Western Riverside Council of Governments
Administration & Finance Committee

SPECIAL MEETING AGENDA

Wednesday, August 10, 2016
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 WRCOG Administration & Finance Committee meeting, please contact WRCOG at (951) 955-8320. 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 WRCOG Administration & Finance Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER (Ben Benoit, Chair)

2. PUBLIC COMMENTS

At this time members of the public can address the WRCOG Administration & Finance Committee regarding any items listed on this agenda. Members of the public will have an opportunity to speak on agendized 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 June 8, 2016, WRCOG Administration & Finance Committee meeting are available for consideration. **P. 1**

Requested Action: *1. Approve Summary Minutes from the June 8, 2016, WRCOG Administration & Finance Committee meeting.*

B. **Summary Minutes from the July 11, 2016, WRCOG Administration & Finance Committee Special Meeting are available for consideration.** **P. 9**

Requested Action: *1. Approve Summary Minutes from the July 11, 2016, WRCOG Administration & Finance Committee Special Meeting.*

C. **WRCOG Finance Department Activities Update** **P. 15**

Requested Action: *1. Receive and file.*

D. **WRCOG Financial Report Summary through June 2016** **P. 17**

Requested Action: *1. Receive and file.*

E. **CEQA Cases in the WRCOG Subregion** **P. 23**

Requested Action: *1. Receive and file.*

4. REPORTS/DISCUSSION

A. **Administration of Additional Property Assessed Clean Energy Programs in the WRCOG subregion** **P. 25**

Requested Action: *1. Support the Ad Hoc Committee recommendation to request that the WRCOG Executive Committee direct and authorize the WRCOG Executive Director to enter into contract negotiations and execution of any necessary documents to include CaliforniaFIRST under WRCOG's PACE umbrella.*

B. **Regional Streetlight Program Activities Update** **P. 29**

Requested Action: *1. Recommend, for those jurisdictions interested in using financing for the acquisition and retrofitting of streetlights, that they utilize Banc of America Public Capital Corporation (which was deemed the most responsive during the bid process by WRCOG staff and its Financial Advisor, Public Financial Management, for being able to provide the most competitive financing for the Regional Streetlight Program).*

C. **WRCOG Representation on the Environmental Leadership Institute Advisory Council** **P. 39**

Requested Actions: *1. Authorize the WRCOG Executive Director to allocate $15,000 for WRCOG to serve as an Executive Committee Member on the Environmental Leadership Institute Advisory Board for a period of one year.*
2. Appoint the WRCOG Executive Director as WRCOG's representative to the Environmental Leadership Institute Advisory Board.

D. **WRCOG Transportation Department Activities Update** **P. 45**

Requested Action: *1. Receive and file.*

E. **25th Anniversary General Assembly & Leadership Address Update (No staff report attached)**

Requested Action: *1. Receive and file.*

5. ITEMS FOR FUTURE AGENDAS *Members*

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

6. GENERAL ANNOUNCEMENTS *Members*

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

7. NEXT MEETING: **The next WRCOG Administration & Finance Committee meeting is scheduled for Wednesday, September 14, 2016, at 12:00 p.m., in the County of Riverside Administrative Center, 5th Floor, Conference Room C.**

8. ADJOURNMENT

Administration & Finance Committee **Item 3.A**
June 8, 2016
Summary Minutes

1. CALL TO ORDER

The meeting of the WRCOG Administration & Finance Committee (Committee) was called to order at 12:10 p.m. by Chairman Brian Tisdale, at the County of Riverside Administrative Center, 5th Floor, Conference Room C.

Members present:

Debbie Franklin, City of Banning
Eugene Montanez, City of Corona
Bonnie Wright, City of Hemet (1:26 p.m. departure)
Laura Roughton, City of Jurupa Valley (12:16 p.m. arrival)
Brian Tisdale, City of Lake Elsinore (Chairman)
Randon Lane, City of Murrieta (1:05 p.m. departure),
Ben Benoit, City of Wildomar
Mike Naggar, City of Temecula (1:06 p.m. departure)
Chuck Washington, County of Riverside District 3
Brenda Dennstedt, Western Municipal Water District

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Rick Bishop, Executive Director
Ernie Reyna, Chief Financial Officer
Barbara Spoonhour, Director of Energy and Environmental Programs
Jennifer Ward, Director of Government Relations
Chris Gray, Director of Transportation
Janis Leonard, Executive Assistant

Guests present:

Grant Yates, WRCOG Technical Advisory Committee Chairman
Greg Duecker, Western Municipal Water District

2. PUBLIC COMMENTS

There were no public comments.

3. CONSENT CALENDAR – *M/S/A (Franklin/Naggar) 9-0-0; Items 3.A through 3.D were approved by a unanimous vote of those members present. The Cities of Corona and Hemet were not present.*

A. Summary Minutes from the May 11, 2016, WRCOG Administration & Finance Committee meeting are available for consideration.

This item was pulled for discussion by Committee member Laura Roughton. Under Item C (HERO Program update), one sentence describes the differences in WROCG's and Ygrene's consumer protections as "slightly different," and in another as having "many significant differences" and asked for clarification.

Rick Bishop responded that there are a number of differences; however, there is one comment in Ygrene's consumer protections that allows Ygrene to override, which makes it significant.

Barbara Spoonhour indicated that the word “slightly” can be removed.

Committee member Roughton agreed.

Committee member Randon Lane asked for clarification in that the overall differences are not significant, but that one is a glaring difference.

Mr. Bishop responded that there are some significant differences; however, this one is a glaring difference.

Barbara Spoonhour indicated that significant differences fall within underwriting. Ygrene has indicated that it can approve a project based upon a FICO score and not requiring 10% equity in a property.

Action: 1. *Approved Summary Minutes of the May 11, 2016, WRCOG Administration & Finance Committee meeting.*

M/S/A (Roughton/Washington) 9-0-0; Item 3.A was approved by a unanimous vote of those members present. The Cities of Corona and Hemet were not present.

B. WRCOG Finance Department Activities Update

Action: 1. *Received report.*

C. WRCOG Financial Report Summary through April 2016

Action: 1. *Received report.*

D. Approval of Professional Services and Contractor Agreements

Action: 1. *Recommended the WRCOG Executive Committee approve the Ninth Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and Parsons Brinckerhoff, Inc., to provide TUMF Program technical support in an amount not to exceed $165,936 for the fiscal year and $1,836,613 in total.*

4. REPORTS/DISCUSSION

A. HERO Program Activities Update

Steve DeBaun excused himself from the room for this discussion.

Barbara Spoonhour reported that recently the State Attorney General released an opinion with regard to cities and counties which share bond and general legal counsel, indicating that there could potentially be undue influence between the two counsels and how bonds are issued. Bond counsel fees should not be based upon Cost of Issuance, nor contingent upon the sale of a bond. Best Best & Krieger (BB&K), WRCOG’s bond and general legal counsel, believes that it would be prudent for WRCOG to follow this guideline even though WRCOG is not a city nor a county, because WRCOG shares bond and legal counsel through BB&K.

Today’s requested action will adjust BB&K’s fee from a percentage to a flat fee and remove the contingency in the event a bond does not close, or someone falls out from the bond, BB&K can charge for the one that fell out from that 25 series. BB&K has indicated that it would most likely not charge WRCOG for the one that fell out; however, the language is in the retainer agreement indicating that BB&K does have that option.

There are two options to administer this piece, in which WRCOG could serve as a pass-through. One option is for WRCOG to receive BB&K's piece, and BB&K would invoice WRCOG on a flat-fee basis. This is similar to how WRCOG pays its current financial advisor, Public Financial Management (PFM). Revenues coming into the Program would increase, and a BB&K Consulting line item would be listed under expenditures. The second option is to work with the master indenture and WRCOG's trustee, Deutsche Bank, to determine how Deutsche Bank can send payments to BB&K on a flat fee basis. Bonding occurs on a weekly basis, so this route is a little more difficult.

Staff from WRCOG, Renovate America, and BB&K are working together to determine which option would be the most efficient way to pay BB&K for its bond services; and those findings should be determined by August.

Committee member Laura Roughton asked for clarification with regard to BB&K's $10,000 fee as noted in the letter included as an attachment to this staff report.

Ms. Spoonhour responded that that is BB&K's standard fee for bond counsel issuance and is in addition to any other charge. The first part of the retainer agreement is for PACE services and the second part is for services for financing of public improvements. If BB&K had to prepare and issue an opinion on, for example, the Streetlight processing, BB&K would charge the $10,000 fee outside of the PACE services.

Chairman Tisdale asked if there are any financial differences between the two options, and what staff's recommendation is.

Ms. Spoonhour responded that there if no financial difference; it is a matter of processing and how to calculate a flat fee based upon a bond issuance which is paid from the master indenture versus a percentage.

Staff does not have an opinion on which option to proceed with; however, option one would be the easiest. If BB&K can be paid straight from Deutsche Bank, PFM could also be paid straight from the bond. Staff is still working through the components of both options.

<u>Action</u>: 1. *Recommended that the WRCOG Executive Committee authorize the WRCOG Executive Director to execute the Third Amendment to Retainer Agreement for Legal Services – Public Finance Legal Services.*

M/S/A (Roughton/Franklin) 9-0-0; Item 4.A was approved by a unanimous vote of those members present. The Cities of Corona and Hemet were not present.

B. Potential Office Redesign and/or Relocation

Ernie Reyna reported that this item is being brought back with additional information from the last meeting. Staffing is at capacity in the current location. If the Agency remains in the current location of 5,532 square feet, the cost to redesign would range between $245,000 - $500,000. This would provide for a few additional work stations; however, it would not necessarily accommodate future growth. Alternatively, staff schedules could alternate, allowing for a minimal number of personnel in the office at any given time.

Staff researched available office space within the downtown area. There are no leases available near the current square footage rate WRCOG currently pays ($2.02 per square foot) with the exception of the County-owned building across the street. WRCOG would pay the same rate per square foot, and obtain 9,800 square feet. Mr. Reyna shared detailed demolition and construction costs with Committee members.

Staff recently toured a building currently owned and operated by the Western Municipal Water District (WMWD) on Alessandro Boulevard. The building is approximately 16,000 square feet and includes a one-acre demonstration garden. The lease rate at that location is $1.28 per square foot and does not include utilities. This building could potentially serve as the EXPERIENCE Center. Staff will be hiring a consultant to assess the condition of the building.

Committee member Debbie Franklin asked if IT costs were included in the figures provided for the County-owned building.

Mr. Reyna responded that there would be additional costs for IT equipment such as racks to house servers; however, it is anticipated to be relatively low.

Committee member Franklin asked what staff's sense was with regard to the condition of the WMWD building.

Greg Duecker responded that the building was built in 1986 and does require some maintenance. The drinking fountains are broken; they are so old that replacement parts are no longer available, so the fountains will have to be removed.

Committee member Randon Lane asked how the WMWD building could be a long-term investment.

Rick Bishop responded that if the WMWD building is simply a relocation of WRCOG then that presents a different discussion. What intrigued staff with regard to long-term potential is the possibility of implementing the Experience concept, having a conference center, and gardens with areas for tours. This building is good from a big picture aspect. However, an architect should be hired to determine the viability of staff's visions.

Committee member Lane likes the long-term vision and recommended taking the time to bring someone in to realistically determine the possibility. With all the work WRCOG is accomplishing, and keeping future Programs in mind, this is a perfect opportunity to have that bigger campus.

Mr. Bishop responded that the only issue with taking the time in pursuing viability of the building is that WRCOG could potentially lose the space being held across the street.

Mr. Reyna indicated that there are non-governmental agencies interested in the space; however, the County would prefer to lease to a governmental agency. Mr. Reyna will check to see how long the County will hold that space.

Christopher Gray suggested competitive solicitation and releasing a Release for Proposal (RFP) for an architect to determine feasibility of the building.

Committee member Lane asked why WRCOG would release an RFP if all that is necessary is input on what staff envisions and if it is doable. If it is determined pursue moving into the WMWD building, then release an RFP for actual architectural work.

Action: *1. Recommended looking into hiring an architect and determine zoning within the Executive Director's single signature authority.*

M/S/A (Lane/Roughton) 9-0-0; Item 4.B was approved by a unanimous vote of those members present. The Cities of Corona and Hemet were not present.

C. WRCOG Transportation Activities Update

Christopher Gray reported that the 2016 TUMF Nexus Study Update is underway; staff have met with member jurisdictions to confirm projects. It has been determined that unit costs used since the last Nexus Study have increased. Right-of-way costs have also increased. Unit cost increases were proposed to and approved by the WRCOG Public Works Committee. This will result in an increase to the fee as well if projects are added to the Network.

Growth forecast data from the Southern California Association of Governments (SCAG) indicates that the population will decrease slightly, and employment will decrease more so.

A draft Nexus Study will be presented for review in August 2016 and will be vetted through the WRCOG Committee structure. Action by the WRCOG Executive Committee is anticipated for winter 2016, and a fee increase by summer 2017.

Committee member Chuck Washington asked for clarification with regard to a decline in unemployment by 21%.

Mr. Gray responded that when SCAG performed its build-out scenario, while there is a projected growth, it is not as much.

Committee member Washington asked if SCAG's study focused on Western Riverside County, or are those numbers for the SCAG region.

Mr. Gray responded that the numbers were extracted for Western Riverside County.

Chairman Tisdale asked if the decline was consistent across the SCAG region.

Mr. Gray responded that it is not.

Committee member Washington indicated that the University of California, Riverside, just completed an economic forecast and apples are not being compared to apples. The SCAG numbers seem pessimistic.

Committee member Marion Ashley indicated that we should not be utilizing SCAG's numbers when UCR is local and it knows the numbers better because it is local.

Mr. Gray responded that UCR does not disaggregate the numbers at the level like SCAG does, so it would be challenging to use UCR's numbers.

Committee member Washington indicated that if this Committee will be making a policy decision that affects the WRCOG subregion, we should be using the best data available.

Mr. Gray responded that in terms of using the numbers in the Nexus Study, there is a certain legal defensibility required. Staff believes the factor we have the most control over is the Network and the facilities the TUMF Program can fund. That is the area which needs to be explored further and in more detail to determine all the roads being included in the Network are truly needed, especially with any changes in the growth forecast.

Committee member Mike Naggar has stressed over the past couple of years that the industry cannot afford a fee increase. With fees as they are, including TUMF, there is no land residual left. Land residual means no land value. Add to that laws with regard to the California Environmental Quality Act (CEQA), we are setting up for inactivity in the name of ensuring infrastructure is built for activity which will never come.

Committee member Naggar asked if it is time to revamp the entire Program. No matter how much numbers are reviewed, they will suggest an increase to the fee. That increase cannot be absorbed. It is going to stop development and movement. The WRCOG Executive Committee will ultimately recommend a fee increase, and it will be politically expedient to adopt it, and political suicide not to. The story not being told is that commercial development will be driven away. Maybe Road and Bridge Benefit Districts becomes the new TUMF.

Committee member Debbie Franklin indicated that there has no development in her city for at least six years. Has the Building Industry Association (BIA) weighed in on a potential fee increase?

Mr. Gray responded that there are two steps: first the fee is calculated as to what it could be, secondly it is determined what the fee is to be. Member jurisdictions are not obligated to adopt the fee as it is. If the history is reviewed, there was a point in which a fee increase was phased-in over several years. First the Nexus Study must be completed; there are projects waiting to use improvements which are in the Nexus Study. The fee does not have to be adopted immediately. A fee increase can be phased in, or the member jurisdictions can opt to have no increase to commercial at all. Having said that, there would be less money going to infrastructure. Every project requires a 10% match.

The goal is to have everyone agree on a Nexus Study; how a fee is implemented can occur later. Mr. Gray is meeting with the BIA next week, who has already provided comments on the draft Nexus Study. Mr. Gray has been meeting with the BIA regularly.

Committee member Washington indicated that we have no control over the growth forecast. Unit costs are what they are. The fee and Network are really the only things we have control over.

Rick Bishop reminded the Committee that there is a comprehensive fee analysis underway, not only researching the WRCOG subregional fees, but fees from surrounding neighbors as well. This will help provide context with regard to how the fee compares to other development costs. Staff's concern with the current project fee increase is because there has not been an annual index to the existing fee. The fee provides regional CEQA mitigation to projects. Staff have not been very good at educating the community on the linkage of TUMF to the half-cent sales tax measure (Measure A), which was approved by 70% of the voters and indicates that there will be a regional mitigation fee which requires developers to pay their fair share. For every $4 that residents pays, the development community pays $1.

Mr. Gray added that staff have met with those member jurisdictions which have expressed interest to do so, and are available to meet for one-on-one meetings with the elected officials and/or additional jurisdictional staff.

Action: *1. Received and filed.*

D. 25th Anniversary General Assembly & Leadership Address Update

Jennifer Ward reported that plans are well underway for this year's event. Ms. Ward discussed sponsorships, catering, audio / visual costs, and others. An outline was distributed covering potential topics for discussion with the guest speaker. Ms. Ward reviewed a draft program schedule with Committee members.

Committee member Debbie Franklin asked for a ball park figure on how much this year's event will cost.

Rick Bishop responded that staff can provide that information, and after the event, will provide detailed cost information.

Action: *1. Received and filed.*

5. ITEMS FOR FUTURE AGENDAS

Committee member Debbie Franklin announced that the Southern California Association of Governments is holding a demographic summit on Monday and would like a recap provided to this Committee. Committee member Franklin would also like a presentation on the trucking industry; there seem to be more and more trucks on the freeways.

Rick Bishop announced that a few months ago the March Joint Powers Authority (March JPA) has expressed interest in becoming a member of WRCOG. The March JPA does participate in the TUMF Program and attends a variety of WRCOG Committee meetings, but would like to have representation on the Executive Committee as well, and be able to participate in some of the other programs WRCOG offers to its member jurisdictions.

6. GENERAL ANNOUNCEMENTS

Committee member Laura Roughton announced the National Innovative Communities Conference scheduled for June 21 and 22 at the Ontario Convention Center. The conference is free to attend and will cover a comprehensive vision of healthy communities.

Chairman Tisdale thanked Committee members for their support over the last year.

7. NEXT MEETING: The next WRCOG Administration & Finance Committee meeting is scheduled for Wednesday, July 13, 2016, at 12:00 p.m., in the Riverside County Administrative Center, 5th Floor, Conference Room C.

8. ADJOURNMENT: The meeting of the WRCOG Administration & Finance Committee adjourned from Closed Session at 1:18 p.m.

Page Intentionally Left Blank

Administration & Finance Committee **Item 3.B**
July 11, 2016
Summary Minutes

1. CALL TO ORDER

The Special meeting of the WRCOG Administration & Finance Committee (Committee) was called to order at 2:30 p.m. by Vice-Chair Debbie Franklin, at the County of Riverside Administrative Center, 3rd Floor, Conference Room A.

Members present:

Debbie Franklin, City of Banning (Vice-Chair)
Eugene Montanez, City of Corona
Bonnie Wright, City of Hemet
Laura Roughton, City of Jurupa Valley
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 Energy and Environmental Programs
Chris Gray, Director of Transportation
Tyler Masters, Program Manager
Crystal Adams, Staff Analyst
Rebekah Manning, Staff Analyst
Dolores Sanchez Badillo, Staff Analyst
Jorge Nieto, Intern
Janis Leonard, Executive Assistant

Guests present:

Christopher Bout, Johnson Controls
Greg Duecker, Western Municipal Water District

2. PUBLIC COMMENTS

There were no public comments.

3. CONSENT CALENDAR – *M/S/A (Washington/Wright) 7-0-0; Items 3.A and 3.B were approved by a unanimous vote of those members present. The Cities of Lake Elsinore, Murrieta, and Wildomar, and the Western Municipal Water District were not present.*

A. WRCOG Financial Report Summary through May 2016

Action: *1. Received report.*

B. Single Signature Authority Report

Action: *1. Received report.*

4. REPORTS/DISCUSSION

A. Potential WRCOG Agency Office Relocation

Ernie Reyna reported that WRCOG occupies approximately 5,500 square feet in the County Administrative Center; the current lease rate is $2.02 per square foot. Given the number of staff and interns, as well as drop-in consultants and RCHCA staff, WRCOG requires a larger working space. Staff have researched visited other locations and researched lease rates. One site visited was a building owned by the Western Municipal Water District (WMWD). A tour of the building determined that it could meet Agency needs. Staff met with a land use planner to discuss the creation of an Experience Center, which would include multiple uses, such as office space, conference space, a restaurant, etc. Current zoning is for a public facility; in order to change the type of zoning public hearings would have to be held and would take an extended period of time to build out.

Staff also met with an architect and walked through the building. The lighting requires complete updating to bring current. The restrooms are not ADA compliant. The HVAC system would have to be updated. There are potential issues with structural walls. In all, it is estimated to cost $1.2 million to renovate the building for WRCOG's use.

Christopher Gray added that one of the issues pointed out by the architect is that the building has not undergone substantial renovations since it was built in the 80s, so there are a number of cascading issues.

Mr. Reyna indicated that there is available office space, 9,800 square feet, available across the street at a County-owned building. The County would honor the same lease rate. The lowest lease rate at another location in the downtown area is $3.10 per square foot.

Demolition costs and design costs can be estimated. Construction cost is the biggest unknown. All estimated costs total approximately $860,000.

Committee member Eugene Montanez indicated that when the Economic Development Agency moved into its new location, it was able to purchase furniture at approximately 25 cents on the dollar. Committee member Montanez will provide staff with contact information for the furniture company.

Rick Bishop indicated that in determining if the Agency moves across the street, there were concerns about abandoning the Experience Center. However, staff is still considering the WMWD building for a long-term project. The Eastern Municipal Water District has expressed interest in building projects into and partnering in the Experience Center. Other member jurisdictions have expressed interest in this as well. This type of project is long-term, and does not address immediate spacing needs.

Vice-Chairman Franklin indicated that WMWD is willing to negotiate the lease rate in order to assist with tenant improvements, or even waiving one year's rent while improvements are being made.

Greg Duecker indicated that there have not been any substantive conversations with WRCOG in terms of necessary repairs, some of which WMWD is already planning to do. Cost sharing arrangements could be identified. Committee member Brenda Dennstedt requested researching these matters more before a decision is made.

Committee member Montanez indicated that he is okay with having a long-term plan to partner with WMWD so that the Experience Center can come to life.

Vice-Chairman Franklin asked if there is a time frame.

Mr. Reyna responded that it would be six to nine months before WRCOG could move across the street.

Mr. Gray added that EDA has been holding the space for several months, and there are other potential interested tenants.

Action: *1. Recommended that the WRCOG Executive Committee approve a relocation of WRCOG to 3403 10th Street, Riverside, and authorize funds for office design, construction, and equipment in an estimated amount of $860,750.*

M/S/A (Montanez/Roughton) 7-0-0; Item 4.A was approved by a unanimous vote of those members present. The Cities of Lake Elsinore, Murrieta, and Wildomar, and the Western Municipal Water District were not present.

B. WRCOG Transportation Activities Update

Christopher Gray reported that TUMF is on pace to exceed $40 million for the fiscal year; this would be the highest amount collected since 2008. More than $80 million between the last and current fiscal year will be collected. The Northwest Zone is generating almost half the money being collected. There will be more revenue to program to TUMF. The Northwest, Southwest, and Central Zones will have more money. Staff is researching how each member jurisdiction is spending its TUMF money. Payments for the last fiscal year are being finalized. The Transportation Improvement Projects will be updated this fall and member jurisdictions will be informed on how much funding is available.

The first deliverable is close to being released with regard to the comprehensive regional fee analysis. Preliminary information will first be shared with the WRCOG Planning Directors' and Public Works Committees in July.

The Active Transportation Plan is underway. There are a number of hot spots in which vehicle / pedestrian accidents occur frequently, and those locations will be identified in the first deliverable.

Action: *1. Received report.*

C. WRCOG Fiscal Year 2015/2016 4th Quarter Budget Amendment

Ernie Reyna reported that each department has its own program(s). Mr. Reyna discussed the various revenue and expenditure changes to the General Fund Department, which results in a change of zero dollars.

The Transportation Department received more than anticipated TUMF revenue of just under $360,000.

The Energy Department encompasses both the local and statewide HERO Programs. The statewide Program experienced an increase in forecasted revenue, and the local Program experienced a decrease in forecasted revenue. Overall, there is an increase in net revenue for the Energy Department just over $1.1 million.

The Environment Department did not utilize all of its Used Oil funding in Fiscal Year 2015/2016, resulting in a net expenditure decrease of just over $15,000.

Overall, net revenues for the Agency were increased at approximately $1.5 million

Action: *1. Recommended that the WRCOG Executive Committee approve the WRCOG 4th Quarter Draft Budget Amendment for Fiscal Year 2015/2016.*

M/S/A (Washington/Montanez) 7-0-0; Item 4.C was approved by a unanimous vote of those members present. The Cities of Lake Elsinore, Murrieta, and Wildomar, and the Western Municipal Water District were not present.

D. Regional Streetlight Program Activities Update

Tyler Masters reported that current annual utility costs of streetlights within the WRCOG subregion are $10.3 million. This rate has increased 55% since 2001. Some jurisdictions pay for its streetlights through a variety of financing districts; some of these structures are not developed to increase by the rates SCE's rates will. This could potentially impact the jurisdictions' General Fund. After the acquisition of these streetlights, and retrofit to LED lights, the subregional annual utility costs would decrease to $4.0 million.

LED lights provide an increased quality of light, which cause object to appear more crisp and colorful, and an improvement to public safety. There are also "Smart City" opportunities such as adding third party telecommunications attachments and rental of pole space, allowing for a revenue generating opportunity.

Committee member Eugene Montanez recently read in a study that LED street lights are bad.

Mr. Masters responded that the LED lights which are extremely blue – called cool colors – and measured in kelvin color temperature, is what the study was based upon. The blue light temperatures are over 5,000k; this Program will utilize warm colors, more yellowish white, and are temperatures ranging from 2,700 – 3,000k.

Committee member Montanez asked if any of these lights will take into account Mt. Palomar dark sky requirements.

Mr. Masters responded that they do, as well as other dark sky requirements throughout the subregion. Mt. Palomar staff will be a partner in the test bed study areas.

Committee member Marion Ashley asked how this affects gated communities.

Mr. Masters responded that for gated communities, the Homeowner Association owns their own poles. Options will be provided to member jurisdictions to include gated communities in this Program.

Vice-Chair Franklin indicated that her city is switching to LED lights now, and unless you are standing under the light, it is darker than it was before.

Mr. Masters indicated that demonstration areas are being established in various locations in the City of Hemet. Members of the public will be encouraged to visit the various locations, which will have different types of lights, and provide a human factor on the quality of those lights. Lights will be installed by the end of July, and the demonstration areas will be open from August 2016 through January 2017. Outreach media will be provided to member jurisdictions to distribute to their communities, and tours will be scheduled later in the fall.

Committee member Montanez asked if there are any U.S. manufacturers of LED streetlights?

Mr. Masters responded that there are; many are back east. A 10-point criteria was created for manufacturers who are participating in the demonstration areas; it was strongly recommended that the lights were manufactured in the U.S.

Christopher Bout asked about financing of this Program.

Mr. Masters responded that the WRCOG Finance Directors Committee will be discussing this matter at its July meeting; that Committee will provide a recommendation to this one.

Mr. Bout asked about the implementation plan once financing is secured.

Mr. Masters responded that staff will identify with the chosen manufacturer on how many of which types of lights are needed.

Action: *1. Received and filed.*

E. Community Choice Aggregation Program Activities Update

Barbara Spoonhour reported that Community Choice Aggregation (CCA) enables local governments to purchase electricity, and is a hybrid between an Investor Owned Utility and a Municipal Owned Utility. A CCA allows for provision of greener electricity, usually at a lower rate, and provides local control over programs, rates, and power supply / generation options.

Ms. Spoonhour reviewed the steps to implement a CCA with Committee members, as well as the three different types of CCA formation. The City of Lancaster is operating its CCA under the single city / enterprise fund. Marin and Sonoma Counties, and the City / County of San Francisco operate their CCAs under the multi-jurisdictional joint powers authority (JPA). Los Angeles County is currently conducting a Feasibility Study, which is due for release sometime this month. The third type of CCA, commercially managed, is not active in California; however, the County of Riverside is currently examining this model.

To achieve economies of scale and resource efficiencies, the San Bernardino Associated Governments (SANBAG) and the Coachella Valley Association of Governments (CVAG) joined WRCOG's effort to have a multi-county Study completed. In May 2016, WRCOG entered into an agreement with BKi to prepare the Feasibility Study.

The Study will include a load analysis, rate analysis, preferred supply portfolio, cost of service analysis, risk analysis, and governance formation options.

A draft Feasibility Study is expected to be released mid-August. This Committee is dark in August, but staff can schedule a special meeting to provide Study results. Presentations will also be provided to the WRCOG Technical Advisory and Executive Committees.

Legal Counsel is researching the process to form a JPA amongst WRCOG, SANBAG, and CVAG, as well as if WRCOG would operate under the single city / enterprise fund. This Program could potentially launch as soon as February 2017.

Committee member Eugene Montanez asked if it is known where the City of Lancaster stands from a consumer, residential, and business user cost savings.

Ms. Spoonhour responded that the City is achieving an approximate 5% to 6% savings for residents; commercial customers are receiving a little higher savings. The Feasibility Study will take the generation savings, minus the exit costs from Southern California Edison, to determine cost savings to the consumer.

Action: *1. Received and filed.*

F. 25th Anniversary General Assembly & Leadership Address Update

Rebekah Manning reported that the speaker, Prime Minister Julia Gillard, was pleased with the event; staff have also received many positive comments about the event from guests. Over 700 attendees were present from all of WRCOG's member agencies as well as private sector guests. This was the 12th year Morongo has served as guest host. Mrs. Manning reviewed estimated event costs with Committee members.

Action: *1. Received and filed.*

5. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

6. GENERAL ANNOUNCEMENTS

There were no general announcements.

7. CLOSED SESSION

Committee members discussed Item 7.B, Anticipated Litigation. The Committee authorized the WRCOG Executive Director to reject the claim from Pardee Development.

7. NEXT MEETING: **The WRCOG Administration & Finance Committee is DARK during the month of August. The next WRCOG Administration & Finance Committee meeting is scheduled for Wednesday, September 14, 2016, at 12:00 p.m., in the Riverside County Administrative Center, 5th Floor, Conference Room C.**

8. ADJOURNMENT: **The meeting of the WRCOG Administration & Finance Committee adjourned from Closed Session at 3:45 p.m.**

Item 3.C

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: WRCOG Finance Department Activities Update

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

Date: August 10, 2016

Requested Action:

1. Receive and file.

Following is a schedule of finance-related activities for the remainder of the Fiscal Year.

Financial Audit

Financial auditors from Vavrinek, Trine, Day, & Co., have conducted their interim audit work for Fiscal Year (FY) 2015/2016. The auditors worked with WRCOG staff for three days to begin the process of reviewing the financial ledgers, and will return in late September to conduct final fieldwork. The final portion of the audit will be scheduled during the week of September 26, 2016. It is anticipated the audit will conclude in October or November 2016, with the final Comprehensive Annual Financial Report being issued shortly thereafter.

Budget Amendment

September 30, 2016, will mark the end of the first quarter of FY 2016/2017, and the WRCOG Administration & Finance Committee will be presented with the budget amendment report at its October 12, 2016, meeting. The WRCOG Technical Advisory Committee will also consider the amendment report at its October 20, 2016, meeting. The WRCOG Executive Committee will consider the amendment report at its November 7, 2016 meeting.

Annual TUMF Audit for FY 2015/2016

Letters will be transmitted to each jurisdiction during August to schedule the annual TUMF audit visits. The TUMF audits will commence in September and are anticipated to be completed in November 2016. The TUMF audits allow staff to ensure that jurisdictions are correctly calculating and remitting TUMF funds in compliance with the TUMF Program.

Prior WRCOG Actions:

August 1, 2016: The WRCOG Executive Committee received report.
July 21, 2016: The WRCOG Technical Advisory Committee received report.

WRCOG Fiscal Impact:

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

Attachment:

None.

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **WRCOG Financial Report Summary through June 2016**

Contact: **Ernie Reyna, Chief Financial Officer, reyna@wrcog.cog.ca.us, (951) 955-8432**

Date: **August 1, 2016**

Requested Action:

1. Receive and file.

Attached is WRCOG's financial statement through June 2016.

Prior WRCOG Actions:

August 1, 2016: The WRCOG Executive Committee received report.
July 21, 2016: The WRCOG Technical Advisory Committee received report.

WRCOG Fiscal Impact:

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

Attachment:

1. WRCOG Financial Report Summary – June 2016.

Page Intentionally Left Blank

Item 3.D

WRCOG Financial Report Summary through June 2016

Attachment 1

WRCOG Financial Report Summary – June 2016

Page Intentionally Left Blank

Western Riverside Council of Governments
Monthly Budget-to-Actuals
For the Month Ending June 30, 2016

Revenues	Approved FY 15/16 Budget	6/30/2016 Actual	Remaining Budget
Member Dues	$ 298,910	$ 298,910	$ -
Government Relations	960	1,170	(210)
WRCOG HERO	1,489,005	1,489,005	-
WRCOG HERO Recording	440,800	440,800	-
WRCOG HERO Commercial	22,873	25,785	(2,912)
CA HERO	5,948,521	5,948,521	-
CA HERO Recording	1,593,055	1,593,150	(95)
Gas Company Partneship	54,347	54,347	-
SCE WRELP	74,152	78,793	(4,641)
SCE Phase II & III	69,215	83,855	(14,640)
Solid Waste	91,370	91,370	-
Used Oil	258,015	233,015	25,000
Air Quality	140,500	140,500	-
SCAQMD	38,750	26,351	12,399
LTF	684,750	684,750	-
Other Miscellaneous	9,671	9,671	-
General Assembly	300,000	204,400	95,600
TUMF - 4% Administration	1,405,095	1,435,437	(30,342)
TUMF - Total Program less Admin	30,000,000	34,704,098	(4,704,098)
Fund Balance Carryover	2,234,871	-	2,234,871
Total Revenues	$ 45,574,861	$ 47,543,928	$ (1,969,068)

Expenditures	Approved FY 15/16 Budget	6/30/2016 Actual	Remaining Budget
Salaries and Wages	$ 1,892,595	$ 1,830,016	62,579
Fringe Benefits	1,056,135	666,391	389,744
Overhead Allocation	1,500,089	1,375,082	125,007
General Legal Services	726,986	563,723	163,263
Audit Services	26,357	26,357	-
Bank Fees	81,357	81,357	0
Committee Per Diem	57,650	57,150	500
Interest Expense	57	57	0
Office Lease	140,000	133,898	6,102
Auto Fees Expense	232	232	(0)
Auto Maintenance Expense	48	48	0
Special Mail Services	2,741	2,741	(0)
Parking Validations	3,541	2,226	1,315
Staff Recognition	3,489	3,489	-
Event Support	150,287	133,834	16,453
General Supplies	31,920	21,535	10,385
Computer Supplies	9,779	7,063	2,716
Computer Software	23,740	20,402	3,338
Rent/Lease Equipment	27,871	29,711	(1,840)
Membership Dues	33,070	29,206	3,864
Subscriptions/Publications	6,589	6,589	-
Meeting Support Services	13,543	8,135	5,408
Postage	5,843	5,149	694
Other Household	2,447	2,447	(0)
COG Partnership Agreement	43,901	43,901	0
Storage	20,000	15,537	4,463
Printing Services	30,757	13,177	17,580
Computer/Hardware	5,859	5,858	1
Communications - Phone	4,146	4,146	0
Communications - Long Dist	1,200	1,059	141
Communications - Cellular	12,195	9,421	2,774
Communications - Comp Serv	17,142	12,680	4,462
Communications - Web Site	10,500	3,733	6,768
Equipment Maint - General	16,100	5,447	10,653
Equipmnet Maint-comp/Software	1,214	1,214	0
Insurance - Gen/Business Liasion	67,120	66,865	255
WRCOG Auto Insurance Expenses	1,883	1,883	-
County RIFMIS Charges	2,700	1,941	759
Data Processing Support	15,630	15,630	(0)
HERO Recording Fee	1,355,155	1,353,702	1,453
Seminars/Conference	16,075	12,290	3,785
General Assembly	300,000	117,506	182,494
Travel - Mileage Reimbursements	26,002	14,076	11,926
Travel - Ground Transportation	8,407	6,504	1,903
Travel - Airfare	31,095	28,380	2,715
Lodging	25,643	16,370	9,273
Meals	9,060	6,944	2,116
Other Incidentals	43,895	24,854	19,041
Training	3,343	647	2,696
Supplies/Materials	41,322	5,175	36,147
Newspaper Ads	8,730	4,500	4,230
Billboard Ads	5,000	3,823	1,177
Radio & TV Ads	90,748	89,262	1,486
Consulting Labor	2,310,176	1,879,789	430,387
Consulting Expenses	37,547	5,610	31,937
Gov Relations Reimbursement	243,237	243,237	0
Computer Eqiupment Purchase	60,588	55,313	5,275
Water Task Force Program	899	899	0
Motor Vehicles Purchased	33,037	33,037	(0)
TUMF Program less Admin Expenditures	28,800,000	31,506,189	(2,706,189)
Overhead transfer in	(1,500,000)	(1,375,082)	(124,918)
Transfer out to Reserve	$ 5,140,260	$ 5,140,260	-
Total Expenditures	$ 43,214,947	$ 44,382,613	$ (1,167,666)

Page Intentionally Left Blank

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **CEQA Cases in the WRCOG Subregion**

Contact: **Christopher Gray, Director of Transportation, gray@wrcog.cog.ca.us, (951) 955-8304**

Date: **August 10, 2016**

Requested Action:

1. Receive and file.

Members of the Administration & Finance Committee have requested WRCOG staff to analyze California Environmental Quality Act (CEQA) cases in Western Riverside County. This report summarizes the number of cases, case types, and case petitioner(s).

Active CEQA cases in Western Riverside County

CEQA is a statue that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible. Projects that undergo the approval process at a governmental agency are subject to challenges and many WRCOG jurisdictions have experienced project delays and/or project termination.

As of July 15, 2016:

- The WRCOG subregion has 16 active CEQA cases (Riverside County has 20)
  - 1 additional case includes WRCOG subregion – Riverside County Comprehensive General Plan update and Climate Action Plan preparation
- Five cases are inter-agency (public agency petitioner and public agency respondent)
- Five cases are in the City of Moreno Valley on the World Logistics Center
  - Please note: Moreno Valley has recently settled with the County of Riverside and Riverside County Transportation Commission regarding their lawsuit
- 13 cases involved new construction
  - Seven of the 13 cases involve new industrial / warehouse / logistics center construction
- 15 of the 20 cases are challenges that the contested project will have impacts on air quality, greenhouse gases, noise, traffic, transportation, and/or water supply / resources
- Some of the more active petitioner's include:
  - Friends of the Northern San Jacinto Valley
  - Residents for Intelligent Planning
  - Advocates for Better Community Development
  - Raymond Johnson of Johnson & Sedlack is the Attorney for Petitioner(s) for five cases

Staff will be conducting additional review of this information and will also be prepared to identify next steps for consideration at the September 2016 Administration & Finance Committee Meeting.

Prior WRCOG Action:

None.

WRCOG Fiscal Impact:

CEQA case activities are included in the Agency's adopted Fiscal Year 2016/2017 Budget under the Transportation Department.

Attachment:

None.

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Administration of Additional Property Assessed Clean Energy Programs in the WRCOG subregion**

Contact: **Barbara Spoonhour, Director of Energy and Environmental Programs, spoonhour@wrcog.cog.ca.us, (951) 955-8313**

Date: **August 10, 2016**

Requested Action:

1. Support the Ad Hoc Committee recommendation to request that the WRCOG Executive Committee direct and authorize the WRCOG Executive Director to enter into contract negotiations and execution of any necessary documents to include CaliforniaFIRST under WRCOG's PACE umbrella.

WRCOG's HERO Program provides financing to property owners to implement a range of energy saving, renewable energy, and water conserving improvements to their homes and businesses. Improvements must be permanently fixed to the property and must meet certain criteria to be eligible for financing. Financing is paid back through a voluntary lien placed on the property tax bill. The HERO Program was initiated in December 2011 and has been expanded (an effort called "California HERO") to allow for jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate.

Additional PACE Providers in the WRCOG Subregion

In mid-June 2016, WRCOG staff distributed a solicitation to PACE providers to provide an opportunity for them, if interested, to operate their Program in the WRCOG subregion under the WRCOG PACE "umbrella." Under this structure, WRCOG would serve as the bond issuer. WRCOG would then retain the oversight of the Program and be responsible for Program management, ensuring the application of consistent consumer protections among these Programs throughout the subregion, for example, and recording the assessments on the property.

To date, WRCOG staff have received documentation from CaliforniaFIRST, PACE Funding, and Spruce to begin the vetting process for these Programs to operate under WRCOG's umbrella. On July 27, 2016, WRCOG staff conducted a site visit with CaliforniaFIRST and has scheduled site visits with PACE Funding and Spruce for August 23 and 24, 2016.

On June 6, 2016, the WRCOG Executive Committee meeting, established an Ad Hoc Committee to review and complete the vetting process and provide recommendations on the possible inclusion of additional PACE Providers under the WRCOG "umbrella" for the subregion. The Ad Hoc Committee consists of representation from the Cities of Banning, Jurupa Valley, Moreno Valley, and Wildomar, with assistance from WRCOG staff and WRCOG's Bond Counsel (Best Best & Krieger).

On August 3, 2016, the Ad Hoc Committee met with each of the interested Providers to seek additional information regarding their respective Programs and learn how the interaction between the Provider and WRCOG would occur. Based on the information received from the Providers and their respective interviews with the Ad Hoc Committee, the Ad Hoc Committee is recommending to the WRCOG Administration & Finance

Committee to bring CaliforniaFIRST under WRCOG's PACE umbrella at the next WRCOG Executive Committee meeting. The Ad Hoc Committee directed staff to continue with the scheduled site visits for PACE Funding and Spruce and to hold another Ad Hoc Committee meeting on September 12, 2016, to review the findings from those site visits.

The following is an overview of general information on each of the Providers:

- CaliforniaFIRST: CaliforniaFIRST is based in Oakland, has over 200 employees, and anticipates reaching 300 employees by 2017. CaliforniaFIRST offers both a commercial and residential PACE Program, with three call centers (which are linked together) in Oakland, Roseville, and Allentown, PA. During the past tax year, CaliforniaFIRST has placed approximately 5,000 assessments on the tax roll and are scheduled to place an additional 15,000 for this tax year. The interest rates and fees being charged by the Program are in line with other Providers. CaliforniaFIRST already adheres to the PACE Consumer Protection Policies that the Executive Committee adopted in December 2015, and is comfortable with the underwriting criteria that WRCOG uses to administer the HERO Program.

- Spruce: Spruce is based in San Francisco, with an office in Anaheim, and is in the process of developing a residential PACE Program. Spruce anticipates having its documents, computer platform, and processes in place for a late 2016 launch. The company has over 200 employees and is strong in currently offering consumer financing for solar and energy efficient projects in excess of $880 million nationwide. Spruce is working on its interest rates and fees but believe they will be in line with the other Providers. Spruce already adheres to the PACE Consumer Protection Policies that the Executive Committee adopted in December 2015, and is comfortable with the underwriting criteria that WRCOG uses to administer the HERO Program. WRCOG staff has a site visit scheduled for August 23, 2016.

- PACE Funding: PACE Funding is based in Los Gatos and is new to the PACE market. PACE Funding has funded 10 projects in California and has processed over 100 applications. PACE Funding has outlined its plans for expansion over the next year to accommodate growth and would offer a residential PACE Program. The interest rates and fees being charged by the Program are in line with other Providers. PACE Funding already adheres to the PACE Consumer Protection Policies that the Executive Committee adopted in December 2015, and is comfortable with the underwriting criteria that WRCOG uses to administer the HERO Program. WRCOG staff has a site visit scheduled for August 24, 2016.

Prior WRCOG Action:

June 6, 2016: The WRCOG Executive Committee 1) approved for WRCOG member agencies to place a 60-day review in considering requests by additional PACE Providers to implement Programs in WRCOG jurisdictions; 2) directed WRCOG staff to reach out to PACE Providers that wish to operate in the subregion and seek agreements for WRCOG to act as Program bond issuer and administrator, as it does with the HERO Program, for these additional Programs; 3) directed staff to return to the WRCOG Executive Committee with additional PACE Provider agreements that meet the criteria (i.e., practices and policies are consistent with WRCOG's Consumer Protection Policies and Program Report and are able to demonstrate compliance) to operate under the WRCOG PACE umbrella; 4) directed staff to regularly notify members regarding which Provider programs are and are not under the WRCOG administrative umbrella; 5) directed the WRCOG Executive Director to make any necessary changes to the WRCOG / Renovate America Administrative Agreement to allow WRCOG to provide oversight to additional PACE Providers in the subregion; and 6) created an Ad Hoc Committee to address all of the comments, concerns, and thoughts provided today by the Committee members and speakers.

WRCOG Fiscal Impact:

HERO revenues and expenditures for the WRCOG and California HERO Programs are allocated annually in the Fiscal Year Budget under the Energy Department.

Attachment:

None.

Page Intentionally Left Blank

Item 4.B

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Regional Streetlight Program Activities Update**

Contact: **Tyler Masters, Program Manager, masters@wrcog.cog.ca.us, (951) 955-8378**

Date: **August 10, 2016**

Requested Action:

1. Recommend, for those jurisdictions interested in using financing for the acquisition and retrofitting of streetlights, that they utilize Banc of America Public Capital Corporation (which was deemed the most responsive during the bid process by WRCOG staff and its Financial Advisor, Public Financial Management, for being able to provide the most competitive financing for the Regional Streetlight Program).

WRCOG's Regional Streetlight Program will assist member jurisdictions with the acquisition and retrofit of their Southern California Edison (SCE)-owned and operated streetlights. The Program has three phases, which include 1) streetlight inventory; 2) procurement and retrofitting of streetlights; and 3) ongoing operations and maintenance. The overall goal of the Program is to provide significant cost savings to the member jurisdictions.

Program Update

At the direction of the WRCOG Executive Committee, WRCOG is developing a Regional Streetlight Program that will allow jurisdictions (and Community Service Districts) to purchase the streetlights within their boundaries that are currently owned / operated by SCE. Once the streetlights are owned by the member jurisdiction, the lamps will then 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 its streetlight system allows jurisdictions opportunities to enable future revenue generating opportunities such as digital-ready networks, and telecommunications and IT strategies.

The goal of the Program is 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 each of the jurisdictions to move through the acquisition process, develop financing recommendations, develop / update regional and community-specific streetlight standards, and manage the regional operations and maintenance agreement that will increase the level of service currently being provided by SCE.

Cash-flow meeting update: WRCOG staff has conducted streetlight cash-flow meetings with the Cities of Calimesa, Eastvale, Hemet, Lake Elsinore, Menifee, Murrieta, Norco, Perris, San Jacinto, Temecula, Wildomar, the County of Riverside, and with the Rubidoux and Jurupa Community Services Districts. Meetings with remaining jurisdictions have yet to be scheduled.

The purpose of the cash-flow meetings is to provide jurisdictional staff (i.e., finance director, city manager, senior staff, etc.) with the financial information needed for staff to make a recommendation on whether it is feasibility to move forward with the acquisition and retrofit of the streetlights currently owned by SCE.

On a regional basis, WRCOG is identifying a 50-60% reduction in utility bills after streetlights acquisition and retrofit to LED fixtures. These savings are due primarily to the reduction in maintenance and energy costs. Additionally, WRCOG has developed a feasibility model that includes a variety of financial sensitivities, including utility cost reduction, energy cost reductions, operations and maintenance costs (including pole knockdown replacement costs), debt service of ownership, and LED retrofit for each jurisdiction's streetlight system, and also includes a re-lamp reserve. The re-lamp reserve is a reserve that each jurisdiction can configure to set aside funds to ensure that in 15 years (when the LED streetlights begin to wear out) each jurisdiction will have funds to retrofit to the next generation of energy efficient street lighting, without negatively impacting the jurisdiction's general fund. This model has been provided to each member jurisdiction for their records. This tool will allow City staff to toggle variables (interest rates, re-lamp reserve, number of poles, etc.) to quantify how cash flows are impacted in various scenarios.

Financing Update: On August 10, 2016, Public Financial Management (PFM) will provide a presentation to the WRCOG Administration & Finance Committee on the financing strategies being proposed for the Program.

On July 28, 2016, the WRCOG Finance Directors' Committee received a presentation provided by PFM on the financing strategies being proposed for the Program. The Finance Directors' Committee members approved the requested action to recommend to the WRCOG Executive Committee, for those jurisdictions interested in using financing for the acquisition and retrofit of streetlights, that they utilize Banc of America Public Capital Corporation (BACPP) (which was deemed the most responsive during the bid process by WRCOG staff and its Financial Advisor, PFM, for being able to provide the most competitive financing for the Regional Streetlight Program). A copy of PFM's recommendation memo, which also outlines the bid process that was undertaken, is attached for members' review.

WRCOG and PFM staff have considered numerous financing options. These options include WRCOG-pool financing, individual city-issues bonds, California Infrastructure bank loans, California Energy Commission, and direct placement leases financing options. Member jurisdictions have expressed interest in the WRCOG-pool and direct placement lease options as potential financing structures. Upon Executive Committee authorization, staff will begin to work with BACPP to develop a financing structure for acquisition and retrofit of the streetlights.

Background on the bid process: On March 7, 2016, WRCOG released a Request for Bids (RFB) to select a financing vendor that would provide capital to member jurisdictions for the acquisition process at a competitive rate. WRCOG staff and PFM, have been working with BACCP, which was deemed the most responsive and best option during the bid process and meets the needs of the Program. BACPP has proven to have the following:

1. Ability to provide financing to all participating jurisdictions in the Program
2. Provide financing for both purchase and LED retrofit
3. Streetlights accepted as sole collateral
4. Able to finance as either taxable or tax-exempt debt
5. Smart City usage permitted
6. The qualifications and experience of the proposing firm
7. Competitive fee proposal for all jurisdictions

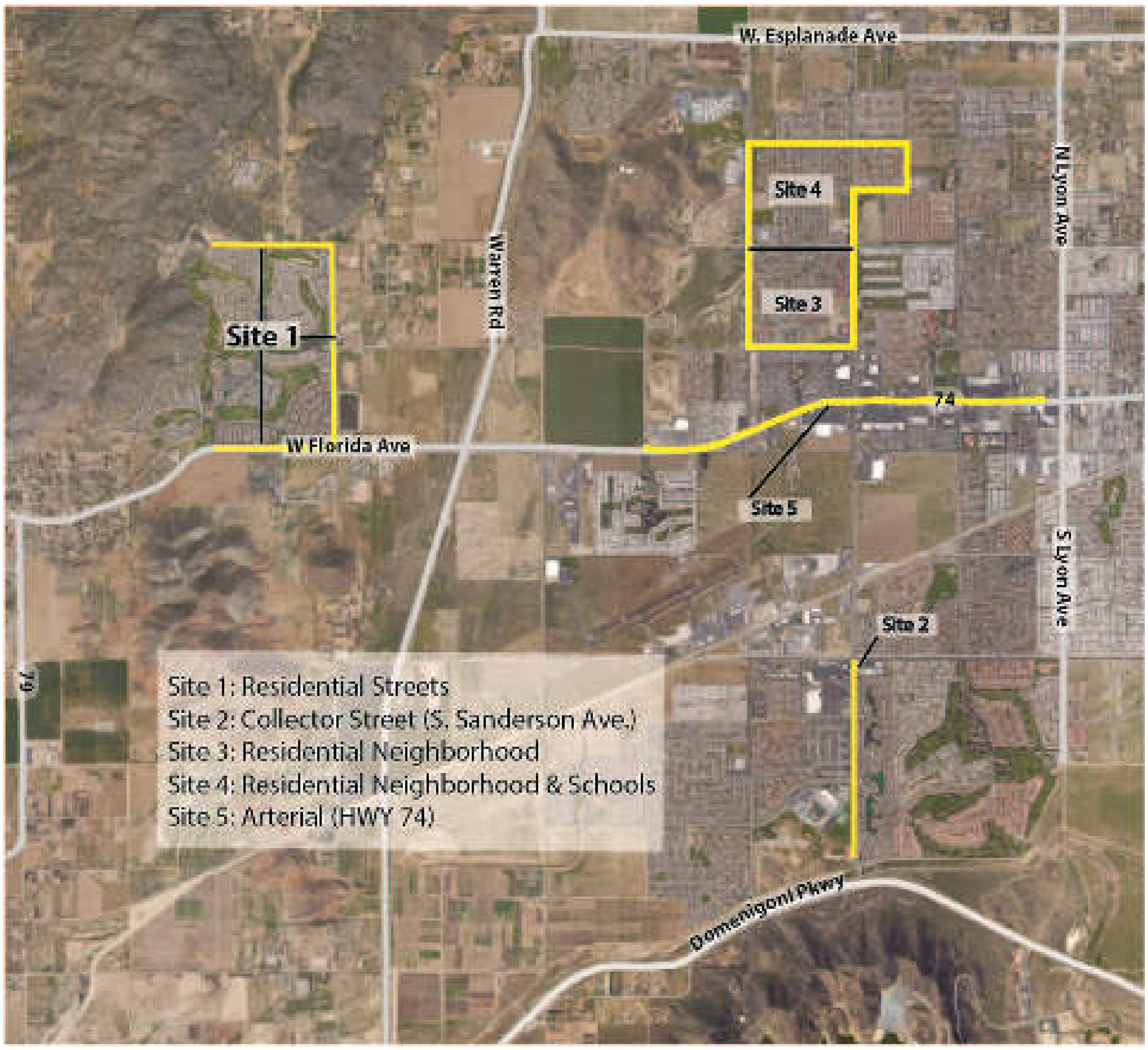
Regional Demonstration Area Update: WRCOG will be conducting a Regional Streetlight Demonstration Area in five different locations throughout the City of Hemet to showcase various LED streetlights from 11 different vendors. The Demonstration Areas incorporate multiple land use types (residential, commercial, industrial, etc.) that stakeholders will be able to view and provide feedback. The Demonstration Areas will allow community stakeholders (i.e., jurisdictional elected officials and staff, engineers, public safety personnel, community and environmental groups, and residents), inside and outside the Western Riverside County subregion, to experience and provide feedback on a variety of LED lights in a "real-life" context.

To gain additional input, staff will coordinate multiple educational tours for stakeholders in October / November 2016. The use of electronic and physical surveys will be used to gain feedback from the public. Results from the surveys will be used to assess preferences of the LED lights and rank the selection of viable LED lights to use for the Program. The Streetlights will be marked with a designated pole tag to help stakeholders identify which lights are or are not part of the Program.

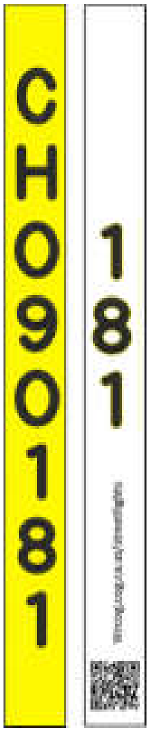
A media kit is being developed and will include sample press releases, brochures and informational items, a "frequently asked questions" sheet, signage, social media language, and a map of the Demonstration Areas. The media kit will be available for all member jurisdictions to distribute to their community by late August 2016.

While the lights will be installed in August 2016, the Demonstration Areas will officially kick-off on September 1, 2016, and will be active through early 2017. Recommendation and selection of the new lighting fixtures will be provided to WRCOG Committees at the conclusion of the Demonstrations Areas.

The following is a map depicting Demonstration Area locations and a sample of the streetlight pole identification tag that will be used.



Map of Demonstration Areas



City of Hemet streetlight pole identification tag on the left.

Demonstration Area Streetlight tag identification tag on the right.

Prior WRCOG Actions:

August 1, 2016:	The WRCOG Executive Committee received report.
July 21, 2016:	The WRCOG Technical Advisory Committee received report.

WRCOG Fiscal Impact:

Activities for the Regional Streetlight Program are included in the Agency's adopted Fiscal Year 2016/2017 Budget under the Energy Department.

Attachment:

1. PFM Streetlight Financing Partner Recommendation.

Public Financial Management, Inc. 213-489-4075
601 S. Figueroa St., Suite 4500 213-489-4085 fax
Los Angeles, CA 90017 www.pfm.com

July 21, 2016

Memorandum

To: Western Riverside Council of Governments:
Rick Bishop, Executive Director
Barbara Spoonhour, Director of Energy and Environmental Programs
Tyler Masters, Program Manager
Anthony Segura, Staff Analyst

From: Public Financial Management, Inc.
Laura Franke, Managing Director
Felicia Williams, Senior Managing Consultant

CC: Phil Bowman, Muni-Fed Energy
Jim Filanc, Southern Contracting

Re: Western Riverside County of Governments:
RFP # S-727, Financing for Streetlight Acquisition & Retrofit

---

On behalf of Western Riverside Council of Governments ("WRCOG"), Public Financial Management, Inc. ("PFM") has been pleased to assist with the solicitation, evaluation and additional consideration of funding partner selection for the Regional Streetlight Program. Based on the offers received and questioning of the respondents, we recommend the appointment of Bank of America Public Capital Corporation ("BAPCC") to serve as funding partner for WRCOG's Regional Streetlight Program (the "Program").

On March 7, 2016, WRCOG solicited Requests For Bids from the 56 firms identified in the following table. The table indicates which of the solicited firms responded.

Lender	Response	Lender	Response	Lender	Response
Banc of America Public Capital Corp	✓	GE Capital	–	Siemens Financial Services	–
Bank of Marin	–	Hannon Armstrong	–	Signature Bank	×
Bank of the West	–	Holman Capital	–	Solano First Credit Union	–
Barclays	–	IBEW	–	SolarMax	✓
BB&T	–	I-Bank	×	Sovereign Bank	–
BBVA Compass	✓	JP Morgan Chase	×	State Street Bank and Trust Company	–
BMO Harris	–	KeyBank	–	Stifel	–
BNY Mellon	–	Lance Capital	–	STRS	–
California Bank and Trust	–	Mitsubishi	–	Sumitomo Mitsui Banking Corporation	–
CapitalOne Public Funding	–	Mizuho	–	Suntrust Bank	–
Citi	–	NECA	–	TD Bank	–
Citizens Bank	–	New Resource Bank	–	Travis Credit Union	–
City National Bank	–	Northern Trust	–	Umqua Bank	–
Comerica Leasing Corp	–	Oppenheimer	–	Union Bank	–
Duetsche Bank	–	PNC Bank	×	Wells Fargo Bank	–
Eas West Bank	–	RBC	–	Western Alliance Equipment Finance	–
First Republic Bank	–	Rockfleet Financial	–	Wulff, Hansen & Co.	✓
First Security Leasing	–	Rosemawr Management	–	Zion's Bank/NSB	–
Fremont Bank	–	Santander	–		

In evaluating the responses received, the primary considerations were:

(1) Provide financing for all participating jurisdictions in the Program
(2) Provide financing for both purchase and LED retrofit
(3) Streetlights accepted as sole collateral
(4) Able to finance as either taxable or tax-exempt debt
(5) Smart City usage permitted
(6) The qualifications and experience of the proposing firm
(7) Competitive fee and interest rate proposals for all jurisdictions

After receiving the proposals, telephone interviews were scheduled with the respondents. Through these interviews PFM discerned that one of the firms was not proposing a compliant structure to serve as funding partner:

- SolarMax suggested a structure that would not be viable under the regulatory framework for streetlight acquisition. The structure suggested would require that SolarMax become the purchaser of the streetlights from Southern California Edison ("SCE" or "Edison") and then sell the streetlights to the jurisdictions after retrofitting. In addition to the financial structuring concerns, SolarMax indicated a requirement for use of their equipment, and a significantly higher borrowing rate than the other respondents. WRCOG's evaluation team discussed these concerns with SolarMax during the verbal evaluation and no additional information or follow up was provided by the bidder.

Of the remaining bidders, it was determined that BBVA was qualified but lacked the depth of specific streetlight experience of the other two bidders. Wulff, Hansen initially provided a vague level of specificity in their response; and after several conversations, provided a formal bid from an investor, Hannon Armstrong, who would actually provide capital for the transactions. Wulff, Hansen's representative is a former energy service company finance professional with experience in this type of project finance; and, Hannon Armstrong, is a real estate investment trust that specifically invests in energy-related improvements. Wulff, Hansen and Hannon Armstrong provide a reasonable alternative, but the coordination between the two firms relative to the timing of providing their bid raised concerned on their ability to meet the Program's schedule and conform to timely processing needs. The remaining bidder, Bank of America, provided a complete and timely bid, was able to respond to questions relative to the content of that bid, has demonstrated experience with other streetlight financing; and, upon request, and was able to verbally indicate pricing levels that were in the range expected by the evaluation team.

Given their experience, understanding of Program needs and competitive pricing, it is PFM's opinion and recommendation that the Program appoints Bank of America as the funding partner for the WRCOG Streetlight Program. We appreciate your consideration of this recommendation, and we are available to provide additional information or answer any questions you have.

Desired Components	Bank of America	BBVA Compass	Solar Max	Wulff, Hansen / Hannon Armstrong
Able to provide financing to all cities?[1]	Yes	Maybe	Yes	Yes
Financing for purchase, retrofit and soft costs	Yes	Yes	Yes	Yes
Enhancement / Reserve requirements	Maybe	Maybe	No	Jurisdictions will deposit one year of lease payments into a DS Reserve Fund at closing
15 year financing term	Yes	Yes	Yes	Yes (up to 23 years)
12 month construction period	Yes	Yes	Yes	Yes
Streetlights sole collateral	Yes	Yes - strong credit cities. Weaker credit cities may need essential property as additional collateral	Yes	Yes
Smart cities usage allowed	Yes	Maybe	Yes, but reserve right of first refusal. If Solar Max product exists for smart city purpose, SolarMax product must be used.	Yes
***Indicative*[2] 15 year Tax-Exempt Rate**	2.25 – 2.75%	2.75 – 3.25%	No. Tax-exempt financing has no benefits to foreign investors	4.64%
***Indicative* 15 year Taxable Rate**	3.50 – 4.25%	4.25 – 4.60%	8.0% for 15 year term	4.64%

[1] Banks are all subject to additional credit approvals, Solar Max not.

Desired Components	Bank of America	BBVA Compass	Solar Max	Wulff, Hansen / Hannon Armstrong
5 year optional call	2% premium (200 bps) on any payment date after fifth year	+15-30 bps on interest rate	No	3% premium (300 bps) on any payment date after fifth year
10 year optional call	2% premium (200 bps) on any payment date after fifth year	No additional spread/premium	No	No premium after ten years
Fees	Usual and customary fees[3], including lender counsel	Lender counsel fee $5k-$10k / transaction	0.5% (50 bps) $2,000 doc fee	Usual and customary fees, no charge for lender counsel
Flexible/open to additional retrofit financing for already owned streetlights	Yes	Yes	Yes	Yes
Flexible/open to additional jurisdictions not originally in the program	Yes	Yes	Yes	Yes

[2] Indicative rates were provided verbally by Bank of America and BBVA. Final rates will be subject to individual credit and market conditions at the time of pricing.
[3] Fees include standard transaction closing costs: Bond Counsel, Financial Advisor, Escrow Agent, CDIAC fees, insurance.

Desired Components	Bank of America	BBVA Compass	Solar Max	Wulff, Hansen / Hannon Armstrong
Notes / Considerations	All subject to underwriting and credit approval/due diligence Has extensive experience working with streetlight financing.	All subject to underwriting and credit approval/due diligence	Financing dependent on use of Solar Max products EB-5 funding is only available to the retrofit costs and has a 5 year maximum term	All subject to underwriting and credit approval/due diligence

In addition to the responses detailed above, California I-Bank and Signature Public Funding indicated an interest in future opportunities, though likely on a city-by-city basis.

JP Morgan and PNC were not able to get approval to submit an indication of interest.

Item 4.C

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **WRCOG Representation on the Environmental Leadership Institute Advisory Council**

Contact: **Rick Bishop, Executive Director, bishop@wrcog.cog.ca.us, (951) 955-8303**

Date: **August 10, 2016**

Requested Actions:

1. Authorize the WRCOG Executive Director to allocate $15,000 for WRCOG to serve as an Executive Committee Member on the Environmental Leadership Institute Advisory Board for a period of one year.
2. Appoint the Executive Director as WRCOG's representative to the Environmental Leadership Institute Advisory Board.

WRCOG is seeking authorization to participate as a voting Executive Committee member on the Advisory Board of the Environmental Leadership Institute (ELI) at Cal State San Marcos at Temecula. Representation on the ELI Advisory Board would elevate priorities outlined by WRCOG leaders in the Agency's Economic Development & Sustainability Framework to regional discussions being held by other visionaries dedicated to improving quality of life in inland and greater Southern California.

Overview

ELI is located at California State University San Marcos at Temecula, is an institutional forum built on a collaborative partnership between education, business, government and science, representing a diverse cross-section of industries, perspectives, and issues. ELI serves as an environmental resource center and information clearinghouse to seek innovative solutions and effective decision-making impacting environmental challenges within our region. As an independent and unbiased authority, ELI provides education, professional services, and international partnerships based on the best available research and science for issues related to energy, water resources, waste management, land use planning, air quality, and transportation. ELI achieves its goals through three central program areas: the Environmental Leadership Academy, special projects, and contract services. The Advisory Board to the ELI plays a critical role in determining the organization's areas of focus and resource allocation.

Program Areas

The Environmental Leadership Academy: The Environmental Leadership Academy seeks to foster "visionary, spirited, and thoughtful leadership toward a just and sustainable future." The four-month educational program functions to heighten awareness and engage individuals in critical thinking around environmental issues affecting quality of life such as climate change, air and water quality, land use change, endangered species, energy, and waste. The curriculum is designed to meet the needs of professionals in private, governmental, and non-profit sectors alike.

As an Advisory Board member, tuition (typically $499) would be waived for up to two WRCOG staff to participate in the Environmental Leadership Academy beginning in the Fall 2016.

Special Projects – Wildfire: ELI is currently working with CAL FIRE and the California Department of Forestry on the Wildfire Project, funded by the Federal Emergency Management Agency. The Wildfire Project seeks to improve understanding of exposure risks, evaluate tools for assessing and predicting hazards, and recommend safeguards for improving health and safety of firefighters and others involved in a wildfire incident.

Services: ELI offers independent, non-partisan professional services to deliver unbiased assessments in the areas of environmental review, environmental mediation, and policy initiatives.

Environmental Leadership Institute Advisory Board

ELI's Advisory Board focuses on six core areas of concern in the Southern California region: land, water, waste, energy, transportation, and air. Below is a listing of current board members and/or agencies represented on the ELI Advisory Board:

- Robert Visconti – Regional Affairs Manager, SoCalGas
- Daniel McGivney – Environmental Affairs Program Manager, Environmental Policy & Affairs, Sempra Energy
- Ken Chawkins – Public Policy Manager, External Affairs & Environmental Strategy, SoCalGas
- Thomas Gross – Principal Advisor, Air and Climate, Southern California Edison
- Candice Gantt – Environmental Engagement & Sustainability Manager
- Clarke Pauley – Vice President, Organics & Biogas Division, CR&R Environmental Services
- Curtis Brown – Staff Chief for Safety, EMS, Research and Development for CAL FIRE
- Tim Edwards – Rank and File Director, CAL FIRE Local 2881
- TBA – Metropolitan Water District

Becoming a voting board member of the ELI will give WRCOG a voice amongst a small group of prominent leaders in the region to guide ELI's work, thereby influencing what resources and studies are availed to WRCOG communities.

WRCOG Fiscal Impact:

An allocation of $15,000 to the Environmental Leadership Institute will come from the Member Dues line item within the General Fund, which contains sufficient funds in the Fiscal Year 2016/2017 budget.

Attachment:

1. Environmental Leadership Institute General Information Flyer.

Item 4.C

WRCOG Representation on the Environmental Leadership Institute Advisory Council

Attachment 1

Environmental Leadership institute General Information Flyer

Page Intentionally Left Blank

Environmental Leadership Institute

The Environmental Leadership Institute is an institutional forum built on a collaborative partnership between education, business, government and science; representing a diverse cross-section of industries, perspectives and issues. The Institute serves as an environmental resource center and information clearinghouse to seek innovative solutions and effective decision-making impacting emerging and adaptive environmental challenges within our region. Serving as an independent and unbiased authority, the Institute provides education, professional services and international partnerships based on the best available research and science for issues related to energy, water resources, waste management, land use planning, air quality and transportation.

Regional Environmental Issues

Vision

- Resolve emerging and adaptive environmental challenges through collaborative partnerships
- Inspire innovation and change through the best available research, science and education
- Serve as an academic clearinghouse and resource center for issues and innovation

Mission

- Identify, research, collaborate and educate on key environmental issues
- Align leadership and academic needs and priorities based on regional needs
- Offer professional environmental services for effective decision-making
- Leverage international and regional programs and partnerships

ELI Structure

- **ELI**
  - **Advisory Board**
  - **Environmental Education & Training Programs**
    - **Credit**
      - BS Wildfire Science
      - MS Environmental Science
      - Certificate in Water Resource Management & Leadership
    - **Non-Credit**
      - Environmental Leadership Academy
      - Environmental Teaching Certificate
      - Topic Workshops
  - **International Environmental Programs & Partnerships**
    - Curriculum Development
    - Environmental Training Programs
    - Sustainability Best Practices
    - Technology Transfers
  - **Professional Environmental Services**
    - Mitigation Mediation
    - Policy Review & Analysis Information Clearinghouse
    - Wildfire Research

California State University
SAN MARCOS
at Temecula

Environmental Leadership Institute

Partnerships and Advisory Board

The Environmental Leadership Institute is driven by an Advisory Board that serves as an ally in the success of the Institute; representing industry leaders, government, professional service providers and organizations that wish to serve as an instrument of change, both as a sounding board for new ideas and as a body that can inspire innovation and strategic decision-making. The Advisory Board can connect experts across the diverse fields of environmental sciences, policy, education and planning to provide independent and qualified review and analysis of some of the region's most critical issues. Board members help to establish priority projects, while providing consistency, longevity and institutional memory to ensure that the intent of the Institute is being met.

Advisory Board Members

- Operate as stewards for environmental leadership and independent decision-making
- Serve as expert/industry leaders in their fields of expertise
- Seek science and policy-based solutions
- Help define and elevate key environmental issues
- Collaborate to understand and resolve conflict, contradiction and emotion
- Provide expertise, financial and promotional support

Benefits for Advisors

- Automatic participation in the Environmental Leadership Academy
- Promote and drive their organization's environmental leadership and stewardship
- Develop vision, strategy and overall objectives through collaboration with key stakeholders
- Influence and guide policy framework
- Drive industry best practices and standards through the development of evidence-based toolkits
- Reveal and mitigate controversial issues through education, technical and/or scientific analysis
- Receive recognition for their leadership, service and commitment

Advisory Board Membership Levels

Executive Committee Members – Voting Members

- Founders/visionaries/stewards for environmental leadership
- Provide expertise, new thinking and best practices for evolving priorities
- Establish priority Institute projects
- Annual funding commitment ($15-30K)

Partner Board Members – Committee Members

- Key stakeholders/professional services providers
- Provide professional expertise and serve as advisors to Executive Committee
- Annual funding commitment ($5-10K)

Individual Board Members – Committee Members

- Independent professional services providers
- Provide professional expertise and serve as advisors to Executive Committee
- Annual funding commitment ($2,500)

Contributors – Supporting Sponsors

- Regional organizations/stakeholders
- Provide support for specific services or events
- Sponsor commitment ($1-5K)

For more information, visit csusm.edu/temecula/ela or call (760) 750-4004

California State University
SAN MARCOS
at Temecula

Item 4.D

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **WRCOG Transportation Department Activities Update**

Contact: **Christopher Gray, Director of Transportation, gray@wrcog.cog.ca.us, (951) 955-8304**

Date: **August 10, 2016**

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 participates in the Program through an adopted ordinance, collects fees from new development, and remits the fees to WRCOG. WRCOG, as administrator of the TUMF Program, allocates TUMF to the Riverside County Transportation Commission (RCTC), groupings of jurisdictions – referred to as TUMF Zones – based on the amounts of fees collected in these groups, and the Riverside Transit Agency (RTA). The TUMF Nexus Study is intended to satisfy the requirements of California Government Code Chapter 5 Section 66000-66008 (also known as the California Mitigation Fee Act) which governs imposing development impact fees in California. The Study establishes a nexus or reasonable relationship between the development impact fee's use and the type of project for which the fee is required.

TUMF Network Revisions

Staff is in the process of finalizing its review of the TUMF Network for inclusion in the 2016 TUMF Nexus Study. During the comment period of the draft 2015 TUMF Nexus Study, WRCOG received comments that identified facilities for removal on the TUMF Network because they are complete. WRCOG has determined that associated costs for projects completed by December 2015 and/or have executed Reimbursement Agreements with WRCOG would be removed from the TUMF Network. Such projects include the following:

- Nason Street / SR-60 Interchange
- Perris Boulevard (Cactus Avenue to Harley Knox Boulevard)
- Auto Center Drive Grade Separation
- Sunset Avenue Grade Separation

As part of this process, WRCOG agreed to continue funding any project for which there is an executed Reimbursement Agreement even if that project is no longer in the TUMF Network to avoid the appearance that the Nexus Study is including costs for completed projects.

Additionally, the TUMF Network includes facilities that have been partially widened, but not fully widened to the extent they are identified in the Program. Therefore, the cost attributable to new development in the Nexus Study is a pro-rated portion of the improvement. WRCOG staff and its consultant reviewed the TUMF Network to update any percentages that did reflect recently improved segments of facilities. Such projects include the following, amongst others:

- Evans Road (Placentia Avenue to Nuevo Road)

- Perris Boulevard (Reche Vista Drive to Ironwood Avenue)
- Ethanac Road (Keystone Drive to Goetz Road)
- Van Buren Boulevard (Santa Ana River to SR-91)
- Whitewood Road (Keller Road to Clinton Keith Road)

The TUMF Network identifies existing obligated funding that has been secured through traditional funding sources to complete necessary improvements. Since funding has been obligated to provide for the completion of needed improvements to the TUMF Network, the funded cost of these improvements will not be recaptured from future developments through the TUMF Program. As a result, the TUMF Network cost was adjusted accordingly to reflect the availability of obligated funds. Since the delay in the TUMF Nexus Study, staff have reviewed SCAG's draft 2017 Federal Transportation Improvement Program to determine additional obligated funding that can potentially be removed from the TUMF Network. Staff have identified an additional $80 million in State and/or Federal funding for TUMF Network facilities that can potentially be removed. Projects with significant State and/or Federal funding are identified below.

Cajalco Road / I-15 Interchange	$ 8M
Cajalco Road (I-15 to Harley John)	$ 10M
SR-79 Bridge	$ 2M
SR-79 (Ramona Expressway to SR-74)	$ 4M
Railroad Canyon Road / I-15 Interchange	$ 3M
French Valley Parkway / I-15 Interchange	$ 50M
Theodore Street / SR-60 Interchange	$ 1M
Madison Avenue Grade Separation	$ 5M
I-10 Bypass	$ 2M

TUMF consultant Parsons Brinckerhoff will be conducting model runs in the month of August for the draft 2016 TUMF Nexus Study. The model runs will assist WRCOG in determining if requested additions to the TUMF Network meet the requirements for inclusion in the TUMF Program. Such projects include the following:

- Keller Road / I-215 Interchange
- Iowa Avenue (University Avenue to Martin Luther King Boulevard)
- Ramona Expressway / I-215 Interchange
- Moreno Beach Road / SR-60 Interchange

All requested additions will be vetted through the criteria as defined in Section 4 (The TUMF Network) of the TUMF Nexus Study.

In addition to review of the TUMF Network facilities, Parsons Brinckerhoff is in the process of calculating the existing need portion of the Network for the base year of 2012. This process allows for review of TUMF Network facilities that currently experience congestion and are operating at unacceptable levels of service. The need to improve these segments of the system is generated by existing demand, rather than the cumulative regional impacts of future new development, so future new development cannot be assessed for the equivalent cost share of improvements providing for this existing need.

TUMF Nexus Study Update

The TUMF Program is a development impact fee and is subject to the California Mitigation Fee Act (AB 1600, Govt. Code § 6600), which mandates that a Nexus Study be prepared to demonstrate a reasonable and rational relationship between the fee and the proposed improvements for which the fee is used. AB 1600 also requires the regular review and update of the Program and Nexus Study to ensure the validity of the Program. The last TUMF Program Update was completed in October 2009.

In September 2015, the WRCOG Executive Committee took action to delay finalizing the Nexus Study and include the growth forecast from the 2016 Southern California Association of Governments (SCAG) Regional

Transportation Plan / Sustainable Communities Strategy, which was approved by SCAG in spring 2016, and has been integrated into the TUMF Nexus Study.

While the technical work on the 2016 TUMF Nexus Study is nearing completion, staff has met with various regional stakeholders including elected officials, representatives of the development community, jurisdictional staff, and others to discuss the status of the TUMF Nexus Study and what the next steps would be, given that the previous Nexus Study was delayed.

Instead of forwarding only a final draft Nexus Study and fee schedule, staff is preparing a number of options for the Committee to discuss and provide direction.

These options as currently defined include:

Option 1: Do nothing and continue to use the 2009 Nexus Study and fee structure

The outcome of the implementation of Option 1 includes no change in the TUMF schedule from the schedule that is currently in effect and has been since 2009. Without the adoption of the Nexus Study Update, more than twenty-five project additions that were approved for inclusion in the TUMF Network by the Executive Committee in March 2015 would not be part of the TUMF Program. Facilities that would not be included in the TUMF Program are as follows:

- Eucalyptus Avenue (Redlands Avenue to Theodore Street) – widen 2 to 4 lanes
- Eucalyptus Avenue (Frederick Street to Moreno Beach Drive)
- Eucalyptus Avenue (Moreno Beach Drive to Redlands Avenue) – widen 0 to 4 lanes
- Theodore Street / SR-60 Interchange
- Theodore Street (SR-60 to Eucalyptus Avenue) – widen 2 to 4 lanes
- Day Street / SR-60 Interchange
- Ironwood Avenue (Day Street to Perris Boulevard)
- Case Road (Goetz Road to I-215) with a 122’ bridge – widen 2 to 4 lanes
- Limonite Avenue (Harrison Street to Hellman Avenue) with a 200’ bridge – widen 0 to 4 lanes
- Corydon Road (Mission Trail to Grand Avenue) – widen 2 to 4 lanes
- Franklin Street / I-15 Interchange
- Lake Street / I-15 to Temescal Canyon Road with 107’ bridge – widen 2 to 6 lanes
- Lake Street (Temescal Canyon Road to Mountain Avenue) – widen 2 to 6 lanes
- Nichols Road / I-15 Interchange
- Nichols Road (I-15 to Lake Street) – widen 2 to 4 lanes
- Temescal Canyon Road (Indian Truck Trail to Lake Street) – correcting arterial segment mileage
- Temescal Canyon Road (I-15 to Lake Street) with 246’ bridge – approve 2 to 4 lanes and realign bridge to 246’
- Whitewood Road (Murrieta Hot Springs Road to Jackson Avenue) – widen 0 to 4 lanes

Without adoption of the Nexus Study Update, the above-mentioned facilities would be ineligible to receive TUMF funding.

Additionally, there are facilities in the TUMF Network that are eligible for additional funding based on updated information in the new Nexus Study as follows:

- French Valley Parkway / I-15 Interchange and Overcrossing – restore $12.9 million to cover loss of State and Federal Funds
- Foothill Parkway (Lincoln Avenue to Paseo Grande) – restore $7 million to cover loss of State and Federal Funds
- Scott Road / I-215 Interchange – currently ineligible for any additional TUMF Funding based on the 2009 Nexus Study which assumed that 100% of the interchange cost would be funded through a CFD which no longer can fund the interchange
- Cajalco Road / I-15 Interchange – upgrade facility from a Type 2 Interchange to a Type 1 Interchange

Another outcome of this option relates to the validity of the Nexus Study, which, if not updated, may jeopardize the integrity of the Program, as in part reflected by the issues with the projects described above.

Option 2: Complete the 2016 Nexus Study with the recommended fee levels

Implementation of this option would result in a fee schedule that would generate additional revenue for the Program. The effect of this fee increase would be to provide approximately $5 million – $10 million per year in additional TUMF funding based on current levels of development.

Option 3: Complete 2016 Nexus Study with reduced fees (compared to Option 2 above) by way of one or more of the sub-options below:

- 3A: Phase-in of fees

  Phasing in the fees could result in the loss of approximately $5 million – $10 million per year. If you assume a 3-year phase in period, the net loss to the program could be $15 million – $30 million total. The actual impact of this phased in approach would need to be verified based on phase in scenario identified (number of years, phase in percentage, etc.). Local agencies would have to provide supplemental funding to fill any gaps generated by this shortfall. The shortfall that produced by the phase in could be made up with a local match contribution or delivery of soft costs, among another options.

- 3B: Phase-in of fees for either residential or non-residential uses

  Implementation of this option would provide the opportunity for a phase in of selected land use categories, such as the retail land use category. Initial review of the preliminary estimates show that a 4-year phase-in for only the retail land use category would result in a total Program shortfall of approximately $5 million – $10 million. Under this approach, the retail fees would be phased-in with the other fees being increased. Similar to Option 3A, local agencies would have to provide supplemental funding to fill any gaps generated by this shortfall.

- 3C: Require local match for projects

  The implementation of a local match would require member jurisdictions to seek additional funding sources for the delivery of projects and to maintain Program funding. We anticipate that a local match requirement of approximately 10% would result in a reduction in network costs of approximately $300 million and would have the net effect of a commensurate reduction in the fee levels.

- 3D: Reduce contributions for non-construction-related costs

  Implementation of this option would reduce the cost of the TUMF Network by removing associated soft costs for facilities and/or the contingency component of the Program. One option would be to remove contingency costs, which account for 10% of the total network costs and would be similar to Option 3C in terms of effects on the network costs and fee levels.

Option 4: Remove projects from the TUMF Network to reduce costs

Another option would be to remove facilities from the TUMF Network to reduce the overall network costs. Staff is proposing to review all facilities against the criteria as defined in Section 4 (The TUMF Network) of the TUMF Nexus Study. These criteria include the number of lanes, projected traffic volumes and roadway capacity. The projects for potential removal include the following facilities based on previous model runs:

- Menifee Road (Ramona Expressway to Nuevo Road)
- Potrero Boulevard (4th Street to SR-79 Beaumont Avenue)
- SR-79 Eastern Bypass
- McCall Boulevard (Menifee Road to Warren Road)

- Ellis Road (SR-74 to I-215)
- I-10 Bypass

These projects are potential candidates for removal based on traffic volume projections that show that these roadways no longer have sufficient traffic volume to require four travel lanes, which is a minimum guideline for the TUMF Network. Staff will be evaluating all of the TUMF Network roadways once the final set of model runs is complete. As an example, staff estimates that removal of the above projects could result in a reduction in program costs of approximately $200 million.

Ad Hoc Committee: At its August 1, 2016, meeting, the WRCOG Executive Committee directed staff to form an Ad Hoc Committee to review the options previously described in regard to the TUMF Nexus Study Update. The Executive Committee took action to appoint Mayor Pro Tem Jeffrey Giba (City of Moreno Valley), Mayor Rusty Bailey (City of Riverside), and Mayor Jeff Hewitt (City of Calimesa) to the Ad Hoc Committee. Members from the WRCOG Public Works Committee (PWC) and Technical Advisory Committee (TAC) will assist the Ad Hoc Committee members in making any recommendations to the Executive Committee.

It is anticipated that the Ad Hoc Committee would meet in between meetings of the Executive Committee, TAC, and PWC in order to receive updates from these Committees and help formulate and guide the development of a preferred option for eventual consideration by the Executive Committee.

Prior WRCOG Actions:

August 1, 2016:	The WRCOG Executive Committee 1) directed staff to convene an Ad Hoc Committee composed of three members of the Executive Committee, with assistance from three members of the Technical Advisory Committee and two members of the Public Works Committee, to discuss potential options related to completion of the Nexus Study; and 2) appointed three members of the Executive Committee to serve on the Ad Hoc Committee.
July 21, 2016:	The WRCOG Technical Advisory Committee received report.

WRCOG Fiscal Impact:

TUMF Nexus Study Update activities are included in the Agency's adopted Fiscal Year 2016/2017 Budget under the Transportation Department.

Attachment:

None.