Western Riverside Council of Governments
Administration & Finance Committee

AGENDA

Wednesday, April 10, 2019
12:00 p.m.

Western Riverside Council of Governments
Citrus Tower
3390 University Avenue, Suite 450
Riverside, CA 92501

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Administration & Finance Committee meeting, please contact WRCOG at (951) 405-6703. 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 3390 University Avenue, Suite 450, Riverside, CA, 92501.

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

1. CALL TO ORDER (Chuck Washington, Chair)

2. PUBLIC COMMENTS

At this time members of the public can address the Administration & Finance Committee regarding any items listed on this agenda. Members of the public will have an opportunity to speak on 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. MINUTES

A. Summary Minutes from the March 13, 2019, Administration & Finance Committee Meeting are Available for Consideration. **P. 1**

Requested Action: *1. Approve the Summary Minutes from the March 13, 2019, Administration & Finance Committee meeting.*

4. 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. Finance Department Activities Update **P. 7**

Requested Action: *1. Receive and file.*

B. Single Signature Authority Report **P. 13**

Requested Action: *1. Receive and file.*

C. Regional Energy Network Development Activities Update **P. 15**

Requested Action: *1. Recommend that the Executive Committee direct the Executive Director to enter into contract negotiations between WRCOG and Frontier Energy for Regional Energy Network (REN) Development.*

5. REPORTS / DISCUSSION

A. Preliminary Draft Fiscal Year 2019/2020 Agency Budget **P. 19**

Requested Action: *1. Discuss and provide direction.*

B. 28th Annual General Assembly & Leadership Conference: Nominations for Outstanding Community Service Award **P. 35**

Requested Action: *1. Discuss nominees for the 2019 WRCOG Award for Outstanding Community Service and recommend a candidate(s) to the Executive Committee for final approval.*

C. TUMF Fee Calculation Handbook Updates: High Cube Warehouse Calculation and Administrative Updates **P. 41**

Requested Action: *1. Discuss and provide input.*

D. Options for Potential WRCOG Assistance for Regional Housing Needs Assessment Subregional Delegation **P. 67**

Requested Action: *1. Discuss and provide input.*

6. ITEMS FOR FUTURE AGENDAS *Members*

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

7. GENERAL ANNOUNCEMENTS *Members*

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

8. NEXT MEETING: **The next Administration & Finance Committee meeting is scheduled for Wednesday, May 8, 2019, at 12:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.**

9. ADJOURNMENT

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Administration & Finance Committee **Item 3.A**
March 13, 2019
Summary Minutes

1. CALL TO ORDER

The meeting of the Administration & Finance Committee was called to order at 12:03 p.m. by Chair Chuck Washington at WRCOG's Office, Citrus Conference Room.

Members present:

Mike Lara, City of Beaumont
Bonnie Wright, City of Hemet
Brian Tisdale, City of Lake Elsinore (12:47 p.m. departure)
Kevin Bash, City of Norco
Rita Rogers, City of Perris
Ben Benoit, City of Wildomar
Chuck Washington, County of Riverside District 3 (Chairman)
Karen Spiegel, County of Riverside District 2
Brenda Dennstedt, Western Municipal Water District (12:15 p.m. arrival)

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Barbara Spoonhour, Deputy Executive Director – Operations
Andrew Ruiz, Interim Chief Financial Officer
Christopher Gray, Director of Transportation & Planning
Casey Dailey, Director of Energy and Environmental Programs
Michael Wasgatt, Program Manager
Andrea Howard, Program Manager
Christopher Tzeng, Program Manager
Janis Leonard, Administrative Services Manager
Cynthia Mejia, Staff Analyst
Rachel Singer, Staff Analyst
Sofia Perez, Staff Analyst
Suzy Nelson, Administrative Assistant

Guests present:

Warren Diven, Best Best & Krieger
Mrunal Shaw, Best Best & Krieger
Michael Yaki, CleanFund
Gary Saleba, EES Consulting
Jason Pack, Fehr & Peers
Genevieve Sherman, Greenworks
Laura Franke, Public Financial Management (PFM)

2. PUBLIC COMMENTS

There were no public comments.

8. CLOSED SESSION (Note: items were taken out of order)

There was no reportable action.

3. MINUTES – *(Hemet / Wildomar) 8 yes; 0 no; 0 abstention. Item 3.A was approved. The Cities of Murrieta and Riverside and the Western Municipal Water District were not present.*

A. Summary Minutes from the February 13, 2019, Administration & Finance Committee Meeting are Available for Consideration.

Action: *1. Approved the Summary Minutes from the February 13, 2019, Administration & Finance Committee meeting.*

4. CONSENT CALENDAR – *(Lake Elsinore / Beaumont) 8 yes; 0 no; 0 abstention. Items 4.A and 4.B were approved. The Cities of Murrieta and Riverside and the Western Municipal Water District were not present.*

A. Finance Department Activities Update

Action: *1. Received and filed.*

B. TUMF Collection Process Revision Update

Action: *1. Received and filed.*

5. REPORTS / DISCUSSION

A. PACE Programs Activities Update: General Activities Update

Casey Dailey reported that both Renovate America and PACE Funding Group have adjusted their standard interest rates. Any time a provider adjusts its interest rate, staff are required to notify this Committee.

Currently, Commercial PACE (C-PACE) projects can be funded up to a 25-year term. As the Program engages more on the commercial side, typical industry financing terms are 30 years. WRCOG has been asked to explore allowing a 30-year term. The reason WRCOG currently allows for a 25-year term is based upon the useful life of the product. In discussions with the development community, the idea of a replacement reserve is standard in most commercial financing, with or without utilizing PACE financing. As long as the Program can show a replacement reserve and has lender consent, this may be an option for C-PACE and new construction only.

The matter of refinancing has been brought up by the PACE providers. PACE funding refinancing is allowable under state law; however, the WRCOG Program Report is silent on the matter. Any changes would have to be allowed by the Executive Committee. There are other C-PACE bond issuers which allow for refinancing.

Mr. Dailey introduced Michael Yaki to expand further on refinancing.

Mr. Yaki reported that look-back financing is when a project has been completed to code, various financial agencies allow the financing of a project to be reviewed and exchange it with lower cost PACE financing when applicable. This helps to stabilize a project's cost, which is important to senior lenders. In some instances, a lender is not interested in PACE financing until a project is completed because the lender is the senior lien holder. Program projects require lender consent. From a public policy aspect, it helps to expand the idea and practicality of PACE into the market, because the Program is reverse-engineering a project and showing how it lowers costs, stabilizes cash flows, lowers utility bills, etc.

A couple of projects which will be brought forward in the near future in which CleanFund is working a firm that introduced this concept to a large hotel chain. The next two projects this hotel chain is working on will incorporate PACE financing from the beginning.

Genevieve Sherman reported that Greenworks has received look-back financing requests from contractors, building owners, and real estate developers on items installed in an Energy Conservation Measure (ECM) such as a chiller system, or roof top unit, and would now like to utilize C-PACE financing on something like solar. This is incredibly common in which building owners are dealing with retrofit issues but have other projects they want to install but do not have the time it takes for a contractor to put together a turn key proposal, which could take several months. When this occurs, and a PACE assessment is applied, and then six to nine months, or even a year, goes by, many things can happen, such as interest rates can change, and the building owner then decides to add, for example, a lighting system, they hope to be able to refinance at a lower rate. Building owners love the PACE Program and come back to it when they do additional retrofits. There is a credit consideration to take in terms of what the priority of the various assessments are on the building.

For a company like Greenworks, it can be cleaner to refinance what was already on the property. There are requirements around this regarding the term of the assessment, maturity date, and taking into consideration the useful life of the equipment.

Sometimes the property owner is unaware of C-PACE financing. One potential opportunity in this is that the property owner may have value engineered various aspects of the building out when it was originally built. Greenworks recently completed financing with WRCOG on a multi-family housing project that was just built. The owner added on a solar system, which was not part of the original building design; the original project was funded by the bank. The owner learned about PACE financing at the last minute and was able to finance the solar system. This example is quite common.

C-PACE has long-term operational benefits for many types of properties; specifically, multi-tenant properties. For example, assessments can be passed through to the tenants who might be paying gas or electric bills. So, for a property owner who made improvements to their property with their own cash, but the tenants are receiving the economic benefits, refinancing is a way for the property owner to share in the cost savings of energy improvement projects and potentially use cash that would otherwise be spent on other core business opportunities.

When a new building is being built, the developer typically comes up with a pot of money which is utilized to complete the construction of the new building. Then that source of funds is completely replaced with some other source of funds. The time cycle to build a building is generally between 18 to 24 months. One of the challenges C-PACE Programs throughout the country are grappling with as they adopt new construction programs are figuring out how to get the developers from day one to build the greener building, utilizing C-PACE when they actually need it – in 18 to 24 months.

Sometimes the senior lender does not want to see C-PACE funding utilized right away. In other instances, the C-PACE lender might not want to put their money in right away, but the building owner has to accrue interest on the C-PACE loan from day one or be forced to submit their C-PACE application and get qualified in close before any C-PACE dollars are spent.

Greenworks has been able to complete new construction projects having clear guidance with respect to the retroactivity of when the C-PACE dollars actually close and get inserted into a new construction project. If a developer utilizes C-PACE with one project, it is likely that they will utilize C-PACE for the next several projects.

Committee member Kevin Bash asked what the competition will do.

Mr. Dailey responded that the competition calls out look-back financing. If WRCOG were to allow the full refinance option, it would be the most competitive.

Committee member Spiegel expressed concern on refinancing an item with a shelf life of 25 years, versus the purchase of a new product.

Mr. Dailey responded that projects would be analyzed before refinancing would be approved.

Warren Diven added that the Program would be limited to refinancing something that has a useful life for the term of whatever the refinancing is; the parameters would be the same as is used for the financing of new products.

Laura Franke added that the reason that even if a PACE lien was nearing the end of its term, the reason it would potentially be taken out of the structure would be if the property owner has another installation in order to maintain that lien priority.

Mr. Dailey indicated that one of the requirements for a 30-year term would require evidence of a replacement reserve, which exists in commercial real estate development.

Actions: 1. *Recommended that the Executive Committee allow refinancing on Commercial PACE projects.*
2. *Recommended that the Executive Committee approve a 30-year term for Commercial PACE projects that have met certain conditions.*

(Perris / Beaumont) 9 yes; 0 no; 0 abstention. Item 5.A was approved. The Cities of Murrieta and Riverside were not present.

B. PACE Programs Financial Update

Casey Dailey reported that since January 2017, residential PACE activity has declined by approximately 80%. The decline in residential PACE activity impacts funding on regionally supportive programs.

There is one years' worth of funding remaining at current funding levels for the Fellowship Program. Approximately half of the funding for the Grant Writing Program remains. EXPERIENCE has depleted its funding and staff are working with the City of Riverside to hire a fundraising and project development consultant. Beyond has $2.1M remaining; unexpended funds will be allocated to the Fellowship and EXPERIENCE Programs. The Streetlights Program was designed to be self-sustaining and does not require any additional funding. The Community Choice Aggregation Program is projected to launch in mid-2020, and Program development reimbursement to WRCOG for that is expected to occur after its launch.

In response to declining revenues, WRCOG has reduced operating expenses in order to continue operating the PACE Program.

***Action*:** 1. *Received and filed.*

C. 28th Annual General Assembly & Leadership Conference Update: Nominations for Outstanding Community Service Award

Cynthia Mejia reported that new this year is a Future of Cities Symposium being held from 10 a.m. – 2 p.m. at the Pechanga Resort Casino on the day of the General Assembly. The Symposium will feature a presentation of regional indicators and several panels on topics such as land use, transportation, and automation.

Staff emailed WRCOG's elected officials and Technical Advisory Committee members seeking nominations for the annual Community Service Award. Award recipients will be recognized at the General Assembly on June 20, 2019.

***Action*:** 1. *Received and filed.*

D. Understanding the Transportation Analysis Implications of Senate Bill 743

Christopher Gray reported that SB 743 was signed into law in September 2013 and addresses shortcomings in the way tracking analyses are completed for CEQA documents. The guidelines become effective July 1, 2020.

When effects of a project are analyzed, vehicle miles traveled (VMT) is the new analysis metric. The state has a perception that when reviewing traffic congestion, level of service, and delay, this unfairly penalizes projects, particularly in-fill projects, in urban areas.

In order to comply with SB 743, staff recommends that member jurisdictions adopt new thresholds, guidelines, and methodologies for development projects. Then as each project comes forward, jurisdictions will be required to calculate VMT, compare it to a threshold, note any impacts, and make any recommended mitigation.

WRCOG solicited and received a grant from the Southern California Association of Governments to complete a comprehensive study specific to the WRCOG subregion.

WRCOG utilized its Public Works and Planning Directors Committees to provide updates and gather feedback; staff has scheduled workshops with jurisdictional staff, technical professionals, the development industry, and the Building Industry Association.

If a member jurisdictions' General Plan mentions level of service (LOS), the jurisdiction still is required to analyze congestion and delay. If the City has adopted LOS-based traffic study guidelines, delay and congestion still have to be analyzed. Almost all WRCOG member jurisdictions currently have LOS-based language and traffic study guidelines in its General Plan.

Staff are happy to meet with member jurisdiction staff if there are any questions or concerns. If member jurisdictions want to create its own approach, it can do that; however, staff recommends using WRCOG's information as a starting point.

Next steps include holding workshops, developing sample traffic study guidelines, and sample staff reports, and materials member jurisdictions can use to assist with the process of adopting VMT methodologies, thresholds, and mitigation measures. A website, http://www.fehrandpeers.com/wrcog-sb743/, has been created to provide information and assistance.

Action: *1. Received and filed.*

6. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

7. GENERAL ANNOUNCEMENTS

Committee member Bonnie Wright announced that the Ramona Pageant runs April 13 - 14, 2019, and May 4 – 5, 2019, and May 27 – 28, 2019, and is in its 96th year of production.

8. NEXT MEETING: **The next meeting is scheduled for Wednesday, April 10, 2019, at 12:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.**

9. ADJOURNMENT: **The meeting of the Administration & Finance Committee adjourned at 1:01 p.m.**

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Item 4.A

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: Finance Department Activities Update

Contact: Andrew Ruiz, Interim Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741

Date: April 10, 2019

The purpose of this item is to *provide an update on the draft budget (more fully discussed under a separate item) and the Agency Financial Report summary through February 2019.*

Requested Action:

1. Receive and File.

FY 2019/2020 Agency Budget Development Process

Staff has begun the process of creating the FY 2019/2020 Agency Budget and will begin presentations to the various committees in April. Additional details on WRCOG's preliminary draft budget can be found in the Staff Report under Item 5.A.

Financial Report Summary through February 2019

The Agency Financial Report summary through February 2019, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, is provided as Attachment 1.

Prior Action:

April 1, 2019: The Executive Committee received and filed.

Fiscal Impact:

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

Attachment:

1. Financial Report summary – February 2019.

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Item 4.A

Finance Department Activities Update

Attachment 1

Financial Report summary – February 2019

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending February 28, 2019

Total Agency

Revenues	Approved Budget 6/30/2019	Thru Actual 2/28/2019	Remaining Budget 6/30/2019
Member Dues	311,410	311,410	-
PACE Residential Revenue	480,573	196,864	283,709
WRELP Phase 2 Revenue	86,750	75,123	11,627
Statewide HERO Revenue	1,650,000	833,097	816,903
Gas Co. Prtnrshp Revenue	86,676	56,941	29,735
PACE Commercial Revenue	29,078	30,844	(1,766)
WRCOG HERO-Recording Revenue	122,500	108,905	13,595
PACE Commercial Recording Revenue	2,500	445	2,055
Statewide Recording Revenue	600,000	520,365	79,635
Regional Streetlights Revenue	300,000	261,500	38,500
Solid Waste	107,313	122,248	(14,935)
Used Oil Grants	228,820	203,820	25,000
NW Clean Cities - Air Quality	132,500	140,500	(8,000)
LTF Revenue	675,000	775,500	(100,500)
RivTAM Revenue	150,000	112,500	37,500
General Assembly Revenue	300,000	1,300	298,700
Commerical/Service	110,645	33,242	77,403
Retail	130,094	77,114	52,980
Industrial	272,663	353,126	(80,463)
Residential/Multi/Single	1,144,551	788,576	355,975
Multi-Family	142,045	139,956	2,089
Interest Revenue - Other	31,496	80,066	(48,570)
HERO - Other Revenue	149,833	150,373	(540)
Commercial/Service - Non-Admin Portion	2,655,491	831,050	1,824,441
Retail - Non-Admin Portion	3,122,265	1,927,850	1,194,415
Industrial - Non-Admin Portion	6,543,923	8,828,150	(2,284,227)
Residential/Multi/Single - Non-Admin Portion	27,469,233	19,714,400	7,754,833
Multi-Family - Non-Admin Portion	3,409,088	3,498,900	(89,812)
FY 17/18 Carryover Funds Transfer in	945,845	945,845	-
Carryover Funds Transfer in	4,268,757	4,268,757	-
Overhead Transfer in	2,084,260	1,215,818	868,442
Total Revenues and Carryover Funds	**58,937,742**	**46,872,970**	**11,430,565**

Expenditures	Approved 6/30/2019	Actual 2/28/2019	Remaining Budget
Wages and Benefits			
Salaries & Wages	2,874,645	1,709,575	1,165,070
Fringe Benefits	903,736	561,360	342,376
Overhead Allocation	2,084,260	1,383,774	700,486
Total Wages, Benefits and Overhead	**6,001,857**	**3,654,709**	**2,207,932**
General Legal Services	626,573	386,692	239,881
PERS Unfunded Liability	198,823	152,327	46,496
Audit Svcs - Professional Fees	27,500	25,480	2,020

Bank Fees	20,665	28,869	(8,204)
Commissioners Per Diem	62,500	38,264	24,236
Office Lease	400,000	269,836	130,164
WRCOG Auto Fuels Expenses	1,250	925	325
WRCOG Auto Maintenance Expense	84	84	-
Parking Validations	27,577	11,276	16,301
Staff Recognition	800	261	539
Coffee and Supplies	3,000	794	2,206
Event Support	136,732	145,610	(8,878)
Program/Office Supplies	24,017	12,869	11,148
Computer Equipment/Supplies	8,000	1,327	6,673
Computer Software	31,111	3,127	27,984
Rent/Lease Equipment	30,000	9,940	20,060
Membership Dues	33,000	21,322	11,678
Subscription/Publications	1,448	1,025	423
Meeting Support Services	9,821	1,875	7,946
Postage	6,108	2,714	3,394
Other Household Exp	975	463	512
COG HERO Share Expenses	15,000	3,444	11,556
Storage	16,000	5,251	10,749
Printing Services	4,777	1,670	3,107
Computer Hardware	14,100	2,664	11,436
Communications - Regular Phone	15,000	12,672	2,328
Communications - Cellular Phones	21,000	6,313	14,687
Communications - Computer Services	57,500	26,559	30,941
Communications - Web Site	8,000	6,932	1,068
Equipment Maintenance - General	10,000	4,450	5,550
Equipment Maintenance - Comp/Software	21,000	17,776	3,224
Insurance - Gen/Busi Liab/Auto	86,890	100,126	(13,236)
PACE Residential Recording	480,500	224,467	256,033
Seminars/Conferences	13,587	2,153	11,434
General Assembly Expenses	300,000	69,584	230,416
Travel - Mileage Reimbursement	23,688	8,610	15,078
Travel - Ground Transportation	4,948	2,119	2,829
Travel - Airfare	11,500	8,626	2,874
Lodging	9,390	6,875	2,515
Meals	7,305	2,975	4,330
Other Incidentals	9,775	6,287	3,488
Training	9,250	419	8,831
Supplies/Materials	33,020	3,546	29,474
Advertisement Radio & TV Ads	41,025	20,420	20,605
Consulting Labor	2,844,095	1,503,252	1,340,843
TUMF Project Reimbursement	38,000,000	24,967,713	13,032,287
BEYOND Program REIMB	2,799,015	444,716	2,354,299
Computer Equipment/Software	3,500	1,880	1,620
Misc Equipment Purchased	3,000	2,735	265
Total General Operations	**47,676,204**	**28,579,314**	**18,640,088**
Total Expenditures and Overhead	**53,678,061**	**32,234,023**	**20,848,020**

Item 4.B

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Single Signature Authority Report**

Contact: **Andrew Ruiz, Interim Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741**

Date: **April 10, 2019**

The purpose of this item is to *notify the Committee of contracts recently signed under the Single Signature Authority of the Executive Director.*

Requested Action:

1. Receive and file.

The Executive Director has Single Signature Authority for contracts up to $100,000. For the months of October 2018 through March 2019, three contracts were signed by the Executive Director.

1. In November 2018, a contract in the amount of $17,500 was signed with Evari GIS Consulting, Inc. The purpose of this agreement is to develop and implement GIS software related to the Streetlight Program.
2. In January 2019, a contract in the amount of $75,000 was signed with Best Best and Krieger. The purpose of this agreement is to work with BBK's legislative advocacy services division to help draft a proposed bill and actively work with State lawmakers to find an author and develop support to for legislation that could allow utilization of PACE financing in new construction.
3. In February 2019, a contract in the amount of $17,545 was signed with Chico Community Publishing. The purpose of this agreement is to develop content and information for a publication on the benefits of electric vehicles (EVs). Chico Community Publishing will develop articles on the experience of EV ownership from actual EV owners, facts on the benefits of EVs, and funding available. The content will be developed into an article that can be printed, but the content can also be utilized on other WRCOG collateral.

Prior Action:

October 10, 2018: The Administration & Finance Committee received and filed.

Fiscal Impact:

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

Attachment

None.

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Item 4.C

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Regional Energy Network Development Activities Update**

Contact: **Anthony Segura, Staff Analyst, asegura@wrcog.us, (951) 405-6733**

Date: **April 10, 2019**

The purpose of this item is to *provide information on the development of a Regional Energy Network (REN) between the Coachella Valley Association of Governments (CVAG), San Bernardino Council of Governments (SBCOG), and WRCOG, and the status of the Request for Proposal (RFP) for consultant support for REN Development*

Requested Action:

1. Recommend that the Executive Committee direct the Executive Director to enter into contract negotiations between WRCOG and Frontier Energy for Regional Energy Network (REN) Development.

Request for Proposal (RFP) – REN Development

On December 3, 2018, the Executive Committee authorized staff to continue working with both CVAG and SBCOG to develop a joint cooperative agreement and release an RFP to identify a consultant to assist all three entities with development / implementation of a Regional Energy Network (REN) in a not to exceed amount of $150,000 ($50,000 per COG). Through the implementation of a REN, CVAG, SBCOG, and WRCOG aim to create and implement programs that will advance the region's energy efficiency. The REN would enhance current energy efficiency programs offered under the Western Riverside Energy Partnership (WREP) and potentially replace this program.

On January 31, 2019, WRCOG, in coordination with CVAG and SBCOG, released an RFP to identify and select a consultant(s) to develop a REN Business Plan. On March 25, 2019, interviews were held for the proposers submitting responses to the RFP. The interview panel consisted of staff from WRCOG, CVAG, SBCOG, and the County of Los Angeles. Staff are currently reviewing the scores and anticipate having a recommended selection to present to the Executive Committee at its meeting in May.

Business Plan

The Business Plan to be developed under the RFP is a key requirement to developing a REN, as the Business Plan must be filed with and approved by the California Public Utilities Commission (CPUC) in order for the REN to move forward. The Business Plan would serve as the framework for the REN, providing information on the Program's service boundary, energy efficiency analysis, energy efficiency measures / potential programs to be implemented within the service territory, and how the REN's programs will meet California's energy efficiency goals. Potential program areas include Residential (single / multi-family), small commercial, Workforce Education & Training. Staff are seeking input through an online survey on which program areas members would like to consider offering through the REN.

The Business Plan will undergo stakeholder review from the CPUC's Energy Division and the California Energy Efficiency Coordination Committee (CAEECC) where various entities will provide comments on the proposed Business Plan before it reaches the CPUC for final approval. If approved by the CPUC, staff anticipates the REN would launch by fall 2020.

Next Steps

As part of the next steps for REN development, staff are requesting that the Administrative & Finance Committee recommend that the Executive Committee direct the Executive Director to enter into contract negotiations between WRCOG and Frontier Energy for REN Development. Additionally, CVAG, SBCOG, and WRCOG will be working on a joint Memorandum of Understanding between all three agencies.

For additional questions or information on the REN development, please contact Anthony Segura at asegura@wrcog.us.

WREP Background and the Emerging Need for a REN

Local Government Partnerships (LGPs), such as WRCOG's WREP Program, were approved by the CPUC in 2009 and allow Investor Owned Utilities (IOUs) to work with local governments on the implementation of LGPs. LGPs typically focus on three objectives: 1) retrofitting local government buildings; 2) promoting utility core programs; and 3) supporting qualified energy efficiency activities included in the Energy Efficiency Strategic Plan.

WREP was formed in 2010 and is administered by WRCOG to achieve the above-stated objectives. WREP works closely with WRCOG's member agencies, as well as Southern California Edison (SCE) and SoCal Gas, to provide project support and community outreach through a number of energy efficiency initiatives. WREP has been extremely impactful over the last 9 years, resulting in a total savings for member jurisdictions of over 16.7 million kWh (equivalent to 2,000 homes' electricity use for one year) and over 9,000 therms (equivalent to electricity use for 8 homes for one year).

Despite these gains, IOUs are diverting resources from WREP and other LGPs in favor of programs that will yield broader energy savings across communities, focusing less on savings for local jurisdictions. In an effort to continue to provide a high level of support to member jurisdictions with energy efficiency, WRCOG, in partnership with SBCOG and CVAG (both of which implement individual LGPs), is exploring development and implementation of a REN that would cover all of Riverside and San Bernardino Counties. The resultant REN would complement the activities of the IOUs and yield greater energy savings overall.

REN FAQs:

What is the difference between a REN and an LGP (like WREP)?

The CPUC calls for RENs to address the following three operational areas:

1. Undertake programs that the IOUs cannot or do not intend to administer (as described above).
2. Target hard-to-reach areas.
3. Design programs that have the potential to be scaled to larger geographic areas.

In addition to these focus areas, the CPUC also directed RENs to address the areas of Workforce Education & Training (WE&T), Technology Development, and the Water- Energy Nexus.

Would an Inland Southern California REN duplicate the work of the IOUs? No. REN's are not allowed to duplicate the work of other efforts (see item number 1 above), unless the REN work would extend a program to a hard-to-reach group (such as non-English speaking populations) (see item number 2 above), not served by the IOU-administered program.

What does the funding look like for the existing RENs? The table below shows the 2019 budgets for the existing RENs and WRCOG. 3C REN represents the Counties of San Luis Obispo, Santa Barbara, and Ventura, which have a total population of 1,570,949, meaning that the 3C REN was funded \$3.80 per capita, in comparison to \$0.18 per capita for WREP.

2019 Energy Program Funding	
Program	**Funding Allocation**
SoCal REN	$21,800,800
BAYREN	$24,702,000
3C REN	$5,964,400
WREP	$216,000

Another significant difference between RENs and LGPs is the flow of money. In an LPG, the IOUs must approve a budget and administer funds on a reimbursement basis. With a REN, however, the money is sent directly from the CPUC to the Network in advance.

Where does funding come from? Like WREP is currently, the REN would be funded by revenues collected by the CPUC from the Public Benefits Charge (PBC), a fee applied to utility bills to fund public-interest programs related to the utility service. WRCOG anticipates that the REN would garner a greater share of PBC funding than the aggregate funding of WREP and the CVAG- and SBCOG-operated LGPs, because RENs have greater flexibility to create and implement a wider variety of programs.

Why collaborate with other COGs? WRCOG is looking to collaborate with CVAG and SBCOG to form a REN for two primary reasons. First, the larger region is anticipated to be more attractive for approval by the CPUC. Second, a collaborative REN offers an opportunity to leverage the existing resources and knowledge capital across the inland region and offer energy savings programming with increased economies of scale and efficiency.

Who will administer the REN? It was decided among the three COGs that WRCOG would take the lead role in administering the REN.

Will the REN conduct similar work to an LGP (like WREP)? WREP supports energy savings through two primary platforms: municipal energy retrofit assistance and community education. Municipal retrofit projects include LED lighting upgrades, smart controls for HVAC, HVAC upgrades, water heater replacement, and water heater insulation. WREP's community education activities promote sustainable best practices through outreach at community events. At these events, WREP staff educate and promote current SCE / SoCal Gas residential customer and business programs that are available for enrollment. Programs promoted in the past include SCE and SoCal Gas' Energy Saving Assistance (ESA) Programs which offer residents who meet an income threshold an audit and installation of energy measures, all at no cost. Measures include lighting, plug load strips, low flow shower heads, and in some instances, residents will also be eligible to receive upgrades to their appliances (refrigerators, stoves, washer / dryer).

The goal for REN is to continue to offer the same programs that WREP conducts and augment them with additional programs and benefits. For example, the REN would look to implement programs that bring advanced technology to the region (such as battery storage or smart metering), hold workshops and educate contractors on the installation of new energy efficiency standards as set by the CPUC, facilitate electric vehicle roadmaps / rebate programs, and provide energy efficiency measures to disadvantaged communities.

Below is a side by side comparison of current WREP offerings and potential REN program offerings:

Program Comparison	
WREP	**REN**
Project Support (Municipal)	Project Support (Municipal)
Technical Assistance	Technical Assistance
Community Outreach (Residents & Small Commercial)	Community Outreach (Residents & Small Commercial)
	Residential Energy Efficiency (Single / Multi-Family)
	Advancement of Innovative Technology (Solar / Battery Storage)
	Electric Vehicle Rebate Programs
	Development of Funding Mechanisms (Revolving Loan Funds)
	Workforce Education & Training

Prior Action:

December 3, 2018: The Executive Committee authorized the Executive Director to develop a joint cooperation agreement between CVAG, SBCOG, and WRCOG; and 2) directed the Executive Director to release a Request for Proposals for feasibility & implementation of a Regional Energy Network.

Fiscal Impact:

REN Program development has been included in WRCOG's 2nd Quarter Budget Amendment.

Attachment:

None.

Item 5.A

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Preliminary Draft Fiscal Year 2019/2020 Agency Budget**

Contact: **Andrew Ruiz, Interim Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741**

Date: **April 10, 2019**

The purpose of this item is to *present the Agency's preliminary draft Budget for Fiscal Year 2019/2020 and seek input from Committee members.*

Requested Action:

1. Discuss and provide direction.

WRCOG's annual Budget is adopted every June by the General Assembly. Before adoption, the Budget is vetted through WRCOG's Committees for comment and direction. The Budget is assembled by the Agency Departments: Administration, Energy, Environment, and Transportation & Planning. The General Fund is comprised of the Administration, Energy, and Environment Departments, while TUMF is part of the Special Revenue Fund. Each Department contains its own programs and has its own source of funds. Once the Budget has been vetted through the Committees, it is presented to the General Assembly as an "Agency-wide" Budget for adoption.

Budget Review and Adoption Schedule

The preliminary draft Budget for Fiscal Year (FY) 2019/2020 will be presented according to the following schedule:

- April 10, 2019: Administration & Finance Committee (first review)
- April 18, 2019: Technical Advisory Committee (first review)
- April 25, 2019: Finance Directors Committee (first review)
- May 6, 2019: Executive Committee (first review)
- May 8, 2019: Administration & Finance Committee (second review and recommendation)
- May 16, 2019: Technical Advisory Committee (second review and recommendation)
- June 3, 2019: Executive Committee (second review and recommendation)
- June 20, 2019: General Assembly (action)

FY 2019/2020 Preliminary Draft Budget

The preliminary draft FY 2019/2020 Budget (Attachment 1) is presented by Departments (Administration, Energy, Environment, and Transportation & Planning) with each department displaying its own programs.

The "Administration Total" tab includes the default Administration Program. The majority of the revenues for the Administration Program is generated from member dues. Budgeted expenditures include salaries and benefits of Administration employees, including the Executive Director and the staff in the Government Relations, Administrative Services, and Fiscal divisions. The Administration Program also includes WRCOG's lease and audit, bank, legal, IT, and consulting fees. Expenditures have historically exceeded revenues in this Program so the Agency charges overhead to the remaining Departments to balance the budget. The overhead is determined during the creation of the Budget and is simply the amount necessary to have revenues equal expenditures. Departments will show the amount of overhead they are paying in the General Operations line item. The amount provided by the various Departments will then be transferred out to the Administration Program to balance its budget.

The Energy Department includes the following Programs: PACE Residential; PACE Commercial; Western Riverside Energy Partnership (WREP); SoCal Gas Partnership; and the Regional Streetlight Program.

The HERO PACE residential Program has continued to decline in revenues and volumes in FY 2018/2019. WRCOG anticipates a continued decrease in the HERO residential Program and has budgeted for a 50% decrease in revenues in FY 2019/2020. In prior years, WRCOG has experienced excess revenues from the PACE Programs, specifically the CA HERO Program, which have been used to build Agency reserves and fund other Agency and member activities (such as BEYOND, Fellowship, Grant Writing, EXPERIENCE, Streetlights, CCA development, etc.). At the end of FY 2018/2019, WRCOG anticipates minimal carryover revenues, which will be used to fund the development of a Regional Energy Network (REN) and to build PACE reserves. For FY 2019/2020, WRCOG's PACE Programs will have a balanced budget with no excess revenues. With the addition of commercial PACE providers to the Program during the last year or so, staff anticipates growth in the PACE commercial market in FY 2019/2020, which could potentially bring more revenues to the Agency.

The WREP partnerships will continue to focus on supporting municipal facilities with energy efficiency retrofits and providing sustainable best practices to the community. The WREP budget was approved in early 2019, and both Southern California Edison and SoCal Gas will continue to support the Partnership on its energy initiatives for the calendar year.

The Regional Streetlight Program continues to move forward and will be self-sustaining in FY 2019/2020 through the Operations & Maintenance fee built into the purchasing of the streetlights.

The Community Choice Aggregation Program also continues to move forward and anticipates being self-sustaining and generating revenues in the coming years, which will pay back WRCOG's General Fund for the upfront costs expended toward this Program development

The Environment Department includes the Solid Waste, Clean Cities, and Used Oil Programs, which receive federal and state funding to provide services to WRCOG's member agencies.

The Transportation & Planning Department includes the following Programs: Transportation Uniform Mitigation Fee (TUMF); the Grant Writing Program, which is funded by the Agency's Carryover Funds; Transportation Planning (LTF), CAP Grant, and Adaptation Grant. Planning will continue to administer the Fellowship and Experience Programs with previously allocated carryover funds from excess PACE revenues. The majority of revenues received in the Transportation Department come from the TUMF Program, which WRCOG anticipates receiving approximately $50M in revenues from development impact fees in FY 2019/2020.

The Agency's FY 2019/2020 total Budget will present a higher total amount of revenues and expenditures than in previous years as staff will continue to include total TUMF revenue and total project expenditures in the Budget. In past years, the only portion included for TUMF was the administration fee WRCOG received from the Program. The revenue and expenditures will continue to include 100% of the TUMF Program's total revenue and expenditures. Because of this additional amount for TUMF, total Agency revenue for FY 2019/2020, plus transfers from other departments for overhead, is projected to be $57,728,828 against total Agency expenditures of $55,208,828.

Prior Action:

None.

Fiscal Impact:

All known and expected revenues and expenditures impacting the Agency have been budgeted for Fiscal Year 2019/2020 but will be continually updated throughout the budget process.

Attachment:

1. Preliminary Draft Summary Agency Budget for Fiscal Year 2019/2020.

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Item 5.A

Preliminary Draft Fiscal Year 2019/2020 Agency Budget

Attachment 1

Preliminary Draft Summary Agency Budget for Fiscal Year 2019/2020

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Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2020

Total Agency Budget

Revenues	**Actual 2/28/2019**	**Budget 6/30/2019**	**Proposed 6/30/2020**
Member Dues	$ 311,410	$ 311,410	$ 311,410
General Assembly Revenue	11,600	300,000	300,000
Interest Revenue - Other	80,066	31,496	25,000
WRCOG HERO Revenue	196,865	480,573	212,500
Other HERO Revenue	150,373	149,833	680,000
Statewide HERO Revenue	833,097	1,650,000	807,500
Gas Company Revenue	56,941	86,676	108,400
SoCal Edison Revenue	75,123	86,750	108,438
PACE Commercial Revenue	30,844	34,078	165,000
PACE Residential Recording Rev	107,508	122,500	111,800
Statewide HERO Recording fee Rev	520,365	600,000	616,700
PACE Commercial Recording Rev	445	7,500	17,500
Regional Streetlights Revenue	261,500	300,000	187,511
NW Clean Cities - Member Dues	122,000	120,000	128,000
NW Clean Cities - Federal	18,500	12,500	82,500
Solid Waste	122,248	107,313	107,313
Statewide Used Oil Grant Revenue	203,820	228,820	377,654
CAP Grant Revenue	8,973	-	125,000
Adaptation Grant Revenue	-	-	125,000
LTF Revenue	775,500	675,000	775,000
RIVTAM Revenue	100,000	150,000	140,000
TUMF Admin Commerical	33,242	110,645	47,284
TUMF Admin Retail	77,114	130,094	109,687
TUMF Admin Industrial	353,126	272,663	502,285
TUMF Admin Single Family	788,576	1,144,551	1,121,669
TUMF Admin Multi-Family	139,957	142,045	199,074
Commerical/Service	797,812	2,718,853	1,134,806
Retail	1,850,746	3,142,672	2,632,497
Industrial	8,475,022	6,314,301	12,054,852
Single Family	18,925,836	27,492,115	26,920,065
Multi-Family	3,358,962	3,352,059	4,777,779
Carryover Fund Transfer In	1,456,738	1,456,738	720,000
Total Revenues & Carryover	**$ 40,244,310**	**$ 52,231,187**	**$ 55,732,226**
Overhead Transfer In	**$ 1,483,740**	**$ 2,278,335**	**$ 1,996,602**
Total Revenues & Overhead	**$ 41,728,050**	**$ 54,509,522**	**$ 57,728,828**

Expenses	**Actual 2/28/2019**	**Budget 6/30/2019**	**Proposed 6/30/2020**
Salaries & Wages - Fulltime	$ 1,138,281	$ 2,643,180	$ 2,111,347
Fringe Benefits	500,079	817,283	689,131
CalPERS OPEB Paydown	152,727	200,000	200,000
Overhead Allocation	1,391,598	2,092,412	1,893,320
General Legal Services	269,404	465,035	387,000
OPEB Funding	98,823	98,823	98,823
Audit Svcs - Professional Fees	25,480	27,500	30,500

Bank Fees	27,159	19,000	38,512
Commissioners Per Diem	38,265	62,500	62,500
Parking Cost	8,925	18,578	16,400
Office Lease	269,836	400,000	465,000
WRCOG Auto Fuels Expenses	924	1,250	1,500
WRCOG Auto Maintenance Expense	84	84	500
Parking Validations	2,249	10,000	10,000
Staff Recognition	261	800	800
Coffee and Supplies	261	3,000	2,500
Event Support	132,010	130,861	187,283
Program/Office Supplies	9,886	23,988	22,263
Computer Equipment/Supplies	1,327	8,000	4,500
Computer Software	3,127	31,124	26,500
Rent/Lease Equipment	9,185	30,000	30,000
Membership Dues	19,472	31,500	32,500
Subscription/Publications	1,025	1,025	2,000
Meeting Support Services	1,744	9,498	10,198
Postage	2,694	6,043	5,600
Other Expenses	463	883	1,250
Storage	5,251	15,348	10,000
COG HERO Share Expenses	3,444	15,000	10,000
Printing Services	1,670	4,320	7,500
Computer Hardware	2,664	14,100	9,500
Misc. Office Equipment	-	1,000	1,000
Communications - Regular Phone	12,672	15,000	16,000
Communications - Cellular Phones	6,260	20,291	17,500
Communications - Computer Services	24,933	57,500	57,500
Communications - Web Site	6,932	8,000	8,000
Equipment Maintenance - General	4,451	10,000	10,000
Equipment Maintenance - Comp/Software	17,776	21,024	21,250
Insurance - Errors & Omissions	9,000	9,000	11,500
Insurance - Gen/Busi Liab/Auto	82,594	77,890	92,500
WRCOG Auto Insurance	1,954	-	2,000
Recording Fee	200,932	480,500	254,339
Seminars/Conferences	1,724	12,628	11,835
General Assembly Expenses	69,034	300,000	300,000
Travel - Mileage Reimbursement	7,210	21,367	18,750
Travel - Ground Transportation	1,280	3,448	5,160
Travel - Airfare	6,833	9,324	12,250
Lodging	4,309	6,640	7,500
Meals	2,678	6,434	8,809
Other Incidentals	5,811	10,411	6,600
Training	419	9,250	9,250
Supplies/Materials	3,546	8,033	22,350
OPEB Repayment	-	71,053	110,526
Staff Education Reimbursement	-	12,500	7,500
Advertising Media - Newspaper Ad	-	2,000	10,000
Advertisement Radio & TV Ads	20,420	39,293	72,000
Consulting Labor	1,330,006	2,343,341	2,264,782
Computer Equipment/Software	1,879	6,500	3,000
TUMF Project Reimbursement	22,006,311	38,000,000	45,000,000
Transfer Out to Reserves	-	-	480,000
Total Expenses	**$ 27,950,039**	**$ 48,763,562**	**$ 55,208,828**
	Surplus (Deficit)		**$ 2,520,000**

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2020

Total Administration Budget

Revenues		**Actual 2/28/2019**		**Budget 6/30/2019**		**Proposed 6/30/2020**
Member Dues	$	311,410	$	311,410	$	311,410
General Assembly Revenue		11,600		300,000		300,000
Interest Revenue - Other		80,066		31,496		25,000
Total Revenues	**$**	**390,276**	**$**	**695,630**	**$**	**636,410**
Overhead Transfer In	**$**	**1,483,740**	**$**	**2,225,611**	**$**	**1,996,602**
Total Overhead & Revenues	**$**	**1,874,016**	**$**	**2,921,241**	**$**	**2,633,012**

Expenses		**Actual 2/28/2019**		**Budget 6/30/2019**		**Proposed 6/30/2020**
Salaries & Wages - Fulltime	$	298,705	$	631,095	$	464,260
Fringe Benefits		172,941		277,903		202,102
Fringes - Retirements		152,727		200,000		200,000
General Legal Services		53,219		75,000		75,000
OPEB Expense		98,823		98,823		98,823
Audit Svcs - Professional Fees		25,480		27,500		30,500
Bank Fees		230		2,000		2,000
Commissioners Per Diem		36,315		60,000		60,000
Parking Cost		5,433		10,000		10,000
Office Lease		269,836		400,000		465,000
WRCOG Auto Fuels Expenses		924		1,250		1,500
WRCOG Auto Maintenance Expense		84		84		500
Parking Validations		2,249		10,000		10,000
Staff Recognition		261		800		800
Coffee and Supplies		261		3,000		2,500
Event Support		33,982		57,960		50,000
Program/Office Supplies		8,014		15,500		15,000
Computer Equipment/Supplies		140		1,000		1,000
Computer Software		1,304		20,000		20,000
Rent/Lease Equipment		9,185		30,000		30,000
Membership Dues		18,872		30,000		30,000
Subscription/Publications		568		568		1,000
Postage		975		2,500		2,500
Printing Services		-		150		500
Computer Hardware		1,704		11,000		8,000
Communications - Regular Phone		12,672		15,000		16,000
Communications - Cellular Phones		2,177		10,500		8,500
Communications - Computer Services		22,697		55,000		55,000
Communications - Web Site		6,932		8,000		8,000
Equipment Maintenance - General		4,451		10,000		10,000
Equipment Maintenance - Comp/Software		17,752		20,000		20,000
Insurance - Errors & Omissions		9,000		9,000		11,500
Insurance - Gen/Busi Liab/Auto		77,040		77,040		82,000
WRCOG Auto Insurance		1,954		-		2,000
Seminars/Conferences		135		4,000		3,000
General Assembly Expenses		69,034		300,000		300,000

Travel - Mileage Reimbursement	487	2,500	2,000
Travel - Ground Transportation	367	1,000	1,500
Travel - Airfare	565	2,000	2,000
Lodging	573	1,000	1,000
Meals	723	3,000	2,500
Other Incidentals	1,149	1,000	1,000
Training	270	5,000	5,000
OPEB Repayment	110,526	71,053	110,526
Staff Education Reimbursement	-	12,500	7,500
Consulting Labor	98,376	151,320	200,000
Computer Equipment/Software	1,879	3,000	3,000
Total Expenses	**$ 1,648,041**	**$ 2,748,394**	**$ 2,633,012**

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2020

Total Energy Budget

Revenues	**Actual 2/28/2019**	**Budget 6/30/2019**	**Proposed 6/30/2020**
WRCOG HERO Revenue	$ 196,865	$ 480,573	$ 212,500
Other HERO Revenue	150,373	149,833	680,000
Statewide HERO Revenue	833,097	1,650,000	807,500
Gas Company Revenue	56,941	86,676	108,400
SoCal Edison Revenue	75,123	86,750	108,438
PACE Commercial Revenue	30,844	34,078	165,000
PACE Residential Recording Rev	107,508	122,500	111,800
Statewide HERO Recording fee Rev	520,365	600,000	616,700
PACE Commercial Recording Rev	445	7,500	17,500
Regional Streetlights Revenue	261,500	300,000	187,511
Total Revenues	**$ 2,243,061**	**$ 3,517,910**	**$ 3,015,349**

Expenses	**Actual 2/28/2019**	**Budget 6/30/2019**	**Proposed 6/30/2020**
Salaries & Wages	$ 284,390	$ 628,693	$ 546,637
Fringe Benefits	155,042	264,945	206,109
Overhead Allocation	545,612	820,000	890,000
GENERAL LEGAL SERVICES	161,638	332,500	238,000
Bank Fee	18,255	17,000	20,000
Commissioners Per Diem	1,950	2,500	2,500
Parking Validations	515	4,100	2,650
Statewide - Event Support	16,020	9,000	24,500
General Supplies	1,229	5,450	2,950
Computer Supplies	1,169	6,000	2,500
Computer Software	699	10,000	5,000
NWCC- Membership Dues	600	1,000	1,000
Subscriptions/Publications	32	32	250
Meeting Support Services	797	5,000	3,348
Postage	1,659	3,515	2,700
Other Expenses	-	500	500
COG HERO Share Expenses	3,444	15,000	10,000
Computer/Hardware	960	3,100	1,500
Misc. Office Equipment	-	1,000	1,000
Cellular Phone	2,270	5,500	4,500
Communications Computer Servic	2,236	2,500	2,500
Equipmebt Maintenance-Computer	-	1,000	1,000
Insurance - Gen/Busi Liab/Auto	2,777	-	3,500
Recording Fee	200,932	480,500	254,339
Seminar/Conferences	1,027	5,500	4,685
Travel - Mileage Reimbursement	3,520	7,750	6,750
Travel - Ground Transportatoin	628	1,500	1,650
Travel - Airfare	5,945	6,000	8,500
Lodging	3,096	3,000	3,500
Meals	627	1,300	2,609
Statewide Other Incidentals	3,277	8,000	4,000
Training	149	3,750	3,750

Supplies/Materials	-	2,628	4,750
Consulting Expense	221,305	749,935	428,171
Transfer to Reserves	-	-	320,000
Total Expenses	**$ 1,661,746**	**$ 3,411,698**	**$ 3,015,349**

Surplus (Deficit)	**$ -**

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2020

Total Environmental Budget

Revenues	**Actual 2/28/2019**	**Budget 6/30/2019**	**Proposed 6/30/2020**
NW Clean Cities - Member Dues	$ 122,000	$ 120,000	$ 128,000
NW Clean Cities - Federal	18,500	12,500	82,500
Solid Waste	122,248	107,313	107,313
Statewide Used Oil Grant Revenue	203,820	228,820	377,654
Total Revenues	**$ 466,568**	**$ 468,633**	**$ 695,467**

Expenses	**Actual 2/28/2019**	**Budget 6/30/2019**	**Proposed 6/30/2020**
Salaries & Wages - Fulltime-OPP8	$ 65,303	$ 172,243	$197,629
Fringe Benefits	35,695	53,694	60,061
Overhead Allocation	38,573	57,860	113,320
General Legal Services	368	500	2,000
Parking Validations	291	475	1,250
Event Support-OPP8	81,559	62,901	112,283
Program/Office Supplies	22	1,450	2,813
Membership Dues	-	500	1,500
SWMD - SUBSCRIP/PUBLICATION	32	32	250
Meeting Support Services	427	3,255	6,600
Other Expenses	221	133	500
Storage-OPP8	5,251	15,000	10,000
Printing Services	-	2,500	5,000
SW WMRD-Cellular Phones	304	1,000	1,000
Insurance - Gen/Busi Liab/Auto	185	850	2,000
Seminars/Conferences	128	1,128	2,000
Travel - Mileage Reimbursement	947	3,688	4,500
Travel - Ground Transportation	95	345	1,100
Travel-AirFare	324	324	750
Meals	329	529	2,100
SWMD - Other Incidentals	641	736	1,100
Training	-	500	500
Supplies/Materials	3,541	5,030	16,600
Advertising Media - Newspaper Ad	-	2,000	10,000
Advertisement Radio & TV Ads	20,420	39,293	72,000
Consulting Labor	37,642	42,668	68,611
Total Expenses	**$ 293,987**	**$ 468,635**	**$ 695,467**

Surplus (Deficit) **$ -**

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2020

Total Transportation & Planning Budget

Revenues	**Actual 2/28/2019**	**Budget 6/30/2019**	**Proposed 6/30/2020**
CAP Grant Revenue	$ 8,973	$ -	$ 125,000
Adaptation Grant Revenue	-	-	125,000
LTF Revenue	775,500	675,000	775,000
RIVTAM Revenue	100,000	150,000	140,000
TUMF Admin Commerical	33,242	110,645	47,284
TUMF Admin Retail	77,114	130,094	109,687
TUMF Admin Industrial	353,126	272,663	502,285
TUMF Admin Single Family	788,576	1,144,551	1,121,669
TUMF Admin Multi-Family	139,957	142,045	199,074
Commerical/Service	797,812	2,718,853	1,134,806
Retail	1,850,746	3,142,672	2,632,497
Industrial	8,475,022	6,314,301	12,054,852
Single Family	18,925,836	27,492,115	26,920,065
Multi-Family	3,358,962	3,352,059	4,777,779
Carryover Fund Transfer In	1,456,738	1,456,738	720,000
Total Revenues & Carryover	**$ 37,220,023**	**$ 47,601,738**	**$ 51,385,000**

Expenses	**Actual 2/28/2019**	**Budget 6/30/2019**	**Proposed 6/30/2020**
Salaries & Wages Fulltime	$ 446,396	$ 1,211,149	$ 902,821
Fringe Benefits	136,401	220,741	220,858
Overhead Allocation	807,413	1,214,552	890,000
General Legal Services	54,178	57,035	72,000
Bank Fees	8,674	-	16,512
Parking Validations	2,687	4,003	2,500
Event Support	450	1,000	500
General Supplies	621	1,588	1,500
Computer Supplies	17	1,000	1,000
Computer Software	1,124	1,124	1,500
Subscriptions/Publications	392	392	500
Meeting Support Services	519	1,243	250
POSTAGE	60	28	400
Other Household Expenses	242	250	250
Printing Services	1,670	1,670	2,000
Cellular Phone	1,509	3,291	3,500
Computer Maintenance	24	24	250
Insurance - Gen/Busi Liab/Auto	2,592	-	5,000
Seminar/Conferences	435	2,000	2,150
Travel - Mileage Reimbursement	2,256	7,429	5,500
Travel - Ground Transportation	190	603	910
Travel-AirFare	-	1,000	1,000
Lodging	640	2,640	3,000
Meals	1,000	1,605	1,600
Other Incidentals	743	675	500
Supplies/Materials	5	375	1,000
Consulting Labor	972,683	1,399,418	1,568,000

TUMF Project Reimbursement	22,006,311	38,000,000	45,000,000
Transfer Out to Reserves			160,000
Total Expenses	**$ 24,456,792**	**$ 42,134,834**	**$ 48,865,001**
	Surplus (Deficit)		**$ -**

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Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **28th Annual General Assembly & Leadership Conference: Nominations for Outstanding Community Service Award**

Contact: **Cynthia Mejia, Staff Analyst, cmejia@wrcog.us, (951) 405-6752**

Date: **April 10, 2019**

The purpose of this item is to *provide an update on the 28th Annual General Assembly and Leadership Conference and to consider nominees for WRCOG's Annual Outstanding Community Service Award. Awardees will be recognized at the General Assembly & Leadership Conference.*

Requested Action:

1. Discuss nominees for the 2019 WRCOG Award for Outstanding Community Service and recommend a candidate(s) to the Executive Committee for final approval.

WRCOG's 28th Annual General Assembly and Leadership Conference will be held on Thursday, June 20, 2019, at the Pechanga Resort Casino and will feature Josh Earnest, White House Press Secretary under President Barack Obama (2014 - 2017), and current Senior Vice President / Chief Communications Officer for United Airlines, as keynote speaker.

Staff will provide an update regarding planning efforts for the event and present all nominations received for the 2019 Award for Outstanding Community Service. Attachment 1 to this report provides a listing of past years' award winners. Staff will be seeking a recommendation for an award winner(s). The Committee's recommendation will then be presented to the Executive Committee in May 2019. All confirmed award recipient(s) will be recognized at the General Assembly dinner on Thursday, June 20, 2019.

Prior Action:

March 13, 2019: The Administration & Finance Committee received and filed.

Fiscal Impact:

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

Attachment:

1. Past Award Recipients List.

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Item 5.B

28th Annual General Assembly & Leadership Conference: Nominations for Outstanding Community Service Award

Attachment 1

Past Recipients List

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WRCOG Award for Outstanding Community Service

Each year at the General Assembly & Leadership Address, WRCOG awards individuals and/or organizations for outstanding contributions to improving quality of life in Western Riverside County.

Prior Award Winners

John Tavaglione
Marion Ashley
Josiah Bruny
Randy Record
John J. Benoit
Rose Mayes
Kathy Azevedo
Gail Wanczuk Barton
Jim Birckhead
Don Blose
Martin Bowman
Burrtec, CR&R, and Waste Management, Inc.
Jane Carney
CE-CERT
County of Riverside Rideshare
Jamil Dada
Dr. Brenda Davis
Melba Dunlap
Virginia Field
HERO Program Consultant Team
Sam Huang
Nick Jones
Jurupa Unified School District
Pat Kilroy
Randall Lewis
Ronald O. Loveridge
Anne Mayer
Linda Mejia
Larry and Wayne Minor and their families
Rosalie Moyer
Tom Mullen
Fred Noble
Rita Peters
Pete Peterson
Ali Sahabi
Rose Salgado
Southern California Gas Company
Joe Tavaglione
Barry Wallerstein
Gary Wanczuk
Roy Wilson
Robert Wolf
Norton Younglove
Robert Zweig

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Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **TUMF Fee Calculation Handbook Updates: High Cube Warehouse Calculation and Administrative Updates**

Contact: **Christopher Gray, Director of Transportation & Planning, cgray@wrcog.us, (951) 405-6710**

Date: **April 10, 2019**

***The purpose of this item is to** present a proposed adjustment to the TUMF Fee Calculation Handbook based on data from the Trip Generation Study.*

Requested Action:

1. Discuss and provide input.

WRCOG's Transportation Uniform Mitigation Fee (TUMF) Program is a regional fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in Western Riverside County. Each of WRCOG's member jurisdictions and the March JPA participates in the 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, the Western Riverside County Regional Conservation Authority (RCA) and the Riverside Transit Agency (RTA).

High Cube Warehouse Trip Generation Study

During the 2016 TUMF Nexus Study update process, staff received questions from several stakeholders regarding the TUMF calculation for industrial uses. These commenters questioned whether the TUMF Nexus Study accurately reflected the impact of various types of industrial uses on the Regional Network.

In spring 2018, the Public Works Committee (PWC) requested that staff review the available data and undertake a study to provide additional information to address this issue. Based on current development patterns, it was determined that one of the most common type of industrial projects currently being built in Western Riverside County are distribution or fulfillment centers. These types of projects involve the delivery of packages on trucks, which are then sorted and then delivered to individual homes. The prototypical type of this project is operated by Amazon, for example, though they are becoming increasingly common as various retailers focus more on internet sales as opposed to traditional brick and mortar operations.

Currently, these types of uses are treated as high-cube warehouses, similar to the Sketchers facility in Moreno Valley. For the purpose of determining the TUMF obligation, high-cube warehouses and distribution centers are defined as follows:

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

A previous study of high-cube warehouses determined that these types of uses have fewer employees and generate few trips per square foot than traditional warehouses, mainly because the majority of the building is dedicated to the storage of goods. Because of this previous study, WRCOG developed a specific calculation to determine the TUMF fee for these high-cube warehouses.

This new analysis focused primarily on whether distribution and fulfillment centers generate similar levels of traffic to other high-cube warehouses or have significant different travel patterns. During our initial review, WRCOG identified that there had been some data previously collected for a distribution center, which showed traffic levels were substantially higher than other warehouse uses. After reviewing this data, it was determined that this conclusion was based on a single site and WRCOG needed to collect additional data to reflect a broad cross-section of facilities to more accurately address this issue. This data collection had two primary questions to address:

1. Do fulfillment and distribution centers generate significant higher numbers of trips than our current estimates for high-cube warehouses?
2. If there is a difference in trip generation, does it justify creating an entire new category for these facilities in our Fee Calculation Handbook?

WRCOG consulted several members of the PWC, including representatives from the Cities of Eastvale, Jurupa Valley, Moreno Valley, Perris, and Riverside, and met to identify locations to collect data at distribution and fulfillment centers within and around Western Riverside County. WRCOG also asked these agencies to review any data collected and to also make recommendations on how to proceed.

WRCOG retained WSP to conduct the study; traffic counts were collected at 16 sites over a 72-hour period for three midweek days beginning on June 26, 2018. In December 2018, staff provided a presentation on the findings of the study to the PWC. Since the presentation on this item to the PWC, staff has received comments from stakeholders. Staff would note that the land uses selected represent high-cube warehouses in the region and, for TUMF calculation purposes, this is generally the only information provided when a fee obligation is calculated. Since TUMF is assessed and/or collected at issuance of building permit, the end use of the development project is not known. The data collection at the 16 sites represented the type of development that is continuing to occur in the region.

The study is included as Attachment 1 to this Staff Report. The conclusions of the study are as follows:

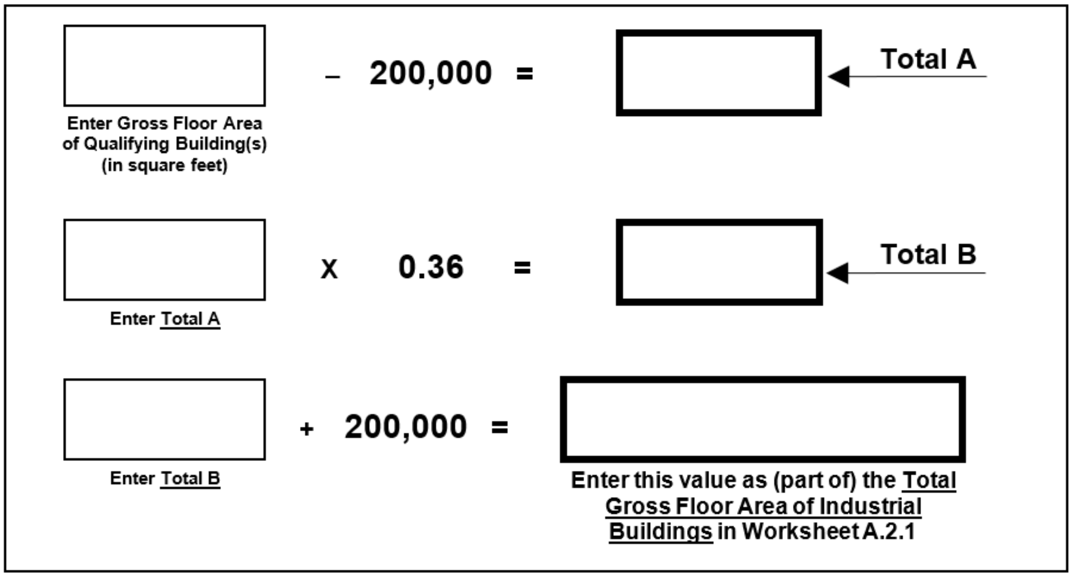
1. Fulfillment and distribution centers do generate more trips per square footage than other high-cube warehouses. This higher trip generation is associated with higher numbers of employees and also passenger cars making package deliveries to customers.
2. The level of difference is not sufficiently large enough to justify the creation of entire new category in the Fee Calculation Handbook

Proposed Adjustment to High Cube Warehouse Calculation Worksheet

Based on the findings of the study, staff recommends an adjustment to the current High-Cube Warehouse TUMF calculation component in the TUMF Fee Calculation Handbook to better to address the higher numbers of trips generated by large fulfillment centers as opposed to traditional high-cube warehouses. This approach would recognize that fulfillment centers are a subset of the general High-Cube Warehouse Fee calculation category.

The proposed adjustment to the calculation worksheet for high-cube warehouses would increase the multiplier from 0.32 to 0.36 and is as follows:

Worksheet A.2.8 High-Cube Warehouse TUMF Calculation Worksheet



For High-Cube warehouses that are approximately 250,000 square feet, this update would result in an approximate $3,500 difference, or approximately 1%, increase in fees. For larger projects, such as a one million square foot warehouse, this update would increase fees by approximately $56,000, representing an approximate 7% increase based on current fees. It should be noted that the total TUMF assessment on a building of this size is approximately $1.8 Million. Based on the findings of staff review of Development Impact Fees throughout the WRCOG subregion, staff concludes that the likely cost to develop a project of this size would be in excess of $100 Million, indicating that the overall impact on this type of project with the highest level of fee increase would be nominal (0.05% of total development cost).

For reference, attached to this Staff Report is a version of the TUMF Fee Calculation Handbook showing these proposed revisions (Attachment 2).

At the February 21, 2019, Technical Advisory Committee meeting, several Committee members asked whether WRCOG reviewed the offset of trips generated by the uses job creation for residents and requested that WRCOG review the impacts of these uses on the transportation network with regard to job creation for residents of the agencies in which these facilities are located. Several Committee members stated that these projects are beneficial to the region in terms of local job creation and any change in the fee should reflect this benefit.

Because of these comments, staff conduced further analysis from two areas in the Cities of Jurupa Valley and Moreno Valley where these uses are located. The analysis collected data from a vendor called Streetlight, which uses cell phone, GPS, fleet data, and other sources, to track personal and vehicular travel throughout a region. This analysis determined that the average work trip length for these projects was in excess of 15 miles one-way, which is consistent with the average trip length for the WRCOG region. Additionally, this analysis also demonstrated that the traffic from these traveled through the WRCOG region, similar to other uses studied previously. As such, WRCOG can conclude that these types of uses do not behave differently than other employment uses within the Region and therefore, it would be appropriate to proceed with this adjustment to the TMF Fee Calculation Handbook.

Prior Actions:

February 21, 2019: The Technical Advisory Committee received and filed.

February 14, 2019: The Public Works Committee recommended that 1) the Executive Committee approve the proposed revisions to the High Cube Warehouse section of the TUMF Fee

Calculation Handbook; 2) the Executive Committee approve the proposed revisions to the TUMF Fee Calculation Handbook to include clarification language on the 3,000 square foot deduction policy for retail and service uses; and 3) staff continue the policy of calculating credit for existing uses utilizing fee rates in effect at the time a projects TUMF obligation is assessed.

December 13, 2018: The Public Works Committee directed staff to adjust the High-Cube Warehouse component of the TUMF Fee Calculation Handbook with the data from the Trip Generation Study.

Fiscal Impact:

Transportation Department activities are included in the Agency's adopted Fiscal Year 2018/2019 Budget under the Transportation Department.

Attachments:

1. Trip Generation Study Technical Memorandum.
2. Section 1.1., High-Cube Warehouses, of the TUMF Fee Calculation Handbook.

Item 5.C

TUMF Fee Calculation Handbook Updates: High Cube Warehouse Calculation and Administrative Updates

Attachment 1

Trip Generation Study Technical Memorandum

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Technical Memorandum

To: Daniel Ramirez-Cornejo, Program Manager, WRCOG

From: Billy Park, Supervising Transportation Planner, WSP

Subject: **TUMF High-Cube Warehouse Trip Generation Study**

Date: January 29, 2019

Background

High-cube warehousing is emerging as an important development type in the Inland Empire. Studies such as Logistics & Distribution: *An Answer to Regional Upward Social Mobility*[1] and *Multi-County Goods Movement Action Plan*[2] suggests that this trend is likely to increase over time due to the Inland Empire's relative abundance of suitable sites compared to coastal counties.

A recurring analytical problem for the analyses of traffic impacts associated with proposed high-cube warehouses is the lack of reliable data regarding the number and vehicle mix of trips generated by this land development type. Specifically:

- The *2003 Fontana Truck Trip Generation Study*, which has been used for years by agencies in the Inland Empire, is based on the older type of high-cube warehouse. Newer warehouses generally are larger (often over 1 million square feet), much more automated, and generate far fewer trips per square foot.
- The use of overly-conservative estimates has produced results that were unreasonable when compared to actual field conditions. For example, the Environmental Impact Report (EIR) for the Skechers high-cube warehouse building in Moreno Valley included traffic forecasts that were substantially higher than the actual post-construction trip generation for both cars and trucks. Overstated forecasts are misleading to decision makers and could result in oversized infrastructure that could itself have environmental consequences, creates an undue burden on development, and could even have adverse legal consequences for the agencies involved.
- In 2011 the Commercial Real Estate Development Association, also known by its former acronym NAIOP, commissioned a trip generation study of high-cube warehouses focused on large highly-automated warehouses in the Inland Empire. NAIOP had hoped that their study, which found trip-gen rates considerably lower than previous studies, would be used in CEQA analyses going forward. However, concerns about potential bias by the sponsoring party have placed into question the validity of the study results. Similarly, a study commissioned by SCAQMD was viewed as possibly having an anti-development bias.
- Finally, in 2015 NAIOP and SCAQMD jointly sponsored a trip-gen study for high-cube warehouses through a respected neutral party, the Institute of Transportation Engineers (ITE). The report for this study, *High-Cube Warehouse Vehicle Trip Generation Analysis*, was completed in 2016.

The joint NAIOP/SCAQMD/ITE study resulted in a consensus on the trip generation rates to be used for the most common type of high-cube warehouse, a category they call "transload and short-term storage". The findings of the joint study generally indicated the trip generation rates for this use as being consistent with the trip generation rates for the broader category of high-cube warehouses as described by ITE in the 9th Edition of the *Trip*

[1] *Logistics & Distribution: An Answer to Regional Upward Social Mobility*, Dr. John Husing for SCAG, June 2004
[2] *Multi-County Goods Movement Action Plan*, Wilbur Smith Associates, August 2008

Generation Manual. However, the report did not settle the issue of trip generation rates for two other specific types of high-cube warehouses:

> *"The single data points for fulfillment centers and parcel hubs indicate that they have significantly different vehicle trip generation characteristics compared to other HCWs. However, there are insufficient data from which to derive useable trip generation rates."*

The purpose of this technical memorandum is to gather sufficient data to develop reliable trip generation rates for fulfillment centers and parcel hubs for use in traffic impact studies in the Inland Empire.

Methodology

Number of Sites: The study team reviewed ITE's *Trip Generation Handbook 2nd* Edition, Chapter 4 of which describes how to perform a trip generation study that meets ITE's standards (which improves the defensibility of the results if they are used for CEQA analyses). ITE recommends that at least three sites, and preferably five, be surveyed for a given land use category. Based on the review of candidate sites identified by Western Riverside Council of Governments (WRCOG) staff, it was recommended that data be collected at a total of 16 sites for the purposes of this study.

Independent Variables: ITE's Trip Generation Manual measures the size of proposed developments using more than a dozen different independent variables, such as students (for schools), acres (for parks), etc. All High-Cube related categories in both 9th and 10th Editions of the Trip Generation Manual are reported in Square Foot Gross Floor Area (GFA) measured in thousands of square feet (TSF), which is also the independent variable used for the TUMF program. Some other ITE employment categories use employment as the independent variable, as does SCAG in its Sustainable Communities Strategy. WRCOG provided GFA for all sites and employment data for eight fulfillment centers and one parcel hub site.

The ITE *Trip Generation Manual* typically reports trip generation rates two ways; namely as the average rate and using the "best fit" mathematical relationship between the number of trips generated and the independent variable. R-squared, also known as the coefficient of determination, is used to measure how well the best fit equations match the surveyed traffic counts. The *Trip Generation Manual* recommends that the best fit equation only be used when the R^2 is greater than or equal to 0.50 and certain other conditions being met; otherwise the average rate should be used.

Data Collection

WRCOG provided a list of recommended trip generation study sites after reviewing potential sites within the Inland Empire with its member agencies. The list included 11 fulfillment centers and 5 parcel hub sites as follows:

Fulfillment Centers

1. Walmart: 6750 Kimball Ave, Chino, CA 91708
2. Amazon: 24208 San Michele Rd, Moreno Valley, CA 92551
3. Lineage Logistics: 1001 Columbia Ave Riverside, CA 92507
4. P&G: 16110 Cosmos Street, Moreno Valley, CA 92551
5. Big 5: 6125 Sycamore Canyon Blvd, Riverside, CA 92507
6. Nestle USA: 3450 Dulles Drive, Jurupa Valley, CA
7. Home Depot: 11650 Venture Drive, Jurupa Valley, CA
8. ACT Fulfillment Center: 3155 Universe Drive, Jurupa Valley, CA
9. Petco: 4345 Parkhurst Street, Jurupa Valley, CA
10. Komer: 11850 Riverside Drive, Jurupa Valley, CA
11. Ross: 3404 Indian Ave Perris, CA 92571

Parcel Hubs

12. UPS: 15801 Meridian Pkwy, Riverside, CA 92518
13. FedEx: 330 Resource Dr, Bloomington, CA 92316
14. FedEx Freight: 12100 Riverside Drive, Jurupa Valley, CA
15. UPS Chain Logistics: 11811/11991 Landon Drive, Jurupa Valley, CA
16. DHL: 12249 Holly St N, Riverside, CA 92509

Traffic counts were collected at all of these sites. These were 72-hour driveway counts collected using video cameras for three-midweek days starting June 26, 2018. Video collection was determined to be preferable to collection data by means of machine counts, which can be problematic for driveways where vehicles are maneuvering at slow speeds. Video counts provide the ability for human viewers to review the captured footage to classify vehicles into 5 types (car, large 2-axle, 3-axle, 4-axle, and 5+ axle truck). The three-day average was calculated and used for the purposes of this study.

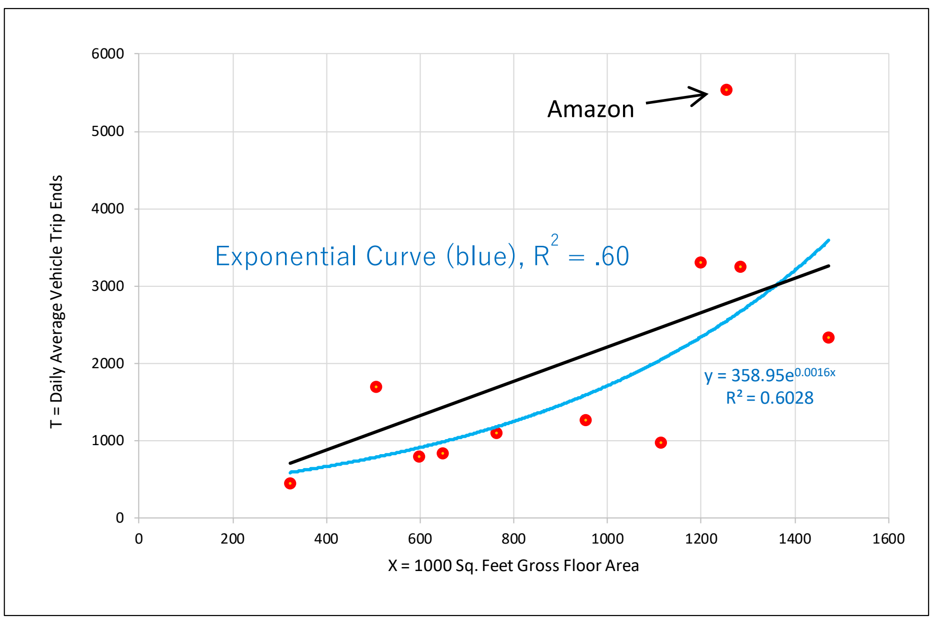
Fulfillment Centers

By Building Size

Exhibit 1 displays a data plot of daily vehicle trips for the 11 fulfillment centers against building size as the independent variable. The average trip generation rate for fulfillments centers (see black line in Exhibit 1) was found to be 2.2 trips/TSF, compared to the 1.4 trips/TSF found for conventional high-cube warehouses in the ITE/SCAQMD/NAIOP study (i.e. about 50% higher).

Exhibit 1 denotes one outlier data point representing the Amazon site in the upper right of the chart. As shown, the average daily trips generated at this facility is over 50% higher than the trips generated at the two sites of similar size (Walmart and Ross), which appears indicative of a greater frequency of same day e-commerce deliveries from Amazon to individual consumers.

Exhibit 1: Data Plot for Daily Total Vehicle Trip Ends against Building Size (Fulfillment Center)



The best fit equation was an exponential relationship with R^2 of 0.60 (i.e. high enough to meet the criteria of acceptability). This is shown as a blue line in Exhibit 1. An exponential relationship, meaning that the larger the building the higher the trip generation rate, is quite unusual. Exhibit 2 takes a deeper look at this by showing the daily vehicle trip generation rates for each of the 11 surveyed fulfillment centers sorted by the smallest to the largest building size from left to right. As shown, small sites tend to generate fewer trips per thousand square feet, but higher percentage of trucks. On the other hand, largest sites tend to generate a higher number of car trips, but fewer truck trips. So not only is the overall trip generation rate affected by building size, the vehicle mix is affected as well.

Exhibit 2: Daily Vehicle Trip Generation Rates by Building Size for Each Fulfillment Center

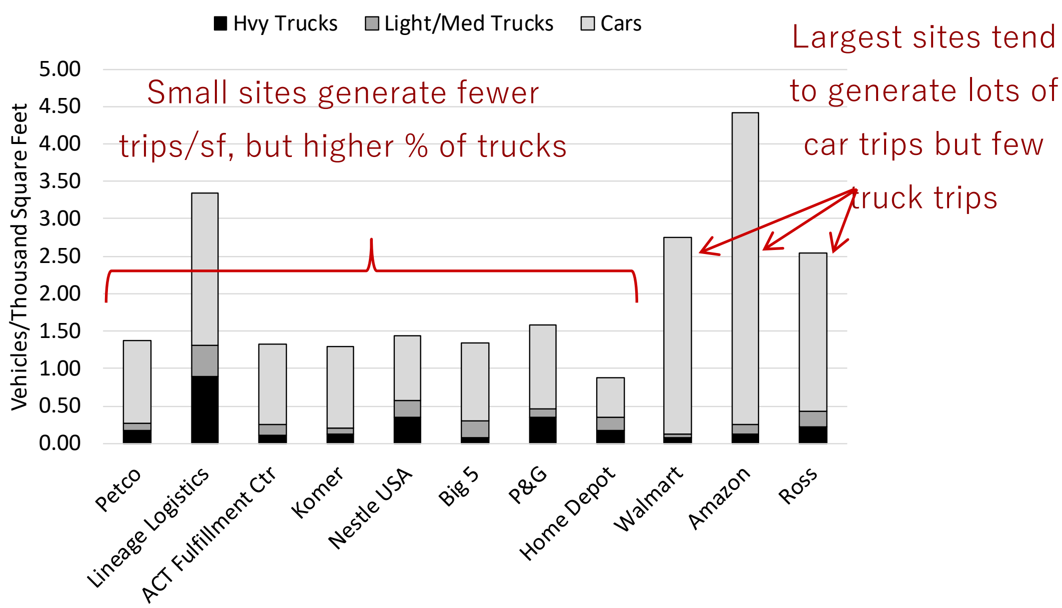


Exhibit 3 and Exhibit 4 show data plots for AM and PM peak hour vehicle trip ends against building size (respectively). The fitted curves had a low R^2, and so we recommend using the average rate.

Exhibit 3: Data Plot for AM Peak Hour Vehicle Trip Ends against Building Size (Fulfillment Center)

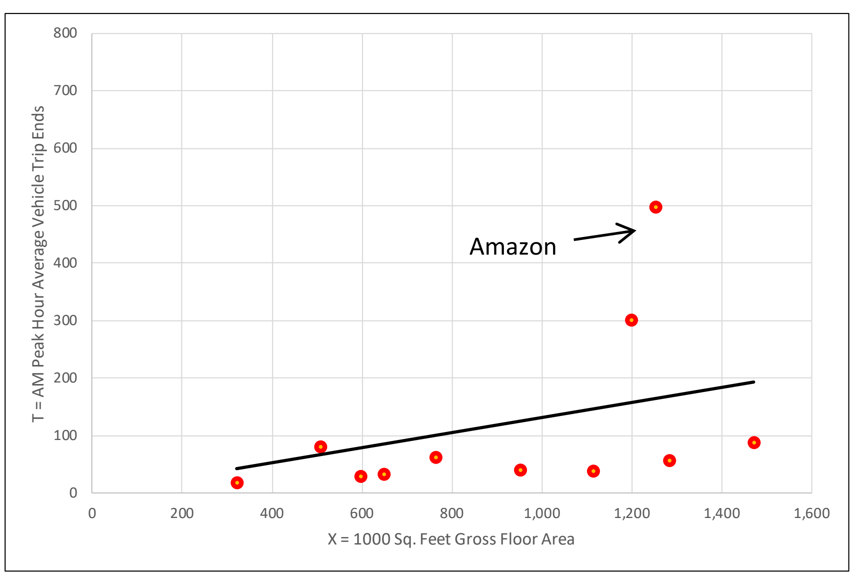


Exhibit 4: Data Plot for PM Peak Hour Vehicle Trip Ends against Building Size (Fulfillment Center)

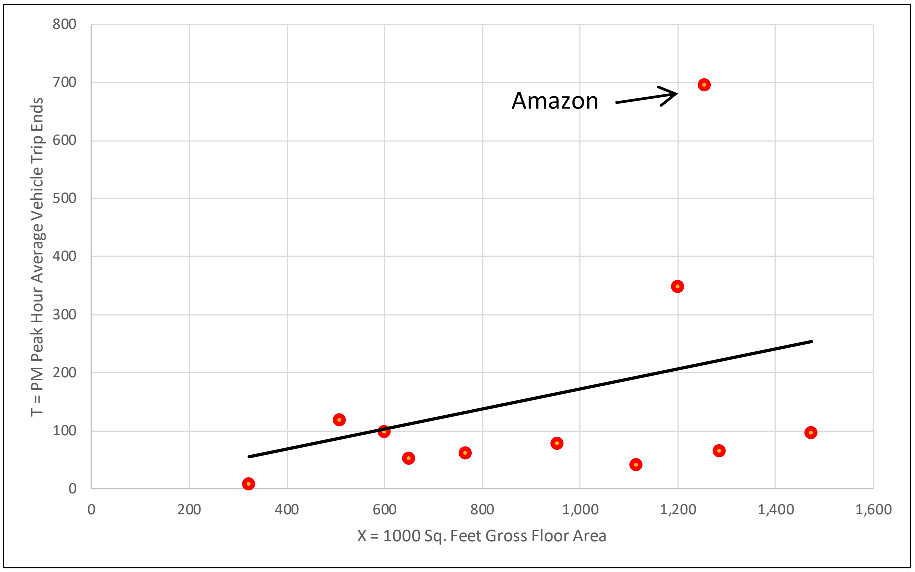
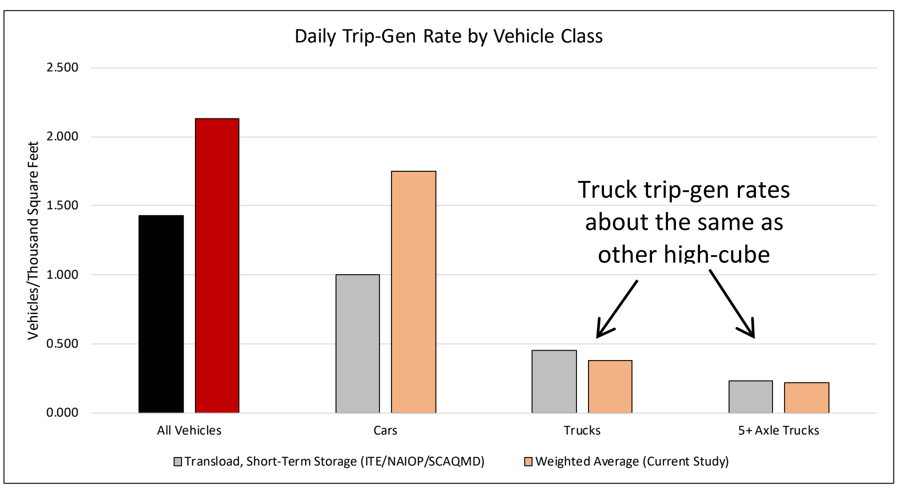


Exhibit 5 compares the average trip generation rates of 11 fulfillment centers with the rates found for conventional transload and short-term storage warehouses in the 2016 high-cube warehouse trip generation study[3] by SCAQMD/NAIOP/ITE. As shown, the fulfillment centers generate more daily vehicle trips than conventional warehouse facilities although trucks are roughly the same. This means that the additional trips by fulfillment centers are entirely due to additional car traffic, which is almost double the rate of car trips generated by conventional warehouses.

Exhibit 5: Conventional Warehouse vs Fulfillment Centers



Visual observation of the fulfillment center sites indicates the higher trip generation rates for cars appears to be mostly due to the use vans and passenger cars as delivery vehicles, particularly for the larger facilities operated by retailers such as Amazon and Walmart.

[3] *High-Cube Warehouse Vehicle Trip Generation Analysis*, Institute of Transportation Engineers, 2016

Exhibit 6 summarizes the AM and PM peak hour trip rates and the daily rates for fulfillment centers based on the findings of this study, and compares the results to rates for conventional transload and short-term storage warehouses.

Exhibit 6: Summary of Trip Generation Rates per Thousand Square Feet of Gross Floor Area for Fulfillment Centers

Vehicle Class	AM Peak Hour		PM Peak Hour		Daily	
	Conventional Warehouse*	Fulfillment Center	Conventional Warehouse	Fulfillment Center	Conventional Warehouse	Fulfillment Center
Cars	0.057	0.103	0.086	0.144	1.000	1.750
2-4 Axle Trucks	0.009	0.008	0.013	0.011	0.221	0.162
5-Axle Trucks	0.015	0.011	0.010	0.010	0.233	0.217
Total	0.082	0.122	0.108	0.165	1.432	2.129
% Higher than Conventional		49%		52%		49%

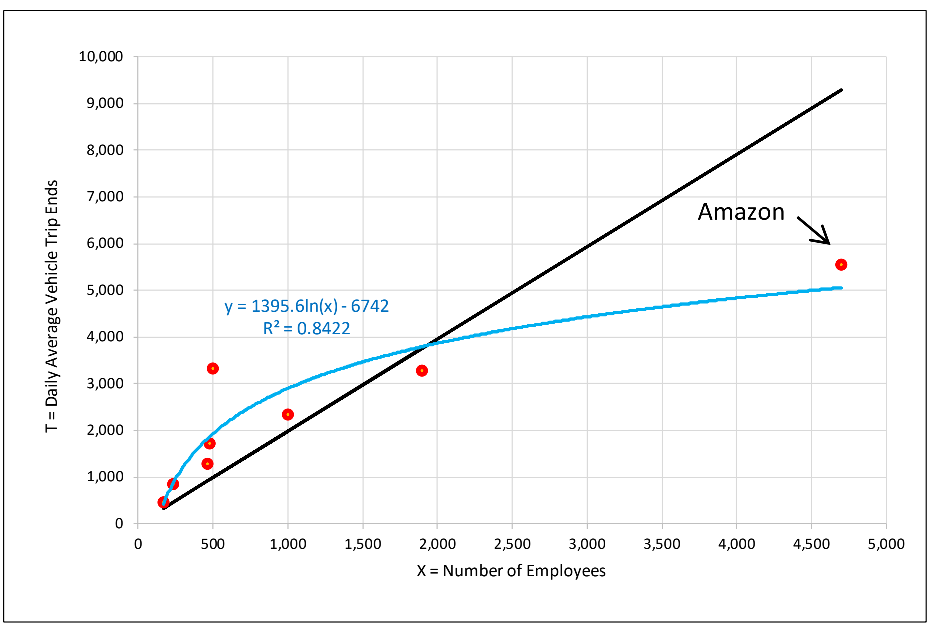
* Transload, Short-Term Storage category in 2016 TIE/ NAIOP/ SCAQMD study

By Employee

The WRCOG contacted the surveyed fulfillment centers and obtained employment data for eight of the eleven sites. Exhibit 7 shows a data plot for those eight sites for daily total vehicle trip ends against the number of employees. The best fit equation was logarithmic function which had an R^2 of 0.84, indicating a very good fit. Notably, the Amazon site, which was an outlier for trip generation based on floor area (see Exhibit 1), correlates more closely to other sites when employment is used instead. The average trip generation rate for fulfillments centers (represented by the black line in Exhibit 7) was found to be 2.0 trips/TSF

No comparison was made to any previous rates per employees because none of the previous high-cube warehouse related trip generation studies included correlation of trips with employment data.

Exhibit 7: Data Plot for Daily Total Vehicle Trip Ends against Employee (Fulfillment Center)



The data plots for the AM and PM peak hour total vehicle trip ends against the number of fulfillment center employees are shown in Exhibit 8 and Exhibit 9. The best fit equations are linear regressions (shown with black lines) which show a good R^2 for both the AM and PM peak periods.

Exhibit 8: Data Plot for AM Peak Hour Total Vehicle Trip Ends against Employee (Fulfillment Center)

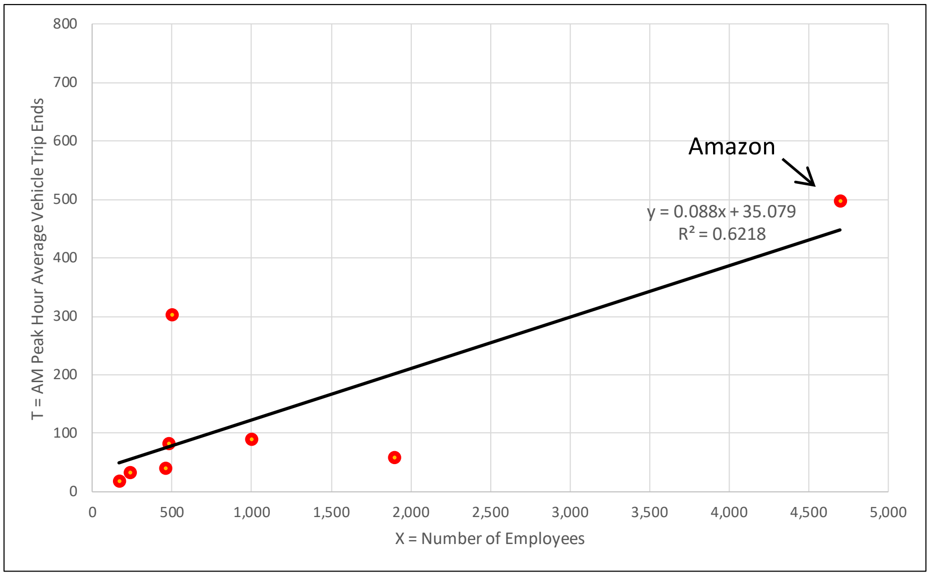


Exhibit 9: Data Plot for PM Peak Hour Total Vehicle Trip Ends against Employee (Fulfillment Center)

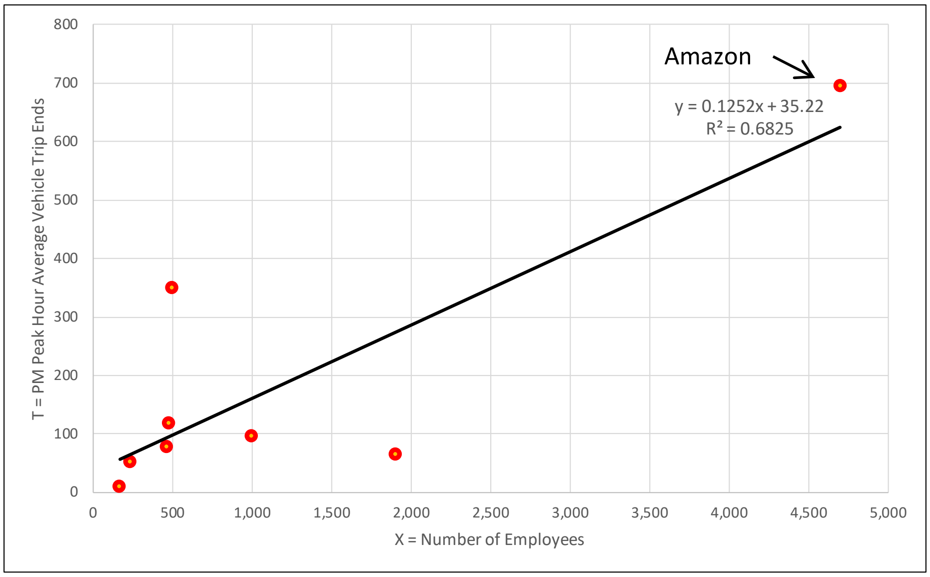


Exhibit 10 summarizes the AM and PM peak hour trip rates and the daily rates for trip generation per employee at fulfillment centers based on the findings of this study.

Exhibit 10: Summary of Trip Generation Rates per Employee for Fulfillment Centers

Vehicle Class	AM Peak Hour	PM Peak Hour	Daily
Cars	0.102	0.139	1.673
2-4 Axle Trucks	0.006	0.008	0.125
5-Axle Trucks	0.009	0.008	0.178
Total	0.118	0.155	1.977

Parcel Hubs

By Building Size

Exhibit 11 displays daily vehicle trip generation rates by building size for each of five parcel hub sites. They are sorted by the smallest to the largest building size from left to right. In this case the small sites generate significantly more trips of every kind than the larger sites, which is the opposite to the pattern observed for fulfillment centers.

Exhibit 11: Daily Trip Generation Rates at Parcel Hubs

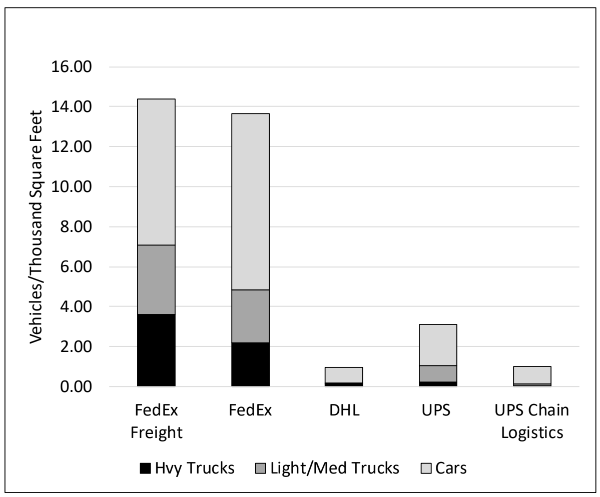


Exhibit 12 shows a data plot of daily vehicle trips of five parcel hubs against building size. As shown, a linear best fit was negative. During the collection of traffic data, construction activity was observed at the FedEx site potentially tainting the validity of these data to represent typical trip generation characteristics. To determine if the trip generation at this site was contributing to the poor data correlation, Exhibit 13 displays the same daily data plot without the FedEx site. The linear best fit shows a positive slope, but remains almost flat effectively indicating no correlation between the daily trips and building size based on the analysis of these sites.

The basic premise of the ITE trip generation approach is that the number of trips generated by a project is proportional to its size. That premise does not hold true for the parcel hubs in this sample and so no meaningful trip generation rates could be determined based on the data collected in support of this study. It should be recognized that a sample size of four or five sites represents the minimum recommended by ITE for valid trip generation studies, and for this reason, it is recommended that additional sites would need to be investigated and included in the data set to develop a more definitive finding on trip generation rates. Furthermore, it may be appropriate to determine the specific function at each site, due to the disparity between the rates observed at the FedEx sites versus the other three sites. It is likely that the function served by the respective sites is significantly different, as reflected in the trip generation rates, thereby necessitating reclassification of these uses for comparative purposes.

Exhibit 12: Data Plot for Daily Total Vehicle Trip Ends against Building Size (Parcel Hubs)

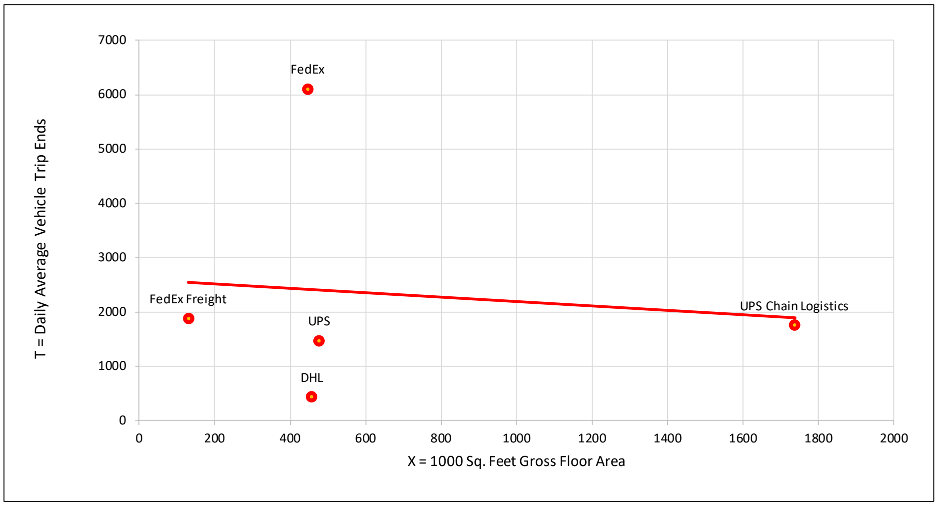
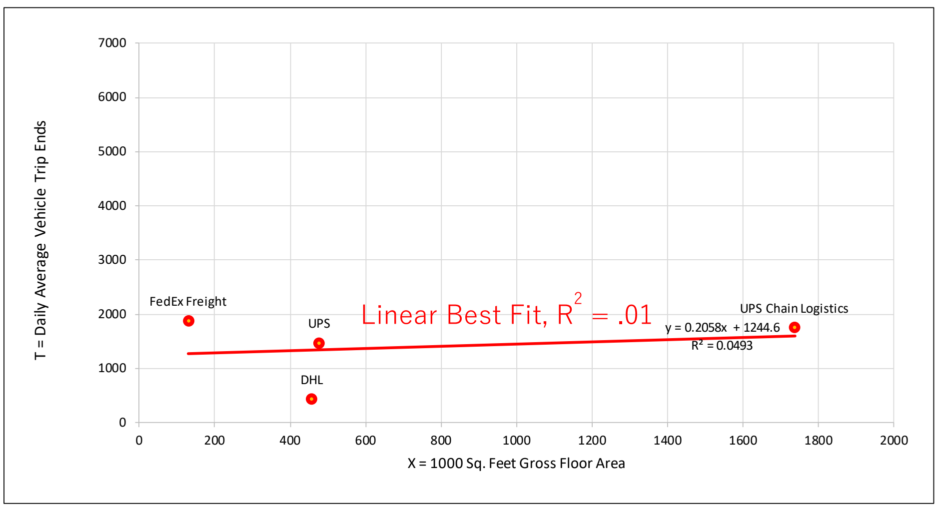


Exhibit 13: Data Plot for Daily Vehicle Trip Ends against Building Size without Construction Site



Conclusions

Our survey of 11 fulfillment centers produced trip generation rates based on the gross floor area of the sites that satisfies ITE's standards for use. The findings of the study indicate that the daily trip generation rates for fulfillment centers is approximately 2.1 trips per thousand square feet of gross floor area, which is roughly 50% higher than the comparable rate for conventional transload and short term storage warehouses previously defined in the ITE *Trip Generation Manual* Version 10. The results of the study further indicate that the higher rates were entirely due to more cars traffic at these sites; the trip generation rates for trucks was found to comparable to those at conventional warehouses.

Employment data were available for eight out of 11 fulfillment center sites. This provided the ability to determine trip generation rates per employee. The study results indicate that that trip generation for fulfillment centers is approximately 2.0 trips per employee. The study also found that the trip generation rate per employee correlated more closely that the trip generation rate per thousand square feet of gross floor area.

The data from the five parcel hubs did not show any statistically meaningful relationship between trips and building size. Therefore, no trip generation rate could be calculated. However, the data collected at these sites may provide a useful basis for further comparison with additional sites to provide more data points for analysis.

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Item 5.C

TUMF Fee Calculation Handbook Updates: High Cube Warehouse Calculation and Administrative Updates

Attachment 2

Section 1.1., High-Cube Warehouses, of the TUMF Fee Calculation Handbook

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1.1. High-Cube Warehouses

1.1.1. Summary

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

1. Subtract 200,000 square feet from the total gross floor area
(*i.e. for the example facility it is 450,000 – 200,000 = 250,000 square feet*)
2. Multiply the resultant value from step 1 which is total gross floor area in excess of 200,000 square feet by 0.36
(*i.e. for the example facility it is 250,000 x 0.36 = 90,000 square feet*)
3. Add 200,000 square feet to the resultant value of step 2
(*i.e. for the example facility it is 200,000 + 90,000 = 290,000 square feet*)
4. Use the resultant value of step 3 as the gross floor area to calculate the TUMF obligation using **Worksheet A.2.1** for standard non-residential fee calculations.

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

1.1.2. Detailed Narrative

High-cube warehouses are primarily for the storage and/or consolidation of manufactured goods (and to a lesser extent, raw materials) prior to their distribution to retail locations or other warehouses. These facilities typically have a high level of on-site automation and logistics management enable highly-efficient processing of goods through the facility. High-cube warehouses include, but may not be limited to, the following types of facilities:

- High-cube transload and short-term storage facilities typically provide for consolidation and distribution of loads for manufacturers, wholesalers or retailers.

Transload and short-term storage facilities typically provide limited storage duration, high throughput and high-efficiency distribution.

- Fulfillment centers include high-cube warehouses typically characterized by significant storage and direct distribution of ecommerce products to the end users. These facilities typically handle smaller packages and quantities than other types of high-cube warehouses.
- High-cube parcel hub warehouses typically serve as regional and local freight-forwarding facilities of time sensitive shipments via air freight and ground carriers. These sites may also include truck maintenance, wash, and/or fueling facilities ancillary to the primary use of the site.
- High-cube cold storage warehouses are facilities that provide temperature-controlled environments for the storage and distribution of frozen foods or other perishable products.

For the purpose of determining the TUMF obligation, all high-cube warehouses are defined as follows:

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

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

A review of Trip Generation 9th Edition (Institute of Traffic Engineers, 2012) indicates the average weekday daily trip generation rate for high-cube warehouses is 1.68 trips per thousand square feet, while the weekday PM peak-hour trip generation rate for the same uses is approximately 0.16 trips per thousand square feet of building area. By comparison, traditional warehouse uses have a weekday daily trip generation rate of 3.56 trips per thousand square feet, and PM peak-hour trip generation rates of 0.45 trips per thousand square feet and 0.58 trips per employee. A study of the trip generation characteristics of fulfillment centers in the Inland Empire of Southern California completed in January 2019 by WSP for the Western Riverside Council of Governments (WRCOG) found trip generation rates of these facilities to be generally consistent with the rates prescribed in Trip Generation 9th Edition for all high-cube warehouse uses, with an average weekday daily trip generation rate of 2.13 trips per thousand square feet and an average weekday PM peak rate of 0.16 trips per thousand square feet.

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

Table 5.7 – Characteristics of High-Cube Warehouses and Distribution Centers

Land Use Type	*Average Daily Vehicle Trips per 1,000 sqft*	*Average PM Peak Vehicle Trips per 1,000 sqft*	*Average PM Peak Trips per Employee*	*TUMF Weighted Equivalent sqft **
Warehousing (i) (150)	3.56	0.45	0.58	
High-Cube Warehouse (i) (152)	1.68	0.16		***0.36***
Fulfillment Centers (ii)	2.13	0.16	0.16	
Warehouse/Distribution Center (iii)	1.10	0.08		
All TUMF Industrial Use Types (i)	5.33			

Source: (i) Trip Generation 9th Edition, Institute of Traffic Engineers, 2012
(ii) TUMF High-Cube Warehouse Trip Generation Study, WRCOG, January 2019
(iii) San Bernardino/Riverside County Warehouse/Distribution Center Vehicle Trip Generation Study, Crain and Associates, January 2005

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

The gross floor area equivalency for High-Cube Warehouses is based on the average of the trip generation characteristics of High-Cube Warehouse, which is quantified in the Trip Generation 9th Edition in terms of both daily and peak trips per thousand square feet gross floor area, and Fulfillment Centers, which is quantified in the TUMF High-Cube Warehouse Trip Generation Study in terms of both daily and peak trips per thousand square feet gross floor area as well as per employees. Based on this information, the simple average daily trip generation rate for a high-cube warehouse, including fulfillment centers, is approximately 1.90 trips per thousand square feet of gross floor area. To account for the variation in trip generation rates between high-cube warehouses, including fulfillment centers, and all TUMF industrial land use types, the gross floor area equivalency was weighted based on the relative trip generation between high-cube warehouses, including fulfillment centers, and the median of all TUMF Industrial Uses as used in the TUMF Nexus Study. The weighted gross floor area equivalency for high-cube warehouses is 0.36.

For the purpose of calculating the TUMF obligation for *High-Cube Warehouses* with a minimum gross floor area of 200,000 square feet, a minimum ceiling height of 24 feet and a minimum dock-high door loading ratio of 1 door per 10,000 square feet, the gross floor area *in excess of 200,000 square feet* will be multiplied by *0.36* and the resultant value *increased by 200,000 square feet* to determine the equivalent number of square feet of floor area. The *equivalent floor area will be used for the purpose of calculating the TUMF* at the rate prescribed by the respective local jurisdictions TUMF Ordinance and supported by the TUMF Nexus Study. For example, a high-cube warehouse with a gross floor area of 450,000 square feet, a ceiling height exceeding 24 feet and a dock-high door loading ratio exceeding 1:10,000 (for the example facility it is at least 45 dock-high door loading bays i.e. 450,000/10,000 = 45) the equivalent floor area would be 290,000 square feet ({[450,000 - 200,000] x 0.36} + 200,000 = 290,000)

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

Worksheet A.2.8 High-Cube Warehouse TUMF Calculation Worksheet

[ ] **Enter Gross Floor Area of Qualifying Building(s) (in square feet)**	**– 200,000 =**	[ ]	← **Total A**
[ ] **Enter Total A**	**X 0.36 =**	[ ]	← **Total B**
[ ] **Enter Total B**	**+ 200,000 =**	[ ] **Enter this value as (part of) the Total Gross Floor Area of Industrial Buildings in Worksheet A.2.1**	

Western Riverside Council of Governments
Administration & Finance Committee

Staff Report

Subject: **Options for Potential WRCOG Assistance for Regional Housing Needs Assessment Subregional Delegation**

Contact: **Christopher Gray, Director of Transportation & Planning, cgray@wrcog.us, (951) 405-6710**

Date: **April 10, 2019**

The purpose of this item is to *discuss Subregional Delegation for the upcoming development of the Sixth Cycle Regional Housing Needs Assessment.*

Requested Action:

1. Discuss and provide input.

Background

Each local government in California is required to adopt a Housing Element as part of its General Plan that shows how the community plans to meet the existing and projected housing needs of people at all income levels. The Regional Housing Need Allocation (RHNA) is the state-mandated process to identify the total number of housing units (by affordability level) that each jurisdiction must accommodate in its Housing Element. As part of this process, the California Department of Housing and Community Development (HCD) and the Southern California Association of Governments (SCAG) identify the total housing need for the SCAG region. California's Housing Element Law (Government Code, section 65584.04) charges SCAG with developing a "methodology to distribute the identified housing need to local governments in a manner that is consistent with the development pattern included in the Sustainable Communities Strategy (SCS), unless a delegate subregion has been established." California's Housing Element Law (Government Code, section 65584.03) allows for "at least two or more cities and a county, or counties, to form a "subregional entity" for the purpose of allocation of the subregion's existing and projected need for housing among its members in accordance with the allocation methodology established."

SCAG is currently preparing for its 6th RHNA Cycle, which will cover the planning period of October 2021 through October 2029. In the 4th RHNA Cycle, the Cities of Los Angeles and San Fernando, and the South Bay Cities and Ventura COGs assumed responsibility for the RHNA allocation. No subregions assumed responsibility for the RHNA allocation in Cycle 5, perhaps indicating the challenges of delegation outweighed the benefits.

WRCOG was asked by multiple member agencies to explore the possibility of taking subregional delegation in RHNA Cycle 6. The following outlines the findings of WRCOG's research.

RHNA Cycle 6 Options

SCAG has indicated that the 6th Cycle RHNA updates will commence in the fall of 2019 for incorporation into the SCAG 2020 Regional Transportation Plan / Sustainable Communities Strategy (RTP/SCS) and local jurisdictions' next housing element updates. Staff expects that, under SCAG, Cycle 6 will proceed using a similar process to previous updates, in which local agencies are provided draft allocations and then given the opportunity to review and comment on their targets. Alternately, WRCOG and/or a subset of WRCOG member jurisdictions could form a subregional entity to lead the subregion's allocation.

Under the subregional delegation process, WRCOG would utilize consultant services to develop a unique methodology to allocate the assigned housing targets in participating member agencies, as opposed to having SCAG lead the application of a methodology it develops. In an attempt to evaluate the pros and cons of this option, staff has reviewed the draft guidelines and is seeking additional information from others who have exercised this option in the past. There are significant questions regarding the likely cost of an effort and legal implications which need to be addressed. Listed below is a summary of information regarding potential pros and cons. WRCOG would need to formally notify SCAG of a decision to form a subregional entity and take on subregional delegation by June 28, 2019.

How Would Subregional Delegation Work?

The first step to implement Subregional Delegation is that WRCOG would have to meet with SCAG and the California Department of Housing and Community Development (HCD) and agree on an approach to allocate housing units within the WRCOG subregion. There would likely be an extended negotiation touching on broader policy issues as well as key technical assumptions. As part of this process, SCAG and HCD would verify that WRCOG's proposed approach is consistent with all applicable regulations as well as recent legislation.

Second, WRCOG would receive an allocation of housing units from SCAG. It is unknown at this time whether there would be an opportunity to appeal the original allocation from SCAG or whether such an appeal would need to wait until later in the process. Regardless, WRCOG would have to thoroughly review the initial allocation based on staff's understanding of likely regional growth patterns and recent trends regarding housing and population growth.

Next, WRCOG would work collaboratively with participating member agencies to allocate the units, by income level, to various areas within the WRCOG subregion. It is anticipated that once an initial allocation is done, it will then be forwarded to SCAG and HCD for review.

A key element of this process will be creating a dispute resolution or appeals process. It is anticipated that WRCOG could use its existing Committee structure or possibly develop a new Ad Hoc Committee to hear appeals from local agencies regarding their allocation. A process similar to the TUMF appeals might be applicable in this situation.

Advantages to Subregional Delegation

The most significant advantages to subregional delegation include:

- Greater local control via the process of establishing a subregion-specific methodology for allocation.
- A separate appeal process from SCAG, meaning that a successful appeal within the SCAG region would not result in an increased allocation to the subregion.
- Increased transparency, as a natural biproduct of WRCOG and participant member jurisdictions working closely on the allocation. In contrast, SCAG's process is sometimes seen as a bit of a "black box," even though SCAG does make a significant effort to share information with local jurisdictions.

Disadvantages to Subregional Delegation

The most significant advantages to subregional delegation include:

- Potential to cause friction between WRCOG and its members and even between members – this has been an issue with other agencies which have pursued subregional delegation in the past. In particular, there is some information that there is friction between agencies regarding allocation decisions made during the 4th RHNA Cycle (nearly eight years ago).

- High costs associated with contracting with a consultant team to lead the subregional delegation – SCAG is offering $50,000 to subregions which establish a delegation plus $2,500 per participating jurisdiction (up to $95,000) to offset a portion of the costs of subregional delegation; however, the total cost is anticipated to be higher (upwards of $150,000 - $250,000).
- Uncertainty of whether or not subregional delegation will yield a significantly more favorable outcome for member jurisdictions to justify the associated costs – the issues most agencies have with RHNA are likely deeper rooted in the program logistics than in the past SCAG methodologies.
- As a subregional entity, WRCOG would not have indemnification protection from SCAG and would have to be prepared to cover any other costs associated with challenges that could arise.

Recent Consideration of Subregional Delegation

The Planning Directors Committee (PDC) first considered subregional delegation as part of a broader discussion of housing shortages at its February 2019 meeting. One PDC member expressed a desire to pursue subregional delegation as a means to achieve greater local control and with the idea that working with WRCOG to address changes might be easier than working with SCAG.

Staff introduced the possibility of subregional delegation to the Technical Advisory Committee (TAC) at its February 2019 meeting. TAC members expressed reservations with taking on subregional delegation because of the inherent risks, citing the potentially high out-of-pocket cost, the likelihood of negatively impacting WRCOG's relationship with its member jurisdictions, and the loss of the ability to dispute growth assignments with jurisdictions outside of the WRCOG subregion.

Staff indicated to both Committees that staff would return with additional information at subsequent meetings.

Prior Action:

April 1, 2019: The Executive Committee received and filed.

Fiscal Impact:

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

Attachment:

None.

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