



Western Riverside Council of Governments Administration & Finance Committee

AGENDA

**Wednesday, November 14, 2018
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 agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

3. MINUTES

A. Summary Minutes from the October 10, 2018, Administration & Finance Committee Meeting are Available for Consideration.

P. 1

Requested Action: 1. *Approve the Summary Minutes from the October 10, 2018, 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. Approval of Administration & Finance Committee 2019 Meeting Schedule P. 13

Requested Action: 1. *Approve the Schedule of Administration & Finance Committee meetings for 2019.*

C. Approval of Memorandum of Understanding (MOU) to Provide Continued Membership of the Riverside County Superintendent of Schools on WRCOG for a Period of Three Years P. 19

Requested Action: 1. *Recommend that the Executive Committee approve a three-year extension to the MOU between WRCOG and the Riverside County Superintendent of Schools for the Superintendent to serve as an ex-officio member of the Executive Committee.*

D. Approval of Revised Agency Investment Policy P. 25

Requested Action: 1. *Recommend that the Executive Committee adopt WRCOG Resolution Number 44-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting a revised Investment Policy.*

5. REPORTS / DISCUSSION

A. Approval of 1st Quarter Draft Budget Amendment for Fiscal Year 2018/2019 P. 43

Requested Action: 1. *Recommend that the Executive Committee approve the 1st Quarter Draft Agency Budget Amendment for Fiscal Year 2018/2019.*

B. Appointment of WRCOG Representatives to Various Committees P. 67

Requested Actions:

1. *Recommend that the Executive Committee appoint one primary and one alternate representative to the California Association of Councils of Governments for terms commencing January 1, 2019, and ending December 31, 2020.*
2. *Recommend that the Executive Committee appoint two primary and two alternate representatives to the County of Riverside Waste Management Task Force for terms commencing January 1, 2019, and ending December 31, 2020.*
3. *Recommend that the Executive Committee appoint one representative to the Santa Ana Watershed Project Authority's One Water One Watershed Steering Committee for terms commencing January 1, 2019, and ending December 31, 2020.*
4. *Recommend that the Executive Committee appoint one primary and one alternate representative to the San Diego Association of*

- Governments' Borders Committee for terms commencing January 1, 2019, and ending December 31, 2020.*
5. *Recommend that the Executive Committee appoint six representatives to SCAG Policy Committees for terms commencing January 1, 2019, and ending December 31, 2020.*

C. Allocation of Funds from the Beaumont Settlement

P. 69

- Requested Actions:**
1. *Recommend that the Executive Committee direct staff to allocate any existing and future funds received from the Beaumont 3rd party settlements via the Nexus Study formula.*
 2. *Recommend that the Executive Committee direct staff to coordinate with the Riverside County Transportation Commission to add the I-10 Bypass, the I-10 / Cherry Valley Boulevard Interchange, and the I-10 / Highland Springs Interchange to the list of Regional TUMF Projects in the Pass Zone along with the SR-60 / Portrero Boulevard Interchange.*
 3. *Recommend that the Executive Committee direct staff to allocate the initial \$5 million in funding to the Pass Zone to projects in Banning and Calimesa.*
 4. *Recommend that the Executive Committee direct staff that any future 3rd Party settlement funds allocated to the Pass Zone be distributed using the existing Zone decision making process.*

D. Experience Regional Innovation Center Feasibility Analysis Activities Update

P. 77

- Requested Actions:**
1. *Recommend that the Executive Committee authorize staff to proceed with next phase in the implementation of the Experience Center.*
 2. *Recommend that the Executive Committee direct staff to negotiate a Memorandum of Understanding (MOU) with the selected host jurisdiction to implement the Experience Center.*
 3. *Recommend that the Executive Committee direct staff to include a cost sharing mechanism in the MOU to limit future WRCOG expenditures to share staffing costs to support Experience.*
 4. *Recommend that the Executive Committee direct staff to include specific milestones for the development and implementation of the MOU, including deadlines related to funding commitment and site selection.*
 5. *Recommend that the Executive Committee appoint two of its members to represent WRCOG in negotiating an MOU with the selected Experience host jurisdiction.*

E. Regional Energy Network (REN) Proposal

P. 135

- Requested Actions:**
1. *Recommend that the Executive Committee authorize the Executive Director to develop a joint cooperation agreement between CVAG, SBCOG, and WRCOG.*
 2. *Recommend that Executive Committee direct the Executive Director to release an Request for Proposals for feasibility & implementation of a Regional Energy Network.*

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, December 12, 2018, at 12:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.

9. ADJOURNMENT

1. CALL TO ORDER

The meeting of the Administration & Finance Committee (Committee) was called to order at 12:02 p.m. by 2nd Vice-Chair Laura Roughton at WRCOG's Office, Citrus Conference Room.

Members present:

Debbie Franklin, City of Banning
Eugene Montanez, City of Corona
Laura Roughton, City of Jurupa Valley (2nd Vice-Chair)
Brian Tisdale, City of Lake Elsinore
Kelly Seyarto, City of Murrieta
Rusty Bailey, City of Riverside
Ben Benoit, City of Wildomar
Marion Ashley, County of Riverside District 5
Brenda Dennstedt, Western Municipal Water District

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Rick Bishop, Executive Director
Andrew Ruiz, Interim Chief Financial Officer
Casey Dailey, Director of Energy and Environmental Programs
Princess Hester, Administrative Services Officer
Michael Wasgatt, Program Manager
Andrea Howard, Program Manager
Tyler Masters, Program Manager
Christopher Tzeng, Program Manager
Daniel Ramirez-Cornejo, Program Manager
Janis Leonard, Administrative Services Manager
Cynthia Mejia, Staff Analyst
Jessica May, Staff Analyst
Kyle Rodriguez, Staff Analyst
Rachel Hom, Staff Analyst
Sofia Perez, Staff Analyst
Suzy Nelson, Administrative Assistant

Guests present:

Warren Diven, Best Best & Krieger
Arnold San Miguel, Southern California Association of Governments

2. PUBLIC COMMENTS

There were no public comments.

3. MINUTES – *(Wildomar / Murrieta) 9 yes; 0 no; 0 abstention. Item 3.A was approved. The City of Hemet and the County, District 3 were not present.*

A. Summary Minutes from the July 11, 2018, Administration & Finance Committee Meeting are Available for Consideration.

- Action:** 1. *Approved the Summary Minutes from the July 11, 2018, Administration & Finance Committee meeting.*

4. CONSENT CALENDAR – (County, District 5 / Banning) 9 yes; 0 no; 0 abstention. Items 4.A through 4.F were approved. The City of Hemet and the County, District 3 were not present.

A. Finance Department Activities Update

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

B. Single Signature Authority Report

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

C. Update on Assembly Bill 1912: Public Employees' Retirement: Joint Powers Agreements: Liability

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

D. Amendment to the Appendix of the WRCOG Conflict of Interest Code

- Action:** 1. *Recommended that the Executive Committee adopt WRCOG Resolution Number 42-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments Amending the Conflict of Interest Code Pursuant to the Political Reform Act of 1974.*

E. Development of a Sustainability Indicators Report Update

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

F. Experience Regional Innovation Center Feasibility Analysis Update

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

5. REPORTS / DISCUSSION

A. 27th Annual General Assembly & Leadership Address Activities Update

Cynthia Mejia reported that all costs for this year's event was covered by sponsorships. The surplus of \$10,757 will be applied to past years' deficits. Staff continues hearing positive comments about the event. Steve Forbes, the keynote speaker, was very easy to work with.

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

B. PACE Programs Activities Update

Casey Dailey reported that in September 2015, the Executive Committee adopted a policy that the number of delinquencies will be reviewed on an annual basis, and will determine collection rights and/or begin a foreclosure process.

For the 2017/2018 tax roll just over 51,000 assessments were enrolled, totaling just over \$160 million. Of those, 400 parcels were delinquent as of September 24, 2018. The delinquency rate is .72%; the county's delinquency rate is 2.43%.

Renovate America has the first right of refusal, and has indicated that it will not purchase the delinquent assessment receivables. Staff have identified a 3rd party, First National Asset, which is interested in

purchasing them. The Purchase and Sales Agreement is anticipated to close next week.

There is one commercial property located in the City of Fresno that is delinquent in its tax payments. The PACE Master Indenture dictates that WRCOG either initiate judicial foreclosure or defer the foreclosure process. The bond holder has requested that WRCOG begin the judicial foreclosure process. In the event the property owner comes current on its taxes, or if funds can be advanced from another source, WRCOG will not initiate foreclosure proceedings.

Committee member Eugene Montanez asked if staff can come up with a process in which WRCOG can file a lien.

Mr. Dailey responded that staff have reached out to the property owner to try and set up a payment plan; however, the property owner has not been responsive. It is anticipated that the \$3,100 due will come current sooner rather than later.

Committee member Montanez indicated that if the bond holder is pressuring WRCOG for that little amount, perhaps the bond holder can raise its threshold, or the process of delinquencies need to be streamlined.

Mr. Dailey responded that staff can work with legal counsel to create a process in which staff does not have to return on an annual basis for these types of situations.

As part of the PACE compliance manual, staff has developed a process to review and address complaints as they arrive. Once a complaint is received, staff speaks with the provider regarding the nature of the complaint. It is the responsibility of the contractor to work with the home owner to resolve any matters. If matters cannot be resolved, the provider and the home owner work to resolve any matters; WRCOG oversees this process to ensure the property owner understands the nature of the complaint being resolved.

There are very few instances in which the contractor and provider have done everything they are required to do by law, and the property owner is still not satisfied with the resolution. WRCOG's call center completes dispute resolution calls.

A \$40 annual assessment fee is charged to each property owner who has a PACE assessment. As changes in the PACE market have occurred, staff have been working to develop a long-term plan to develop costs to administer PACE Programs in a responsible way. An increase of \$10 will achieve the objective of a \$2.5 million reserve in the event the Program ends, and support the overall operation of the Program such as call center staff and recording of assessments. Annual fees with other PACE Programs range from \$50 to \$90. Los Angeles County's PACE Program charges an annual fee of \$25; however, it should be noted that it does not have a call center or the apparatus in place to provide commensurate customer service and Program oversight. Staff believes this is the right thing to do for the long-term sustainability of the Program. The Executive Committee has given staff the authority to adjust the fee based upon the needs of the Program.

2nd Vice-Chair Roughton asked for a reminder on fees that were adjusted not too long ago.

Mr. Dailey responded that this fee was adjusted by \$10 earlier in the year. That increase was to help pay for consultant fees. The proposed increase today is geared toward building reserves in the event the Program were to cease; current assessments would still need to be managed for up to 25 years in some cases. Staffing would be scaled down; however, there would still be ongoing requirements to service those assessments.

Committee member Rusty Bailey asked what percentage of the reserves are in the annual budget. Mr. Dailey responded that it takes between \$2.5 million and \$2.7 million to run the Program on an annual basis.

Committee member Brian Tisdale asked why this increase wasn't included during the last increase.

Mr. Dailey responded that this is a result of the rapidly changing market in PACE. At the time of the last increase, staff believed that the market would remain stable. That is no longer the case.

Rick Bishop added that there has been a significant decline in originations in the last year. In September 2017, there were approximately 1,500 completed assessments statewide for the month; for September 2018, there were 374 completed assessments. This creates a significant impact to the Agency. Staff believes that it is responsible to have reserves in place in the unlikely event the Program ends. This fee will be paid for by property owners whose loans will be serviced over time, so there is a direct nexus in impact.

Mr. Dailey indicated that cities and the county can pretty easily project revenues on an accurate basis. With PACE, there are fluctuations in the market.

2nd Vice-Chair Roughton asked if property owners receive a notice on the increase to the fee.

Mr. Dailey responded that the property owner is notified in their annual assessment.

The California Energy Commission oversees the building standards that are updated every three years. All new production homes built in the year 2020 and beyond will require solar, smart home energy systems, and energy storage capabilities. Those improvements are the types of improvements that PACE finances. There is a potential opportunity to develop legislation for PACE to be a vehicle for new residential construction. Financing can potentially be done at the development scale.

- Actions:**
1. *Recommended that the Executive Committee defer the judicial foreclosure proceedings on delinquent residential parcels of the 2017/2018 tax year and to assign WRCOG's collection rights to a third party for 400 delinquent parcels totaling \$1,162,811.03.*
 2. *Recommended that the Executive Committee authorize the Executive Director to enter in a Purchase and Sales Agreement with the third party, First National Assets, for the purchase of the delinquent assessment receivables.*
 3. *Recommended that the Executive Committee adopt WRCOG Resolution Number 41-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments Ordering the Initiation of Judicial Foreclosure Proceedings Pursuant to the Improvement Bond Act of 1915 of Certain Property for Which the Payment of Assessment Installments Are Delinquent.*

(Riverside / Banning) 9 yes; 0 no; 0 abstention. Item 5.B was approved. The City of Hemet and the County, District 3 were not present.

C. Update to WRCOG JPA and Bylaws

Christopher Gray reported that a presentation on this matter in April 2018 focused on alternate appointments to the Supervisors on the Executive Committee. Staff was further directed in June 2018 to perform a comprehensive review of the Agency's JPA and Bylaws. In the draft documents presented today, most of the changes are minor editing changes.

Changes were required given that the current JPA indicates the County Treasurer is the Treasurer / Auditor of WRCOG; the 2nd Vice-Chair is not listed as a member of the Executive Committee leadership; there was language regarding bond requirements that needed to be revised; and language was added that if an Executive Committee member attends a meeting of one of WRCOG's other standing Committees, the actions of the Executive Committee member is subject to the Brown Act.

Language was added to the Bylaws which now indicates that in the event there is a conflict between the JPA and the Bylaws, the JPA takes precedence. As has been standard practice, language has

been added that indicates the Executive Committee Chair has the power to appoint members to an Ad Hoc Committee. Lastly, language has been added noting which member jurisdictions are authorized to vote on TUMF matters.

The process by which the Board of Supervisors alternate is appointed was not changed, which currently states that the Supervisor for the eastern portion of the County will serve as an alternate to any of the Supervisors. The process by which Executive Committee members are appointed by member jurisdictions was not changed, either.

Changes to the Bylaws take effect after approval by the Executive Committee and are ratified by the General Assembly at its next meeting. Changes to the JPA must first be approved by the Executive Committee, and then two-thirds of WRCOG's member jurisdictions must also approve changes to the JPA; changes then take effect immediately.

Committee member Debbie Franklin asked if the bill regarding JPAs, AB 1912, that the Governor recently signed has any impact on WRCOG's JPA.

Steve DeBaun responded that the bill the Governor signed was strictly related to the PERS matter. AB 1912 only affects member jurisdictions in the event the JPA were to dissolve.

Mr. Gray continued that one of the minor edits included a reference that WRCOG's audit must be sent to the County Treasurer and Comptroller. It was determined that this is not necessary so that language was removed.

Rick Bishop indicated that one of the goals this year for the Agency is to reduce its PERS limited liability obligation by half.

A general discussion amongst Committee members regarding the process of member jurisdictions appointing an Executive Committee representative ensued.

Actions:

1. *Recommended that the Executive Committee approve the updated Bylaws.*
2. *Recommended that the Executive Committee approve the updated JPA.*
3. *Recommended that the Executive Committee direct WRCOG to forward the updated JPA to WRCOG member agencies for their approval.*

(Murrieta / Banning) 9 yes; 0 no; 0 abstention. Item 5.C was approved. The City of Hemet and the County, District 3 were not present.

D. TUMF Zone Boundaries Update

Christopher Gray reported that the overall boundaries of the Zones have not changes since incorporation of the Program, while some jurisdictional boundaries have changed. There was a minor change in 2005 to harmonize the Zones with the Supervisorial Districts.

Earlier this year, two Supervisors asked WRCOG to review the Zone boundaries to determine if any changes need to be made. Current Zone boundaries match the Supervisorial Districts except for four locations.

Committee member Kelly Seyarto asked what the operational issues are.

Mr. Gray responded that one Supervisor's District covers more than one Zone.

Committee member Marion Ashley suggested making any changes with the next Census Study.

Mr. Gray reviewed each Zone which requires changes. Staff was directed to review areas with projected changes in revenues and projects. There may be Zone changes that may affect the overall

revenue and/or projects in that area. Possible change in households before and after any Zone changes were little to none.

Committee member Ashley indicated that sometimes there are issues in which two Zones may have one project in both Zones, and both Zones may not be represented at meetings. Any changes should be made with the next Census Study.

Mr. Gray reiterated that staff was directed to have this with this Committee to discuss revenue and project(s) impacts. Zone primary representatives are not being changed; all changes are in the County's unincorporated area.

Committee member Ben Benoit recognized that changes may come about in two years or so with the Census Study; however, two Supervisors directed staff to present this matter through the Committee structure for input.

Mr. Gray indicated that it has been the recent practice in which both Supervisors from an affected Zone are invited to a meeting.

Action: 1. *Forwarded this item to the Executive Committee for further discussion in adjusting the Zone boundaries.*

(Wildomar / Murrieta) 8 yes; 1 no; 0 abstention. Item 5.C was approved. The City of Hemet and the County, District 3 were not present. The City of Jurupa Valley opposed.

6. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

7. GENERAL ANNOUNCEMENTS

Rick Bishop indicated that a presentation was made at an Executive Committee several months ago on the impacts of automation. That presentation was well received and garnered a lot of interest. Staff asked the presenters to perform more in depth research on that topic as it pertains specifically to Western Riverside County. A presentation is scheduled for October 29, 2018.

8. NEXT MEETING: **The next meeting is scheduled for Wednesday, November 14, 2018, 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 12:53 p.m.**



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: November 14, 2018

The purpose of this item is to provide an update on the Fiscal Year (FY) 2017/2018 Agency Audit, Annual TUMF review, and the Agency Financial Report summary through September 2018.

Requested Action:

1. Receive and File.

FY 2017/2018 Agency Audit

FY 2017/2018 ended on June 30, 2018. WRCOG's annual Agency Interim Audit was completed on May 31, 2018. WRCOG utilizes the services of the audit firm Rogers, Anderson, Malody, and Scott (RAMS) to conduct its financial audit. The first visit is known as the "interim" audit, which involves preliminary audit work that is conducted prior to fiscal year end. The interim audit tasks are conducted in order to compress the period needed to complete the final audit after fiscal year end. In late September, RAMS returned to finish its second round, which is known as "fieldwork." The final Comprehensive Annual Financial Report is expected to be issued by the end of November 2018. Staff recently received the draft report; once staff and an independent auditor reviews the draft, the report will be sent out to the Finance Directors to solicit any comments prior to bringing the report to the Administration & Finance Committee in December 2018, with the Executive Committee receiving the report no later than at its January 7, 2019, meeting.

Annual TUMF Review of Participating Agencies

Each year, WRCOG meets with participating members to review TUMF Program fee collections and disbursements to ensure compliance with Program requirements. The FY 2017/2018 reviews will be conducted in November, with the final reports issued to the respective jurisdictions and agencies by December 2018.

Financial Report Summary through September 2018

The Agency Financial Report summary through September 2018, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, is provided as Attachment 1.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

1. Financial Report summary – September 2018.

Item 4.A

Finance Department Activities Update

Attachment 1

Financial Report summary – September 2018

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**Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending September 30, 2018**

Total Agency			
	Approved Budget 6/30/2019	Thru Actual 9/30/2018	Remaining Budget 6/30/2019
Revenues			
PACE Residential Revenue	560,000	119,704	440,296
WRELP Phase 2 Revenue	86,750	715	86,035
Statewide HERO Revenue	2,400,000	418,589	1,981,411
WRCOG HERO-Recording Revenue	122,500	54,627	67,873
Statewide Recording Revenue	600,000	253,155	346,845
Regional Streetlights Revenue	300,000	157,500	142,500
NW Clean Cities - Air Quality	132,500	22,500	110,000
General Assembly Revenue	300,000	12,500	287,500
Commerical/Service	110,645	16,551	94,094
Retail	130,094	10,136	119,958
Industrial	272,663	83,334	189,329
Residential/Multi/Single	1,144,551	259,694	884,858
Multi-Family	142,045	33,815	108,230
PACE SB2 Recording Revenue	-	232,630	(232,630)
Interest Revenue - Other	-	34,199	(34,199)
HERO - Other Revenue	-	18,062	(18,062)
Commercial/Service - Non-Admin Portion	2,655,491	413,781	2,241,711
Retail - Non-Admin Portion	3,122,265	253,403	2,868,862
Industrial - Non-Admin Portion	6,543,923	2,083,350	4,460,573
Residential/Multi/Single - Non-Admin Portion	27,469,233	6,492,342	20,976,891
Multi-Family - Non-Admin Portion	3,409,088	845,375	2,563,713
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	517,987	1,566,273
Total Revenues and Carryover Funds	58,937,742	17,548,550	41,389,192
Expenditures			
	Approved 6/30/2019	Actual 8/31/2018	Remaining Budget
Wages and Benefits			
Salaries & Wages	2,987,699	494,831	2,492,868
Fringe Benefits	929,898	217,354	712,545
Overhead Allocation	2,084,260	517,987	1,566,273
Total Wages, Benefits and Overhead	6,001,857	1,230,172	4,771,686
General Legal Services	615,000	151,509	463,491
PERS Unfunded Liability	198,823	152,327	46,496
Audit Svcs - Professional Fees	27,500	700	26,800
Bank Fees	19,000	8,572	10,428
Commissioners Per Diem	62,500	17,250	45,250
Office Lease	400,000	100,444	299,556
WRCOG Auto Fuels Expenses	1,250	256	994
WRCOG Auto Maintenance Expense	-	84	(84)
Parking Validations	27,550	3,125	24,425
Coffee and Supplies	3,000	355	2,645

Event Support	102,369	76,999	25,370
Program/Office Supplies	24,150	6,511	17,639
Computer Equipment/Supplies	8,000	13	7,987
Computer Software	30,000	450	29,550
Rent/Lease Equipment	30,000	3,943	26,057
Membership Dues	33,000	15,420	17,580
Meeting Support Services	9,681	1,072	8,609
Postage	6,015	1,407	4,608
Other Household Exp	750	48	702
COG HERO Share Expenses	15,000	272	14,728
Storage	16,000	1,521	14,479
Printing Services	4,607	73	4,534
Computer Hardware	14,100	1,636	12,464
Communications - Regular Phone	15,000	3,500	11,500
Communications - Cellular Phones	21,000	2,374	18,626
Communications - Computer Services	57,500	10,782	46,718
Communications - Web Site	8,000	6,742	1,258
Equipment Maintenance - General	10,000	2,201	7,799
Equipment Maintenance - Comp/Software	21,000	1,776	19,224
Insurance - Gen/Busi Liab/Auto	79,850	73,917	5,933
PACE Residential Recording	727,500	84,117	643,383
Seminars/Conferences	13,150	779	12,371
Travel - Mileage Reimbursement	23,600	2,056	21,544
Travel - Ground Transportation	4,800	334	4,466
Travel - Airfare	11,500	1,098	10,402
Lodging	8,750	697	8,053
Meals	8,150	251	7,899
Other Incidentals	9,950	2,624	7,326
Training	9,250	149	9,101
Advertisement Radio & TV Ads	49,500	1,020	48,480
Consulting Labor	3,102,373	318,557	2,783,816
TUMF Project Reimbursement	38,000,000	10,733,380	27,266,620
BEYOND Program REIMB	2,799,015	141,260	2,657,755
Misc Equipment Purchased	3,000	2,735	265
Total General Operations	47,676,204	11,934,336	35,741,868
Total Expenditures and Overhead	53,678,061	13,164,508	40,513,553



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Approval of Administration & Finance Committee 2019 Meeting Schedule

Contact: Janis L. Leonard, Administrative Services Manager, jleonard@wrcog.us, (951) 405-6702

Date: November 14, 2018

The purpose of this item is to provide and obtain approval of a meeting schedule for 2019.

Requested Action:

1. Approve the Schedule of Administration & Finance Committee meetings for 2019.

Attached are the proposed meeting dates for the 2019 Administration & Finance Committee. All meeting dates are proposed for the second Wednesday of the month and are scheduled to begin at 12:00 p.m. at WRCOG's office, 3390 University Avenue, Suite #450, Riverside.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

1. Schedule of Administration & Finance Committee meetings for 2019.

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Item 4.B

Approval of
Administration & Finance Committee
2019 Meeting Schedule

Attachment 1

Schedule of
Administration & Finance
Committee meetings for 2019

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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS SCHEDULE OF MEETINGS FOR 2019

WRCOG Standing Committees	Day	Time	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Administration & Finance Committee	2nd Wed.	12:00 p.m.	9	13	13	10	8	12	10	DARK	11	9	13	11

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Approval of Memorandum of Understanding (MOU) to Provide Continued Membership of the Riverside County Superintendent of Schools on WRCOG for a Period of Three Years

Contact: Rick Bishop, Executive Director, rbishop@wrcog.us, (951) 405-6701

Date: November 14, 2018

The purpose of this item is to recommend an extension of the MOU between WRCOG and the Riverside County Superintendent of Schools providing for the Superintendent to continue serving as an ex-officio representative to the Executive Committee for a term of three years.

Requested Action:

1. Recommend that the Executive Committee approve a three-year extension to the MOU between WRCOG and the Riverside County Superintendent of Schools for the Superintendent to serve as an ex-officio member of the Executive Committee.

WRCOG has a Memorandum of Understanding (MOU) with the Riverside County Superintendent of Schools for an advisory, ex-officio membership on the Executive Committee. Ex-officio membership would continue on an annual basis as authorized by a letter extending MOU by written agreement, to be executed by both parties. The Executive Director is authorized to execute said letter.

The Executive Director and the Riverside County Superintendent of Schools have discussed the ex-officio arrangement and are proposing to the Executive Committee that the current arrangement as articulated in the MOU be extended for three years. Attached is a draft MOU extension letter to be executed by both parties, upon approval by the Executive Committee.

Prior Action:

None.

Fiscal Impact:

The Riverside County Superintendent of Schools pays annual dues to WRCOG in the amount of \$17,000, which is budgeted in the General Fund and recorded as revenue.

Attachment:

1. Draft letter of Fourth Extension of MOU by Written Agreement.

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Item 4.C

Approval of Memorandum of Understanding (MOU) to Provide Continued Membership of the Riverside County Superintendent of Schools on WRCOG for a Period of Three Years

Attachment 1

Draft letter of Fourth Extension of MOU by Written Agreement

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December 3, 2018

Dr. Judy D. White
Riverside County Superintendent of Schools
3939 Thirteenth Street
PO Box 868
Riverside, CA 92502

Subject: Letter of Fourth Extension of MOU by Written Agreement

Dear Superintendent White:

On November 7, 2011, the Riverside County Superintendent of Schools (Superintendent) and the Western Riverside Council of Governments (WRCOG) entered into a Memorandum of Understanding (MOU), which set forth the understanding of the parties regarding the Superintendent's position as an ex-officio, advisory member of WRCOG in order to help address the educational challenges of the region.

Pursuant to Section 3 of the MOU, the Superintendent and WRCOG may extend the ex-officio arrangement by written agreement. On June 11, 2014, a 1st letter of extension was executed. On December 5, 2016, a 2nd letter of extension was executed. On April 2, 2018, a 3rd letter of extension was executed.

This 4th letter of extension constitutes the Superintendent and WRCOG's mutual written agreement to extend the ex-officio arrangement through December 31, 2019, unless earlier terminated as provided in the MOU.

To affirm and agree to the extension of Superintendent's position as an ex-officio, advisory member of WRCOG, as set forth in this letter, please sign both letters; keep one for your files and return the other to WRCOG.

Sincerely,

By:

Rick Bishop
Executive Director

Affirmed and Agreed:

RIVERSIDE COUNTY SUPERINTENDENT OF SCHOOLS

By:

Judy D. White, Ed.D.
Riverside County Superintendent of Schools

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Approval of Revised Agency Investment Policy

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

Date: November 14, 2018

The purpose of this item is to request consideration of a revised WRCOG Investment Policy.

Requested Action:

1. Recommend that the Executive Committee adopt WRCOG Resolution Number 44-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting a revised Investment Policy.

Updates to Agency Investment Policy

On May 1, 2017, the Executive Committee adopted WRCOG Resolution Number 06-17, revising an Investment Policy from 2005. During the recent Fiscal Year (FY) 2017/2018 audit, it has been recommended that WRCOG update its current investment policy.

Public Financial Management (PFM) serves as WRCOG's financial advisor and manages WRCOG's investment portfolio. The goal of the portfolio is to remain liquid enough to meet all reasonable anticipated operating requirements. During FY 2017/2018, WRCOG moved approximately 50% of its investments from Citizen's Business Bank (CBB) to the California Asset Management Program (CAMP), a JPA that provides public agencies with professional investment services. The reason for this change was due to the yield of CAMP being approximately 30 times greater than the yield WRCOG was receiving at the time with CBB.

During the FY 2017/2018 audit, it was noted that WRCOG's investment policy only allows investments of up to 25% in Local Government Investment Portfolio's (LGIP), which CAMP would fall under, and as such, it was recommended to either move the monies out of CAMP to be in compliance with the current Agency investment policy, or to change the current Agency investment policy to allow for more money to go into camp. Government Code allows for up to 100% of an agency's investments to be in CAMP. Due to the current yield and the overall safety of investing in CAMP, staff is recommending to change the current Agency investment policy to allow for up to 100% of its investments to be in CAMP, but WRCOG expects to maintain approximately 50% of its investments in CAMP. Investments in CAMP would only exceed 50% in a situation where WRCOG's other investments were yielding significantly less.

Prior Action:

None.

Fiscal Impact:

Changes to the current Agency investment policy could yield greater yields based on the ability to place an additional percent of Agency investments, consistent with Government Code, in, for example, the California Asset Management Program.

Attachment:

1. WRCOG Resolution Number 44-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting a revised Investment Policy.

Item 4.D

Approval of Revised Agency
Investment Policy

Attachment 1

WRCOG Resolution Number 44-18;
A Resolution of the Executive
Committee of the Western Riverside
Council of Governments adopting a
revised Investment Policy

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RESOLUTION NUMBER 44-18

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS ADOPTING A REVISED INVESTMENT POLICY

WHEREAS, the Executive Committee of the Western Riverside Council of Governments (the "Executive Committee" and "WRCOG" respectively) previously adopted Resolution Number 06-17, which approved an investment policy (the "Prior Policy"); and

WHEREAS, the California Legislature has provided standards for governing bodies authorized to make investment decisions for local agencies, which are set forth in Sections 16429.1, 53600-53609 and 53630-53686 of the California Government Code (the "Investment Act"); and

WHEREAS, the Investment Act allows local agencies to annually approve a statement of investment policy; and

WHEREAS, it has been determined that it is in the best interests of WRCOG to review and update the Prior Policy; and

WHEREAS, the Executive Committee has been presented with an updated investment policy (the "Investment Policy") attached hereto as Exhibit "A;" and

WHEREAS, the Executive Committee, with the aid of its staff, have reviewed the Investment Policy, which is designed to conform to the requirements of the Investment Act, and wishes to approve the Investment Policy.

NOW, THEREFORE, BE IT RESOLVED by the Executive Committee of the Western Riverside Council of Governments as follows:

Section 1. The above recitals are true and correct.

Section 2. The revised Investment Policy is hereby approved and adopted, a copy of which is attached hereto as Exhibit "A" and by this reference is made a part hereof.

Section 3. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Executive Committee of the Western Riverside Council of Governments on December 3, 2018.

Chuck Washington, Chair
WRCOG Executive Committee

Rick Bishop, Secretary
WRCOG Executive Committee

Approved as to form:

Steven DeBaun
WRCOG Legal Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

Exhibit “A”

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS INVESTMENT POLICY

Policy

The purpose of this investment policy (“Policy”) is to identify prudent policies and procedures that shall govern the investment of the Western Riverside Council of Governments’ (“WRCOG”) funds. The ultimate goal of this Policy is to protect the safety of the invested funds, enhance the economic status of WRCOG, and to ensure that all investments comply with federal, state, and local laws governing the investment of the funds covered by this Policy.

Scope

This Policy shall cover all funds and investment activities under the direct authority of WRCOG and accounted for in the Comprehensive Annual Financial Report (CAFR), except for the employee’s retirement and deferred compensation funds. In addition, deposits with banks under the provision California Government Code’s “Deposit of Funds” provisions are excluding from this Policy’s requirements.

Bond proceeds shall be invested in the securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, the bond proceeds will be invested in the securities permitted by this Policy. Notwithstanding the other provisions of this Policy, the percentage limitations listed in elsewhere in this Policy do not apply to bond proceeds.

Objectives

The primary objectives, in priority order, for WRCOG’s investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. WRCOG’s investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity:** WRCOG’s investment portfolio will remain sufficiently liquid to enable WRCOG to meet all operating requirements, which might be reasonably anticipated.
3. **Return on Investment:** WRCOG’s investment portfolio shall be managed with the objective of attaining a market rate of return throughout budgetary and economic cycles.

The remainder of this Policy describes the policies and procedures to be followed in support of these objectives.

Prudence

All persons authorized to make investment decisions on behalf of WRCOG are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Authorized persons, acting in accordance with written procedures and this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Delegation of Authority

Responsibility for the investment program is hereby delegated by WRCOG's Executive Committee to the Chief Financial Officer ("CFO"), for a period of one-year, who shall thereafter assume full responsibility for the investment program until the delegation of authority is revoked. Subject to review, the Executive Committee may renew the delegation of authority each year. The CFO may delegate the day-to-day investment activities to his/her designee(s) but not the responsibility for the overall investment program. If authorized by the Executive Committee, the CFO may also utilize the services of an external investment advisor to assist with the investment program. The investment advisor shall never take possession of WRCOG's funds or assets. No person may engage in investment activities except as provided under the terms of this Policy and the procedures established by the CFO.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, the CFO, other employees designated by WRCOG, and the Investment Advisor, if one is used; are required to prepare an Annual Conflict of Interest Statement (FPPC Form 700).

Internal Controls

The CFO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of WRCOG are protected from loss, theft or misuse. The procedures should include references to individuals authorized to execute transactions or transfers, safekeeping agreements, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgement by management. Compliance with this Policy and internal controls shall be reviewed annually by WRCOG's independent auditor.

Authorized Financial Dealers and Institutions

Investments not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association or from a brokerage firm designated as a primary government dealer by the Federal Reserve bank. If WRCOG is utilizing financial dealers or institutions to execute transactions, the CFO shall maintain a list of the firms that have been approved for investment purposes. A copy of this Policy shall be sent annually to all firms with which WRCOG executes investments.

If WRCOG has contracted with an investment advisor to provide investment services, the investment advisor may use their own list of approved issuers, brokers/dealers and financial institutions with which to conduct transactions on WRCOG's behalf.

Authorized and Suitable Investments

The California Government Code provides basic investment limits and guidelines for government entities. In the event an apparent discrepancy is found between this Policy and the Government Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this Policy apply at the time the security is purchased. Credit ratings, where shown, specify the minimum credit rating category required at purchased. In the event a security held by WRCOG is subject to a credit rating change that brings it below the minimum credit ratings specified in this Policy, the CFO should notify the Executive Committee of the change in the next quarterly investment report. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery or further rate drops, and the market price of the security.

A. U.S. Treasury Instruments. United States Treasury notes, bonds, bills, or certificates of

indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of WRCOG's portfolio that may be invested in this category.

- B. **Federal Agency Securities.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of WRCOG's portfolio that may be invested in this category.
- C. **Supranational Obligations.** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by a Nationally Recognized Statistical Rating Organization ("NRSRO"). A maximum of 30% of WRCOG's portfolio may be invested in this category.
- D. **Municipal Debt.** Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Purchases are limited to securities rated in a rating category of "A" (long-term) or "A-1" (short-term) or their equivalents or better by an NRSRO. A maximum of 30% of WRCOG's portfolio may be invested in this category.

- E. **Medium-Term Notes.** Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated in a rating category of "A" or its equivalent or better by an NRSRO. A maximum of 30% of WRCOG's portfolio may be invested in this category.
- F. **Negotiable CDs.** Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to securities rated in a rating category of "A" (long-term) or "A-1" (short-term) or their equivalents or better by an NRSRO. A maximum of 30% of WRCOG's portfolio may be invested in this category.
- G. **Asset-Backed Securities.** A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an

issuer rated in a rating category of “A” or its equivalent or better for the issuer’s debt as provided by an NRSRO and rated in a rating category of “AA” or its equivalent or better by an NRSRO. A maximum of 20% of WRCOG’s portfolio may be invested in this category.

- H. **Commercial Paper.** Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

- (1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation; (B) Has total assets in excess of five hundred million dollars (\$500,000,000), and (C) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or better by an NRSRO.
- (2) The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company, (B) Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond, and (C) Has commercial paper that is rated “A-1” or better, or the equivalent, by an NRSRO.

Purchases are limited to securities that have a maximum maturity of 270 days. A maximum of 30% of WRCOG’s portfolio may be invested in this category.

- I. **State of California’s Local Agency Investment Fund (LAIF).** Whenever WRCOG has funds invested in LAIF, the CFO shall periodically review the program’s investments. The maximum amount invested in this category may not exceed the limit set by LAIF for operating accounts.
- J. **Local Government Investment Pools (“LGIP”).** Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in Government Code. WRCOG will limit investments to LGIPs that seek to maintain a stable net asset value. Whenever WRCOG has any funds invested in a LGIP, the CFO shall maintain on file a copy of the LGIP’s current information statement and periodically review the LGIP’s investments. A maximum of 100% of WRCOG’s portfolio may be invested in this category.
- K. **Money Market Funds (“MMF”).** Purchases are restricted to Government Money Market Funds. Furthermore, these Money Market Funds must have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs, or (B) Retained an investment advisor with not less than five years’ experience and registered or exempt from registration with the SEC, with assets under management in excess of five hundred million dollars (\$500,000,000). Whenever WRCOG has any funds invested in a MMF, the CFO shall maintain on file a copy of the MMF’s current information statement. A maximum of 20% of WRCOG’s portfolio may be invested in this category.

Ineligible Investments

WRCOG shall not invest in any investment authorized by the Government Code, but not explicitly listed in this Policy without the prior approval of the Executive Committee. Furthermore, WRCOG will not invest in inverse floaters, range notes, mortgage-derived, interest-only strips, or any security that could result in zero interest accrual if held to maturity. WRCOG may hold any previously permitted but currently prohibited investments until their maturity dates.

Diversification

WRCOG shall diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one

issuer, regardless of security type; excluding U.S. Treasuries, federal agencies, supranationals, and pooled investments such as LAIF, money market funds, or local government investment pools.

Maximum Maturities

The CFO and/or his/her designee(s) shall maintain a system to monitor and forecast revenues and expenditures so that WRCOG funds can be invested to the fullest extent possible while providing sufficient liquidity to meet WRCOG's reasonably anticipated cash flow requirements. Maturities of investments will be selected to provide necessary liquidity, manage interest rate risk, and optimize earnings. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds.

The weighted average maturity of the investment portfolio shall not exceed 3.0 years. For those investment types for which this Policy does not specify a maturity limit, no individual investment shall exceed a maturity of five years from the date of purchase unless the Executive Committee has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board of Directors no less than three months prior to the investment.

This Policy authorizes investing bond project and reserve funds beyond five years if the maturities of such investments do not exceed the expected use of the funds, the investments are deemed prudent in the opinion of the CFO, and the investments are not prohibited by the applicable bond documents.

Safekeeping and Custody

To protect against potential losses by collapse of individual securities dealers, all deliverable securities owned by WRCOG, including collateral on repurchase agreements, shall be held in safekeeping by a third party bank trust department acting as agent for WRCOG under the terms of a custody agreement executed by the bank and by WRCOG. All deliverable securities will be received and delivered using standard delivery-versus-payment procedures.

Performance Standards

The investment portfolio shall be managed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. WRCOG will employ an active management approach that allows for the sale of securities prior to their scheduled maturity dates for purposes of improving the portfolio's credit quality, liquidity, or return in response to changing market conditions or WRCOG circumstances. This Policy recognizes that in a diversified portfolio occasional measured losses are inevitable and must be considered within the context of the overall portfolio's structure and expected investment return, with the proviso that adequate diversification and credit analysis have been implemented.

An appropriate performance benchmark shall be established against which portfolio performance shall be compared on a regular basis. The selected performance benchmark shall be representative of WRCOG's overall investment objectives and liquidity requirements.

Reporting

The CFO will prepare a quarterly investment report that shall include a description of the portfolio, type of investments, issuers, maturity dates, par values and current market values of each component of the portfolio, list of transactions, including funds managed for WRCOG by third party contract managers. The report will include a certification that: (1) all investment actions executed since the last report have been made in full compliance with this Policy and (2) the report shall include a statement denoting the ability of WRCOG to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

Investment Policy Adoption

WRCOG's investment policy shall be adopted by resolution of the Executive Committee. This Policy shall be reviewed periodically by the CFO and any modifications made thereto must be approved by the Executive Committee.

Adopted by WRCOG Executive Committee on December 3, 2018.

GLOSSARY

The glossary is provided for general information only. It is not to be considered a part of the Policy for determining Policy requirements or terms.

AGENCIES: Securities issued by federal agency securities and/or Government-sponsored enterprises (e.g. FNMA, FHLMC, FHLB).

AMORTIZED COST (or Book Value): For investments purchased at a discount, amortized cost constitutes cost plus interest earned to date.

ASKED: The price at which securities are offered for sale; also known as offering price.

ASSET-BACKED SECURITIES (ABS): Securities whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

BASIS POINT: One hundredth of one percent (i.e. 0.01 percent).

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CALLABLE BOND: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large denomination CD's are typically negotiable.

COMMERCIAL PAPER: An unsecured promissory note with a fixed maturity no longer than 270 days.

COLLATERAL: Securities, evidence of deposit or other property, which secures repayment of an investment. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the (entity). It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

(b) A certificate attached to a bond evidencing interest due on a payment date.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security and a loss will result.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., U.S. Treasury Bills, commercial paper.)

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. Duration is expressed as a number of years. The duration of a security is a useful indicator of its price volatility for given changes in interest rates. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits.

FEDERAL FARM CREDIT BANK (FFCB): Government-sponsored institution that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks and the Banks for Cooperatives. Its securities do not carry direct U.S. Government guarantees.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac):
Established in 1970 to help maintain the availability of mortgage credit for residential housing. FHLMC

finances these operations by marketing guaranteed mortgage certificates and mortgage participation certificates. FHLMC's securities are highly liquid and are widely accepted. FHLMC is currently operated under conservatorship of the U.S. Government.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA is currently operated under conservatorship of the U.S. Government.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the U.S. which consists of seven member Board of Governors, 12 regional banks, and about 5,700 commercial banks that are members.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA): The Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms doing business in the United States. All told, FINRA oversees nearly 4,750 brokerage firms, about 167,000 branch offices and approximately 634,000 registered securities representatives.

INTEREST RATE RISK: The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

INVESTMENT POLICY: A clear and concise statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment purposes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): A type of pooled investment program in which funds from local agency investors/participants are aggregated together for investment purposes.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM NOTES (MTNs): Unsecured corporate obligations. For purposes of the California Government Code, they have a maximum remaining maturity of five years or less.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MONEY MARKET FUND. A type of mutual fund that invests exclusively in short-term investments.

MORTGAGE-BACKED SECURITIES (MBS): These securities represent an ownership interest in mortgage loans made by financial institutions (savings and loans, commercial banks, or mortgage companies) to finance the borrower's purchase of a home or other real estate. MBS are created when these loans are packaged, or "pooled," by issuers or servicers for sale to investors. As the underlying mortgage loans are paid off by the homeowners, the investors receive payments of interest and principal.

MUTUAL FUND: A fund operated by an investment company that raises money from shareholders and invests it on their behalf. Profits are distributed to shareholders after the investment company deducts its management fee. Mutual funds are regulated by the SEC.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): A credit rating agency that issue credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. The largest three NRSROs are Standard & Poor's, Moody's Investors Service and Fitch Ratings.

NEGOTIABLE: Something that can be sold or transferred to another party.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Large denomination certificates of deposit with a fixed maturity date, which can be sold in the money market. They are not collateralized.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in increments of \$1,000 per bond.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PREMIUM: The amount by which a security sells above its par value.

PRINCIPAL: The face or par value of a debt instrument or the amount of capital invested in a given security.

PRUDENT INVESTORS RULE: An investment standard. In California, persons authorized to make investment decisions on behalf of a local agency are considered trustees and therefore fiduciaries subject to the Prudent Investor Rule. A trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the

payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

SAFEKEEPING: A service banks offer to clients for a fee, where physical securities are held in the bank's vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank's name for the benefit of the client. As agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or, if called, on the call date.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES: Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness of equity.

SECURITIES & EXCHANGE COMMISSION (sec): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SPREAD: The difference between two figures or percentages. It may be the difference between the bid (price at which a prospective buyer offers to pay) and asked (price at which an owner offers to sell) prices of a quote, or between the amount paid when bought and the amount received when sold.

SUPRANATIONAL: Supranational entities are formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. Examples of supranational institutions include the European Investment Bank and the World Bank. Similarly to the government bonds, the bonds issued by these institutions are considered direct obligations of the issuing nations and have a high credit rating.

TREASURY SECURITIES. Obligations issued by the federal government, which are backed by the U.S. Government's full faith & credit. Generally considered to have the lowest credit risk of any security. They are issued in a range of maturities:

- **TREASURY BILLS.** Are short-term, non-interest bearing discount security having initial maturities of one-year or less.
- **TREASURY NOTES.** Are Intermediate-term coupon-bearing securities having initial maturities from two to ten years.
- **TREASURY BONDS.** Are long-term coupon-bearing securities having initial maturities of more than ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

WEIGHTED AVERAGE MATURITY (OR DURATION): The sum of the amount of each investment

multiplied by the number of days to maturity (or duration), divided by the total amount of investments.

YIELD: The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security.

YIELD CURVE: Yield calculations of various maturities of instruments of the same quality at a given time to show yield relationships.



Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Approval of 1st Quarter Draft Budget Amendment for Fiscal Year 2018/2019

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

Date: November 14, 2018

The purpose of this item is to request approval of WRCOG's 1st Quarter Draft Budget Amendment for Fiscal Year (FY) 2018/2019. The staff report includes a summary of increases and/or decreases to revenues and expenditures by department.

Requested Action:

1. Recommend that the Executive Committee approve the 1st Quarter Draft Agency Budget Amendment for Fiscal Year 2018/2019.

Administration Department

Administration Program expenditures exceeded the budgeted amount by \$652, primarily due to publication costs associated with a job posting. These expenditures will be offset by a decrease in expenditures in storage expenses.

Net Expenditure increase to the Administration Department: \$0

Transportation & Planning Department

Transportation & Planning Department expenditures exceeded the budgeted amount by \$8,751, primarily due to legal costs associated with the Fellowship Program and salaries and wages related to the Experience and BEYOND Programs. These expenditures will be offset by a decrease in expenditures in other budgeted categories.

Net Expenditure increase to Transportation & Planning Department: \$0

Energy Department

Energy Department expenditures exceeded the budgeted amount by \$22,516, primarily due to costs associated with a Building Operator Certification (BOC) training course hosted by WRCOG in partnership with the Northwest Energy Efficiency Council (NEEC); legal costs associated with PACE provider SAMAS Capital were also incurred in the amount of \$9,262. SAMAS is expected to pay back the legal costs. \$13,254 in expenditures will be offset by a decrease in expenditures in other budgeted categories.

Net Expenditure increase to the Energy Department: \$9,262

Environmental Department

Environmental Department expenditures exceeded the budgeted amount by \$26,468, primarily due to costs associated with a new waste and recycling communication platform, ReCollect. ReCollect will provide education to residents, reduce calls to city staff, and provide analytical data on the disposal of solid waste materials. These expenditures will be offset by a decrease in expenditures in other budgeted categories along with an increase in revenues for the Solid Waste Program.

Net Expenditure increase to the Environment Department: \$0

Prior Action:

October 25, 2018: The Finance Directors Committee recommended that the Executive Committee approve the 1st Quarter Draft Agency Budget Amendment for Fiscal Year 2018/2019.

Fiscal Impact:

For the 1st Quarter of Fiscal Year 2018/2019, there will a net increase in expenditures of \$9,262 related to legal costs associated with PACE provider SAMAS Capital, which is expected to be paid back to WRCOG.

Attachment:

1. Fiscal Year 2018/2019 1st Quarter Budget amendment.

Item 5.A

Approval of 1st Quarter Draft Budget
Amendment for Fiscal Year
2018/2019

Attachment 1

Fiscal Year 2018/2019 1st Quarter
Budget amendment

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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: General Fund



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Expenditures

WRCOG Auto Maintenance	84	0	(84)
Subscriptions/Publications	568	0	(568)
Storage	0	1000	652

Total net (increase)/decrease	0
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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Planning



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Expenditures

Salaries & Wages	44,092	542,586	306
General Legal Services	4,083	-	(4,083)
Parking Validations	220	200	(20)

Total net (increase)/decrease	(3,797)
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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Government Relations (BEYOND - 4600)



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Expenditures

BEYOND Salaries & Wages	1,510	-	(1,510)
Total net (increase)/decrease			(1,510)

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Government Relations (Fellowship - 4700)



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Expenditures

Salaries & Wages	40,296	542,586	4,103
General Legal Services	4,083	-	(4,083)
Parking Validations	220	200	(20)

Total net (increase)/decrease (0)

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Planning (Experience - 4900)



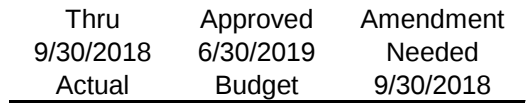
Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018

Expenditures

Salaries and Wages	2,287	-	(2,287)
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			(2,287)
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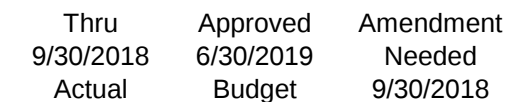
Department: Transportation



Computer Software	13	-	(13)
Subscriptions/Publications	392	-	(392)
Meeting Support Services	348	-	(348)
Postage	3	-	(3)
Equipment Maintenance - Computers	24	-	(24)
Communications - Cellular Phones	505	4,000	709
Travel - Mileage Reimbursement	-	1,500	71

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Department: Transportation (TUMF - 1148)



Computer Software	13	(13)
Subscriptions/Publications	392	(392)
Meeting Support Services	348	(348)
Postage	3	(3)
Equipment Maintenance - Computers	24	(24)
Communications - Cellular Phones	434	4,000
		780

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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Transportation (Transportation Planning)



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Expenditures

Communications - Cellular Phones	71	-	(71)
Travel - Mileage Reimbursement	-	1,500	71
Total net (increase)/decrease			0

Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019

Department: Energy



	Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
Expenditures			
Overhead Allocation	9,525	38,100	3,165
General Legal Services	9,262	2,000	(8,262)
Event Support	15,330	6,086	(9,244)
General Supplies	2,174	1,000	(1,424)
Meeting Support Services	282	1,000	718
Seminars/Conferences	-	1,750	1,750
Travel - Mileage Reimbursement	99	1,750	1,000
Travel - Airfare	-	1,000	282
Marketing - Materials/Supplies	-	1,669	829
Bank Fees	1,713	-	(1,713)
Postage	85	-	(85)
Meals	6	-	(6)
Consulting Labor	44,085	600,000	3,727
Membership Dues	-	1,000	32
Subscriptions/Publications	32	-	(32)
Total net (increase)/decrease			(9,262)

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

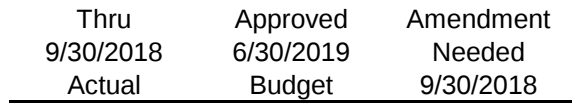
Department: Energy (WREP - 2010)



	Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
General Legal Services	-	2,000	1,000
Event Support	7,665	3,586	(4,079)
General Supplies	-	750	500
Meeting Support Services	-	1,000	1,000
Seminars/Conferences	-	250	250
Travel - Mileage Reimbursement	-	750	500
Marketing - Materials/Supplies	-	1,669	829
Total net (increase)/decrease			-

Meals

Department: Energy (Gas Co. Partnership - 2020)



Overhead Allocation	9,525	38,100	3,165
Event Support	7,665	2,500	(5,165)
Seminars/Conferences	-	1,500	1,500
Travel - Mileage Reimbursement	99	1,000	500

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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy (Streetlights - 2026)



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Expenditures

Bank Fees	1,713	-	(1,713)
Postage	85	-	(85)
Meals	6	-	(6)
Consulting Labor	-	100,000	1,803

Total net (increase)/decrease 0

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy (CCA - 2040)



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Expenditures

Program/Office Supplies	2,174	250	(1,924)
Consulting Labor	44,085	500,000	1,924
Total net (increase)/decrease			0

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy (PACE Funding - 2104)



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Expenditures

Meeting Support Services	282	-	(282)
Travel - Airfare	-	1,000	282
Total net (increase)/decrease			(0)

Meals

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy (SAMAS - 2106)



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Expenditures

General Legal Services	9,262	-	(9,262)
Total net (increase)/decrease			(9,262)

Meals

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy (California HERO - 5000)



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018

Expenditures

Membership Dues	-	1,000	32
Subscriptions/Publications	32	-	(32)

Total net (increase)/decrease (0)

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Environmental



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Revenues

Solid Waste Revenues	-	95,000	12,313
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Expenditures

Salaries & Wages	5,429	53,017	11,873
Parking Validations	53	-	(53)
Event Support	33,057	5,500	(27,557)
Subscriptions/Publications	32	-	(32)
Other Expenses	14	-	(14)
Seminars/Conferences	128	-	(128)
Travel - Airfare	-	500	500
Travel - Lodging	-	750	750
Meals	149	-	(149)
Other Incidentals	61	-	(61)
Marketing - Brochures	-	1,000	1,000
Advertising - Radio/TV Ads	-	4,500	1,558

Total net (increase)/decrease (0)

**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Environmental (Solid Waste - 1038)



Thru 9/30/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 9/30/2018
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Revenues

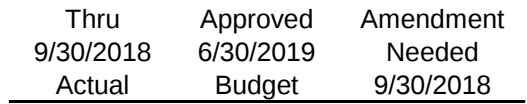
Solid Waste Revenues	-	95,000	12,313
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Expenditures

Salaries & Wages	5,429	53,017	11,873
Parking Validations	53		(53)
Event Support	29,999	4,000	(25,999)
Subscriptions/Publications	32		(32)
Other Expenses	14		(14)
Seminars/Conferences	128		(128)
Travel - Airfare	-	500	500
Travel - Lodging	-	750	750
Meals	149		(149)
Other Incidentals	61		(61)
Marketing - Brochures	-	1,000	1,000

Total net (increase)/decrease (0)

Department: Environmental (Riverside UO - 2052)



Event Support	3,058	1,500	(1,558)
Advertisement - Radio & TV	-	4,500	1,558

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Appointment of WRCOG Representatives to Various Committees

Contact: Rick Bishop, Executive Director, rbishop@wrcog.us, (951) 405-6701

Date: November 14, 2018

The purpose of this item is to provide a listing of elected officials who have expressed interest in serving on various committees, and to request that the Administration & Finance Committee provide recommendations for a number of appointments to the Executive Committee for consideration.

Requested Actions:

1. Recommend that the Executive Committee appoint one primary and one alternate representative to the California Association of Councils of Governments for a term commencing January 1, 2019, and ending December 31, 2020.
2. Recommend that the Executive Committee appoint two primary and two alternate representatives to the County of Riverside Waste Management Task Force for a term commencing January 1, 2019, and ending December 31, 2020.
3. Recommend that the Executive Committee appoint one representative to the Santa Ana Watershed Project Authority's One Water One Watershed Steering Committee for a term commencing January 1, 2019, and ending December 31, 2020.
4. Recommend that the Executive Committee appoint one primary and one alternate representative to the San Diego Association of Governments' Borders Committee for a term commencing January 1, 2019, and ending December 31, 2020.
5. Recommend that the Executive Committee appoint six representatives to SCAG Policy Committees for a term commencing January 1, 2019, and ending December 31, 2020.

WRCOG's Executive Committee appoints a number of elected officials to represent the Agency and/or the subregion's interests on a number of committees. These include the following:

- California Association of Councils of Governments (CALCOG) (one appointment plus an alternate)
- Southern California Association of Governments (SCAG) Policy Committees (six appointments)
- San Diego Association of Governments (SANDAG) Borders Committee (one appointment plus an alternate)
- County of Riverside Waste Management Local Task Force (two appointments plus two alternates)
- SAWPA's One Water One Watershed (OWOW) Steering Committee (one appointment)

Per policy, all WRCOG appointees to committees serve for a two-year term. Current terms for WRCOG appointees expire on December 31, 2018.

WRCOG has notified all City and County elected officials of opportunities to serve on the above committees and requested that individuals interested in serving to contact Rick Bishop by Tuesday, November 13, 2018. A listing of individuals who have expressed interest in serving as WRCOG appointees will be presented at the meeting for consideration

Staff requests that the Administration & Finance Committee review the listing and forward appointment recommendations to the Executive Committee for consideration. Agency policy is that priority in selection be given to elected officials who serve on WRCOG as Executive Committee Members or Alternates.

Prior Action:

None.

Fiscal Impact:

Stipends are allocated in WRCOG's Fiscal Year 2018/2019 Budget under the General Fund.

Attachment:

None.



Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Allocation of Funds from the Beaumont Settlement

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

Date: November 14, 2018

The purpose of this item is to discuss and direct staff on how to allocate funds WRCOG has received from the Beaumont Settlement, specifically those funds received from actions taken jointly by WRCOG and the City of Beaumont against various 3rd parties.

Requested Actions:

1. Recommend that the Executive Committee direct staff to allocate any existing and future funds received from the Beaumont 3rd party settlements via the Nexus Study formula, less recovery costs.
2. Recommend that the Executive Committee direct staff to coordinate with the Riverside County Transportation Commission to add the I-10 Bypass, the I-10 / Cherry Valley Boulevard Interchange, and the I-10 / Highland Springs Interchange to the list of Regional TUMF Projects in the Pass Zone along with the SR-60 / Potrero Boulevard Interchange.
3. Discuss and provide direction to staff for distribution of the initial \$5 million in settlement revenue allocated to Pass Zone.
4. Recommend that the Executive Committee direct staff that any additional 3rd Party settlement funds allocated to the Pass Zone be distributed using the existing Zone decision making process.

Background

One provision of the settlement agreement between WRCOG and the City of Beaumont is that both parties agreed to pursue action against a variety of 3rd parties including former City staff, firms providing professional services to the City, and other entities who bear some responsibility for harm which occurred to WRCOG and the City of Beaumont. Any funds received from these persons or entities are collectively known as 3rd Party Settlement funds. To date, WRCOG has received \$12 million in these funds which are currently being held by WRCOG.

The majority of these funds are payments from former City staff members and consultants who pled guilty to various criminal charges and were required to pay restitution.

WRCOG and the City of Beaumont are currently pursuing a variety of actions against other parties which could yield additional recoveries. At this point, the magnitude of any additional recoveries are unknown given that several of these actions are subject to existing or potential litigation. However, it is likely that additional funds will be received from one or more of these 3rd parties. Therefore, it is important to identify a method to allocate these existing and future funds, less recovery costs, so that they may be distributed to the appropriate parties consistently.

There are three primary questions relating to these settlement dollars, as follows:

1. How should the funds be allocated?

2. How to address the issue of regional projects?
3. Are there limitations on how the funds should be spent?

Additional information regarding each question is provided below. Staff has worked with staff from the Cities of Banning and Calimesa, the County of Riverside, and the Riverside County Transportation Commission to develop the recommendations listed below. Options developed by each of these agencies were presented previously to the Administration & Finance Committee, and subsequent meetings were held. On October 25, 2018, WRCOG staff, staff from the above-mentioned agencies, and elected officials representing the County, Banning and Calimesa, met to discuss the allocation.

The recommendations below are the result of these meetings.

1. Allocation of Funds

Staff recommends that all current and future 3rd Party Settlement funds be distributed using the Nexus Study formula, subject to one variation for the amount received to date as presented / to be determined in Number 3 below. This approach is consistent with all previous allocations for TUMF dollars by using this same process and creates a precedent should a similar event occur in the future.

2. Pass Zone Regional Projects

Regional projects are designated within the Nexus Study and are potentially eligible for RCTC's (Riverside County Transportation Commission) share of the TUMF funds. Prior to Beaumont rejoining the TUMF Program, there were no regional projects within the Pass Zone. While these agencies would benefit from Regional Projects in other Zones since their residents travel daily to other areas in Western Riverside County, the fact is that the Pass Zone jurisdictions were the only jurisdictions in the Program that did not have a designated regional project.

Since the inception of the TUMF Program, the only regional project in the Pass Zone was the SR-60 / Potrero Boulevard Interchange. When Beaumont was removed from the TUMF Program, this project was removed as well, which meant that there were no regional projects in the Pass Zone. When Beaumont rejoined the TUMF Program, this project was added back as a regional project. However, there still are no regional projects in Banning, Calimesa, or the unincorporated areas of the County in the Pass Zone.

Staff recommends that the following projects in the Pass Zone be added to the list of regional projects:

- I-10 Bypass (Riverside County)
- I-10 / Cherry Valley Boulevard Interchange (Calimesa)
- I-10 / Highland Springs Interchange (Banning, Beaumont)

With this recommendation, it now means that each jurisdiction within the Pass Zone would have at least one regional project that is eligible to compete for its share of RCTC's TUMF funds and other funding sources tied to this designation.

3. Geographic Restrictions on Use of Initial 3rd Party Settlement Funds

Staff is requesting input and direction from the Committee regarding the allocation of initial funds allocated to the Pass Zone (the \$12 million collected, thus far, which would amount to approximately \$5 million allocated to the Pass Zone in accordance with the Nexus Study). Two options are being presented for discussion, which are below:

Option 1: Distribute the initial funds allocated to the Pass Zone in accordance with the Nexus Study and in a manner that does not restrict the use of the funds to a specific TUMF project.

Option 2: Allocate the initial \$5 million in Pass Zone funding evenly to TUMF projects identified by the Cities of Banning and Calimesa. The Cities of Banning and Calimesa have identified TUMF projects that require funding to continue progressing.

4. Future 3rd Party Settlement Funds

Any future 3rd Party Settlement funds would be allocated via the Pass Zone governance structure and would be treated as typical Zone dollars with no special restrictions on the decision-making process to determine their use.

It should be noted that this recommendation does not affect any TUMF funds collected from developers by the agencies in the Pass Zone. These funds will be allocated using the Pass Zone governance structure, as with all other Zone TUMF funds in accordance with the Nexus Study.

Next Steps

Should the Administration & Finance and Executive Committees approve this item, staff will work with the various agencies within the Pass Zone to allocate these funds accordingly. Staff has been working with member jurisdictional staff within the Pass Zone, including the City of Beaumont, to identify high priority projects to receive Zone TUMF funds and other funding sources. This prioritization effort, which is summarized in Attachment 1, identified high priority projects in each of the jurisdictions within the TUMF Zone. This prioritization effort will be used to guide any allocation decisions within the Pass Zone.

It is important to note that this prioritization exercise identified a key project within each of the Cities within the Pass Zone based on a quantitative exercise that involved staff from all of the jurisdictions. The top four ranked projects included:

- I-10 / Sunset Avenue Grade Separation (Banning)
- SR-60 / Potrero Boulevard Interchange (Beaumont)
- I-10 / Cherry Valley Interchange (Calimesa)
- I-10 / Highland Springs Avenue Interchange (Banning & Beaumont)

This list of high priority projects is also consistent with the recommendation of member jurisdictions that the list of regional projects be updated within the Pass Zone as three of the top scoring projects would now be designated as Regional Projects.

Prior Action:

None.

Fiscal Impact:

Any funds received through this action will be distributed through the existing procedures associated with the WRCOG TUMF Program. Any funds received related to WRCOG legal fees will reimburse the agency for the expenditures related to the collection of these 3rd Party Funds.

Attachment:

1. Pass Zone Prioritization Exercise.

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Item 5.C

Allocation of Funds from the
Beaumont Settlement

Attachment 1

Pass Zone Prioritization Exercise

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2018 Pass Area Prioritization

<u>Agency</u>	<u>Project</u>	<u>Score</u>	<u>Funding Request</u>
City of Banning	Sunset Ave Grade Separation*	49	\$754,725 to address funding shortfall Total project cost = \$30,419,302
City of Calimesa	Cherry Valley Interchange	43	<u>Project Costs</u> PSR/PDS = \$500,000 (completed) PA&ED = \$1,980,000 (sufficient funding secured) PSE = \$2,515,000 (sufficient funding secured) ROW = \$6,800,000 (req. to add to current FY) CON = \$37,800,000 (req. to add in future FY)
City of Beaumont	Potrero Interchange - Phase II	41	Requested funding = \$6,800,000 Total Project Cost = \$17,500,000
City of Banning/ City of Beaumont	Highland Springs Interchange	36	\$17.9 million = Max TUMF Share \$50 - 60 million = Total Project Cost
City of Calimesa	County Line Interchange	33	<u>Project Costs (request funding for each phase)</u> PSR/PDS = \$500,000 (unfunded) PA&ED = \$1,500,000 (unfunded) PSE = \$1,500,000 (unfunded) ROW = \$2,000,000 (preliminary estimate) CON = \$20,000,000 (estimated)
City of Banning	Sun Lakes Extension	31	<i>City plans to apply for grant funding, no specific request in City's application</i>
City of Beaumont	Pennsylvania Grade Separation	27	Requested funding = \$33,445,000 Total Project Cost = \$35,745,000
City of Calimesa	Roberts Road (I-10 Bypass)	23	Approx. \$20 million total (estimated \$10 million from local match funding)
County of Riverside	I-10 Bypass	23	Funding secured for PA&ED, no specific request in County's application

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Experience Regional Innovation Center Feasibility Analysis Activities Update

Contact: Andrea Howard, Program Manager, ahoward@wrcog.us, (951) 405-6751

Date: November 14, 2018

The purpose of this item is to provide an update on the Feasibility Analysis for Experience, the concept of a regional innovation center, which would provide a host of community resources, promote sustainable practices, and showcase the assets and capabilities of the subregion.

Requested Actions:

1. Recommend that the Executive Committee authorize staff to proceed with next phase in the implementation of the Experience Center.
2. Recommend that the Executive Committee direct staff to negotiate a Memorandum of Understanding (MOU) with the selected host jurisdiction to implement the Experience Center.
3. Recommend that the Executive Committee direct staff to include a cost sharing mechanism in the MOU to limit future WRCOG expenditures to share staffing costs to support Experience.
4. Recommend that the Executive Committee direct staff to include specific milestones for the development and implementation of the MOU, including deadlines related to funding commitment and site selection.
5. Recommend that the Executive Committee appoint two of its members to represent WRCOG in negotiating an MOU with the selected Experience host jurisdiction.

Background

Western Riverside County is one of the fastest growing subregions in the State of California and the United States. During past WRCOG visioning efforts, subregional leaders identified six interrelated components critically important to achieving a premier quality of life in Western Riverside County and incorporated these into the WRCOG Economic Development & Sustainability Framework (the Framework), which serves as a guide to grow strategically and achieve a vibrant and livable community. The six Framework goal areas pertain to: 1) Economic Development; 2) Water and Wastewater; 3) Education; 4) Health; 5) Transportation; and 6) Energy and the Environment.

In 2016, staff introduced the concept of Experience, envisioned as a vibrant, regional center with a variety of visitor attractions that could also serve as a sustainability demonstration center, innovation hub, business incubator, and more. The aim of Experience is to showcase the assets and capabilities of inland southern California while serving community needs and advancing the Framework goal areas. Experience would be designed to draw audiences for a variety of purposes by including such elements as an education center, farm-to-fork café, and meeting center; once at Experience, visitors would be exposed to best practices in water and energy, emerging technology, employment prospects, and more. Experience would borrow inspiration from similar concepts from across the globe including, but not limited to the Los Angeles Cleantech Incubator (LACI) in Los Angeles, the Frontier Project in Rancho Cucamonga, the Southern California Edison Energy Education Center in Irwindale, and Alegria Farms in Irvine.

Feasibility Analysis

On October 2, 2017, the Executive Committee authorized staff to enter into a contract with PlaceWorks consultants to perform a comprehensive Feasibility Analysis of the Experience concept. Over the last year, the Analysis has conducted a thorough review of relevant models, a demand analysis for the Center and Program elements, analysis of governance options and partnership opportunities, a financial analysis, review of potential funding opportunities, and comparative evaluation of three potential host sites in the Cities of Perris, Riverside, and Temecula. The Feasibility Analysis is nearly complete, having concluded the bulk of the analysis, and is now in the final stages of compiling the final Feasibility Analysis report, which will demonstrate that the Experience concept is indeed feasible.

Each major milestone of the Analysis was guided by a Steering Committee, consisting of nine voting members from WRCOG's Executive Committee, and many regional stakeholders, who served in an advisory capacity and included member agency staff, utility partners, and university representatives. Below is a summary of the primary actions and activities of each of the Steering Committee meetings.

Steering Committee Meeting #1 – January 22, 2018

Meeting 1 began with an introduction to the Experience concept and review of some of the relevant models to provide Steering Committee participants with an idea of the variety of programming features others have instituted in the areas of education, community services, research, and economic development. Attendees then engaged in a discussion of the goals for Experience, building from the list staff and consultants drafted at the kick-off meeting.

Steering Committee Meeting #2 – February 26, 2018

Meeting 2 included presentations from representatives of three different regional models, who shared their experiences from the Lyle Center at Cal Poly Pomona, the Los Angeles Cleantech Incubator, and the Cucamonga Valley Water District's Frontier Project. Attendees asked the presenters questions to identify relevant lessons to apply to Experience. The meeting was followed by a tour of the Cucamonga Valley Water District's Frontier Project.

Steering Committee Meeting #3 – March 19, 2018

Meeting 3 included a presentation from University of California, Riverside (UCR) and Eastern Municipal Water District (EMWD) on partnership opportunities for Experience, with a particular focus on educational institutions at all levels (K-12 to University). UCR has several programs and research areas which could be synergistic with Experience, including sustainability innovations through the Bourns College of Engineering – Center for Environmental Research and Technology (CE-CERT). Similarly, EMWD shared success stories piloting various educational partnership models.

Meeting participants then reviewed and refined the Experience Mission Statement, the first draft of which was borne out of discussions in the first Steering Committee meeting. Finally, participants engaged in a thoughtful discussion on the Program elements to include in the next phase of the Experience analysis.

Steering Committee Meeting #4 – June 18, 2018

Meeting 4 began with a recap of an optional tour organized to the Los Angeles Cleantech Incubator (LACI) and an overview of the various types of jobs-related economic development models, including incubators, accelerators, co-working, and maker space and those activities already occurring in the subregion. The Experience consultant team then shared their initial findings from the market demand analysis, including reviewing the economic benefits and costs of potential Program elements. Finally, meeting participants weighed in on the site selection criteria that will be used to assess the strength of the site hosts under consideration. Among the criteria selected, participants selected financial sustainability, regional economic impact, and market demand as top priorities for the chosen site.

Steering Committee Meeting #5 – August 20, 2018

Meeting 5 was largely devoted to reviewing the draft mission and vision statements, goals, and priority Program elements, as selected by, or developed with input from, the Steering Committee. The purpose of the review was to ensure that these four pillars of Experience were mutually supportive of each other. The previously identified goals for Experience were still endorsed by the Steering Committee. However, it was recognized that one component of the mission and goals that was not supported by the prioritized Program elements was economic development. To address this inconsistency, the Steering Committee opted to add to the priority programming list a best practices incubator space, which would be a fully functional incubator, though not intended to serve a large number of businesses, but instead aimed at modeling best practices in fostering business development.

Steering Committee Meeting #6 – September 17, 2018

Meeting 6 centered around presentations from the prospective host agencies – the Cities of Riverside and Temecula, and the Eastern Municipal Water District. Each of the three agencies have worked with staff to identify a suitable mix of Program elements for inclusion on their site, summarized in the table included in Attachment 7, along with an “Entry-Level” and “Everything-Level” generic site – these were developed by the consultant team to provide an idea of both the minimum space and financial requirements of a viable site, and the maximum space and financial requirements of a program that included all Program elements prioritized by the Steering Committee.

The consultant team provided a general overview of the conceptual cost estimate framework including assumptions, inclusions, and exclusions applied to all jurisdictions’ program goals and then presented a preliminary pro forma analysis for each site. For the three locations, the upfront outside funding needed ranged from \$21M to \$26M. Once Experience is operational, the analysis estimates that necessary annual outside funding would range from \$200k – \$305k. Outside funding for both upfront capital costs and annual operating costs could be some combination of grants, federal, state, and local government funding, sponsors and corporate contributions, philanthropists, and, especially for the upfront costs, direct state appropriation.

Steering Committee Meeting #7 – October 22, 2018

Meeting 7 began with a review of several potential governance options and a discussion of the pros and cons associated with each. Steering Committee participants recognized that the final governance model would likely be determined later on, but that developing an MOU between WRCOG and the endorsed host site would be an appropriate first step to implementing Experience.

Steering Committee participants were then guided through a ranking of each site against the top ten site selection criteria, chosen by the Steering Committee in Meeting 4, and weighted, based on the number of votes each criteria received. Rankings were informed by the research and findings of the Feasibility Analysis.

Staff and consultants’ site analysis resulted in the City of Riverside leading, followed closely by the City of Perris site at Eastern Municipal Water District (EMWD), and then by the City of Temecula. Participants provided thoughtful feedback regarding additional considerations that should be factored into the site comparisons, but ultimately endorsed the recommended ranking with 5 votes for the Riverside site and two votes for the EMWD site. Attachment 1 to this report is the Site Selection Analysis, which depicts the weight of each criteria, the raw site rankings, the weighted score of each criteria, the research and findings considered for each criteria, and the total score of each site. Attachment 2 lists all 18 of the site selection criteria considered (note, only the top 10 were factored into the site scoring). Attachments 3 – 8 include the Feasibility Analysis findings that were considered and are referenced in the Site Selection Analysis: the Pro Forma Summary (Attachment 3), Market Analysis (Attachment 4), Steering Committee Selected Program Elements (Attachment 5), Experience Goals (Attachment 6), Program Elements Included by each Host Site (Attachment 7), and Grant Competitiveness Report from Blais and Associates (Attachment 8).

The Steering Committee concluded with a final review and endorsement of the vision for Experience, which now reads: “Western Riverside County’s showcase of opportunity and innovation.” The vision complements

the Mission Statement, finalized in Meeting 5: “Experience connects our community with public, private, nonprofit, and education sectors to harness knowledge capital, attract growth industries, accelerate technologies, spur economic development, and stimulate action to improve our world.”

Experience Next Steps

As the Feasibility Analysis concluded that an Experience concept is feasible in the WRCOG subregion, the project team has identified an overall set of requisite next steps to move Experience toward implementation. First, once a final host agency is selected, WRCOG and the host agency would enter into an MOU, which would outline each agency’s responsibilities over the following 1-2 years to support Experience implementation. Through conversations with the Steering Committee and input from the project consultants, it is envisioned that these responsibilities might include the following commitments from WRCOG:

1. Staff support to recruit and hire a new staff or consultant position to lead the fundraising and program development activities;
2. Office space for the Experience staff position;
3. Oversight and administrative support for the Experience staff position; and
4. A financial contribution to cover no more than half of the first year’s cost for a Consultant or Contract Employee who would be dedicated to Experience.

It should be noted that WRCOG currently does not have additional funding in the Fiscal Year 2018/2019 Agency Budget to support Experience beyond a limited level. Providing limited staff oversight, administrative support, and office space can be accommodated within the existing WRCOG resources. Securing funds for a dedicated consultant or contract employee for Experience would be more challenging; the funding source to contribute to the costs of that position would be finalized once WRCOG begins the process of preparing the next Fiscal Year budget in March of 2019.

The contributions that would likely be proposed to come from the host agency could include, but not be limited to the following:

1. A matching contribution to fund the Experience staff position;
2. Partial oversight of the Experience staff position (if desired);
3. Staffing to perform all necessary due diligence to finalize selection of a specific site to house Experience, and covering any related expenses; and
4. Securing the selected site through such means as entering into a lease, option to buy, or similar.

The contractor or employee leading program and fund development is seen as a critical component for Experience to achieve its goals for the subregion. While the fundraising element is necessary for the idea to move forward, program development is equally important as it would be the difference between a mere demonstration facility and a truly vibrant, regional asset. The need for early, calculated program planning was identified through the Feasibility Analysis’ existing model research and found to have universal applications to the outcome of these models. It is anticipated that the correct mix of programs has the potential to generate funding to support on-going operations of Experience so the facility can be self-sustaining. In addition to direct program revenues, these funds can come through corporate sponsorships, industry partnerships, grants, and similar sources. Therefore, selecting the proper person with the appropriate skill set will be critical to ensuring the long-term success of Experience.

Staff recommends that the MOU would also include a set of deadlines for meeting specific milestones, for example: financial contributions should be confirmed by no later than July 1, 2019, in coordination with finalizing the FY 2019/2020 Agency budgets; the site should be identified by July 1, 2019; and the site should be secured by no later than December 31, 2019.

It is anticipated that the consultant or contract employee position would require between 1 and 2 years to assemble a sufficient pipeline of grants, financing, partnerships, etc. to move into the construction phase. Construction would require approximately 1 to 2 years to complete and would be followed by ongoing

maintenance and operations. Attachment 9 to this report includes a chart which illustrates the phases of implementation and the primary tasks associated with each.

Prior Action:

October 18, 2018: The Technical Advisory Committee received and filed.

Fiscal Impact:

Additional expenditures for EXPERIENCE will be covered by unspent BEYOND project funds (if available) and programmed into the Fiscal Year 2019/2020 Agency Budget.

Attachments:

1. Experience Site Selection Analysis.
2. Experience Site Selection Criteria.
3. Pro Forma Summary.
4. Market Analysis.
5. Steering Committee Selected Program Elements.
6. Experience Goals.
7. Program Elements Included by each Host Site.
8. Grant Competitiveness Report from Blais and Associates.
9. Implementation Phases Graphic.

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Attachment 1

Experience Site Selection Analysis

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Experience Site Selection Analysis

Selection Criteria		Weight	Host Site Rank			Weighted Points			Justification Documents/Research
			Riverside	EMWD	Temecula	Riverside	Eastern	Temecula	
1	Financially Sustainable	8.4	3	2	1	25.2	16.8	8.4	Pro Forma Summary
2	Regional economic development impact	8	3	1	2	24	8	16	Market Analysis (proximity to jobs), Program elements selected (economic impact driven by incubator)
3	Sufficient space for must haves/like to haves	5.2	2	2	2	10.4	10.4	10.4	Selected program elements
4	Sufficient parking either on - site or off-site	4.8	1	3	2	4.8	14.4	9.6	premium of land / location,
4	Alignment with Goals	4.8	2	3	2	9.6	14.4	9.6	Goals, Program element inclusion
6	Expansion potential	4.4	2	3	2	8.8	13.2	8.8	Based on proposed sites from each prospective host site (EMWD adjacent campus, Downtown Riverside packinghouse sites, Temecula Altair and Abbot)
7	Competitive location for grant funding	4.1	3	3	1	12.3	12.3	4.1	Blaise & Associates Report
7	Proximity to existing population and employment	4.1	3	2	1	12.3	8.2	4.1	Market Analysis
9	Proximity to transit	3.8	3	2	1	11.4	7.6	3.8	Current transit service
10	Sufficient demand for must have/like to have program elements	3.6	3	2	2	10.8	7.2	7.2	Market Analysis
TOTAL						129.6	112.5	82	

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Attachment 2

Experience Site Selection Criteria

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EXPERIENCE SITE SELECTION CRITERIA

Discussed and ranked by Steering Committee participants in meeting #4.

1. Financially Sustainable (84 points)
2. Regional economic development impact (80 points)
3. Sufficient space for Must Haves/ Like to Haves (52 points)
4. Sufficient parking either on-site or off-site (48 points)
5. Alignment with Goals (48 points)
6. Expansion potential (44 points)
7. Competitive location for grant funding (41 points)
8. Proximity to existing population and employment (41 points)
9. Proximity to transit (38 points)
10. Sufficient demand for Must Have/ Like to Have program elements (36 points)
11. Synergy with surrounding uses (33 points)
12. Technical Support from host jurisdiction/ agency (30 points)
13. Flexible space for alternative programming/ use over time (27 points)
14. Proximity to University Partnerships (27 points)
15. Proximity to projected population and employment (25 points)
16. Local economic development impact (22 points)
17. Financial support from host jurisdiction/ agency (17 points)
18. Land use compatibility (15 points)

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Attachment 3

Pro Forma Summary

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Feasibility Study for EXPERIENCE A Regional Innovation Center

Preliminary Financial Analysis—Draft Pro Forma Overview
September 17, 2018

Starting Point Draft Pro Forms for Experience

The pro formas in this spreadsheet provide an apples-to-apples comparison of the costs and revenues for Experience in each of the jurisdictions. The pro formas are only intended to provide a rough order-of-magnitude estimate of the costs, funding requirements, and typical expected annual operations after the project is opened, occupied, and stabilized revenue is realized. These pro formas should be considered a starting point draft. It provides a starting point for understanding the magnitude of outside contributions that may be necessary to successfully realize the vision for Experience. From here, the concepts can be refined, strategies to reduce and/or offset land acquisition and other costs can be identified, and opportunities for outside contributions can be prioritized.



Pro Forma Summary

	EMWD/Perris	Riverside	Temecula	Entry-Level	Everything Level
Program					
Total building size (sq. ft.)	42,838	36,297	53,619	27,241	116,797
Outdoor functional area (sq. ft.)	54,500	18,500	18,500	15,500	56,000
Parking area/circulation (sq. ft.)	95,430	73,814	89,650	81,660	205,281
Site area (acres)	5.09	3.40	4.27	3.28	8.64
Development Cost					
Assumed land cost per acre	386,000	1,102,000	596,000	615,000	615,000
Total land acquisition cost	2,023,000	3,855,000	2,620,000	2,082,000	5,477,000
Site work	3,140,000	2,378,000	2,925,000	2,317,000	5,695,000
Construction costs	10,668,000	9,915,000	13,115,000	7,210,000	24,857,000
Soft costs	7,749,000	6,899,000	9,002,000	5,347,000	17,146,000
Contingency	2,325,000	2,070,000	2,701,000	1,604,000	5,144,000
Total development cost	25,900,000	25,120,000	30,360,000	18,560,000	58,320,000
Construction Funding and Financing					
Total development cost	-25,900,000	-25,120,000	-30,360,000	-18,560,000	-58,320,000
Construction financing costs	-429,000	-399,000	-525,000	-339,000	-995,000
Grants and contributions for construction	21,500,000	20,880,000	24,950,000	15,030,000	48,030,000
WRCOG/other equity investment	781,000	862,000	975,000	669,000	1,881,000
Total amount financed (permanent loan)	4,054,000	3,769,000	4,959,000	3,204,000	9,400,000
Annual debt service	280,000	261,000	343,000	221,000	650,000
Annual Operations					
Annual debt service	-280,000	-261,000	-343,000	-221,000	-650,000
Net program revenue, before grant funding	6,290	61,150	37,430	-16,680	62,440
Expected annual grant funding	274,000	199,000	305,000	238,000	587,000
Total annual net revenue	0	0	0	0	0

Pro Formas

	EMWD/Perris	Riverside	Temecula	Entry-Level	Everything Level
PROGRAM					
Building and Indoor Functions					
Welcome center	750	1,000	750	750	1,000
Demonstrations/display	5,000	5,000	3,000	3,000	5,000
Meeting rooms/student learning opportunities	2,000	2,000	2,000	2,000	4,000
Conference space/event facilities	7,500		7,500	7,500	15,000
Seated performance venue			6,000		12,000
Coworking space/office space/space for lease	10,000		1,500	1,500	10,000
Incubator/accelerator		10,000	10,000		15,000
Maker space					10,000
Administrative core	700	900	700	700	900
Commercial kitchen (membership)	1,000	1,500	1,000	1,000	1,500
Restaurant/tasting room	2,500	2,500	2,500	2,500	2,500
Coffee bar	350	350	350		350
Microbreweries and local wineries		2,000	2,000		4,000
Other building core	4,470	3,788	5,595	2,843	12,188
Building circulation	8,568	7,259	10,724	5,448	23,359
Total building size (sq. ft.)	42,838	36,297	53,619	27,241	116,797
Building footprint (sq. ft.)	42,838	36,297	53,619	27,241	58,398
Coverage	19.3%	24.5%	28.8%	19.0%	15.5%
Site and Outdoor Functions					
Regional demonstration area	4,500	2,500	2,500	2,500	4,500
Community areas	3,000	3,000	3,000		4,500
Event space	25,000	10,000	10,000	10,000	25,000
Urban agriculture	22,000	3,000	3,000	3,000	22,000
Subtotal, outdoor functions (sq. ft.)	54,500	18,500	18,500	15,500	56,000
Parking count	281	217	304	240	604
Parking area (sq. ft.)	95,430	73,814	89,650	81,660	205,281
Net site area (sq. ft.)	192,767	128,611	161,768	124,400	319,679
Setbacks and right-of-way	28,915	19,292	24,265	18,660	56,712
Total site area (sq. ft.)	221,682	147,903	186,033	143,060	376,391
Total site area (acres)	5.09	3.40	4.27	3.28	8.64

DEVELOPMENT COSTS					
Purchase price	1,963,676	3,742,324	2,543,811	2,021,125	5,317,572
- price per acre	385,858	1,102,183	595,637	615,407	615,407
Due diligence	58,910	112,270	76,314	60,634	159,527
Land acquisition cost	2,022,586	3,854,594	2,620,125	2,081,758	5,477,099
Site work	3,139,522	2,377,725	2,925,072	2,316,529	5,694,949
Construction costs	10,667,746	9,915,049	13,115,270	7,210,135	24,856,956
Soft costs	7,748,960	6,898,990	9,002,212	5,346,585	17,146,439
Contingency	2,324,688	2,069,697	2,700,664	1,603,976	5,143,932
Total construction cost	23,880,916	21,261,461	27,743,218	16,477,225	52,842,276
Total development costs	25,903,502	25,116,055	30,363,343	18,558,983	58,319,375
CONSTRUCTION FINANCING					
Total cost, less grant funding for construction	4,405,876	4,232,726	5,408,445	3,533,230	10,286,134
Equity required	781,288	862,269	974,614	668,697	1,881,030
Construction loan amount	3,624,589	3,370,456	4,433,831	2,864,533	8,405,104
Construction loan fee	117,799	109,540	144,099	93,097	273,166
FINANCIAL BALANCE					
Equity required for construction	-781,288	-862,269	-974,614	-668,697	-1,881,030
Annual debt service	-280,167	-260,523	-342,718	-221,417	-649,682
Net annual operating income	6,295	61,147	37,428	-16,682	62,435
Cash flow subtotal before grants	-273,872	-199,376	-305,290	-238,100	-587,247
Average annual grant funding	273,872	199,376	305,290	238,100	587,247
Total Annual Cash Flow	0	0	0	0	0
Supportable debt service	280,167	260,523	342,718	221,417	649,682
Maximum permanently loan	4,014,064	3,732,624	4,910,262	3,172,338	9,308,263
Additional contributions for construction	21,497,626	20,883,329	24,954,898	15,025,753	48,033,241

Estimated Annual Revenue

	EMWD/Perris	Riverside	Temecula	Entry-Level	Everything Level
Meeting Space					
Net program revenue per sq. ft.	-1.71	-1.71	-1.71	-1.71	-1.71
Net program revenue	-3,422	-3,422	-3,422	-3,422	-6,845
Net grant funds per sq. ft.	27.95	27.95	27.95	27.95	27.95
Net grant funds	55,899	55,899	55,899	55,899	111,798
Net revenue with grant funding	52,477	52,477	52,477	52,477	104,953
Conference Space / Event Venue					
Net program revenue per sq. ft.	-5.48	-5.48	-5.48	-5.48	-5.48
Net program revenue	-41,107	0	-41,107	-41,107	-82,214
Net grant funds per sq. ft.	13.98	13.98	13.98	13.98	13.98
Net grant funds	104,866	0	104,866	104,866	209,732
Net revenue with grant funding	63,759	0	63,759	63,759	127,518
Coworking / Office Space					
Net program revenue per sq. ft.	2.94	4.77	3.30	3.67	3.67
Net program revenue	29,376	0	4,956	5,506	36,709
Net grant funds per sq. ft.	2.84	2.84	2.84	2.84	2.84
Net grant funds	28,385	0	4,258	4,258	28,385
Net revenue with grant funding	57,761	0	9,214	9,764	65,094
Performance Venue					
Net program revenue per sq. ft.	2.17	2.17	2.17	2.17	2.17
Net program revenue	0	0	13,035	0	26,071
Net grant funds per sq. ft.	5.40	5.40	5.40	5.40	5.40
Net grant funds	0	0	32,409	0	64,819
Net revenue with grant funding	0	0	45,445	0	90,890
Incubator / Accelerator					
Net program revenue per sq. ft.	-0.39	-0.39	-0.39	-0.39	-0.39
Net program revenue	0	-3,905	-3,905	0	-5,858
Net grant funds per sq. ft.	3.48	3.48	3.48	3.48	3.48
Net grant funds	0	34,781	34,781	0	52,172
Net revenue with grant funding	0	30,876	30,876	0	46,314

Commercial Kitchen					
Net program revenue per sq. ft.	-27.89	-27.89	-27.89	-27.89	-27.89
Net program revenue	-27,892	-41,838	-27,892	-27,892	-41,838
Net grant funds per sq. ft.	71.24	71.24	71.24	71.24	71.24
Net grant funds	71,238	106,857	71,238	71,238	106,857
Net revenue with grant funding	43,346	65,019	43,346	43,346	65,019
Restaurant/Coffee/Brewery/Winery					
Net program revenue per sq. ft.	18.00	22.80	19.80	20.20	20.20
Net program revenue	51,300	110,580	96,030	50,500	138,370
Net grant funds per sq. ft.	0	0	0	0	0
Net grant funds	0	0	0	0	0
Net revenue with grant funding	51,300	110,580	96,030	50,500	138,370
Urban Agriculture					
Net program revenue per acre	-3,881.01	-3,881.01	-3,881.01	-3,881.01	-3,881.01
Net program revenue	-1,960	-267	-267	-267	-1,960
Net grant funds per acre	26,699.15	26,699.15	26,699.15	26,699.15	26,699.15
Net grant funds	13,484	1,839	1,839	1,839	13,484

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Attachment 4

Market Analysis

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Economic and Market Assessment

SUMMARY OF FINDINGS

GENERAL OFFICE SPACE

FINDINGS

- May not be critical to the vision for Experience
- Can be a revenue generator
- Potential location for businesses graduating from incubator/accelerator
- Tie-in with coworking space
- Potential transition, allows for expansion of other functions

LOCATIONAL STRENGTHS

- Office-based employment projected to increase in all three areas
- Largest increases are in the Riverside area: suggests general office space is a viable consideration in the Riverside location
- Office-based employment growth in EMWD and Temecula areas in near-term does not warrant new office construction: general office space probably not a viable option

EVENT SPACE/VENUE

FINDINGS

- This category includes larger spaces for conferences, conventions, and performances
- Market for smaller spaces is well-served by existing facilities, such as banquet halls and, in some cases, meeting facilities in hotels
- There are limited facilities for larger meetings/conferences, except for Riverside Convention Center and Pechanga Resort and Casino

LOCATIONAL STRENGTHS

- Event and venue space may overlap with other functions
- Event and venue space is a potential revenue generator for Experience
- There are more existing facilities in proximity to Riverside location
- Few facilities in proximity to EMWD
- Limited facilities near Temecula, but many wineries may capture demand for weddings



Economic and Market Assessment

SUMMARY OF FINDINGS

OUTDOOR DEMONSTRATION AREAS

LOCATIONAL STRENGTHS

- Outdoor demonstration area not likely to generate revenue
- Relative to existing facilities, there is potential for additional outdoor demonstration areas
- From an economic standpoint, all three locations may be similarly suitable for outdoor demonstration areas, but not all of the locations would have sufficient/suitable land area
- Convention Center and Pechanga Resort and Casino

URBAN AGRICULTURE

FINDINGS

- Agricultural functions, such as community gardens, a farmer's market, plant nursery, and a farm products store
- Existing market demand for retail in the three locations; expected to grow as the region's population grows
- The three locations have a variety of existing farmer's markets, plant nurseries, and farm products stores.
- May be opportunities to introduce new farmer's markets on alternating days
- Demand for plant nurseries and farm products stores expected to increase with population

LOCATIONAL STRENGTHS

- Sufficient existing or near-term demand to support urban agriculture functions in each of the locations
- The Perris area is the least served by existing farmer's markets
- With the exception of community gardens, urban agriculture functions could be revenue generating
- Community gardens can generate user fees to cover operation and maintenance costs and therefore be revenue neutral



Economic and Market Assessment

SUMMARY OF FINDINGS

FOOD SERVICE

LOCATIONAL STRENGTHS

- There is sufficient market demand for restaurants in all three locations
- Because the Riverside location is an urban area, a restaurant here would have the greatest potential to attract foot traffic. Restaurants at the EMWD and Temecula locations would likely rely greatly on Experience patrons and destination diners.
- A culinary incubator at the Riverside location would have to complement Riverside Food Lab
- It is not clear that there would be sufficient demand to support a culinary incubator at the EMWD and Temecula locations

INCUBATOR/ACCELERATOR

FINDINGS

- Lower rate of business startups indicates need for entrepreneurial support organizations (incubators, accelerators, coworking space, and maker space)
- Majority of incubators/accelerators and makerspaces are in LA and Orange Counties
- UCR's experience with ExCITE demonstrates existing need



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Attachment 5

Steering Committee Selected
Program Elements

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PROGRAM ELEMENTS

At the third meeting of the Steering Committee in March 2018, participants were surveyed regarding Program Elements desirable for inclusion in Experience. From that discussion, some Program elements were clearly identified as desirable, while others received a mixed reaction. The below summarizes the results of that discussion.

Generally Agreed “Must Have”

1. Rotating display/demonstration area (Indoors)
2. Student-oriented education / learning area (Indoors)
3. Meeting and event space (Indoors)
4. Food-related services: restaurant, reheat kitchen, small business incubator kitchen, coffee bar, beer/ wine bar, etc. (Indoors)
5. Regional resiliency demonstrations and innovations (Outdoors)
6. Community Areas (Outdoors)
7. Event space (Outdoors)
8. Urban Agriculture: Food Gardens showcasing emerging technology (not community garden)
9. Incubator (small-scale model of best practices)

Generally Agreed “Not Necessary”

1. Training center for the trades

Not Agreed on by All

1. Office space for lease
2. Coworking space
3. Administrative Core
4. Labs/Fabrication/Prototype Area

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Experience Regional Innovation
Center Feasibility Analysis Activities
Update

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Experience Goals

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EXPERIENCE GOALS

WRCOG held an Experience kick-off meeting with consultants in October 2017, and drafted initial goals. At the first Steering Committee meeting in January 2018, these initial goals were presented to the Steering Committee and expanded upon. The Steering Committee discussion resulted in the following list of goals.

EXPERIENCE should...

1. Benefit all WRCOG organizations and the communities served
2. Be tied to WRCOG's mission
3. Support WRCOG's Economic Development and Sustainability Framework
4. Not resemble a monument, but a place that engages, educates and motivates people
 - a. The building design should reflect the energy/resource conserving technologies and tell a story (function over form)
5. Provide economic development opportunities for individuals and businesses and prepare people for jobs in the subregion
6. Be relevant to what's important to the region and provide a sustained public benefit
7. Be financially feasible from construction to operations and maintenance overtime
8. Have a high-level of performance for program elements and the facilities, which should be tracked and evaluated
9. Provide multiple reasons to visit through a wide variety of cohesive activities that result in returning visitors
10. Be innovative, cutting-edge, and provide a rotation of forward-thinking displays, events, and activities
11. Incorporate best practices for water and energy efficiency, sustainable building design, and business strategy
12. Empower the community to adopt techniques/take action
13. Provide visitors with a unique experience that encapsulates the region
14. Be embraced by both the public and private sector – encouraging partnerships and collaboration
15. Be accessible by all modes of transportation (e.g., car, bus, train, pedestrians, cyclists) and all segments of the population (low income, rural/urban, non-English speaking, multiple ages, etc.)
16. Serve as a centralized resource and information center for the region
17. Tell the story of Western Riverside County by showcasing the region's current assets/successes. This should also include promoting the vision for Western Riverside County through visual simulations or other techniques.
18. Compliment UC Riverside and Cal Poly Pomona sustainability and regenerative studies research (agricultural living labs, solar/micro grids)
19. Be accessible to everyone in the community – be affordable and open to the public
20. Accommodate large and small audiences
21. Provide interactive educational opportunities for all ages

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Center Feasibility Analysis Activities
Update

Attachment 7

Program Elements Included by each
Host Site

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EXPERIENCE PROGRAM DETAILS

	EMWD/Perris	Riverside	Temecula	Entry Level	Everything Level
Building and Indoor Functions					
Welcome center	750	1,000	750	750	1,000
Demonstrations/display	5,000	5,000	3,000	3,000	5,000
Meeting rooms/student learning opportunities	2,000	2,000	2,000	2,000	4,000
Conference space/event facilities	7,500		7,500	7,500	15,000
Seated performance venue			6,000		12,000
Coworking space/office space/space for lease	10,000		1,500	1,500	10,000
Incubator/accelerator		10,000	10,000	10,000	15,000
Maker space					10,000
Administrative core	700	900	700	700	900
Commercial kitchen (membership)	1,000	1,500	1,000	1,000	1,500
Restaurant/tasting room	2,500	2,500	2,500	2,500	2,500
Coffee bar	350	350	350		350
Microbreweries and local wineries		2,000	2,000		4,000
Other building core	4,470	3,788	5,595	2,843	12,188
Building circulation	8,568	7,259	10,724	5,448	23,359
Total building size (sq. ft.)	42,838	36,297	53,619	37,241	116,797
Building footprint (sq. ft.)	42,838	36,297	53,619	37,241	58,398
Coverage	19.3%	24.5%	28.8%	24.3%	15.5%
Site and Outdoor Functions					
Regional demonstration area	4,500	2,500	2,500	2,500	4,500
Community areas	3,000	3,000	3,000		4,500
Event space	25,000	10,000	10,000	10,000	25,000

EXPERIENCE PROGRAM DETAILS

	EMWD/Perris	Riverside	Temecula	Entry Level	Everything Level
Urban agriculture	22,000	3,000	3,000	3,000	22,000
Subtotal, outdoor functions (sq. ft.)	54,500	18,500	18,500	15,500	56,000
Parking count	281	217	304	240	604
Parking area (sq. ft.)	95,430	73,814	89,650	81,660	205,281
Net site area (sq. ft.)	192,767	128,611	161,768	134,400	319,679
Setbacks and right-of-way	28,915	19,292	24,265	18,660	56,712
Total site area (sq. ft.)	221,682	147,903	186,033	153,060	376,391
Total site area (acres)	5.09	3.40	4.27	3.51	8.64

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Grant Competitiveness Report from
Blais and Associates

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Western Riverside Council of Governments

“Experience” Innovation/Sustainability Center

Analysis of Perris, Riverside, and Temecula Potential Competitiveness for Grant Funding

August 2018

Observations for Grant Consideration:

One of the most important considerations for location, related to grant funding, is based on the purpose and intended outcomes for Experience, and where residents and visitors of the WRCOG subregion will want to go to take advantage of the benefits it offers. A clear explanation of what makes this different from other places in Southern California and why it is special – *why* would I want to be part of this? and *what difference* will it make? – are key questions that need to be addressed for funding agencies. This summary, as all grant funding, is not absolute, and many factors contribute to grant competitiveness outside of scoring that are beyond our control. The following analysis is based on scoring factors that Blais & Associates often sees in grant competitions. The analysis is meant to be one part of a larger conversation to be considered in tandem with the final “Experience” feasibility analysis to be completed later in the Fall, which will include additional comprehensive analysis of factors affecting the feasibility of each location.

Riverside

Zip Code Focus: 92501; 92507

Grant Competitiveness: HIGH

The City of Riverside has the highest number of residents with a population of 327,728. As shown in Table 2, below, the citywide median household income (MHI) is less than the statewide MHI, and the two focus zip codes (92501 and 92507) are lower than the city MHI. When considering grants that prioritize low-income areas and disadvantaged communities (DACs), Riverside will be competitive. Additionally, Riverside County Economic Development Agency (EDA) won a Transformative Climate Communities (TCC) Planning Grant for their “Green Light Riverside” project, which will develop a comprehensive transformation plan to revitalize portions of the City of Riverside that consist primarily of the top 5% of disadvantaged communities (residents of which experience stark health, environmental, and economic conditions). The area is deemed the “Innovation Corridor.” This prestigious grant award adds to the growing energy in the City as a home for model neighborhood-level transformation projects. Riverside has multiple redevelopment plans to draw from with substantial research on areas that would benefit from a project like “Experience.” The City is also home to UC Riverside and Solar Max, making it ideal for collaboration for an incubator or sustainability demonstration project. If located near the university or the UC Riverside-Hunter Park Metrolink station, the benefit could be magnified. The City of Riverside is also seen as the heart of Riverside County, and with a higher population, the City has an established reputation for business and vitality.

Perris

Zip Code Focus: 92570

Grant Competitiveness: MEDIUM – HIGH

Of the three cities, Perris is the smallest in population (77,879), but has the lowest MHI (\$51,315) of the cities, overall. Perris has a very low per capita income (\$14,765), the highest poverty rate (23.6%), and a high unemployment rate (14.2%). The focus zip code 92570 has a lower MHI, and higher rates of unemployment than the City as a whole. If low income, low education levels, and higher unemployment are the priority target demographics for a funding opportunity, Perris has compelling statistics. Despite the high poverty, low per capita level and high unemployment, of all the businesses/firms in Perris, 40.1% are owned by women and 81.5% are minority owned (the population is 73.1% Hispanic). Perris benefits from the positive attention the Eastern Municipal Water District (EMWD) has paid to the “Experience” project, with a location already chosen at their headquarters, and planning underway for a water-wise demonstration project at the site. The location in Perris would also garner competitiveness because the site is within one mile of the Perris South Metrolink station, and could possibly be pulled into a “First Mile Last Mile” transportation strategy.

Temecula

Grant Competitiveness: MEDIUM

With a population of 114,327, Temecula is the wealthiest of the three cities in terms of median household income (\$83,840), per capita income (\$30,397), a very low poverty rate (6.7%), and low unemployment (8.2%). There are 8,100 veterans residing in Temecula – or 7% of the City’s entire population. While Temecula has the highest income levels, lowest unemployment and highest education levels, the City also has the lowest portion of businesses owned by women and minorities. The difference is significant with only half the portion of those in Riverside and only a third of those in Perris. The low percentages of women and minority owned businesses is a compelling statistic Temecula has to offer. Of all the businesses/firms in Temecula, 34.6% are women-owned, 26.9% minority owned, and 8.7% veteran owned. While Temecula would likely fall short in garnering competitiveness or priority for revitalization of a disadvantaged community or providing jobs to a region with high unemployment, the City does have an established focus on projects for active transportation, local and regional connectivity for non-motorized travelers, and is home to the popular Temecula Valley Wine Country. As the most southernly located City on the list, if “Experience” were in Temecula, the idea of bringing something new to the southern region could be competitive. However, many grants prioritize low-income and disadvantaged communities for projects of this size and nature.

Please see **Table 1** for a side-by-side comparison of demographic statistics among the three geographies, and **Table 2** for possible grant funding opportunities in the future. All data from Table 1 is derived from the 2012-2016 American Community Survey 5-Year Estimates.

Table 1. DEMOGRAPHIC DATA FOR FUNDING CONSIDERATIONS

“Low-Income Communities” are communities with a Median Household Income (MHI) that is 80% or less of the statewide MHI (\$63,783). The communities below with an MHI of \$51,026 are considered Low-Income Communities for most grant purposes.

	State of California	City of Perris	Perris Zip Code 92570 Low Income	City of Riverside	Riverside Zip Code 92501	Riverside Zip Code 92507 Low Income	City of Temecula
Population	32,253,956	77,879	53,697	327,728	20,970	58,002	83,940
Median Household Income (MHI)	\$63,783	\$51,315	\$42,279 (Low-Income)	\$58,979	\$52,041	\$42,957 (Low-Income)	\$83,840
Per Capita Income (PCI)	\$31,458	\$14,765	\$15,617	\$23,061	\$21,436	\$17,764	\$30,397
Poverty Rate	15.8%	23.6%	28.1%	17.6%	20.8%	30.2%	6.7%
Unemployment Rate	8.7%	14.2%	15.8%	11.0%	13.2%	14.9%	8.2%
Veteran Population	1,720,635	1,820	2,270*	13,350	1,120	2,020	8,100
Businesses Owned by Veterans	7.11%	4.6%	**	8.5%	**	**	8.7%
Minority-Owned Businesses	45.6%	81.5%	**	50.3%	**	**	26.9%
Women-Owned Businesses	37.0%	40.1%	**	38.2%	**	**	34.6%
High School Graduates over the Age of 25	82.1%	65.4%	63.1%	79.0%	79.9%	78.3%	91.7%
Bachelor's Degree or Higher	32.0%	8.9%	8.2%	22.6%	18.8%	25.6%	32.2%

*Data for the smaller geography showed a higher number of veterans, revealing an anomaly in data. **Data not available for this geography.

Table 2. POTENTIAL GRANT FUNDING OPPORTUNITIES

No.	Program/Deadline/ Website	Eligible Applicants	Purpose	Funding/Match	Scoring
1	US Department of Commerce, Economic Development Administration (EDA): <i>Regional Innovation Strategies Program</i> Deadline: August 29, 2018 http://www.eda.gov/oie/ris/ Funding expected annually	States, Indian tribes, city or other political subdivision of a state, a consortium of any of the eligible entities; or nonprofit organizations, institutions of higher education, public-private partnerships, science or research park, Federal laboratory, or economic development organization or similar entity; and a consortium of any of the above.	To foster connected, innovation-centric economic sectors (clusters) which support the conversion of research into products and services, businesses, and ultimately jobs through entrepreneurship. 2 programs: - <i>i6 Challenge</i>: increase entrepreneurship through the process of technology commercialization that results in new businesses, accelerated paths to export, increased foreign direct investment (FDI) and new jobs. - <i>Seed Fund Support</i>: provide technical assistance and operational costs that support the formation, launch, or scale of cluster-focused seed funds that will invest their capital in innovation-based startups with a potential for high growth – feasibility studies and start-ups.	<i>i6 Challenge</i> - \$750,000 <i>Seed Fund Support</i>- \$300,000 (no construction costs) Match: Dollar for dollar of total project cost. Funding over 3-year project period Success rate is roughly 19%.	Applications should address the following: -Project Support and Cluster Connectivity; -Cluster Diversity and Engagement; -Project Economic, Job, and Innovation Impacts; -Cluster Assets and Infrastructure; -Project Sustainability and Adaptability; and -Project Feasibility. <u>Scoring and competitiveness potential by city:</u> *Perris – low potential (low education levels, low per capita) *Riverside – medium to high potential (population, education, sustainable solar and university partnerships) *Temecula – medium to high potential (education levels, much higher per capita supports potential for sustainability)

Table 2. POTENTIAL GRANT FUNDING OPPORTUNITIES

No.	Program/Deadline/ Website	Eligible Applicants	Purpose	Funding/Match	Scoring
2	US Department of Commerce, Economic Development Administration (EDA): Public Works and Economic Assistance (EAA) Deadline: Applications accepted on an ongoing basis. https://www.eda.gov/funding-opportunities/index.htm Funding is expected to continue into the foreseeable future.	District organization of a designated Economic Development District, Indian tribe or a consortium of Indian tribes, state, city or other political subdivision of a state, institution of higher learning, public or private non-profit organization or association acting in cooperation with officials of a political subdivision of a state.	To provide investments that support construction, non-construction, technical assistance, and revolving loan fund projects under EDA's Public Works and EAA programs. Grants and cooperative agreements made under these programs are designed to leverage existing regional assets and support the implementation of economic development strategies <u>that advance new ideas and creative approaches to advance economic prosperity in distressed communities</u>. EDA provides strategic investments on a competitive-merit-basis to support economic development, foster job creation, and attract private investment in economically distressed areas of the United States Approximately one job created for each \$10,000 invested.	\$37 million Match: 50% of total project cost Funding range: \$150,000 to \$1 M Average award \$650,000. Performance period depends on scope of work, construction projects to be completed within 5 years 70-140 projects awarded funds each year.	Criteria used to determine EAA grants: The ability of the proposed project to realistically achieve the desired results and catalyze additional resources; the ability of a project to start quickly and create jobs faster; the extent to which the project will enable the community/region to become more diversified and more economically prosperous; the relative economic distress of the region; the applicant's performance under previous Federal financial assistance awards; and the feasibility of the applicant to achieve the outcomes; The application process is a two-phase review process. - Applications for Phase I may be submitted any time during the fiscal year, and - Applicants are invited to submit Phase II. EDA will make a determination on an application within 60 days of receipt of the complete application. Additional criteria: Applicants must provide third-party data that clearly indicate that the relevant Region is subject to one (or more) of the following economic distress criteria: (i) an unemployment rate that is, for the most recent 24-month period for which data are available, at least one percentage point greater than the national average unemployment rate; (ii) per capita income that is, for the most recent period for which data are available, 80 percent or less of the national average per capita income; or (iii) a "Special Need," as determined by EDA. <u>Scoring and competitiveness potential by city:</u> *Perris – some potential (per capita is less than 80% of the national average per capita of \$29,829. 80% of PCI is \$23,863.)

Table 2. POTENTIAL GRANT FUNDING OPPORTUNITIES

No.	Program/Deadline/ Website	Eligible Applicants	Purpose	Funding/Match	Scoring
					*Riverside – some potential (per capita is less than 80% of the national average per capita of \$29,829. 80% of PCI is \$23,863.) *Temecula – does not meet funding criteria
3	US Department of Commerce, Economic Development Administration (EDA): Public Works Deadline: Applications will be accepted on an ongoing basis. https://www.eda.gov/funding-opportunities/index.htm Funding is expected to continue into the foreseeable future.	Same as EAA	To help distressed communities build, design, or engineer critical infrastructure and facilities that will help implement regional development strategies and advance bottom-up economic development goals to promote regional prosperity. Examples of support through the Public Works program: Projects supporting water and sewer system improvements, industrial parks, high-tech shipping and logistics facilities, workforce training facilities, business incubators and accelerators, brownfield development, technology-based facilities, wet labs, multi-tenant manufacturing facilities, science and research parks, and telecommunications infrastructure and development facilities.	\$117.5 million Funding range from \$600,000 to \$3 M Average award \$1.4 M Match: 50% of total project Performance period depends on scope of work with construction projects completed within 5 years. 80-150 projects awarded funds each year	Same as EAA <u>Scoring and competitiveness potential by city:</u> *Perris – some potential (per capita is less than 80% of the national average per capita of \$29,829. 80% of PCI is \$23,863.) *Riverside – some potential (per capita is less than 80% of the national average per capita of \$29,829. 80% of PCI is \$23,863.) *Temecula – does not meet funding criteria Next Step: Contact Wilfred Marshall, EDA Representative, and brief him about project idea and gain his overall buy-in. (310) 348-5386 wmarshall@eda.gov Success rate is highly dependent on regional EDA representative understanding and supporting project.

Table 2. POTENTIAL GRANT FUNDING OPPORTUNITIES

No.	Program/Deadline/ Website	Eligible Applicants	Purpose	Funding/Match	Scoring
4	Strategic Growth Council (SGC): Transformative Climate Communities (TCC) Planning Grant Deadline: October 30, 2018 http://sgc.ca.gov/programs/tcc/ Funding expected annually.	Cities, counties, metropolitan planning organizations, joint powers authorities, regional transportation planning agencies, councils of government, or combinations. There must be at least two (2) joint Partners on the project.	To help communities implement future Transformative Climate Communities Implementation Grant awards, or other California Climate Investment programs. Examples of eligible projects: - Evaluating, updating, and streamlining various policies and codes. - Completing fiscal analyses and studies. - Building capacity both internally and externally, among stakeholders including the development of collaboratives and partnerships that connect land use development with environmental, economic and social justice priorities. - Preparing climate action and climate adaptation plans. - Designing or enhancing community engagement.	\$250,000 Match: Not required. 1-year performance period 52.6% success rate in first and only round of funding. Received 19 applications – award up to 10 planning grants	Applications will be evaluated based on the following criteria: - Program Objectives and Transformative Requirements – 80 points - Organizational Capacity – 20 points <u>Scoring and competitiveness potential by city:</u> *Perris – unknown potential *Riverside – unknown potential (Riverside County EDA won a Planning Grant in 2017.) *Temecula – unknown potential

Table 2. POTENTIAL GRANT FUNDING OPPORTUNITIES

No.	Program/Deadline/ Website	Eligible Applicants	Purpose	Funding/Match	Scoring
5	Strategic Growth Council (SGC): Transformative Climate Communities (TCC) Implementation Deadline: October 30, 2018 http://sgc.ca.gov/programs/tcc/ Funding expected annually.	Community-based organizations, local governments, nonprofit, philanthropic, foundations, and faith-based organizations, coalitions or associations of nonprofits, community development finance institutions, community development corporations, joint powers authorities, and/or tribal governments. Eligible applicants must form a Collaborative Stakeholder Structure	For the implementation of neighborhood-level plans that include multiple, coordinated projects that reduce greenhouse gas emissions and achieve other community benefits	Min./Max. - TBD 3 awards only in previous cycle Match: 50% 3 Awards for 2017-2018: \$70M \$35 M \$35 M (6 applicants)	Concept Proposals that meet the requirements listed on pages 23-25 of the guidelines will be invited to submit a full application. Full Application will be scored based on the following criteria: • Transformative Plan: ○ Greenhouse Gas Emission Reductions ○ Program Goals, Strategies and Project Type • Transformative Requirements ○ Indicator Tracking Plan ○ Displacement Avoidance Plan ○ Community Engagement Plan ○ Climate Adaptation and resiliency • Capacity to Implement ○ Financial ○ Management and Organization ○ Community Engagement <u>Scoring and competitiveness potential by city:</u> *Perris – unknown potential *Riverside – If partnering with Riverside County EDA on Green Light Riverside project, potential is high. *Temecula – unknown potential

Table 2. POTENTIAL GRANT FUNDING OPPORTUNITIES

No.	Program/Deadline/ Website	Eligible Applicants	Purpose	Funding/Match	Scoring
6	Bloomberg Philanthropies Mayors Challenge Deadline: Last deadline was August 18, 2017 https://mayorschallenge.bloomberg.org Unknown if program will continue.	U.S. cities with more than 30,000 residents. Each city can submit only one application representing a single idea that addresses a specific problem. Cities may submit an idea that involves a partner.	To inspire cities to generate innovative ideas that solve major urban challenges and improve city life — ideas that ultimately can be shared with cities across Latin America and the Caribbean and around the globe.	2017 competition: 35 Champion Cities awarded up to \$100,000. Four cities win \$1 million. One “Grand Prize” winner awarded \$5 million.	Applications are evaluated based on the following: 1. Vision: Ideas should be bold, creative, and, importantly, should tackle the most pressing issues facing your city today. 2. Impact: ideas should have the potential to significantly improve citizens’ lives. 3. Implementation: Though implementation plans may not be fully developed, cities must demonstrate their commitment and a viable path to bringing their ideas to life. This includes garnering support from citizens and key stakeholders. 4. Transferability: Winning ideas will not only be beneficial to the city generating the idea, but also have the potential to spread and succeed in other cities. 5. October 2018: Mayors Challenge winner announced. <u>Scoring and competitiveness potential by city:</u> All cities are eligible – criteria would apply to all cities and competition is based on the concept or project idea

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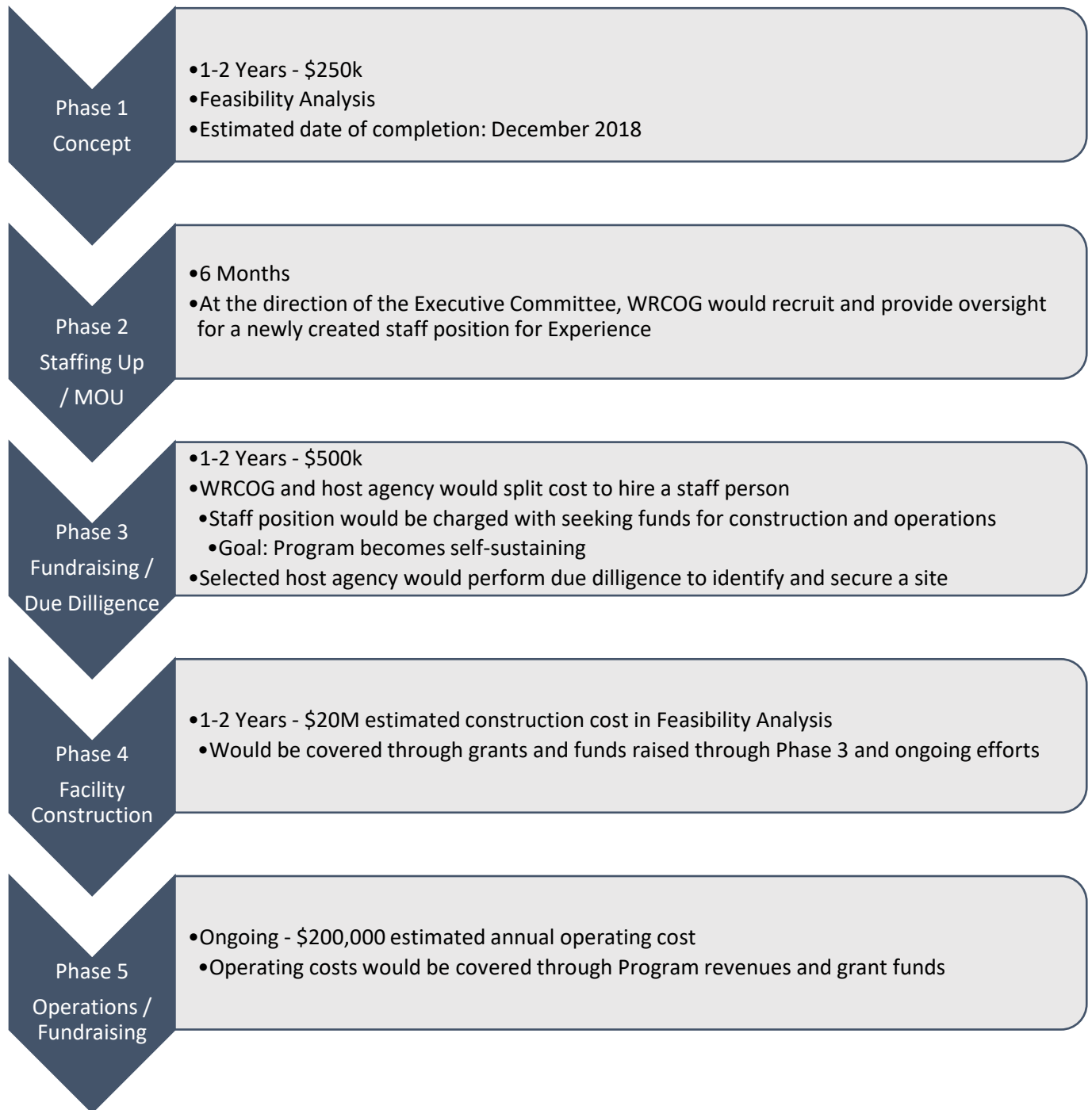
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Update

Attachment 9

Implementation Phases Graphic

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Regional Energy Network (REN) Proposal

Contact: Casey Dailey, Director of Energy & Environmental Programs cdailey@wrcog.us, (951) 405-6720

Date: November 14, 2018

The purpose of this item is to provide information on the development of a Regional Energy Network between the Coachella Valley Association of Governments (CVAG), San Bernardino Council of Governments (SBCOG), and WRCOG.

Requested Actions:

1. Recommend that the Executive Committee authorize the Executive Director to develop a joint cooperation agreement between CVAG, SBCOG, and WRCOG.
2. Recommend that Executive Committee direct the Executive Director to release an Request for Proposals for feasibility & implementation of a Regional Energy Network.

Local Government Partnerships Background

Local Government Partnerships (LGP) were approved at the California Public Utilities Commission (CPUC) on September 24, 2009, and allowed for Investor Owned Utilities (IOUs) to work with local governments on the implementation of LGPs. Through this model, LGPs were developed to focus on three objectives: 1) retrofit of local government buildings; 2) promote utility core programs; and 3) support qualified energy efficiency activities included in the Energy Efficiency Strategic Plan.

The Western Riverside Energy Partnership (WREP) is an LGP formed in 2010 and is administered by WRCOG to achieve these three objectives. WREP, along with all LGPs are facing three immediate challenges that could affect the continuity of their status and ongoing support of energy efficiency projects / outreach they provide to their members.

1. LGP decrease in funding: IOUs have been decreasing the funding that LGPs will be receiving and this will start to take effect in 2019. For LGPs performing work in the territories of Pacific Gas & Electric (PG&E), Southern California Gas Company (SoCal Gas), and Southern California Edison (SCE), there has been an average decrease in funding of 31%.
2. IOUs bidding out Energy Efficiency Programs: IOUs will be exporting about 60% of their Energy Efficiency Portfolio / Programs and bid them out to third party providers to take over the role that LGPs currently have as partners with the IOUs. The reason for this export of programs is that IOUs cannot meet their Total Resource Cost (TRC) of 1.25 set forth by the CPUC. TRC is generally a cost savings calculator that the IOUs use to identify a program's effectiveness. In doing so, the IOUs are looking at distributing a Request for Proposal (RFP) to identify a potential contractor that can better assist with meeting their TRC goal. The RFP is expected to be released in 2019 and a selected contractor will start to conduct work in 2020. *Many of the activities funded under WREP and other LGPs do not meet the minimum TRC threshold requirements and will likely be eliminated as a result.*

3. ***Eliminating Strategic Planning:*** IOUs will stop offering Strategic Plan funding at the start of 2019 and the reasoning behind this approach is that that is no quantifiable way to calculate or identify the effectiveness of energy efficiency with these programs. Programs that have been funded through this source include Benchmarking services and Online Permitting Systems.

A potential solution to the challenges LGPs are currently facing is the development and implementation of a Regional Energy Network (REN) that includes Western Riverside County (WREP), the San Bernardino Regional Energy Partnership (administered by SBCOG) and the Coachella Valley Energy Partnership (administered by CVAG). The result would be a REN that covers all of Riverside and San Bernardino Counties.

Regional Energy Networks (RENs)

In 2012, the CPUC authorized the piloting of RENs by inviting local governments to collaborate and submit proposals for a new model for administering energy efficiency programs outside the traditional IOU-administered paradigm. The CPUC sought for the RENs to address the following three operational areas:

1. RENs should undertake programs that the IOUs cannot or do not intend to do.
2. RENs should target hard to reach areas.
3. RENs should 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 Water – Energy Nexus.

To date, there are three active RENs which includes SoCal Ren (administered by the County of Los Angeles), BAYREN (administered by the Association of Bay Area Governments (ABAG)), and 3CREN (administered by Santa Barbara, San Luis Obispo, and Ventura County). These three REN implementers work cohesively with their respective IOUs and administer the following programs for their regions:

1. Residential & Commercial Energy Efficiency Installation Programs
2. Workshops & Trainings
3. Financing Mechanisms for Energy Efficiency Projects
4. Working with 3rd party providers for either municipal / business energy efficiency support

The goal of each REN is to implement and administer energy efficiency programs the current IOUs cannot or do not have the available resources to implement within each service territory. As directed by the CPUC, RENs look to fill the gap that IOUs cannot reach. For RENs, the term, “filling the gap” means areas that are hard to reach or low-income communities. Each REN focuses on opportunities to grow and educate in the field of energy efficiency by providing programs that benefit communities considered to be low income or that do not have a high penetration rate by IOU providers. Furthermore, RENs have more access to funding to implement regional programs offered to various members involved within RENs than what current LGPs have within their funding cycle.

For 2019, all three RENs must submit, for review and approval by the CPUC, Annual Budget Advice Letters (ABALs) to determine the funding amount each REN will receive for implementing their various energy programs. The table below illustrates the total amount of funding that each REN will be looking to utilize for 2019.

2019 REN Funding			
REN	SoCal REN	BAYREN	3C REN
Program Sector			
<i>Residential</i>	\$ 6,540,800	\$ 16,595,000	\$ 2,896,876
<i>Public</i>	\$ 11,336,000	\$ 701,000	
<i>Codes & Standards</i>	\$ 1,090,000	\$ 1,918,000	\$ 1,796,748
<i>Financing</i>	\$ 2,180,000		
<i>Workforce, Education & Training</i>	\$ 654,000		\$ 1,270,776
<i>Commercial</i>		\$ 4,544,000	
<i>Water-Energy Nexus</i>		\$ 944,000	
Total	\$ 21,800,800	\$ 24,702,000	\$ 5,964,400

Over the past several months, WRCOG staff has been in coordination with staff from both CVAG and SBCOG to discuss the possibility of developing a REN to cover both Riverside and San Bernardino Counties. To support these discussions, a white paper (Attachment 1) was developed to describe in further detail the evolution of LGPs and how RENs are the next step in implementing energy efficiency outreach & support on a regional level.

WRCOG is seeking to develop a joint cooperation agreement between SBCOG and CVAG to solicit a RFP that will be utilized to identify a consultant(s) to assist with the feasibility and implementation of a Regional Energy Network (REN) within the boundaries of CVAG, SBCOG, and WRCOG. Based on discussion with other REN administrators, staff anticipates the cost for the development and approval of a REN to be approximately \$150,000, or \$50,000 per each COG.

Prior Action:

None.

Fiscal Impact:

If approved, the \$50,000 would be included in WRCOG's 2nd Quarter Budget Amendment.

Attachment:

1. Draft REN White Paper.

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Item 5.E

Regional Energy Network (REN) Proposal

Attachment 1

Draft REN White Paper

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To: WRCOG Executive Committee
From: Casey Dailey, Director of Energy & Environmental Programs
Date: TBD
Subject: DRAFT Evolution of Local Government Partnerships with Utilities and Regional Energy Networks (RENS)

This white paper discusses the current challenges that Local Government Partnerships (LGPs) are facing and provides a solution that local governments can participate in to continue their work in localized energy efficiency programs to their communities.

Introduction

The State of California has been a great leader in the field of energy efficiency and through the California Public Utilities Commission's (CPUC) direction, Investor Owned Utilities (IOUs) have been working to meet the State energy goals such as AB 32, AB 802, and SB 350. Over the years, IOUs have taken a leadership role with their involvement in energy efficient programs and technology, especially with their partnerships within LGPs. LGPs have been working to meet the state's goals and provide support to local governments with assistance in energy efficiency projects. To date, there are over 40 LGPs in the state that provide their local jurisdictions with energy efficiency support. Additionally, a new energy opportunity has received CPUC approval supplementing and enhancing the energy efficiency support provided to not only IOUs but to local governments to provide further assistance than what LGPs currently provide. This new opportunity is the development of Regional Energy Networks (REN).

Local Government Partnerships (LGPs)

On September 24, 2009, the CPUC approved the Local Government Partnership Program for 2010-2012. Through the CPUC's decision (D.09-09-047), it gave approval for Investor Owned Utilities (IOUs) to work with local governments on the implementation of Local Government Partnerships (LGPs). Through this model, LGPs would focus on three objectives: 1) Retrofit of local government buildings; 2) Promote utility core programs; and 3) Support qualified energy efficiency activities included in the Energy Efficiency Strategic Plan.

1. Retrofit local government facilities: LGPs would work with City staff to identify, implement, and fully capture energy efficiency potential within municipal and other public agency buildings / facilities. Types of energy efficiency projects that LGPs would assist for retrofit includes indoor / outdoor lighting, HVAC system improvements, Energy Management Systems (EMS), boiler replacements, and upgrades of variable-frequency drives and water pumps.

2. Promote energy efficiency programs in the community: In an effort to promote energy efficiency programs and provide sustainable best practices to the communities of LGPs, both the IOUs & LGPs would work together to get involved in the participating communities to promote and educate the residents / business. Programmatic outreach consisted of public workshops, advertisements in print, radio, and online media, and direct mail or online public agency outlets such as newsletters and local government websites. In addition to these methods, LGPs would also engage with the public at community themed events. Both residents / business will receive informative updates and learn how to get enrolled in IOU programs that can assist with utility bill reduction.

3. Support the Energy Efficiency Strategic Plan: The Energy Efficiency Strategic Plan provides local governments with the opportunities to achieve long range goals of energy efficiency by implementing initiatives such as energy- or climate-action plans, benchmarking of public or community buildings, advancing EE reach codes for buildings, and trainings to increase awareness of and support for to building code compliance and greenhouse gas reduction efforts.

The Challenge

Over the past eight years, LGPs have had a huge influence in the local government sector. Municipalities have achieved energy savings and received incentives for their energy efficiency retrofits. Residents and businesses have been more involved with meeting the State's energy goals and funding for innovative programs offered through the IOUs have seen an increase in energy awareness. But within the past year, there has been a change in LGPs that has already affected various Partnerships throughout the State. IOUs have been decreasing the funding that LGPs will be receiving and this will start to take effect in 2019. For LGPs performing work in the territories of Pacific Gas & Electric (PG&E), Southern California Gas Company (SoCal Gas), and Southern California Edison (SCE), there has been a decrease in funding of 31%. This decrease in funding for 2019 will limit the LGPs support to local governments in project assistance and marketing & outreach support.

The decrease in funding is just one of the issues that LGP's will have to encounter, but just recently, both SCE & SoCal Gas have informed LGP Partnerships that the utilities will be exporting about 60% of their Energy Efficiency Portfolio / Programs and bid it out to third party providers to take over the role that LGPs currently have as partners with the IOUs. The reason for this export of programs is that IOUs cannot meet their Total Resource Cost (TRC) of 1.25 set forth by the CPUC. In doing so, the IOUs are looking at distributing a Request for Proposal (RFP) to identify a potential contractor that can better assist with meeting their TRC goal. The RFP is expected to be released in 2019 and a selected contractor will start to conduct work in 2020.

In addition to the decrease in funding for 2019 and exporting of the IOUs programmatic portfolio, the Strategic Planning Portfolio that local governments have been utilizing over the years to achieve long range goals of energy efficiency will no longer be active for

2019. The IOUs will stop offering Strategic Plan funding at the start of 2019 and the reasoning behind this approach is that there is no quantifiable way to calculate or identify the effectiveness of energy efficiency with these programs.

2019 will consist of a new challenge for LGPs, but currently there are other opportunities that LGP implementers can take to continue the work of promoting and educating energy efficiency models for their constituents.

Solution - Regional Energy Network (REN)

The CPUC, in its 2013-2014 Portfolio Guidance Decision, invited local governments to collaborate and submit proposals for a new model for administering energy efficiency programs outside the traditional IOU-administered paradigm. These new models are known as Regional Energy Networks (RENs).

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

1. RENs should undertake programs that the IOUs cannot or do not intend to do.
2. RENs should target hard to reach areas.
3. RENs should design programs that have the potential to be scaled to larger geographic areas.

Additionally, the CPUC also directed RENs to address the areas of Workforce Education & Training (WE&T), Technology development, and Water – Energy Nexus.

RENs successfully complement and also supplement the activities of LGPs programs as well as other public sector energy efficiency programs that are administered by the IOUs. RENs are able to add significant value by not just utilizing CPUC ratepayer funds but also by leveraging non-ratepayer funds that would come from the California Energy Commission (CEC), the Department of Energy (DOE), and publicly owned utilities.

Currents RENs in California

In 2012, the California Public Utilities Commission (CPUC) authorized two Regional Energy Networks (RENs), pilot entities composed of local governments to design and administer energy efficiency programs absent of IOU oversight. The two RENs that were created from the Pilot were BAYREN and SoCal Ren. BAYREN is administered by the San Francisco Bay Area which covers the nine Bay Area counties all within Pacific Gas & Electric (PG&E) territory. SoCal REN is administered by the County of Los Angeles. It serves residents, businesses, and public agencies within the Southern California Edison (SCE) and Southern California Gas (SoCalGas) territory. These two RENs have been in coordination with their respective IOUs that cover their service territory and through proper coordination, both SoCal Ren & BAYREN have implemented programs for both the public & residential sector. Programs that these two RENs have implemented include the following: 1) Residential & Commercial Energy Efficiency Installation Programs, 2) Workshops & Trainings, 3) Financing mechanisms

for energy efficiency projects, and 4) Working with 3rd party providers (ESCSOs) to assist either municipal / businesses with energy efficiency programs.

These two RENs have been active in the State since their inception and have been very successful in their work within the field of energy efficiency. Per the CPUC's decision D.16-08-019, "we encourage RENs to be involved in programs where they have special expertise or relationships with customers that other administrators (including utilities and potential statewide administrators) or local government partnerships do not". This statement from the CPUC's decision illustrates the great work that RENs have conducted within their territory and express the continuity of RENs in the field of energy efficiency.

In May 2018, a new REN implementer was approved at the CPUC level and is currently in development of providing programs in there IOU service territory. 3C REN also known as Tri-County REN is administered by Ventura, Santa Barbara, and San Luis Obispo County which falls within SCE, SoCal Gas and PG&E territory. 3C RENs development process would look to replicate the similar model that both BAYREN & SoCal REN have implemented in their IOU service territories but their main focus would be to penetrate the hard to reach areas. 3C REN would provide local control of their energy programs and reach out to the areas within all three counties that have low income / disadvantaged communities that would find benefit in the resources of the RENs energy programs. 3C RENs programs will focus on energy efficiency retrofits to hard to reach residents, Workforce development trainings for professionals in hard to reach areas, and codes & standards for both commercial / municipal facilities.

For 2019, all three RENs have submitted Annual Budget Advice Letters (ABALs) that the CPUC would need to approve to determine the funding amount that each REN would receive for the implementation of the various energy programs that the RENs will offer. At the moment, these funding amounts from each respective REN is a request and the numbers are subject change upon CPUC approval. The table below illustrates the total amount of funding that each REN will be looking to utilize for 2019.

2019 REN Funding			
REN	SoCal REN	BAYREN	3C REN
Program Sector			
Residential	\$ 6,540,800	\$ 16,595,000	\$ 2,896,876
Public	\$ 11,336,000	\$ 701,000	
Codes & Standards	\$ 1,090,000	\$ 1,918,000	\$ 1,796,748
Financing	\$ 2,180,000		
Workforce, Education & Training	\$ 654,000		\$ 1,270,776
Commercial		\$ 4,544,000	
Water-Energy Nexus		\$ 944,000	
Total	\$ 21,800,800	\$ 24,702,000	\$ 5,964,400

Conclusion

In today's energy society, RENs are becoming a viable model that many local governments are looking towards to replicate and implement within their service territory to continue providing energy efficiency support to their jurisdictions. With LGPs facing a difficult time on whether they will cease to exist in the upcoming years, RENs are here to stay as they are becoming the preferred route to continue providing energy efficiency within the State. Both RENs and IOUs have proven to function under the CPUC's guidance and continue to meet the State's energy efficiency goals. At the moment, 2019 is guaranteed for LGPs, but with the upcoming RFP for the IOUs, it's very unclear to identify whether LGPs will have a budget for 2020 or the idea of how many LGPs will continue to be active after the selection of a provider for the IOUs.

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