example facility it is $413 \times 0.53 = 218.9$ equivalent multi-family dwelling units)
6. Use the resultant value as the number of multi-family dwelling units to calculate the TUMF obligation using **Worksheet A.1.1** for standard residential fee calculations.

4.3.2. Detailed Narrative

Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) includes two separate definitions for senior adult housing (commonly referred to as “active senior living”). Detached senior adult housing is defined as “detached independent living developments, including retirement communities, age-restricted housing and active adult communities. These developments may include amenities such as golf courses, swimming pools 24-hour security, transportation, and common recreational facilities. However, they generally lack centralized dining and on-site health facilities. Detached senior communities may or may not be gated.” Attached senior adult housing is similar to detached senior housing, “except they contain apartment-like residential units. Attached senior adult housing may include limited social and recreational services, but typically lacks centralized dining or medical facilities.” In both types of active senior living dwelling units, residents “live independently and are typically active (requiring little to no medical supervision)”, which differs from congregate care facilities (including senior assisted living facilities) and nursing homes that are specific types of group quarters (as described in **Section 5.3**) whose primary function is to provide care for elderly persons or other persons who are unable to adequately care for themselves.

Both detached and attached senior adult housing are typically built in higher density sole purpose developments with age restrictions or limitations on residents. As shown in **Table 4.3**, active senior living housing units typically demonstrate trip generation rates significantly below those of standard single-family and multi-family residential unit developments. Furthermore, according to Trip Generation 9th Edition, the trip generation rates for detached and attached dwelling units in active senior housing units are very similar, and more closely reflect the trip generation rates of multi-family dwelling units. For this reason, all dwelling units in eligible active senior living developments (both detached and attached) regardless of density are considered multi-family dwelling units for the purpose of calculating the applicable TUMF obligation.

Section 51.11 of the California Civil Code (Cal. Civ. Code § 51.11) defines a senior citizen housing development specifically in Riverside County as “a residential development developed with more than 20 units as a senior community by its developer and zoned as a senior community by a local governmental entity, or characterized as a senior community in its governing documents.” Additionally, Section 11010.05 of the 2016 California Business and Professions Code (Cal. Bus. & Prof. Code § 11010.05 [2016]) elaborates that any “person who proposes to create a senior citizen housing development, as defined in Section 51.3 or 51.11 of the Civil Code, shall include in the application for a public report a complete statement of the restrictions on occupancy that are to be applicable in the development. Any public report issued for a senior housing development shall also include a complete statement of the restrictions on occupancy to be applicable in the development.” To demonstrate a development qualifies as active senior living for the purposes of determining the TUMF obligation, applicants will be required to provide copies of local government zoning and/or governing documents, and the public report statement developed pursuant to Cal. Civ. Code § 51.11 and Cal. Bus. & Prof. Code § 11010.05 [2016], respectively.

In accordance with Section 6.1 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), and as discussed previously, both detached and attached senior adult housing, regardless of density, will be considered to be multi-family dwelling units for the purpose of calculating the applicable TUMF obligation. The TUMF obligation for multi-family (and all residential) land uses is based on the total number of dwelling units associated with the specific development and is calculated using **Worksheet A.1.1** for standard residential fee calculations. However, in the case of active senior living communities, vehicle trips generated to and from the site are typically lower than standard residential uses due to the age of the residents (who are typically retired from full time employment) and the provision of various ancillary recreational and entertainment amenities within the community. For this reason, it is necessary to determine the multi-family dwelling unit equivalency for the purpose of calculating the TUMF obligation.

A review of Trip Generation 9th Edition indicates the weekday average daily vehicle trip generation rate for detached senior adult housing is 3.68 trips per dwelling unit, while the rate for attached senior adult housing is 3.44 trips per dwelling unit (an average of 3.56 daily trips per dwelling unit). By comparison, standard multi-family uses have a

weekday daily trip generation rate of 6.72 trips per dwelling unit. **Table 4.3** summarizes the various characteristics of senior active living, including trip generation rates, and establishes the equivalent multi-family dwelling units for the purpose of calculating the TUMF obligation for all senior active living dwelling units.

Table 4.3 – Characteristics of Senior Adult Housing in Active Senior Living Developments			
<i>Land Use Type (ITE Code)</i>	<i>Average Number of Dwelling Units</i>	<i>Average Daily Vehicle Trips per Dwelling Unit</i>	<i>TUMF Weighted Equivalent Multi-family Dwelling Unit*</i>
<i>Senior Adult Housing - Detached (251)</i>	780	3.68	
<i>Senior Adult Housing - Attached (252)</i>	46	3.44	0.53
<i>Median All TUMF Multi- Family Use Types</i>		6.72	

Source: [Trip Generation 9th Edition](#), Institute of Traffic Engineers, 2012

Note: * - TUMF weighted equivalent multi-family dwelling units based on relative trip generation per dwelling unit for adult senior living and all TUMF multi-family use types.

The multi-family dwelling unit equivalency for active senior living dwelling units is based on the comparison of average daily trip generation characteristics for detached and attached senior adult housing as defined in the Trip Generation Manual in terms of trips per dwelling unit, and the median trip generation rate for all TUMF multi-family dwelling unit types. Based on this information, each active senior housing dwelling unit represents the equivalent of 0.53 multi-family dwelling units in terms of the relative trip generation rate.

For the purpose of calculating the TUMF obligation for *all types of qualifying active senior living dwelling units*, the total number of qualifying dwelling units in the development will be multiplied by 0.53 to determine the equivalent number of multi-family dwelling units. *The equivalent multi-family dwelling units will be used for the purpose of calculating the TUMF at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study.*

Application of this methodology will account for variations in the trip generation rates of senior active living dwelling units and standard multi-family dwelling units. For example, an average active senior living community with 413 detached and/or attached dwelling units would have the equivalent of 218.9 multi-family dwelling units (413 x 0.53).

Community facilities, including, but not limited to, recreation rooms, swimming pools, laundry facilities, security gatehouses, storage rooms, garages and maintenance buildings, that are provided for the sole and exclusive use of community residents (and their permitted guests) are considered to be ancillary to the primary multi-family residential land use of active senior living developments, and through their availability contribute to the lower trip generation rates observed. The development or expansion

of these types of ancillary community facilities would not require separate payment of TUMF fees. However, the development of non-residential retail, service or industrial facilities (including, but not limited to, convenience markets, club houses, management offices and sales offices) that are developed conjunction with an active senior living community but are not limited to the sole and exclusive use of community residents (and their guests) and are available for use by or accessible to the general public would be considered as separate land uses and would require payment of the TUMF fee in accordance with Section 6.2 of the Nexus Study and the provisions of the respective local TUMF Ordinance.

DRAFT

5.0 DETAILED METHODOLOGY FOR NON-RESIDENTIAL DEFINED USE TYPES

5.1. Fuel Filling Stations (Gasoline/Service Stations)

5.1.1. Summary

For the purpose of calculating the TUMF obligation, all types of fuel filling stations or facilities with fuel filling positions will be considered retail use types (for electric vehicle charging stations see Section 5.10). The methodology outlined in **Worksheet A.2.2** and described as follows will be applied to determine the gross floor area for calculating the TUMF obligation for all types of fuel filling stations or facilities with fuel filling positions (*for the example calculation assume a fuel filling station with 12 fuel filling positions and a building area of 1,250 square feet*). The total number of fuel filling positions is equal to the maximum number of vehicles that could be supplied with fuel at the same time.

1. Multiply the total number of fuel filling positions by 1,403.8 square feet (*i.e. for the example station it is $12 \times 1,403.8 = 16,846$ square feet*)
2. Determine the total floor area of buildings on the site noting that the canopy area is not included as part of the gross floor area of the buildings on the site (*i.e. for the example station it is 1,250 square feet*)
3. Compare the results for steps 1 and 2, and use the greater of the two values as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations. (*i.e. $16,846 > 1,250$; for the example station TUMF would be calculated for 16,846 square feet*)

5.1.2. Detailed Narrative

Fuel filling stations (also referred to as gasoline stations or service stations) include all retail land uses where the primary business of the site is the fueling of motor vehicles. Fuel filling stations may also incorporate convenience markets, car washes, facilities for servicing and repairing motor vehicles and “express” fast food services. By contrast, fuel pumps may be provided as an ancillary use to a convenience market where the primary business of the site is the selling of convenience items and not the fueling of motor vehicles. Electric vehicle charging stations are not considered fuel filling stations. See Section 5.10 for the fee calculation methodology related to electric vehicle charging stations.

In accordance with Section 6.2 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), fuel filling stations are considered to be retail uses for the purpose of calculating the applicable TUMF obligation for newly developed facilities or expansions of existing facilities. The TUMF for retail (and all non-residential) land uses is based on the gross floor area of buildings associated with the specific land use. However, in the case of fuel filling stations, the canopy area is not included as part of the gross floor area of the buildings on the site as it is considered to be an un-enclosed roofed over area in accordance with the definition for non-residential gross floor area

provided in **Section 2.2**. Vehicle trips to and from the site are generated primarily by the fuel filling positions (pumps) and in some cases only very limited building gross floor area is associated with the fuel filling station. For this reason, it is necessary to determine the gross floor area equivalency per fueling position for the purpose of calculating the TUMF obligation.

A review of Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) indicates a total of four (4) retail land use types that represent fuel filling stations or retail facilities with fuel filling positions. For three of the four land use types, fuel of motor vehicles represents the primary business of the site. These land use types are designated as “Gasoline/Service Stations” without or with ancillary services. The remaining land use type is designated as “Convenience Market with Gasoline Pumps” where fueling of motor vehicles is considered incidental to the primary business of the site, which is the selling of convenience items.

According to the Trip Generation Manual, Gasoline/Service Stations are characterized by an average of 8 to 12 fueling positions that may be accompanied by ancillary facilities including limited automotive repair facilities, a small convenience market, fast food services and/or car wash. In the case of Gasoline/Service Stations with a Convenience Market, the average gross floor area of buildings is approximately 1,000 square feet. Average daily trip generation per fueling position for all Gasoline/Service Stations ranged from 152.84 to 168.56. The relatively small variation in average daily trips per fueling position between Gasoline/Service Stations either without or with ancillary facilities clearly demonstrates that the primary trip generation factor (and business) of the site is the provision of the fuel filling positions.

By contrast, Convenience Markets with Gasoline Pumps have an average of 4 fuel filling positions and approximately 3,000 square feet of gross floor area. This represents less than ½ of the average number of filling positions at Gasoline/Service Stations, and over twice the average gross floor area of Gasoline/Service Stations with Convenience Market. These characteristics clearly differentiate between Gasoline/Service Stations and Convenience Markets with Gasoline Pumps. This differentiation is also reflected in the average daily trip generation per fueling position which is 542.60 for a Convenience Market with Gasoline Pumps, over three times the generation rate for Gasoline/Service Stations. The difference is a direct product of the additional trips generated by the primary use of the site being the selling of convenience items at the Convenience Market, and not the ancillary sale of fuel for motor vehicles.

Table 5.1 summarizes the various characteristics of fuel filling stations, including trip generation. The table also details the calculation of the gross floor area equivalency per fueling position.

The gross floor area equivalency per fueling position for Gasoline/Service Stations is based on the trip generation characteristic of Gasoline/Service Stations with Convenience Market which is quantified in the Trip Generation Manual in terms of both trips per fuel filling position and thousands of square feet of gross floor area. Based on this information each fuel filling position at a Gasoline/Service Station represents the equivalent of 137.5 square feet of gross floor area. To account for the variation in trip

generation rates between Gasoline/Service Stations and all TUMF retail land use types, the gross floor area equivalency per fueling position was weighted based on the relative trip generation between Gasoline/Service Stations and the median of all TUMF Retail Uses as used in the TUMF Nexus Study. This weighted equivalency was then reduced by 56.0% to account for pass by trips to ensure consistency with the TUMF Nexus Study Trip Generation Rate Comparison. The weighted gross floor area equivalency per fueling position for Gasoline/Service Stations is 1403.8.

Land Use Type	Average Fueling Positions	Average Gross Floor Area (1000 sqft)	Average Daily Vehicle Trips per Fueling Position	Average Daily Vehicle Trips per 1,000 sqft	Pass By Trips (PM Peak Hour)	Equivalent Fueling Positions per 1,000 sqft	Equivalent sqft per Fueling Position	TUMF Weighted Equivalent sqft per Fueling Position**
Gasoline/Service Station without Convenience Market (944)	8		168.56					
Gasoline/Service Station with Convenience Market* (945)	12	1	162.78	1,184.26	56%	7.28	137.5	1,403.8
Gasoline/Service Station with Convenience Market and Car Wash (946)	12		152.84					
Convenience Market with Gasoline Pumps (853)	4	3	542.60	845.60	66%	1.56	641.7	
Median of All TUMF Retail Use Types				51.02	42%			

Source: [Trip Generation 9th Edition](#), Institute of Traffic Engineers, 2012

Note: ** - Average Daily Trips per 1,000 sqft based on interpolation of vehicle trips per fueling position and vehicle trips per 1,000 sqft for AM Peak Hour of Generator and PM Peak Hour of Generator relative to the Average Daily Trips per Fueling Position. The resultant interpolated values derived from the AM Peak Hour and PM Peak Hour, respectively, were then averaged to determine the Average Daily Trips per 1,000 sqft.

*** - TUMF weighted equivalent a square feet based on equivalent square feet per fueling position adjusted to reflect relative trip generation between Gasoline/Service Station and all TUMF Retail Uses, and reduced to account for pass by trips (consistent with TUMF Nexus Study Trip Generation Rate Comparison).

For the purpose of calculating the TUMF obligation for *all types of fuel filling stations*, the total number of fuel filling positions will be multiplied by 1,403.8 to determine the equivalent number of square feet of floor area, with the total number of fuel filling positions being equal to the maximum number of vehicles that could be supplied with fuel at the same time. The *equivalent floor area will be compared to the actual building gross floor area* for the site (the canopy area is not included as part of the gross floor area of the buildings on the site), and the *greater of the two floor areas will be used for the purpose of calculating the TUMF* at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study.

Application of this methodology will account for variations in the type of fuel filling station, and in particular the primary business of the site. For example, an average Gasoline/Service Station with Convenience Market (12 filling stations and 1,247 square

feet of gross floor area) would have an equivalent floor area of 16,846 square feet (12 x 1,403.8). A comparison of the equivalent floor area and actual building gross floor area indicates that the equivalent floor area is greater than the actual floor area (16,846 > 1,247) which is consistent with the primary business of the site (fueling of motor vehicles) and therefore would be used as the basis for calculating the TUMF obligation.

5.2. Vehicle Dealerships (New and Used Vehicle Sales)

5.2.1. Summary

For the purpose of determining the TUMF obligation, all vehicle dealerships are considered to be retail use types. TUMF obligation for Vehicle Dealerships will be calculated based on the gross floor area of all buildings associated with the dealership, including all vehicle sales, parts sales, service areas, administrative offices and waiting areas, using **Worksheet A.2.1** for standard non-residential fee calculations.

5.2.2. Detailed Narrative

Vehicle dealerships include all retail land uses where the primary business of the site is the sale of new or used vehicles including but not limited to cars, pick-ups, sport utility vehicles, motorcycles, trucks, boats and recreational vehicles. Vehicle leasing, rental, servicing and parts sales may also be associated with vehicle dealerships.

In accordance with Section 6.2 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), all vehicle dealerships are considered to be retail uses for the purpose of calculating the applicable TUMF obligation for newly developed facilities or expansions of existing facilities. The TUMF for retail (and all non-residential) land uses is based on the gross floor area of buildings associated with the specific land use.

A review of Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) indicates consideration of a single classification of Vehicle Dealerships (New Car Sales (841)) for the purpose of determining trip generation rates. For New Car Sales, trip generation rates are provided per employee and per 1000 square feet, with no specific consideration given for outdoor vehicle storage or sales areas.

According to the Trip Generation Manual, New Car Sales are characterized by an average gross building floor area of 34,000 square feet, including facilities for new and used automobile and truck sales and leasing, vehicle services and parts sales. The Trip Generation Manual indicates an average weekday trip generation rate of 32.30 trips per thousand square feet for New Car Sales. The New Car Sales weekday trip generation rate per thousand square feet (and per employee) was included in the range of trip generation rates used to calculate the ITE Average Trip Generation Rate for the purpose of calculating the retail component of the TUMF. The New Car Sales weekday trip generation rate is comparable to the median trip generation rate of 51.02 for all retail uses considered for the calculation of the retail TUMF component.

The Trip Generation Manual clearly demonstrates that the calculation of Vehicle Sales trip generation rates on the basis of actual gross building area is consistent with the relationship of other retail land use type build floor areas to trip generation rates. Therefore, it is not considered necessary to explicitly consider outdoor storage or sales areas for Vehicle Dealerships in the calculation of trip generation. Furthermore, since the external storage and sales areas are not integral to the trip generation characteristics of a Vehicle Dealership, the calculation of the TUMF obligation for Vehicle Dealerships will be based exclusively on the gross floor area of all buildings associated with the dealership, including all vehicle sales, parts sales, service areas, administrative offices and waiting areas.

5.3. Group Quarters

5.3.1. Summary

Group quarters include, but are not limited to, correctional facilities, nursing homes, mental hospitals, college dormitories, military barracks, group homes, missions and shelters. Group quarters typically provide a group of rooms with shared living quarters for unrelated persons. Occupants of group quarters live and eat together with other persons in the building sharing at a minimum communal kitchen, dining and living facilities.

All group quarters will be considered non-residential service use types. The TUMF obligation for group quarters will be calculated using **Worksheet A.2.1** for standard non-residential fee calculations. The methodology outlined in **Worksheet A.2.3** and described as follows will be applied to determine the gross floor area for those group quarters specifically used only for congregate care (including assisted living) and/or nursing homes.

1. Multiply the total number of beds by 81.1 square feet (i.e. for 120 beds it is $120 \times 81.1 = 9,732$ square feet)
2. Use the resultant value as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations.

5.3.2. Detailed Narrative

The U.S. Census Bureau defines a housing unit as “a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from the outside of the building or through a common hall. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.”

The U.S. Census Bureau classifies all people not living in housing unit as living in group quarters. Group quarters include both institutional and non-institutional facilities. Institutional group quarters include, but are not limited to, correctional facilities, nursing homes, and mental hospitals. Non-institutional group quarters include, but are not

limited to, college dormitories, military barracks, group homes, missions and shelters. Group quarters typically provide a group of rooms with shared living quarters for unrelated persons. Occupants of group quarters live and eat together with other persons in the building sharing at a minimum communal kitchen, dining and living facilities.

The issue of classifying group quarters for calculating the TUMF obligation is obscured by the definition of 'residential dwelling units' for the purpose of the TUMF. As indicated in **Section 2.1**, for the purpose of calculating the TUMF obligation, residential dwelling units are defined as a building or portion thereof used by one (1) family and containing one (1) kitchen, which is designed primarily for residential occupancy. Although all group quarters explicitly provide communal kitchen, dining and living facilities shared by the occupants of the building, in some instances individual units within group quarters may include kitchens for the convenience of occupants. This is increasingly common in buildings specifically intended for congregate care and senior assisted living whereby the occupants are provided the option to live and eat within their individual units equipped with a small kitchen. However, despite the inclusion of kitchen facilities in these cases, the principal purpose of the facility remains the provision of living assistance or supervision that inherently includes shared living quarters for unrelated persons and/or the sharing of communal facilities that necessitates occupants living and eating together with other persons in the facility. Accordingly, all group quarters (including those with kitchens in individual units) would not meet the U.S. Census Bureau definition of a residential housing unit and therefore, group quarters will be considered non-residential use types for the purpose of determining the TUMF obligation.

In accordance with Section 6.2 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), group quarters are considered to be service use types with the primary use of the facility generally meeting the description of either Hotels, Rooming Houses, Camps and Other Lodging Houses (SIC Major Category 70), Health Services (SIC Major Category 80) or Social Services (SIC Major Category 83). The TUMF obligation for service (and all non-residential) land uses is based on the gross floor area of buildings associated with the specific land use and is calculated using **Worksheet A.2.1** for standard non-residential fee calculations

Congregate Care, Nursing Homes and Assisted Living

Congregate care facilities (including senior assisted living facilities) and nursing homes are specific types of group quarters whose primary function is to provide care for elderly persons or other persons who are unable to adequately care for themselves due to advanced age or health reasons (such as chronic health care or convalescent care facilities). According to the Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) vehicle ownership by residents of these types of facilities is very low and residents do little or no driving due to their mobility limited condition. Traffic generation at these facilities is primarily limited to employees, visitors, and deliveries. By contrast, trip generation at other types of group quarters such as dormitories, barracks, and group homes is higher due to the increased mobility of residents. For this reason, it is

considered appropriate to review the TUMF calculation methodology specifically for congregate care, nursing home and assisted living facilities.

A review of Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) indicates a relatively consistent daily trip generation rate for congregate care, nursing home and assisted living facilities based on the number of units or beds, respectively. The daily trip generation rate for congregate care facilities is approximately 2.02 trips per unit (bed), while the daily rate for nursing homes is approximately 2.74 trips per bed and the daily rate for assisted living facilities is 2.66 trips per bed. The relatively small variation in average daily trips between congregate care units, nursing home beds and assisted living beds is indicative of congregate care units (or rooms) typically being intended for occupancy by one individual or related couple. For this reason, the number of units or rooms at a congregate care facility is considered to equate to the number of beds for the purpose of assessing trip generation characteristics in the context of determining TUMF obligation. A nursing home or assisted living facility may include multiple unrelated occupants that share a room or unit therefore making trip generation per bed an appropriate measure.

Table 5.2 summarizes the various characteristics of congregate care facilities and nursing homes, including trip generation. The table also details the calculation of the gross floor area equivalency per bed.

Table 5.2 – Characteristics of Congregate Care Facilities and Nursing Homes							
<i>Land Use Type (ITE Code)</i>	<i>Average Number of Beds</i>	<i>Average Gross Floor Area (sqft)</i>	<i>Average Daily Vehicle Trips per Bed</i>	<i>Average Daily Vehicle Trips per 1,000 sqft</i>	<i>Equivalent Beds per 1,000 sqft</i>	<i>Equivalent sqft per Bed</i>	<i>TUMF Weighted Equivalent sqft per Bed**</i>
<i>Congregate Care Facility* (253)</i>	194		2.02				
<i>Nursing Home** (620)</i>	119	63,000	2.74	7.60	2.77	360.5	81.1
<i>Assisted Living (254)</i>	121		2.66				
<i>Median All TUMF Service Use Types</i>				33.79			

Source: Trip Generation 9th Edition, Institute of Traffic Engineers, 2012

Note: * - For Congregate Care Facilities, the number of units is considered to be equal to the number of beds.

** - TUMF weighted equivalent a square feet based on equivalent square feet per bed adjusted to reflect relative trip generation between Congregate Care/Nursing Home and all TUMF Service Uses (consistent with TUMF Nexus Study Trip Generation Rate Comparison).

The gross floor area equivalency per bed for Congregate Care Facilities, Nursing Homes and Assisted Living Facilities is based on the trip generation characteristic of Nursing Homes, which is quantified in the Trip Generation Manual in terms of both trips per bed and thousands of square feet of gross floor area. Based on this information, each bed at a Nursing Home represents the equivalent of 360.5 square feet of gross floor area. To

account for the variation in trip generation rates between Congregate Care Facilities and Nursing Homes, and all TUMF service land use types, the gross floor area equivalency per bed was weighted based on the relative trip generation between Nursing Homes and the median of all TUMF Service Uses as used in the TUMF Nexus Study. The weighted gross floor area equivalency per bed for Congregate Care Facilities (including Assisted Living Facilities) and Nursing Homes is 81.1.

For the purpose of calculating the TUMF obligation for *all types of congregate care facilities and nursing homes*, the total number of beds will be multiplied by 81.1 to determine the equivalent number of square feet of floor area. The *equivalent floor area will be used for the purpose of calculating the TUMF* at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study. Application of this methodology will account for the considerably lower trip generation rates observed at congregate care facilities and nursing homes, since residents do little or no driving due to their advanced age and/or medical condition.

5.4. Mini-Warehouses and Rental Storage

5.4.1. Summary

For the purpose of determining the TUMF obligation, all types of mini-warehouses or facilities providing rental storage (including outdoor rental storage areas) will be considered industrial use types. The methodology outlined in **Worksheet A.2.4** and described as follows will be applied to determine the gross floor area for all types of mini-warehouses rental storage facilities.

1. Multiply the total site area in acres by 6,647.3 square feet
(i.e. for the example facility it is $3.3 \times 6,647.3 = 21,936$ square feet)
2. Use the resultant value as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations.

For the purpose of determining the TUMF obligation, a residence that is located entirely within a mini-warehouse or rental storage site and is used exclusively by an on-site caretaker and his/her immediate family is considered to be integral to the primary industrial use of the site and therefore is not subject to any additional TUMF obligation over the amount calculated in accordance with the methodology outlined above.

5.4.2. Detailed Narrative

Mini-warehouses and rental storage facilities include all land uses where the primary business of the site is the rental of units, vaults or spaces to the general public for the storage of goods. While mini-warehouses are typically enclosed buildings, rental storage facilities can include outdoor unenclosed and uncovered areas for the storage of items such as recreational vehicles, boats, trailers and construction equipment. Rental units or spaces are generally delineated and/or physically separated from other units or spaces, and access is typically provided to the site through a common controlled access point. A residential dwelling is sometimes located within a mini-warehouse or rental storage site for use exclusively by an on-site caretaker.

In accordance with Section 6.2 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), mini-warehouses and rental storage facilities are considered to be industrial use types with the primary use of the facility generally meeting the description of Motor Freight Transportation and Warehousing (SIC Major Category 42). The TUMF obligation for industrial (and all non-residential) land uses is based on the gross floor area of buildings associated with the specific land use and is calculated using **Worksheet A.2.1** for standard non-residential fee calculations. However, in the case of mini-warehouses and rental storage facilities, vehicle trips to and from the site is generated primarily by the availability of storage areas and in some cases only very limited building floor area is associated with the storage facility. For this reason, it is necessary to determine the gross floor area equivalency per acre of the site area for the purpose of calculating the TUMF obligation.

A review of Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) indicates the daily trip generation rate for mini-warehouses is approximately 35.43 trips per acre of site area, and is approximately 2.50 trips per thousand square feet of building area. **Table 5.3** summarizes the various characteristics of mini-warehouses, including trip generation, and establishes the equivalent square feet per acre for the purpose of calculating the TUMF obligation for all rental storage facilities including those with very limited building floor area associated with the storage facility.

Table 5.3 – Characteristics of Mini-Warehouses							
<i>Land Use Type (ITE Code)</i>	<i>Average Site Area (acres)</i>	<i>Average Gross Floor Area (sqft)</i>	<i>Average Daily Vehicle Trips per Acre</i>	<i>Average Daily Vehicle Trips per 1,000 sqft</i>	<i>Equivalent Acres per 1,000 sqft</i>	<i>Equivalent sqft per Acre</i>	<i>TUMF Weighted Equivalent sqft per Acre*</i>
<i>Mini-Warehouse (151)</i>	4	56	35.43	2.50	0.07	14,172	6,647.3
<i>Median of All TUMF Industrial Use Types</i>				5.33			

Source: Trip Generation 9th Edition, Institute of Traffic Engineers, 2012

Note: * - TUMF weighted equivalent square feet based on equivalent square feet per acre adjusted to reflect relative trip generation per 1000 sqft between Mini-Warehouse and all TUMF Industrial Uses (consistent with TUMF Nexus Study Trip Generation Rate Comparison).

The gross floor area equivalency per acre of site for Mini-Warehouses and Rental Storage Facilities is based on the trip generation characteristic of Mini-Warehouse, which is quantified in the Trip Generation Manual in terms of both trips per acre and trips per thousand square feet of gross floor area. Based on this information, each acre of Mini-Warehouse represents the equivalent of 14,172 square feet of gross floor area. To account for the variation in trip generation rates between Mini-Warehouses and Rental Storage Facilities, and all TUMF industrial land use types, the gross floor area equivalency per acre was weighted based on the relative trip generation between Mini-Warehouses and the median of all TUMF Industrial Uses as used in the TUMF Nexus

Study. The weighted gross floor area equivalency per acre for Mini-Warehouses and Rental Storage Facilities (including outdoor rental storage areas) is 6,647.3.

For the purpose of calculating the TUMF obligation for *all types of Mini-Warehouses and Rental Storage Facilities*, the total area of the site in acres will be multiplied by 6,647.3 to determine the equivalent number of square feet of floor area. The *equivalent floor area will be used for the purpose of calculating the TUMF* at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study.

In some instances, mini-warehouse and rental storage facilities include a residence exclusively for use by an on-site caretaker. For the purpose of determining the TUMF obligation, a residence that is located entirely within a mini-warehouse or rental storage site and is used exclusively by an on-site caretaker and his/her immediate family is considered to be integral to the primary industrial use of the site. Due to the integral nature of a caretaker's residence to the mini-warehouse or rental storage use of the site, a caretaker's residence is not subject to any additional TUMF obligation over the amount calculated in accordance with the methodology outlined in this section.

5.5. Golf Courses

5.5.1. Summary

For the purpose of calculating the TUMF obligation, all public and private golf courses are considered to be service use types. The methodology outlined in **Worksheet A.2.5** and described as follows will be applied to determine the gross floor area for the purpose of calculating the fee obligation for all public and private golf courses (*for the example calculation assume a golf course with 18 holes and including buildings covering an area of 15,000 square feet*).

1. Multiply the total number of holes by 1,057.7 square feet
(*i.e. for the example golf course it is $18 \times 1,057.7 = 19,039$ square feet*)
2. Determine the total floor area of buildings on the site
(*i.e. for the example station it is 15,000 square feet*)
3. Compare the results for steps 1 and 2, and use the greater of the two values as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations. (*i.e. $19,039 > 15,000$; for the example golf course TUMF would be calculated for 19,039 square feet*)

5.5.2. Detailed Narrative

Golf courses are recreational facilities intended specifically for the playing of golf, typically over a 9-, 18-, 27- or 36-hole landscaped course. The use of golf courses can be open to the general public or limited only to members of private country clubs or cooperative owner associations. Some sites may also include additional facilities such as driving ranges, and recreational club houses offering services such as locker rooms, pro shops, lounges, meeting rooms, banquet facilities and management offices.

In accordance with Section 6.2 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), golf courses are considered to be service use types with the primary use of the facility generally meeting the description of Amusement and Recreational Services (SIC Major Category 79). The TUMF obligation for service (and all non-residential) land uses is based on the gross floor area of buildings associated with the specific land use and is calculated using **Worksheet A.2.1** for standard non-residential fee calculations. While the trip making characteristics of golf courses may be readily captured based on the gross floor area of sites including larger club house facilities, in the case of sites with very limited building floor area, vehicle trips to and from the facility will be generated primarily by the actual playing course. For this reason, it is necessary to determine the gross floor area equivalency per hole on the playing course for the purpose of calculating the TUMF obligation where limited building floor area accompanies the golf course.

A review of Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) indicates the daily trip generation rate for golf courses is approximately 35.74 trips per hole, and is approximately 20.52 trips per employee. **Table 5.4** summarizes the various characteristics of golf courses, including trip generation, and establishes the equivalent square feet per hole for the purpose of calculating the TUMF obligation for golf courses.

Table 5.4 – Characteristics of Golf Courses

<i>Land Use Type (ITE Code)</i>	<i>Average Number of Holes</i>	<i>Average Employees</i>	<i>Average Daily Vehicle Trips per Hole</i>	<i>Average Daily Vehicle Trips per Employee</i>	<i>Average Daily Vehicle Trips per 1,000 sqft</i>	<i>Equivalent Holes per 1,000 sqft</i>	<i>Equivalent sqft per Hole</i>	<i>TUMF Weighted Equivalent sqft Hole**</i>
<i>Golf Courses* (430)</i>	20	38	35.74	20.52	53.56	1.50	667.3	1,057.7
<i>Median of All TUMF Service Use Types</i>					33.79			

Source: Trip Generation 9th Edition, Institute of Traffic Engineers, 2012

Note: * - Average Daily Trips per 1,000 sqft based on average daily vehicle trips per employee multiplied by the employee conversion factor per 1,000 sqft for all TUMF Service Uses (consistent with TUMF Nexus Study Trip Generation Rate Comparison).

** - TUMF weighted equivalent square feet based on equivalent square feet per hole adjusted to reflect relative trip generation per 1,000 sqft between Golf Course and all TUMF Service Uses (consistent with TUMF Nexus Study Trip Generation Rate Comparison).

The gross floor area equivalency per hole for Golf Courses is based on the trip generation characteristic of Golf Courses, which is quantified in the Trip Generation Manual in terms of trips per hole, trips per acre and trips per employee. For the purpose of calculating TUMF obligation, non-residential fees are determined using gross floor area in square feet. By applying the employee trip conversion factor of 2.61 employees per thousand square feet of service use area (consistent with the TUMF Nexus Study Employment Conversion Factors described in Appendix J), the average daily trips per employee can be defined in terms of the equivalent impact in average daily trips per thousand square feet of service use area. Based on this information, each hole on the playing course is considered to represent the equivalent of 667.3 square feet of gross

floor area. To account for the variation in trip generation rates between Golf Courses, and all TUMF service land use types, the gross floor area equivalency per hole was weighted based on the relative trip generation between Golf Courses and the median of all TUMF Service Uses as used in the TUMF Nexus Study. The weighted gross floor area equivalency per hole for Golf Courses is 1,057.7.

For the purpose of calculating the TUMF obligation for *golf courses*, the total number of holes on the playing course will be multiplied by 1,057.7 to determine the equivalent number of square feet of floor area. *The equivalent floor area will be compared to the actual building gross floor area for the site, and the greater of the two floor areas will be used for the purpose of calculating the TUMF at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study.*

Application of this methodology will account for variations in the size and scale of club house facilities that affect the nature of the primary business of the site. For example, an average golf course (with 18 holes) that includes 15,000 square feet of gross floor area in club house facilities would have an equivalent floor area of 19,039 square feet ($18 \times 1,057.7$). A comparison of the equivalent floor area and actual building gross floor area indicates that the equivalent floor area is greater than the actual floor area ($19,039 > 15,000$) which is consistent with the primary business of the site being the actual playing course and therefore would be used as the basis for calculating the TUMF obligation. Conversely, an average golf course with 30,000 square feet of gross floor area in club house facilities would have an equivalent floor area of 19,039 square feet ($18 \times 1,057.7$). A comparison of the equivalent floor area and actual building gross floor area indicates that the actual floor area is greater than the equivalent floor area ($30,000 > 19,039$) which is consistent with the increased size and scope of the clubhouse affecting the primary business of the site (the use of the recreational club house service facilities) and therefore would be used as the basis for calculating the TUMF obligation.

5.6. Wholesale Nurseries

5.6.1. Summary

For the purpose of determining the TUMF obligation, all wholesale nurseries will be considered industrial use types. The methodology outlined in **Worksheet A.2.6** and described as follows will be applied to determine the gross floor area for all wholesale nurseries (*for the example calculation assume a wholesale nursery with a total site area of 24.2 acres and including buildings with a gross floor area of 2,750 square feet*).

1. Multiply the total site area in acres by 488.9 square feet
(*i.e. for the example facility it is $24.2 \times 488.9 = 11,831$ square feet*)
2. Determine the total floor area of buildings on the site
(*i.e. for the example facility it is 2,750 square feet*)
3. Compare the results for steps 1 and 2, and use the greater of the two values as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations. (*i.e. $11,831 > 2,750$; for the example wholesale nursery TUMF would be calculated for 11,831 square feet*)

5.6.2. Detailed Narrative

Wholesale Nursery facilities include all land uses where the primary business of the site is the sale of landscape supplies, plants and other farm products to contractors and suppliers. According to the U.S. Census Bureau, the definition for a wholesale nursery is “establishments primarily engaged in the wholesale distribution of flowers, nursery stock, and florists' supplies”. Wholesale nurseries typically incorporate a combination of free-standing buildings and expansive open areas of planting and landscape stock. Most facilities include limited office, storage and shipping facilities.

In accordance with Section 6.2 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), wholesale nursery facilities are considered to be industrial use types with the primary use of the facility generally meeting the description of Wholesale Trade – Non-durable Goods (SIC Major Category 51). SIC category code 5193 specifically captures this land use type as “Flowers, Nursery Stock, and Florists' Supplies (merchant wholesalers except those selling nursery stock via retail method)”. The TUMF obligation for industrial (and all non-residential) land uses is based on the gross floor area of buildings associated with the specific land use and is calculated using **Worksheet A.2.1** for standard non-residential fee calculations. However, in the case of wholesale nursery facilities, vehicle trips to and from the site are generated primarily by the availability of open land used for production, storage and display of plants and other landscape materials. For this reason, it is necessary to determine the gross floor area equivalency per acre of the site area for the purpose of calculating the TUMF obligation.

A review of Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) indicates the daily trip generation rate for wholesale nurseries is approximately 2.61 trips per acre of site area, and is approximately 25.14 trips per thousand square feet of building area. **Table 5.5** summarizes the various characteristics of wholesale nurseries, including trip generation, and establishes the equivalent square feet per acre for the purpose of calculating the TUMF obligation for all wholesale nursery facilities, which is typically associated with having very limited building floor area.

Table 5.5 – Characteristics of Wholesale Nurseries

<i>Land Use Type (ITE Code)</i>	<i>Average Site Area (acres)</i>	<i>Average Gross Floor Area (sqft)</i>	<i>Average Daily Vehicle Trips per Acre*</i>	<i>Average Daily Vehicle Trips per 1,000 sqft **</i>	<i>Equivalent Acres per 1,000 sqft</i>	<i>Equivalent sqft per Acre</i>	<i>TUMF Weighted Equivalent sqft per Acre***</i>
<i>Wholesale Nursery (818)</i>	24.2	2,750	2.61	25.14	9.65	104	488.9
<i>Median of All TUMF Industrial Use Types</i>				5.33			

Source: [Trip Generation 9th Edition](#), Institute of Traffic Engineers, 2012

Note: * - Average Daily Trips per acre based on interpolation of Average Weekend Peak Hour and Daily Trips per acre to the Weekday Peak Hour Trips per acre

** - Average Daily Trips per 1,000 sqft based on interpolation of Average Weekend Peak Hour and Daily Trips per 1,000 sqft to the Weekday Peak Hour Trips per 1000 sqft

*** - TUMF weighted equivalent square feet based on equivalent square feet per acre adjusted to reflect relative trip generation per 1000 sqft between Wholesale Nursery and all TUMF Industrial Uses (consistent with TUMF Nexus Study Trip Generation Rate Comparison).

The gross floor area equivalency per acre of site for Wholesale Nursery is based on the trip generation characteristic of Wholesale Nursery, which is quantified in the Trip Generation Manual in terms of both trips per acre and trips per thousand square feet of gross floor area. Based on this information, each acre of Wholesale Nursery represents the equivalent of 104 square feet of gross floor area. To account for the variation in trip generation rates between Wholesale Nursery, and all TUMF industrial land use types, the gross floor area equivalency per acre was weighted based on the relative trip generation between Wholesale Nursery and the median of all TUMF Industrial Uses as used in the TUMF Nexus Study. The weighted gross floor area equivalency per acre for Wholesale Nursery is 488.9.

For the purpose of calculating the TUMF obligation for *all types of Wholesale Nurseries*, the total area of the site in acres will be multiplied by 488.9 to determine the equivalent number of square feet of floor area. The *equivalent floor area will be compared to the actual building gross floor area* for the site, and the *greater of the two floor areas will be used for the purpose of calculating the TUMF* at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study.

Application of this methodology will account for variations in the size and scale of buildings that affect the nature of the primary business of the site. For example, an average wholesale nursery (covering 24.2 acres) that includes 2,750 square feet of gross floor area in buildings would have an equivalent floor area of 11,831 square feet (24.2 x 488.9). A comparison of the equivalent floor area and actual building gross floor area indicates that the equivalent floor area is greater than the actual floor area (11,831 > 2,750) which is consistent with the primary business of the site being the outdoor production, storage and display areas, and therefore would be used as the basis for calculating the TUMF obligation. Conversely, an average wholesale nursery with 20,000 square feet of gross floor area in buildings would have an equivalent floor area of

11,831 square feet (24.2 x 488.9). A comparison of the equivalent floor area and actual building gross floor area indicates that the actual floor area is greater than the equivalent floor area (20,000 > 11,831) which is consistent with the increased size and scope of the buildings affecting the primary business of the site and therefore would be used as the basis for calculating the TUMF obligation.

5.7. Retail Nurseries (Garden Centers)

5.7.1. Summary

For the purpose of determining the TUMF obligation, all retail nurseries (also referred to as “Garden Centers”) will be considered retail use types. The methodology outlined in **Worksheet A.2.7** and described as follows will be applied to determine the gross floor area for all retail nurseries (*for the example calculation assume a retail nursery with a total site area of 2.5 acres and including buildings with a gross floor area of 9,650 square feet*).

1. Multiply the total site area in acres by 2,118.8 square feet
(i.e. for the example facility it is $2.5 \times 2,118.8 = 5,297$ square feet)
2. Determine the total floor area of buildings on the site
(i.e. for the example facility it is 9,650 square feet)
3. Compare the results for steps 1 and 2, and use the greater of the two values as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations. (i.e. $9,650 > 5,297$; for the example retail nursery TUMF would be calculated for 9,650 square feet)

This methodology applies only to retail nurseries and garden centers that are free-standing businesses. Where the selling of garden and landscaping supplies (including plants) is an integral component of a more extensive retail store, the TUMF obligation will be determined based exclusively on the gross building area of the primary business of the site.

5.7.2. Detailed Narrative

Retail Nursery facilities (also referred to as ‘Garden Centers’) include all land uses where the primary business of the site is the retail sale of garden and landscaping supplies, including plants. According to the U.S. Census Bureau, the definition for a retail nursery is an “establishment primarily engaged in selling trees, shrubs, other plants, seeds, bulbs, mulches, soil conditioners, fertilizers, pesticides, garden tools, and other garden supplies to the general public. These establishments primarily sell products purchased from others, but may sell some plants which they grow themselves”. Like their wholesale counterparts they typically incorporate a combination of free-standing buildings with an open area of planting and landscape stock.

In accordance with Section 6.2 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), retail nursery facilities are considered to be retail use types with the primary use of the facility generally meeting the description of Retail Trade –

Building Materials, Hardware, Garden Supply and Mobile Home Dealers (SIC Major Category 52). The TUMF obligation for retail (and all non-residential) land uses is based on the gross floor area of buildings associated with the specific land use and is calculated using **Worksheet A.2.1** for standard non-residential fee calculations. However, in the case of retail nursery facilities, vehicle trips to and from the site may be generated primarily by the availability of open land used for storage and display of plants and other landscape materials. For this reason, it is necessary to determine the gross floor area equivalency per acre of the site area for the purpose of calculating the TUMF obligation.

A review of Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) indicates the daily trip generation rate for retail nurseries is approximately 108.1 trips per acre of site area, and is approximately 68.1 trips per thousand square feet of building area. **Table 5.6** summarizes the various characteristics of retail nurseries, including trip generation, and establishes the equivalent square feet per acre for the purpose of calculating the TUMF obligation for all retail nursery facilities, which is typically associated with having very limited building floor area.

The gross floor area equivalency per acre of site for Retail Nursery is based on the trip generation characteristic of Retail Nursery, which is quantified in the Trip Generation Manual in terms of both trips per acre and trips per thousand square feet of gross floor area. Based on this information, each acre of Retail Nursery represents the equivalent of 1,587 square feet of gross floor area. To account for the variation in trip generation rates between Retail Nursery, and all TUMF retail land use types, the gross floor area equivalency per acre was weighted based on the relative trip generation between Retail Nursery and the median of all TUMF Retail Uses as used in the TUMF Nexus Study. The weighted gross floor area equivalency per acre for Retail Nursery is 2,118.8.

Table 5.6 – Characteristics of Retail Nurseries							
<i>Land Use Type (ITE Code)</i>	<i>Average Site Area (acres)</i>	<i>Average Gross Floor Area (sqft)</i>	<i>Average Daily Vehicle Trips per Acre</i>	<i>Average Daily Vehicle Trips per 1,000 sqft</i>	<i>Equivalent Acres per 1,000 sqft</i>	<i>Equivalent sqft per Acre</i>	<i>TUMF Weighted Equivalent sqft per Acre*</i>
<i>Retail Nursery (817)</i>	3.0	5	108.10	68.10	0.63	1,587	2,118.8
<i>Median of All TUMF Retail Use Types</i>				51.02			

Source: Trip Generation 9th Edition, Institute of Traffic Engineers, 2012

Note: * - TUMF weighted equivalent square feet based on equivalent square feet per acre adjusted to reflect relative trip generation per 1000 sqft between Retail Nursery and all TUMF Retail Uses.

For the purpose of calculating the TUMF obligation for *all types of Retail Nursery*, the total area of the site in acres will be multiplied by 2,118.8 to determine the equivalent number of square feet of floor area. The *equivalent floor area will be compared to the actual building gross floor area* for the site, and the *greater of the two floor areas will be*

used for the purpose of calculating the TUMF at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study.

Application of this methodology will account for variations in the relative size and scale of buildings and open areas that affect the nature of the primary business of the site. For example, an average retail nursery (covering 2.5 acres) that includes 9,650 square feet of gross floor area in buildings would have an equivalent floor area of 5,297 square feet ($2.5 \times 2,118.8$). A comparison of the equivalent floor area and actual building gross floor area indicates that the actual floor area is greater than the equivalent floor area ($9,650 > 5,297$) which is consistent with the primary business of the site being generated by the retail buildings, and therefore would be used as the basis for calculating the TUMF obligation. Conversely, an average retail nursery with 9,650 square feet of gross floor area in buildings and covering 10 acres would have an equivalent floor area of 21,188 square feet ($10 \times 2,118.8$). A comparison of the equivalent floor area and actual building gross floor area indicates that the equivalent floor area is greater than the actual floor area ($21,188 > 9,650$) which is consistent with the increased size and scope of the outdoor production, storage and display area affecting the primary business of the site and therefore would be used as the basis for calculating the TUMF obligation.

It is to be noted that application of this methodology applies only to retail nurseries and garden centers that are free-standing businesses and not integral components of a more extensive retail store, such as a discount store, discount club, hardware store, home improvement superstore or supermarket. Where the selling of garden and landscaping supplies (including plants) is an integral component of a more extensive retail store, the TUMF obligation will be determined based exclusively on the gross building area of the primary business of the site.

5.8. High-Cube Warehouses and Distribution Centers

5.8.1. Summary

For the purpose of determining the TUMF obligation, all types of high-cube warehouses or distribution centers will be considered industrial use types. The methodology outlined in **Worksheet A.2.8** and described as follows will be applied to determine the equivalent floor area for high-cube warehouses/distribution centers with a minimum gross floor area of 200,000 square feet, a minimum ceiling height of 24 feet and a minimum dock-high door loading ratio of 1 door per 10,000 square feet (*for the example calculation assume a high-cube warehouse with a gross floor area of 450,000 square feet, a ceiling height exceeding 24 feet and a dock-high door loading ratio exceeding 1:10,000*):

1. Subtract 200,000 square feet from the total gross floor area
(i.e. for the example facility it is $450,000 - 200,000 = 250,000$ square feet)
2. Multiply the resultant value from step 1 which is total gross floor area in excess of 200,000 square feet by 0.32
(i.e. for the example facility it is $250,000 \times 0.32 = 80,000$ square feet)
3. Add 200,000 square feet to the resultant value of step 2
(i.e. for the example facility it is $200,000 + 80,000 = 280,000$ square feet)

4. Use the resultant value of step 3 as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations.

The TUMF obligation for a warehouse facility with a gross floor area of less than 200,000 square feet, a ceiling height of less than 24 feet and/or a dock-high door loading ratio of less than 1 door per 10,000 square feet will be calculated based on the actual gross floor area using **Worksheet A.2.1** for standard non-residential fee calculations. Furthermore, where other uses such as wholesale showrooms, retail showrooms or office suites are co-located with qualifying high-cube warehouse facilities, only the qualifying warehouse portion of the premises will be calculated using **Worksheet A.2.8**. The fee obligation for all other co-located facilities will be calculated based on the actual gross floor area and the appropriate land use category using **Worksheet A.2.1** for standard non-residential fee calculations.

5.8.2. Detailed Narrative

High-cube warehouses or distribution centers are primarily for the storage and/or consolidation of manufactured goods (and to a lesser extent, raw materials) prior to their distribution to retail locations or other warehouses. These facilities are generally very large buildings characterized by a small employment count due to a high level of automation, and truck activities frequently outside of the peak hour of the adjacent street system. For the purpose of determining the TUMF obligation, high-cube warehouses and distribution centers are defined as follows:

Very large shell buildings commonly constructed using steel framed and/or concrete tilt-up techniques with a minimum gross floor area of 200,000 square feet, a minimum ceiling height of 24 feet and a minimum dock-high door loading ratio of 1 door per 10,000 square feet.

In accordance with Section 6.2 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), high-cube warehouses and distribution center facilities are considered to be industrial use types with the primary use of the facility generally meeting the description of Motor Freight Transportation and Warehousing (SIC Major Category 42). The TUMF obligation for industrial (and all non-residential) land uses is based on the gross floor area of buildings associated with the specific land use and is calculated using **Worksheet A.2.1** for standard non-residential fee calculations. However, in the case of high-cube warehouses and distribution centers, vehicle trips generated to and from the site are typically lower than traditional industrial uses due to the small employee count and highly automated activities. For this reason, it is necessary to determine the gross floor area equivalency for the purpose of calculating the TUMF obligation.

A review of Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) indicates the average weekday daily trip generation rate for high-cube warehouses is 1.68 trips per thousand square feet, while the weekday PM peak-hour trip generation rate for the same uses is approximately 0.16 trips per thousand square feet of building area. By comparison, traditional warehouse uses have a weekday daily trip generation rate of

3.56 trips per thousand square feet, and PM peak-hour trip generation rates of 0.45 trips per thousand square feet and 0.58 trips per employee. A study completed in January 2005 by Crain and Associates for the National Association of Industrial and Office Properties (NAIOP) indicates a weekday daily trip generation rate of 1.10 trips per thousand square feet and a weekday PM peak rate of 0.08 trips per thousand square feet for high-cube warehouse sites in the Inland Empire.

Table 5.7 summarizes the various characteristics of high-cube warehouses, including trip generation, and establishes the equivalent square feet for the purpose of calculating the TUMF obligation for all high-cube warehouse and distribution centers.

Table 5.7 – Characteristics of High-Cube Warehouses and Distribution Centers				
<i>Land Use Type (ITE Code)</i>	<i>Average Daily Vehicle Trips per 1,000 sqft</i>	<i>Average PM Peak Vehicle Trips per 1,000 sqft</i>	<i>Average PM Peak Trips per Employee</i>	<i>TUMF Weighted Equivalent sqft *</i>
<i>High-Cube Warehouse (i) (152)</i>	1.68	0.16		0.32
<i>Warehousing (i) (150)</i>	3.56	0.45	0.58	
<i>Warehouse/Distribution Center (ii)</i>	1.10	0.08		
<i>All TUMF Industrial Use Types (i)</i>	5.33			

Source: (i) Trip Generation 9th Edition, Institute of Traffic Engineers, 2012

(ii) San Bernardino/Riverside County Warehouse/Distribution Center Vehicle Trip Generation Study, Crain and Associates, January 2005

Note: * - TUMF weighted equivalent square feet based on relative trip generation per 1000 sqft between High-Cube Warehouse (calculated) and all TUMF Industrial Uses (consistent with TUMF Nexus Study Trip Generation Rate Comparison).

The gross floor area equivalency for High-Cube Warehouses and Distribution Centers is based on the trip generation characteristic of High-Cube Warehouse, which is quantified in the Trip Generation Manual in terms of both daily and PM peak trips per thousand square feet gross floor area. Based on this information, the daily trip generation rate for a high-cube warehouse is approximately 1.68 trips per thousand square feet of gross floor area. To account for the variation in trip generation rates between High-Cube Warehouses and Distribution Centers, and all TUMF industrial land use types, the gross floor area equivalency was weighted based on the relative trip generation between High-Cube Warehouses and the median of all TUMF Industrial Uses as used in the TUMF Nexus Study. The weighted gross floor area equivalency for High-Cube Warehouses and Distribution Centers is 0.32.

For the purpose of calculating the TUMF obligation for *High-Cube Warehouses and Distribution Centers* with a minimum gross floor area of 200,000 square feet, a minimum ceiling height of 24 feet and a minimum dock-high door loading ratio of 1 door per 10,000 square feet, the gross floor area *in excess of 200,000 square feet* will be multiplied

by 0.32 and the resultant value *increased by 200,000 square feet* to determine the equivalent number of square feet of floor area. The *equivalent floor area will be used for the purpose of calculating the TUMF* at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study. For example, a high-cube warehouse with a gross floor area of 450,000 square feet, a ceiling height exceeding 24 feet and a dock-high door loading ratio exceeding 1:10,000 (for the example facility it is at least 45 dock-high door loading bays i.e. $450,000/10,000 = 45$) the equivalent floor area would be 280,000 square feet ($\{[450,000 - 200,000] \times 0.32\} + 200,000 = 280,000$)

The TUMF obligation for a warehouse facility with a gross floor area of less than 200,000 square feet, a ceiling height of less than 24 feet and/or a dock-high door loading ratio of less than 1 door per 10,000 square feet will be calculated based on the actual gross floor area using **Worksheet A.2.1** for standard non-residential fee calculations. Furthermore, where other uses such as wholesale showrooms, retail showrooms or office suites are co-located with qualifying high-cube warehouse facilities, only the qualifying warehouse portion of the premises will be calculated using **Worksheet A.2.8**. The fee obligation for all other co-located facilities will be calculated based on the actual gross floor area and the appropriate land use category using **Worksheet A.2.1** for standard non-residential fee calculations.

5.9. Winery

5.9.1. Summary

For the purposes of determining the TUMF obligation, small, medium and large wineries, as defined below, are categorized using **Worksheet A.2.9** and fees calculated differently for each category using the methodology described.

Small Winery – A winery characterized by predominantly agricultural and industrial uses involving the cultivation of grapes and/or production of wine. Ancillary uses associated with a small winery can include a small tasting room not exceeding 700 square feet, and associated uses such as office and administration space, minor retail and/or small deli-type (packaged food) service that does not require a kitchen. The total building area for all buildings associated with a small winery cannot exceed 15,000 square feet.

Small winery is considered an industrial use type. TUMF obligation for small winery will be calculated based on the gross floor area of all buildings associated with the winery including all wine production and storage areas, and ancillary associated tasting room, office and administration space, minor retail and/or deli-type (packaged food) service that does not require a kitchen, using **Worksheet A.2.1** for standard non-residential fee calculations.

Medium Winery – A winery with integrated supporting operations, such as tasting room with floor area greater than 700 square feet including outdoor tasting areas, retail, event space, and/or small sit-down restaurant with primary operating hours at lunch. The patrons of the retail shops and restaurant facilities are primarily visitors to

the wine-tasting room, therefore the additional facilities are not viewed as generating additional traffic to the primary use, which is wine tasting and purchase. The total building area for all buildings associated with a medium winery cannot exceed 15,000 square feet.

Medium winery is considered an industrial use type. The methodology outlined in **Worksheet A.2.10** and described as follows will be applied to determine the gross floor area for medium wineries.

1. Multiply the total gross floor area of all buildings associated with the winery including all wine production and storage areas, and ancillary associated tasting room, office and administration space, retail, event space, and/or restaurant by 1.38.

(i.e. For an example facility with 11,350 square feet gross floor area it is $1.38 \times 11,350 = 15,663$ square feet)

2. Use the resultant value as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations.

Large Winery – Winery with total building area exceeding 15,000 square feet and typically including several other significant trip generating operations occurring on-site in addition to the winery operations, such as a retail shop, sit-down restaurant, hotel, and concert/event venue that operate separately from the winery.

Due to the unique variations of uses associated with each specific large winery, the TUMF obligation is calculated independently for each definable major on-site trip generating use associated with the winery (such as hotel, restaurant, office) using **Worksheet A.2.1** for standard non-residential fee calculations. For the portion of a large winery that is used primarily for wine production and storage, wine tasting and the sale of associated merchandise, the TUMF obligation can be calculated using the methodology outlined in **Worksheet A.2.11** and described as follows will be applied to determine the gross floor area for large wineries.

1. Multiply the total gross floor area of all buildings associated with winery uses only (wine production and storage, wine tasting and the sale of associated merchandise) by 1.38.

(i.e. For an example facility with 16,000 square feet of winery uses it is $1.38 \times 16,000 = 22,080$ square feet)

2. Use the resultant value as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations.

5.9.2. Detailed Narrative

For the purposes of determining the TUMF obligation, wineries are categorized into small, medium and large wineries, as defined below.

Small Winery – Characterized by predominantly agricultural and industrial uses involving the cultivation of grapes and/or production of wine. Ancillary uses associated with a small winery can include a small tasting room not exceeding 700 square feet, and associated uses such as office and administration space, minor retail and/or small deli-type (packaged food) service not requiring a kitchen. The total building area for all buildings associated with a small winery cannot exceed 15,000 square feet.

Medium Winery – Winery with integrated supporting operations, such as tasting room with floor area greater than 700 square feet including outdoor tasting areas, retail, event space, and/or small sit-down restaurant with primary operating hours at lunch. The patrons of the retail shops and restaurant facilities are primarily visitors to the wine-tasting room, therefore the additional facilities are not viewed as generating additional traffic to the primary use, which is wine tasting and purchase. The total building area for all buildings associated with a medium winery cannot exceed 15,000 square feet.

Large Winery – Winery with total building area exceeding 15,000 square feet and typically including several other significant trip generating operations occurring on-site in addition to the winery operations, such as a retail, sit-down restaurant, hotel, and concert/event venue operating separately from the winery.

The Traffic Impact Analysis (TIA) conducted for the Europa Village development (Urban Crossroads, June 2008) included traffic counts at a select number of wineries in the Temecula Valley region and developed a customized trip generation rate specifically for wine-tasting facilities in this area. The facilities included in this TIA were small, medium and large wineries with various amenities. The primary trip generating variable was the size of the wine tasting room, with additional trips at the large wineries generated by other amenities such as resort, spa and overnight hotel accommodations. The number of employees was deemed insignificant to the trip generation based on this study.

Small wineries, as defined above, predominately focus on agriculture (grape cultivation) and industrial (wine production) uses but may include a small ancillary tasting room and/or office facility, are estimated to generate traffic consistent with other light industrial and agricultural facilities. The TUMF obligation for small wineries will to be calculated using the standard non-residential methodology and the adopted industrial fee rate.

Medium sized wineries, as defined previously, are unique trip generators encompassing more than industrial/agricultural activities, such that the use of the site is predominately wine tasting and the sale of wine and associated merchandise. Based on the Europa Village Trip Generation Report, **Table 5.8** details the determination of the weighted equivalent floor space for calculating the TUMF obligation of medium wineries.

Table 5.8 – Medium Winery TUMF Calculation				
<i>Land Use Type</i>	<i>Average Gross Floor Area (sqft)</i>	<i>Average Daily Vehicle Trips per 1,000 sqft*</i>	<i>Equivalent Daily Vehicle Trips per 1,000 sqft</i>	<i>TUMF Weighted Equivalent sqft *</i>
<i>Wine Tasting Room (i)</i>	1,000	83.46		
<i>Winery (all associated buildings) (i)</i>	11,350		7.35	1.38
<i>Median of All TUMF Industrial Use Types (ii)</i>		5.33		

Source: Europa Village TIA, Urban Crossroads, prepared June 2, 2008 and revised March 17, 2009 for County of Riverside

(ii) Trip Generation 9th Edition, Institute of Traffic Engineers, 2012

Note: * TUMF weighted equivalent square feet based on the daily vehicle trips per 1,000 sqft adjusted to reflect relative trip generation per 1000 sqft between medium wineries and all TUMF Industrial Uses (consistent with TUMF Nexus Study Trip Generation Rate Comparison).

Large sized wineries, as defined previously, include various types of trip generators (such as wine tasting and associated retail, restaurant and banquet facilities, hotel accommodations and resort spa) that differ based on the uses associated with a particular large winery development. Due to the unique variations of uses associated with each specific large winery, the TUMF obligation is calculated independently for each definable major on-site trip generating use associated with the winery (such as hotel, restaurant, office). For the portion of a large winery that is used primarily for wine tasting and the sale of associated merchandise, the TUMF obligation will be calculated using the methodology described previously for medium wineries.

The gross floor area equivalency for a Medium Winery is based on the trip generation characteristic of a Medium Winery, which is quantified in the Europa Village Trip Generation Report in terms of 24-hour trips per thousand square feet of wine tasting room. Based on this information, the calculated daily trip generation rate for a winery is approximately 83.46 trips per thousand square feet of wine tasting room. To simplify the application of TUMF for a Medium Winery, the daily trip generation rate based on the wine tasting room was converted to a daily trip generation rate for the total gross floor area of all buildings associated with the winery or 7.35 trips per thousand square feet of winery total gross floor area. To account for the variation in trip generation rates between a Medium Winery and all TUMF industrial land use types, the gross floor area equivalency was weighted based on the relative trip generation between a Medium Winery and the median of all TUMF Industrial Uses as used in the TUMF Nexus Study. The weighted gross floor area equivalency for a Medium Winery is 1.38.

For the purpose of calculating the TUMF obligation for a *Winery*, the following methodology is used, respectively, for the three defined winery category types:

Small Winery, with a tasting room and/or other associated ancillary uses with a floor area of **less than** 700 square feet and a total gross floor area of all buildings **less than** 15,000 square feet, is considered to be an industrial use type. TUMF obligation for *small winery* will be calculated based on the gross floor area of all buildings associated with the winery including all wine production and storage areas, and ancillary associated tasting room, office and administration space, minor retail and/or deli-type (packaged food) service not requiring a kitchen, using the standard non-residential fee calculation methodology.

Medium Winery, with a tasting room and/or other associated ancillary uses with a floor area of **greater than** 700 square feet including outdoor tasting areas and a total gross floor area of all buildings **less than** 15,000 square feet, is considered to be an industrial use type. For the purpose of calculating the TUMF obligation for *medium winery*, the total gross floor area of all buildings associated with the winery including all wine production and storage areas, and ancillary associated tasting room, office and administration space, retail, event space, and/or restaurant will be multiplied by 1.38 to determine the equivalent number of square feet of floor area. The equivalent floor area will be used for the purpose of calculating the TUMF at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study. Application of this methodology will account for the higher trip generation rates observed at medium wineries, since medium wineries have associated retail and service uses that generate more trips than those associated with wine production.

Large Winery, with a total gross floor area of all buildings **greater than** 15,000 square feet, is considered to be a mixed use type due to the various types of trip generators associated with the winery development. Due to the unique variations of uses associated with each specific large winery, the TUMF obligation is calculated independently for each definable major on-site trip generating use associated with the winery (such as hotel, restaurant, office). For the portion of a large winery that is used primarily for wine production and storage, wine tasting and the sale of associated merchandise, the TUMF obligation will be calculated using the methodology described previously for *medium wineries*.

5.10. Electric Vehicle Supply Equipment Charging Stations

5.10.1. Summary

For the purpose of calculating the TUMF obligation, stand-alone businesses with the primary purpose of providing publically accessible electric vehicle supply equipment (EVSE) are designated as EVSE charging stations and will be considered retail use types. The methodology outlined in **Worksheet A.2.12** and described as follows will be applied to determine the gross floor area for calculating the TUMF obligation for all types of EVSE charging stations.

1. Multiply the total number of EVSE charging units by 14.9. The total number of EVSE charging units is equal to the maximum number of vehicles that could be connected for charging at the same time.

(i.e. for an example facility with 4 positions it is $14.9 \times 4 = 59.6$ square feet)

2. Use the resultant value as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations.

EVSE located within a residential or non-residential use type, where the residential or non-residential use is the primary use of the site, and the EVSE is for the sole and exclusive use of residents, employees and/or customers of the same premises, are considered to be ancillary to the primary residential or non-residential use of the site. There is no additional TUMF obligation for EVSE located within a residential or non-residential use type for the sole and exclusive use of residents, employees and/or customers of the same premises.

5.10.2. Detailed Narrative

Electric vehicle supply equipment (EVSE) charging stations include all stand-alone publically accessible retail land uses where the primary business of the site is providing electrical supply equipment for connecting and charging batteries that power electric or plug-in electric/gasoline hybrid motor vehicles. In accordance with Section 6.2 and Appendix B of the Transportation Uniform Mitigation Fee Nexus Study 2016 Update Final Report (Western Riverside Council of Governments, As Adopted July 10, 2017), fuel filling stations and other fuel dealers are considered to be retail uses for the purpose of calculating the applicable TUMF obligation for newly developed facilities or expansions of existing facilities. Although EVSE charging stations are a relatively new land use that is not specifically mentioned in the North American Industrial Classification System (NAICS) codes due to the recent introduction of electric or plug-in electric/gasoline hybrid motor vehicles for sale to the general public, EVSE charging stations serve a similar purpose to fuel filling stations and for this reason are similarly treated as a retail use for the purposes of determining the TUMF obligation.

EVSE charging units may also be located within residential and non-residential land uses, where EVSE is provided as an amenity for those utilizing the primary land use of the site (for example, EVSE charging units located in the parking lot of a retail shopping mall, service office building, or residential apartment complex). Where EVSE is located within a residential or non-residential use type for the sole and exclusive use of residents, employees and/or customers of the same premises (i.e. not stand-alone businesses and/or publically accessible) are considered to be ancillary to the primary residential or non-residential use of the site and unlikely to generate additional vehicle trips specifically for the purposes of accessing the charging station. There is no additional TUMF obligation for EVSE located within a residential or non-residential use type for the sole and exclusive use of residents, employees and/or customers of the same premises.

The TUMF for retail (and all non-residential) land uses is based on the gross floor area of buildings associated with the specific land use. However, in many cases the EVSE is a pedestal or wall mount unit with very limited to no building gross floor area. Vehicle trips to and from the site can be generated by the EVSE charging positions making it

necessary to determine the gross floor area equivalency per EVSE charging position for the purpose of calculating the TUMF obligation.

The EV Project website (TheEVProject.com) provides the most comprehensive source of data available on electric vehicle charging infrastructure. The EV Project is managed by ECOTality, Inc. primarily utilizing grant funding provided by the U.S. Department of Energy and various other partner matches. Launched in October 2009, The EV Project is the largest deployment of electric vehicles and charging infrastructure with chargers being installed in major cities in no fewer than nine states, including California, and the District of Columbia. The EV Project will deploy approximately 13,000 alternating current (AC) Level 2 EVSE charging stations for residential and commercial use, as well as 200 dual-port direct current (DC) Fast Chargers (DCFC). The EV Project also collects and analyzes data on the characteristics of electric vehicle use, including trip generation and charging station utilization rates.

According to the EV Project EVSE and Vehicle Usage Report for the 2nd Quarter of 2013 (the most recent available report as of January 22, 2014), a total of 295 publically accessible charging stations have been deployed by the project in the Los Angeles metropolitan area providing for a total of 6,688 vehicle charges for the period from April 1, 2013 to June 30, 2013. The average length of time a vehicle is connected to the EVSE is 4.0 hours, while the average length of time a vehicle is drawing power is 2.3 hours. Based on the data for the 2nd Quarter of 2013, the EV Project has determined the average number of charging events started per EVSE per weekday to be 0.38, representing an average of 0.76 daily vehicle trips per EVSE per weekday. **Table 5.9** summarizes key performance measures for publically accessible Level 2 EVSE in the Los Angeles Metropolitan Area.

Table 5.9 - Publically Accessible Level 2 EVSE in the Los Angeles Metropolitan Area

<i>Quarter</i>	<i>Total EVSE Units</i>	<i>Total Weekday Charges Per Quarter</i>	<i>Average Daily Charges per EVSE Unit (weekday)</i>	<i>Average Daily Vehicle Trips per EVSE Unit (weekday)*</i>
<i>Q1 2012</i>	43	508	0.27	0.54
<i>Q2 2012</i>	98	1,275	0.31	0.62
<i>Q3 2012</i>	201	3,142	0.28	0.56
<i>Q4 2012</i>	212	3,294	0.26	0.52
<i>Q1 2013</i>	221	4,370	0.32	0.64
<i>Q2 2013</i>	295	6,688	0.38	0.76

Source: *The EV Project Quarterly Reports* accessed online January 22, 2014

<http://www.theevproject.com/documents.php>

Note: * - Average Daily Vehicle Trips per EVSE is a calculated value assuming one vehicle trip to the site before the charge event and a second vehicle trip away from the site after the charge event.

A comparison of 2nd Quarter 2013 data with data for prior quarters demonstrates that the average daily charges per units has been steadily increasing over time as more EVSE units are deployed and more electric and plug-in electric/gasoline hybrid vehicles

enter the vehicle fleet. For this reason, the average daily vehicle trips per EVSE unit should be reviewed on a regular basis and updated accordingly to ensure that the most representative trip generation rate is being utilized for determining the TUMF obligation.

Table 5.10 summarizes the various characteristics of EVSE units, including trip generation. The table also details the calculation of the gross floor area equivalency per EVSE unit.

The gross floor area equivalency per EVSE Unit for Electric Vehicle Supply Equipment Charging Stations is based on the trip generation characteristic of EVSE units quantified in the EV Project Quarterly Reports in terms of Average Daily Charges per ESVE Unit and a resultant calculated value for Average Daily Vehicle Trips per EVSE Unit. Based on this information, each EVSE unit generates an average of 0.76 vehicle trips per weekday. To establish a gross floor area equivalency per ESVE unit, the trip generation rates between EVSE Charging Stations and all TUMF retail land use types were compared, and a gross floor area equivalency per EVSE unit was interpolated. The weighted gross floor area equivalency per EVSE unit for Electric Vehicle Supply Equipment Charging Stations is 14.9.

Table 5.10 – Characteristics of Electric Vehicle Supply Equipment Charging Stations				
<i>Land Use Type</i>	<i>Average Daily Vehicle Trips per EVSE Unit</i>	<i>Average Daily Vehicle Trips per 1,000 sqft</i>	<i>Equivalent EVSE Units per 1,000 sqft</i>	<i>TUMF Weighted Equivalent sqft per EVSE Unit*</i>
<i>Electric Vehicle Supply Equipment Charging Unit (i)</i>	0.76		67.13	14.9
<i>Median of All TUMF Retail Use Types (ii)</i>		51.02		

Sources: (i) The EV Project, Quarter 2, 2013 Quarterly Report, ECOTality North America, 2013
(ii) Trip Generation 9th Edition, Institute of Traffic Engineers, 2012

Note: * - TUMF weighted equivalent per square feet based on equivalent square feet per EVSE unit.

For the purpose of calculating the TUMF obligation, stand-alone businesses with the primary purpose of providing publically accessible electric vehicle supply equipment (EVSE) are designated as *Electric Vehicle Supply Equipment Charging Stations*. For EVSE Charging Stations, the total number of EVSE units will be multiplied by 14.9 to determine the equivalent number of square feet of floor area, with the total number of EVSE units being equal to the maximum number of vehicles that could be connected for charging at the same time.

Appendix A

Fee Calculation Worksheets

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APPENDIX A: FEE CALCULATION WORKSHEETS

This section contains individual fee calculation worksheets for standard use fee calculations, and defined uses following the specific defined use fee calculation methodology developed in **Section 4.0** and **Section 5.0**. **Section A.1** outlines worksheets for residential use types and **Section A.2** outlines worksheets for non-residential use types.

A.1 Fee Calculation Worksheets for Residential Use Types

Worksheet A.1.1 Standard Residential TUMF Calculation Worksheet

1.	 Enter Total Number of Single-Family Dwelling Units	X	 Enter TUMF Single-Family Rate Per Dwelling Unit	=		← Total A
2.	 Enter Total Number of Multi-Family Dwelling Units	X	 Enter TUMF Multi-Family Rate Per Dwelling Unit	=		← Total B
3.	 Enter Total A	+	 Enter Total B	=	\$	TUMF Obligation

1. Residential TOD Characteristics Checklist

- ☐ **Residential use of not less than 50% of total floorspace**
Submit Site Plan with table or narrative explanation
- ☐ **Meets maximum number of parking spaces requirement**
Submit Site Plan indicating number of associated parking spaces
- ☐ **Transit station along a barrier-free walkable pathway not exceeding ½ mile**
Submit Location Map showing transit station and barrier-free walkable path from development
- ☐ **One (1) convenience retail store selling food within ½ mile**
Submit Location Map showing at least one (1) Food Retail establishment within ½ mile of development
- ☐ **Seven (7) diverse uses within ½ mile**
Submit Location Map showing at least seven (7) eligible diverse uses within ½ mile of development including at least one (1) Food Retail described previously

2. Residential TOD Fee Calculation

\$	X	0.885	=	\$
Enter Standard Residential TUMF Obligation for eligible TOD as calculated using Worksheet A.1.1				TUMF Residential TOD Obligation

1. Active Senior Living Characteristics Checklist

- ☐ **Minimum number of 20 dwelling units in community**
Submit Site Plan indicating the total number of associated dwelling units
- ☐ **Local zoning and/or governing documents**
Submit local zoning and/or governing documents characterizing development as senior citizen housing (active senior living) pursuant to Cal. Civ. Code § 51.11
- ☐ **Occupancy restriction statement**
Submit Public Report with statement of occupancy restrictions pursuant to Cal. Bus. & Prof. Code § 11010.05 [2016]

2. Active Senior Living TUMF Calculation

	X	0.53	=	
Enter Total Number of Active Senior Living Dwelling Units (both detached and attached)				Enter this value as (part of) the <u>Total</u> <u>Number of Multi-Family Dwelling Units</u> in Worksheet A.1.1

A.2 Fee Calculation Worksheets for Non-Residential Use Types

Worksheet A.2.1 Standard Non-Residential TUMF Calculation Worksheet

1.		X		=		← Total A
	Enter Total Gross Floor Area of Industrial Buildings (in square feet)		Enter TUMF Industrial Rate Per Square Foot			
2.		X		=		← Total B
	Enter Total Gross Floor Area of Retail Buildings (in square feet)		Enter TUMF Retail Rate Per Square Foot			
3.		X		=		← Total C
	Enter Total Gross Floor Area of Service Buildings (in square feet)		Enter TUMF Service Rate Per Square Foot			
4.		+		+		= \$
	Enter Total A		Enter Total B		Enter Total C	TUMF Obligation

Worksheet A.2.2 Fuel Filling Station TUMF Calculation Worksheet

1.		X	1,403.8	=		← Total A
	Enter Total Number of Fuel Filling Positions					
2.						← Total B
					Enter Total Gross Floor Area of Buildings (in square feet)	
3.						Enter this value as (part of) the <u>Total Gross Floor Area of Retail Buildings in Worksheet A.2.1</u>
	Enter the greater of Total A and Total B					

Worksheet A.2.3 Congregate Care/Nursing Home TUMF Calculation Worksheet

Enter Total Number of Beds	x	81.1	=	Enter this value as (part of) the <u>Total Gross Floor Area of Service Buildings</u> in Worksheet A.2.1
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Worksheet A.2.4 Mini-Warehouse/Rental Storage TUMF Calculation Worksheet

Enter Total Site Area in Acres	x	6,647.3	=	Enter this value as (part of) the <u>Total Gross Floor Area of Industrial Buildings</u> in Worksheet A.2.1
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Worksheet A.2.5 Golf Course TUMF Calculation Worksheet

1.	Enter Total Number of Holes	x	1,057.7	=		← Total A	
2.						Enter Total Gross Floor Area of Buildings (in square feet)	← Total B
3.	Enter the greater of Total A and Total B						Enter this value as (part of) the <u>Total Gross Floor Area of Service Buildings</u> in Worksheet A.2.1

Worksheet A.2.6 Wholesale Nursery TUMF Calculation Worksheet

1. x 488.9 = ← **Total A**
 Enter Total Site Area in Acres

2. ← **Total B**
 Enter Total Gross Floor Area of Buildings (in square feet)

3. ← **Enter this value as (part of) the Total Gross Floor Area of Industrial Buildings in Worksheet A.2.1**
 Enter the greater of Total A and Total B

Worksheet A.2.7 Retail Nursery TUMF Calculation Worksheet

1. x 2,118.8 = ← **Total A**
 Enter Total Site Area in Acres

2. ← **Total B**
 Enter Total Gross Floor Area of Buildings (in square feet)

3. ← **Enter this value as (part of) the Total Gross Floor Area of Retail Buildings in Worksheet A.2.1**
 Enter the greater of Total A and Total B

Worksheet A.2.8 High-Cube Warehouse/Distribution Center TUMF Calculation Worksheet

	- 200,000 =		← Total A
Enter Gross Floor Area of Qualifying Building(s) (in square feet)			
	x 0.32 =		← Total B
Enter <u>Total A</u>			
	+ 200,000 =		
Enter <u>Total B</u>		Enter this value as (part of) the <u>Total Gross Floor Area of Industrial Buildings</u> in Worksheet A.2.1	

Worksheet A.2.9 Winery Size TUMF Calculation Worksheet

← Total A	← Total B
Enter Gross Floor Area of Tasting Room and/or associated ancillary uses (in square feet)	Enter Total Gross Floor Area of All Buildings (in square feet)
- If Total A is less than 700 and Total B is less than 15,000, enter Total B value as (part of) the <u>Total Gross Floor Area of Industrial Buildings</u> in Worksheet A.2.1 - If Total A is greater than 700 and Total B is less than 15,000, enter Total B value in Worksheet A.2.10 - If Total A is greater than 700 and Total B is greater than 15,000, enter total square feet of winery uses only in Worksheet A.2.11. (Additional building square footage should be entered into A.2.1 as appropriate, i.e. hotel, restaurant, retail store, etc.)	

Worksheet A.2.10 Medium Winery TUMF Calculation Worksheet

Enter Total B from <u>Worksheet A.2.9</u>	x	1.38	=	← Total C
Enter this value as (part of) the <u>Total Gross Floor Area of Industrial Buildings</u> in Worksheet A.2.1				

Worksheet A.2.11 Large Winery TUMF Calculation Worksheet

Enter <u>total square feet of winery uses only</u>	x	1.38	=	← Total C
Enter this value as (part of) the <u>Total Gross Floor Area of Industrial Buildings</u> in Worksheet A.2.1				

Worksheet A.2.12 Electric Vehicle Supply Equipment Charging Stations TUMF Calculation Worksheet

	X	14.9	=		← Total C
Enter <u>total number of</u> <u>publically accessible</u> ESVE units				Enter this value as (part of) the <u>Total Gross Floor Area</u> <u>of Retail Buildings in</u> Worksheet A.2.1	

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Item 3.D

Transportation Department Activities
Update

Attachment 2

TUMF Credit / Reimbursement
Manual

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WRCOG TUMF

Credit/Reimbursement Manual

Final Draft

October 19, 2017

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WRCOG TUMF Credit/Reimbursement Manual

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WRCOG TUMF

1. Introduction

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1. Introduction

1.1 What is the WRCOG Transportation Uniform Mitigation Fee (TUMF) Program?

The Western Riverside Council of Governments (WRCOG) recognizes future development within western Riverside County will result in traffic volumes exceeding the capacity of the region's highways and roadways. To address future capacity needs and supplement other available transportation funds, the TUMF Program was established.

The TUMF Program is a regional fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in the western Riverside County. Each of WRCOG's member jurisdictions and the March Joint Powers Authority (JPA) participates in the TUMF Program through an adopted ordinance, collects fees from new development, and remits the fees to WRCOG. As the administrator of the TUMF Program, WRCOG allocates TUMF funds to a variety of agencies in the region, including:

- Riverside Transportation Commission (RTC);
- Riverside Transit Agency (RTA);
- Western Riverside Regional Conservation Authority (RCA); and
- Western Riverside cities and Riverside County areas, through the applicable TUMF Zone.

Figure 1.1, WRCOG TUMF Zones, illustrates the location of each zone.

Allocation for each TUMF Zone is based on the amount of fees collected in each jurisdiction. Funding accumulated through the TUMF Program is used to construct transportation improvements needed to accommodate future travel demand in western Riverside County. By levying a fee on new developments in the region, public agencies will be establishing a mechanism by which developers and in turn new county residents and employees effectively contribute their "fair share" toward sustaining the regional transportation system.

Fees are used to fund planning, engineering, right-of-way acquisition, and construction of eligible TUMF facilities. Eligible projects are identified in the TUMF Nexus Study, which establishes a nexus or reasonable relationship between the development impact fee's use and the type of project for which the fee is required.

WRCOG TUMF Zones

There are five TUMF Zones designated in the TUMF Program:

- Central
- Hemet/San Jacinto
- Northwest
- Pass
- Southwest

Each Zone is a specific geographic area in the WRCOG sub-region with common transportation issues. Zone level meetings occur among the public works, executive management, and elected officials who select which projects are to be prioritized. Each TUMF Zone receives 46.39% of TUMF revenues that are collected from the jurisdictions in that Zone.

TUMF Nexus Study

Identifies the future improvements needed for the TUMF Network. The TUMF Nexus Study also summarizes the TUMF network cost calculations for each of the individual roadway segment and the maximum eligible TUMF share for each segment.



WRCOG TUMF Credit/Reimbursement Manual

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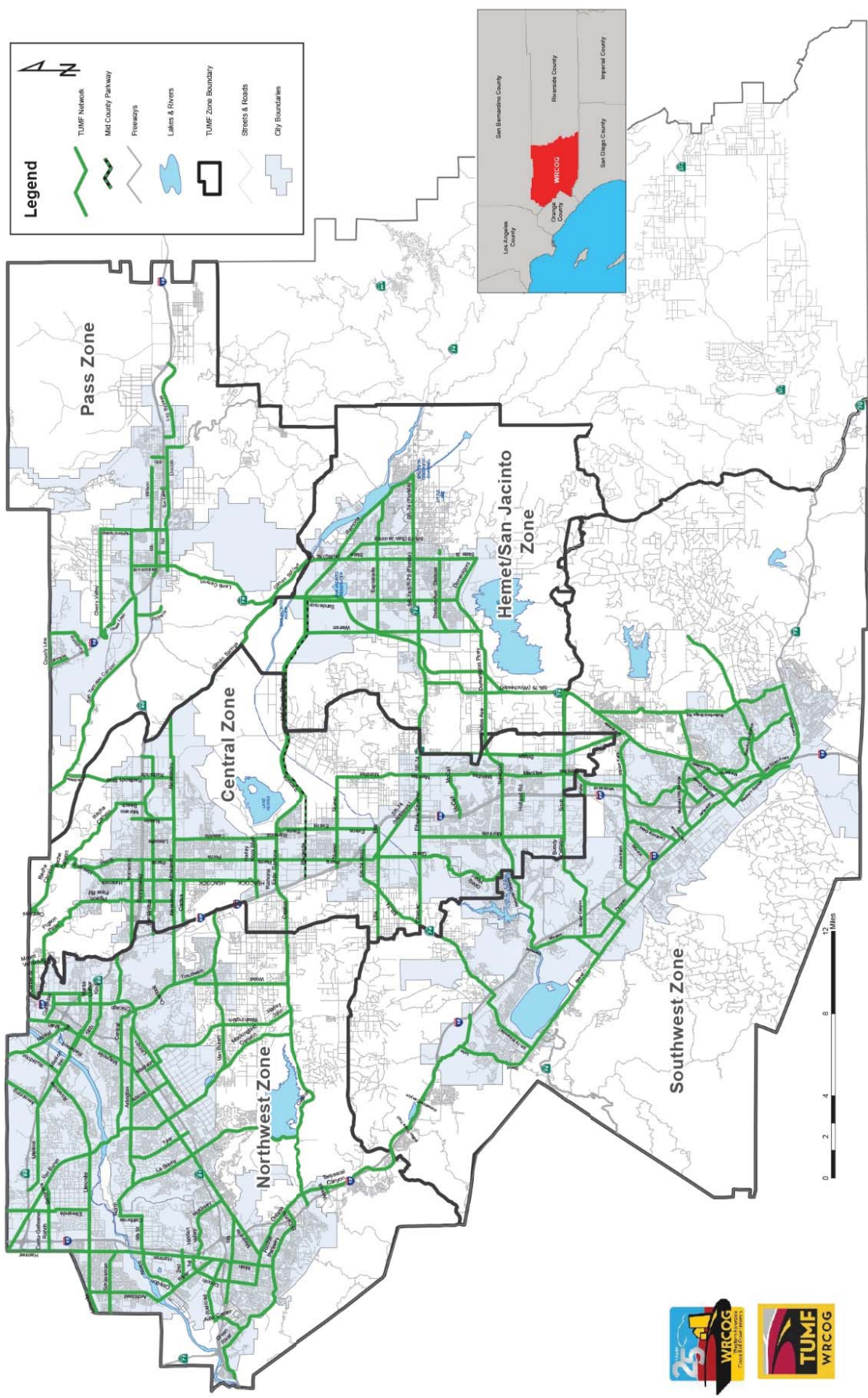


Figure 1: WRCOG TUMF Zones



WRCOG TUMF Credit/Reimbursement Manual

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WRCOG TUMF Credit/Reimbursement Manual

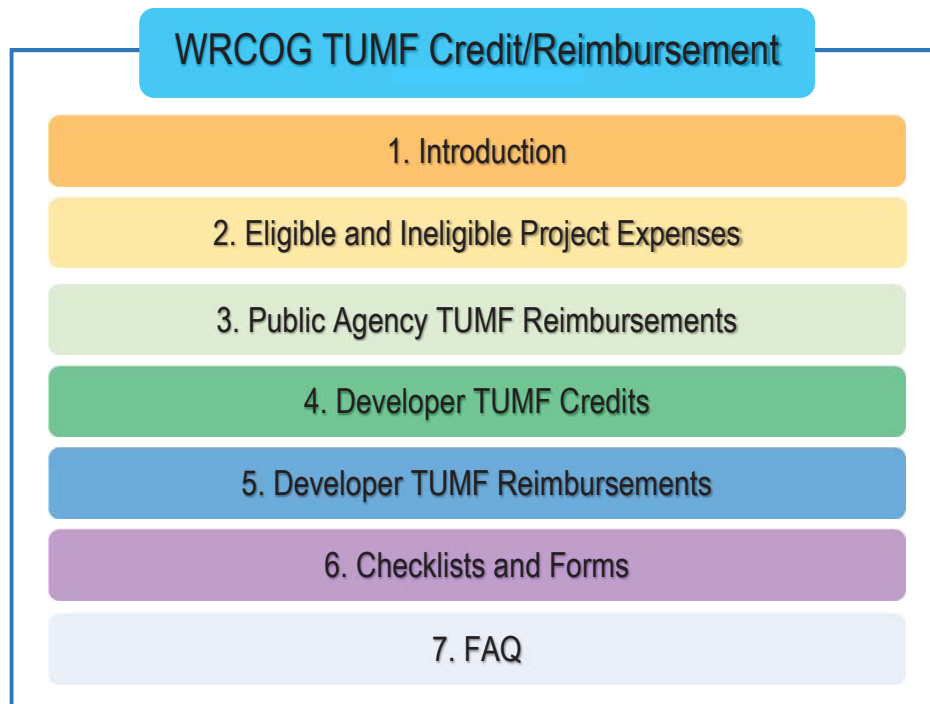
1.2 Purpose and Use of WRCOG TUMF Credit/Reimbursement Manual

The purpose of the WRCOG TUMF Credit/Reimbursement Manual is to provide those jurisdictions and agencies that are participants in the TUMF Program with guidelines on how to claim funds allocated for improvements to the TUMF Network as identified in the most recently adopted TUMF Nexus Study. This manual is intended to be a guide for TUMF participants and shall not be construed to establish any new rules or requirements. Binding TUMF Program rules are set forth in the TUMF Administrative Plan and the applicable city/county TUMF ordinances and resolutions.

This manual provides details on the reimbursement process for public agencies, credit and reimbursement process for developers, required documentation for TUMF invoicing to WRCOG and other TUMF funding elements.

Public agencies and developers seeking TUMF credits and/or reimbursements are encouraged to follow the guidelines set forth in this manual. However, WRCOG recognizes that changes and deviations from this manual may be necessary to accommodate and address specific project factors and public agency needs. WRCOG will coordinate with public agencies when deviations to credit or reimbursement process steps are required. All TUMF reimbursements require an agreement with WRCOG and/or the applicable TUMF participating agency.

The WRCOG TUMF Credit/Reimbursement Manual is organized into the following sections:





WRCOG TUMF Credit/Reimbursement Manual

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WRCOG TUMF

2. Eligible and Ineligible Project Expenses

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WRCOG TUMF Credit/Reimbursement Manual

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2. Eligible and Ineligible Project Expenses

2.1 TUMF Reimbursement Manual Vision and Reimbursement Principles

The WRCOG TUMF Reimbursement Manual assists local jurisdictions with the reimbursement process for eligible project costs of transportation improvements and facilities by providing a comprehensive, user-friendly handbook.

WRCOG coordinates with each local jurisdiction to encourage an efficient reimbursement process, but recognizes that questions regarding the reimbursement eligibility of some improvements and facilities may occur. To assist in determining the eligibility of projects costs, WRCOG utilizes the following TUMF Reimbursement Principles:

PRINCIPLE 1: Proposed improvements/costs contribute to the reduction of congestion in the region's transportation network.

PRINCIPLE 2: Proposed improvements/costs contribute to capacity enhancement in the region's transportation network.

PRINCIPLE 3: Proposed improvements/costs do not exceed the maximum TUMF share identified in the most recent TUMF Nexus Study.

PRINCIPLE 4: Proposed improvements/costs are integral to the implementation of the TUMF facility.

Reimbursements through the TUMF Program are for eligible project expenses for roadway segments identified on the TUMF Network or Regional System of Highways and Arterials (RSHA) as indicated in the TUMF Administrative Plan and Nexus Study. It is the responsibility of member jurisdictions to demonstrate the eligibility under the TUMF Program of all expenses submitted to WRCOG for review and potential reimbursement. The TUMF Program can only contribute funding for particular expenses as they relate to capacity enhancing projects included in the TUMF Nexus Study. Funding amounts explicitly stated in Reimbursement Agreements between WRCOG and member jurisdictions are reimbursed only if all invoices submitted contain TUMF eligible expenses.

The following sections list eligible and ineligible project expenses for reimbursement.



WRCOG TUMF Credit/Reimbursement Manual

2.2 Eligible Project Types

Project reimbursement items eligible for funding reimbursement shall follow the Federal Guidelines as defined in MAP 21 and in the Caltrans Local Assistance Procedure Manual (LAPM). The following lists project types eligible for TUMF reimbursement:

Table 2-1 Eligible Project Types for TUMF Reimbursement	
	Construction of additional TUMF Network roadway lanes
	Construction of new TUMF Network roadway segments
	Expansion of existing TUMF Network bridge structures
	Construction of new TUMF Network bridge structures
	Expansion of existing TUMF Network interchanges with freeways
	Construction of new TUMF Network interchanges with freeways
	Grade separation of existing RSHA Network at-grade rail crossings

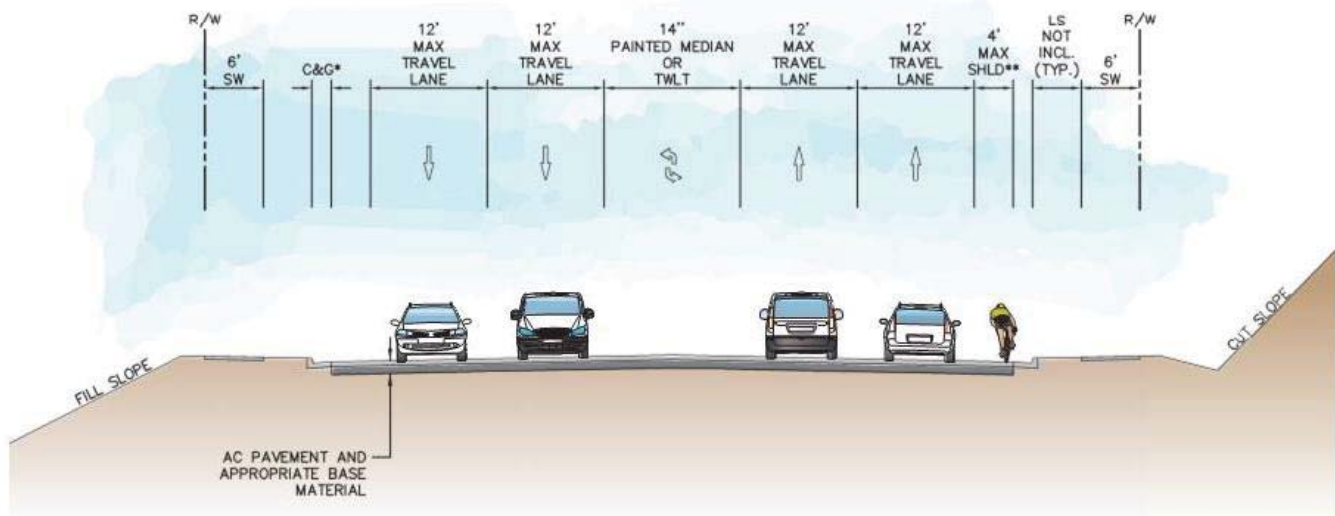
For eligible project types, the required Typical Roadway Standard assumes the following standard design characteristics that are consistent with the minimum requirements of the Caltrans Highway Design Manual:

- Asphalt concrete pavement and appropriate base material to accomplish 12 feet per travel lane plus up to four feet for ancillary treatments (e.g. shoulders or Class II Bike Lane);
- Concrete curb and gutter and associated drainage (e.g. paved roadway shoulders and/or open swale);
- Storm drains located within curb to curb, and associated transverse portions perpendicular to the roadway and adjoining portions longitudinal to the roadway (the longitudinal storm drain line shall be sized and reimbursed only for the roadway within right-of-way limits);
- 14-foot paved and painted median (or dual center left turn lane);
- Traffic signals at intersections with state highways and other major arterials that are also on the TUMF Network if identified in the application project description and warranted;
- Pavement striping and roadway signing, as required;
- 6-foot wide concrete sidewalks and associated curb cuts for ADA access at street crossings.

2.3 Model Typical Sections for Eligible Project Costs

Figures 2.1 – 2.6 illustrate general configurations typically eligible for reimbursement under the WRCOG TUMF Program. For more complex projects, additional project features are reviewed for reimbursement eligibility using the TUMF Reimbursement Principles.

Figure 2.1 Typical Section – Construction of New Roadway Lanes

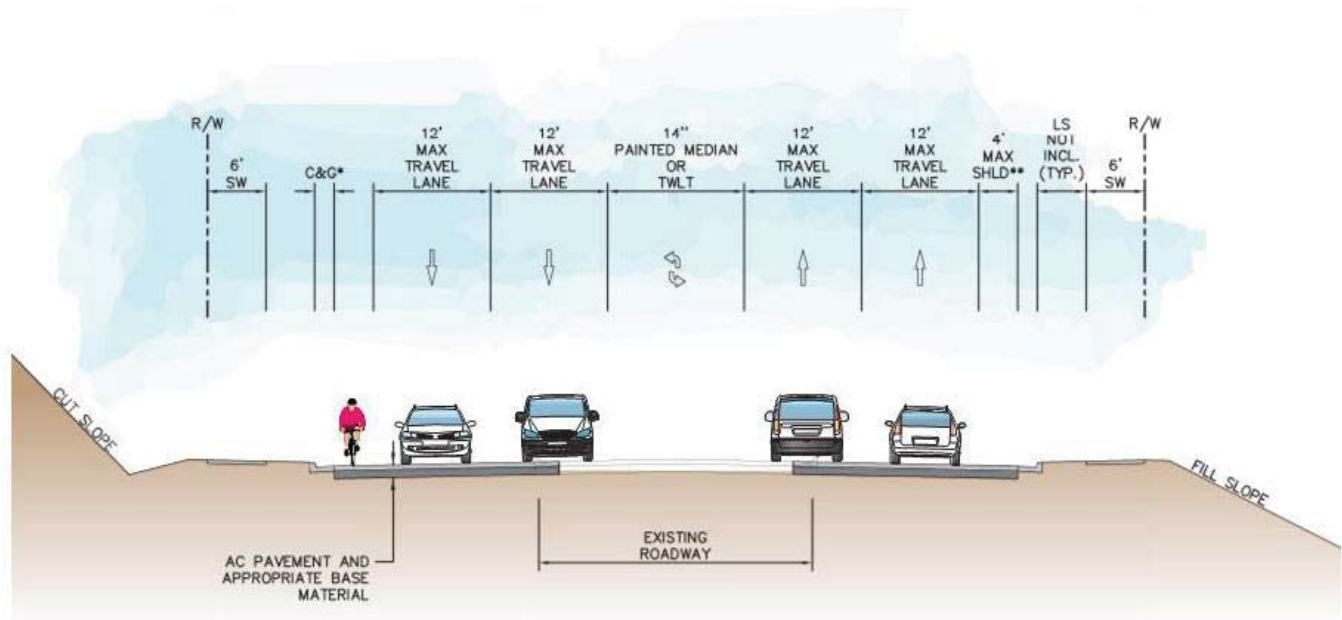


CONSTRUCTION OF NEW ROADWAY LANES

BASIC FEATURES
NOT TO SCALE

- * - CONCRETE CURB AND GUTTER AND ASSOCIATED DRAINAGE (E.G. PAVED ROADWAY SHOULDERS AND/OR OPEN SWALE)
- ** - UP TO FOUR FEET FOR ANCILLARY TREATMENTS (E.G. SHOULDERS OR CLASS II BIKE LANE)
- LS - LANDSCAPE
- R/W - RIGHT-OF-WAY
- SW - SIDEWALK
- SHLD - SHOULDER
- TWLT - TWO WAY LEFT TURN
- TYP. - TYPICAL

Figure 2.2 Typical Section – Construction of Additional Roadway Lanes



CONSTRUCTION OF ADDITIONAL ROADWAY LANES

BASIC FEATURES
NOT TO SCALE

- * - CONCRETE CURB AND GUTTER AND ASSOCIATED DRAINAGE (E.G. PAVED ROADWAY SHOULDERS AND/OR OPEN SWALE)
- ** - UP TO FOUR FEET FOR ANCILLARY TREATMENTS (E.G. SHOULDERS OR CLASS II BIKE LANE)
- LS - LANDSCAPE
- R/W - RIGHT-OF-WAY
- SW - SIDEWALK
- SHLD - SHOULDER
- TWLT - TWO WAY LEFT TURN
- TYP. - TYPICAL

Figure 2.3 Typical Configuration – Construction of New Interchange

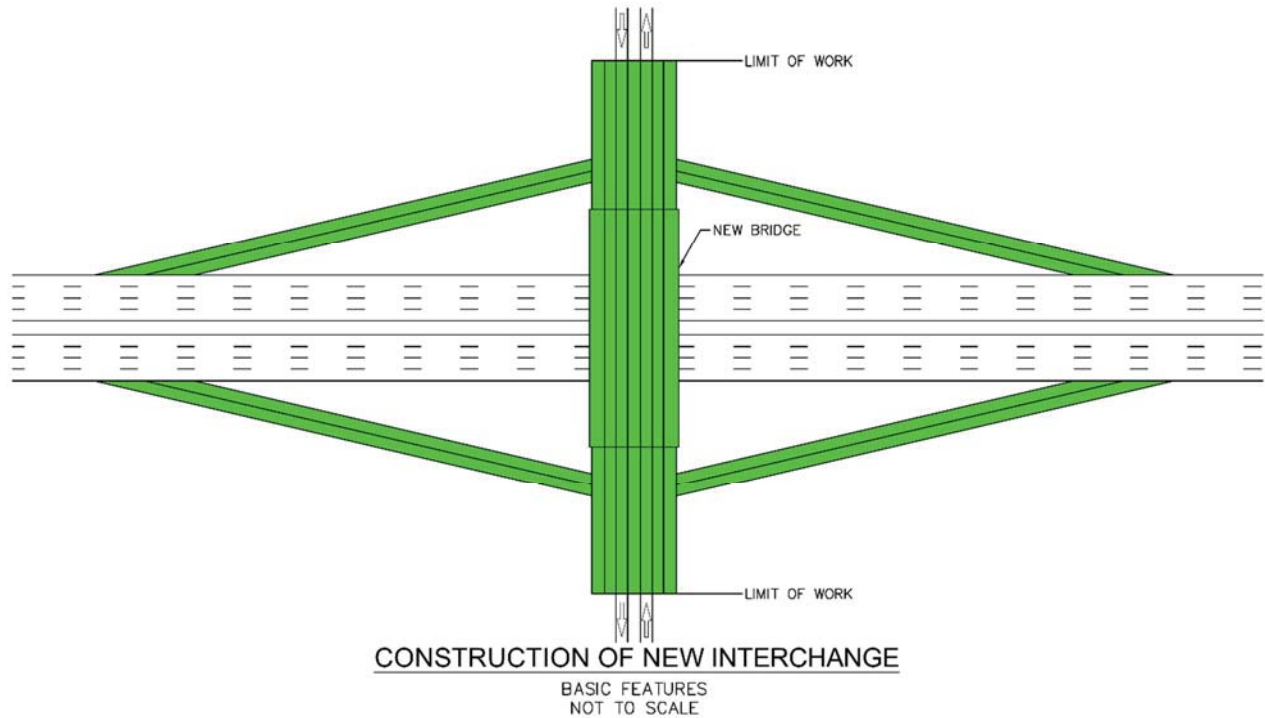


Figure 2.4 Typical Configuration – Construction of Interchange Improvements

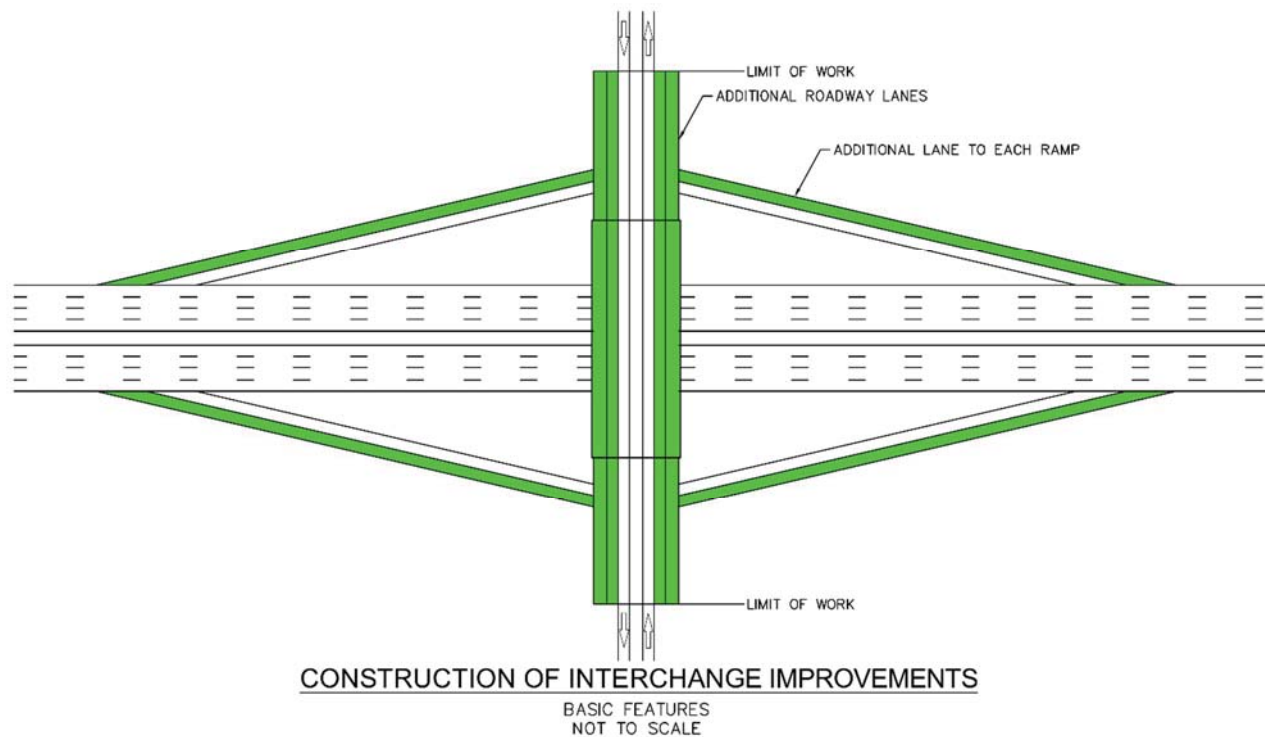


Figure 2.5 Typical Configuration – Construction of New Grade Separation

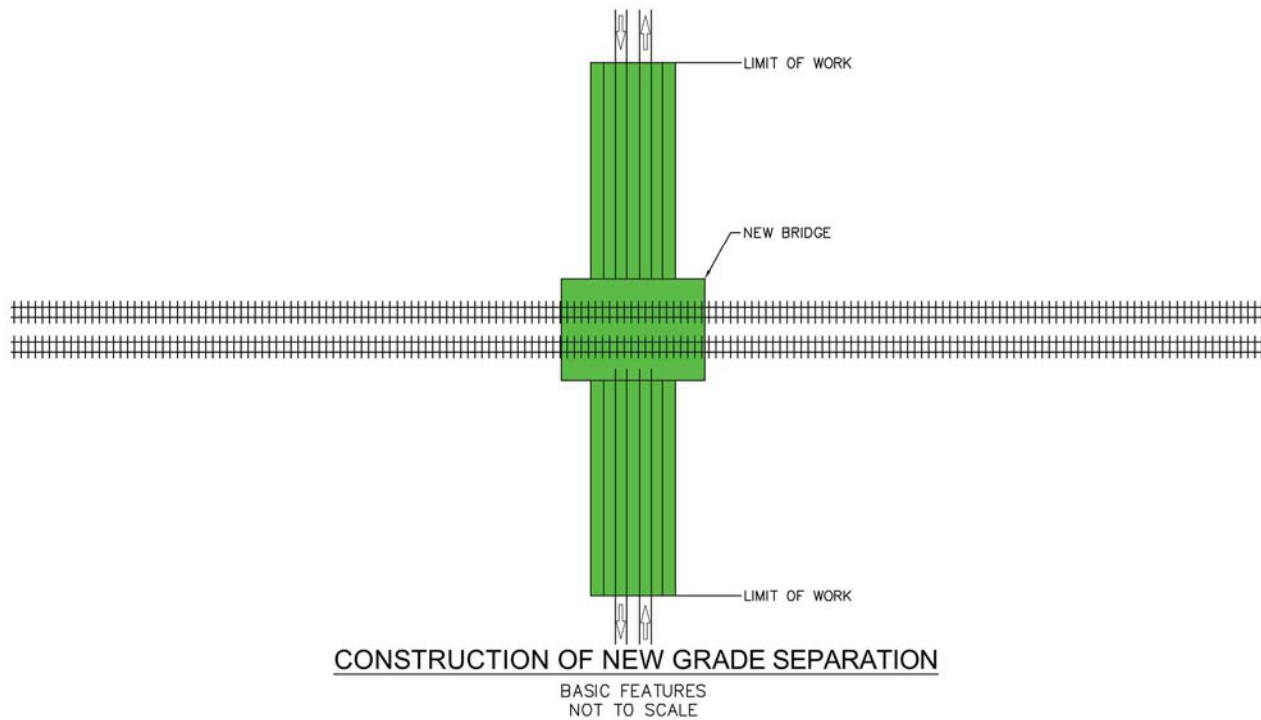
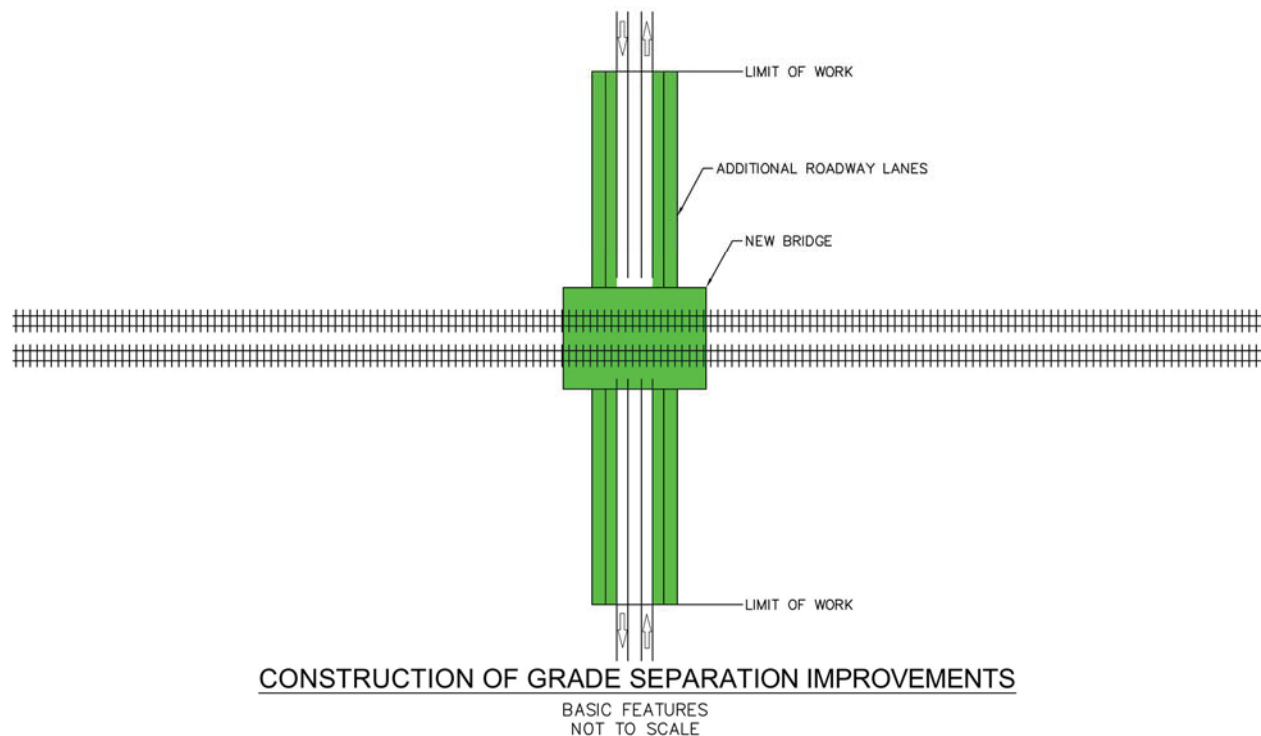


Figure 2.6 Typical Configuration – Construction of Grade Separation Improvements





WRCOG TUMF Credit/Reimbursement Manual

2.4 Eligible Project Expenses

Eligible project expenses include the following items, provided that such items are included in the scope of work approved under the reimbursement agreement between the public agency and WRCOG:

Table 2-2 Eligible Project Expenses for TUMF Reimbursement	
	Public agency and/or consultant costs associated with direct project coordination and support
	Funds expended in preparation of preliminary engineering studies
	Funds expended in preparation of environmental review documentation for the project
	All costs associated with right-of-way acquisition, legal costs for condemnation procedures if authorized by the public agency, and costs of reviewing appraisals and offers for property acquisition
	Costs reasonable incurred if condemnation proceeds
	Costs incurred in the preparation of plans, specifications, and estimates by the public agency or consultants
	Public agency costs associated with bidding, advertising, and awarding of project contracts
	Construction costs, including change orders to construction contract approved by the public agency
	Construction management, field inspection and material testing costs
	Any public agency administrative cost to deliver the project
	Maximum reimbursed for Project Approval and Environmental Document (PA&ED) Phase work = 10% of Construction Costs
	Maximum reimbursed for Plan, Specification and Estimate (PS&E) Phase work = 15% of Construction Costs
	Maximum reimbursed for Construction Management (CM) Phase work = 15% of Construction Costs



WRCOG TUMF Credit/Reimbursement Manual

2.5 Ineligible Project Types and Expenses

Ineligible project costs include the items listed below. Ineligible project costs follow the Federal Guidelines as defined in MAP 21 and in the Caltrans Local Assistance Procedure Manual (LAPM). These improvements are not eligible for TUMF funding and will be the responsibility of the local funding agency.

Table 2-3
Ineligible Project Types and Expenses for TUMF Reimbursement

Roadway improvements more than the Typical Roadway Standard. These improvements may include, but are not limited to:
• Portland concrete cement pavement or other aesthetic pavement types (except at interchanges and overpasses) • Major rehabilitation or overlay of existing pavement in adjacent roadway lanes • Raised barriers medians • Parking lanes • Roadway tapers outside the extent of the approved project • Sanitary sewage infrastructure • Water systems • Dry Utilities • Undergrounding infrastructure • Relocation of non-prior rights utilities • Storm drain systems in excess of draining the roadway • Landscaping • Street lighting • Class I Bike Lanes (e.g. separate bicycle paths) • Detection/retention basins outside of street right-of-way • Excess Right-of-Way • Crosswalk Enhancements (e.g. in-pavement lights and HAWK Pedestrian Crosswalk Systems)
Environmental permitting
Agency staff time in excess of 15% of programmed engineering
Agency staff time in excess of 15% of programmed construction
Temporary (interim) improvements



WRCOG TUMF

3. Public Agency TUMF Reimbursements

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WRCOG TUMF Credit/Reimbursement Manual

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WRCOG TUMF Credit/Reimbursement Manual

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3. Public Agency TUMF Reimbursements

Public agencies who construct TUMF facilities are eligible for reimbursement of eligible project costs equivalent to the maximum share identified in the Nexus Study or actual project cost, whichever is less. **Figure 3.1, Public Agency TUMF Reimbursement Process**, illustrates the TUMF reimbursement process for public agencies.



WRCOG TUMF Credit/Reimbursement Manual

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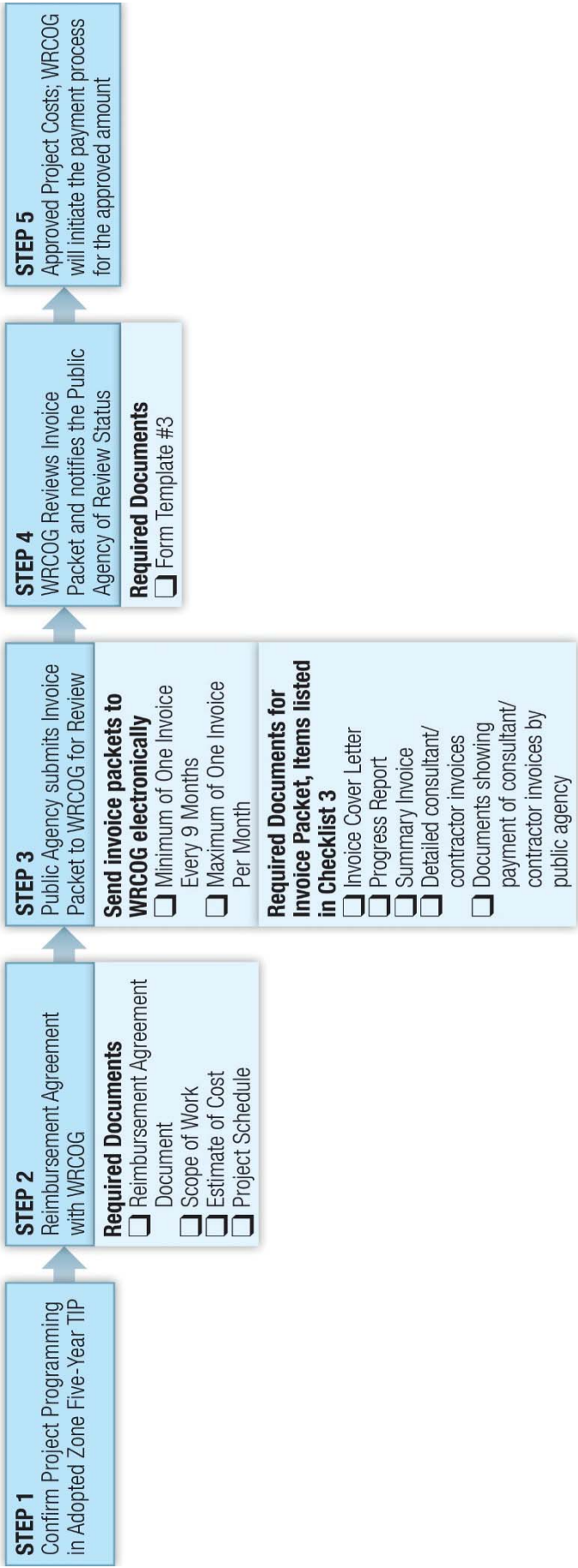


Figure 3.1: Public Agency TUMF Reimbursement Process



WRCOG TUMF Credit/Reimbursement Manual

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3.1 Obtaining a Reimbursement

The following illustrates the steps for public agency reimbursements:

Step 1. Confirm Project Programming

The public agency shall confirm that the project phase is programmed in the current year of the adopted Zone Five-Year Transportation Improvement Program (TIP).

STEP 1

Confirm Project Programming
in Adopted Zone Five-Year TIP

Step 2. Reimbursement Agreement with WRCOG

Public agencies are required to enter a reimbursement agreement with WRCOG to be eligible to receive TUMF revenue. The amount eligible for reimbursement will be based on the awarded contract, but will not exceed the maximum TUMF share identified in the current TUMF Nexus Study.

A public agency is required to enter a reimbursement agreement with WRCOG at the start of a project and does not have to renew the reimbursement agreement every fiscal year unless the amount programmed for the project or project phase increases or decreases in the most recent Zone Five-Year Transportation Improvement Program.

A public agency entering a reimbursement agreement with WRCOG will need to complete and submit the following documents to WRCOG:

- Reimbursement Agreement Document – *Document template provided as Attachment A in Section 6, Checklists and Forms.*
- Scope of Work – *Provide descriptions of major tasks to complete the project. This document should indicate any project phasing and key project milestones.*
- Estimate of Cost – *Provide an estimate of total project costs. This document should include an estimate of Local Match Contribution per requirements of the TUMF program.*
- Project Schedule – *Provide an estimated timeline to complete key tasks identified in the Scope of Work. This document should include dates for project milestones.*

STEP 2

Reimbursement Agreement
with WRCOG

Required Documents

- ☐ Reimbursement Agreement Document
- ☐ Scope of Work
- ☐ Estimate of Cost
- ☐ Project Schedule



WRCOG TUMF Credit/Reimbursement Manual

Step 3. Reimbursement Invoicing and Reporting by Public Agency

Invoices and Progress Reports

- Invoices should be submitted to WRCOG during the fiscal year at a:
 - Minimum of one (1) invoice every 9 months; and
 - Maximum of one (1) invoice per month
- Each invoice packet sent to WRCOG shall include the following (Refer to **Section 6, Checklist and Forms**, for **Checklist 3** and model form templates):
 - Quarterly Invoice Cover Letter (**Attachment F: Form Template 1**)
 - Quarterly Progress Report (**Attachment G: Form Template 2**)
 - Quarterly Invoice (**Attachment H: Form Template 3**)
 - Detailed consultant/contractor invoices
 - Documents showing payment of consultant/contractor invoices by public agency

Invoice Submittal

- Credit reimbursement agreements shall be submitted electronically to WRCOG.
- Credit reimbursement agreements shall be submitted to the following WRCOG staff email address: **Daniel Ramirez-Cornejo**, dcornejo@wrcog.us
- A notice will be sent from WRCOG confirming receipt.

Step 4. Review by WRCOG

Upon receipt of an invoice packet, WRCOG will review and provide a written notification following **Attachment H: Form Template 3** in **Section 6, Checklists and Forms**, to the public agency stating:

- a. Approved Project Costs;
- b. Rejected Project Costs: Project costs that do not comply with the TUMF Program. WRCOG will provide reasons why specific project costs were not approved.

STEP 3

Public Agency submits Invoice Packet to WRCOG for Review

Send invoice packets to WRCOG electronically

- ☐ Minimum of One Invoice Every 9 Months
- ☐ Maximum of One Invoice Per Month

Required Documents for Invoice Packet, Items listed in Checklist 3

- ☐ Invoice Cover Letter
- ☐ Progress Report
- ☐ Summary Invoice
- ☐ Detailed consultant/contractor invoices
- ☐ Documents showing payment of consultant/contractor invoices by public agency

STEP 4

WRCOG Reviews Invoice Packet and notifies the Public Agency of Review Status

Required Documents

- ☐ Form Template #3



WRCOG TUMF Credit/Reimbursement Manual

Step 5. Approved/Rejected Project Costs

Upon approval of the invoice, WRCOG will initiate the payment process for the approved amount to the public agency.

STEP 5

Approved Project Costs; WRCOG will initiate the payment process for the approved amount



3.2 Obligation of TUMF Funds

Funding for a project programmed on a Zone Five-Year TIP is not considered obligated by WRCOG until certain steps outlined below have been completed by the public agency:

- a. Ensure that funding for the project phase is programmed in the current year of an adopted Five-Year TIP.
- b. Ensure that there is a signed (executed) reimbursement agreement that matches the funding amount with the funding amount of the project phase in the adopted Five-Year TIP.
- c. Submit the first invoice for TUMF eligible work starting in September of the fiscal year. At the time of submitting the first invoice, the public agency will be required to submit all necessary supporting documentation (not previously submitted) in accordance with the provisions of the reimbursement agreement.

If the first invoice has not been submitted to WRCOG by December, there will be a review of the project status. Based on the review of the project status, WRCOG will either:

- a. Extend the fund obligation for up to an additional nine (9) months so the project sponsor can demonstrate a realistic expectation that the project work will commence and a first invoice is submitted within that time frame; or
- b. De-obligate the funds.



WRCOG TUMF

4. Developer TUMF Credits

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WRCOG TUMF Credit/Reimbursement Manual

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4. Developer TUMF Credits

Per the TUMF Program, developers proposing certain types of development within WRCOG member agencies are required to pay TUMF fees as outlined in the TUMF Nexus Study. These fees represent the developer's "TUMF obligation." Through the TUMF Program, developers may qualify for credits against their TUMF obligation. Developers may be eligible to earn TUMF credit for the following:

- Construction of TUMF improvements identified on the Regional System of Highways and Arterials (RSHA) Network;
- Right-of-Way (ROW) dedication for RSHA improvements; and
- Monetary contributions to construct TUMF improvements.

Figure 4.1 – 4.3 and Sections 4.1 – 4.3 illustrate and summarize the separate processes for obtaining TUMF credits.



WRCOG TUMF Credit/Reimbursement Manual

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WRCOG TUMF Credit/Reimbursement Manual

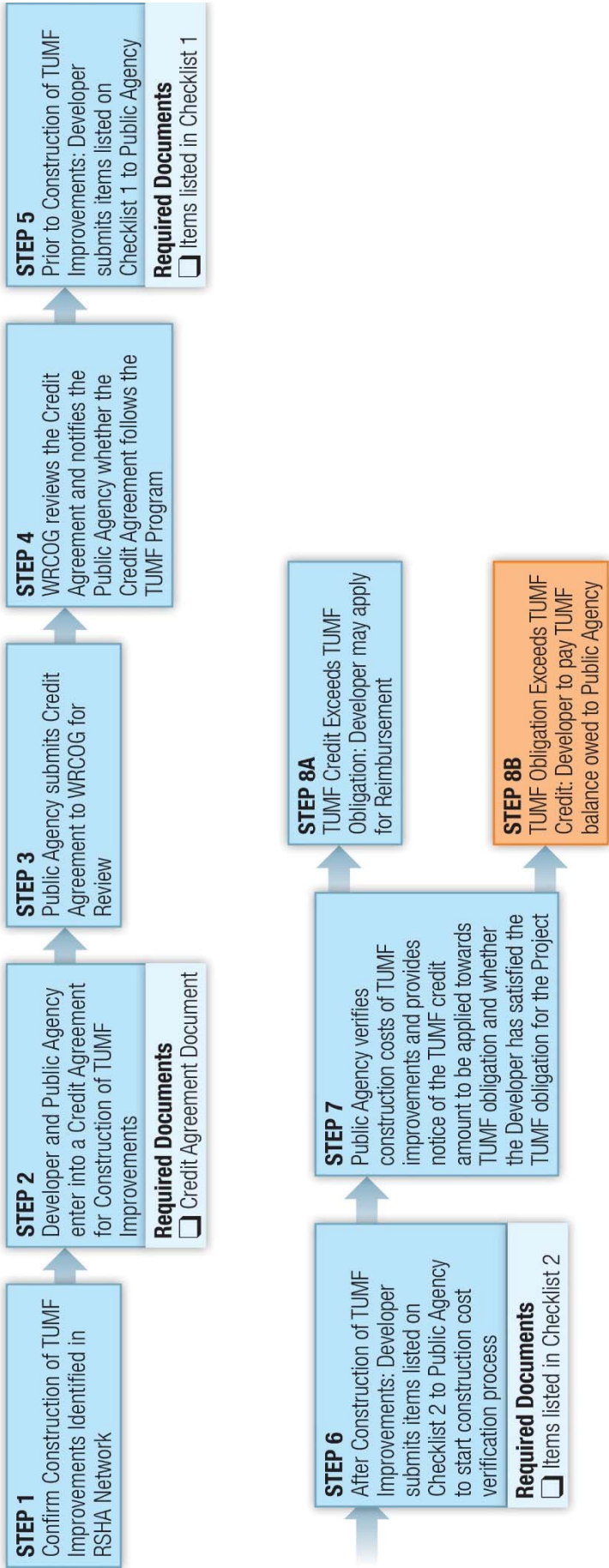


Figure 4.1: Credit for Construction of TUMF Improvements Process



WRCOG TUMF Credit/Reimbursement Manual

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WRCOG TUMF Credit/Reimbursement Manual

4.1 Credit for Construction of TUMF Improvements

For construction of TUMF improvements as identified on the RSHA Network, developers are entitled to a TUMF credit of up to 100% of the TUMF obligation fee, not to exceed the maximum TUMF share. TUMF credit shall be determined based on approved improvement plans and after conditions of approval have been determined.

The following are the typical steps to obtain TUMF Credits for the construction of TUMF improvements:

Step 1. Determine if Improvements Qualify for TUMF Credits

The public agency shall confirm that construction of TUMF improvements are identified in the RSHA Network.

Step 2. Credit Agreement with Public Agency

Developers are required to enter into a Credit Agreement for Construction of TUMF Improvements with the public agency to be eligible to receive TUMF credits. A model Credit/Reimbursement Master Agreement document template is provided in **Section 6, Checklists and Forms**.

Step 3. Credit Agreement Submittal to WRCOG

The public agency shall submit the Credit Agreement for Construction of TUMF Improvements to WRCOG for approval in accordance to the following:

- Credit reimbursement agreements shall be submitted electronically to WRCOG.
- Credit reimbursement agreements shall be submitted to the following WRCOG staff email address: **Daniel Ramirez-Cornejo**, dcornejo@wrcog.us
- A notice will be sent from WRCOG confirming receipt.

STEP 1

Confirm Construction of TUMF Improvements Identified in RSHA Network

STEP 2

Developer and Public Agency enter into a Credit Agreement for Construction of TUMF Improvements

Required Documents

☐ Credit Agreement Document

STEP 3

Public Agency submits Credit Agreement to WRCOG for Review



WRCOG TUMF Credit/Reimbursement Manual

Step 4. Review by WRCOG

Upon receipt of a Credit Reimbursement Agreement, WRCOG will review and provide a written notification to the public agency stating:

- a. Approved: The agreement complies with the TUMF Program; or
- b. Denied: The agreement does not comply with the TUMF Program. WRCOG will provide reasons agreement does not comply.

Denied Credit Agreement

In the event WRCOG denies the credit agreement, the public agency may revise and resubmit the credit agreement for approval.

Step 5. Prior to Construction of TUMF Improvements: Submit Items on Checklist 1

The developer will initiate project delivery of TUMF improvements by preparing a bid package per the public agency's requirements. Prior to construction of TUMF improvements, the developer is required to submit the items listed on **Checklist 1** found in **Section 6, Checklists and Forms**, to the public agency prior to start of construction. The public agency will make Checklist items available to WRCOG upon request.

Step 6. Post Construction of TUMF Improvements: Submit Items on Checklist 2

After TUMF improvements have been constructed, the developer is required to submit the items listed on **Checklist 2** found in **Section 6, Checklists and Forms**, to initiate the construction cost verification process to the public agency after project construction is complete.

STEP 4

WRCOG reviews the Credit Agreement and notifies the Public Agency whether the Credit Agreement follows the TUMF Program

STEP 5

Prior to Construction of TUMF Improvements: Developer submits items listed on Checklist 1 to Public Agency

Required Documents

- ☐ Items listed in Checklist 1

STEP 6

After Construction of TUMF Improvements: Developer submits items listed on Checklist 2 to Public Agency to start construction cost verification process

Required Documents

- ☐ Items listed in Checklist 2



WRCOG TUMF Credit/Reimbursement Manual

Step 7. Review by Public Agency

Upon receipt of items listed on **Checklist 2**, the public agency will verify the construction costs and provide a written notice determining the TUMF Credit amount to be applied towards the project to offset the TUMF Obligation and whether the Developer has fully satisfied the TUMF Obligation for the project.

STEP 7

Public Agency verifies construction costs of TUMF improvements and provides notice of the TUMF credit amount to be applied towards TUMF obligation and whether the Developer has satisfied the TUMF obligation for the Project



Step 8. TUMF Credit and TUMF Obligation

TUMF Credit Exceeds TUMF Obligation

If the TUMF credit amount exceeds the TUMF Obligation for the project, the project will be deemed to have completely satisfied its TUMF Obligation and the developer may apply for reimbursement as discussed in **Section 5, Developer TUMF Reimbursement**.

STEP 8A

TUMF Credit Exceeds TUMF Obligation: Developer may apply for Reimbursement

TUMF Obligation Exceeds TUMF Credit

If the TUMF Obligation exceeds the TUMF credit amount for the project, the amount of the difference is the TUMF balance owed by the developer. The developer shall pay the TUMF balance to the public agency to fully satisfy the TUMF obligation for the project.

STEP 8B

TUMF Obligation Exceeds TUMF Credit: Developer to pay TUMF balance owed to Public Agency



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Figure 4.2: Credit for Right-of-Way Dedication Process



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4.2 Credit for Right-of-Way Dedication

A developer may receive TUMF credits for Right-of-Way (ROW) dedications. The ROW dedications that may be eligible for TUMF credits are required to be:

- ROW dedications for RSHA improvements; and
- ROW dedications not part of construction projects.

The following are the typical steps to obtain TUMF Credits for Right-of-Way Dedication:

Step 1. Determine if ROW Dedication Qualifies for TUMF Credits

The public agency shall confirm that the ROW dedication is identified in the TUMF Nexus Study.

STEP 1

Confirm Right-of-Way Dedication Identified in TUMF Nexus Study

Step 2. Credit Agreement with Public Agency

The developer is required to enter into an WRCOG - approved Credit Agreement for ROW Dedication with the public agency to be eligible to receive TUMF credits. A model Credit/Reimbursement Master Agreement document template is provided in **Section 6, Checklists and Forms**. Each Credit Agreement for ROW Dedication shall include the following:

- Credit Agreement for ROW Dedication between developer and public agency; and
- Appraisal

STEP 2

Developer and Public Agency enters into a Credit Agreement for Right-of-Way Designation of TUMF improvements

Required Documents

- ☐ Credit Agreement Document
- ☐ Appraisal

Appraisals

An appraisal is required as part of the Credit Agreement and will be determined using one of the following methods:

- The developer provides to the public agency a current appraisal (no more than two years old), of the ROW to be dedicated. The public agency reviews it and determines if the appraisal is valid and acceptable; or
- The developer accepts the appraisal of the public agency.

The appraisal will determine the value of the ROW being dedicated and the amount eligible for credit, but will not exceed the maximum share of credits available for ROW dedication as identified in the current WRCOG TUMF Nexus Study.



WRCOG TUMF Credit/Reimbursement Manual

Step 3. Credit Agreement Submittal to WRCOG

The public agency shall submit the Credit Agreement to WRCOG for approval in accordance to the following:

- Credit agreements shall be submitted electronically to WRCOG.
- Credit agreements shall be submitted to the following WRCOG staff email address: **Daniel Ramirez-Cornejo**, dcomejo@wrcog.us
- A notice will be sent from WRCOG confirming receipt.

Step 4. Review by WRCOG

Upon receipt of the Credit Agreement, WRCOG will review and provide a written notification to the public agency within 20 days stating:

- a. Approved: The agreement complies with the TUMF Program; or
- b. Denied: The agreement does not comply with the TUMF Program. WRCOG will provide reasons agreement does not comply.

Denied Credit Agreement

In the event WRCOG denies the credit agreement, the public agency may revise and resubmit the credit agreement for approval.

Step 5. Public Agency Grants TUMF Credits

Upon approval of the Credit Agreement, the public agency will initiate the process to issue to the developer TUMF credits against the TUMF obligation paid by the developer.

STEP 3

Public Agency submits Credit Agreement to WRCOG for Review



STEP 4

WRCOG reviews the Credit Agreement and notifies the Public Agency whether the Credit Agreement follows the TUMF Program



STEP 5

Approved Credit Agreement: Public Agency grants TUMF credits to Developer



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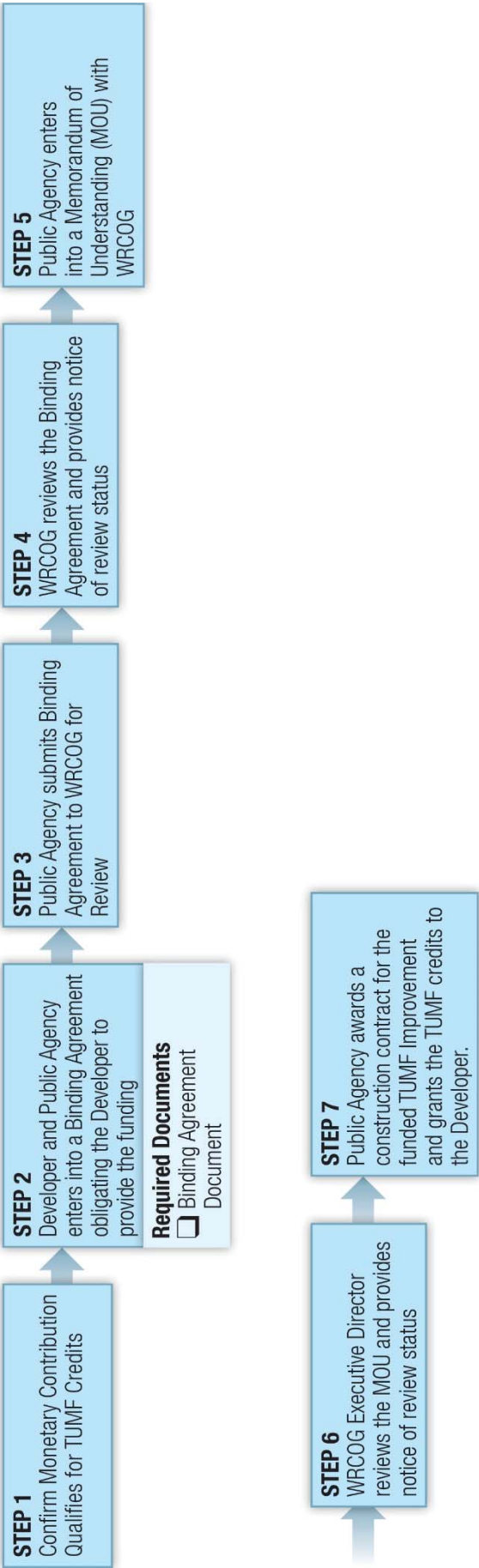


Figure 4.3: Credit for Monetary Contributions Process



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4.3 Credit for Monetary Contributions

For monetary contributions from developers to fund improvements, developers are entitled to a TUMF credit up to 100% of the TUMF obligation, not to exceed the maximum TUMF share as identified in the TUMF Nexus Study.

Provisions for Monetary Contributions

The following provisions apply to the public agency responsible for the monetary contribution:

- The public agency shall be responsible for construction of the improvement for which funding is provided by the developer;
- Improvements for which funding is provided shall not be eligible for TUMF Program prioritization or funding;
- In the event that not all funds contributed by a developer are spent within 3-years of contribution, the public agency shall remit any unspent funds received from the developer to WRCOG. The 3-year term may be extended by action of the WRCOG Executive Committee upon request of the public agency.

The following are the steps to obtain TUMF Credits for Monetary Contributions:

Step 1. Determine if Monetary Contribution Qualifies for TUMF Credits

The public agency shall confirm that the improvement is identified in the TUMF Nexus Study. A developer may receive TUMF credit for monetary contributions funding one of the following types of improvements:

- A Regionally Significant Transportation Improvement, defined as those facilities that typically propose to have six lanes at build-out and extend between multiple jurisdictions, or a discrete useable segment thereof, as determined by WRCOG;
- Any Type 1, 2, or 3 interchange on an interstate or state highway;
- Any railroad crossing with an estimated construction cost of more than \$10,000,000; and
- Any bridge located on a regionally significant arterial, defined as those facilities that typically propose to have six lanes at build out and extend multiple jurisdictions, or a discrete useable segment thereof, as determined by WRCOG.

STEP 1

Confirm Monetary Contribution Qualifies for TUMF Credits





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Step 2. Binding Agreement with Public Agency

The developer is required to enter into a Binding Agreement for Monetary Contributions with the public agency obligating the developer to provide the funding and to be eligible to receive TUMF Credits.

STEP 2

Developer and Public Agency enters into a Binding Agreement obligating the Developer to provide the funding

Required Documents

- ☐ Binding Agreement Document

Step 3. Binding Agreement Submittal to WRCOG

The public agency shall submit the executed Binding Agreement to WRCOG for approval in accordance to the following:

- Binding agreements shall be submitted electronically to WRCOG.
- Binding agreements shall be submitted to the following WRCOG staff email address: **Daniel Ramirez-Cornejo**, dcomejo@wrcog.us
- A notice will be sent from WRCOG confirming receipt.

STEP 3

Public Agency submits Binding Agreement to WRCOG for Review

Step 4. Review by WRCOG

Upon receipt of a Binding Agreement, WRCOG will review and provide a written notification to the public agency within stating:

- a. Approved: The agreement complies with the TUMF Program; or
- b. Denied: The agreement does not comply with the TUMF Program. WRCOG will provide reasons agreement does not comply.

Denied Credit Agreement

In the event WRCOG denies the binding agreement, the public agency may revise and resubmit the binding agreement for approval.

STEP 4

WRCOG reviews the Binding Agreement and provides notice of review status

Step 5. Memorandum of Understanding (MOU) with WRCOG

The public agency shall enter a MOU with WRCOG and provide information, as requested by WRCOG, to account for the credit and provide an explanation of why the improvement to be funded with the monetary contribution cannot be constructed by the developer.

STEP 5

Public Agency enters into a Memorandum of Understanding (MOU) with WRCOG



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Step 6. Approval from WRCOG Executive Director

Upon receipt of the MOU, the WRCOG Executive Director will review and provide a written approval of the MOU. The Executive Director is encouraged to consult with the WRCOG Public Works Committee before approving the award of credit.

In the event the WRCOG Executive Director rejects the MOU, the public agency may revise and resubmit for approval.

Step 7. Public Agency to Grant Credits

Upon approval of the MOU, the public agency will award the construction contract for the TUMF improvement for which the funding is contributed. Credit will only be granted to a developer after the public agency has awarded a construct contract for the improvement for which the funding is contributed has been awarded. Credits will be granted to the developer after the construction contract has been awarded.

STEP 6

WRCOG Executive Director reviews the MOU and provides notice of review status



STEP 7

Public Agency awards a construction contract for the funded TUMF Improvement and grants the TUMF credits to the Developer.



4.4 Provisions for Developers Use of Credit

The following additional provisions apply to developers use of credits granted through the TUMF Program:

- All TUMF credits shall be used first by the developer to offset the TUMF obligation for the project.
- Credits may not be transferred or sold to other development projects, unless:
 - The property to which the credits are being transferred or sold is contiguous to the same TUMF facility and owned and conditioned for improvement by the same developer; and
 - The transfer is approved by WRCOG in writing.
- WRCOG may place conditions on the use, transfer, or sale of credits in order to maintain the integrity of the TUMF program. In some cases, a public agency may be required to acknowledge that the property is one contiguous project.
- Developers must exhaust all credits before they are eligible for reimbursements. Any reimbursement shall be made only in accordance with a reimbursement agreement as discussed in **Section 5, Developer TUMF Reimbursements**.

4.5 Provisions for Public Agencies Use of Credits

The following additional provisions apply to public agencies use of credits granted through the TUMF Program:

- Each public agency shall be responsible for the administration of TUMF credit agreements.
- Each public agency shall transmit all TUMF credit agreements to WRCOG within 60 days of execution by that public agency.
- A public agency may not allow a developer to pay the TUMF obligation fees before entering into a credit agreement with the expectation of receiving a refund.
- Any improvement made to the RSHA that is obligated through an existing fee district (prior to June 1, 2003) shall not be eligible for TUMF credit.
- Should it be determined that a public agency granted credits exceeding the maximum TUMF credit, that public agency shall provide WRCOG payment in the amount equal to the excess credit amount.
- Any project that is exempt from the fee is not entitled to fee credits or reimbursement.



4.6 New Financing Districts and Bond Issues

The local jurisdiction shall compare facilities in local fee programs against the RSHA and eliminate any overlap in its local fee program.

A financing district is defined as a community facilities district, a local road and bridge district, or an assessment district. For a financing district created or bonds or other evidence of indebtedness issued on or after June 1, 2003, the local jurisdiction may allow a property owner, in lieu of the payment of TUMF to participate in such a financing district and receive credit against the TUMF obligation if the district is funding the following facilities:

- A Regionally Significant Transportation Improvement – facilities that typically are proposed to have six lanes at build out and extend between multiple jurisdictions, or discrete useable segment thereof, as determined by WRCOG;
- Any Type 1, 2, or 3 Interchange or an Interstate or State Highway;
- Any Railroad Crossing with an estimated construction cost of more than ten million dollars (\$10,000,000); and
- Any Bridge located on a regionally significant arterial as defined above.

4.6.1. Credit in Lieu of TUMF Payment

- A. Prior to and in lieu of payment of TUMF under other funding programs, the local jurisdiction must do all of the following:
 1. Sell bonds within 3 years in an amount sufficient to construct the improvement for which the financing district is created;
 2. Receive written approval from the WRCOG Executive Director, or designee; and
 3. In the event that a local jurisdiction is unable to satisfy the requirements described in note 1, above, the local jurisdiction may still excuse the payment of bonds if the local jurisdiction enters into an agreement with WRCOG in which it commits to pay the full amount of any excused Fee, plus interest at the average rate earned by WRCOG over the past twelve months, in the event that the bonds may be extended up to an additional 5 years with the approval of the WRCOG Executive Committee.
- B. If a local jurisdiction proposed to issue a credit in lieu of requiring the payment of TUMF as provided in this section, then the jurisdiction shall enter into an MOU with WRCOG, and provide reasonable information to account for the credit.
- C. If credit is issued in lieu of requiring the payment of TUMF as provided in this section, then the jurisdiction shall be responsible for construction of the improvements and those improvements shall not be eligible for TUMF Program prioritization or funding.



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- D. Any dispute regarding the implementation of this section may be appealed by the local jurisdiction to the WRCOG Executive Committee for a final determination.
- E. Where there is an existing financing district or an existing fee program established prior to June 1, 2003, with bonded indebtedness, then the local jurisdiction may credit payment of the TUMF for that portion of the facility identified in both programs. Notwithstanding the previous sentence, a local jurisdiction shall not issue a TUMF credit for any facilities for which bonds have been issued after February 4, 2008, regardless of when the financing district was first created.

This section is not intended to impact the administration of credits as included in this manual.



WRCOG TUMF

5. Developer TUMF Reimbursements

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5. Developer TUMF Reimbursements

Developers may be eligible for reimbursement for the construction of TUMF facilities in certain instances. If a developer constructs TUMF improvements that cost more than the TUMF obligation, the developer may be reimbursed for the actual project costs that exceed the TUMF obligation. Reimbursements shall be made through an agreement between the developer and the public agency, and contingent upon funds being available.

In all cases, reimbursements under such agreements be programmed in the Zone Five-Year Transportation Improvement Program adopted annually by WRCOG for all approved TUMF improvements. **Figure 5.1, Developer TUMF Reimbursement Process**, illustrates the typical TUMF reimbursement process for developers.



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Figure 5.1: Developer TUMF Reimbursement Process



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5.1 Obtaining a Reimbursement

The following illustrates the steps for developer reimbursements:

Step 1. Determine if Developer Qualifies for a Reimbursement

The developer may enter into a reimbursement agreement with the jurisdiction to reimburse the developer/owner for the direct and verifiable costs of constructing improvements to the Regional System of Highways and Arterials (RSHA) when all of the following conditions have been met:

- All available credits have been exhausted;
- The improvements received prior approval from the jurisdiction and WRCOG based on review of the TUMF project priority list; and
- The jurisdiction and WRCOG have reviewed and approved the scope of the project to be constructed.

In no event, shall the developer be reimbursed for improvements to the RSHA in excess of the most current approved Maximum TUMF Share for the facility on the TUMF network at the time that the Credit Reimbursement Agreement is executed.

Step 2. Credit Reimbursement Agreement with Public Agency

The developer is required to enter into a Credit Reimbursement Agreement with the Public Agency to be eligible to receive a reimbursement. A model Credit/Reimbursement Master Agreement document template is provided in **Section 6, Checklists and Forms**.

Step 3. Credit Reimbursement Agreement Submittal to WRCOG

The public agency shall submit the Credit Reimbursement Agreement to WRCOG for review in accordance to the following:

- Credit reimbursement agreements shall be submitted electronically to WRCOG.
- Credit reimbursement agreements shall be submitted to the following WRCOG staff email address: **Daniel Ramirez-Cornejo**, dcornejo@wrcog.us
- A notice will be sent from WRCOG confirming receipt.

STEP 1

Confirm Developer Qualifies for a Reimbursement

STEP 2

Developer and Public Agency enter into a Credit Reimbursement Agreement

Required Documents

- ☐ Credit Reimbursement Agreement Document

STEP 3

Public Agency submits Credit Reimbursement Agreement to WRCOG for Review



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Step 4. Review by WRCOG

Upon receipt of a Credit Reimbursement Agreement, WRCOG will review and provide a written notification to the public agency stating:

- a. Approved: The agreement complies with the TUMF Program; or
- b. Denied: The agreement does not comply with the TUMF Program. WRCOG will provide reasons agreement does not comply.

Denied Credit Reimbursement Agreement

In the event WRCOG denies the credit reimbursement agreement, the public agency may revise and resubmit the credit reimbursement agreement for approval.

Step 5. Approved Credit Reimbursement Agreement

Upon approval of the Credit Reimbursement Agreement, the public agency will initiate the payment process for the approved amount to the developer.

STEP 4

WRCOG reviews the Credit Reimbursement Agreement and notifies the Public Agency whether the Credit Reimbursement Agreement follows the TUMF Program



STEP 5

Approved Credit Reimbursement Agreement: Public Agency grants TUMF credits to Developer

5.2 Provisions

The following additional provisions apply to reimbursements granted through the TUMF Program. TUMF Reimbursements shall be in accordance with the following:

- A development that is exempt from paying the TUMF is not eligible for reimbursement.



WRCOG TUMF

6. Checklists and Forms

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6. Checklists and Forms

The following Checklists and Forms are provided as model form templates:

- WRCOG TUMF Public Agency Reimbursement Agreement (**Attachment A**)*
- WRCOG TUMF Developer Credit and Reimbursement Master Agreement (**Attachment B**)*
- Checklist 1: Developer Credit Agreement to Construct TUMF Improvements- List of Documents and Requirements Prior to Construction of TUMF Improvements (**Attachment C**)
- Checklist 2: Developer Credit Agreement to Construct TUMF Improvements- List of Documents and Requirements to Initiate Construction Cost Verification Process (**Attachment D**)
- Checklist 3: Public Agency Reimbursement – Invoice Packet Forms List (**Attachment E**)
- Form Template 1: Invoice Cover Letter (MS Word) (**Attachment F**)
- Form Template 2: Progress Report (MS Word) (**Attachment G**)
- Form Template 3: Reimbursement Invoice (MS Excel) (**Attachment H**)

* Latest versions found at <http://www.wrcog.cog.ca.us/199/Administration-Fees>



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WRCOG TUMF Credit/Reimbursement Manual

ATTACHMENT A

WRCOG TUMF Public Agency Reimbursement Agreement

Latest versions found at <http://www.wrcog.cog.ca.us/199/Administration-Fees>



WRCOG TUMF Credit/Reimbursement Manual

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For Use Between Public Agency and Developer
"Master Agreement"

**IMPROVEMENT AND CREDIT / REIMBURSEMENT AGREEMENT
TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM**

This **IMPROVEMENT AND CREDIT AGREEMENT** ("Agreement") is entered into this ____ day of _____, 20____, by and between the [**INSERT "City" OR "County"] of _____, [**a California municipal corporation or a subdivision of the State of California **] ("AGENCY"), and _____, a California [**INSERT TYPE OF ENTITY - corporation, partnership, sole proprietorship or other legal entity**], with its principal place of business at [**ENTER ADDRESS**] ("Developer"). AGENCY and Developer are sometimes hereinafter referred to individually as "Party" and collectively as "Parties".

RECITALS

WHEREAS, Developer owns ____ acres of real property located within the AGENCY of _____, California, which is more specifically described in the legal description set forth in Exhibit "A", attached hereto and incorporated herein by this reference ("Property");

WHEREAS, Developer has requested from AGENCY-certain entitlements and/or permits for the construction of improvements on the Property, which are more particularly described _____ as

_____ ("Project");

WHEREAS, the AGENCY is a member agency of the Western Riverside Council of Governments ("WRCOG"), a joint powers agency comprised of the County of Riverside and 17 cities located in Western Riverside County. WRCOG is the administrator for the Transportation Uniform Mitigation Fee ("TUMF") Program;

WHEREAS, as part of the TUMF Program, the AGENCY has adopted "Transportation Uniform Mitigation Fee Nexus Study: 2009 Update" ("2009 Nexus Study")

WHEREAS, as a condition to AGENCY's approval of the Project, AGENCY has required Developer to construct certain street and transportation system improvement(s) of regional importance ("TUMF Improvements");

WHEREAS, pursuant to the TUMF Program, the AGENCY requires Developer to pay the TUMF which covers the Developer's fair share of the costs to deliver those TUMF Improvements that help mitigate the Project's traffic impacts and burdens on the Regional System of Highways and Arterials (also known as the "TUMF Network"), generated by the Project and that are necessary to protect the safety, health and welfare of persons that travel to and from the Project using the TUMF Network;

For Use Between Public Agency and Developer "Master Agreement"

WHEREAS, the TUMF Improvements have been designated as having Regional or Zonal Significance as further described in the 2009 Nexus Study and the 5 year Transportation Improvement Program as may be amended;

WHEREAS, AGENCY and Developer now desire to enter into this Agreement for the following purposes: (1) to provide for the timely delivery of the TUMF Improvements, (2) to ensure that delivery of the TUMF Improvements is undertaken as if the TUMF Improvements were constructed under the direction and authority of the AGENCY, (3) to provide a means by which the Developer's costs for project delivery of the TUMF Improvements and related right-of-ways is offset against Developer's obligation to pay the applicable TUMF for the Project in accordance with the TUMF Administrative Plan adopted by WRCOG, and (4) to provide a means, subject to the separate approval of WRCOG, for Developer to be reimbursed to the extent the actual and authorized costs for the delivery of the TUMF Improvements exceeds Developer's TUMF obligation.

NOW, THEREFORE, for the purposes set forth herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, Developer and AGENCY hereby agree as follows:

TERMS

1.0 Incorporation of Recitals. The Parties hereby affirm the facts set forth in the Recitals above and agree to the incorporation of the Recitals as though fully set forth herein.

2.0 Construction of TUMF Improvements. Developer shall construct or have constructed at its own cost, expense, and liability certain street and transportation system improvements generally described as INSERT TUMF IMPROVEMENTS

_____, and as shown more specifically on the plans, profiles, and specifications which have been or will be prepared by or on behalf of Developer and approved by AGENCY, and which are incorporated herein by this reference ("TUMF Improvements"). Construction of the TUMF Improvements shall include any transitions and/or other incidental work deemed necessary for drainage or public safety. Developer shall be responsible for the replacement, relocation, or removal of any component of any existing public or private improvement in conflict with the construction or installation of the TUMF Improvements. Such replacement, relocation, or removal shall be performed to the complete satisfaction of AGENCY and the owner of such improvement. Developer further promises and agrees to provide all equipment, tools, materials, labor, tests, design work, and engineering services necessary to fully and adequately complete the TUMF Improvements.

2.1 Pre-approval of Plans and Specifications. Developer is prohibited from commencing work on any portion of the TUMF Improvements until all plans and specifications for the TUMF Improvements have been submitted to and approved by AGENCY. Approval by AGENCY shall

For Use Between Public Agency and Developer "Master Agreement"

not relieve Developer from ensuring that all TUMF Improvements conform with all other requirements and standards set forth in this Agreement.

2.2 Permits and Notices. Prior to commencing any work, Developer shall, at its sole cost, expense, and liability, obtain all necessary permits and licenses and give all necessary and incidental notices required for the lawful construction of the TUMF Improvements and performance of Developer's obligations under this Agreement. Developer shall conduct the work in full compliance with the regulations, rules, and other requirements contained in any permit or license issued to Developer.

2.3 Public Works Requirements. In order to insure that the TUMF Improvements will be constructed as if they had been constructed under the direction and supervision, or under the authority of, AGENCY, Developer shall comply with all of the following requirements with respect to the construction of the TUMF Improvements:

(a) Developer shall obtain bids for the construction of the TUMF Improvements, in conformance with the standard procedures and requirements of AGENCY with respect to its public works projects, or in a manner which is approved by the Public Works Department.

(b) The contract or contracts for the construction of the TUMF Improvements shall be awarded to the responsible bidder(s) submitting the lowest responsive bid(s) for the construction of the TUMF Improvements.

(c) Developer shall require, and the specifications and bid and contract documents shall require, all such contractors to pay prevailing wages (in accordance with Articles 1 and 2 of Chapter 1, Part 7, Division 2 of the Labor Code) and to otherwise comply with applicable provisions of the Labor Code, the Government Code and the Public Contract Code relating to public works projects of cities/counties and as required by the procedures and standards of AGENCY with respect to the construction of its public works projects or as otherwise directed by the Public Works Department.

(d) All such contractors shall be required to provide proof of insurance coverage throughout the term of the construction of the TUMF Improvements which they will construct in conformance with AGENCY's standard procedures and requirements.

(e) Developer and all such contractors shall comply with such other requirements relating to the construction of the TUMF Improvements which AGENCY may impose by written notification delivered to Developer and each such contractor at any time, either prior to the receipt of bids by Developer for the construction of the TUMF Improvements, or, to the extent required as a result of changes in applicable laws, during the progress of construction thereof.

For Use Between Public Agency and Developer "Master Agreement"

Developer shall provide proof to AGENCY, at such intervals and in such form as AGENCY may require that the foregoing requirements have been satisfied as to the TUMF Improvements.

2.4 Quality of Work; Compliance With Laws and Codes. The construction plans and specifications for the TUMF Improvements shall be prepared in accordance with all applicable federal, state and local laws, ordinances, regulations, codes, standards, and other requirements. The TUMF Improvements shall be completed in accordance with all approved maps, plans, specifications, standard drawings, and special amendments thereto on file with AGENCY, as well as all applicable federal, state, and local laws, ordinances, regulations, codes, standards, and other requirements applicable at the time work is actually commenced.

2.5 Standard of Performance. Developer and its contractors, if any, shall perform all work required, constructing the TUMF Improvements in a skillful and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Developer represents and maintains that it or its contractors shall be skilled in the professional calling necessary to perform the work. Developer warrants that all of its employees and contractors shall have sufficient skill and experience to perform the work assigned to them, and that they shall have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the work, and that such licenses, permits, qualifications and approvals shall be maintained throughout the term of this Agreement.

2.6 Alterations to TUMF Improvements. All work shall be done and the TUMF Improvements completed as shown on approved plans and specifications, and any subsequent alterations thereto. If during the course of construction and installation it is determined that the public interest requires alterations in the TUMF Improvements, Developer shall undertake such design and construction changes as may be reasonably required by AGENCY. Any and all alterations in the plans and specifications and the TUMF Improvements to be completed may be accomplished without first giving prior notice thereof to Developer's surety for this Agreement.

3.0 Maintenance of TUMF Improvements. AGENCY shall not be responsible or liable for the maintenance or care of the TUMF Improvements until AGENCY approves and accepts them. AGENCY shall exercise no control over the TUMF Improvements until accepted. Any use by any person of the TUMF Improvements, or any portion thereof, shall be at the sole and exclusive risk of Developer at all times prior to AGENCY's acceptance of the TUMF Improvements. Developer shall maintain all of the TUMF Improvements in a state of good repair until they are completed by Developer and approved and accepted by AGENCY, and until the security for the performance of this Agreement is released. It shall be Developer's responsibility to initiate all maintenance work, but if it shall fail to do so, it shall promptly perform such maintenance work when notified to do so by AGENCY. If Developer fails to properly prosecute its maintenance obligation under this section, AGENCY may do all work necessary for such maintenance and the cost thereof shall be the responsibility of Developer and its surety under this Agreement. AGENCY shall not be responsible or liable for any damages or

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injury of any nature in any way related to or caused by the TUMF Improvements or their condition prior to acceptance.

4.0 Fees and Charges. Developer shall, at its sole cost, expense, and liability, pay all fees, charges, and taxes arising out of the construction of the TUMF Improvements, including, but not limited to, all plan check, design review, engineering, inspection, sewer treatment connection fees, and other service or impact fees established by AGENCY.

5.0 AGENCY Inspection of TUMF Improvements. Developer shall, at its sole cost, expense, and liability, and at all times during construction of the TUMF Improvements, maintain reasonable and safe facilities and provide safe access for inspection by AGENCY of the TUMF Improvements and areas where construction of the TUMF Improvements is occurring or will occur.

6.0 Liens. Upon the expiration of the time for the recording of claims of liens as prescribed by Sections 8412 and 8414 of the Civil Code with respect to the TUMF Improvements, Developer shall provide to AGENCY such evidence or proof as AGENCY shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment to the construction of the TUMF Improvements, have been paid, and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation. Rather than await the expiration of the said time for the recording of claims of liens, Developer may elect to provide to AGENCY a title insurance policy or other security acceptable to AGENCY guaranteeing that no such claims of liens will be recorded or become a lien upon any of the Property.

7.0 Acceptance of TUMF Improvements; As-Built or Record Drawings. If the TUMF Improvements are properly completed by Developer and approved by AGENCY, and if they comply with all applicable federal, state and local laws, ordinances, regulations, codes, standards, and other requirements, AGENCY shall be authorized to accept the TUMF Improvements. AGENCY may, in its sole and absolute discretion, accept fully completed portions of the TUMF Improvements prior to such time as all of the TUMF Improvements are complete, which shall not release or modify Developer's obligation to complete the remainder of the TUMF Improvements. Upon the total or partial acceptance of the TUMF Improvements by AGENCY, Developer shall file with the Recorder's Office of the County of Riverside a notice of completion for the accepted TUMF Improvements in accordance with California Civil Code sections 8182, 8184, 9204, and 9208 (“Notice of Completion”), at which time the accepted TUMF Improvements shall become the sole and exclusive property of AGENCY without any payment therefore. Notwithstanding the foregoing, AGENCY may not accept any TUMF Improvements unless and until Developer provides one (1) set of “as-built” or record drawings or plans to the AGENCY for all such TUMF Improvements. The drawings shall be certified and shall reflect the condition of the TUMF Improvements as constructed, with all changes incorporated therein.

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8.0 Warranty and Guarantee. Developer hereby warrants and guarantees all the TUMF Improvements against any defective work or labor done, or defective materials furnished in the performance of this Agreement, including the maintenance of the TUMF Improvements, for a period of one (1) year following completion of the work and acceptance by AGENCY ("Warranty"). During the Warranty, Developer shall repair, replace, or reconstruct any defective or otherwise unsatisfactory portion of the TUMF Improvements, in accordance with the current ordinances, resolutions, regulations, codes, standards, or other requirements of AGENCY, and to the approval of AGENCY. All repairs, replacements, or reconstruction during the Warranty shall be at the sole cost, expense, and liability of Developer and its surety. As to any TUMF Improvements which have been repaired, replaced, or reconstructed during the Warranty, Developer and its surety hereby agree to extend the Warranty for an additional one (1) year period following AGENCY's acceptance of the repaired, replaced, or reconstructed TUMF Improvements. Nothing herein shall relieve Developer from any other liability it may have under federal, state, or local law to repair, replace, or reconstruct any TUMF Improvement following expiration of the Warranty or any extension thereof. Developer's warranty obligation under this section shall survive the expiration or termination of this Agreement.

9.0 Administrative Costs. If Developer fails to construct and install all or any part of the TUMF Improvements, or if Developer fails to comply with any other obligation contained herein, Developer and its surety shall be jointly and severally liable to AGENCY for all administrative expenses, fees, and costs, including reasonable attorney's fees and costs, incurred in obtaining compliance with this Agreement or in processing any legal action or for any other remedies permitted by law.

10.0 Default; Notice; Remedies.

10.1 Notice. If Developer neglects, refuses, or fails to fulfill or timely complete any obligation, term, or condition of this Agreement, or if AGENCY determines there is a violation of any federal, state, or local law, ordinance, regulation, code, standard, or other requirement, AGENCY may at any time thereafter declare Developer to be in default or violation of this Agreement and make written demand upon Developer or its surety, or both, to immediately remedy the default or violation ("Notice"). Developer shall substantially commence the work required to remedy the default or violation within five (5) days of the Notice. If the default or violation constitutes an immediate threat to the public health, safety, or welfare, AGENCY may provide the Notice verbally, and Developer shall substantially commence the required work within twenty-four (24) hours thereof. Immediately upon AGENCY's issuance of the Notice, Developer and its surety shall be liable to AGENCY for all costs of construction and installation of the TUMF Improvements and all other administrative costs or expenses as provided for in this Section 10.0 of this Agreement.

10.2 Failure to Remedy; AGENCY Action. If the work required to remedy the noticed default or violation is not diligently prosecuted to a completion acceptable to AGENCY within the time frame contained in the Notice, AGENCY may complete all remaining work, arrange for the completion of all remaining work, and/or conduct such remedial activity as in its sole and

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absolute discretion it believes is required to remedy the default or violation. All such work or remedial activity shall be at the sole and absolute cost, expense, and liability of Developer and its surety, without the necessity of giving any further notice to Developer or surety. AGENCY’s right to take such actions shall in no way be limited by the fact that Developer or its surety may have constructed any of the TUMF Improvements at the time of AGENCY’s demand for performance. In the event AGENCY elects to complete or arrange for completion of the remaining work and the TUMF Improvements, AGENCY may require all work by Developer or its surety to cease in order to allow adequate coordination by AGENCY.

10.3 Other Remedies. No action by AGENCY pursuant to this Section 10.0 et seq. of this Agreement shall prohibit AGENCY from exercising any other right or pursuing any other legal or equitable remedy available under this Agreement or any federal, state, or local law. AGENCY may exercise its rights and remedies independently or cumulatively, and AGENCY may pursue inconsistent remedies. AGENCY may institute an action for damages, injunctive relief, or specific performance.

11.0 Security; Surety Bonds. Prior to the commencement of any work on the TUMF Improvements, Developer or its contractor shall provide AGENCY with surety bonds in the amounts and under the terms set forth below (“Security”). The amount of the Security shall be based on the estimated actual costs to construct the TUMF Improvements, as determined by AGENCY after Developer has awarded a contract for construction of the TUMF Improvements to the lowest responsive and responsible bidder in accordance with this Agreement (“Estimated Costs”). If AGENCY determines, in its sole and absolute discretion, that the Estimated Costs have changed, Developer or its contractor shall adjust the Security in the amount requested by AGENCY. Developer’s compliance with this Section 11.0 et seq. of this Agreement shall in no way limit or modify Developer’s indemnification obligation provided in Section 12.0 of this Agreement.

11.1 Performance Bond. To guarantee the faithful performance of the TUMF Improvements and all the provisions of this Agreement, to protect AGENCY if Developer is in default as set forth in Section 10.0 et seq. of this Agreement, and to secure the one-year guarantee and warranty of the TUMF Improvements, Developer or its contractor shall provide AGENCY a faithful performance bond in an amount which sum shall be not less than one hundred percent (100%) of the Estimated Costs. The AGENCY may, in its sole and absolute discretion, partially release a portion or portions of the security provided under this section as the TUMF Improvements are accepted by AGENCY, provided that Developer is not in default on any provision of this Agreement and the total remaining security is not less than _____ (___%) of the Estimated Costs. All security provided under this section shall be released at the end of the Warranty period, or any extension thereof as provided in Section 11.0 of this Agreement, provided that Developer is not in default on any provision of this Agreement.

11.2 Labor & Material Bond. To secure payment to the contractors, subcontractors, laborers, materialmen, and other persons furnishing labor, materials, or equipment for performance of the TUMF Improvements and this Agreement, Developer or its

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contractor shall provide AGENCY a labor and materials bond in an amount which sum shall not be less than one hundred percent (100%) of the Estimated Costs. The security provided under this section may be released by written authorization of AGENCY after six (6) months from the date AGENCY accepts the TUMF Improvements. The amount of such security shall be reduced by the total of all stop notice or mechanic's lien claims of which AGENCY is aware, plus an amount equal to twenty percent (20%) of such claims for reimbursement of AGENCY's anticipated administrative and legal expenses arising out of such claims.

11.3 Additional Requirements. The surety for any surety bonds provided as Security shall have a current A.M. Best rating of at least "A" and FSC-VIII, shall be licensed to do business in California, and shall be satisfactory to AGENCY. As part of the obligation secured by the Security and in addition to the face amount of the Security, Developer, its contractor or the surety shall secure the costs and reasonable expenses and fees, including reasonable attorney's fees and costs, incurred by AGENCY in enforcing the obligations of this Agreement. Developer, its contractor and the surety shall stipulate and agree that no change, extension of time, alteration, or addition to the terms of this Agreement, the TUMF Improvements, or the plans and specifications for the TUMF Improvements shall in any way affect its obligation on the Security.

11.4 Evidence and Incorporation of Security. Evidence of the Security shall be provided on the forms set forth in Exhibit "B", unless other forms are deemed acceptable by the AGENCY, and when such forms are completed to the satisfaction of AGENCY, the forms and evidence of the Security shall be attached hereto as Exhibit "B" and incorporated herein by this reference.

12.0 Indemnification. Developer shall defend, indemnify, and hold harmless AGENCY, its elected officials, employees, and agents from any and all actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state, or local governmental agency, arising out of or incident to any acts, omissions, negligence, or willful misconduct of Developer, its employees, contractors, or agents in connection with the performance of this Agreement, or arising out of or in any way related to or caused by the TUMF Improvements or their condition prior to AGENCY's approval and acceptance of the TUMF Improvements ("Claims"). This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorneys fees, and related costs or expenses, and the reimbursement of AGENCY, its elected officials, employees, and/or agents for all legal expenses and costs incurred by each of them. This indemnification excludes only such portion of any Claim which is caused solely and exclusively by the negligence or willful misconduct of AGENCY as determined by a court or administrative body of competent jurisdiction. Developer's obligation to indemnify shall survive the expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by AGENCY, its elected officials, employees, or agents.

13.0 Insurance.

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13.1Types; Amounts. Developer shall procure and maintain, and shall require its contractors to procure and maintain, during performance of this Agreement, insurance of the types and in the amounts described below (“Required Insurance”). If any of the Required Insurance contains a general aggregate limit, such insurance shall apply separately to this Agreement or be no less than two times the specified occurrence limit.

13.1.1 General Liability. Occurrence version general liability insurance, or equivalent form, with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage.

13.1.2 Business Automobile Liability. Business automobile liability insurance, or equivalent form, with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include coverage for the ownership, operation, maintenance, use, loading, or unloading of any auto owned, leased, hired, or borrowed by the insured or for which the insured is responsible.

13.1.3 Workers’ Compensation. Workers’ compensation insurance with limits as required by the Labor Code of the State of California and employers’ liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, at all times during which insured retains employees.

13.1.4 Professional Liability. For any consultant or other professional who will engineer or design the TUMF Improvements, liability insurance for errors and omissions with limits not less than Two Million Dollars (\$2,000,000) per occurrence, shall be procured and maintained for a period of five (5) years following completion of the TUMF Improvements. Such insurance shall be endorsed to include contractual liability.

13.2Deductibles. Any deductibles or self-insured retentions must be declared to and approved by AGENCY. At the option of AGENCY, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects AGENCY, its elected officials, officers, employees, agents, and volunteers; or (b) Developer and its contractors shall provide a financial guarantee satisfactory to AGENCY guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

13.3Additional Insured; Separation of Insureds. The Required Insurance, except for the professional liability and workers’ compensation insurance, shall name AGENCY, its elected officials, officers, employees, and agents as additional insureds with respect to work performed by or on behalf of Developer or its contractors, including any materials, parts, or equipment furnished in connection therewith. The Required Insurance shall contain standard separation of insureds provisions, and shall contain no special limitations on the scope of its protection to AGENCY, its elected officials, officers, employees, or agents.

13.4Primary Insurance; Waiver of Subrogation. The Required Insurance shall be primary with respect to any insurance or self-insurance programs covering AGENCY, its elected

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officials, officers, employees, or agents. The policy required for workers' compensation insurance shall provide that the insurance company waives all right of recovery by way of subrogation against AGENCY in connection with any damage or harm covered by such policy.

13.5Certificates; Verification. Developer and its contractors shall furnish AGENCY with original certificates of insurance and endorsements effecting coverage for the Required Insurance. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements must be received and approved by AGENCY before work pursuant to this Agreement can begin. AGENCY reserves the right to require complete, certified copies of all required insurance policies, at any time.

13.6Term; Cancellation Notice. Developer and its contractors shall maintain the Required Insurance for the term of this Agreement and shall replace any certificate, policy, or endorsement which will expire prior to that date. All policies shall be endorsed to provide that the Required Insurance shall not be suspended, voided, reduced, canceled, or allowed to expire except on thirty (30) days' prior written notice to AGENCY.

13.7Insurer Rating. Unless approved in writing by AGENCY, all Required Insurance shall be placed with insurers licensed to do business in the State of California and with a current A.M. Best rating of at least "A" and FSC-VIII.

14.0TUMF Credit.

14.1Developer's TUMF Obligation. Developer hereby agrees and accepts that as of the date of this Agreement, the amount Developer is obligated to pay to AGENCY pursuant to (insert appropriate reference for city or county) as part of the TUMF Program is **[INSERT DOLLAR VALUE OF TUMF REQUIREMENT]** (\$) ("TUMF Obligation"). This TUMF Obligation shall be initially determined under the nexus study and fee schedule in effect for the AGENCY at the time the Developer submits a building permit application for the TUMF Improvement. Notwithstanding, this TUMF Obligation does not have to be paid until the Certificate of Occupancy is obtained.

14.2Fee Adjustments. Notwithstanding the foregoing, Developer agrees that this Agreement shall not estop AGENCY from adjusting the TUMF in accordance with the provisions of (insert appropriate reference for city or county).

14.3Credit Offset Against TUMF Obligation. Pursuant to (insert appropriate reference for city or county) and in consideration for Developer's obligation under this Agreement for the delivery of TUMF Improvements, credit shall be applied by AGENCY to offset the TUMF Obligation ("Credit") subject to adjustment and reconciliation under Section 14.5 of this agreement. Developer hereby agrees that the amount of the Credit shall be applied after Developer has initiated the process of project delivery of TUMF Improvements to the

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lowest responsible bidder in accordance with this Agreement. Developer further agrees that the dollar amount of the Credit shall be equal to the lesser of: (A) the bid amount set forth in the contract awarded to the lowest responsible bidder, or (B) the unit cost assumptions for the TUMF Improvement in effect at the time of the contract award, as such assumptions are identified and determined in the 2009 Nexus Study and the TUMF Administrative Plan adopted by WRCOG ("Unit Cost Assumptions").

The bid amount and the Unit Cost Assumptions shall hereafter be collectively referred to as "Estimated Credit". At no time will the Credit exceed the Developer's TUMF Obligation. If the dollar amount of the Estimated Credit exceeds the dollar amount of the TUMF Obligation, Developer will be deemed to have completely satisfied its TUMF Obligation for the Project and may apply for a reimbursement agreement, to the extent applicable, as provided in Section 14.6 of this Agreement. If the dollar amount of the Estimated Credit is less than the dollar amount of the TUMF Obligation, the Developer agrees the Credit shall be applied to offset the TUMF Obligation as follows:

(1) For residential units in the Project, the Credit shall be applied to all residential units to offset and/or satisfy the TUMF Obligation. The residential units for which the TUMF Obligation has been offset and/or satisfied by use of the Credit, and the amount of offset applicable to each unit, shall be identified in the notice provided to the Developer by AGENCY pursuant to this section.

(2) For commercial and industrial structures in the Project, the Credit shall be applied to all commercial and industrial development to offset and/or satisfy the TUMF Obligation. The commercial or industrial structure(s) for which the TUMF Obligation has been offset and/or satisfied by use of the Credit, and the amount of offset applicable to such structure(s), shall be identified in the notice provided to the Developer by AGENCY pursuant to this section.

AGENCY shall provide Developer written notice of the determinations that AGENCY makes pursuant to this section, including how the Credit is applied to offset the TUMF Obligation as described above.

14.4 Verified Cost of the TUMF Improvements. Upon recordation of the Notice of Completion for the TUMF Improvements and acceptance of the TUMF Improvements by AGENCY, Developer shall submit to the AGENCY Public Works Director the information set forth in the attached Exhibit "C". The AGENCY Public Works Director, or his or her designee, shall use the information provided by Developer to calculate the total actual costs incurred by Developer in delivering the TUMF Improvements covered under this Agreement ("Verified Costs"). The AGENCY Public Works Director will use his or her best efforts to determine the amount of the Verified Costs and provide Developer written notice thereof within thirty (30) calendar days of receipt of all the required information from Developer.

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14.5 Reconciliation; Final Credit Offset Against TUMF Obligation. The Developer is aware of and accepts the fact that Credits are speculative and conceptual in nature. The actual amount of Credit that shall be applied by AGENCY to offset the TUMF Obligation shall be equal to the lesser of: (A) the Verified Costs or (B) Unit Cost Assumptions for the TUMF Improvements as determined in accordance with Section 14.3 of this Agreement (“Actual Credit”). No Actual Credit will be awarded until the Verified Costs are determined through the reconciliation process. Please be advised that while a Developer may use an engineer’s estimates in order to estimate Credits for project planning purposes, the Actual Credit awarded will only be determined by the reconciliation process.

(a) TUMF Balance. If the dollar amount of the Actual Credit is less than the dollar amount of the TUMF Obligation, the AGENCY Public Works Director shall provide written notice to Developer of the amount of the difference owed (“TUMF Balance”) and Developer shall pay the TUMF Balance in accordance with (insert appropriate reference for city or county) to fully satisfy the TUMF Obligation (see Exhibit “F” - Example “A”).

(b) TUMF Reimbursement. If the dollar amount of the Actual Credit exceeds the TUMF Obligation, Developer will be deemed to have fully satisfied the TUMF Obligation for the Project and may apply for a reimbursement agreement, to the extent applicable, as provided in Section 14.6 of this Agreement. AGENCY shall provide Developer written notice of the determinations that AGENCY makes pursuant to this section (see Exhibit “F” - Example “B”).

(c) TUMF Overpayment. If the dollar amount of the Actual Credit exceeds the Estimated Credit, but is less than the TUMF Obligation, but the Actual Credit plus additional monies collected by AGENCY from Developer for the TUMF Obligation exceed the TUMF Obligation (“TUMF Overpayment”), Developer will be deemed to have fully satisfied the TUMF Obligation for the Project and may be entitled to a refund. The AGENCY’s Public Works Director shall provide written notice to WRCOG and the Developer of the amount of the TUMF Overpayment and AGENCY shall direct WRCOG to refund the Developer in accordance with (insert appropriate reference for city or county) (see Exhibit “F” - Example C).

14.6 Reimbursement Agreement. If authorized under either Section 14.3 or Section 14.5 Developer may apply to AGENCY and WRCOG for a reimbursement agreement for the amount by which the Actual Credit exceeds the TUMF Obligation, as determined pursuant to Section 14.3 of this Agreement, (insert appropriate reference for city or county), and the TUMF Administrative Plan adopted by WRCOG (“Reimbursement Agreement”). If AGENCY and WRCOG agree to a Reimbursement Agreement with Developer, the Reimbursement Agreement shall be executed on the form set forth in Exhibit “D,” and shall contain the terms and conditions set forth therein. The Parties agree that the Reimbursement Agreement shall be subject to all terms and conditions of this Agreement, and that upon execution, an executed copy of the Reimbursement Agreement shall be attached hereto and shall be incorporated herein as a material part of this Agreement as though fully set forth herein.

15.0 Miscellaneous.

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15.1 Assignment. Developer may assign all or a portion of its rights pursuant to this Agreement to a purchaser of a portion or portions of the Property ("Assignment"). Developer and such purchaser and assignee ("Assignee") shall provide to AGENCY such reasonable proof as it may require that Assignee is the purchaser of such portions of the Property. Any assignment pursuant to this section shall not be effective unless and until Developer and Assignee have executed an assignment agreement with AGENCY in a form reasonably acceptable to AGENCY, whereby Developer and Assignee agree, except as may be otherwise specifically provided therein, to the following: (1) that Assignee shall receive all or a portion of Developer's rights pursuant to this Agreement, including such credit as is determined to be applicable to the portion of the Property purchased by Assignee pursuant to Section 14.0 et seq. of this Agreement, and (2) that Assignee shall be bound by all applicable provisions of this Agreement.

15.2 Relationship Between the Parties. The Parties hereby mutually agree that this Agreement shall not operate to create the relationship of partnership, joint venture, or agency between AGENCY and Developer. Developer's contractors are exclusively and solely under the control and dominion of Developer. Nothing herein shall be deemed to make Developer or its contractors an agent or contractor of AGENCY.

15.3 Warranty as to Property Ownership; Authority to Enter Agreement. Developer hereby warrants that it owns fee title to the Property and that it has the legal capacity to enter into this Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority make this Agreement and bind each respective Party.

15.4 Prohibited Interests. Developer warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for Developer, to solicit or secure this Agreement. Developer also warrants that it has not paid or agreed to pay any company or person, other than a bona fide employee working solely for Developer, any fee, commission, percentage, brokerage fee, gift, or other consideration contingent upon the making of this Agreement. For breach of this warranty, AGENCY shall have the right to rescind this Agreement without liability.

15.5 Notices. All notices, demands, invoices, and written communications shall be in writing and delivered to the following addresses or such other addresses as the Parties may designate by written notice:

To AGENCY: [INSERT "CITY" OR "COUNTY"] OF _____

Fax No. (909) _____

To Developer: _____

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Attn: _____

Fax No. (____) _____

Depending upon the method of transmittal, notice shall be deemed received as follows: by facsimile, as of the date and time sent; by messenger, as of the date delivered; and by U.S. Mail first class postage prepaid, as of 72 hours after deposit in the U.S. Mail.

15.6 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate, or convenient to attain the purposes of this Agreement.

15.7 Construction; References; Captions. It being agreed the Parties or their agents have participated in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days, or period for performance shall be deemed calendar days and not work days. All references to Developer include all personnel, employees, agents, and contractors of Developer, except as otherwise specified in this Agreement. All references to AGENCY include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

15.8 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

15.9 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual right by custom, estoppel, or otherwise.

15.10 Binding Effect. Each and all of the covenants and conditions shall be binding on and shall inure to the benefit of the Parties, and their successors, heirs, personal representatives, or assigns. This section shall not be construed as an authorization for any Party to assign any right or obligation.

15.11 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

15.12 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

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15.13 Consent to Jurisdiction and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any legal action or proceeding brought to interpret or enforce this Agreement, or which in any way arises out of the Parties’ activities undertaken pursuant to this Agreement, shall be filed and prosecuted in the appropriate California State Court in the County of Riverside, California. Each Party waives the benefit of any provision of state or federal law providing for a change of venue to any other court or jurisdiction including, without limitation, a change of venue based on the fact that a governmental entity is a party to the action or proceeding, or that a federal right or question is involved or alleged to be involved in the action or proceeding. Without limiting the generality of the foregoing waiver, Developer expressly waives any right to have venue transferred pursuant to California Code of Civil Procedure Section 394.

15.14 Time is of the Essence. Time is of the essence in this Agreement, and the Parties agree to execute all documents and proceed with due diligence to complete all covenants and conditions.

15.15 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

15.16 Entire Agreement. This Agreement contains the entire agreement between AGENCY and Developer and supersedes any prior oral or written statements or agreements between AGENCY and Developer.

[SIGNATURES OF PARTIES ON NEXT PAGE]

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**IN WITNESS WHEREOF, the Parties hereto have executed this Agreement
as of the day and year first above written.**

DEVELOPER:

[**INSERT NAME OF DEVELOPER**]

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

[**INSERT "CITY" OR "COUNTY" OF
_____* **]:

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

EXHIBIT “A”

LEGAL DESCRIPTION OF PROPERTY

[ATTACH BEHIND THIS PAGE]

EXHIBIT A-1

EXHIBIT “B”
FORMS FOR SECURITY

[ATTACHED BEHIND THIS PAGE]

EXHIBIT B

BOND NO. _____
INITIAL PREMIUM: _____
SUBJECT TO RENEWAL

PERFORMANCE BOND

WHEREAS, the [INSERT "City" OR "County"] of _____ ("AGENCY") has executed an agreement with _____ (hereinafter "Developer"), requiring Developer to perform certain work consisting of but not limited to, furnishing all labor, materials, tools, equipment, services, and incidentals for the construction of street and transportation system improvements (hereinafter the "Work");

WHEREAS, the Work to be performed by Developer is more particularly set forth in that certain TUMF Improvement and Credit/Reimbursement Agreement dated _____, (hereinafter the "Agreement"); and

WHEREAS, the Agreement is hereby referred to and incorporated herein by this reference; and

WHEREAS, Developer or its contractor is required by the Agreement to provide a good and sufficient bond for performance of the Agreement, and to guarantee and warranty the Work constructed thereunder.

NOW, THEREFORE, we the undersigned, _____, as Principal and _____, a corporation organized and existing under the laws of the State of _____ and duly authorized to transact business under the laws of the State of California, as Surety, are held and firmly bound unto the AGENCY in the sum of _____ (\$_____), said sum being not less than one hundred percent (100%) of the total cost of the Work as set forth in the Agreement, we bind ourselves, our heirs, executors and administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such, that if Developer and its contractors, or their heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions, agreements, guarantees, and warranties in the Agreement and any alteration thereof made as therein provided, to be kept and performed at the time and in the manner therein specified and in all respects according to their intent and meaning, and to indemnify and save harmless AGENCY, its officers, employees, and agents, as stipulated in the Agreement, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by AGENCY in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

EXHIBIT B

The said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or additions to the terms of the said Agreement or to the Work to be performed thereunder or the specification accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Agreement or to the Work.

IN WITNESS WHEREOF, we have hereto set our hands and seals this ____ day on _____, 20__.

Principal

By: _____
President

Surety

By: _____
Attorney-in-Fact

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**CIVIL CODE §1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title of Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Corporate Officer – Title(s): _____
☐ Partner - ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

Signer's Name: _____

- ☐ Corporate Officer – Title(s): _____
☐ Partner - ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, _____, certify that I am the _____ Secretary of the _____ corporation named as principal in the attached bond, that _____ who signed the said bond on behalf of the principal was then _____ of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed and attested for and in behalf of said corporation by authority of its governing Board.

(Corporate Seal) _____
Signature

Date

NOTE: A copy of the power of attorney to local representatives of the bonding company may be attached hereto.

BOND NO. _____
INITIAL PREMIUM: _____
SUBJECT TO RENEWAL

LABOR & MATERIAL BOND

WHEREAS, the [INSERT "City" OR "County"] of _____ ("AGENCY") has executed an agreement with _____ (hereinafter "Developer"), requiring Developer to perform certain work consisting of but not limited to, furnishing all labor, materials, tools, equipment, services, and incidentals for the construction of street and transportation system improvements (hereinafter "Work");

WHEREAS, the Work to be performed by Developer is more particularly set forth in that certain Improvement and Credit / Reimbursement Agreement dated _____, (hereinafter the "Agreement"); and

WHEREAS, Developer or its contractor is required to furnish a bond in connection with the Agreement providing that if Developer or any of his or its contractors shall fail to pay for any materials, provisions, or other supplies, or terms used in, upon, for or about the performance of the Work contracted to be done, or for any work or labor done thereon of any kind, or for amounts due under the provisions of 3248 of the California Civil Code, with respect to such work or labor, that the Surety on this bond will pay the same together with a reasonable attorney's fee in case suit is brought on the bond.

NOW, THEREFORE, we the undersigned, _____, as Principal and _____, a corporation organized and existing under the laws of the State of _____ and duly authorized to transact business under the laws of the State of California, as Surety, are held and firmly bound unto the AGENCY and to any and all material men, persons, companies or corporations furnishing materials, provisions, and other supplies used in, upon, for or about the performance of the said Work, and all persons, companies or corporations renting or hiring teams, or implements or machinery, for or contributing to said Work to be done, and all persons performing work or labor upon the same and all persons supplying both work and materials as aforesaid, the sum of (\$ _____), said sum being not less than 100% of the total amount payable by Developer under the terms of the Agreement, for which payment well and truly to be made, we bind ourselves, our heirs, executors and administrators, successors and assigns jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH that if Developer or its contractors, or their heirs, executors, administrators, successors, or assigns, shall fail to pay for any materials, provisions, or other supplies or machinery used in, upon, for or about the performance of the Work contracted to be done, or for work or labor thereon of any kind, or fail to pay any of the persons named in California Civil Code Section 9100, or amounts due under the Unemployment Insurance Code with respect to work or labor performed by any such claimant, or for any amounts required to be deducted, withheld, and paid over to the Employment Development

EXHIBIT B

Department from the wages of employees of the contractor and his subcontractors pursuant to Section 13020 of the Unemployment Insurance Code with respect to such work and labor, and all other applicable laws of the State of California and rules and regulations of its agencies, then said Surety will pay the same in or to an amount not exceeding the sum specified herein.

In case legal action is required to enforce the provisions of this bond, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to court costs, necessary disbursements and other consequential damages. In addition to the provisions hereinabove, it is agreed that this bond will inure to the benefit of any and all persons, companies and corporations entitled to make claims under Sections 8024, 8400, 8402, 8404, 8430, 9100 of the California Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

The said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or additions to the terms of the Agreement or to the Work to be performed thereunder or the specification accompanying the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Agreement or to the Work.

IN WITNESS WHEREOF, we have hereto set our hands and seals this ____ day on _____, 20__.

Principal

By: _____
President

Surety

By: _____
Attorney-in-Fact

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**CIVIL CODE §1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title of Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer – Title(s): _____
☐ Partner - ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

Signer's Name: _____

☐ Corporate Officer – Title(s): _____
☐ Partner - ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, _____, certify that I am the _____ Secretary of the _____ corporation named as principal in the attached bond, that _____ who signed the said bond on behalf of the principal was then _____ of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed and attested for and in behalf of said corporation by authority of its governing Board.

(Corporate Seal) _____
Signature

Date

NOTE: A copy of the power of attorney to local representatives of the bonding company may be attached hereto.

EXHIBIT “C”

DOCUMENTATION TO BE PROVIDED TO AGENCY BY DEVELOPER FOR DETERMINATION OF CONSTRUCTION COSTS

To assist AGENCY in determining the Construction Costs for a completed TUMF Improvement, Developer shall provide the following documents to AGENCY:

1. Plans, specifications and Developer’s civil engineer’s cost estimate;
2. List of bidders from whom bids were requested;
3. Construction schedules and progress reports;
4. Contracts, insurance certificates and change orders with each contractor or vendor;
5. Invoices received from all vendors;
6. Canceled checks for payments made to contractors and vendors (copy both front and back of canceled checks);
7. Spreadsheet showing total costs incurred in and related to the construction of each TUMF Improvement and the check number for each item of cost and invoice;
8. Final lien releases from each contractor and vendor; and
9. Such further documentation as may be reasonably required by AGENCY to evidence the completion of construction and the payment of each item of cost and invoice.

For Use Between Public Agency and Developer
"Master Agreement"

EXHIBIT "D"

**REIMBURSEMENT AGREEMENT
TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM**

THIS REIMBURSEMENT AGREEMENT ("Agreement") is entered into this ____ day of _____, 20____, by and between the [INSERT "City" OR "County"] of _____, **[**INSERT "a California municipal corporation" FOR CITY OR "a subdivision of the State of California" FOR COUNTY**]** ("AGENCY"), and _____, a California **[**INSERT TYPE OF ENTITY - corporation, partnership, sole proprietorship or other legal entity**]**, with its principal place of business at **[**ENTER ADDRESS**]** ("Developer"). AGENCY and Developer are sometimes hereinafter referred to individually as "Party" and collectively as "Parties".

RECITALS

WHEREAS, AGENCY and Developer are parties to an agreement dated _____, 20____, entitled "Improvement and Credit Agreement - Transportation Uniform Mitigation Fee Program" (hereinafter "Credit Agreement");

WHEREAS, Sections 14.1 through 14.3 of the Credit Agreement provide that Developer is obligated to pay AGENCY the TUMF Obligation, as defined therein, but shall receive credit to offset the TUMF Obligation if Developer constructs and AGENCY accepts the TUMF Improvements in accordance with the Credit Agreement;

WHEREAS, Section 14.5 of the Credit Agreement provides that if the dollar amount of the credit to which Developer is entitled under the Credit Agreement exceeds the dollar amount of the TUMF Obligation, Developer may apply to AGENCY and WRCOG for a reimbursement agreement for the amount by which the credit exceeds the TUMF Obligation;

WHEREAS, Section 14.5 additionally provides that a reimbursement agreement executed pursuant to the Credit Agreement (i) shall be executed on the form attached to the Credit Agreement, (ii) shall contain the terms and conditions set forth therein, (iii) shall be subject to all terms and conditions of the Credit Agreement, and (iv) shall be attached upon execution to the Credit Agreement and incorporated therein as a material part of the Credit Agreement as though fully set forth therein; and

WHEREAS, AGENCY and WRCOG have consented to execute a reimbursement agreement with Developer pursuant to the Credit Agreement, (insert appropriate reference for city or county), and the TUMF Administrative Plan adopted by WRCOG.

For Use Between Public Agency and Developer
"Master Agreement"

NOW, THEREFORE, for the purposes set forth herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

TERMS

1.0 Incorporation of Recitals. The Parties hereby affirm the facts set forth in the Recitals above and agree to the incorporation of the Recitals as though fully set forth herein.

2.0 Effectiveness. This Agreement shall not be effective unless and until the Credit Agreement is effective and in full force in accordance with its terms.

3.0 Definitions. Terms not otherwise expressly defined in this Agreement, shall have the meaning and intent set forth in the Credit Agreement.

4.0 Amount of Reimbursement. Subject to the terms, conditions, and limitations set forth in this Agreement, the Parties hereby agree that Developer is entitled to receive the dollar amount by which the Actual Credit exceeds the dollar amount of the TUMF Obligation as determined pursuant to the Credit Agreement, (insert appropriate reference for city or county), and the TUMF Administrative Plan adopted by WRCOG ("Reimbursement"). The Reimbursement shall be subject to verification by WRCOG. AGENCY and Developer shall provide any and all documentation reasonably necessary for WRCOG to verify the amount of the Reimbursement. The Reimbursement shall be in an amount not exceeding [INSERT DOLLAR AMOUNT] ("Reimbursement Amount"). AGENCY shall be responsible for obtaining the Reimbursement Amount from WRCOG and transmitting the Reimbursement Amount to the Developer. In no event shall the dollar amount of the Reimbursement exceed the difference between the dollar amount of all credit applied to offset the TUMF Obligation pursuant to Section 14.3, 14.4, and 14.5 of the Credit Agreement, and one hundred (100%) of the approved unit awarded, as such assumptions are identified and determined in the Nexus Study and the TUMF Administrative Plan adopted by WRCOG.

5.0 Payment of Reimbursement; Funding Contingency. The payment of the Reimbursement Amount shall be subject to the following conditions:

5.1 Developer shall have no right to receive payment of the Reimbursement unless and until (i) the TUMF Improvements are completed and accepted by AGENCY in accordance with the Credit Agreement, (ii) the TUMF Improvements are scheduled for funding pursuant to the five-year Transportation Improvement Program adopted annually by WRCOG, (iii) WRCOG has funds available and appropriated for payment of the Reimbursement amount.

For Use Between Public Agency and Developer "Master Agreement"

5.2 Developer shall not be entitled to any interest or other cost adjustment for any delay between the time when the dollar amount of the Reimbursement is determined and the time when payment of the Reimbursement is made to Developer by WRCOG through AGENCY.

6.0 Affirmation of Credit Agreement. AGENCY and Developer represent and warrant to each other that there have been no written or oral modifications or amendments of the Credit Agreement, except by this Agreement. AGENCY and Developer ratify and reaffirm each and every one of their respective rights and obligations arising under the Credit Agreement. AGENCY and Developer represent and warrant that the Credit Agreement is currently an effective, valid, and binding obligation.

7.0 Incorporation Into Credit Agreement. Upon execution of this Agreement, an executed original of this Agreement shall be attached as Exhibit "D" to the Credit Agreement and shall be incorporated therein as a material part of the Credit Agreement as though fully set forth therein.

8.0 Terms of Credit Agreement Controlling. Each Party hereby affirms that all provisions of the Credit Agreement are in full force and effect and shall govern the actions of the Parties under this Agreement as though fully set forth herein and made specifically applicable hereto, including without limitation, the following sections of the Credit Agreement: Sections 10.0 through 10.3, Section 12.0, Sections 13.0 through 13.7, Sections 14.0 through 14.6, and Sections 15.0 through 15.17.

[SIGNATURES OF PARTIES ON NEXT PAGE]

For Use Between Public Agency and Developer
"Master Agreement"

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

("Developer")

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

[INSERT "City" OR "County") of _____

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

EXHIBIT “E”

TUMF CREDIT / REIMBURSEMENT ELIGIBILITY PROCESS

1. Prior to the construction of any TUMF Improvement, Developer shall follow the steps listed below:
 - a. Prepare a separate bid package for the TUMF Improvements.
 - b. The plans, cost estimate, specifications and contract document shall require all contractors to pay prevailing wages and to comply with applicable provisions of the Labor Code, Government Code, and Public Contract Code relating to Public Works Projects.
 - c. Bids shall be obtained and processed in accordance with the formal public works bidding requirements of the AGENCY.
 - d. The contract(s) for the construction of TUMF Improvements shall be awarded to the lowest responsible bidder(s) for the construction of such facilities in accordance with the AGENCY's requirements and guidelines.
 - e. Contractor(s) shall be required to provide proof of insurance coverage throughout the duration of the construction.
2. Prior to the determination and application of any Credit pursuant to a TUMF Improvement and Credit Agreement executed between AGENCY and Developer ("Agreement"), Developer shall provide the AGENCY and WRCOG with the following:
 - a. Copies of all information listed under Item 1 above.
 - b. Surety Bond, Letter of Credit, or other form of security permitted under the Agreement and acceptable to the AGENCY and WRCOG, guaranteeing the construction of all applicable TUMF Improvements.
3. Prior to the AGENCY's acceptance of any completed TUMF Improvement, and in order to initiate the construction cost verification process, the Developer shall comply with the requirements as set forth in Sections 7, 14.2 and 14.3 of the Agreement, and the following conditions shall also be satisfied:
 - a. Developer shall have completed the construction of all TUMF Improvements in accordance with the approved Plans and Specifications.
 - b. Developer shall have satisfied the AGENCY's inspection punch list.
 - c. After final inspection and approval of the completed TUMF Improvements, the AGENCY shall have provided the Developer a final inspection release letter.
 - d. AGENCY shall have filed a Notice of Completion with respect to the TUMF Improvements pursuant to Section 3093 of the Civil Code with the County Recorder's Office, and provided a copy of filed Notice of Completion to WRCOG.
 - e. Developer shall have provided AGENCY a copy of the As-Built plans for the TUMF Improvements.
 - f. Developer shall have provided AGENCY copies of all permits or agreements that may have been required by various resource/regulatory agencies for construction, operation and maintenance of any TUMF Improvements.
 - g. Developer shall have submitted a documentation package to the AGENCY to determine the final cost of the TUMF Improvements, which shall include at a minimum, the following documents related to the TUMF Improvements:

- i. Plans, specifications, and Developer's Civil Engineer's cost estimates; or Engineer's Report showing the cost estimates.
- ii. Contracts/agreements, insurance certificates and change orders with each vendor or contractor.
- iii. Invoices from all vendors and service providers.
- iv. Copies of cancelled checks, front and back, for payments made to contractors, vendors and service providers.
- v. Final lien releases from each contractor and vendor (unconditional waiver and release).
- vi. Certified contract workers payroll for AGENCY verification of compliance with prevailing wages.
- vii. A total cost summary, in spreadsheet format (MS Excel is preferred) and on disk, showing a breakdown of the total costs incurred. The summary should include for each item claimed the check number, cost, invoice numbers, and name of payee. See attached sample for details. [ATTACH SAMPLE, IF APPLICABLE; OTHERWISE DELETE REFERENCE TO ATTACHED SAMPLE]

EXHIBIT “F”

RECONCILIATION EXAMPLES

All examples are based on a single family residential development project of 200 dwelling units:
200 SF dwelling units @ \$6,650 / dwelling unit = \$1,330,000 in fees (TUMF Obligation)

Example A: “TUMF BALANCE”

CREDIT

TUMF Obligation:	\$1,330,000	
Estimated Credit: Bid (\$1,500,000) or unit Cost Assumption (\$1,600,000) whichever is less		<u>\$1,500,000</u>
Potential Reimbursement:	(\$170,000)	

RECONCILIATION

TUMF Obligation:	\$1,330,000	
Actual Credit:	<u>\$1,200,000</u>	
TUMF Balance (Payment to TUMF):		\$130,000

Example B: “REIMBURSEMENT”

CREDIT

TUMF Obligation:	\$1,330,000	
Estimated Credit: Bid (\$1,500,000) or unit Cost Assumption (\$1,600,000) whichever is less		<u>\$1,500,000</u>
Potential Reimbursement:	(\$170,000)	

RECONCILIATION

TUMF Obligation:	\$1,330,000	
Actual Credit:	<u>\$1,500,000</u>	
Reimbursement Agreement with Developer (Based on Priority Ranking):		(\$170,000)

Example C: “TUMF OVERPAYMENT”

CREDIT

TUMF Obligation:	\$1,330,000	
Estimated Credit: Bid (\$1,200,000) or unit Cost Assumption (\$1,500,000) whichever is less		<u>\$1,200,000</u>
Remaining TUMF Obligation:	\$130,000	
Prorated Fee: \$130,000 / 200 du =	\$650 / du	

RECONCILIATION

Actual Credit:	\$1,300,000	
TUMF payments from Developer (\$650 per unit x 200 units)		<u>\$130,000</u>
Actual Credit plus TUMF Payment	\$1,430,000	
TUMF Obligation:	\$1,330,000	
Actual Credit plus TUMF Payment		<u>\$1,430,000</u>
TUMF Overpayment (Refund to Developer):		(\$100,000)



WRCOG TUMF Credit/Reimbursement Manual

ATTACHMENT B

WRCOG TUMF Developer Credit and Reimbursement Master Agreement

Latest versions found at <http://www.wrcog.cog.ca.us/199/Administration-Fees>



WRCOG TUMF Credit/Reimbursement Manual

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For Public Agency Use Only

**TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM
AGREEMENT TO REIMBURSE TUMF FUNDS
[INSERT PROJECT NAME]**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is entered into as of this day of ____, 20__, by and between the Western Riverside Council of Governments (“WRCOG”), a California joint powers authority and _____[**INSERT NAME OF AGENCY EITHER:****, a California municipal corporation or _____, a subdivision of the State (“AGENCY”)**]. WRCOG and AGENCY are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

A. WRCOG is the Administrator of the Transportation Uniform Mitigation Fee Program of Western Riverside County (“TUMF Program”).

B. WRCOG has identified and designated certain transportation improvement projects throughout Western Riverside County as projects of regional importance (“Qualifying Projects” or “Projects”). The Qualifying Projects are more specifically described in that certain WRCOG study titled “TUMF Nexus Study”, as may be amended from time to time. Qualifying Projects can have Regional or Zonal significance as further described in the TUMF Nexus Study.

C. The TUMF Program is funded by TUMF fees paid by new development in Western Riverside County (collectively, “TUMF Program Funds”). TUMF Program Funds are held in trust by WRCOG for the purpose of funding the Qualifying Projects.

D. The AGENCY proposes to implement a Qualifying Project, and it is the purpose of this Agreement to identify the project and to set forth the terms and conditions by which WRCOG will release TUMF Program Funds.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and subject to the conditions contained herein, the Parties hereby agree as follows:

1. Description of the Qualifying Project. This Agreement is intended to distribute TUMF Program Funds to the AGENCY for _____ [****INSERT NAME OF PROJECT****], (the “Project”), a Qualifying Project. The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit “A” attached hereto and incorporated herein by reference and, pursuant to Section 20 below, is subject to modification if requested by the AGENCY and approved by WRCOG. The work shall be consistent with one or more of the defined WRCOG Call for Projects phases detailed herein as follows:

- 1) PA&ED – Project Approvals & Environmental Document
- 2) PS&E – Plans, Specifications and Estimates
- 3) R/W – Right of Way Acquisition and Utility Relocation
- 4) CON – Construction

For Public Agency Use Only

2. WRCOG Funding Amount. WRCOG hereby agrees to distribute to AGENCY, on the terms and conditions set forth herein, a sum not to exceed [INSERT DOLLAR AMOUNT IN TEXT FORM] (\$ _____) [INSERT DOLLAR AMOUNT IN NUMBER FORM], to be used for reimbursing the AGENCY for eligible Project expenses as described in Section 3 herein ("Funding Amount"). The Parties acknowledge and agree that the Funding Amount may be less than the actual cost of the Project. Nevertheless, the Parties acknowledge and agree that WRCOG shall not be obligated to contribute TUMF Program Funds in excess of the maximum TUMF share identified in the TUMF Nexus Study ("Maximum TUMF Share"), as may be amended from time to time.

3. Project Costs Eligible for Advance/Reimbursement. The total Project costs ("Total Project Cost") may include the following items, provided that such items are included in the scope of work attached hereto as Exhibit "A" ("Scope of Work"): (1) AGENCY and/or consultant costs associated with direct Project coordination and support; (2) funds expended in preparation of preliminary engineering studies; (3) funds expended for preparation of environmental review documentation for the Project; (4) all costs associated with right-of-way acquisition, including right-of-way engineering, appraisal, acquisition, legal costs for condemnation procedures if authorized by the AGENCY, and costs of reviewing appraisals and offers for property acquisition; (5) costs reasonably incurred if condemnation proceeds; (6) costs incurred in the preparation of plans, specifications, and estimates by AGENCY or consultants; (7) AGENCY costs associated with bidding, advertising and awarding of the Project contracts; (8) construction costs, including change orders to construction contract approved by the AGENCY; (9) construction management, field inspection and material testing costs; and (10) any AGENCY administrative cost to deliver the Project.

4. Ineligible Project Costs. The Total Project Cost shall not include the following items which shall be borne solely by the AGENCY without reimbursement: (1) any AGENCY administrative fees attributed to the reviewing and processing of the Project; and (2) expenses for items of work not included within the Scope of Work in Exhibit "A".

5. Procedures for Distribution of TUMF Program Funds to AGENCY.

(a) Initial Payment by the AGENCY. The AGENCY shall be responsible for initial payment of all the Project costs as they are incurred. Following payment of such Project costs, the AGENCY shall submit invoices to WRCOG requesting reimbursement of eligible Project costs. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to the AGENCY, and documents evidencing the AGENCY's payment of the invoices or demands for payment. Documents evidencing the AGENCY'S payment of the invoices shall be retained for four (4) years and shall be made available for review by WRCOG. The AGENCY shall submit invoices not more often than monthly and not less often than quarterly.

(b) Review and Reimbursement by WRCOG. Upon receipt of an invoice from the AGENCY, WRCOG may request additional documentation or explanation of the Project costs for which reimbursement is sought. Undisputed amounts shall be paid by WRCOG to the AGENCY within thirty (30) days. In the event that WRCOG disputes the eligibility of the

For Public Agency Use Only

AGENCY for reimbursement of all or a portion of an invoiced amount, the Parties shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in resolving the dispute, the AGENCY may appeal WRCOG's decision as to the eligibility of one or more invoices to WRCOG's Executive Director. The WRCOG Executive Director shall provide his/her decision in writing. If the AGENCY disagrees with the Executive Director's decision, the AGENCY may appeal the decision of the Executive Director to the full WRCOG Executive Committee, provided the AGENCY submits its request for appeal to WRCOG within ten (10) days of the Executive Director's written decision. The decision of the WRCOG Executive Committee shall be final. Additional details concerning the procedure for the AGENCY's submittal of invoices to WRCOG and WRCOG's consideration and payment of submitted invoices are set forth in Exhibit "B", attached hereto and incorporated herein by reference.

(c) Funding Amount/Adjustment. If a post Project audit or review indicates that WRCOG has provided reimbursement to the AGENCY in an amount in excess of the Maximum TUMF Share of the Project, or has provided reimbursement of ineligible Project costs, the AGENCY shall reimburse WRCOG for the excess or ineligible payments within 30 days of notification by WRCOG.

6. Increases in Project Funding. The Funding Amount may, in WRCOG's sole discretion, be augmented with additional TUMF Program Funds if the TUMF Nexus Study is amended to increase the maximum eligible TUMF share for the Project. Any such increase in the Funding Amount must be approved in writing by WRCOG's Executive Director. In no case shall the amount of TUMF Program Funds allocated to the AGENCY exceed the then-current maximum eligible TUMF share for the Project. No such increased funding shall be expended to pay for any Project already completed. For purposes of this Agreement, the Project or any portion thereof shall be deemed complete upon its acceptance by WRCOG's Executive Director which shall be communicated to the AGENCY in writing.

7. No Funding for Temporary Improvements. Only segments or components of the construction that are intended to form part of or be integrated into the Project may be funded by TUMF Program Funds. No improvement which is temporary in nature, including but not limited to temporary roads, curbs, tapers or drainage facilities, shall be funded with TUMF Program Funds, except as needed for staged construction of the Project.

8. AGENCY's Funding Obligation to Complete the Project. In the event that the TUMF Program Funds allocated to the Project represent less than the total cost of the Project, the AGENCY shall provide such additional funds as may be required to complete the Project.

9. AGENCY's Obligation to Repay TUMF Program Funds to WRCOG; Exception For PA&ED Phase Work. Except as otherwise expressly excepted within this paragraph, in the event that: (i) the AGENCY, for any reason, determines not to proceed with or complete the Project; or (ii) the Project is not timely completed, subject to any extension of time granted by WRCOG pursuant to the terms of this Agreement; the AGENCY agrees that any TUMF Program Funds that were distributed to the AGENCY for the Project shall be repaid in full to WRCOG, and the Parties shall enter into good faith negotiations to establish a reasonable repayment schedule and repayment mechanism. If the Project involves work pursuant to a PA&ED phase,

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AGENCY shall not be obligated to repay TUMF Program Funds to WRCOG relating solely to PA&ED phase work performed for the Project.

10. AGENCY's Local Match Contribution. The AGENCY shall provide at least (\$_____) [INSERT DOLLAR AMOUNT IN NUMBER FORM] of funding toward the Work, as shown in Exhibit "A" and as called out in the AGENCY's Project Nomination Form submitted to WRCOG in response to its Call for Projects. **[IF NO LOCAL MATCH FUNDS ARE REQUIRED DELETE THE PRECEDING TEXT AND REPLACE IT WITH THE FOLLOWING: "AGENCY local match funding is not required, as shown in Exhibit "A" and as called out in the AGENCY's Project Nomination Form submitted to WRCOG in response to its Call for Projects."]**

11. Term/Notice of Completion. The term of this Agreement shall be from the date first herein above written until the earlier of the following: (i) the date WRCOG formally accepts the Project as complete, pursuant to Section 6; (ii) termination of this Agreement pursuant to Section 15; or (iii) the AGENCY has fully satisfied its obligations under this Agreement. All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

12. Representatives of the Parties. WRCOG's Executive Director, or his or her designee, shall serve as WRCOG's representative and shall have the authority to act on behalf of WRCOG for all purposes under this Agreement. The AGENCY hereby designates [INSERT NAME AND TITLE], or his or her designee, as the AGENCY's representative to WRCOG. The AGENCY's representative shall have the authority to act on behalf of the AGENCY for all purposes under this Agreement and shall coordinate all activities of the Project under the AGENCY's responsibility. The AGENCY shall work closely and cooperate fully with WRCOG's representative and any other agencies which may have jurisdiction over or an interest in the Project.

13. Expenditure of Funds by AGENCY Prior to Execution of Agreement. Nothing in this Agreement shall be construed to prevent or preclude the AGENCY from expending funds on the Project prior to the execution of the Agreement, or from being reimbursed by WRCOG for such expenditures. However, the AGENCY understands and acknowledges that any expenditure of funds on the Project prior to the execution of the Agreement is made at the AGENCY's sole risk, and that some expenditures by the AGENCY may not be eligible for reimbursement under this Agreement.

14. Review of Services. The AGENCY shall allow WRCOG's Representative to inspect or review the progress of the Project at any reasonable time in order to determine whether the terms of this Agreement are being met.

15. Termination.
(a) Notice. Either WRCOG or AGENCY may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other Party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged

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breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

(b) Effect of Termination. In the event that the AGENCY terminates this Agreement, the AGENCY shall, within 180 days, repay to WRCOG any unexpended TUMF Program Funds provided to the AGENCY under this Agreement and shall complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. In the event that WRCOG terminates this Agreement, WRCOG shall, within 90 days, distribute to the AGENCY TUMF Program Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the AGENCY regarding the Project at the time of the notice of termination; provided, however, that WRCOG shall be entitled to exercise its rights under Section 5(b), including but not limited to conducting a review of the invoices and requesting additional information. Upon such termination, the AGENCY shall, within 180 days, complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. This Agreement shall terminate upon receipt by the non-terminating Party of the amounts due to it hereunder and upon completion of the segment or portion of Project work for which TUMF Program Funds have been provided.

(c) Cumulative Remedies. The rights and remedies of the Parties provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

16. Prevailing Wages. The AGENCY and any other person or entity hired to perform services on the Project are alerted to the requirements of California Labor Code Sections 1770 et seq., which would require the payment of prevailing wages were the services or any portion thereof determined to be a public work, as defined therein. The AGENCY shall ensure compliance with these prevailing wage requirements by any person or entity hired to perform the Project. The AGENCY shall defend, indemnify, and hold harmless WRCOG, its officers, employees, consultants, and agents from any claim or liability, including without limitation attorneys, fees, arising from its failure or alleged failure to comply with California Labor Code Sections 1770 et seq.

17. Progress Reports. WRCOG may request the AGENCY to provide WRCOG with progress reports concerning the status of the Project.

18. Indemnification.

(a) AGENCY Responsibilities. In addition to the indemnification required under Section 16, the AGENCY agrees to indemnify and hold harmless WRCOG, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of the AGENCY or its subcontractors. The AGENCY will reimburse WRCOG for any expenditures, including reasonable attorneys' fees, incurred by WRCOG, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of the AGENCY.

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(b) WRCOG Responsibilities. WRCOG agrees to indemnify and hold harmless the AGENCY, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of WRCOG or its sub-consultants. WRCOG will reimburse the AGENCY for any expenditures, including reasonable attorneys' fees, incurred by the AGENCY, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of WRCOG.

(c) Effect of Acceptance. The AGENCY shall be responsible for the professional quality, technical accuracy and the coordination of any services provided to complete the Project. WRCOG's review, acceptance or funding of any services performed by the AGENCY or any other person or entity under this Agreement shall not be construed to operate as a waiver of any rights WRCOG may hold under this Agreement or of any cause of action arising out of this Agreement. Further, the AGENCY shall be and remain liable to WRCOG, in accordance with applicable law, for all damages to WRCOG caused by the AGENCY's negligent performance of this Agreement or supervision of any services provided to complete the Project.

19. Insurance. The AGENCY shall require, at a minimum, all persons or entities hired to perform the Project to obtain, and require their subcontractors to obtain, insurance of the types and in the amounts described below and satisfactory to the AGENCY and WRCOG. Such insurance shall be maintained throughout the term of this Agreement, or until completion of the Project, whichever occurs last.

(a) Commercial General Liability Insurance. Occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Project or be no less than two times the occurrence limit. Such insurance shall:

(i) Name WRCOG and AGENCY, and their respective officials, officers, employees, agents, and consultants as insured with respect to performance of the services on the Project and shall contain no special limitations on the scope of coverage or the protection afforded to these insured;

(ii) Be primary with respect to any insurance or self-insurance programs covering WRCOG and AGENCY, and/or their respective officials, officers, employees, agents, and consultants; and

(iii) Contain standard separation of insured provisions.

(b) Business Automobile Liability Insurance. Business automobile liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

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(c) Professional Liability Insurance. Errors and omissions liability insurance with a limit of not less than \$1,000,000.00 Professional liability insurance shall only be required of design or engineering professionals.

(d) Workers' Compensation Insurance. Workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than \$1,000,000.00 each accident.

20. Project Amendments. Changes to the characteristics of the Project, including the deadline for Project completion, and any responsibilities of the AGENCY or WRCOG may be requested in writing by the AGENCY and are subject to the approval of WRCOG's Representative, which approval will not be unreasonably withheld, provided that extensions of time for completion of the Project shall be approved in the sole discretion of WRCOG's Representative. Nothing in this Agreement shall be construed to require or allow completion of the Project without full compliance with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*; "CEQA") and the National Environmental Policy Act of 1969 (42 USC 4231 *et seq.*), if applicable, but the necessity of compliance with CEQA and/or NEPA shall not justify, excuse, or permit a delay in completion of the Project.

21. Conflict of Interest. For the term of this Agreement, no member, officer or employee of the AGENCY or WRCOG, during the term of his or her service with the AGENCY or WRCOG, as the case may be, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

22. Limited Scope of Duties. WRCOG's and the AGENCY's duties and obligations under this Agreement are limited to those described herein. WRCOG has no obligation with respect to the safety of any Project performed at a job site. In addition, WRCOG shall not be liable for any action of AGENCY or its contractors relating to the condemnation of property undertaken by AGENCY or construction related to the Project.

23. Books and Records. Each party shall maintain complete, accurate, and clearly identifiable records with respect to costs incurred for the Project under this Agreement. They shall make available for examination by the other party, its authorized agents, officers or employees any and all ledgers and books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or related to the expenditures and disbursements charged to the other party pursuant to this Agreement. Further, each party shall furnish to the other party, its agents or employees such other evidence or information as they may require with respect to any such expense or disbursement charged by them. All such information shall be retained by the Parties for at least four (4) years following termination of this Agreement, and they shall have access to such information during the four-year period for the purposes of examination or audit.

24. Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, ancestry, sex or age. Such non-

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discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

25. Governing Law. This Agreement shall be governed by and construed with the laws of the State of California.

26. Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

27. Time of Essence. Time is of the essence for each and every provision of this Agreement.

28. Headings. Article and Section Headings, paragraph captions or marginal headings contained in this Agreement are for convenience only and shall have no effect in the construction or interpretation of any provision herein.

29. Public Acknowledgement. The AGENCY agrees that all public notices, news releases, information signs and other forms of communication shall indicate that the Project is being cooperatively funded by the AGENCY and WRCOG TUMF Program Funds.

30. No Joint Venture. This Agreement is for funding purposes only and nothing herein shall be construed to make WRCOG a party to the construction of the Project or to make it a partner or joint venture with the AGENCY for such purpose.

31. Compliance With the Law. The AGENCY shall comply with all applicable laws, rules and regulations governing the implementation of the Qualifying Project, including, where applicable, the rules and regulations pertaining to the participation of businesses owned or controlled by minorities and women promulgated by the Federal Highway Administration and the Federal Department of Transportation.

32. Notices. All notices hereunder and communications regarding interpretation of the terms of this Agreement or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to AGENCY:

 Telephone: _____
 Facsimile: _____

If to WRCOG:

Western Riverside Council of Governments
 Riverside County Administrative Center
 4080 Lemon Street, Third Floor
 Riverside, California 92501-3609
 Attention: Christopher Gray, Director of Transportation

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Telephone: (951) 955-8304

Facsimile: (951) 787-7991

Any notice so given shall be considered served on the other party three (3) days after deposit in the U.S. mail, first class postage prepaid, return receipt requested, and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred regardless of the method of service.

33. Integration; Amendment. This Agreement contains the entire agreement between the PARTIES. Any agreement or representation respecting matters addressed herein that are not expressly set forth in this Agreement is null and void. This Agreement may be amended only by mutual written agreement of the PARTIES.

34. Severability. If any term, provision, condition or covenant of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby.

35. Conflicting Provisions. In the event that provisions of any attached appendices or exhibits conflict in any way with the provisions set forth in this Agreement, the language, terms and conditions contained in this Agreement shall control the actions and obligations of the Parties and the interpretation of the Parties' understanding concerning the Agreement.

36. Independent Contractors. Any person or entities retained by the AGENCY or any contractor shall be retained on an independent contractor basis and shall not be employees of WRCOG. Any personnel performing services on the Project shall at all times be under the exclusive direction and control of the AGENCY or contractor, whichever is applicable. The AGENCY or contractor shall pay all wages, salaries and other amounts due such personnel in connection with their performance of services on the Project and as required by law. The AGENCY or consultant shall be responsible for all reports and obligations respecting such personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance.

37. Effective Date. This Agreement shall not be effective until executed by both Parties. The failure of one party to execute this Agreement within forty-five (45) days of the other party executing this Agreement shall render any execution of this Agreement ineffective.

38. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

[SIGNATURES ON FOLLOWING PAGE]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to be effective on the day and year first above-written.

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

[INSERT AGENCY NAME]

By: _____ Date: _____
Rick Bishop
Executive Director

By: _____ Date: _____

Approved to Form:

By: _____ Date: _____
Steven C. DeBaun
General Counsel

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EXHIBIT “A”

SCOPE OF WORK

SCOPE OF WORK: [DELETE THIS PARAGRAPH AND INSERT DETAIL THE PHASE(S) OF WORK TO BE PERFORMED UNDER THIS AGREEMENT. (Note: Detail the full Project description on Exhibit B.) Provide specific information regarding the Work to be performed, identify the reaches of the work and include a general location map and site map, if applicable.]

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EXHIBIT “A-1”

ESTIMATE OF COST

Phase	TUMF	LOCAL	TOTAL
PA&ED			
PS&E			
RIGHT OF WAY			
CONSTRUCTION			
TOTAL			

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EXHIBIT “A-2”**PROJECT SCHEDULE****TIMETABLE:**

[DELETE THIS PARAGRAPH AND PROVIDE, AT A MINIMUM, THE BEGINNING AND ENDING DATES FOR EACH PHASE OF WORK INCLUDING MAJOR MILESTONES WITHIN A PHASE.]

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED			
PS&E			
RIGHT OF WAY			
CONSTRUCTION			
TOTAL			

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Elements of Compensation

EXHIBIT “B”

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

1. For professional services, WRCOG recommends that the AGENCY incorporate this Exhibit “B-1” into its contracts with any subcontractors to establish a standard method for preparation of invoices by contractors to the AGENCY and ultimately to WRCOG for reimbursement of AGENCY contractor costs.
2. Each month the AGENCY shall submit an invoice for eligible Project costs incurred during the preceding month. The original invoice shall be submitted to WRCOG’s Executive Director with a copy to WRCOG’s Project Coordinator. Each invoice shall be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-2”.
3. For jurisdictions with large construction projects (with the total construction cost exceeding \$10 million) under construction at the same time, may with the approval of WRCOG submit invoices to WRCOG for payment at the same time they are received by the jurisdiction. WRCOG must receive the invoice by the 5th day of the month in order to process the invoice within 30 days. WRCOG will retain 10% of the invoice until all costs have been verified as eligible and will release the balance at regular intervals not more than quarterly and not less than semi-annually. If there is a discrepancy or ineligible costs that exceed 10% of the previous invoice WRCOG will deduct that amount from the next payment.
4. Each invoice shall include documentation from each contractor used by the AGENCY for the Project, listing labor costs, subcontractor costs, and other expenses. Each invoice shall also include a monthly progress report and spreadsheets showing the hours or amounts expended by each contractor or subcontractor for the month and for the entire Project to date. Samples of acceptable task level documentation and progress reports are attached as Exhibits “B-4” and “B-5”. All documentation from the Agency’s contractors should be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-3”.
5. If the AGENCY is seeking reimbursement for direct expenses incurred by AGENCY staff for eligible Project costs, the AGENCY shall provide the same level of information for its labor and any expenses as required of its contractors pursuant to Exhibit “B” and its attachments.
6. Charges for each task and milestone listed in Exhibit “A” shall be listed separately in the invoice.
7. Each invoice shall include a certification signed by the AGENCY Representative or his or her designee which reads as follows:

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"I hereby certify that the hours and salary rates submitted for reimbursement in this invoice are the actual hours and rates worked and paid to the contractors or subcontractors listed.

Signed _____

Title _____

Date _____

Invoice No. _____

8. WRCOG will pay the AGENCY within 30 days after receipt by WRCOG of an invoice. If WRCOG disputes any portion of an invoice, payment for that portion will be withheld, without interest, pending resolution of the dispute, but the uncontested balance will be paid.
9. The final payment under this Agreement will be made only after: (I) the AGENCY has obtained a Release and Certificate of Final Payment from each contractor or subcontractor used on the Project; (ii) the AGENCY has executed a Release and Certificate of Final Payment; and (iii) the AGENCY has provided copies of each such Release to WRCOG.

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EXHIBIT “B-1”
[Sample for Professional Services]

For the satisfactory performance and completion of the Services under this Agreement, Agency will pay the Contractor compensation as set forth herein. The total compensation for this service shall not exceed (____INSERT WRITTEN DOLLAR AMOUNT____) (\$__INSERT NUMERICAL DOLLAR AMOUNT__) without written approval of Agency’s City Manager [or applicable position] (“Total Compensation”).

1. ELEMENTS OF COMPENSATION.

Compensation for the Services will be comprised of the following elements: 1.1 Direct Labor Costs; 1.2 Fixed Fee; and 1.3 Additional Direct Costs.

1.1 DIRECT LABOR COSTS.

Direct Labor costs shall be paid in an amount equal to the product of the Direct Salary Costs and the Multiplier which are defined as follows:

1.1.1 DIRECT SALARY COSTS

Direct Salary Costs are the base salaries and wages actually paid to the Contractor's personnel directly engaged in performance of the Services under the Agreement. (The range of hourly rates paid to the Contractor's personnel appears in Section 2 below.)

1.1.2 MULTIPLIER

The Multiplier to be applied to the Direct Salary Costs to determine the Direct Labor Costs is _____, and is the sum of the following components:

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

The Decimal Ratio of Payroll Additives to Direct Salary Costs. Payroll Additives include all employee benefits, allowances for vacation, sick leave, and holidays, and company portion of employee insurance and social and retirement benefits, all federal and state payroll taxes, premiums for insurance which are measured by payroll costs, and other contributions and benefits imposed by applicable laws and regulations.

1.1.2.3 Overhead Costs _____

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The Decimal Ratio of Allowable Overhead Costs to the Contractor Firm's Total Direct Salary Costs. Allowable Overhead Costs include general, administrative and overhead costs of maintaining and operating established offices, and consistent with established firm policies, and as defined in the Federal Acquisitions Regulations, Part 31.2.

Total Multiplier
(sum of 1.1.2.1, 1.1.2.2, and 1.1.2.3) _____

1.2 FIXED FEE.

1.2.1 The fixed fee is \$ _____.

1.2.2 A pro-rata share of the Fixed Fee shall be applied to the total Direct Labor Costs expended for services each month, and shall be included on each monthly invoice.

1.3 ADDITIONAL DIRECT COSTS.

Additional Direct Costs directly identifiable to the performance of the services of this Agreement shall be reimbursed at the rates below, or at actual invoiced cost.

Rates for identified Additional Direct Costs are as follows:

<u>ITEM</u>	<u>REIMBURSEMENT RATE</u>
	<u>[__insert charges__]</u>
Per Diem	\$ /day
Car mileage	\$ /mile
Travel	\$ /trip
Computer Charges	\$ /hour
Photocopies	\$ /copy
Blueline	\$ /sheet
LD Telephone	\$ /call
Fax	\$ /sheet
Photographs	\$ /sheet

Travel by air and travel in excess of 100 miles from the Contractor's office nearest to Agency's office must have Agency's prior written approval to be reimbursed under this Agreement.

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2. DIRECT SALARY RATES

Direct Salary Rates, which are the range of hourly rates to be used in determining Direct Salary Costs in Section 1.1.1 above, are given below and are subject to the following:

- 2.1 Direct Salary Rates shall be applicable to both straight time and overtime work, unless payment of a premium for overtime work is required by law, regulation or craft agreement, or is otherwise specified in this Agreement. In such event, the premium portion of Direct Salary Costs will not be subject to the Multiplier defined in Paragraph 1.1.2 above.
- 2.2 Direct Salary Rates shown herein are in effect for one year following the effective date of the Agreement. Thereafter, they may be adjusted annually to reflect the Contractor's adjustments to individual compensation. The Contractor shall notify Agency in writing prior to a change in the range of rates included herein, and prior to each subsequent change.

<u>POSITION OR CLASSIFICATION</u>	<u>RANGE OF HOURLY RATES</u>
-----------------------------------	------------------------------

[__sample__]

Principal	\$.00 - \$.00/hour
Project Manager	\$.00 - \$.00/hour
Sr. Engineer/Planner	\$.00 - \$.00/hour
Project Engineer/Planner	\$.00 - \$.00/hour
Assoc. Engineer/Planner	\$.00 - \$.00/hour
Technician	\$.00 - \$.00/hour
Drafter/CADD Operator	\$.00 - \$.00/hour
Word Processor	\$.00 - \$.00/hour

- 2.3 The above rates are for the Contractor only. All rates for subcontractors to the Contractor will be in accordance with the Contractor's cost proposal.

3. INVOICING.

- 3.1 Each month the Contractor shall submit an invoice for Services performed during the preceding month. The original invoice shall be submitted to Agency's Executive Director with two (2) copies to Agency's Project Coordinator.
- 3.2 Charges shall be billed in accordance with the terms and rates included herein, unless otherwise agreed in writing by Agency's Representative.
- 3.3 Base Work and Extra Work shall be charged separately, and the charges for each task and Milestone listed in the Scope of Services, shall be listed separately. The charges for each individual assigned by the Contractor under this Agreement shall be listed separately on an attachment to the invoice.

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- 3.4 A charge of \$500 or more for any one item of Additional Direct Costs shall be accompanied by substantiating documentation satisfactory to Agency such as invoices, telephone logs, etc.
- 3.5 Each copy of each invoice shall be accompanied by a Monthly Progress Report and spreadsheets showing hours expended by task for each month and total project to date.
- 3.6 If applicable, each invoice shall indicate payments to DBE subcontractors or supplies by dollar amount and as a percentage of the total invoice.
- 3.7 Each invoice shall include a certification signed by the Contractor's Representative or an officer of the firm which reads as follows:

I hereby certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed.

Signed _____
Title _____
Date _____
Invoice No. _____

4. PAYMENT

- 4.1 Agency shall pay the Contractor within four to six weeks after receipt by Agency of an original invoice. Should Agency contest any portion of an invoice, that portion shall be held for resolution, without interest, but the uncontested balance shall be paid.
- 4.2 The final payment for Services under this Agreement will be made only after the Contractor has executed a Release and Certificate of Final Payment.

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EXHIBIT B-2
Sample Cover Letter to WRCOG

Date
Western Riverside Council of Governments
Riverside County Administrative Center
4080 Lemon Street, Third Floor
Riverside, California 92501-3679
Attention: Deputy Executive Director
ATTN: Accounts Payable

Re: Project Title - Invoice #__

Enclosed for your review and payment approval is the AGENCY's invoice for professional and technical services that was rendered by our contractors in connection with the 2002 Measure "A" Local Streets and Roads Funding per Agreement No. _____ effective (Month/Day/Year). The required support documentation received from each contractor is included as backup to the invoice.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Authorized Agreement Amount:	\$0,000,000.00
Total Invoiced to Date:	\$0,000,000.00
Total Previously Invoiced:	\$0,000,000.00
Balance Remaining:	\$0,000,000.00

Amount due this Invoice:	\$0,000,000.00 =====
---------------------------------	--------------------------------

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the contractors listed.

By: _____
Name
Title

cc:

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EXHIBIT B-3**Sample Letter from Contractor to AGENCY**

Month/Date/Year

Western Riverside Council of Governments
 Riverside County Administrative Center
 4080 Lemon Street, Third Floor
 Riverside, California 92501-3679
 Attention: Deputy Executive Director
 Attn: Accounts Payable

Invoice # _____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]**
 This is per agreement No. XX-XX-XXX effective Month/Date/Year.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Base Contract Amount:	\$000,000.00
-----------------------------	--------------

Authorized Extra Work (if Applicable)	\$000,000.00
---------------------------------------	--------------

TOTAL AUTHORIZED CONTRACT AMOUNT:	\$000,000.00
-----------------------------------	--------------

Total Invoice to Date:	\$000,000.00
------------------------	--------------

Total Previously Billed:	\$000,000.00
--------------------------	--------------

Balance Remaining:	\$000,000.00
--------------------	--------------

Amount Due this Invoice:	\$000,000.00
--------------------------	--------------

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed,

By: _____

Name

Title

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EXHIBIT B-4
SAMPLE TASK SUMMARY SCHEDULE
(OPTIONAL)

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EXHIBIT B-5
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL

1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL

1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

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WRCOG TUMF Credit/Reimbursement Manual

ATTACHMENT C

Checklist 1: Developer Credit Agreement to Construct TUMF Improvements

List of Documents and Requirements Prior to Construction of TUMF Improvements



WRCOG TUMF Credit/Reimbursement Manual

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WRCOG TUMF Credit/Reimbursement Manual

CHECKLIST 1

Developer Credit Agreement to Construct TUMF Improvements
List of Documents and Requirements Prior to Construction of TUMF Improvements

DEVELOPER must provide the following:

- € Bid package prepared per bidding processes and requirements of Public Agency public works department
- € Copies of plans, cost estimate, specifications, and contract documents showing that contractor will pay prevailing wages and comply with applicable provisions of the Labor Code, Governments Code, and Public Contract Code relating to Public Works Projects
- € Copies of the contract(s) for the construction of TUMF improvements awarded to the lower responsible bidder(s) for the construction of such facilities in accordance with the public agency's requirements and guidelines
- € Copies of contractor(s) proof of insurance coverage throughout the duration of construction
- € Copy of Surety Bond, Letter of Credit, or other form of security permitted under the Credit Agreement and acceptable to the Public Agency and WRCOG

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ATTACHMENT D

Checklist 2: Developer Credit Agreement to Construct TUMF Improvements List of Documents and Requirements to Initiate Construction Cost Verification Process



WRCOG TUMF Credit/Reimbursement Manual

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WRCOG TUMF Credit/Reimbursement Manual

CHECKLIST 2

Developer Credit Agreement to Construct TUMF Improvements
List of Documents and Requirements to Initiate Construction Cost Verification Process

- € Complete construction by DEVELOPER of all TUMF Improvements in accordance with the approved Plans and Specifications
- € Satisfaction by DEVELOPER of the PUBLIC AGENCY's inspection punch list for constructed TUMF improvements
- € Final inspection release letter from PUBLIC AGENCY to DEVELOPER after final inspection and approval of completed TUMF improvements
- € Notice of Completion with respect to the TUMF Improvements pursuant to Section 3093 of the Civil Code filed by PUBLIC AGENCY at the County Recorder's Office; PUBLIC AGENCY should submit a copy of the Notice of Completion to WRCOG
- € DEVELOPER should submit copies of the As-Built plans for the TUMF improvements to the PUBLIC AGENCY
- € DEVELOPER should submit copies of all permits or agreements that may have been required by various resource/regulatory agencies for construction, operation, and maintenance of any TUMF Improvements to the PUBLIC AGENCY
- € DEVELOPER should submit a documentation package to the PUBLIC AGENCY to determine the final cost of the TUMF Improvements, which shall include, at a minimum, the following documents related to the TUMF Improvements:
 - Plans, specifications, and DEVELOPER's Civil Engineer's cost estimates; or Engineer's Report showing the cost estimates
 - Contracts/agreements, insurance certificates and change orders with each vendor or contractor
 - Invoices from all vendors and service providers
 - Copies of cancelled checks, front and back, for payments made to contractors, vendors, and service providers
 - Final lien releases from each contractor and vendor (unconditional waiver and release)
 - Certified contract workers' payroll for PUBLIC AGENCY verification of compliance with prevailing wages
 - A total cost summary, in spreadsheet (MS Excel), showing a breakdown of the total costs incurred; the summary should include for each item claimed, the check number, cost, invoice numbers, and name of payee

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WRCOG TUMF Credit/Reimbursement Manual

ATTACHMENT E

Checklist 3: Public Agency Reimbursement Invoice Packet Forms List



WRCOG TUMF Credit/Reimbursement Manual

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WRCOG TUMF Credit/Reimbursement Manual

CHECKLIST 3

Public Agency Reimbursement Invoice Packet Forms List

- € Invoice Cover Letter (FORM TEMPLATE 1)
- € Progress Report (FORM TEMPLATE 2)
- € Summary Invoice (FORM TEMPLATE 3)
- € Detailed Consultant/Contractor Invoices
- € Documents Showing Payment of Consultant/Contractor Invoices by Public Agency

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WRCOG TUMF Credit/Reimbursement Manual

ATTACHMENT F

Form Template 1: Invoice Cover Letter



WRCOG TUMF Credit/Reimbursement Manual

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**FORM TEMPLATE 1
INVOICE COVER LETTER**

Date

Attention: Director of Transportation
Western Riverside Council of Governments
Riverside County Administrative Center
4080 Lemon Street, Third Floor
Riverside, California 92501-3679
ATTN: Accounts Payable

Re: Project Title - Invoice #__

Enclosed for your review and payment approval is the AGENCY's invoice for professional and technical services that was rendered by our contractors in connection with TUMF Agreement No. _____ effective (Month/Day/Year).

The required support documentation received from each contractor is included as backup to the invoice.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

	TUMF Phase (PA&ED, PS&E, etc.)	TUMF TOTAL
Total Authorized Agreement Amount		
Total Invoiced to Date		
Total Previously Invoiced		
Balance Remaining		

Amount due this Invoice:

\$0,000,000.00

=====

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the contractors listed.

By: _____
Name
Title

cc:

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WRCOG TUMF Credit/Reimbursement Manual

ATTACHMENT G

Form Template 2: Progress Report



WRCOG TUMF Credit/Reimbursement Manual

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FORM TEMPLATE 2
PROGRESS REPORT

PROJECT TITLE: _____

TUMF AGREEMENT # _____

QUARTERLY PROGRESS REPORT # _____

DATE: _____ REPORTING PERIOD: From: _____ To: _____

PUBLIC AGENCY: _____

Quarterly Progress Report

A. Activities and Work Complete During Current Work Periods

A.1

A.2

A.3

Etc.

B. Current/Potential Problems Encountered and Corrective Action

B.1

B.2

B.3

Etc.

C. Work Planned Next Period

C.1

C.2

C.3

Etc.

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WRCOG TUMF Credit/Reimbursement Manual

ATTACHMENT H

Form Template 3: Reimbursement Invoice



WRCOG TUMF Credit/Reimbursement Manual

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FORM TEMPLATE 3
Reimbursement Invoice

FOR PUBLIC AGENCY USE	
Invoice Description	Summary Description of Invoice Project Tasks
Consultant/Contractor	Name of Consultant/Contractor Completing Project Tasks on Invoice
TUMF Phase	PA&E (Project Approvals & Environmental Documentation); PS&E (Plans, Specifications, and Estimates); R/W (Right-of-Way Acquisition); CON (Construction)
Total Invoice Amount	Total Amount Indicated on Invoice
Local Share Amount	Portion of Total Amount on Invoice Reimbursed through Local Share (if applicable)
Total Reimbursement Requested	Total Reimbursement Amount Requested minus Local Share
FOR WRCOG USE	
Invoice Approved	YES= Approved; NO= Denied; PARTIAL= Portion of Invoice amount approved
Amount Approved	Amount of Submitted Invoice Approved by WRCOG
Reason for Denial of Invoice Amount	Reason(s) for Denial of Submitted Invoice Amounts

Project Title: _____	
Agency: _____	Invoice Date: _____
To: Western Riverside Council of Governments 4080 Lemon Street, 3rd Floor MS 1032 Riverside, CA 92501-3609 Attn: Accounts Payable	Invoice Number _____ TUMF Agreement Number _____
Total Reimbursement Requested \$ -	

FOR PUBLIC AGENCY USE			
Invoice Description	Consultant/Contractor	TUMF Phase	Total Invoice Amount
			\$ -
			\$ -
			\$ -
			\$ -
Total Reimbursement Requested			\$ -

FOR WRCOG USE			
Invoice Approved? (YES, NO, PARTIAL)	Amount Approved	Reason(s) for Denial of Invoice Amounts	
	\$ -		
	\$ -		
	\$ -		
	\$ -		
Total Reimbursement Approved		\$ -	

FOR PUBLIC AGENCY USE			
Invoice Description	Consultant/Contractor	TUMF Phase	Total Invoice Amount
			\$ -
			\$ -
			\$ -
			\$ -
Total Reimbursement Requested			\$ -

Total Reimbursement Requested	\$ -
-------------------------------	------

The invoice is a true, complete and correct statement of work performed, reimbursable costs and progress. The backup information included with the invoice is true, complete and correct in all material respects.

Signed _____ Date _____

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WRCOG TUMF

7. Frequently Asked Questions (FAQ)

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7. Frequently Asked Questions (FAQ)

1. What is WRCOG's TUMF Program?

WRCOG's Transportation Uniform Mitigation Fee (TUMF) Program is a regional fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in Western Riverside County. Each of WRCOG's member jurisdictions and the March JPA participates in the TUMF Program through an adopted ordinance, collects fees from new development, and remits the fees to WRCOG. As administrator of the TUMF Program, WRCOG allocates TUMF funds to the Riverside County Transportation Commission, the Riverside Transit Agency (RTA), the Western Riverside Regional Conservation Authority (RCA), and groupings of jurisdictions—referred to as TUMF zones. Collected fees are used for planning, engineering, right-of-way acquisition, and construction of eligible TUMF facilities and acquisition of open space.

2. How are TUMF fees determined?

For a fee program to be established, State law (Mitigation Fee Act) requires that a "Nexus Study" be prepared to establish the relationship between new growth in the region and the need for transportation improvements to mitigate the traffic impacts from new development. WRCOG prepares the Nexus Study that involves a multi-step process that examines, among other variables, future growth in the region, the road network needed to serve new development, and the estimated cost of needed improvements.

3. Are there exemptions to the TUMF fees?

Several development types are exempt from TUMF fees, as described in the TUMF Ordinance and Administrative Plan. Low-income residential housing, government and public buildings, public and private schools (K-12, non-profit), rehabilitation or reuse of an existing building, development agreements prior to July 2003, and the sanctuary building of a church or a house of worship are exempt from paying TUMF fees.

4. Where can I find the current TUMF fees?

The current TUMF fee schedule can be found on WRCOG's website (<http://www.wrcog.cog.ca.us/199/Administration-Fees>), and in the TUMF Nexus Study.

5. What is the TUMF Network?

The TUMF Network is the system of roadways that serve inter-community trips within Western Riverside County. The TUMF Network (also known as the Western Riverside County Regional System of Highways and Arterials) represents the extents of the network of highways and roadways that are eligible for TUMF funded improvements.

6. What is the Maximum TUMF Share?

The Maximum TUMF Share is the maximum amount of a project's total cost that is eligible for funding through the TUMF Program. The TUMF Nexus Study provides cost calculations for each segment on the TUMF Network along with the maximum TUMF share.



WRCOG TUMF Credit/Reimbursement Manual

7. Are all project costs eligible for TUMF reimbursement?

The TUMF Administrative Plan provides a list of specific project costs eligible for TUMF reimbursement. These costs are also summarized in Section 2 of this TUMF Credit/Reimbursement Manual.

8. Are Developers eligible for a TUMF reimbursement?

Developers are eligible for TUMF reimbursement for the construction of TUMF facilities in certain instances. If a developer constructs TUMF improvements that cost more than the TUMF obligation, the developer may be reimbursed for eligible expenses based on actual project costs.

9. When should a Public Agency submit invoices for TUMF reimbursement?

Public agencies should submit reimbursement invoices to WRCOG quarterly beginning in September of each fiscal year.



Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Economic Development Activities Update

Contact: Chris Gray, Director of Transportation, cgray@wrcog.us, (951) 955-8304

Date: November 8, 2017

The purpose of this item is to provide an update on the Economic Development initiative and the follow-up work WRCOG staff has conducted since the September 2017 Administration & Finance Committee meeting.

Requested Action:

1. Approve the postponement of work on the WRCOG Economic Development initiative until more information and results are provided by the Inland Empire Growth and Opportunity initiative.

Background

In an effort to kick-start WRCOG's Economic Development initiative, staff conducted initial research and discussions on how the Agency can approach an economic development initiative without any overlap with the work and mission of other local or regional agencies. At the September 2017 Administration & Finance Committee meeting, staff provided four potential studies / approaches for addressing regional economic development: 1) Regional Branding & Marketing; 2) Regional Economic Baseline; 3) Regional Commuting Study; and 4) Economic Development Best Practices Workbook.

The Administration & Finance Committee members directed staff to focus on the Regional Commuting Study, determine concrete steps and actions this study can focus on, and report back.

Regional Commuting Study

Since the September meeting, staff has continued to meet with a variety of other parties including, but not limited to the Riverside County Transportation Commission (RCTC), the Southern California Association of Governments, the Riverside Transit Agency, and economic development consultants to evaluate potential options related to the larger issue of economic development. All of these options were focused on perceived spatial mismatch between workers and employers, whereby higher-skilled workers commute outside of Riverside, while lower skilled workers remain in the County. The reasons for this mismatch are varied including education, the availability of land, technology, business preference, and other factors. This spatial mismatch is a common occurrence in regions throughout the United States, though the solution is not readily apparent.

Based on the feedback from the September Administration & Finance Committee meeting, there are several potential approaches to address this issue:

Option #1 - Identify businesses which currently attract Riverside County residents and determine how feasible it might be to encourage those businesses to establish a presence in Riverside County.

Option #2 - Conduct research into those businesses which have relocated to Riverside County to determine what factors attract businesses to Riverside County.

Staff conducted additional research into this issue and determined that there is a substantial amount of data which could be used to address these issues. However; this data is often maintained by different public and private entities. For example, RCTC maintains a detailed database on businesses served by vanpools, but this database has never been analyzed by an economic development entity to determine businesses which attract high numbers of Riverside County residents. Additionally, there is a significant amount of data which is held by various other entities like the Inland Empire Economic Partnership, City Chambers of Commerce, and other groups that are often not shared. For example, WRCOG has anecdotal information that Qualcomm in San Diego employs Temecula residents, who travel down I-15 on a daily basis for work.

Based on these potential approaches, staff met with economic development and transportation consultants to determine how best to address these issues. Using WRCOG's On-Call Planning Consultants, WRCOG obtained scopes and budgets for the following tasks:

1. Data-gathering exercise to quantify the spatial mismatch issue, including a review of existing data and interviews with relevant public agencies (RCTC, the Economic Development Agency) and private entities (Chambers of Commerce).
2. Survey existing businesses which relocated to Riverside County to identify factors that brought these businesses to Riverside County.
3. Survey target businesses which are outside of the County to determine the potential for these entities to locate into Riverside County.
4. Conduct a phone and internet survey of commuters who leave the County on a regular basis to determine their destination and reasons for traveling outside of the County.
5. Conduct a detailed origin / destination survey of these external commuters to identify key destinations.
6. Conduct a detailed origin / destination survey of tourist-related trips to identify key origins and destinations.

While conducting this research, staff had an opportunity to meet with the Inland Empire Growth and Opportunity Initiative (IEGO) to discuss an ongoing economic development effort it is engaged in, and determined that there may be some overlap between the tasks above and ongoing efforts from IEGO.

Inland Empire Growth and Opportunity Initiative

Staff attended the IEGO Initiative's Steering Committee on October 26, 2017. The group has formed to look at economic development for the Riverside and San Bernardino region. As an initial task, the group sought assistance from the Brookings Institute to conduct a market assessment on the Region; their findings were presented at the meeting. This market assessment is ongoing at this time.

Some key findings of the initial evaluation by the Brookings Institute include:

- 59 percent of jobs in the Region are low-paying or "dead-end" and do not meet the definition of a "good job." The project defines good jobs as paying family-supporting wages of over \$18 per hour, providing full-time employment of at least 35 hours per week, and offering employer-sponsored health insurance.
- Over 45 percent of the Region's residents belong to families whose income, excluding government transfers, does not meet their needs.
- Half of the people in these struggling families are working-age adults, nearly two-thirds of whom support families with children.
- Most struggling, working-age adults have skills and experience to offer employers, yet struggle to find jobs that pay family-supporting wages.

According to staff discussions with members of the IEGO Steering Committee, the Brookings Institute may have collected data that would be of value to WRCOG member agencies. However, staff has not had an opportunity to review any final product or the underlying data. This information should be available at the end of 2017.

Conclusion

WRCOG staff recommends that the Administration & Finance Committee defer any further action on this issue until the Brookings Institute completes its work. Staff believes that there are three potential outcomes related to this effort:

1. It may be that the market assessment from the Brookings Institute provides sufficient detail to address many issues related to the question of economic development and no further study is required.
2. The market assessment might provide some information, but lack specific information on the Western Riverside County region, which means that this report would be one of the sources a WRCOG analysis would consider.
3. The Brookings Institute's findings could be too general and provide limited utility.

The IEGO project team will provide a presentation to the Executive Committee in December 2017 regarding the market assessment, which will further inform WRCOG member agencies on this effort. In the interim, staff will meet with the IEGO staff and review any materials they provide. This outreach will ensure that any of WRCOG's efforts enhance, rather than duplicate, this effort.

Prior Action:

September 14, 2017: The Administration & Finance Committee 1) directed staff to prepare an Economic Development initiative to fund a study of Riverside County resident commuting patterns, focusing on work trips which travel outside the County, and tourism; and 2) directed staff to develop a scope of work to complete the study, which will include random studies, and the transport of businesses, and to coordinate with member jurisdictions, RCTC, RTA, EDA, and other interested partners in the implementation of this study.

Fiscal Impact:

Funding for the Economic Development Initiative has been programmed accordingly under the Fiscal Year 2017/2018 Agency Budget, in the General Fund. The \$250,000 will be transferred to the Transportation Department as part of a Budget amendment should any work be authorized as part of this effort.

Attachment:

None.

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: BEYOND Framework Fund Program Activities Update

Contact: Andrea Howard, Senior Analyst, ahoward@wrcog.us, (951) 955-8515

Date: November 8, 2017

The purpose of this item is to provide members of the Committee an update on the BEYOND Framework Fund Program including status updates on both Round I and Round II projects.

Requested Action:

1. Receive and file.

The BEYOND Framework Fund Program is designed to enable member agencies to develop and implement plans and programs aimed at improving quality of life in Western Riverside County by addressing the goal areas outlined in WRCOG's Economic Development and Sustainability Framework.

Background

Piloted in Fiscal Year (FY) 2015/2016, the BEYOND Framework Fund supports development and implementation of local projects aligned with the six goal areas outlined in WRCOG's Economic Development and Sustainability Framework: economy, health, education, energy \ environment, water \ waste water, and transportation. To date, the Executive Committee has allocated a total of \$4.1 million through two rounds of funding to BEYOND. The funding for BEYOND comes from FY 2015/2016 and FY 2016/2017 Agency carryover funds.

BEYOND operates approximately 18-24 month, overlapping, project cycles. Projects funded in Round I commenced in January 2016, with scheduled completion by the end of August 2017, while funding of Round II projects commenced in May 2017, with a scheduled completion by the end of November 2018. Below is a summary Program schedule:

BEYOND Program Schedule		
Project Milestone	Round I	Round II
Approved Projects Begin	1/29/2016	5/12/2017
Projects Completed By	8/31/2017 - 2/28/2017	11/15/2018
Final Progress Reports & Invoices Due	9/30/2017	12/15/2018

Round I of BEYOND provided \$1.8 million to member jurisdictions, allocated according to a population-based formula in a single funding stream. Round II is operating three funding streams: 1) BEYOND Core, a central pot of funding allocating \$2.05 million to WRCOG member agencies using a population-based formula; 2) BEYOND Team, a competitive fund for collaborative projects between multiple member agencies; and 3) BEYOND Health, a competitive fund for public health promoting projects.

Round I Projects Status

Round I is funding 32 projects, each supporting one or more of the Framework goal areas. The original Round I schedule calls for projects to incur all eligible project costs by August 31, 2017, and to submit all requests for reimbursement and progress reports by September 30, 2017; however, WRCOG is granting up to six-month extensions.

As of this writing, 18 projects have been completed, 11 projects have requested extensions, and three projects have been approved as multi-year efforts; the Water Task Force project, funded jointly by EMWD and WMWD, and one project each from the Cities of Riverside and Temecula, which are combining Round I and Round II funding for the same project.

Of the \$1.8 million allocated through Round I, WRCOG has reimbursed \$996k, leaving \$803k remaining.

Among the completed Round I projects are:

- Riverside County Office of Education Foundation Scholars Program, which provided \$30,500 in scholarships to local high school graduates
- Western Municipal Water District's SoCal Yard Transformation Guide, an artfully designed informational guide for water-wise landscaping, available free to local residents
- Phase one of the Perris Green City Farm project, a community garden demonstration center on the City Hall campus; and
- Environmental review for the Lions Park expansion project in the City of Banning

Attachment 1 summarizes all projects approved for funding through BEYOND Round I.

Staff is currently developing resources for those interested in completing projects similar to those included in Round I, using the materials shared with WRCOG staff through the application process and progress reports. These resources are tentatively planned for release beginning in late 2017 and will be made available on a rolling basis as projects are completed.

Round II Projects Status

Fifty-one projects are receiving funding through the three Round II funding streams. Thirty-seven project Agreements have been fully executed, seven project Agreements are pending signature, and seven are awaiting additional information from the funded agency. Per the Program's Guidelines, jurisdictions may begin to incur project costs at any time, and do not need to wait for the Agreement to begin project activities. Once an Agreement has been fully executed, member agencies may request reimbursement for eligible project costs incurred within the current calendar year.

Below is a summary overview of Round II funded projects by funding stream (Core, Team, and Health):

BEYOND Core: WRCOG is funding 41 projects through BEYOND Core in Round II. Nine member agencies have divided their fixed Core allocation between two or more projects, leveraging the adaptability of the Program to meet a variety of needs with relatively unrestricted usage parameters. Attachment 2 summarizes all projects approved for funding through Round II BEYOND Core.

BEYOND Team: BEYOND Team is funding three collaborative projects, including \$17,000 for the City of Perris in partnership with Eastern Municipal Water District and local agencies to augment BEYOND Core support for the City of Perris' HealthyCommunity50 Green City Farm Project, and \$79,000 each for two applications submitted in partnership with multiple member agencies to address homelessness; one in the southwest region and the other in the northwest region.

BEYOND Health: BEYOND Health funding is being split between 14 jurisdictions, including nine which are augmenting BEYOND Core funding and three distinct projects. Two BEYOND Health awards were granted to

different agencies for the collaborative Regional Cancer Treatment Task Force in Southwest Riverside County.

Future Funding Rounds

The current, 18-month project schedule for BEYOND funding rounds, coupled with the project extensions that have been granted to one-third of Round I projects, means that the majority of the already programmed BEYOND funding is not scheduled to be fully expended until mid- to late-2018. Instead of tying up additional Agency resources in a Third Round of BEYOND immediately, staff recommends deferring discussion of programming Round III funding for one additional year and giving member agencies an opportunity to focus on completing current Round I and II Projects.

Prior Action:

September 11, 2017: The Executive Committee received and filed.

Fiscal Impact:

Funding for Round I of the BEYOND Framework Fund was programmed accordingly under the Fiscal Year 2015/2016 Agency Budget, in the General Fund.

Funding for Round II of the BEYOND Framework Fund was programmed accordingly under the Fiscal Year 2016/2017 Agency Budget, in the General Fund.

Attachments:

1. BEYOND Round I Funding Award Summary.
2. BEYOND Round II Funding Award Summary.

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Item 3.F

BEYOND Framework Fund Program
Activities Update

Attachment 1

BEYOND Round I Funding Award
Summary

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Round I Project Summaries

City / Agency	Project Name	Funding	Project Description
City of Banning	Park Facilities Improvements	\$39,300	The City of Banning has been approved to leverage BEYOND money as matching funds to finance an expansion and facilities update of Lions Park. If no match is available, they have proposed using the funds for smaller park facilities updates.
City of Calimesa	Clean Energy Vehicles for Calimesa	\$36,177	The City of Calimesa is utilizing BEYOND funding as a match with AQMD AB 2766 funds to replace two vehicles in the City's hybrid/electric fleet.
City of Canyon Lake	Canyon Lake Water Monitoring	\$3,724	The City of Canyon Lake is dedicating BEYOND funds to facilitate more frequent water testing of the Lake as necessitated by anticipated increases of run-off from El Nino storms.
	Economic Development	\$32,812	The City of Canyon Lake is spurring economic development by posting monument signs, performing website maintenance, and completing land analysis for future development.
City of Corona	Corona Innovation Center	\$147,600	The City of Corona is utilizing BEYOND funds to support improvements to a previously underutilized facility for use as a business development center.
City of Eastvale	SRTS: Radar Display Signs	\$83,549	The City of Eastvale is utilizing BEYOND funds to support its Safe Routes to School campaign through the purchase and installation of 12 radar speed display signs.
City of Hemet	Downtown Specific Plan	\$86,597	The City of Hemet is applying BEYOND funds, in conjunction with a SCAG planning grant, to support development of the City's updated Specific Plan and related documents.
	Farmer's Market	\$20,000	The City of Jurupa Valley's Farmers' Market BEYOND project is utilizing funds to make requisite updates to the City's zoning code to allow for a Farmers' Market and will also support the establishment of the Farmer's Market.
City of Jurupa Valley	Healthy Jurupa Valley Support	\$28,842	The City of Jurupa Valley's Healthy Jurupa Valley BEYOND project funds are supporting the initiative's five action teams which work to promote and implement healthy living initiatives in the city.
	Pedestrian and Bicycle Mobility Improvements	\$20,000	The City of Jurupa Valley's Pedestrian and Bicycle Mobility Improvements BEYOND project will dedicate funds to identify city arterials appropriate for walking and biking corridors. Funds will then be used to install appropriate signage and perform necessary walkway upgrades.
	Chamber of Commerce Partnership	\$20,000	The City of Jurupa Valley's Chamber of Commerce BEYOND project is supporting an initiative to build a partnership with the Chamber of Commerce and to develop educational programs that will promote the City's economic vitality.
	TOTAL FUNDS	\$88,842	--

Round I Project Summaries

City / Agency	Project Name	Goal Area(s) Supported	Project Description
City of Lake Elsinore	Rosetta Canyon Park - Artificial Turf	\$83,238	The City of Lake Elsinore is devoting BEYOND funds to finance a portion of the City's artificial turf installation at Rosetta Canyon Community Park which will include five softball/baseball fields, and one soccer/football field.
City of Menifee	Citywide Branding Effort - An Economic Driver	\$87,039	The City of Menifee is dedicating BEYOND funds to support a two-stage economic development project beginning with a comprehensive evaluation of the City's economic environment, Stakeholder attitudes and perceptions, to inform the second stage development of a citywide branding effort.
City of Moreno Valley	Community Enhancement Program	\$153,294	The City of Moreno Valley is dividing funds between 12 initiatives including a water station installation, materials and supplies support for three Safe Routes to School events, the replacement of 38 computers at the employment resource center, and bike rack installations.
City of Murrieta	Murrieta Energy Efficiency Project	\$140,126	The City of Murrieta is utilizing BEYOND funds to finance energy improvement projects identified utilizing an energy audit under the direction of the Energy Network and the Western Riverside Energy Leadership Partnership (WRELP).
City of Norco	Two-Pronged Economic Development Marketing Strategy	\$38,650	The City of Norco is utilizing BEYOND funds to support a two-pronged branding effort highlighting Norco as a dynamic business, and friendly environment; and hospitable destination of choice focusing on equine and related attractions.
City of Perris	Gateway Enhancement Signage Program	\$42,640	The City of Perris is dedicating a portion of the City's BEYOND allocation to support the Gateway Enhancement Signage program--an effort to overcome perception challenges faced by the city and to optimize economic opportunities by installing a series of entry, way finding, and branding signs throughout the City's gateway streets and places of interest.
	Green City Farm Program	\$42,640	The City of Perris is dedicating a portion of its BEYOND allocation to fund the Green City Farm project which will develop a Community Garden Demonstration Center exhibiting best practices in water-wise gardening, and healthy living opportunities.
	TOTAL FUNDS	\$85,280	--
City of Riverside	Marketplace SPOT + TOD	\$169,740	The City of Riverside is using BEYOND moneys to fund a SPOT+TOD project which is a community-based development plan and policy framework that will plan for a pedestrian bridge from Metrolink to downtown and development of the Metrolink area as a node of activity.

Round I Project Summaries

City / Agency	Project Name	Goal Area(s) Supported	Project Description
City of San Jacinto	Healthy San Jacinto	\$41,471	The City of San Jacinto is leveraging BEYOND funding to meet a portion of its required match for its Strategic Growth Council Sustainable Communities Grant, which is funding the development of a comprehensive downtown specific plan. BEYOND funds will be specifically dedicated to the development of a Healthy San Jacinto Coalition which will mobilize community efforts around creating a healthy and sustainable community.
	Global Citizens Special needs Vocation Training (Teen Job Readiness)	\$15,000	The City of Temecula is dedicating a portion of its BEYOND allocation to support the Global Citizens Teens with Special Needs program which provides jobs readiness training for adults with special needs. This project includes a comprehensive curriculum training participants for jobs in the viticulture and hospitality industries.
City of Temecula	Sam Hick's Monument Park Sustainable Landscaping Project	\$20,000	The City of Temecula is dedicating a portion of its BEYOND allocation to support the Sam Hicks Monument Park Project which will replace existing landscaping with indigenous plants and permeable surfaces and install drip irrigation and interpretive signage.
	Emergency Management - Video Vignette	\$2,500	The City of Temecula is requesting to dedicate a portion of its BEYOND allocation to support the production of a video vignette which will educate the public about best practices for local emergency preparedness efforts before, during, and after a catastrophic event.
	TVE2 Stem and Youth Enrichment	\$15,000	The City of Temecula is dedicating a portion of its BEYOND allocation to support the TVE2 Stem and Youth Enrichment Program. BEYOND funds are being used to purchase 25 computer stations for the Junior Women's STEM Program , Future Physician Leaders , and Youth Legal Program.
	Grow Temecula Valley	\$15,000	The City of Temecula is dedicating a portion of its BEYOND allocation to support the Grow Temecula Valley project's effort to promote buying local food and to highlight the region for tourists.
	Sixth Street Sidewalk Improvements	\$72,857	The City of Temecula is dedicating a portion of its BEYOND allocation to support the Sixth Street Sidewalk Improvements project to regrade the sidewalks and install rolled curbs, promoting mobility for all abilities.
TOTAL Funds		\$137,857	--

Round I Project Summaries

City / Agency	Project Name	Goal Area(s) Supported	Description
City of Wildomar	Website Improvements Project	\$39,814	The City of Wildomar is making improvements to the City website and updating its server to enhance the user interface for business owners and developers utilizing online permitting capabilities and optimized website capabilities.
RCOE	RCOE Foundation Scholars Program	\$35,000	With BEYOND funds and an \$85,000 grant from SCE, the Riverside County Superintendent of Schools' RCOE Foundation anticipates awarding between 7-14 student scholarships to "opportunity youth"/ at-risk students enrolled in RCOE programs such as Alternative Education, Court and Community Schools, County Foster Youth programs, Come Back Kids Charter and Riverside County Education Academy students. Student scholarships are anticipated to range between \$2,500 and \$5,000 per student.
Riverside County	County: Riverside County Sustainability Plan	\$136,402	The County intends to use \$136,000 of its allocation for a Sustainability Plan and/or Sustainability Element of its General Plan, incorporating and building from the WRCOG Economic Development & Sustainability Framework as well as other County-led initiatives. This project is still under development and WRCOG staff is working with County staff to finalize the project concept and scope of work.
	Riverside University Health System - Public Health: Healthy Development Checklist	\$25,000	The County has allotted \$25,000 of its allocation to the Department of Public Health to support development of a "Healthy Development Checklist" that will serve as a tool for planners to make recommendations to improve County of Riverside's residents' health through community design.
	TOTAL FUNDS	\$161,402	--
Eastern Municipal Water District	Diamond Valley Lake & Skinner Lake Trails	\$20,000	Eastern Municipal Water District is engaging Fehr & Peers to develop up to five project description sheets and photosimulations for Diamond Valley Lake & Lake Skinner trails or related active transportation facilities which will describe proposed active transportation routes, route segments, or intersections.
Western Municipal Water District	Customer Handbook: Using Water Efficiently in the Landscape	\$20,000	WMWD will dedicate funds to support the creation of a water wise Landscaping web-based handbook with engaging written content, photos, links, and embedded videos. WMWD anticipates water savings of 7,240 acre feet and greater per year.

Round I Project Summaries

City / Agency	Project Name	Goal Area(s) Supported	Description
Morongo Band of Mission Indians	Dial-A-Ride Expansion	\$35,000	The Morongo Band of Mission Indians is utilizing BEYOND funding to purchase an additional vehicle and fund a new full-time employee to operate an expanded Dial-A-Ride route to support transportation to jobs, medical services, education centers and other needs.
EMWD / WMWD	Water Task Force	\$30,000	Eastern Municipal Water District and Western Municipal Water District have each dedicated a portion of their BEYOND allocation to fund the ongoing operation of the Water Task Force which may help to cover administrative costs, guest speaker expenses, marketing and meeting expenses.

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Item 3.F

BEYOND Framework Fund Program
Activities Update

Attachment 2

BEYOND Round II Funding Award
Summary

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Round II Project Summaries

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
Banning	Lions Park Expansion	Health	The City of Banning is allocating BEYOND Round II Core funding toward design and park improvements for Lions Park. The park is currently 9.12 acres consisting of 3 baseball fields, snack bar, and a playground. The City is working to expand the park to include an additional 7.46 acres, to be used for two multi-purpose fields. Round I funding was applied to a portion of the cost of the requisite CEQA analysis for the park. Additional funding is anticipated to come from the County EDA and the City's Park fund.
Calimesa	Creekside Park Fitness Facilities	Health	The City of Calimesa is allocating BEYOND funding toward transforming Creekside Park into a Fitness Park by installing park grade fitness equipment stations. The installation will require relocation of existing fencing material to expand the park area; installation of rubberized safety surface around each fitness station; replacing existing benches, trash cans, and picnic tables to accommodate and encourage increased park usage.
Canyon Lake	Railroad Canyon Road Mobility Improvement Project	Transportation, Health	The City of Canyon Lake is allocating a portion of BEYOND funding toward the installation of pole-mounted radar speed signs. The project is in response to high auto speeds along Railroad Canyon Road, which connects to Lake Elsinore (west) and Menifee (east) where speed limits are both higher than Canyon Lake.
	Goetz Road Monument Project	Economic Development	The City of Canyon Lake is allocating BEYOND funding to branding and establishing its identity as a municipality amongst its neighboring cities. The City is utilizing a portion of BEYOND funds for a city monument at the entry point along Goetz Road, adjacent to Menifee's Audie Murphy Ranch residential development project.
	City Website	Economic Development	The City of Canyon Lake is allocating a portion of BEYOND funding to perform the annual website update to ensure the site continues to help inform, promote, and describe the City to website visitors.
Corona	Corona Innovation Center	Economic Development	The City of Corona is allocating BEYOND Core Round II funding to continue work on the BEYOND RI funded Corona Innovation Center. RII funds will support physical upgrades and ADA renovations to the economic development resource center.
Eastvale	Bus Shelters & Appurtenances	Transportation	The City of Eastvale is allocating BEYOND Core funding toward the installation of overhead bus shelters, benches, and/or a trash container at its more than 30 bus stops along Route 2 and Route 29.
Hemet	Pending	Pending	Pending

Round II Project Summaries

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
Jurupa Valley	JV Chamber of Commerce	Economic Development	The City of Jurupa Valley is utilizing a portion of its BEYOND Core Round II funding to continue developing its partnership with the Jurupa Valley Chamber, focusing on business retention and small business development.
	Farmers Market	Energy and Environment, Health	The City of Jurupa Valley is utilizing a portion of its BEYOND Core Round II funding to support the continued operation and enhancement of the JV Farmers Market through market expansion and establishment of an ongoing marketing campaign.
	Marketing/Branding Program	Economic Development	The City of Jurupa Valley is utilizing a portion of its BEYOND Core funding to initiate a city-wide branding program to include development of a City brochure and other informational marketing.
	Radar Display Signs	Transportation, Health	The City of Jurupa Valley is utilizing a portion of its BEYOND Core funding to install up to 6 solar powered radar speed signs to enhance safety awareness of motorists when approaching school zones.
	Rubidoux Walking Corridor	Transportation, Health	The City of Jurupa Valley is utilizing a portion of its BEYOND Core Round II funding for enhancements to the Rubidoux Walking Corridor, established through BEYOND RI funds. Funding will go toward construction of informational kiosks at each end of the corridor, enhancement of the Edible Path to School, and installation of murals.
Lake Elsinore	Regional Cancer Taskforce + Temecula	Health, Economic Development	The City of Lake Elsinore is allocating a portion of its BEYOND Core funding to contribute toward the efforts of the SW Cities Cancer Services Taskforce. The Taskforce will hire a facilitator and perform a study to identify trends and regional needs in the area of Cancer services. Results of the assessment are intended to be used in planning for and attracting in-demand services to the region.
	Healthy LE Program	Health	The City of Lake Elsinore is allocating a portion of its BEYOND Core funding to support the Healthy LE Program. A majority of funding will be directed to hiring a part-time Graduate Student intern to support program activities. Additional funds will go toward project materials and event programming.
	Fit-Trails Equipment	Health	The City of Lake Elsinore is allocating a portion of its BEYOND Core funding to install fitness equipment stations at four parks throughout the city. The four parks were selected based on current activity and utilization levels, varied user types, disbursement of locations throughout the city, and existing walking path infrastructure.
Menifee	Communicating Menifee's Brand!	Economic Development	The City of Menifee is allocating a portion of its BEYOND Core Round II funding to build off of the RI Re-branding project to develop a marketing communication plan to include creating an independent economic development website and developing marketing materials.

Round II Project Summaries

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
	Menifee Homeless Taskforce	Economic Development, Health	The City of Menifee is allocating a portion of its BEYOND Core funding to the Southwest Homeless Alliance Coalition, specifically for creating and printing marketing materials associated with the Coalition.
Moreno Valley	Community Enhancement Program II	Health, Energy & Environment, Transportation	The City of Moreno Valley is utilizing BEYOND funding for a multi-faceted project to promote active transportation, community engagement, and enhanced quality of life through ten tasks: (1) Community Cleanup Event, (2) Cyclocross Race, (3) Ride MoVal Community Bicycle Race, (4) 5K walk / Pet Adoption Fair Events, (5) Healthy Moreno Valley student campaign, (6) Juan Batista de Anza Trail raised crossing / SB821 Bicycle and Pedestrian Facilities from Bay Avenue to Cottonwood Street, (7) Mini-Round About Demonstration, (8) existing conditions Health Impact Assessment, (9) Community Health Element to General Plan, and (10) Exercise Equipment along Juan Bautista De Anza Trail.
Murrieta	Economic Development Site Selector Website	Economic Development	The City of Murrieta is utilizing a portion of BEYOND Core funds to develop a website in coordination with the Chamber of Commerce to provide comprehensive information to help new, expanding, and relocating businesses find the optimal location for success with the City of Murrieta. The website will utilize GIS software, real estate, demographic, workforce, and industry data to create this tool.
	HVAC Replacement at Murrieta Innovation Center	Energy and Environment	The City of Murrieta is utilizing a portion of BEYOND Core funds to replace 11 aging HVAC units and install new Title 24 compliant units. Round I funding had been programmed for this, but was reprogrammed for upgrades to the Police and Fire Department HVAC units.
Norco	Ensuring Safety Through Feedback Signs	Education, Health, Transportation	The City of Norco is utilizing BEYOND Core funding to purchase, install, and program 12-15 permanent speed feedback signs.
	Well One	Health	The City of Perris, in partnership with Loma Linda University Dental School, and Lake Perris SDA Church, are organizing a bi-monthly dental clinic to serve the community to be integrated into an existing community medical and mental health clinic. Perris residents are granted first priority for appointments, but walk-ins from all areas are welcome. Funds will buy equipment and supplies. The clinic will be largely staff by volunteers, including volunteer dental students and professors.
Perris	Perris green City Farm/HealthyCommunity50	Health, Education, Energy & Environment	Perris was one of 50 awardees for the national HealthyCommunity50 Challenge, to compete to develop practical, evidence-based strategies to improve measurable health outcomes and promote health and wellness, equity and social interaction. Perris' strategy focuses on healthy food access and is seeking funding to expand its network of community gardens. Funds will focus on developing a goal of 31 gardens.

Updated October 30, 2017

Round II Project Summaries

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
Riverside	The Marketplace TOD & Mobility Hub Specific Plan Update	Economic Development, Transportation	The City of Riverside is combining its Round I and Round II funding allocation for development of a Marketplace TOD & Mobility Hub Specific Plan in the area around the Downtown Metrolink Station. With BEYOND funds, the City will prepare a two phased plan to (1) develop a baseline infrastructure opportunities and constraints plan, and (2) create an implementable Mobility Hub Specific Plan. The City seeks to collaborate with RTA to plan for the area.
San Jacinto	Pending	Pending	Pending
Temecula	Temecula Youth Project Construct	Economic Development, Education	The City of Temecula is utilizing a portion of its BEYOND Core funding to create the Temecula Youth Construct project which aims to bridge the gap between educational attainment and vocational skills and offer an avenue, for students who do not attend college, to gain skills that will allow them to be successful within the community.
	Regional Cancer Taskforce + Lake Elsinore	Economic Development, Health	The City of Temecula is utilizing a portion of its BEYOND Core funding to contribute toward the efforts of the SW Cities Cancer Services Taskforce. The Taskforce will hire a facilitator and perform a study to identify trends and regional needs in the area of Cancer services. Results of the assessment are intended to be used in planning for and attracting in-demand services to the region both to support health outcomes and economic development.
	Emergency Management System	Health,	The City of Temecula is utilizing a portion of its BEYOND Core funding to host a one-day regional Emergency Management Summit, for the purpose of convening regional first responders, emergency managers, elected officials, businesses, and the general public to discuss emergency preparedness for the region.
	Intergenerational Horticulture Program	Education, Economic Development	The City of Temecula is utilizing a portion of its BEYOND Core funding to support the public-private partnership between the City and Our Nicholas Foundation which offers specialized vocational skill training for teens, adults, and seniors with special needs. Modeled after the RI BEYOND Funded Global Citizens Special Needs project, the Horticulture Program would be designed to teach basic skills that encompass cultivation of plants, vegetable gardening, landscaping, irrigation, and basic business practices for all ages with special needs from several communities in Western Riverside County.
	Bicycle Sharrows	Transportation, Health, Energy & Environment	The City of Temecula is utilizing a portion of its BEYOND Core funding to install 70 sharrows (or shared lane markings) divided between five areas surrounding schools in Temecula providing critical connections between local neighborhoods and schools as identified by the Trails and Bikeways Master Plan.

Round II Project Summaries

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
City of Wildomar	Industry Sector Promotions/Site Visits & Surveys	Economic Development	The City of Temecula is utilizing a portion of its BEYOND Core funding to create marketing pieces/strategies specific to industry sectors that are growing in Temecula: craft brewing, high tech, advanced manufacturing, and specialty retail. Additionally, the City's Economic Development team will conduct in-depth site visits with existing businesses to better understand their operations and needs.
	Government Leadership Program for Youth (GLPY)	Education	The City of Temecula is utilizing a portion of its BEYOND Core funding to purchase equipment that will support the City's Government Leadership Program for Youth which facilitates interaction and communication between school districts, high school students and City staff in order to foster engagement.
	Sixth Street Sidewalk Improvements	Transportation, Health	The City of Temecula is utilizing a portion of its BEYOND Core funding to design and construct sidewalk improvements on the north side of Sixth Street, between Mercedes Street and the entrance to the Mary Phillips Senior Center.
	Signage Enhancement Program	Economic Development	Pending
	Website Enhancement Part 2	Economic Development	The City of Wildomar will enhance the City website, funded through BEYOND Round I, by purchasing cashing and business registration modules.
County of Riverside Round I & II	District 1 Homeless Intervention and Mitigation Program	Health, Economy	District One will enter into a partnership with Path of Life to administer a homeless intervention program, providing support services that fill traditional funding gaps in rehousing individuals, including rental deposits, utility payments, and household supplies.
	District 2 TBD		The County of Riverside will be dividing Round I and Round II BEYOND allocations, less a total of \$50,000 which has been directed to Public Health, to projects at the supervisorial district level. Each is allocated \$72,164.08. The Third District has \$52,164 remaining, after allocating \$20,000 to the Cancer Taskforce.
	District 3 TBD		The County of Riverside will be dividing Round I and Round II BEYOND allocations, less a total of \$50,000 which has been directed to Public Health, to projects at the supervisorial district level. Each is allocated \$72,164.08.
	District 5 TBD		The County of Riverside will be dividing Round I and Round II BEYOND allocations, less a total of \$50,000 which has been directed to Public Health, to projects at the supervisorial district level. Each is allocated \$72,164.08.
	Building Capacity for Implementation --	Economic Development, Health	RUHS-PH is using \$25,000 from the Round II County BEYOND Core allocation to expand upon and support implementation of the Bi-County Healthy Development Checklist.

Round II Project Summaries

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
Health Systems - Public Health	Healthy Development Checklist		
Eastern MWD	EMWD Sustainability Center Feasibility Study	Water, Energy & Environment, Health, Economic Development, Education	EMWD is utilizing BEYOND Core funding to perform a feasibility analysis of siting a Sustainability Center near its Perris office campus.
Western MWD	Water Use Efficiency Master Plan & Conservation Outreach Plan		WMWD is utilizing BEYOND funds to update the Water Use Efficiency Master Plan (Plan) that will guide new customer programs and outreach over the next five years.
Superintendent of Schools	Meta THINK	Education	The Riverside County Office of Education is utilizing BEYOND funding to partner with Meta THINK and local school districts to address chronic absenteeism by working with parents, communities, and school administrators. The Program's aim is to improve student success as chronic absence is a strong indicator of poor performance.
Morongo Band of Mission Indians	Morongo Dial-A-Ride Program	Transportation	The Morongo Band of Mission Indians is utilizing BEYOND Round II funding to support continued operation of the Dial-A-Ride program which was initiated with BEYOND Round I funding. The Program provides access within and from the Reservation to such destinations as employment, educational centers, and health care facilities.
Multiple: Cities of Lake Elsinore, Menifee, Murrieta, Temecula, and the County	Regional Cancer Services Task Force	Education, Economic Development	The Taskforce will hire a facilitator and perform a study to identify trends and regional needs in the area of Cancer services. Results of the assessment are intended to be used in planning for and attracting in-demand services to the region both to support health outcomes and economic development. BEYOND funding comes from Core and Health allocations.
BEYOND Team: City of Perris, Eastern Municipal Water District	Healthy Community 50/Perris Green City Farm	Health, Energy & Environment	The City of Perris was one of 50 awardees for the national HealthyCommunity50 Challenge, competing to develop practical, evidence-based strategies to improve measurable health outcomes and promote health, wellness, equity, and social interaction. Perris' strategy focuses on healthy food access and is seeking funding to expand its network of community gardens. Team funds would support development of 10+ new gardens; the total goal is 31 gardens.

Round II Project Summaries

Jurisdiction	Project Name	Framework Goal(s)	Project Summary
BEYOND Team: Cities of Lake Elsinore, Menifee, Murrieta, Wildomar, and Temecula	Regional Homeless Alliance (Southwest Cities)	Economic Development, Education, Health, Transportation, Energy & Environment	The goal of the Regional Homeless Alliance is to achieve functional zero homeless. BEYOND Team funds would support development of a more comprehensive regional program by building on the existing foundation with a focus on immediate needs: beds, outreach, housing options and coordination of services. Specific activities will include (1) development of a Community Asset Assessment and Roadmap to address future needs, (2) development of formal housing navigation process, and (3) development of a replicable, coordinated entry system through outreach, housing navigation and low barrier supportive services. Specific tasks include hiring a part-time homeless outreach coordinator and part-time housing navigator, management of five full-time units for rapid rehousing, and provision of emergency shelter for an average of three individuals/families per night.
BEYOND Team: Cities of Corona, Jurupa Valley and Lake Elsinore, and the County of Riverside	Western Riverside Homeless Alliance	Economic Development, Health, and Education	Western Riverside Homeless Collaborative's (WRHC) main objective is to stabilize homeless people through the use of shelters, permanent housing, and assistance programs to reduce homelessness in the subregion. The WRHC aims to achieve this objective by adopting a comprehensive regional approach to programming, performing asset mapping, strategic capacity building, and coordinated placement and case management. Specific tasks to be completed include: (1) hiring Homeless Facilitators, (2) creating a subregional Leadership Committee, (3) performing Asset Mapping, (4) assembling a Law Enforcement Case Conferencing Team, (5) identifying faith-based and other access points for a Coordinated Entry System, (6) Responsible Compassion and Love Your Neighbor Campaign, and (7) Performance Measurement.

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: 27th Annual General Assembly & Leadership Address

Contact: Jennifer Ward, Director of Government Relations, jward@wrcog.us, (951) 955-0186

Date: November 8, 2017

The purpose of this item is to begin discussions with the Committee regarding planning for the 27th Annual General Assembly & Leadership Address.

Requested Action:

1. Receive and file.

WRCOG's 27th Annual General Assembly & Leadership Address is currently scheduled for Thursday, June 28, 2018, at the Morongo Casino, Resort & Spa. Staff will provide a verbal update and initiate discussions with Committee members regarding planning for the event, including potential keynote speaker options.

Prior Action:

None.

Fiscal Impact:

This item is informational only; therefore there is no fiscal impact.

Attachment:

None.

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: PACE Programs Activities Update

Contact: Casey Dailey, Director of Energy & Environmental Programs, cdailey@wrcog.us, (951) 955-7282

Date: November 8, 2017

The purpose of this item is to request the Committee's authorization to enter into an agreement with Baker Tilly to conduct an operational analysis / audit of Renovate America for the Fiscal Year 2016-2017 and to outline staff's plan for conducting future operational analyses / audits of its PACE Providers, as well as providing an update on the WRCOG PACE Consumer Protections Policy.

Requested Actions:

1. Recommend that the Executive Committee authorize the Executive Director to continue utilizing Baker Tilly to conduct future operational analyses / audits of its residential PACE Programs.
2. Recommend that the Executive Committee authorize the Executive Director to execute a Professional Service Contract with Baker Tilly for operational analysis / audit of Renovate America, in an amount not to exceed \$140,000 for the Fiscal Year 2016/2017.

Operational Analysis / Audit Update

Current Renovate America Fiscal Year (FY) 2015/2016 Operational Analysis / Audit: Undertaking an operational analysis / audit of WRCOG's PACE providers is part of WRCOG's PACE Consumer Protections. Staff initiated its first analysis / audit of Renovate America in October 2016 to cover the FY 2015/2016. In June 2016, staff initiated a Response for Proposals (RFP) process and in August 2016 the Executive Committee selected Baker Tilly to complete the analysis / audit. This was the first PACE Operational Analysis / Audit WRCOG conducted since the start of the HERO Programs in December 2011. On October 3, 2016, the Executive Committee approved a contract between WRCOG and Baker Tilly to perform an operational analysis / audit of Renovate America for FY 2015/2016.

Over the past year, Baker Tilly has been working with WRCOG and Renovate America to complete its Operational Analysis / Audit of Renovate America. The final report is currently in draft form and all parties are working together to finalize the report. Once finalized, staff anticipates providing an update, most likely in the next month or two.

Future Operational Analysis / Audits: Since WRCOG went through an RFP process for the selection of Baker Tilly and found that this type of analysis / audit was new to the market, staff is requesting that the Committee recommend approval for WRCOG continuing utilizing Baker Tilly, given its recent experience and knowledge of PACE, to conduct future PACE Operational Analysis / Audits of its Residential PACE Providers.

For Renovate America, which administers the HERO Program, staff is recommending moving forward with a contract to have an operational analysis / audit for FY 16-17 completed. A copy of the draft agreement is attached for members review (Attachment 1).

For the new PACE Providers under WRCOG Umbrella, the Operational Analysis / Audit would occur after 1 full fiscal year of operations. For the CaliforniaFIRST Program, administered by Renew Financial, would mean an analysis / audit would be conducted for FY 2017/2018. Staff will bring forward at that time, a contract for Committee review and approval recommendation.

Consumer Protection Policy Update

Background: On December 7, 2015, WRCOG's Executive Committee adopted a Consumer Protections Policy (CPP) for Property Assessed Clean Energy (PACE) providers. The policy serves as a set of comprehensive industry consumer protection standards that PACE providers are required to abide by in order to operate under the WRCOG umbrella. The WRCOG CPP is structured to reflect legislation changes and consumer protection practices as they emerge.

New Legislation: On October 4, 2017, Governor Brown signed into law two PACE-related pieces of legislation: SB 242 and AB 1284. WRCOG supports SB 242, which establishes and codifies enhanced consumer protections for PACE Programs throughout the state, while AB 1284 creates a framework for statewide oversight of PACE providers and contractors through the California Department of Business Oversight (DBO).

WRCOG is in the process of updating the current CPP to be consistent with AB 1284 and SB 242, as well as incorporating certain changes adopted by PACE Nation's Consumer Protections Policy version 2.0. Once the updated CPP is complete, WRCOG staff will share with its PACE providers for their comment and input; staff will then bring the CPP back to the Administration & Finance Committee and Executive Committee for consideration and adoption. The goal is to have an updated CPP adopted by the Executive Committee in December 2017.

Some key changes to the Consumer Protection Policy will include:

1. **Right to Cancel.** WRCOG's CPP currently requires the property owner be given the right to cancel the contractual assessment on or before midnight of the third business day. With the addition of SB 242, if the financing is cancelled (unless the property owner waives their rights), the Home Improvement Contract between the property owner and the contractor will also be cancelled – effective January 1, 2018.
2. **Confirmed Terms Call.** If confirmation of terms was made in another language other than English, the Provider will deliver in writing the disclosures, contract, and agreement including, but not limited to the following: assessment contract documents, financing estimate and disclosure, and right to cancel form – effective January 1, 2019. The legislation also adds additional verbal disclosures such as the Program is placing a lien on the property, and if the property owner misses their tax payment the Program has a right to foreclose.
3. **Income verification and ability to pay.** A provider shall consider the monthly debt obligations of the property owner to determine a property owner's ability to pay the annual payment PACE assessment obligations using reasonably reliable 3rd party record – effective April 1, 2018.
4. **Prohibition on compensating contractors beyond the cost of a home improvement project.** Prohibits program administrator from providing direct / indirect cash payments or anything of a material value to a contractor or 3rd party that is in excess of the actual price charged. Additionally, the reimbursement is capped at \$100 per each salesperson – effective January 2, 2018.

Prior Actions:

November 6, 2017: The Executive Committee 1) received WRCOG PACE Program Summary; 2) accepted the City of Petaluma as Associate Member of the Western Riverside Council of Governments; 3) adopted WRCOG Resolution Number 45-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Declaring its intention to modify the California HERO Program Report so as to increase the Program

area within which contractual assessments may be offered and setting a public hearing thereon; and 4) directed WRCOG to defer the judicial foreclosure proceeding and to direct the Executive Director to execute a purchase and sale agreement for WRCOG's collection rights to a third party for 237 delinquent residential parcels totaling \$697,431.96 and to SAMAS Capital for one commercial parcel for \$7,548.20.

October 11, 2017:

The Administration & Finance Committee 1) recommended the Executive Committee direct WRCOG to defer the judicial foreclosure proceeding and to assign WRCOG's collection rights to a third party for 263 delinquent parcels totaling \$738,004.43; and 2) recommended the Executive Committee either (a) advance funds from WRCOG to allow for the deferral of judicial foreclosure proceedings on a delinquent commercial property, or (b) adopt WRCOG Resolution Number 44-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments ordering the initiation of judicial foreclosure proceedings pursuant to the Improvement Bond Act of 1915 of certain property for which the payment of assessment installments are delinquent.

October 2, 2017:

The Executive Committee 1) received WRCOG PACE Summary; 2) conducted a Public Hearing Regarding the Inclusion of the County of Tulare unincorporated areas; 3) adopted WRCOG Resolution Number 41-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Rescinding Resolution No. 14-16 Authorizing Renovate America, Inc. to Administer and Finance Eligible Improvements to be Installed on Commercial Property and Rescinding All Approvals and Other Authorizations Granted Under Such Resolution; 4) adopted WRCOG Resolution Number 42-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments confirming modification of the California HERO Program Report so as to expand the Program area within which contractual assessments may be offered; 5) adopted WRCOG Resolution Number 43-17; A Resolution of the Executive Committee of the Western Riverside Council of Governments Authorizing the Issuance of PACE Funding bonds, amending the Program Report and Approving the Form of a Professional Administration Agreement with PACE Funding Group, LLC, Indenture of Trust, Bond Purchase Agreement, Depository and Account Control Agreement, Professional Services Agreement for Assessment Administration for the Issuance of Bonds for the WRCOG PACE Funding Program and Appointing a Trustee.; 6) supported the Administration & Finance Committee's recommendation to direct and authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Greenworks under WRCOG's PACE umbrella; and 7) supported the Administration & Finance Committee's recommendation to direct and authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Ygrene under WRCOG's PACE umbrella.

Fiscal Impact:

\$140,000 of current HERO revenues will be budgeted for this analysis/audit of Renovate America.

Attachment:

1. Draft Professional Service Contract between WRCOG and Baker Tilly for operational analysis / audit of Renovate America, in an amount not to exceed \$140,000 for the Fiscal Year 2016/2017.

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Item 4.B

PACE Programs Activities Update

Attachment 1

Draft Professional Service Contract
between WRCOG and Baker Tilly for
operational analysis / audit of
Renovate America, in an amount not
to exceed \$140,000 for the Fiscal
Year 2016/2017

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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS PROFESSIONAL SERVICES AGREEMENT FOR OPERATIONAL ANALYSIS AND AUDITING SERVICES INVOLVING RENOVATE AMERICA

1. PARTIES AND DATE.

This Agreement is made and entered into this xxx day of December, 2017, by and between the Western Riverside Council of Governments, a California public agency (“WRCOG”) and Baker Tilly Virchow Krause, LLP (“Consultant”). WRCOG and Consultant are sometimes individually referred to as “Party” and collectively as “Parties.”

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by WRCOG on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in conducting operational analysis and auditing services, is licensed in the State of California, and is familiar with the plans of WRCOG.

2.2 Project.

WRCOG desires to engage Consultant to render such professional services for to perform an analysis of our residential funding partner, Renovate America, to ensure that they are complying with WRCOG’s Energy Efficiency and Water Conservation Administrative Guidelines and Program Report and the residential PACE Consumer Protections Policy for the period of July 1, 2016 through June 30, 2017 (“Project”) as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to WRCOG all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply for conducting an operational analysis and audit of Renovate America for the Project (“Services”). The Services are more particularly described in Exhibit “A” attached hereto and incorporated herein by reference, and which are stated in the proposal to WRCOG and approved by WRCOG’s Executive Committee. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from January 1, 2018 to January 30, 2019, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. WRCOG retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of WRCOG and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Scope of Services set forth in Exhibit "A" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, WRCOG shall respond to Consultant's submittals in a timely manner. Upon request of WRCOG, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of WRCOG.

3.2.4 Substitution of Key Personnel. Consultant has represented to WRCOG that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of WRCOG. In the event that WRCOG and Consultant cannot agree as to the substitution of key personnel, WRCOG shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to WRCOG, or who are determined by the WRCOG to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the WRCOG. The key personnel for performance of this Agreement are as follows:

Russ Hissom, Partner
Amanda Lisowski, Project Manager.

3.2.5 WRCOG's Representative. WRCOG hereby designates Rick Bishop, or his or her designee, to act as its representative for the performance of this Agreement ("WRCOG's Representative"). WRCOG's Representative shall have the power to act on behalf of WRCOG for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than WRCOG's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates **Russ Hissom**, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with WRCOG staff in the performance of Services and shall be available to WRCOG's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from WRCOG, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by WRCOG to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to WRCOG, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the WRCOG, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold WRCOG, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to WRCOG that it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to WRCOG that the subcontractor has secured all insurance required under this section.

3.2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

3.2.10.3 Professional Liability. N/A

3.2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by WRCOG to add the following provisions to the insurance policies:

(A) General Liability. The general liability policy shall be endorsed to state that: (1) WRCOG, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the Services or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects WRCOG, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers,

employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) WRCOG, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects WRCOG, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against WRCOG, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to WRCOG; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to WRCOG, its directors, officials, officers, employees, agents and volunteers.

3.2.10.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to WRCOG, its directors, officials, officers, employees, agents and volunteers.

3.2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the WRCOG. Consultant shall guarantee that, at the option of WRCOG, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects WRCOG, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VII, licensed to do business in California, and satisfactory to WRCOG.

3.2.10.8 Verification of Coverage. Consultant shall furnish WRCOG with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to WRCOG. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by WRCOG if requested. All certificates and endorsements

must be received and approved by WRCOG before work commences. WRCOG reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference. The total compensation shall not exceed one hundred-forty thousand dollars (\$140,000) without written approval of WRCOG's Executive Director. Extra Work may be authorized, as described below; and if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to WRCOG a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. WRCOG shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by WRCOG.

3.3.4 Extra Work. At any time during the term of this Agreement, WRCOG may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by WRCOG to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from WRCOG's Representative.

3.3.5 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Sections 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage

Laws. WRCOG shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. Consultant shall defend, indemnify and hold the WRCOG, its elected officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of WRCOG during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. WRCOG may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to WRCOG, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, WRCOG may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, WRCOG may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant: Baker Tilly Virchow Krause, LLP
Attn: Russell Hissom, Partner
Ten Terrace Ct
Madison, WI 53707-7398

WRCOG: Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor, MS 1032
Riverside, CA 92373
Attn: Rick Bishop, WRCOG Executive Director
Facsimile: 951-787-7991

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for WRCOG to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“Documents & Data”). Consultant shall require all subcontractors to agree in writing that WRCOG is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by WRCOG. WRCOG shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at WRCOG’s sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of WRCOG, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use WRCOG’s name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of WRCOG.

3.5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.6 Indemnification. Consultant shall defend, indemnify and hold the WRCOG, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged acts, omissions or willful misconduct of Consultant, its officials, officers, employees, agents, consultants and contractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and attorneys fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against WRCOG, its directors, officials, officers, employees, agents or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against WRCOG or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse WRCOG and its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the WRCOG, its directors, officials, officers, employees, agents or volunteers.

3.5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.10 WRCOG's Right to Employ Other Consultants. WRCOG reserves right to employ other consultants in connection with this Project.

3.5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

3.5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of WRCOG. Any attempt to do so shall be null and void, and any assignees,

hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to WRCOG include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, WRCOG shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of WRCOG, during the term of his or her service with WRCOG, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.19 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of any WRCOG's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6 Subcontracting.

3.6.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of WRCOG. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

IN WITNESS WHEREOF, the Parties hereby have made and executed this Agreement as of the date first written above.

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

Baker Tilly Virchow Krause, LLP

By: _____
Rick Bishop
Executive Director

By: _____
Title: _____

APPROVED AS TO FORM:

By: _____
General Counsel
Best Best & Krieger

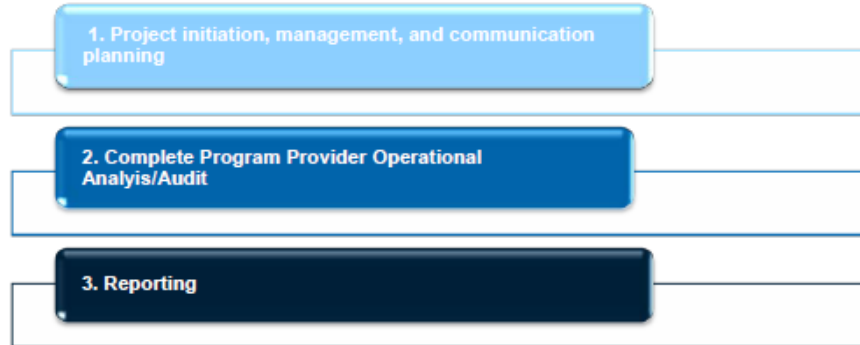
EXHIBIT “A”
SCOPE OF SERVICES

Baker Tilly proposes a modified approach to the FY 2016/2017 engagement:

1. Baker Tilly proposes that the services should be conducted as an Agreed-Upon Procedures engagement under generally accepted auditing standards. This will allow for the specific steps of analysis and testing to be detailed and a formal opinion to be given as to RA's compliance or non-compliance with specific points in the WRCOG PACE contract with RA.
2. Baker Tilly propose to use a risk based approach to the FY 2016/2017 engagement whereby we focus testing more on the areas identified as high risk while still testing other low risk areas to confirm continued compliance.
 - a. The report on the engagement for the fiscal year ended June 30, 2016 included findings and observations in specific areas where RA did not adhere to the contract terms as well as other areas where RA met the contract terms with no exceptions. Using a risk based approach will make the use of project hours more efficient in focusing on the major areas where there was past non-compliance and testing the effectiveness of changes that RA has made to address any previous non-compliance.



Scope of work



Detailed project work plan

Our planned project approach is shown in detail in this section. We have structured the project work plan steps to ensure adequate review of systems, data, interviews with key personnel, and detailed review of source documentation. Our testing will review the source documentation related to our sampled items to ensure compliance with WRCOG's Energy Efficiency and Water Conservation Administrative Guidelines and Program Report and the residential PACE Consumer Protections Policy. In addition, we will review policies, procedures, and key controls in place related to this program.

We believe that the approach we have tailored for WRCOG will result in a successful completion of the detailed work plan developed to review management performance of the PACE program. We will also use our industry expertise to provide recommended process improvements related to the management of the PACE program.

1. Project initiation, management and communication planning

We will use the project initiation and management process to ensure an effective and efficient process and one that meets the timeline goals of the project. The steps for this task are as follows:

Objective: To ensure project approach, scope, and activities are in alignment with WRCOG's needs and desired outcomes.	
Task 1.1: Planning with WRCOG	
Detailed work plan steps	Deliverables
1. Conduct project scoping and planning session with WRCOG project manager	> Project management plan
2. Define project milestones and timeline	> Project timeline
3. Schedule meetings to review deliverables and project milestones	> Status update templates and schedule
4. Distribute project communication materials, including deliverable signoff framework	> Communication plan framework
5. Request input by WRCOG project manager as to other areas they feel we should include as areas of focus	> Approved project protocols for information requests
Task 1.2: Project kickoff with Renovate America	



Scope of work

Detailed work plan steps	Deliverables
1. Conduct project kickoff with Renovate America project manager and key participants to discuss project protocols 2. Review preliminary audit procedures and make updates / clarifications as needed	> Project information protocols delivered to Renovate America on delivery of documents requested within 10 business days > Protocols established for interview contacts > Protocols established for requesting documents and personnel interviews > Protocols for system access
Task 1.3: Background information gathering and clarifications	
Detailed work plan steps	Deliverables
1. Issue information request to Renovate America for initial background documentation to review—organization charts, contact information, and relevant systems documentation (will copy WRCOG Project Manager) 2. Review information submitted by Renovate America for completeness and issue follow-up information request as needed 3. Review WRCOG's Energy Efficiency and Water Conservation Administrative Guidelines and Program Report and the residential PACE Consumer Protections Policy for the period of July 1, 2015 through June 30, 2016. 4. Review any prior evaluation reports or activities related to the PACE program, including WRCOG assessments and Renovate America internal audit reports (if performed).	> Information requests
Task 1.4: Finalize work plan	
Detailed work plan steps	Deliverables
1. Finalize audit work plans (agreed upon procedures) and gain approval by WRCOG project manager	> Approved work plan

Proven project management methods

Baker Tilly's proven project management methodology has been successfully performed many times on projects of all sizes by our experienced team. Our project management approach is driven by the work plan for this project and includes regular internal team meetings, status updates, commitment to timelines, and frequent, structured communications with the client.

Communication plan

We believe that communication is a key ingredient to project management and overall project success. We have developed a range of tools on past successful projects that facilitate communication among the project team, project stakeholders, and executives. Our communication plan will be tailored to this project. An example of a communication plan proven successful in the past and one we propose for this project is shown as follows:



Scope of work

Communication tool	Weekly reporting	Monthly reporting	Other reporting and information
Project kickoff meeting and charter			✓
Communication plan			✓
Status reports (at to-be-confirmed intervals, bi-weekly minimum) via phone conference or e-mail	✓	✓	
Project issues log (as needed) supplied to WRCOG project manager for delays or other project risks			✓
Information request logs			✓
Draft report discussions			✓
Final report presentation			✓
Testimony as requested			✓
Project close meeting			✓

We will tailor the communication plan to meet WRCOG needs and our approach is structured to aggressively analyze, address, and mitigate project risks as they emerge, in addition to the ongoing, day-to-day quality assurance activities by the project manager and project partner to ensure that the project has a successful outcome.

2. Complete Program Provider Operational Analysis/Audit

We will use the project work plan as our guide in testing data, systems, and business processes as it relates to Renovate America's strategies, business processes and information systems in place to manage its compliance with WRCOG's Energy Efficiency and Water Conservation Administrative Guidelines and Program Report and the residential PACE Consumer Protections Policy . We will use a combination of review of business process documentation and internal controls testing, systems reviews, statistical sampling, data extraction tools of databases, source documentation review, and interviews with key personnel.

The period under review for the audit is July 1, 2015 through June 30, 2016. The steps for ascertaining Renovate America's compliance are anticipated to be preliminarily structured as follows. This approach will be finalized with the WRCOG project manager prior to commencing fieldwork:

Objective: To review Renovate America's compliance with the program and their management over the program.	
Task 2.0: Information request, review of policies and procedures, process interviews	
Detailed work plan steps	Deliverables
1. Contact Renovate America project manager for discussion on upcoming information request for testing data and performing interviews 2. Request documentation from Renovate America on policies and procedures and information systems used related to HERO Assessments 3. Interview personnel that are responsible for compliance planning and strategy	> Information requests > Listing of key contacts for audit process > Policies and procedures and / or strategy documents > Business process and information technology documentation



Scope of work

4. Review policies and procedures / business process and information technology systems for analyzing compliance options and developing a compliance plan 5. Compare Renovate America policies, procedures and strategy documentation against compliance. 6. Compliance: a. Compare documents against WRCOG's Energy Efficiency and Water Conservation Administrative Guidelines and Program Report b. Compare documents against residential PACE Consumer Protections Policy for the period of July 1, 2015 through June 30, 2016 c. Review Renovate America's strategy for meeting requirements 7. Request documentation on policies and procedures and information systems used related to tracking HERO Assessments 8. Interview key personnel that are responsible for ensuring compliance requirements are met	> Interview notes > Analysis of Renovate America's strategy and infrastructure (policy, process, systems) with WRCOG guidelines and PACE Consumer Protection Policy
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Task 2.1: Sample Selection

Detailed work plan steps	Deliverables
1. Request a database / system-generated report of all HERO Assessments executed for the audit period 2. Select a statistically valid sample (32) of HERO Assessments for the audit period, ensuring a cross section of energy efficiency, water conservation, and renewable energy projects.	> Sample listing

Task 2.2: Adherence to Policies and Practices

Detailed work plan steps	Deliverables
On a sample basis, review HERO Assessments for the following attributes / parameters: 1. <u>Program Parameters</u> a. Eligible assessments consistent with objectives of the PACE enabling legislation b. All aspects of WRCOG's guidelines and program report are being adhered to c. Only eligible financing properties are approved d. Approved properties meet WRCOG's program eligibility criteria e. Provider verified that homeowners are eligible at time of application f. Procedures are established to ensure the homeowner intends to install Eligible Improvements and that such improvements have been installed at the time of funding g. Processes and controls exist to ensure that personal identifiable information is obtained directly from the homeowner and not a third party h. Improvements are approved by the Provider and installed by the Registered Contractor i. Provider has established and maintains an Eligible Improvements database that conforms to the requirements, defines a process for adding or modifying the database, ensures performance standards are calibrated and verified using performance criteria established by US, DOE, EPA,	> Policies and Procedures documentation > Interview notes from key individuals involved in HERO Assessments > Results from sample-based testing > Listing of key controls in place > GAP Analysis (current state vs. recommended improvements)



Scope of work

- CEC, or other federal and state agencies, and the product is permanently affixed to the property
- j. For Solar Power Agreements, the Provider is adhering to Streets and Highway Code 5899.2
2. Disclosures and Documentation
- a. Ensure that the Provider has verified that the homeowner has (i) submitted an application; (ii) received approval of the Improvements from the Partner; and (iii) executed documentation covering the terms
- b. Provider has verified that the homeowner has (i) executed an acknowledgement that the installation of the Improvements has been completed satisfactorily; and (ii) received a final summary of costs and payments
- c. The Provider verified that the terms comprise of the amount financed including fees and capitalized interest, the repayment process and schedule, the payment amounts, term does not exceed useful life of the improvement, the rate of interest charged, a fixed interest rate, fully amortized payment schedule, nature of lien created upon recordation, specific improvements to be installed, the 3-day right to cancel the financing, right to withhold payment until project is complete, and Section 5899.2 rights for solar lease improvements
- d. Provider verified the delivery to, and receipt by, the homeowners of the disclosures along with written acknowledgement from homeowner that they have read and understand them
- e. At what point does the Provider confirm by telephone interviews with the homeowner applicant each of the Program financing terms (i.e., new contractors, protected classes, etc.)?
- f. The Provider confirms terms and includes the appropriate information as outlined in the RFP
3. Funding Process
- a. Provider offered fixed simple interest rates and payments are fully amortized
- b. Determine if the Provider has a source of capital for funding PACE financed projects separate from WRCOG's general fund or budget and have access to capital markets to ensure funding of
- c. qualified projects is available on a consistent basis
- d. The Provider can demonstrate the capacity to fund assessments that over a six (6) month period immediately following WRCOG's review of the Provider's financial statements, determine how calculated
- e. The Provider offer the capability to accommodate homebuyers and homeowners by offering subordination of certain rights of its PACE assessment lien to the lien of a mortgage or deed of trust. How many, how successful, what issues encountered?
- f. What fees are charged to Contractors (if any)? How much and why?
4. Operational Process
- i. Determine if the Provider has adequate personnel, processes,



Scope of work

expertise, tools and technology necessary to support WRCOG's Program Report and residential Consumer Protection Policies

5. Post-funding Homeowner Support

- a. Determine if, and how, the Provider is proactively monitoring and testing the consumer protections available to homeowners, and requesting feedback from homeowners and contractors to identify areas in need of improvement
- b. If there is a post-installation onboarding procedure to reinforce key characteristics of the Program, such as those highlighted in the Program disclosures, review the procedure and determine how it is implemented
- c. Identify what disclosures and resources are in place to resolve homeowner questions regarding matters such as impound account catch-up payments, payment timing inquiries and payment amount reconciliation
- d. Determine the procedures for responding to requests for partial or full prepayment of their PACE
- e. property tax assessment in a timely and complete manner
- f. Identify whether the Provider is tracking, resolving, reporting and otherwise properly managing all inquiries and complaints, etc., from homeowners and how this is completed
- g. Determine if and how the Provider is proactively working to resolve inquiries and complaints in a reasonable and timely manner and in accordance with the Program guidelines, and making communication for homeowners available during regular business hours by phone, email and facsimile communication
- h. Determine if the Provider has the capabilities to assist homeowners who are refinancing or selling their Properties, how is this determined and verified?

6. Data Security and Privacy Procedures

- a. Ensure the Provider is complying with secure and tested processes to protect the personal identifiable information of the homeowner, review processes
- b. Determine if the Provider has the minimum viable configurations in place on all servers? All firewalls should have continuous logging enabled and access control lists and audited server configurations should be used to ensure that data security is maintained. Document the Provider's efforts.
- c. Identify if, and how, the Provider is informing and enforcing the compliance with the Program's data privacy and security policies on the part of every employee, contractor, vendor, agent, service provider, representative, and associate who is exposed to personal identifiable information of homeowners
- d. Determine the preventions and controls the Provider has implemented to prevent unauthorized copying, disclosure, or other misuse of sensitive consumer information
- e. Determine if the Provider is utilizing a Privacy Policy that complies with state and federal law to prohibit the sharing of personal information to third parties



Scope of work

- f. Identify if, and how, the Provider is delivering any updates to the Privacy Policy to the homeowners

7. Marketing and Communication

- a. Determine if the Provider is using any methods that are or could appear to be unfair, deceptive, abusive, and/or misleading, that violate laws or regulations, that provide tax advice, that are inappropriate, incomplete or are inconsistent with the Program's purpose (e.g., use of check facsimiles to dramatize the amount of PACE Program financing available or presented as if a negotiable instrument), or are otherwise potentially confusing to property owners
- b. Identify whether there are any marketing practices likely to add unnecessary expense to a homeowner (e.g., paying consumers for applications), or are the unlawful use of sensitive consumer data or that violate any other law or regulation (including, for example, practices related to telemarketing)
- c. Determine if the Provider has a plan for developing, delivering to and enforcing marketing guidelines for the Program's Registered Contractors. Document the plan
- d. Identify whether any marketing materials that fall outside of marketing guidelines established being approved by the Provider to ensure that they are not unfair, deceptive, abusive and/or misleading
- e. Determine if the Provider, contractor or third party (who is not a tax expert) providing tax advice to consumers regarding their Program financing which includes making affirmative statements or claims as to the tax deductibility of the payments? If so, why?
- f. Identify whether the Provider, contractor or Affiliated Individual providing a direct cash payment or other thing of value to a homeowner explicitly in exchange for such homeowner's selecting Program financing? If so, why?

8. Protected Classes

- a. Ensure the Provider has controls designed and implemented to monitor and test compliance with all state and federal laws covering homeowners in protected classes. Document these controls.
- b. Determine if the Provider has developed and is implementing a program that validates elder homeowner (i.e., homeowners over 64 years old) understanding of the eligible improvement project for which they are seeking Program financing, including the terms of such financing. Document the process.
- c. Ensure the Provider is providing legally unbiased access to, and the decision of, requests for Program participation

9. Contractor Requirements

- a. Ensure the Provider confirms that all contractors who sell, install, or manage subcontractors who install, Eligible Improvements have executed and that all such contractors and all employees, entities, owners, partners, principals, independent contractors, third party agents or other person



Scope of work

who perform any services for the contractor in connection with a Program financing (collectively, the "Affiliated Individuals") meet the requirements of the Program's Contractor Participation Agreement (Attachment C)

- b. For Registered Contractors, ensure that the Provider confirms the following:
 - i. Has a specified probationary period been identified (i.e., place the new Registered Contractors on a watch list until the new Registered Contractors have completed the required number of Improvements)? If so, what is the period of time?
 - ii. Has a procedure in place, during the Registered Contractor probationary period, to provide additional quality assurance steps for Improvements completed by the Registered Contractors on the watch list? If so, what are the additional assurance steps?
 - iii. Has a procedure in place to review Registered Contractor's work to confirm satisfactory completion of projects conducted during the probationary period for which Program financing is used? If yes, what is that process?
- c. Determine if the Provider has implemented a contractor management system and has procedures that manage and track contractor training and compliance violations on an individual and company basis. Document this process.
- d. Identify whether the Provider makes available contractor training regarding, at a minimum, the following: (i) the applicable contractor code of conduct terms as required by the Program, (ii) protected classes, including, without limitation, elder protection, and (iii) other consumer protection measures as required by the Program. If so, how are they made available?
- e. Determine whether the Provider warns, suspends or terminates a Registered Contractor and/or Affiliated Individual from the Program based on violations of the Contractor Participation Agreement? If so, how is this being determined?
- f. Determine if the Provider accepts Program applications processed by suspended or terminated contractors and/or associated representatives? If so, why?

10. Maximum Financing Amount

- a. Identify and document how the Provider is determining Maximum Financing Amounts (MFA)
- b. Determine if the Provider has established a MFA for each product type (e.g. for central air conditioners, solar PV systems, solar thermal systems, and artificial turf)
- c. Determine whether the Provider has established product/project attribute related pricing rules that dictate what pricing within such low to high MFA range is justified? If so, what are they?
- d. Identify and document the Provider's processes and systems for purposes of enforcing the MFA rules for every project
- e. Determine if the Provider has funded any Improvements for an



Scope of work

amount that is greater than the MFA for such product and why

11. Reporting

- a. Ensure the Provider is providing statistics reporting and estimated impact metrics in the following categories on a quarterly basis: (i) number of projects funded, (ii) project amount funded, (iii) estimated amount of energy savings, (iv) estimated amount of renewable energy produced, (v) estimated amount of water savings, (vi) estimated amount of greenhouse gas emissions reductions, and (vii) estimated number of jobs created
- b. Determine if the Provider reports are being developed and collected using standardized, third party verified methodologies? If so, by which third party?

12. Closing and Funding

- a. Ensure the Provider is confirming, before funding, that the Eligible Improvements financed are installed, operational and in a condition that is acceptable to the homeowner and the contractor, and requiring that the homeowner and the contractor attest to such by signing a document stating that all Improvements have been installed to the homeowner's satisfaction and in accordance with product specifications? If so, how is this confirmed?
- b. Determine if the Provider is confirming that homeowners obtain required permits for the installation of Improvements and provide verification thereof upon request? If so, how?
- c. Ensure the Provider is only disbursing funds for completed projects.
- d. Determine how the Provider confirms that product(s) listed on the Completion Certificate and for which Program financing has been provided have been installed
- e. Identify whether the Provider has developed and implemented a randomized onsite inspection protocol? If so, what is that protocol?

3. Reporting

Project documentation and specific testing results will be used to compile Baker Tilly's report. The report will be supported by audit work papers and data requested.

Objective: To utilize the data analyzed and reviewed to write a comprehensive report of compliance findings and recommendations for improvements in processes to aid in future compliance.

Task 3.1: Design report framework

Detailed work plan steps	Deliverables
1. Using work from Task 2 above, design report sections around compliance findings and recommendations	> Report template
2. Overall report design will be an executive summary supported by detailed information	

Task 3.2: Prepare detailed section of report

Detailed work plan steps	Deliverables
1. Prepare detailed section of report	> Detailed report section of report



Scope of work

2. Include all schedules needed to support findings and recommendations	> Cross reference document of all findings to source documentation
3. Prepare summary document that cross references all findings to source documentation	
4. Prepare listing of recommended business process improvements	
Task 3.3: Prepare executive summary report	
Detailed work plan steps	Deliverables
Prepare executive summary based on detailed recommendation sections of report	> Executive summary section of report
Task 3.4: Quality assurance	
Detailed work plan steps	Deliverables
1. Use Baker Tilly quality assurance process for report review	> Review procedures completed
2. Make report revisions and complete report draft to be issued to WRCOG	
Task 3.5: Report review with WRCOG	
Detailed work plan steps	Deliverables
1. Issue draft report to WRCOG and allow for time interval for review	> Draft report in Microsoft Word
2. Gain feedback from WRCOG staff on their impressions of report and revisions that should be made	
Task 3.6: Issue report	
Detailed work plan steps	Deliverables
1. Make final report revisions	> Final report in Microsoft Word
2. Issue final report of findings of non-compliance and recommendations	> Summary presentations for meetings in PowerPoint format
3. Report presentations as requested by WRCOG	

Dedicated service team

Members of your project team have extensive compliance experience, particularly in evaluating programs similar to HERO. Our project team is staffed with individuals who are qualified and experienced to address issues that may arise during the project and conduct the project professionally and to report independently and fully on the issues under review.

In the 12 months ending May 31, 2016, 91 percent of Russ Hissom's clients have rated him with a **9 out of 10** with an average rating of **9.73**

See Appendix B for resumes of your engagement team members. Their roles and responsibilities and brief biographies follow in this section:

Member, title	Qualifications
Russell Hissom CPA, CIA, CISA, Partner	Serve as the engagement partner; direct the Baker Tilly project staff; attend meetings, provide quality assurance, including developing findings of compliance and non-compliance; and review and present deliverables. Russ will be responsible for overseeing the project and earning your utmost satisfaction with our service, work, approach, findings, and recommendations
Amanda Neuman Project Manager	Serve as the day-to-day project manager, single point of contact, subject matter expert, attend meetings as needed, and provide quality assurance review of the



Scope of work

Member, title	Qualifications
	detailed testing and perform reviews and edits to the deliverables. Amanda will be in close contact with the WRCOG project manager and will provide status reports on a weekly basis to discuss the project schedule and budget.
Brian Kim Consultant Manager	Serve as manager of compliance review staff and subject matter expert; attend meetings as needed; ensure successful completion of work plan; and author deliverables, including findings of compliance and non-compliance (Task 3 from the RFP). Brian will also be responsible for completing Task 1 in the RFP - sample selection.
Kyle O'Rourke MPA, CIA, Senior Consultant	Assist in the successful completion of the work plan (Task 2 from RFP). This includes conducting interviews, reviewing policy and procedure documentation, documenting findings, review and documentation of key controls in place, identifying areas of improvement, and preparing the initial draft report (Task 3 from RFP).
Danielle Wakai CPA, CISA, Senior Consultant	Assist in the successful completion of the work plan (Task 2 from RFP). This includes conducting interviews, reviewing policy and procedure documentation, documenting findings, review and documentation of key controls in place, identifying areas of improvement, and preparing the initial draft report (Task 3 from RFP).

Quality control and our most recent Peer Review

We strive to maintain the highest level of quality control over reports and other deliverables. Our firm policies require that detailed reviews of the report and working papers be done at the partner and manager level. In addition, concurring reviews of the deliverables will be done by a partner independent of the day-to-day operations of the project. This process can assure you that the final document, findings, and recommendations will be of the highest and most accurate quality.

Professionalism in the accounting industry means independence, integrity, and objectivity. This is accomplished through unwavering adherence to professional standards and the associated laws and regulations. This includes withstanding all pressures, competitive and other, which could compromise our principles, standards, and quality.

We have developed our own policies and procedures in order to provide reasonable assurance that every audit, tax, and accounting engagement will be completed in accordance with the highest standards the public and our clients expect us to meet. We have numerous stages of review before a finished product is issued.

As members of the AICPA, we are required to develop and maintain a quality control document which outlines the following major areas of quality control:

- > Independence, Integrity, and Objectivity
- > Personnel Management
 - Hiring
 - Assigning of Personnel
 - Professional Development
 - Advancement
- > Acceptance and Continuance of Clients and Engagements
- > Engagement Performance
 - Performance



Scope of work

- Consultation
- > Monitoring

Our quality control document and our adherence to its provisions are subject to an independent outside review, which is required every three years. Our most recent peer review was completed on November 3, 2015. Firms can receive one of three marks—*pass*, *pass with deficiencies*, or *fail*. Baker Tilly received a rating of *pass*, the highest mark possible. No letter of comments was issued. A copy of our 2015 Peer Review letter can be found in Appendix D.

In addition to the external peer review, we perform internal office inspections annually to ensure we are maintaining our audit quality at the highest possible standards.

Identify any special issues, problems or risks that are likely to be encountered in this project and how the Proposer would propose to address them.

The main issues and risks we encounter in projects like this are in the providing of data by the party under audit. In our experience in working on similar projects where we must request data from parties being audited, we have found that it is necessary to be exacting and persistent in requesting items of information in order to receive what is needed to perform required analysis and testing. We will use our knowledge of the energy industry in requesting information needed for the audit in order to ensure minimal delays in the information gathering process. We will request that all information requested be supplied within 10 business days, unless WRCOG has another protocol that it generally follows.

We will use communication plan protocols if there are delays in receipt of information outside of the 10-day requirement or if information requested is not provided after repeated requests. We will work with the WRCOG project manager to address these issues to ensure proper information is received to meet the goals of the project.

**EXHIBIT “B”
COMPENSATION**

Phase	Partner	Project Manager	Manager	Senior	Staff	Total
1. Project planning and communication	26	24	5	5	5	65
2. Project fieldwork	12	107	107	107	107	440
3. Reporting	54	54	32	32	32	204
Total hours	92	185	144	144	144	709
Hourly rate	\$270	\$200	\$170	\$140	\$125	
Total fees	\$24,840	\$37,000	\$24,480	\$20,160	\$18,000	\$124,480
Travel expenses						15,840
Total fee						\$140,320

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: WRCOG Member Dues Discussion

Contact: Ernie Reyna, Chief Financial Officer, ereyna@wrcog.us, (951) 955-8432

Date: November 8, 2017

The purpose of this item is to provide the Administration & Finance Committee with WRCOG's current Member Dues structure and how those Dues are used within the Agency Budget.

Requested Action:

1. Discuss and provide direction regarding the assessment of dues on WRCOG member agencies for the fiscal year.

Background

Section 3.4 of WRCOG's Joint Powers Agreement (JPA) indicates that "in preparing the budget, the General Assembly by majority vote of a quorum shall determine the amount of funds which will be required from its members for the purpose of this Agreement." Total Member Dues for all jurisdictions is \$238,410, plus \$17,000 for each Special District including Eastern and Western Municipal Water Districts, the Riverside County Office of Education, and the Morongo Band of Mission Indians. The total amount of the Member Dues has remained unchanged \$306,410 since FY 2010/2011; at that time they were actually reduced by 15% from the prior year.

Update

According to WRCOG's JPA, Member Dues should be mailed out by August 1 of every Fiscal Year; this report is being brought to the Committee to determine the methodology to use in calculating the dues and provide the Committee with an update as to how the dues are used in assisting the Programs at WRCOG.

Member Dues are budgeted in the Administration Program, which is part of the General Fund. The Administration Programs are used for the payroll of employees who support WRCOG's Programs and Committee meetings, but do not belong to any specific departments, such as the Executive Director, Administrative Services Manager, and Administrative Assistant, as well as Fiscal staff and Government Relations staff. Government Relations also has various programs under the Administration Program such as BEYOND, Fellowship, Water Task Force, etc.

Since the Administration Program's only source of revenue are the Member Dues, there exists a shortage in covering its payroll and operating costs of \$1.5M, which is passed on to the Programs to pay in the form of overhead. Should Member Dues ever be reduced or removed, the Administration Program would be faced with an even greater shortage resulting in even higher overhead charges to other programs.

WRCOG surveyed other Associations of Governments to find out how much they collect for their Member Dues, what percentage of their General Fund Budget is comprised of Member Dues, and what those Member Dues are used for. Five agencies responded, including the Coachella Valley Association of Governments (CVAG), San Bernardino Association of Governments (SANBAG), San Diego Association of Governments (SANDAG), Gateway Cities Association of Governments, and Southern California Association of Governments.

Each had varying amounts they charged to their Member Agencies; however, dues were computed using the same formula as WRCOG: 50% of population and 50% of valuation.

CVAG, for example, charges a total of \$402,064 in dues to its Member Agencies. This amount represents about 48% of its General Fund and allows CVAG to support programs that do not have a funding stream, such as Public Safety, Community Services, and Energy and Environmental Services. At WRCOG, Member Dues have not increased and in fact, as mentioned above, have been frozen for a period of about seven fiscal years.

As a point of comparison, using WRCOG's Member Dues' current calculation, an Agency that represents 1.68% of the total subregion's population, pays \$3,941. In contrast, a similarly sized agency will pay \$4,948 in SANBAG's region; \$9,426 in SANDAG's subregion; and \$16,461 in CVAG's subregion. This same type of information was not available from Gateway Cities COG or SCAG.

Prior Action:

None.

Fiscal Impact:

None.

Attachments:

1. WRCOG Membership Dues.
2. Member Dues by Agency.

Item 4.C

WRCOG Member Dues Discussion

Attachment 1

WRCOG Membership Dues

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WRCOG Membership Dues
For Fiscal Year 2017/2018

<u>Jurisdiction</u>	<u>Population</u>			
BANNING	30,306	1.68%	\$	3,941.09
BEAUMONT	36,496	2.03%		-
CALIMESA	8,225	0.46%		1,048.66
CANYON LAKE	10,817	0.60%		1,406.00
CORONA	159,109	8.83%		20,290.33
EASTVALE	59,151	3.28%		7,171.06
HEMET	81,520	4.53%		9,796.60
JURUPA VALLEY	97,738	5.43%		12,710.23
LAKE ELSINORE	56,688	3.15%		6,933.35
MENIFEE	83,686	4.65%		10,491.09
MORENO VALLEY	199,257	11.06%		25,779.51
MURRIETA	106,393	5.91%		13,794.48
NORCO	26,566	1.48%		3,573.45
PERRIS	72,063	4.00%		9,215.02
RIVERSIDE	314,221	17.45%		40,512.12
SAN JACINTO	45,537	2.53%		5,889.32
TEMECULA	106,256	5.90%		13,424.45
WILDOMAR	33,696	1.87%		4,297.51
Riverside County (Unincorporated)	273,178	15.17%		48,135.73
	1,800,903	100.00%	\$	238,410.00

238,410.00					
City	Weighted % Val	New Val Calc	Weighted % Pop	New Pop Calc	16/17 Dues
Banning	1.15%	2,738.95	1.66%	3,955.59	3,941.09
Beaumont	2.13%	5,072.13	2.47%	5,879.53	-
Calimesa	0.41%	984.53	0.46%	1,099.67	1,048.66
Canyon Lake	0.97%	2,305.22	0.58%	1,386.65	1,406.00
Corona	11.04%	26,311.80	8.96%	21,359.16	20,290.33
Eastvale	4.85%	11,564.57	3.45%	8,226.56	7,171.06
Hemet	2.98%	7,113.82	4.37%	10,423.48	9,796.60
Jurupa Valley	4.69%	11,190.22	5.41%	12,899.48	12,710.23
Lake Elsinore	2.89%	6,893.23	3.32%	7,905.58	6,933.35
Menifee	4.70%	11,198.41	4.84%	11,542.88	10,491.09
Moreno Valley	7.76%	18,501.83	11.04%	26,323.51	25,779.51
Murrieta	7.06%	16,842.72	6.14%	14,630.91	13,794.48
Norco	1.75%	4,169.35	1.44%	3,422.63	3,573.45
Perris	2.79%	6,657.52	4.04%	9,643.13	9,215.02
Riverside	15.69%	37,396.63	17.45%	41,607.32	40,512.12
San Jacinto	1.49%	3,553.73	2.56%	6,101.84	5,889.32
Temecula	8.53%	20,330.24	5.93%	14,135.63	13,424.45
Wildomar	1.66%	3,958.88	1.91%	4,555.78	4,297.51
County Unincorporated	17.46%	41,626.21	13.97%	33,310.67	48,135.73

1 238,410

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Item 4.C

WRCOG Member Dues Discussion

Attachment 2

Member Dues by Agency

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Member Dues by Agency

Agency	Total Proposed Member Dues	% of Admin Budget
Coachella Valley Association of Governments	\$ 402,064	91.81%
San Bernardino Association of Governments	200,187	0.55%
San Diego Association of Governments	547,426	48.41%
Gateway Cities Association of Governments	644,283	N/A
Southern California Association of Governments	1,974,303	N/A
Western Riverside Council of Governments	306,410	100%

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Carryover Revenue Proposal for Fiscal Year 2016/2017

Contact: Ernie Reyna, Chief Financial Officer, ereyna@wrcog.us, (951) 955-8432

Date: November 8, 2017

The purpose of this item is to provide the Committee with a recap of carryover revenues generated through the HERO Program for Fiscal Year's 2014/2015-2016/2017.

Requested Action:

1. Discuss and provide direction.

Background

In Fiscal Year (FY) 2014/2015, WRCOG began to generate net revenues from its HERO Program. Net HERO revenues, or "carryover revenue," amounted to \$3.3M in that fiscal year. In FY 2015/2016, carryover revenues increased to \$4.3M and all signs indicated that FY 2016/2017 would continue to produce additional carryover revenues. In generating carryover revenues, WRCOG's Executive Committee gave staff direction to undertake new projects such as BEYOND, Fellowship, Water Quality, and Grant Writing and the establishment of an Agency reserve.

Update

After staff completed their analysis of revenues and expenditures for FY 2016/2017, it was determined that carryover revenues would amount to \$4M. Considering the Programs currently in place for WRCOG based on the first two years of carryover revenue, staff has put together ideas of how carryover funds could be utilized for FY 2016/2017.

First, staff would like to continue to build its General Fund reserve. The California Society of Municipal Finance Officer's (CSMFO) Best Practices indicate that an agency's reserve should be equal to at least 20% of its operating budget. For WRCOG, 20% of the operating budget would be approximately \$4M; transferring \$2M into the reserve from the 2016/2017 carryover revenue would yield a balance of approximately \$4M.

Second, WRCOG has committed to setting aside \$700,000 for the Fellowship Program to continue. The funds will be split to provide \$300,000 for the current round and another \$400,000 for the next round of Fellows.

Third, staff proposes to create a "projects" category in the amount of \$1.2M that is not designated for any one project, but for future projects, such as potentially those identified from the Visioning Session, which can draw funding out of this pot. Others have approached WRCOG with proposals; WRCOG staff will analyze all proposed projects against the criteria established at the Visioning Session and present results for review by this Committee at the meeting.

Since there have been two rounds of BEYOND thus far with over \$3M in unspent monies for that category (see item 3.F BEYOND for more information), staff believes this might be a good year to not add a third round of

BEYOND funding, which would allow for members to complete projects already funded, and allow for the Agency to focus more fully on the reserves.

Prior Action:

None.

Fiscal Impact:

None.

Attachment:

1. Carryover Revenue Recap for Fiscal Year 2014/2015, 2015/2016, and 2016/2017.

Item 4.D

Carryover Revenue Proposal for
Fiscal Year 2016/2017

Attachment 1

Carryover Revenue Recap for Fiscal
Year 2014/2015, 2015/2016, and
2016/2017

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Net PACE Revenues

FY 14/15

\$ 3,300,000 Available

Executive Committee Approved Allocation:		Less Expended	Remaining Balance
\$ 1,800,000	BEYOND - Round 1	\$ 879,285	\$920,715
400,000	Fellowship - Round 1	377,585	\$22,415
248,000	CCA - Budgeted	248,000	-
276,000	Streetlights - Budgeted	276,000	-
101,000	Gov't Relations - Budgeted	101,000	-
475,000	Agency - Reserves	475,000	-
\$ 3,300,000	Total	\$ 2,356,870	\$ 943,130

FY 15/16

\$ 4,300,000 Available

Executive Committee Approved Allocation:		Less Expended	Remaining Balance
\$ 75,000	BEYOND - Health	\$ -	75,000
175,000	BEYOND - Team	-	175,000
2,052,917	BEYOND - Core	-	2,052,917
250,000	Economic Development - Transferred to Reserves	250,000	-
200,000	Agency - Grant Writing	-	200,000
200,000	Agency - Water Quality	118,837	81,163
300,000	Agency - Other - Transferred to Reserves	300,000	-
1,047,083	Agency - Reserves	1,047,083	-
4,300,000		\$ 1,715,920	\$ 2,584,080

Remaining Balances by Category

	Balances
BEYOND - Round 1	\$ 920,715
Fellowship - Round 1	22,415
BEYOND - Round 2	2,302,917
Grant Writing	200,000
Water Quality	81,163
Total Unexpended Balance for FY 14/15 & 16/17	\$ 3,527,210

WRCOG General Reserve Balance

FY 14/15 Reserves	\$ 475,000
FY 15/16 Reserves	1,047,083
Less: Allocation to EXPERIENCE	(249,823)
Agency - Other	300,000
Agency - Economic Development	250,000
Total WRCOG General Reserve Balance	\$ 1,822,260

Net PACE Revenues

FY 16/17

\$ 4,000,000 Available

Executive Committee Approved Allocation:		Less Expended	Remaining Balance
\$ -	BEYOND	\$ -	\$ -
700,000	Fellowship	-	\$700,000
2,000,000	Reserve	-	2,000,000
1,300,000	Projects	-	1,300,000
-		-	-
-		-	-
<u>\$ 4,000,000</u>	Total	<u>\$ -</u>	<u>\$ 4,000,000</u>

WRCOG General Reserve Balance

\$ 3,822,260

Projects

1,300,000

Total Reserves Plus Projects

\$ 5,122,260



Western Riverside Council of Governments

Finance Directors Committee

Staff Report

Subject: Fiscal Year 2016/2017 Comprehensive Annual Financial Report (CAFR) Presentation

Contact: Ernie Reyna, Chief Financial Officer, ereyna@wrcog.us, (951) 955-8432

Date: November 8, 2017

The purpose of this item is to provide the Committee with a presentation on WRCOG's Fiscal Year 2016/2017 financial audit and CAFR.

Requested Action:

1. Receive and file.

Rogers, Anderson, Malody & Scott (RAMS) has been engaged to conduct WRCOG's annual financial audit. The contract with RAMS is for three years with an option for two, one-year extensions. RAMS will be assisting WRCOG with the creation of the financial statements and the CAFR that meet all standards of the Governmental Accounting Standards Board.

WRCOG has received the distinguished "Certificate of Achievement for Excellence in Financial Report" from the Government Finance Officers Association for four consecutive years and all signs indicate that Fiscal Year (FY) 2016/2017 will also produce this distinguished award. The award recognizes that the Agency is transparent and has provided full disclosure of the financial statements and that the users of the CAFR have all the information needed to draw a financial conclusion of the Agency.

WRCOG's auditors will be providing an unmodified opinion on the FY 2016/2017 CAFR. An unmodified opinion is the highest form of assurance an auditing firm can provide to its client, and means that the audit and associated agency financials are both in good form and the accounting practices are solid. There are three other opinions an auditing firm can provide which either necessitate the need to pursue major revisions to the financial statements, or provide little assurance as to the current internal controls or policies an agency has in place. Those opinions include modified, adverse, and a disclaimer of opinion.

For any questions related to the audit, Terry Shea, Auditing partner of RAMS, can be reached at (909) 889-0871 or terry@ramscpa.net.

Prior Action:

None.

Fiscal Impact:

This item is informational only; therefore, there is no fiscal impact.

Attachments:

1. FY 2016/2017 Comprehensive Annual Financial Report.
2. FY 2016/2017 Statement on Auditing Standards 114 Report.
3. FY 2016/2017 Generally Accepted Government Auditing Standards Report.

Item 4.E

Fiscal Year 2016/2017
Comprehensive Annual Financial
Report (CAFR) Presentation

Attachment 1

FY 2016/2017 Comprehensive
Annual Financial Report

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Fiscal Year 2016 / 2017

Comprehensive Annual Financial Report

Western Riverside Council of Governments
Riverside, CA





Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2017

Submitted by:
Fiscal Department
Western Riverside Council of Governments

WESTERN RIVERSIDE COUNTY | CALIFORNIA

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Submitted by:
Fiscal Department
Western Riverside Council of Governments

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**JUNE 30, 2017
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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**JUNE 30, 2017
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Introductory Section

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Western Riverside Council of Governments

County of Riverside • City of Banning • City of Beaumont • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale • City of Hemet
City of Jurupa Valley • City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco • City of Perris • City of Riverside
City of San Jacinto • City of Temecula • City of Wildomar • Eastern Municipal Water District • Western Municipal Water District • Morongo Band of Mission
Indians • Riverside County Superintendent of Schools

October 31, 2017



To the Western Riverside Council of Governments and Citizens of Western Riverside County:

Letter of Transmittal

The Comprehensive Annual Financial Report for the Western Riverside Council of Governments (WRCOG) for the fiscal year ended June 30, 2017 is hereby submitted in accordance with the provision of Section 6505 of the Government Code of the State of California (the State). The report contains financial statements that have prepared in conformity with generally accepted accounting principles (GAAP) in the United States prescribed for governmental entities. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Western Riverside Council of Governments (WRCOG). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds of WRCOG. All disclosure necessary to enable the reader to gain an understanding of WRCOG's financial activities have been included. Because the cost of an internal control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of material misstatements.

Rogers, Anderson, Malody & Scott., LLP has issued an unmodified opinion on WRCOG's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative, overview, and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to WRCOG for its CAFR for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

Profile of the Government

WRCOG was formed in November 1989 as a California Joint Powers Authority under the Government Code Section 6500 et.seq., of the State of California. WRCOG strives to unify Western Riverside County so that it can speak with a collective voice on important issues that affect its members. Representatives from 17 cities, the County of Riverside, the Eastern and Western Municipal Water Districts, the Riverside County Superintendent of Schools and the Morongo Band of Mission Indians have seats on WRCOG Executive Committee, the group that sets policy for the Agency. WRCOG's many areas of activity cover such programs as transportation, energy, community growth and development, and environment.

Major Initiatives

Transportation Uniform Mitigation Fee (TUMF) Program: WRCOG developed and administers the TUMF Program, a multi-jurisdictional fee program that ensures that new development in the subregion does not create additional congestion on regional highways. Fees paid by new residential and non-residential development will contribute to the construction of nearly \$3 billion in transportation and transit improvements in Western Riverside County. The TUMF Program will construct 3,100 new lane miles, improve 47 interchanges, construct 39 bridges and 10 railroad grade separations, provide more than \$61 million for regional transit improvements, and nearly \$60 million for acquisition of sensitive habitat.

To date, WRCOG has received more than \$700 million in TUMF revenue since program inception in 2003. 90 TUMF-funded projects have been completed; 12 are under construction; 9 are in engineering or right-of-way acquisition; and 23 are in the planning and environmental stages. The TUMF Program has funded and delivered more than \$350 million in transportation projects since it began in 2003.

Property Assessed Clean Energy Program (PACE) Program: In 2011, WRCOG launched the HERO Program (also known as Property Assessed Clean Energy), a regional effort that provides financing to residential and commercial property owners to install energy-efficient, renewable energy, and water conservation improvements to homes and businesses in the subregion. The Program is the largest of its kind in the U.S.; as of the end of the fiscal year more than \$949 million in applications have been approved. Nearly 14,600 residential projects have been completed, representing nearly \$273 million in funding. These completed projects equate to over 203 GWh of kilowatt hours saved, and over 54,106 tons of greenhouse gas (GHG) reductions occurring annually.

Program participants simply complete an application, select a contractor, and make the improvements. Repayment occurs through the owner's annual property tax bill, and in most cases, the assessment stays with the property, to be assumed by the next owner upon sale of the property. The Program is a win-win at numerous levels. For property owners, energy and water conservation improvements will yield reduced utility bills and can improve property values. For Western Riverside County, the Program will create energy savings for the fast-growing region, reduce GHG emissions associated with energy use, and bring and retain needed jobs for area contractors.

The HERO Program has been so successful that it has now expanded statewide; 369 municipalities throughout California have joined the Program as of the end of the fiscal year, and more cities and counties are joining the Program each week.

Used Oil and Filter Collection Program: WRCOG's Regional Used Oil Program helps protect groundwater and the environment from the hazards of improperly disposed motor oil. WRCOG's Used Oil and Oil Filter Exchange events have been an effective tool in educating and facilitating the proper recycling of used motor oil and used oil filters in various WRCOG jurisdictions. The primary objective of hosting the events is to educate individuals who change their own oil, the Do-It-Yourselfer (DIYer), promoting the recycling of used oil and oil filters; therefore, an auto parts store is a great venue for educating the DIYer. In addition to promoting used oil / oil filter recycling, WRCOG staff informs the DIYer about the County-wide HHW Collection Program where residents can drop-off other automotive and household hazardous products for free.

Western Riverside Energy Partnership (WREP): This Partnership originally consisted of WRCOG, Southern California Edison, and 12 member jurisdictions. In 2013, Southern California Gas

Gas Company joined the Partnership. The Partnership is designed to optimize opportunities for participating jurisdictions to achieve both short- and long-term sustainable energy savings, reduce utility bills, and enhance the level of comfort by retrofitting municipal buildings and facilities. A public outreach program encouraging residents in Western Riverside County to conserve energy is also part of the Partnership.

Clean Cities Coalition (Coalition): WRCOG's Clean Cities Coalition is nationally-recognized for its efforts to promote clean air by encouraging the use of alternative fuel vehicles and development of alternative fuel infrastructure, technologies and education. The Coalition hosts a number of educational forums and conferences, including an annual Environmental Youth Conference which brings together more than 200 middle school students to discuss and learn about sustainable lifestyles.

Solid Waste Cooperative: Under the leadership of the California Department of Resources Recycling and Recovery (CalRecycle), the state is nearly two-thirds of the way towards achieving ambitious waste diversion goals set forth by the Legislature. Since 1990, the partnership of the State, local governments, the waste industry, businesses, environmental groups, and millions of committed Californians has diverted more than 100 million tons of materials from landfills, and nearly 60 cities and counties have already met or exceeded the mandate to cut their trash in half.

Streetlight Program: At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program that will allow jurisdictions (and Community Service Districts) to purchase streetlights within their boundaries that are currently owned and operated by SCE. Once the streetlights are owned by the member jurisdiction, the lamps will be retrofitted to Light Emitting Diode (LED) technology to provide more economical operations (i.e., lower maintenance costs, reduced energy use, and improvements in public safety). Local control of the streetlight system provides jurisdictions with opportunities for future revenue generation such as digital-ready networks, and telecommunications and information technology strategies.

The Program seeks to provide cost-efficiencies for local jurisdictions through the purchase, retrofit, and maintenance of streetlights within jurisdictional boundaries, without the need of additional jurisdictional resources. As a regional Program, WRCOG is working with participating jurisdictions to move through the acquisition process, develop financing recommendations, develop and update regional and community-specific streetlight standards, and implement a regional operations & maintenance (O&M) agreement that will enhance the level of service currently provided by SCE.

Sustainability Framework: WRCOG's Sustainability Framework provides the foundation for a healthy communities planning movement in Western Riverside County. Implementation of ideas in the Framework can yield positive co-benefits in health and move the region towards a better quality of life. For example, recently, twelve cities in Western Riverside County joined together to develop a Subregional Climate Action Plan (CAP). The CAP goals include promoting economic development and job growth, energy and cost savings for residents and business owners, water efficiency and conservation, reduction in solid waste, improved air quality, and the promotion of active and healthy communities. The CAP strategies can be uniformly applied, or tailored as needed, for adoption by individual jurisdictions.

Beyond Program: At the end of Fiscal Year 2014/2015, WRCOG created a new program titled, "Beyond." For Fiscal Year 2016/2017, WRCOG is allocating \$2.3 million for use by WRCOG member agencies through its "BEYOND" initiative. BEYOND is an economic development and sustainability local assistance funding program intended to help member agencies develop and implement projects that can improve the quality of life in Western Riverside County by addressing

critical growth components such as economy, water, education, environment, health, and transportation.

The cornerstone of BEYOND is WRCOG's Economic Development and Sustainability Framework. The Framework was approved by WRCOG's Executive Committee in 2012, and can be accessed on WRCOG's website at <http://www.wrcog.cog.ca.us/community/sustainability>. It serves, as the title implies, as a framework or guide that members can draw from in developing approaches to improve their communities. The premise of the Framework is that economic development, at its core, is tied to quality of life. While defining "quality of life" may be difficult, there is little debate that major contributing factors include critical components such as education, water, health, transportation, energy, and environment. When attention is given to each of these components, undoubtedly the subregion's quality of life improves, and as such economic desirability improves as well.

Fellowship Program: In February 2016, the Executive Committee approved the creation of a one-year pilot Public Service Fellowship Program, to be administered by WRCOG in Western Riverside County, in partnership with the University of California, Riverside (UCR), and California Baptist University (CBU). The goal of this Program is to retain local students to fulfill the subregion's need for a robust public sector workforce and to combat the often-mentioned "brain drain" that Riverside County experiences when local students graduate but then leave the region to seek full-time employment elsewhere. The Fellowship Program is geared towards students graduating from UCR and CBU to engage them in career opportunities with local governments and agencies in a way that is mutually beneficial to both the Fellows and the agency.

WRCOG is responsible for general Program administration and oversight, maintaining employment of the Fellows, soliciting interest from local government agencies, serving as the liaison between member agencies and the universities, providing Program funding, and coordinating payment of Fellowship stipends. UCR and CBU are responsible for soliciting interest from students, reviewing applications and conducting interviews, recommending local government agency placements, and communicating regularly with Fellows. WRCOG, UCR, and CBU also provide ongoing training to Fellows on career readiness and other theoretical topics during regular Networking Sessions to support their hands-on work experience. A representative from each University serves as an "advisor" to answer questions from the Fellows or host agencies, monitor the Fellows' performance, handle HR-related issues or complaints in collaboration with WRCOG, and provide needed support to ensure that the Fellowship placement is successful.

Financial Planning

A successful fiscal year always starts during the creation of the budget process. Management staff will begin to gather data and discuss planning of the budget around January of every year. Management will describe their needs in terms of increased line items and justify that with any increases they foresee in revenues for the upcoming fiscal year.

The first time the draft budget is presented publicly at WRCOG's sub-committee level. The Administration & Finance Committee, which is comprised of 11 of WRCOG's Executive Committee members, will review and discuss the budget, usually at its March or April meeting and make any recommendations and have it forwarded on to the Technical Advisory Committee (TAC), which is comprised of the City Managers and Agency Directors of WRCOG's member agencies. This meeting of the TAC usually occurs within the same month as the Administration & Finance Committee. After it is recommended for approval, the budget's next stop is at WRCOG's Executive Committee meeting (usually in June). Once approved by the Executive Committee, the budget is

approved by the General Assembly. The General Assembly is usually held at an off-site location and generally on the fourth Thursday of every June. The General Assembly is comprised of a majority of all City Councils, County Board of Supervisors, and other Board Members that represent WRCOG.

The budget itself is presented at the function level. It is displayed as follows: general government, transportation, energy, and environment. With the exception of the general government, each function is self-sufficient and able to fund its own expenditures through revenue generated. The general government; however, does not bring in enough revenue to cover all of the expenditures such as rent, legal, consulting, and payroll, and because of this, must charge overhead to offset the difference. The overhead is calculated during the budget process and allocated to each function in the most equitable method possible. This is usually based on the amount of revenue generated as a percentage of the total agency revenue.

The creation of the budget entries is part of the internal control process. One member of the Fiscal staff is to enter the journal, while another member approves. WRCOG's IT consulting firm is the only member of WRCOG that is allowed to assign functions within the accounting system. The goal of creating internal controls is to ensure that one person cannot create, approve, and issue a check, wire, or any other sensitive piece of information. WRCOG follows the policy that at least two, if not three, signatures are required to approve any check requests and the amount must be verified against the approved budget to ensure there are sufficient funds available to expend.

The Executive Committee of WRCOG has provided outstanding leadership and has provided staff with excellent resources, which are reflected in the programs delivered to the various members. WRCOG continues to be counted on to provide regional perspective while respecting local control.

WRCOG's Executive Committee approves all financial policies relevant to every aspect of the agency's accounting and as such, none of the policies approved during the year, or in year's past, had a significant impact on the current period's financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Western Riverside Council of Governments for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

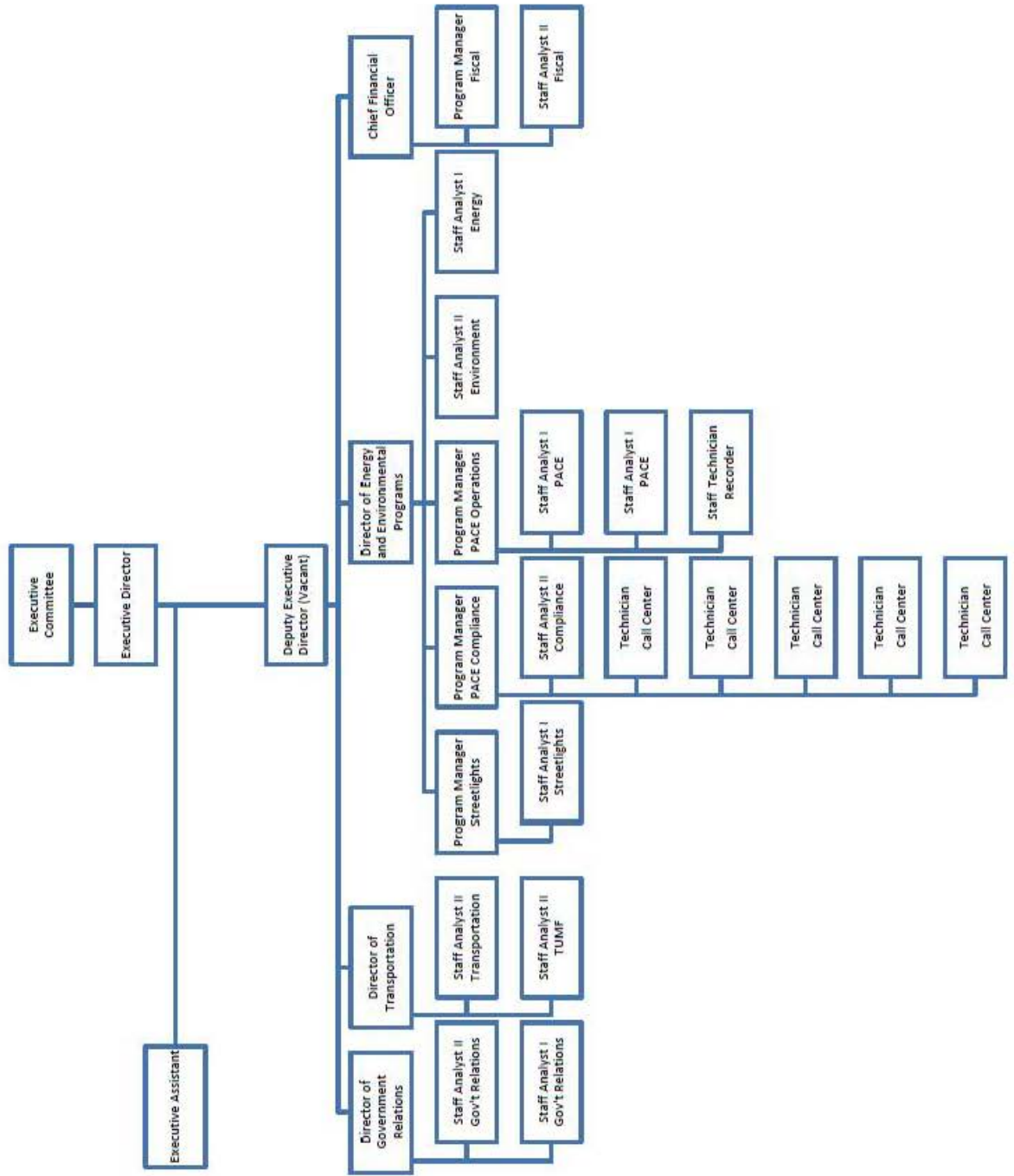
Sincerely,

A handwritten signature in blue ink, appearing to read "Ernie Reyna".

Ernie Reyna, CPA
Chief Financial Officer



Western Riverside Council of Governments
Organizational Chart 2017



Western Riverside Council of Governments

List of Principal Officials As of June 30, 2017

Executive Committee Members

Name and Position	Title	Agency
Debbie Franklin	Chair	City of Banning
Chuck Washington	Vice Chair	County of Riverside, District 3
Bonnie Wright	2 nd Vice Chair	City of Hemet
Jeff Hewitt	Member	City of Calimesa
Jordan Ehrenkranz	Member	City of Canyon Lake
Eugene Montanez	Member	City of Corona
Adam Rush	Member	City of Eastvale
Laura Roughton	Member	City of Jurupa Valley
Brian Tisdale	Member	City of Lake Elsinore
John Denver	Member	City of Menifee
Yxstian Gutierrez	Member	City of Moreno Valley
Kelly Seyarto	Member	City of Murrieta
Kevin Bash	Member	City of Norco
Rita Rogers	Member	City of Perris
Rusty Bailey	Member	City of Riverside
Crystal Ruiz	Member	City of San Jacinto
Mike Naggar	Member	City of Temecula
Ben Benoit	Member	City of Wildomar
Kevin Jeffries	Member	County of Riverside, District 1
John Tavaglione	Member	County of Riverside, District 2
Marion Ashley	Member	County of Riverside, District 5
Brenda Dennstedt	Member	Western Municipal Water Dist.
David Slawson	Member	Eastern Municipal Water Dist.
Judy White	Member	Riverside County Superintendent of Schools
Robert Martin	Member	Morongo Band of Mission Indians

Management Staff

Rick Bishop, Executive Director
Chris Gray, Director of Transportation
Ernie Reyna, Chief Financial Officer
Barbara Spoonhour, Director of Energy and Environmental Programs
Jennifer Ward, Director of Government Relations



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Western Riverside
Council of Governments
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrell

Executive Director/CEO



Financial Section

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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San Bernardino, CA 92408
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INDEPENDENT AUDITOR'S REPORT

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Nathan Statham, CPA, MBA
Gardenya Duran, CPA
Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA

Executive Committee
Western Riverside Council of Governments
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Riverside Council of Governments (WRCOG), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise WRCOG's basic financial statements as listed in the table of contents.

Management's Responsibility for 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.

Auditor's 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 from material misstatement.

MEMBERS

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Certified Public Accountants

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Governmental Audit
Quality Center

California Society of
Certified Public Accountants

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 those 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 governmental activities, each major fund and the aggregate remaining fund information of WRCOG as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, and the required supplementary information, as listed in the table of contents, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WRCOG's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of WRCOG's 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 WRCOG's internal control over financial reporting and compliance.

Rogers, Anderson, Malachy & Scott, LLP.

San Bernardino, California
October 31, 2017

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2017**

This section of the Western Riverside Council of Governments (WRCOG) Comprehensive Annual Financial Report presents a narrative overview and analysis of WRCOG's financial activities for the fiscal year ended June 30, 2017. Management encourages readers to consider the information presented here in conjunction with the Letter of Transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to WRCOG's basic financial statements. WRCOG's basic financial statements include three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

The following required supplemental information has been included in this report:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Schedules of Funding Progress for Other Postemployment Benefits
- Schedule of WRCOG's Proportional Share of the Net Pension Liability and Related Ratios as of the Measurement Date
- Schedule of Plan Contributions

The following supplemental information has been included in this report:

- Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds
- Statistical Section

Government-Wide Financial Statements are designed to provide readers with a broad overview of WRCOG finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of WRCOG's assets and deferred outflows of resources as well as liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of WRCOG is improving or declining.

The *Statement of Activities* presents information showing how WRCOG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as revenues pertaining to uncollected TUMF fees or expenses pertaining to earned but unused vacation and sick leave).

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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For the Year Ended June 30, 2017

Fund Financial Statements WRCOG only utilizes governmental funds. The focus of governmental fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 34, as amended. Like other state and local governments, WRCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements often have a budgetary orientation, are prepared on the modified accrual basis of accounting, and focus primarily on the sources, uses, and balances of current financial resources.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds' balance sheet and statement of revenues, expenditures, and changes in fund balances are accompanied by reconciliation to the government-wide financial statements in order to facilitate comparison between governmental funds and governmental activities.

WRCOG maintains two major governmental funds organized to their type (general and special revenue). The governmental fund statements present the financial information of each major fund in separate columns.

Notes to the Basic Financial Statements provide additional information other than that displayed on the face of the financial statements and are essential for the fair presentation of the financial information in the government-wide and fund financial statements.

Required Supplementary Information, in addition to this MD&A, presents schedules of funding progress, proportionate share of net pension liability, schedule of contributions, other post-employment benefits, plus budget and actual information.

FINANCIAL HIGHLIGHTS

- Total net position of WRCOG was \$4.3 million and consisted of net investment in capital assets of \$94 thousand, restricted net position of \$12 thousand, and unrestricted net position of \$4.2 million.
- At June 30, 2017, WRCOG's assets of \$83.6 million plus deferred outflows of resources of \$1.2 million exceeded its liability of \$80.3 million and deferred inflows of resources of \$109 thousand resulting in a net position of \$4.3 million.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position – Net Position may serve as a useful indicator of a government's financial position. At the end of the current fiscal year, WRCOG reported positive net position, with total assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$4.3 million.

Net pension liability is the amount needed to fully fund WRCOG's defined benefit plan. The net pension liability at June 30, 2016 was \$1.8 million and increased to \$2.3 million at June 30, 2017.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. WRCOG reports a deferred outflow related to pensions.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. WRCOG reports a deferred inflow also related to pensions.

The table below provides summarized data from the Statement of Net Position for WRCOG as of June 30, 2017, as compared to the prior year:

Statement of Net Position
As of June 30

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 83,485,828	\$ 95,112,835
Capital assets being depreciated	<u>93,875</u>	<u>100,296</u>
Total Assets	<u>83,579,703</u>	<u>95,213,131</u>
Deferred Outflows of Resources	<u>1,197,115</u>	<u>791,771</u>
Current and other liabilities	60,958,537	32,743,421
Long-term obligations	<u>19,370,537</u>	<u>27,026,755</u>
Total Liabilities	<u>80,329,074</u>	<u>59,770,176</u>
Total Deferred Inflows or Resources	<u>109,364</u>	<u>266,755</u>
Net Position:		
Net investment in capital assets	93,875	100,296
Restricted	11,702	26,481,732
Unrestricted	<u>4,232,803</u>	<u>9,385,943</u>
Total Net Position	<u>\$ 4,338,380</u>	<u>\$ 35,967,971</u>

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WRCOG's total net position decreased by 88%, or \$31.6 million, during fiscal year 2016-2017 compared to the prior year's increase of \$4.6 million. Total liabilities increased 57%, or \$29 million, during fiscal year 2016-2017 compared to the prior year, mostly due to the increase in TUMF projects started, but not yet completed and the associated dollars owed to WRCOG's Member Agencies. Current assets decreased from \$95.1 million in FY 2015/2016 to \$83.5 million, or 12%. This decrease in current assets is attributable to an increase in TUMF project reimbursements and transferring RTA's TUMF balance of \$15M in the year. Also carryover funds were utilized for various agency activities. Below are the three components of net position and their respective fiscal year-end balances:

- **Net Investment in Capital Assets** represents 2.2%, or \$94 thousand of WRCOG's total net position for fiscal year 2016-2017 compared to 0.3%, or \$100 thousand, for fiscal year 2015-2016. The decrease is attributable to the depreciation of existing capital assets.
- **Restricted net position** accounts for 0.3%, or \$12 thousand, of WRCOG's total net position for fiscal year 2016-2017 compared to 73.6%, or \$26.4 million, for fiscal year 2015-2016. This component of net position represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. All of the restricted net position applies to TUMF as the administration plan requires that WRCOG hold the funds until a Zone has an opportunity to claim use of the funds through the Transportation Improvement Process (TIP). The jurisdiction located within that particular zone must demonstrate it has expended its own funds and is requesting reimbursement and has provided the appropriate supporting documentation.
- **Unrestricted net position** accounts for 97.6%, or \$4.2 million, of WRCOG's total net position for fiscal year 2016-2017 compared to 26.1% or \$9.4 million for fiscal year 2015-2016. This component of WRCOG's total net position may be used to meet WRCOG's ongoing obligations to creditors.

Governmental Activities

Revenues: WRCOG's governmental activities rely on the following sources of revenue to finance ongoing operations:

- General revenue related to governmental activities primarily consists of fees, other revenues, and investment earnings. Investment earnings decreased from \$509 thousand to \$(13) thousand due to market losses from investments and investment management fees.
- Charges for services are revenues received related to the sponsorship of the PACE Program. WRCOG receives 1.463% of the amount financed for its participation in the program. In addition, the PACE Program recording fees are included in the revenue balance.

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- Operating grants and contributions decreased by \$714 thousand, or 2%, from \$44.5 million in fiscal year 2015-2016 to \$43.7 million in the current fiscal year. This decrease was due to the separation of PACE fees from Operating grants and contributions to Charges for Services. Total expenses increased from \$50.2 million to \$84.7 million due to an increased amount of PACE and TUMF expenses.

Expenses: Total program expenses for governmental activities were \$84.7 million for the current fiscal year, an increase of 68.7%, or \$34.5 million compared to prior fiscal year of \$50.2 million. The increase in expenses is mostly attributable to a greater amount of TUMF Projects that were reimbursed during the fiscal year, as well as an increase in PACE related expenses.

The following table provides information from the Statement of Activities for WRCOG for the fiscal year 2016-2017, as compared to the prior year:

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30**

	2017	Percent of Total	2016	Increase (Decrease) From 2016	Percent Increase (Decrease)
Revenues					
Program revenues:					
Charges for services	\$ 9,316,452	17.6%	\$ 9,779,134	\$ 462,682	4.7%
Operating grants and contributions	43,773,262	82.5%	44,486,961	713,699	1.6%
General revenues:					
Other revenues	-	0.0%	36,112	36,112	100.0%
Investment earnings	(12,645)	-0.1%	509,228	521,873	102.5%
Total revenues	53,077,069	100.0%	54,811,435	1,734,366	3.2%
Expenses					
General government	4,028,482	4.8%	2,520,688	\$ (1,507,794)	
Transportation	74,542,061	88.0%	41,631,788	(32,910,273)	-79.1%
Energy	5,622,980	6.6%	5,629,560	6,580	0.1%
Environmental	513,137	0.6%	423,667	(89,470)	-21.1%
Total expenses	84,706,660	100.0%	50,205,703	(34,500,957)	-68.7%
Change in Net Position	(31,629,591)		4,605,732	36,235,323	-59.8%
Net Position, Beginning of Year	35,967,971		31,362,239	(4,605,732)	
Net Position, End of Year	\$ 4,338,380		\$ 35,967,971	\$ 31,629,591	87.9%

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Operating Grants and Contributions are revenues received from parties outside of WRCOG, such as state agencies, and are generally restricted to one or more specific programs. TUMF revenue is the largest governmental activities program revenue with \$42.2 million recognized during the year, as compared to \$42.6 million for fiscal year 2015-2016, which represents a decrease of 1% or \$400 thousand.

FINANCIAL ANALYSIS OF FUND STATEMENTS

As previously noted, WRCOG uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of WRCOG's governmental funds is to provide information on the sources, uses, and balances of spendable resources. Such information is useful in assessing WRCOG's short-term financial requirements. In particular, the total fund balance less the non-spendable amount may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by WRCOG include the General and Special Revenue Funds.

The General Fund is the chief operating fund for WRCOG. At the end of the current fiscal year, the General fund's total fund balance was \$12.6 million, as compared to \$9.9 million for the prior fiscal year. The increase of \$2.7 million, or (27%), was mostly a result of the increased amount of revenue over expenses for the PACE Program, which equated to a net increase of \$4 million. The increase in PACE revenue was attributable to the program's continued expansion throughout the State of California and allowing more residents access to the program. As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. The non-spendable portion of fund balance was \$167 thousand; the assigned portion was \$3,426,691, which included the BEYOND Program of \$3,305,419 and the Fellowship Program of \$121,272, and the unassigned portion at \$9 million. The current year's unassigned fund balance is 89% of the total general fund expenditures of \$10.1 million, as compared to 90% of the total general fund expenditures for fiscal year 2015-2016. The total fund balance of the General fund for the current year is 125% of the total general fund expenditures as compared to 139% for the prior year.

GENERAL FUND FINANCIAL ANALYSIS

Revenues for the General Fund, including comparative amounts from the preceding year are shown in the following tabulation:

	2017	Percent of Total	2016	Increase (Decrease) From 2016	Percent Increase (Decrease)
Revenues					
Intergovernmental	\$ 1,145,570	9.0%	\$ 1,058,265	\$ (87,305)	-8.2%
TUMF mitigation fees	1,689,574	13.2%	1,704,607	15,033	0.9%
PACE fees	9,028,003	70.8%	9,562,139	534,136	5.6%
Other revenues	894,488	7.0%	848,957	(45,531)	-5.4%
Investment income	261	0.0%	4,651	4,390	94.4%
Total revenues	<u>\$ 12,757,896</u>	<u>100%</u>	<u>\$ 13,178,619</u>	<u>\$ 420,723</u>	<u>87.2%</u>

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The decrease in intergovernmental revenue was attributable to a decreased amount funds from WRCOG's Used Oil Program. TUMF mitigation fees were higher because more permits were issued during the fiscal year resulting in an increased amount of revenue from the TUMF program. PACE fees increased significantly because the program expanded into new areas of California allowing more residents of the state to access and quality for the PACE loans. Lastly, investment income decreased slightly in the general fund due to fluctuations in the market and average cash balances upon fiscal year end.

Expenditures for the General fund, including comparative amounts from the preceding year, are shown in the following tabulation:

	2017	Percent of Total	2016	Increase (Decrease) From 2016	Percent Increase (Decrease)
Expenditures					
General government	\$ 3,965,880	39.2%	\$ 2,681,489	\$ (1,284,391)	-47.9%
Energy	5,632,488	55.7%	5,647,563	15,075	0.3%
Environmental	513,137	5.1%	435,626	(77,511)	-17.8%
Total expenditures	<u>\$ 10,111,505</u>	<u>100.0%</u>	<u>\$ 8,764,678</u>	<u>\$ (1,346,827)</u>	<u>-65.4%</u>

The increase of expenditures in the General Government was due to the increase in payroll related costs such as benefits to both current and retired employees and the rising cost of pensions. Expenditures in Energy was approximately even. Since the Program has gone statewide, expenditures have increased in such areas as payroll, consulting, and recording fees. Lastly, The Environmental Program experienced an increase in expenditures mostly due to an increase in employees for this department.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences exist between final budgeted amounts versus actual mostly due to the timing in which the fourth quarter budget amendments are taken to WRCOG's Administration & Finance Committee. To be finalized for year end, the fourth quarter amendments are presented at the July Administration & Finance Committee and approved at the August Executive Committee meeting.

Because of this timing, each category of the budget for revenue has some variation with the largest occurring with the intergovernmental revenues. When the final budget was presented to the Executive Committee, it was anticipated revenues in the General Fund would be \$12.5 million; however, the actual amount was only \$12.7 million, leaving a variance of \$248 thousand.

On the expenditure side for the General Fund, it was anticipated expenditures would be \$13.8 million; however, actual expenditures were only \$10.1 million, leaving a variance of \$3.7 million. This was mostly due to the Environmental Program's grant year which does not match up with WRCOG's Fiscal Year. The grant year causes expenditures to be carried forward into the next Fiscal Year.

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**Management's Discussion and Analysis
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CAPITAL ASSETS AND LONG TERM OBLIGATIONS

As of June 30, 2017, WRCOG had capital assets of \$93,875, net of accumulated depreciation, invested in mostly office items such as furniture, computers, office improvements, and vehicles.

Additional information to WRCOG's capital assets can be found on Note 4 to the financial statements.

Long-term liabilities have decreased from \$27 million in FY 2015/2016, to \$19.4 million in FY 2016/2017, or a decrease of 28%. The decrease in long-term liabilities can mostly be attributed to a decrease in refund liabilities from the TUMF Program. Refund liability represents amounts owed to developers for the pre-payment of TUMF fees. In some instances these TUMF fees are paid in advance, but the project is never started, and the developer requests a refund.

Additional information to WRCOG's long-term liabilities can be found on Note 5 to the financial statements

ECONOMIC FACTORS AND OTHER FACTORS

On June 22, 2017 WRCOG adopted the fiscal year 2017/2018 budget. The budget is presented by function, which includes: Administration, Transportation, Energy, and Environmental. Expenditures have shifted in that now the majority of budgeted expenditures are now in the Energy category because of the need for consulting services, payroll, and recording fees. The TUMF program, saw a decrease in revenues of 1.29% in Fiscal Year 2016/2017. Leading economic indicators suggest that the housing market has stabilized, which is helped balance the WRCOG budget.

CONTACTING WRCOG'S MANAGEMENT

This financial report is designed to provide a general overview of WRCOG's finances for all those with an interest in the government's finances and to show WRCOG's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Finance Department at Western Riverside Council of Governments, 3390 University Avenue, Suite 450, Riverside, California 92501.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 75,695,122
Receivables:	
Grants	711,716
Interest	4,710
Mitigation fees receivable	6,341,696
Due from other governments	6,313
Prepaid items	167,212
Net OPEB asset	559,059
Capital assets, net of accumulated depreciation	93,875
Total Assets	<u>83,579,703</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>1,197,115</u>
LIABILITIES	
Accounts payable	790,088
Due to other governments	59,423,224
Accrued wages and benefits	1,999
Unearned revenue	743,226
Non-current liabilities:	
Due within one year	17,473
Due in more than one year:	
Compensated absences	157,261
TUMF liabilities	16,898,755
Net pension liability	2,297,048
Total Liabilities	<u>80,329,074</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>109,364</u>
NET POSITION	
Net investment in capital assets	93,875
Restricted for:	
Foundation	11,702
Unrestricted	<u>4,232,803</u>
Total Net Position	<u>\$ 4,338,380</u>

The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Activities
For the Fiscal Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
Governmental activities:				
General government	\$ 4,028,482	\$ -	\$ 512,876	\$ (3,515,606)
Transportation	74,542,061	-	42,731,611	(31,810,450)
Energy	5,622,980	9,316,452	-	3,693,472
Environmental	513,137	-	528,775	15,638
Total Governmental Activities	<u>\$ 84,706,660</u>	<u>\$ 9,316,452</u>	<u>\$ 43,773,262</u>	<u>\$ (31,616,946)</u>
General Revenues:				
	Investment income (loss)			<u>(12,645)</u>
	Total General Revenues			<u>(12,645)</u>
	Change in Net Position			(31,629,591)
	Net Position, Beginning of Year			<u>35,967,971</u>
	Net Position, End of Year			<u>\$ 4,338,380</u>

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Balance Sheet – Governmental Funds
June 30, 2017

	Major Funds		Total
	General Fund	Special Revenue TUMF	Governmental Funds
ASSETS			
Cash and investments	\$ 14,035,524	\$ 61,659,598	\$ 75,695,122
Receivables:			
Grants	711,716	-	711,716
Interest	10	4,700	4,710
Mitigation fees receivable	-	6,341,696	6,341,696
Due from other governments	6,313	-	6,313
Prepaid items	167,212	-	167,212
Advances to other funds	-	827,686	827,686
Total Assets	<u>\$ 14,920,775</u>	<u>\$ 68,833,680</u>	<u>\$ 83,754,455</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 753,433	\$ 36,655	\$ 790,088
Due to other governments	-	59,423,224	59,423,224
Accrued wages and benefits	1,999	-	1,999
Unearned revenue	743,226	-	743,226
Advances from other funds	827,686	-	827,686
Total Liabilities	<u>2,326,344</u>	<u>59,459,879</u>	<u>61,786,223</u>
Fund Balances			
Nonspendable:			
Prepaid items	167,212	-	167,212
Restricted:			
Transportation projects	-	9,373,801	9,373,801
Foundation	11,702	-	11,702
Assigned:			
BEYOND Program	3,305,419	-	3,305,419
Fellowship Program	121,272	-	121,272
Unassigned	8,988,826	-	8,988,826
Total Fund Balances	<u>12,594,431</u>	<u>9,373,801</u>	<u>21,968,232</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,920,775</u>	<u>\$ 68,833,680</u>	<u>\$ 83,754,455</u>

The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2017**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - Governmental Funds	\$ 21,968,232
 The net OPEB asset is not an available current financial resource and therefore is not reported in the governmental funds.	 559,059
 Capital assets, net of accumulated depreciation used in governmental activities, are not current financial resources and therefore are not reported in the funds.	 93,875
 Non-current liabilities are not due and payable in the current period and therefore are not reported in the funds.	
TUMF liabilities	(16,898,755)
Compensated absences	(174,734)
Net pension liability	(2,297,048)
 Deferred outflows and inflows of resources are not reported in the governmental funds:	
Deferred amounts related to pensions	<u>1,087,751</u>
 Net Position of Governmental Activities	 <u><u>\$ 4,338,380</u></u>

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Major Funds		Total
	General Fund	Special Revenue TUMF	Governmental Funds
REVENUES			
Intergovernmental	\$ 1,145,570	\$ -	\$ 1,145,570
TUMF mitigation fees	1,689,574	40,549,766	42,239,340
PACE fees	9,028,003	-	9,028,003
Other revenues	894,488	-	894,488
Investment income (loss)	261	(12,906)	(12,645)
Total Revenues	<u>12,757,896</u>	<u>40,536,860</u>	<u>53,294,756</u>
EXPENDITURES			
Current:			
General government	3,965,880	-	3,965,880
Transportation	-	82,703,352	82,703,352
Energy	5,632,488	-	5,632,488
Environmental	513,137	-	513,137
Total Expenditures	<u>10,111,505</u>	<u>82,703,352</u>	<u>92,814,857</u>
Net Change in Fund Balances	2,646,391	(42,166,492)	(39,520,101)
Fund Balances, Beginning of Year	<u>9,948,040</u>	<u>51,540,293</u>	<u>61,488,333</u>
Fund Balances, End of Year	<u>\$ 12,594,431</u>	<u>\$ 9,373,801</u>	<u>\$ 21,968,232</u>

The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (39,520,101)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.	(6,421)
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Prepaid OPEB costs are expensed in the governmental funds when paid but are amortized in the Statement of Net Position. This is the amount of the decrease in the net OPEB asset.	(122,072)
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The payment of amounts pursuant to long-term TUMF agreements is recorded as an expenditure in the governmental funds. This transaction does not have an effect on the net position in the government-wide financial statements.	5,234,500
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in compensated absences	2,632
Net change in TUMF liabilities	2,925,306

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts.	74,252
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Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities.	<u>(217,687)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (31,629,591)</u></u>
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The accompanying notes are an integral part of these financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Fiduciary Net Position
June 30, 2017**

	Agency Fund
ASSETS	
Cash and investments	\$ 506,005
LIABILITIES	
Deposits payable	\$ 506,005

The accompanying notes are an integral part of these financial statements.

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Western Riverside Council of Governments (WRCOG) was formed in 1989 under the California Government Code Section 6500 et. seq. WRCOG is a special district governed by twenty-four Executive Committee Members consisting of seventeen members from the cities in Western Riverside County (excluding the City of Beaumont), four Riverside County Supervisors, one member each from the Eastern and Western Municipal Water Districts, and one member from the Riverside County Superintendent of Schools.

Accounting principles generally accepted in the United States of America require that these financial statements present the accounts of WRCOG and any of its component units. Component units are legally separate entities for which WRCOG is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of WRCOG's operations so the accounts of these entities are to be combined with the data of WRCOG. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status.

Blended Component Unit

WRCOG Supporting Foundation (the Foundation). WRCOG has created a foundation to support its mission and objectives under IRC 509(a)(3) as an organization that is supervised and controlled in connection with a publicly supported organization. All contributions to the Foundation are exempt under section 501(c)(3) of the Internal Revenue Code. WRCOG executive committee members are the governing board of the Foundation, and management of WRCOG has operational responsibility for the component unit. The Foundation is reported as part of the General Fund in these financial statements.

B. Basis of Presentation

WRCOG's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These statements require that the financial statements described below be presented.

Government-wide Financial Statements. The Statement of Net Position and the Statement of Activities report information on all activities of WRCOG. All fiduciary activities are reported only in the fund financial statements.

The effect of interfund activity has been removed from the government-wide financial statements. Governmental activities are supported by fees, taxes, and intergovernmental revenues.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation, Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. General assembly revenues and other items that do not meet the definition of program revenues are reported instead as general revenues.

Fund Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. WRCOG considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year end, except for cost reimbursement based grants where due to the nature of these grants 180 days after year end is used. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

D. Fund Classifications

WRCOG reports the following major governmental funds:

General Fund. The general fund is WRCOG's primary operating fund. It accounts for all financial resources of WRCOG, except those required to be accounted for in another fund.

Transportation Uniform Mitigation Fees (TUMF) Special Revenue Fund. This fund is used to account for the proceeds of Transportation Uniform Mitigation Fees which are legally restricted to expenditures for specified purposes.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Fund Classifications, Continued

Additionally, WRCOG reports the following fiduciary fund:

Agency Fund. WRCOG's agency fund is used to account for deposits relating to the payoff of Property Assessed Clean Energy (PACE) program loans. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of revenues and expenses.

E. Financial Statement Elements

(1) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for non-negotiable certificates of deposit and investment contracts that are reported at cost. These investments are not transferrable, and they have terms that are not affected by changes in market interest rate. Investment income includes interest earnings and the net increase (decrease) in fair value of investments. WRCOG categorized the fair value measurements for its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

(2) Interfund Balances and Transfers

Activities between funds that are representative of lending and borrowing arrangements outstanding at year end are referred to as advances to/from other funds.

(3) Capital Assets

Capital assets, which include furniture and computers, are reported in the government-wide financial statements. WRCOG defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful lives varying from five to ten years.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Financial Statement Elements, Continued

(4) Compensated Absences

A total of 10 days of vacation per year may be accumulated by each employee with three years of service, 15 days with four years of service, and 20 days with ten or more years of service. However, employees are not paid for their accumulated sick leave upon retirement until they have been employed for five years, at which time 50% of accumulated sick leave hours in excess of 240 hours is paid out. WRCOG accrued a liability for compensated absences, which meets the following criteria:

- WRCOG's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered,
- The obligation relates to rights that vest or accumulate,
- Payment of the compensation is probable,
- The amount can be reasonably estimated.

Compensated absences not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements.

(5) Fund Balance – Governmental Funds

The following fund balance classifications describe the relative strength of the spending constraints on WRCOG's fund balances:

- Nonspendable fund balance – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, contributors, or laws or regulations of other governments).
- Committed fund balance – amounts constrained to specific purposes by WRCOG itself, using its highest level of decision-making authority (i.e., Executive Committee ordinance). To be reported as committed, amounts cannot be used for any other purpose unless WRCOG takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts WRCOG intends to use for a specific purpose. Intent is expressed by the Executive Committee.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts can only be reported in the general fund.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Financial Statement Elements, Continued

(5) Fund Balance – Governmental Funds, Continued

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, WRCOG considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, WRCOG considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Executive Committee or management has provided otherwise in its commitment or assignment actions.

(6) Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts and the disclosures. Actual results could differ from those estimates.

(7) Pensions

Information about the fiduciary net position of WRCOG's California Public Employees Retirement System (CalPERS) Plan and additions to/deductions in the Plan's fiduciary net position have been determined on the same basis as reported by CalPERS. This includes the measurement of pension expense and the net pension liability and deferred outflows/inflows of resources related to pensions. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(8) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. The government only has one item that qualifies for reporting in this category: deferred amounts related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The government has only one type of item of this: deferred amounts related to pensions. For the fund level statements, deferred inflows of resources represent unavailable resources.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 75,695,122
Fiduciary Funds	
Cash and investments	506,005
Total Cash and Investments	<u>\$ 76,201,127</u>

Cash and investments as of June 30, 2017, consist of the following:

Deposits and petty cash	\$ 37,620,740
Investments	38,580,387
Total Cash and Investments	<u>\$ 76,201,127</u>

A. Authorized Investments

The following investments are authorized under California Government Code and, where more restrictive, WRCOG's Investment Policy:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	100%	None
U.S. Agency Securities	5 years	100%	None
State of California Obligations	5 years	15%	None
Local Agency Obligations	5 years	15%	None
Repurchase Agreements	7 days	25%	20%
Commercial Paper	270 days	25%	10%
Banker's Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	None
Time Certificates of Deposit	5 years	2%	None
Negotiable Certificates of Deposit	5 years	25%	None
Money Market Mutual Funds	N/A	20%	10%
Riverside County Treasurer's Pooled Investment	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65 million **

** Limit set by LAIF governing Board, not California Government Code

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 2 – CASH AND INVESTMENTS, (Continued)

B. 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. As of the year end, the weighted average maturity of the investments contained in the Local Agency Investment Fund (LAIF) pool was approximately 270 days, and the Riverside County Investment Pool had a weighted average maturity of 1.10 years. WRCOG's investment policy recognizes the interest rate risk and therefore places maximum maturity limits (up to five years) on various types of allowable investments.

Investment Type	Total	Remaining Maturity		
		12 months or less	13 to 24 months	25 to 36 months
LAIF	\$ 792,635	\$ 792,635	\$ -	\$ -
Riverside County Treasurer's Pooled Investment Fund	2,236,147	-	2,236,147	-
U.S. Treasury Obligations	500,879	-	-	500,879
U.S. Agency Securities	22,934,747	3,315,632	8,713,475	10,905,640
Local Agency Obligations	535,241	-	535,241	-
Commercial Paper	2,085,216	2,085,216	-	-
Medium Term Notes	9,394,510	2,491,453	1,462,840	5,440,217
Money Market Account	101,012	101,012	-	-
Total	<u>\$ 38,580,387</u>	<u>\$ 8,785,948</u>	<u>\$ 12,947,703</u>	<u>\$ 16,846,736</u>

C. Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 2 are valued using market approach using quoted market prices.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

C. Fair Value Classifications, Continued

Fair value measurements for investments are as follows as of June 30, 2017:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 500,879	\$ -	\$ 500,879	\$ -
U.S. Agency Securities	22,934,747	-	22,934,747	-
Local Agency Obligations	535,241	-	535,241	-
Commercial Paper	2,085,216	-	2,085,216	-
Medium Term Notes	9,394,510	-	9,394,510	-
Total Leveled Investments	35,450,593	\$ -	\$ 35,450,593	\$ -

Investments not Subject to Hierarchy:

LAIF	792,635
Riverside County Treasurer's Pooled Investment Fund	2,236,147
Money Market Account	101,012
	<u>\$ 38,580,387</u>

Deposits and withdrawals to/from LAIF and the Riverside County Treasurer's Pooled Investment Fund are made on the basis of \$1 and not fair value. As such, the measurement of fair value is uncategorized and not defined as a Level 1, Level 2 or Level 3 input. The balance of the money market account is considered a cash equivalent.

D. Disclosures Relating to 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, the WRCOG's investment policy, or debt agreements, and the actual Standard and Poor's rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	AAA	AA+	AA	AA-	A+	A	Not Rated
LAIF	\$ 792,635	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 792,635
Riverside County Treasurer's Pooled Investment Fund	2,236,147	N/A	-	-	-	-	-	-	2,236,147
U.S. Treasury Obligations	500,879	N/A	-	500,879	-	-	-	-	-
U.S. Agency Securities	22,934,747	N/A	858,881	22,075,866	-	-	-	-	-
Local Agency Obligations	2,620,457	N/A	-	-	535,241	-	-	2,085,216	-
Medium Term Notes	9,394,510	A	\$ 104,448	349,796	\$ 498,026	\$ 883,585	\$ 2,677,875	\$ 4,880,780	-
Money Market Account	101,012	N/A	-	-	-	-	-	-	101,012
	<u>\$ 38,580,387</u>		<u>\$ 963,329</u>	<u>\$ 22,926,541</u>	<u>\$ 1,033,267</u>	<u>\$ 883,585</u>	<u>\$ 2,677,875</u>	<u>\$ 6,965,996</u>	<u>\$ 3,129,794</u>

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

E. Concentration of Credit Risk

Investments in any one issuer that represent five percent or more of the total WRCOG investments are as follows:

Concentration of Credit Risk

Issuer	Investment Type	Reported Amount	Percent of Portfolio
Freddie Mac	U.S. Agency Securities	\$ 8,899,923	23%
Fannie Mae	U.S. Agency Securities	\$ 7,701,661	20%
Federal Home Loan Bank	U.S. Agency Securities	\$ 4,296,979	11%

F. 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 WRCOG's 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure WRCOG deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Of WRCOG's deposits with financial institutions, \$37,851,901 was in excess of federal depository insurance limits. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code to collateralize the WRCOG's deposits as noted above.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

G. Investment in State Investment Pool

WRCOG is a voluntary participant 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. LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The fair value of WRCOG's investment in this pool is reported in the accompanying financial statements at amounts based upon WRCOG's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at www.treasurer.ca.gov.

H. Investment in Riverside County Pooled Investment Fund

The Riverside County Treasurer's Pooled Investment Fund (RCTPIF) is a pooled investment fund program governed by the County of Riverside Board of Supervisors and Investment Oversight Committee and administered by the County of Riverside Treasurer and Tax Collector. Investments in RCTPIF are highly liquid, as deposits and withdrawals can be made at any time without penalty. RCTPIF does not impose a maximum investment limit. RCTPIF is not registered with the Securities and Exchange Commission. The fair value of WRCOG's investment in this pool is reported in the accompanying financial statements at amounts based upon WRCOG's pro rata share of the fair value provided by County Treasurer for the entire RCTPIF.

Information related to the RCTPIF may be obtained from the County of Riverside Administrative Office – 4080 Lemon Street, 4th Floor – Capital Markets – Riverside, California 92506 or the Treasurer and Tax Collector's office website at www.countytreasurer.org.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Advances to Other Funds

WRCOG's interfund receivables and payables represent amounts advanced from the TUMF Fund to the General Fund for OPEB costs. The advance is anticipated to be repaid over a ten year period which began in fiscal year 2014-15 with equal annual payments.

The composition of interfund balance as of June 30, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
TUMF	General	\$ 827,686

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2017, is shown below:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and Computer Equipment	\$ 384,413	\$ 38,372	-	\$ 422,785
Other Capital Assets	33,037	-	-	33,037
Total Depreciable Capital Assets	<u>417,450</u>	<u>38,372</u>	<u>-</u>	<u>455,822</u>
Less Accumulated Depreciation for:				
Furniture and Computer Equipment	(310,547)	(44,793)	-	(355,340)
Other Capital Assets	(6,607)	-	-	(6,607)
Total Accumulated Depreciation	<u>(317,154)</u>	<u>(44,793)</u>	<u>-</u>	<u>(361,947)</u>
Capital Assets net of Accumulated Depreciation	<u>\$ 100,296</u>	<u>\$ (6,421)</u>	<u>\$ -</u>	<u>\$ 93,875</u>

Depreciation expense of \$44,793 was charged to the general government function of the governmental activities.

NOTE 5 – LONG-TERM LIABILITIES

A schedule of changes in the long-term liabilities for the year ended June 30, 2017, is shown below:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 177,366	\$ 133,860	\$ (136,492)	\$ 174,734	\$ 17,473
Refund Liability	11,670,561	440,736	(3,366,042)	8,745,255	-
City of Moreno Valley Agreement	10,128,000	-	(3,634,500)	6,493,500	-
City of Riverside Agreement	3,260,000	-	(1,600,000)	1,660,000	-
Net Pension Liability	1,808,565	793,695	(305,212)	2,297,048	-
Total Long-term Liabilities	<u>\$ 27,044,492</u>	<u>\$ 1,368,291</u>	<u>\$ (9,042,246)</u>	<u>\$ 19,370,537</u>	<u>\$ 17,473</u>

Compensated absences will be liquidated primarily from the General Fund.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 5 – LONG-TERM LIABILITIES, (Continued)

A. Refund Liability

WRCOG maintains a listing of developers who are owed a refund for various reasons including expired permits, duplicate payments, and credit agreements entered into with the developer. Some of the refunds are included on the Transportation Improvement Plan (TIP) and some are not but are generally not paid out until the zone has enough money to repay the refund. Each zone within the TIP maintains its own refund amounts and as funds become available, the refunds are paid out. No interest is calculated on refunds granted back to the developer. The refunds will be liquidated from the TUMF Fund.

B. City of Moreno Valley Agreement

In 2011, WRCOG entered into an agreement with the City of Moreno Valley to fund a portion of the Nason/SR-60 Interchange Project. Pursuant to the agreement, the City incurred project-related costs which will be reimbursed through TUMF as funds become available through the annual TUMF allocation process. The total authorized by the agreement was \$11,128,000. As of June 30, 2017, the remaining amount to be reimbursed to the City is \$6,493,500. The liability will be liquidated from the TUMF Fund.

C. City of Riverside Agreement

In 2007, WRCOG entered into an agreement with the City of Riverside to fund the Magnolia Avenue/Union Pacific Grade Separation project. Pursuant to the agreement, the City incurred project related costs which will be reimbursed through TUMF as funds become available through the annual TUMF allocation process. The total authorized by the agreement was \$15,660,000. As of June 30, 2017, the remaining amount to be reimbursed to the City is \$1,660,000. The liability will be liquidated from the TUMF Fund.

NOTE 6 – TRANSPORTATION UNIFORM MITIGATION FEES

WRCOG developed an ordinance and an administrative plan effective June 1, 2003, to implement the Transportation Uniform Mitigation Fee (TUMF). This ordinance and the administrative plan allows for the collection of mitigation fees over 25 years related to the planning and construction of a regional transportation system throughout the western region of Riverside County. The municipalities located within the western region of Riverside County (grouped by zones) and the County of Riverside collect these fees and remit them to WRCOG on a monthly basis. WRCOG is responsible for the administration of these fees, subject to certain restrictions, and approves plans that meet the goals (nexus) of the legislation.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 6 – TRANSPORTATION UNIFORM MITIGATION FEES, (Continued)

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2017, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.58%, which is included as an expense in the TUMF Fund.

The fees allocated among the zones, Riverside County Transportation Commission (RCTC), and Riverside Transit Authority (RTA) are 46.39%, 46.39% and 1.64%, respectively. These allocations are remitted monthly to RCTC and quarterly to RTA; however the zones must submit project plans for approval to WRCOG before funds can be released. RCA must submit potential sites designated for conservation for approval before funds are released.

NOTE 7 – EMPLOYEE BENEFITS

California Public Employees' Retirement System (CalPERS)

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. WRCOG sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and WRCOG resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees’ Retirement System (CalPERS), Continued

Benefits Provided, Continued

The Plan operates under the provisions of the California Public Employees’ Retirement Law (PERL), the California Public Employees’ Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan’s authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan’s provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Classic	New Members
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	2.70%	2.00%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	12.768%	7.02%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2017, were \$323,200. The actual employer payments of \$305,212 made to CalPERS by the WRCOG during the measurement period ended June 30, 2016, differed from the WRCOG’s proportionate share of the employer’s contributions of \$293,097 by \$12,115, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Net Pension Liability

WRCOG's net pension liability for the cost-sharing plan covered by miscellaneous risk pools is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.65%
Mortality Rate Table (3)	Derived using CalPERS' membership data for all funds
Post Retirement Rat Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Change in Assumptions

There were no changes in assumptions.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website, at www.calpers.ca.gov.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	Current Target Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%
Total	100%		

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Proportionate Share of Net Pension Liability

The following table shows the Plans' proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2015 (VD)	\$ 7,972,017	\$ 6,163,452	\$ 1,808,565
Balance at: 6/30/2016 (MD)	\$ 8,945,076	\$ 6,648,028	\$ 2,297,048
Net changes during 2015-2016	\$ 973,059	\$ 484,576	\$ 488,483

¹Valuation Date (VD), Measurement Date (MD)

WRCOG's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. WRCOG's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Proportionate Share of Net Pension Liability, Continued

WRCOG's proportionate share of the net pension liability for the Plan as of the June 30, 2015 and 2016 measurement dates was as follows:

Proportion - June 30, 2015	0.0263%
Proportion - June 30, 2016	0.0265%
Change - Increase	<u>0.0002%</u>

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents WRCOG's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability	\$ 3,501,334	\$ 2,297,048	\$ 1,301,766

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plan for the 2015-16 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to -0-. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2015), WRCOG's net pension liability was \$1,808,565. For the measurement period ending June 30, 2016 (the measurement date), WRCOG incurred a pension income of \$76,323.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, Continued

At June 30, 2017, WRCOG reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,474	\$ 2,400
Changes in assumptions	-	99,091
Differences between projected and actual investment	515,739	-
Differences between employer's contributions and proportionate share of contributions	97,462	-
Change in employers proportion	250,240	7,873
Pension contributions subsequent to the measurement date	323,200	-
	<u>\$ 1,197,115</u>	<u>\$ 109,364</u>

The amount of \$323,200 reported as deferred outflows of resources resulting from WRCOG's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	\$ 209,595
2019	178,453
2020	242,920
2021	133,583
	<u>\$ 764,551</u>

Payable to the Pension Plan

At June 30, 2017, WRCOG reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

WRCOG provides post-retirement health care benefits for retired employees and their dependents. Benefits are as follows:

Tier	Date of Hire	Benefit
1	< 1/1/98	100% of premium (EE + dep.)
2	1/1/98 - 6/30/01	Cost of Kaiser coverage (EE + dep.)
3	7/1/01 - 9/1/04	Up to employee + 1 Kaiser premium
4	> 9/1/04	50% of weighted average of 4 top plans + 40% of weighted average for 1 dep. for 4 top plans. Vesting is 50% of premium at 10 years graded to 100% at 20 years.

In April 2012 WRCOG joined the Public Agencies Post-Retirement Health Care Plan, a multiple-employer trust administered by the Public Agency Retirement Services.

Funding Policy

Benefit provisions are established and may be amended by the Executive Committee. WRCOG contributes 100% of the cost of health insurance premiums for retirees. WRCOG intends to fund 100% of the future Annual Required Contribution (ARC). The ARC represents a level of funds that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize on an open basis any unfunded actuarial liabilities (or funding excess) over the remaining period of 20 years.

Annual OPEB Cost and Net OPEB (Asset) Obligation. The following table shows the components of WRCOG's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the WRCOG's net OPEB obligation to the Plan:

Annual required contribution (ARC)	\$ 167,371
Interest on net OPEB obligation	(42,571)
Adjustment to the ARC	<u>57,272</u>
Annual OPEB cost	182,072
Contributions made	<u>(60,000)</u>
Decrease in net OPEB asset	122,072
Net OPEB (asset)/obligation, beginning of year	<u>(681,131)</u>
Net OPEB (asset)/obligation, end of year	<u><u>\$ (559,059)</u></u>

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

Funding Policy, Continued

WRCOG's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2017 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/2015	\$ 148,508	40%	\$ (802,265)
6/30/2016	181,134	33%	(681,131)
6/30/2017	182,072	33%	(559,059)

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 2,443,082
Actuarial value of plan assets	\$ 1,783,503
Unfunded actuarial accrued liability (UAAL)	\$ 659,579
Funded ratio (actuarial value of plan assets/AAL)	73.0%
Covered payroll (annual payroll of active employees covered by plan)	\$ 1,708,005
UAAL as a percentage of covered payroll	38.6%

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

Methods and Assumptions, Continued

In the June 30, 2016 actuarial valuation, the following actuarial assumptions were made:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of pay, open
Remaining amortization period:	20 years

Actuarial assumptions:

Inflation rate	2.75%
Interest discount	6.25%
Projected salary increase	3.00%
Healthcare cost trend	4.0% initially, increased to 7.5% the first year and reduced 1.5% over the next three years

Other Benefits

WRCOG also provides a deferred compensation plan under Section 457 of the Internal Revenue Code. As a result of changes in tax law, these benefits have been placed in a trust for the exclusive benefit of the employees requesting such deferrals.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

WRCOG has participated in various federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantor or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes that any liability for reimbursement, which may arise as a result of these audits, is not material.

NOTE 10 – RELATED PARTY TRANSACTIONS

WRCOG purchased services during the current year from the County of Riverside, which is also a member of WRCOG, for treasury services, rent, communication and accounting functions, which amounted to \$298,324 and are included as expenditures in the General Fund.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 11 – PROPERTY ASSESSED CLEAN ENERGY PROGRAM

In 2011, WRCOG launched the Property Assessed Clean Energy (PACE) Program, a regional effort that provides financing to residential and commercial property owners to install energy-efficient, renewable energy, and water conservation improvements to homes and businesses in the subregion.

Program participants complete an application, select a contractor, and make the improvements. Repayment occurs through the owner's annual property tax bill, and in most cases, the assessment stays with the property, to be assumed by the next owner upon sale of the property. For property owners, energy and water conservation improvements will yield reduced utility bills. For Western Riverside County, the Program will create energy savings for the fast-growing region, reduce greenhouse gas emissions associated with energy use, and bring and retain jobs for area contractors.

The PACE Program has expanded statewide; nearly 150 municipalities throughout California have joined the Program. What makes the PACE Program particularly unique is that the financing is provided entirely by private investment funds to implement the Program.

Under the PACE Program, a contractual assessment is entered into by the property owner. The amount of the contractual assessment is equal to the cost to pay for the eligible improvements, the issuance of the bonds that will finance the program, and the costs to administer the program. The assessments are billed and collected on the County property tax bill. Repayments made by the property owners flow through the County to the trustee to fund the debt service. WRCOG does not receive the special assessments. As the sponsor of the PACE program, WRCOG receives a percentage of the amount financed for its participation in the program.

During the year, WRCOG received 1.463% of the amount financed, for each assessment, in the residential program. A program management fee of \$55 per assessment is collected at the initiation of the assessment to pay for recordation. Also collected is a \$25 annual administrative fee, per assessment, used to levy on county tax rolls.

For the commercial program, WRCOG received 1.15% of the amount financed, for each assessment, in the program. A program management fee of \$95 per assessment is collected at the initiation of the assessment to pay for recordation. Also collected is a \$390 annual administrative fee, per assessment, used to levy on county tax rolls.

PACE revenues are broken out by two types: Program and Recording. For FY 16/17, Program revenue totaled \$7,452,765, while Recording revenue totaled \$1,491,290. Recording revenues are recouped from each bond assessment and charged to recover the amount paid to each County for recording, essentially offsetting the fees paid.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 12 – BEYOND PROGRAM

In June 2015, WRCOG launched the BEYOND Framework Fund Program (BEYOND), to provide local assistance funding to help its member agencies develop and implement plans and programs that can help improve the quality of life in Western Riverside County. BEYOND projects address critical growth components such as economic development, water, education, environment, energy, health, and transportation.

The BEYOND Program is funded by net PACE program revenues. In the fiscal year ending June 30, 2017, \$2.3 million was allocated for Round II of the BEYOND Program. The \$2.3 million is allocated to Member Agencies based on the City's population or a flat amount in the case of special districts. Funds are required to be expended pursuant to program guidelines. Funds are provided to member agencies on a reimbursement basis. During the year, reimbursements to various member agencies for projects approved by WRCOG totaled \$554,261 from BEYOND Round I funding, while no funds for Round II were reimbursed. The remaining \$3,305,419 is assigned within the General Fund for the BEYOND program.

NOTE 13 – FELLOWSHIP PROGRAM

In November 2015, WRCOG launched the Fellowship Program. The Fellowship Program is administered in partnership with the University of California, Riverside and California Baptist University. The purpose of the program is to encourage students to seek careers in public policy and local government. Based on available funding and member agency's needs, each member agency is provided with a student intern who is employed by WRCOG, to be used to support local government departments.

The Fellowship Program is funded by net PACE program revenues. In the fiscal year ending June 30, 2017 a total of \$400 thousand was allocated to the Fellowship Program. During the year, reimbursements to various member agencies for hired interns approved by WRCOG totaled \$278,728. The remaining \$121,272 is assigned within the General Fund for the Fellowship Program.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017**

NOTE 14 – RISK MANAGEMENT

WRCOG is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; and natural disasters which are covered through the purchase of insurance policies.

At June 30, 2017, WRCOG's insurance policies are as follows:

- Errors & Omission/ Employment Practices Liability: WRCOG is insured up to \$5,000,000 per occurrence and \$25,000 deductible per occurrence.
- Office Equipment: WRCOG is insured up to \$1,000,000 per occurrence and \$122,000 personal property.
- Workers Compensation: WRCOG is insured up to \$1,000,000 per occurrence.
- Employee Dishonest Bond: WRCOG is insured up to \$25,000 bond limit.
- Business Auto Policy: WRCOG is insured up to \$1,000,000 liability limit.

In each of the past three fiscal years, WRCOG had no settlements that exceeded insurance coverage.

NOTE 15 – SUBSEQUENT EVENTS

WRCOG has received the first payment from the City of Beaumont related to the settlement between WRCOG and the City. WRCOG will continue to receive revenues from the settlement through a number of sources, including 3rd party claims. WRCOG will allocate the revenues based on the terms of the settlement agreement and any allocation approved by the WRCOG Executive Committee.

At the November 2017 Executive Committee meeting, a requested action will be taken to approve an additional \$700,000 for the Fellowship program.

REQUIRED SUPPLEMENTARY INFORMATION

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 1,096,000	\$ 1,146,527	\$ 1,145,570	\$ (957)
TUMF mitigation fees	1,599,997	1,599,997	1,689,574	89,577
PACE fees	11,327,824	8,634,633	9,028,003	393,370
Other revenues	1,038,380	1,128,390	894,488	(233,902)
Investment income	-	-	261	261
Total revenues	15,062,201	12,509,547	12,757,896	248,349
Expenditures:				
Current:				
General government	6,570,515	6,652,543	3,965,880	2,686,663
Energy	6,290,789	6,621,504	5,632,488	989,016
Environmental	435,230	579,231	513,137	66,094
Total Expenditures	13,296,534	13,853,278	10,111,505	3,741,773
Net change in fund balance	\$ 1,765,667	\$ (1,343,731)	2,646,391	\$ 3,990,122
Fund balance:				
Balance, beginning of year,			9,948,040	
Balance, end of year			\$ 12,594,431	

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Schedule of Funding Progress for
Other Postemployment Benefits
June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Simplified Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B - A) / C]
6/30/2010	\$ -	\$ 1,537,589	\$ 1,537,589	0.0%	\$ 1,091,542	-140.9%
6/30/2013	1,561,336	2,004,792	443,456	77.9%	1,188,408	37.3%
6/30/2016	1,783,503	2,443,082	659,579	73.0%	1,708,005	38.6%

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Schedule of the WRCOG's Proportionate Share
of the Net Pension Liability and Related Ratios as of the Measurement Date
Last Ten Years*
As of the Year Ended June 30, 2017**

	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
Employer's Proportion of the Collective Net Pension Liability (1)	0.0265%	0.0263%	0.0229%
Employer's Proportionate Share of the Collective Net Pension Liability	\$ 2,297,048	\$ 1,808,565	\$ 1,421,911
Employer's Covered Payroll	\$ 1,760,643	\$ 1,616,828	\$ 1,422,424
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	111.86%	111.86%	99.96%
Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	78.40%	79.82%

(1) Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

*Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Schedule of Plan Contributions
Last Ten Years*
As of the Year Ended June 30, 2017

	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Contractually Determined Contributions	\$ 323,200	\$ 305,212	\$ 294,471
Contributions in Relation to the Contractually Determined Contributions	323,200	305,212	294,471
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 2,062,647	\$ 1,760,643	\$ 1,616,828
Contributions as a Percentage of Covered Payroll	15.67%	17.34%	18.21%

Notes to Schedule:

Change in Benefit Terms: None
Change in Assumptions: None

*Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

By state law, WRCOG's Governing Board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. WRCOG's Governing Board satisfied these requirements. A budget is adopted for all expenditures by financial responsibility for the General Fund. All budgets are adopted on a basis consistent with generally accepted accounting principles.

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2017, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.58%, which is included as an expense in the TUMF Fund.

The fees allocated among the zones, Riverside County Transportation Commission (RCTC), and Riverside Transit Authority (RTA) are 46.39%, 46.39% and 1.64%, respectively. These allocations are remitted monthly to RCTC and quarterly to RTA; however the zones must submit project plans for approval to WRCOG before funds can be released. RCA must submit potential sites designated for conservation for approval before funds are released.

The TUMF Fund does not have an adopted budget that is approved by the WRCOG General Assembly, therefore, the TUMF Fund does not present a budget to actual comparison.

NOTE 2 – FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

SUPPLEMENTARY INFORMATION

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and investments	\$ 860,763	\$ 3,388,025	\$ 3,742,782	\$ 506,005
Total assets	<u>\$ 860,763</u>	<u>\$ 3,388,025</u>	<u>\$ 3,742,782</u>	<u>\$ 506,005</u>
Liabilities				
Deposits	\$ 860,763	\$ 3,388,025	\$ 3,742,782	\$ 506,005
Total liabilities	<u>\$ 860,763</u>	<u>\$ 3,388,025</u>	<u>\$ 3,742,782</u>	<u>\$ 506,005</u>

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Statistical Section

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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statistical Section Overview
For the Fiscal Year Ended June 30, 2017

This section of the Western Riverside Council of Government's Comprehensive Annual Financial Report presents additional detail, historical perspective, and context to assist annual financial report users in understanding the financial statements, note disclosures, required supplementary information, and assessing WRCOG's financial condition.

Financial Trends: These schedules contain trend information to assist readers in understanding and assessing how WRCOG's financial position has changed over time.

Net Position by Component
Changes in Net Position
Fund Balances of Governmental Funds
Changes in Fund Balances in Governmental Funds

Revenue Capacity: These schedules contain information to help the reader assess WRCOG's most significant local revenue source, Member Dues and Mitigation Fees.

WRCOG Revenues

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.

Demographic and Economic Statistics for Riverside County
Principal Employers of Riverside County

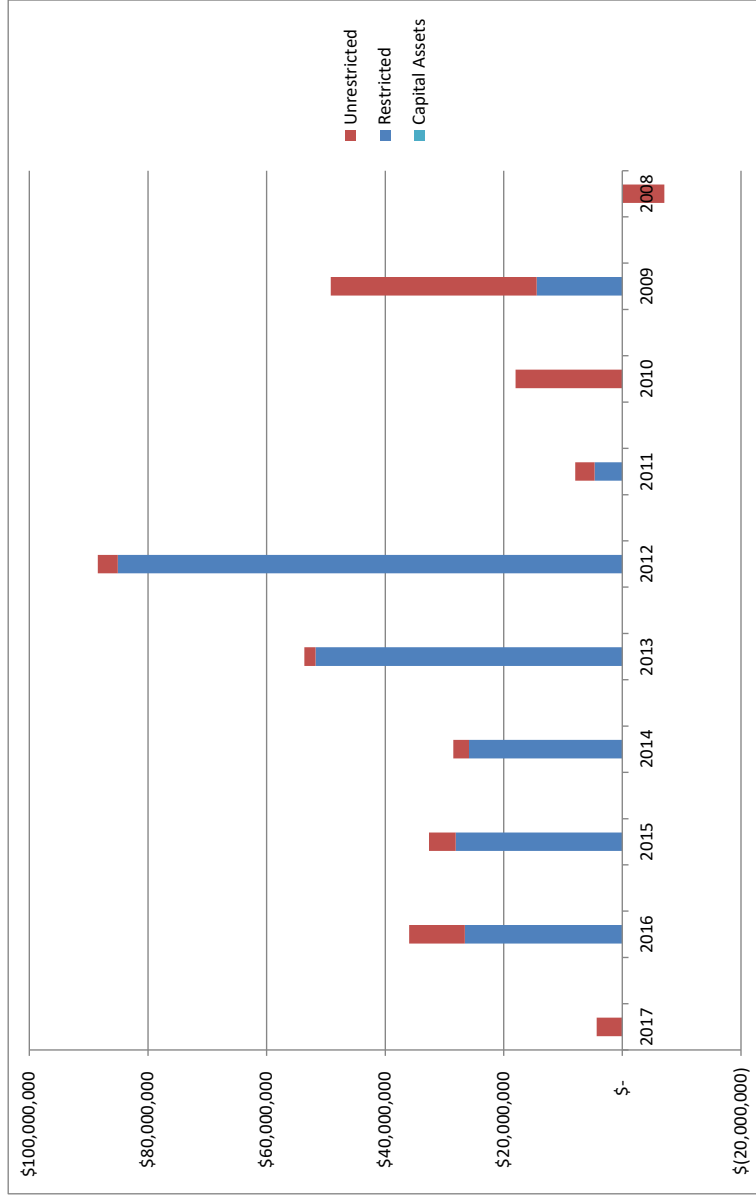
Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Full-time Equivalent Employees by Function/Program

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (A Joint Powers Authority)

Net Position by Component Last Ten Fiscal Years (Accrual Basis)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	\$ 93,875	\$ 100,296	\$ 54,038	\$ 30,021	\$ 20,735	\$ 32,918	\$ 47,304	\$ 60,690	\$ 62,883	\$ 81,512
Restricted	11,702	26,481,732	28,033,173	25,869,263	51,733,864	85,054,212	4,632,048	-	14,389,308	-
Unrestricted	4,232,803	9,385,943	4,556,290	2,632,813	1,880,401	3,361,861	3,279,968	17,953,134	34,711,008	(7,051,813)
Total governmental activities net position	\$ 4,338,380	\$ 35,967,971	\$ 32,643,501	\$ 28,532,097	\$ 53,635,000	\$ 88,448,991	\$ 7,959,320	\$ 18,013,824	\$ 49,163,199	\$ (6,970,301)



WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (A Joint Powers Authority)

Changes in Net Position Last Ten Fiscal Years (Accrual Basis)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 4,028,482	\$ 2,520,688	\$ 2,031,313	\$ 2,245,634	\$ 2,401,116	\$ 3,392,955	\$ 1,974,339	\$ 1,987,220	\$ 2,021,169	\$ 1,824,554
Transportation	74,542,061	41,631,788	26,481,732	54,779,449	50,187,717	21,194,918	18,983,962	43,206,326	35,250,572	53,691,970
Energy	5,622,980	5,629,560	4,926,278	2,445,533	1,608,694	476,844	20,033	22,812	25,522	26,968
Environmental	513,137	423,667	531,945	647,781	576,600	520,748	-	-	-	-
Total primary government expenses	84,706,660	50,205,703	33,971,268	60,118,397	54,774,127	25,585,465	20,978,334	45,216,358	37,297,263	55,543,492
Program Revenues										
Governmental activities:										
General government	512,876	513,188	349,268	420,810	528,756	63,102	1,515,581	1,495,290	1,256,051	1,306,450
Transportation	42,731,611	43,508,888	37,430,113	24,905,073	25,966,400	14,122,996	8,121,757	10,832,988	13,145,887	15,395,387
Energy	9,316,452	9,779,134	7,473,816	3,198,814	1,482,940	190,142	-	-	-	-
Environmental	528,775	464,885	620,836	618,415	619,388	712,040	-	-	-	-
Total primary government program revenues	53,089,714	54,266,095	45,874,033	29,143,112	28,597,484	15,088,280	9,637,338	12,328,278	14,401,938	16,701,837
Net (Expense)/Revenue										
Total primary government net expense	(31,616,946)	4,060,392	11,902,765	(30,975,285)	(26,176,643)	(10,497,185)	(11,340,996)	(32,888,080)	(22,895,325)	(38,841,655)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Other revenues	-	36,112	241,763	259,349	308,294	852,752	647,701	428,092	516,688	466,401
Investment income (loss)	(12,645)	509,228	552,021	706,876	(285,642)	806,546	638,791	1,310,611	4,798,161	9,382,064
Special item	-	-	-	-	-	-	-	-	73,713,976	-
Total general revenues	(12,645)	545,340	793,784	966,225	22,652	1,659,298	1,286,492	1,738,703	79,028,825	9,848,465
Changes in Net Position	\$ (31,629,591)	\$ 4,605,732	\$ 12,696,549	\$ (30,009,060)	\$ (26,153,991)	\$ (8,837,887)	\$ (10,054,504)	\$ (31,149,377)	\$ 56,133,500	\$ (28,993,190)

Source: Finance Department

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (A Joint Powers Authority)

Fund Balance of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis)

		Fiscal Year									
		<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>GENERAL FUND</u>											
General fund:											
Nonspendable											
Prepaid items	\$	167,212	\$ 90,762	\$ 82,987	\$ 70,111	\$ 67,357	\$ 36,386	\$ 52,047			
Restricted											
LTF		-	-	-	581,358	578,909	591,273	650,397			
Foundation		11,702	11,690	-	-	-	-	-			
Assigned											
BEYOND Program		3,305,419	1,556,763								
Fellowship Program		121,272	400,000								
Unassigned		8,988,826	7,888,825	5,415,947	1,275,895	456,939	392,965	76,440			
Total general fund	\$	12,594,431	\$ 9,948,040	\$ 5,498,934	\$ 1,927,364	\$ 1,103,205	\$ 1,020,624	\$ 778,884			
General fund:	\$										
Reserved									3,077,075	-	-
Designated									3,882,403	-	3,438,509
Undesignated									1,042,934	1,390,576	1,039,332
	\$								4,120,009	5,272,979	4,477,841
<u>ALL OTHER GOVERNMENTAL FUNDS</u>											
All other governmental funds:											
Committed											
TUMF	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,530,712			
Restricted											
Transportation		9,373,801	51,540,293	53,379,614	49,094,887	65,104,205	95,670,753	-			
Foundation		-		11,695	11,604	20,550	11,370	48,346			
Assigned											
TUMF		-	-	-	-	-	-	31,175,659			
Total	\$	9,373,801	\$ 51,540,293	\$ 53,391,309	\$ 49,106,491	\$ 65,124,755	\$ 95,682,123	\$ 103,754,717			
All other governmental funds:											
Reserved									92,968,382	126,416,225	149,784,471
Undesignated									30,555,061	29,287,019	24,606,528
Total all other governmental funds									123,523,443	155,703,244	174,390,999

Source: Finance Department
In FY 2011 WRCOG implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Prior year amounts in this presentation have not been revised to reflect this change.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (A Joint Powers Authority)

Changes in Fund Balance of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Intergovernmental, net	\$ 1,145,570	\$ 1,058,265	\$ 1,461,999	\$ 1,350,596	\$ 1,830,454	\$ 1,216,550	\$ 1,515,581	\$ 1,495,290	\$ 1,256,051	\$ 1,306,450
TUMIF mitigation fees	42,239,340	42,615,158	36,507,739	24,306,973	25,361,053	13,871,730	8,165,385	10,708,454	12,787,664	15,395,387
PACE fees	9,028,003	9,562,139	7,159,144	2,197,585	-	-	-	-	-	-
Other revenues	894,488	848,957	986,914	1,547,307	1,714,271	852,752	647,701	428,092	516,688	466,401
Investment income (loss)	(12,645)	509,229	552,021	420,526	(285,642)	806,546	638,791	1,310,611	4,798,161	9,382,064
Total revenues	53,294,756	54,593,748	46,667,817	29,822,987	28,620,136	16,747,578	10,967,458	13,942,447	19,358,564	26,550,302
Expenditures										
Current:										
General Government	3,965,880	2,681,489	2,070,885	2,191,112	2,321,713	3,969,631	3,650,185	3,832,989	3,638,627	3,441,956
Programs:										
Transportation	82,703,352	44,125,019	30,998,608	44,901,088	52,612,593	23,624,407	28,039,139	43,421,151	33,605,661	52,143,407
Energy	5,632,488	5,647,563	4,929,398	2,431,887	1,589,887	675,950	-	-	-	-
Environmental	513,137	435,670	534,027	638,549	564,061	653,485	-	-	-	-
Debt service	-	-	-	-	1,500,000	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	6,647	20,617	6,893	24,608
Total expenditures	92,814,857	52,889,741	38,532,918	50,162,436	58,588,254	28,923,473	31,695,971	47,274,757	37,251,181	55,609,971
Excess (deficiency) of revenues over (under) expenditures	(39,520,101)	1,704,007	8,134,899	(20,339,449)	(29,968,118)	(12,175,895)	(20,728,513)	(33,332,310)	(17,892,617)	(29,059,669)
Other financing sources (uses):										
Loan proceeds	-	-	-	-	-	1,500,000	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	1,500,000	-	-	-	-
Net change in fund balances	\$ (39,520,101)	\$ 1,704,007	\$ 8,134,899	\$ (20,339,449)	\$ (29,968,118)	\$ (10,675,895)	\$ (20,728,513)	\$ (33,332,310)	\$ (17,892,617)	\$ (29,059,669)
Debt service as a percentage of noncapital expenditures	0.0%									

Source: Finance Department

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (A Joint Powers Authority)

Revenue by Funds Last Ten Fiscal Years (Accrual Basis)

	Fiscal Year Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL FUND:										
Member dues:										
Banning	\$ 3,941	\$ 3,941	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 5,361	\$ 5,361
Beaumont	-	-	5,255	5,255	5,255	5,255	5,255	5,255	2,486	2,486
Calimesa	1,049	1,049	1,102	1,102	1,102	1,102	1,102	1,102	1,739	1,739
Canyon Lake	1,406	1,406	2,256	2,256	2,256	2,256	2,256	2,256	3,410	3,410
Corona	20,290	20,290	25,886	25,886	25,886	25,886	25,886	25,886	35,226	35,226
Eastvale	7,171	7,171	-	-	-	-	-	-	-	-
Hemet	9,797	9,797	10,386	10,386	10,386	10,386	10,386	10,386	13,158	13,158
Jurupa Valley	12,710	12,710	-	-	-	-	-	-	-	-
Lake Elsinore	6,933	6,933	7,904	7,904	7,904	7,904	7,904	7,904	7,160	7,160
Menifee	10,491	10,491	10,147	10,147	10,147	10,147	10,147	10,147	-	-
Moreno Valley	25,780	25,780	25,413	25,413	25,413	25,413	25,413	25,413	30,749	30,749
Murrieta	13,794	13,794	17,954	17,954	17,954	17,954	17,954	17,954	12,880	12,880
Norco	3,573	3,573	4,482	4,482	4,482	4,482	4,482	4,482	6,058	6,058
Perris	9,215	9,215	8,173	8,173	8,173	8,173	8,173	8,173	7,624	7,624
Riverside	40,512	40,512	42,894	42,894	42,894	42,894	42,894	42,894	62,876	62,876
San Jacinto	5,889	5,889	5,504	5,504	5,504	5,504	5,504	5,504	5,111	5,111
Temecula	13,424	13,424	18,714	18,714	18,714	18,714	18,714	18,714	17,854	17,854
Wildomar	4,298	4,298	4,863	4,863	4,863	4,863	4,863	4,863	-	-
County of Riverside	48,136	48,136	43,520	43,520	43,520	43,520	43,520	43,520	68,788	68,788
County of Riverside - Office of Superintendent	17,000	17,000	17,000	17,000	17,000	17,000	-	-	-	-
Eastern Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	20,000	20,000
Western Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	20,000	20,000
Morongo Band of Mission Indians	17,000	9,500	10,000	10,000	-	-	-	-	-	-
Total Member dues	\$ 306,410	\$ 298,910	\$ 299,410	\$ 299,410	\$ 289,410	\$ 289,410	\$ 272,410	\$ 272,410	\$ 320,480	\$ 320,480
ALL OTHER GOVERNMENTAL FUNDS										
Transportation Uniform Mitigation Fee (TUMF):										
Banning	\$ 40,930	\$ 6,326	\$ 54,738	\$ 4,116	\$ -	\$ 89,603	\$ 2,057	\$ 36,319	\$ 12,606	\$ 214,394
Beaumont	-	-	-	-	-	-	-	-	-	69,222
Calimesa	103,835	10,359	133,217	65,387	1,310	1,144	22,963	154,051	-	31,478
Canyon Lake	18,525	20,583	27,055	22,642	4,117	1,028	6,169	2,259	2,313	44,576
Corona	1,153,262	2,743,488	1,989,728	114,644	104,773	1,272,328	215,876	109,292	422,457	1,420,435
Eastvale	1,249,621	1,705,338	1,241,685	1,438,152	1,478,348	665,522	434,531	-	-	-
Hemet	52,392	351,010	545,597	736,612	531,470	194,078	145,284	1,026,097	536,448	930,216
Jurupa Valley	2,400,109	2,302,649	1,738,387	242,216	112,044	32,901	-	-	-	-
Lake Elsinore	800,725	969,533	898,098	868,004	646,241	259,098	263,885	115,607	392,960	650,923
March JPA	765,627	222,482	239,874	-	227,695	-	-	156	-	471,254
Menifee	1,374,603	1,203,549	909,230	1,665,304	821,673	628,138	1,108,611	1,136,869	4,430,855	-
Moreno Valley	883,562	1,356,327	2,343,895	1,138,394	693,588	29,612	425,411	413,086	641,423	1,352,032
Murrieta	884,391	1,452,155	1,496,315	70,944	81,192	64,386	702,612	360,959	152,991	702,877
Norco	304,411	100,355	101,444	11,288	8,232	-	65,000	5,764	83,055	61,804
Perris	1,235,325	1,167,113	1,069,887	1,498,823	320,608	124,896	187,814	107,272	412,229	730,803
Riverside	3,113,205	1,852,839	1,461,429	594,363	1,365,025	955,549	837,989	299,033	1,000,099	3,512,286
San Jacinto	843,818	698,893	259,021	200,630	70,674	90,480	123,462	235,158	355,874	804,624
Temecula	810,938	809,664	679,386	227,028	1,772,534	944,090	1,288,039	940,530	1,746,599	924,949
Wildomar	826,659	384,865	83,178	219,722	1,032,017	16,451	30,063	310,670	4,625	-
County - Northwest	569,203	414,258	216,343	183,616	189,161	248,635	685,058	1,545,271	2,352,587	2,520,760
County - Southwest	863,473	636,493	1,529,926	1,288,379	1,622,276	598,885	367,429	639,407	2,575,582	1,800,925
County - Central	911,716	1,040,489	593,671	46,173	434,159	37,570	127,594	144,747	833,937	831,614
County - Pass	12,349	20,581	16,502	4,116	431,198	2,181	3,347	23,962	31,344	96,823
County - Hemet/San Jacinto	376,151	299,821	91,090	82,324	30,103	15,701	6,316	33,120	169,059	195,741
Regional Transit Authority	692,725	698,889	314,621	367,630	423,339	194,423	185,257	341,681	563,184	822,310
Riverside County Transportation Commission	19,594,830	19,769,172	17,480,991	10,899,357	11,978,440	5,494,327	5,438,916	6,603,169	10,548,866	15,402,495
WRCOG	1,689,574	1,704,607	2,076,008	974,049	1,027,871	505,866	544,408	663,267	2,453,241	1,549,402
MSHCP	667,382	673,319	602,662	369,011	407,929	191,743	194,668	223,217	358,564	491,465
Total TUMF	\$ 42,239,340	\$ 42,615,159	\$ 38,193,977	\$ 23,332,924	\$ 25,816,019	\$ 12,658,634	\$ 13,412,759	\$ 15,470,963	\$ 30,080,898	\$ 35,633,407

Source: Finance Department

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Demographic and Economic Statistics for the County of Riverside
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2017	2,390,702	\$ 88,000,000	\$ 37,888	5.80%
2016	2,317,924	89,500,000	31,762	6.90%
2015	2,329,271	83,500,000	31,344	8.40%
2014	2,292,507	76,289,477	30,815	9.80%
2013	2,227,577	70,376,019	29,986	11.50%
2012	2,239,620	67,024,780	29,927	13.20%
2011	2,189,641	63,900,000	29,035	14.70%
2010	2,125,440	63,228,086	29,748	13.40%
2009	2,077,183	64,503,728	31,053	8.50%
2008	2,031,625	61,023,518	30,037	6.00%

Sources: California State Department of Finance as of January 1
U.S. Department of Commerce Bureau of Economic Analysis
Riverside County Economic Development Agency

Represents most recent data available
Data not available solely for Western Riverside County

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Employment Statistics by Industry for Riverside County
Calendar Years 2015 and Nine Calendar Years**

Industry Type	2016	% of Total Employment	2007	% of Total Employment
Agricultural service, forestry, fishing and other	131,600	18.6%	118,700	18.8%
Mining	300	0.0%	700	0.1%
Construction	60,000	8.5%	61,300	9.7%
Manufacturing	43,200	6.1%	51,700	8.2%
Transportation, warehousing, and public utilities	41,200	5.8%	23,000	3.6%
Wholesale trade	23,700	3.3%	21,000	3.3%
Retail trade	97,700	13.8%	92,800	14.7%
Professional & business services	66,400	9.4%	62,400	9.9%
Education & health services	102,000	14.4%	69,100	10.9%
Other services	22,600	3.2%	20,800	3.3%
Federal government, civilian	7,200	1.0%	6,100	1.0%
State government	17,400	2.5%	15,600	2.5%
Local government	95,600	13.5%	89,400	14.1%
Total	<u>708,900</u>	<u>100.0%</u>	<u>632,600</u>	<u>100.0%</u>

Source: State of California Economic Development Department

Represents most recent data available

Data not available solely for Western Riverside County

<http://www.labormarketinfo.edd.ca.gov/county/river.html>

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years

Function/Program	As of June 30									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Management services and administration	9.0	7.8	7.2	5.5	5.9	6.0	6.5	7.3	5.1	5.4
Transportation	3.5	5.5	4.9	4.9	5.8	5.0	6.3	6.5	7.7	7.4
Energy	15.3	8.3	7.2	4.6	3.1	2.2	3.2	3.2	3.2	3.2
Environmental	2.3	1.3	3.4	3.0	3.0	2.0	3.0	3.0	3.0	3.0
Total full time equivalents	30.0	22.8	22.7	18.0	17.8	15.2	19.0	20.0	19.0	19.0

Source: Finance Department

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Item 4.E

Fiscal Year 2016/2017
Comprehensive Annual Financial
Report (CAFR) Presentation

Attachment 2

FY 2016/2017 Statement on Auditing
Standards 114 Report

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To the Executive Committee
Western Riverside Council of Governments

PARTNERS

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Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
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MANAGERS / STAFF

Jenny Liu, CPA, MST
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Charles De Simoni, CPA
Nathan Statham, CPA, MBA
Gardenya Duran, CPA
Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA

We have audited the financial statements of Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2017, and have issued our report thereon dated October 31, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 15, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of WRCOG's solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by WRCOG is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the 2017 fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the fair value of investments is based on observable market inputs and information from WRCOG's safekeeping custodian banks. We evaluated the key factors and assumptions used to develop the fair value of investments and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension liability and related deferred inflows of resources and outflows of resources is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the asset for other post-employment benefits is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting WRCOG's financial statements relate to:

The disclosure of fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of net pension liability in Note 7 to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of the postemployment benefits other than pensions (OPEB) in Note 8 of the financial statements identifies the annual OPEB cost and the funded status of the actuarial accrued liability. The information disclosed is based on actuarial information.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to WRCOG's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 31, 2017.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

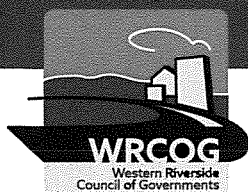
In the normal course of our professional association with WRCOG, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Western Riverside Council of Government's auditors.

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of net pension liability, the schedule of plan contributions, the schedule of OPEB funding progress, and the General Fund budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI. We were not engaged to report on the introductory section or the statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Executive Committee, and management of WRCOG and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 31, 2017



Western Riverside Council of Governments

County of Riverside • City of Banning • City of Beaumont • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale • City of Hemet
City of Jurupa Valley • City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco • City of Perris • City of Riverside
City of San Jacinto • City of Temecula • City of Wildomar • Eastern Municipal Water District • Western Municipal Water District • Morongo Band of Mission
Indians • Riverside County Superintendent of Schools

October 31, 2017



Rogers, Anderson, Malody and Scott, LLP
735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the financial statements of Western Riverside Council of Governments (WRCOG) as of June 30, 2017 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of WRCOG in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 31, 2017.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 15, 2017 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- WRCOG has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- WRCOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

With respect to the Schedule of the WRCOG's Schedule of Revenues, Expenditures, and Changes in Fund Balance, Schedule of Funding Progress for Other Post-Employment Benefits Plan, Proportionate Share of Plans' Net Pension Liability and the Schedule of Plan Contributions accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.
- We believe the RSI, including its form and content, is measured and fairly presented in accordance with the applicable criteria.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the RSI, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Rick Bishop
Executive Director

Ernie Reyna
Chief Financial Officer

Required Supplementary Information

With respect to the Schedule of the WRCOG's Schedule of Revenues, Expenditures, and Changes in Fund Balance, Schedule of Funding Progress for Other Post-Employment Benefits Plan, Proportionate Share of Plans' Net Pension Liability and the Schedule of Plan Contributions accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.
- We believe the RSI, including its form and content, is measured and fairly presented in accordance with the applicable criteria.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the RSI, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.



Ernie Reyna
Chief Financial Officer

Item 4.E

Fiscal Year 2016/2017
Comprehensive Annual Financial
Report (CAFR) Presentation

Attachment 3

FY 2016/2017 Generally Accepted
Government Auditing Standards
Report

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REPORT 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

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
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Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA

Independent Auditor's Report

To the Executive Committee
Western Riverside Council of Governments
Riverside, California

We have audited, in accordance with the 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 Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise WRCOG's basic financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered WRCOG'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 WRCOG's internal control. Accordingly, we do not express an opinion on the effectiveness of WRCOG'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 a 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.

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Our consideration of internal control over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WRCOG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and 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 WRCOG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WRCOG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 31, 2017



Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: New Initiatives for Consideration

Contact: Chris Gray, Director of Transportation, cgray@wrcog.us, (951) 955-8304

Date: November 8, 2017

The purpose of this item is to foster a discussion with Committee members regarding potential new WRCOG initiatives, in follow-up to discussions held at the 2017 Agency Visioning Session, as well as requests from member agencies and staff level propositions. One potential source of funding for these efforts would be the Agency carryover funds, as discussed in Item 4.D.

Requested Actions:

1. Discuss and provide direction.

Background

On October 12, 2017, WRCOG held a Joint Committee Visioning Session to review the Agency's recent accomplishments and activities, identify potential new initiatives, and establish a process for evaluating those potential new initiatives and determining how they would fit with the Agency overall. Through this process, Committee members established an evaluation framework, or "Filter," to test both potential and existing Agency programs and projects, as a primary step in evaluating whether or not WRCOG should take on, or continue, such a program. The Filter includes 11 primary questions:

1. Will the program provide regional benefit – is the issue truly multi-jurisdictional?
2. Does the program show a strong nexus to the Agency's purpose – to unify Western Riverside County so that it can speak with a collective voice on important issues that affect its members while respecting local control?
3. Will the program complement WRCOG's existing programs?
4. Is there a high potential to make a difference?
5. Does WRCOG have the resources to be effective?
6. Will WRCOG's involvement provide a strong return on investment or "bang for your buck"?
7. Is this issue already being addressed by any other agency / agencies?
8. Is there something WRCOG can do that no other agency can?
9. Would WRCOG's involvement protect and support quality of life by promoting any one or more of the six quality of life promoting goal areas identified in the Sustainability Framework: economy, health, transportation, water / waste water, energy / environment, and education?
10. Is there a relevant model WRCOG could follow that other regional agencies have found to be effective to address this issue?
11. What other factors are important to consider with this particular issue?

Filter Analysis

Prior to the development of the Filter, staff would generally implement requested actions by identifying a means to engage and then implement that approach. The Filter establishes an additional step to determine

whether WRCOG should prioritize an issue prior to taking any action.

At the October 12, 2017, Visioning Session, Committee members identified several potential new initiatives for WRCOG to undertake. Additional opportunities for WRCOG's involvement have been presented by member agencies or introduced by WRCOG staff. Attachments 1 and 2 show how each of those programs scored in the WRCOG Filter. To simplify the analysis, staff converted questions 1-10 to "yes" or "no" questions, a "yes" response to a question indicates that a program meets that criteria, while a "no" response indicates that the program does not meet that particular criteria. "Yes" responses were given a score of one, and "no" responses were given a score of zero; total possible scores range from zero to ten. The attached Filter analysis also includes the estimated cost of each program and, for comparison purposes, lists one existing program, the WRCOG Public Service Fellowship.

The Filter results present preliminary findings based on staff's understanding of the potential project and could be modified based on additional information. In several cases, a particular initiative scores towards the lower end based on a broadly defined program. A more narrowly defined effort might score differently. One example of this is Regional Homelessness. A broad effort geared towards Regional Homelessness generally does not pass several criteria related to the potential to make a difference (#4), return on investment (#6), and whether other agencies address this item (#8). A specific effort related towards homelessness that is tailored towards efforts which other agencies do not already address would score higher in the Filter analysis.

Potential Agency Programs / Initiatives

Below is a summary of each of the programs included in the attached Filter analysis, grouped by whom the program was introduced to the Agency:

Introduced at the Joint Committee Visioning Session

Regional Homelessness: Homelessness is an increasingly prevalent issue to member jurisdictions. Cities throughout Riverside County are spending growing amounts of General Fund dollars to respond to homelessness in their communities, while having little additional funding to effect real change. Affordable housing, lack of mental health services, and substance abuse are all core underlying issues augmenting the severity of the issue in the subregion. Recognizing this, WRCOG has been called to engage in the efforts to address homelessness. However, an appropriate role, beyond providing funding through the Agency's BEYOND Program, has not yet been identified.

Leveraging Foreign Trade Zones: Foreign Trade Zones (FTZs) are geographically protected areas where foreign and domestic products receive the same Customs treatment consistent with national policy. FTZs reduce the amount of excise taxes applied to commerce and stimulate economic activity by attracting exporting and importing businesses. WRCOG has been asked to explore opportunities to support the region's ability to leverage and increase the benefits related to local FTZ activity, though the exact role has not been identified.

Regional Branding: Riverside County and the "Inland Empire" are often associated with the notion of "cheap dirt" and other negative connotations that undermine the overall potential of the subregion. A regional branding study would research current regional weaknesses, build on strengths and opportunities, and create a comprehensive marketing strategy to redesign what the subregion is regularly associated with, with the goal of promoting the subregion as a great place to live, work and play. Though there is considerable interest in this topic, it has not moved forward in the past largely due to the significant financial burden of such an undertaking and the fact that this might be a role better suited to an agency like the Riverside County Economic Development Agency.

Local Government Communications: Disseminating information and combatting misinformation are recognized issues locally and across the nation. Current trends demonstrate the increasing need to create transparent and readily available tools to share the latest news and updates from government professionals. WRCOG staff attempt to share relevant information to member jurisdictions and communities through the Committee structure, emails, social media, etc. This suggestion calls for expanding upon these efforts and providing more assistance to member agencies in their efforts to disseminate information.

Inland Port: Developed as a specialized location to create intermodal transportation networks, inland ports utilize existing transportation resources, including railroad lines, to facilitate the movement of international trade. Inland ports often partner with select harbors and attempt to reduce congestion by transporting shipping containers through railways instead of highways. They also encourage business production in the surrounding area due to the access that railway mobility provides.

Graywater Capture: Graywater is gently used water from your bathroom sinks, showers, tubs, and washing machines. A graywater initiative might include making it easier for homeowners to harness greywater capture techniques to reduce household waste or some kind of regional effort for greywater capture.

Broadband: While many jurisdictions in Western Riverside County have no problem connecting residents with high speed internet, there are still areas in the subregion that lack the physical infrastructure to provide competitive broadband speeds. Digital access is no longer a luxury; it is a necessity for families in order to conduct school and professional tasks. Businesses also favor relocating to areas already equipped for high speed internet use. A potential role for WRCOG might include facilitating faster deployment of subregion-wide broadband, though the County is already engaged in this effort.

Revenue sharing Analysis: The current local government fiscal model relies heavily on sales taxes to provide funds for City operations. As such, local governments often compete with each for sales tax generating uses. A revenue sharing analysis could explore the potential benefits and costs of such a program. Benefits might include the symbiotic advantages of agencies working more collaboratively to attract the various entities needed to improve the subregion's vibrancy, such as housing, jobs, entertainment, recreation, etc.

Expanded Grant Writing Program: WRCOG's pilot Grant Writing Assistance Program launched earlier this year and is already aiding member jurisdictions in augmenting their capacity to apply for available funding opportunities. An expanded Program could provide additional funding for the current round, enabling WRCOG to offer assistance with the currently approved grants to more member agencies, and/or it could allow WRCOG to expand the list of grant types eligible for assistance.

Introduced by Staff

Grid Alternatives Pilot Program: GRID Alternatives is a growing, non-profit organization specializing in providing solar power and energy efficiency upgrades to low income families. WRCOG could potentially fund a pilot program through GRID Alternatives, which would provide subsidized solar systems to low income residents.

Expansion of Pilot Litter Initiative: The Pilot Litter Program was initiated in 2016 (utilizing the City of Lake Elsinore) with the goal of developing a framework for an anti-litter campaign that could later grow into a regional initiative. The Pilot Program leverages partnerships with other agencies, such as Riverside County Watershed Protection and waste haulers, and focuses on community education and marketing to foster a "Love Where You Live" culture and community-driven program. The efforts have culminated in community clean-up events and "no-litter" pledges. An expansion would grow the program to 10 jurisdictions and include an Adopt-A-Highway component.

Zero Net Energy (ZNE) Case Study: A ZNE building refers to a property where the total amount of energy used on an annual basis equals the amount of renewable energy created onsite. The proposed case study will explore the existing ZNE demonstration projects that have been built to identify challenges, lessons learned, as well as the economic feasibility and impact in the cost of achieving ZNE and how that will affect new home construction in the WRCOG subregion.

Commute Location Study: A study of regional traffic patterns to identify locations where Western Riverside County residents travel to for work. The findings of this study could be used to identify types of industries or specific businesses to attract and locate in Riverside County to reduce the need for these residents to travel outside of the County and boost economic development.

CAPTivate Environmental Impact Report (EIR): WRCOG's 2012 Climate Action Plan provided a template for

member agencies to integrate into local planning efforts to meet a regional greenhouse gas reduction target. Many member agencies have faced challenges adopting the tool, because it does not have an approved EIR. To address this, WRCOG would expand upon and update the existing CAP to include all member jurisdictions and perform an environmental analysis.

Requested by WRCOG Member Agency Representatives

Empire Report: The Empire Report will be a 48 episode per-season television series airing on PBS, featuring nine-minute interview segments focused on issues affecting the region. This Program will be the follow-up to “Charter Local Edition,” a similarly formatted Program which included interviews with local leaders, including Mayor Rusty Bailey and Senator Jeff Stone. Supervisor Tavaglione introduced WRCOG to the producers of this Program and suggested that WRCOG and other Inland Empire COG(s) might cosponsor the season. Each episode has an estimated production cost of \$10K, for a total season cost of \$480K.

University of California, Riverside (UCR) Food Systems Modeling Cash Match: A team of UCR researchers and representatives from the City of Riverside, the Riverside Food Systems Alliance, Riverside Unified School District, and Kaiser Permanente are collaborating to submit a grant application to the Foundation for Food and Agriculture Research seeking funding to increase understanding of the regional food system and the role it does / can play in promoting health, equity, and economic opportunity. The application is for a \$600,000 grant which requires a 50 percent (\$300,000) cash match; the team is seeking support filling a \$50,000 funding gap in fulfilling its cash match and requests \$40,000 from WRCOG over the next four years. Due to the timing of the grant application, the team would need a statement of support by next Monday, November 6, 2017.

Existing WRCOG Program

WRCOG Public Service Fellowship: WRCOG, in partnership with UCR and California Baptist University (CBU), administer a nine-month paid Fellowship opportunity for recent college graduates and current Master’s Degree candidates interested in public service professions. The Program engages Fellows in career opportunities with local governments in a way that is mutually beneficial to both the Fellows and the agency. The goal of the Program is to retain local students to fulfill the subregion’s need for a robust public sector workforce and to combat the often-mentioned “brain drain” that Riverside County experiences when local students graduate but then leave the region to seek full-time employment elsewhere.

Prior Action:

None.

Fiscal Impact:

None.

Attachments:

1. WRCOG Filter Analysis spreadsheet.
2. WRCOG Filter Analysis table.

Item 4.F

New Initiatives for Consideration

Attachment 1

WRCOG Filter Analysis spreadsheet

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Key
0 = "No"
1 = "Yes"

	Regional Benefit	Nexus to Agency Purpose	Complement Other Programs	Potential to Make a Difference	Sufficient Resources	Return on Investment	Issue Not Addressed by other Agencies	WRCOG Uniquely Suited to Do
Regional Homelessness	1	1	1	0	0	0	0	0
Leveraging Foreign Trade Zones	1	1	0	1	0	0	1	0
Regional Branding	1	1	0	0	0	0	0	0
Local Government Communications	1	1	0	0	0	0	1	1
Inland Port	1	0	0	0	0	0	0	1
Graywater Capture	1	1	1	0	0	0	0	0
Broadband	1	1	1	0	0	0	0	0
Revenue Sharing Analysis	1	1	1	0	0	0	1	0
Expanded Grant Writing Program	1	1	1	1	1	1	0	1
Grid Alternatives Pilot Program	1	1	1	0	1	1	0	0
Expansion of Pilot Litter Initiative	1	1	1	1	1	1	0	0
Zero Net Energy Case Study	1	1	1	1	1	1	1	0
Commute Location Study	1	1	1	1	1	1	1	0
CAPTivate EIR	1	1	1	1	1	1	1	1
Empire Report - Community Issue TV Program	0	1	0	0	0	0	1	0
UCR Food Systems Modeling	1	1	0	1	1	1	0	0
Fellowship	1	1	1	1	1	1	1	1

Key	"No"
0 =	"Yes"
1 =	

	Protection of Quality of Life	Other Relevant Examples	Other factors to consider?	Filter Score	Program/Issue Origin	Estimated Cost
Regional Homelessness	1	0		4	Visioning Session	\$ 1,000,000
Leveraging Foreign Trade Zones	0	1		5	Visioning Session	\$ 250,000
Regional Branding	1	1		4	Visioning Session	\$ 2,000,000
Local Government Communications	0	0		4	Visioning Session	\$ 250,000
Inland Port	1	1		4	Visioning Session	\$ 1,000,000
Graywater Capture	1	1		5	Visioning Session	\$ 250,000
Broadband	1	1		5	Visioning Session	\$ 500,000
Revenue Sharing Analysis	1	0		5	Visioning Session	\$ 500,000
Expanded Grant Writing Program	1	1		9	Visioning Session	\$ 500,000
Grid Alternatives Pilot Program	1	1		7	Staff Proposal	\$ 200,000
Expansion of Pilot Litter Initiative	1	0		7	Staff Proposal	\$ 150,000
Zero Net Energy Case Study	1	0		8	Staff Proposal	\$ 150,000
Commute Location Study	1	1		9	Staff Proposal	\$ 250,000
CAPTivate EIR	1	1		10	Staff Proposal	\$ 500,000
Empire Report - Community Issue TV Program	1	0		3	Member Agency Request	\$ 240,000
UCR Food Systems Modeling	1	1		7	Member Agency Request	\$ 40,000
Fellowship	1	1		10	Continuing Program	\$ 400,000

Item 4.F

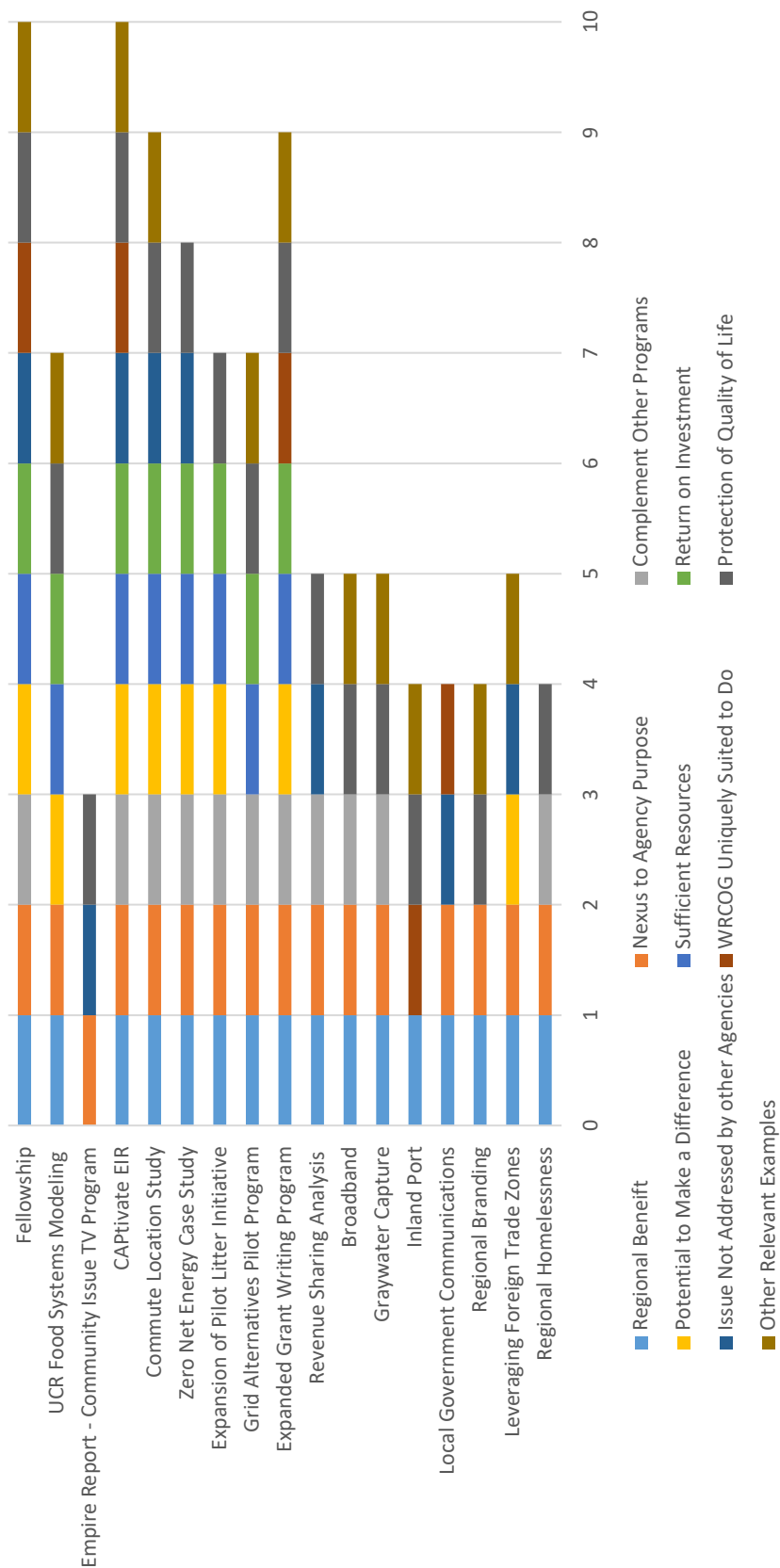
New Initiatives for Consideration

Attachment 2

WRCOG Filter Analysis table

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Filtering Analysis



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