



Western Riverside Council of Governments Executive Committee

AGENDA

**Monday, January 7, 2019
2:00 p.m.**

**County of Riverside
Administrative Center
4080 Lemon Street
1st Floor, Board Chambers
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 Executive 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 Executive Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

- 1. CALL TO ORDER / ROLL CALL (Chuck Washington, Chair)**
- 2. PLEDGE OF ALLEGIANCE**
- 3. WELCOME NEW EXECUTIVE COMMITTEE MEMBERS**
- 4. PUBLIC COMMENTS**

At this time members of the public can address the Executive Committee regarding any items within the subject matter jurisdiction of the Executive Committee that are not separately 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 Executive Committee in writing and only pertinent points presented orally.

5. MINUTES

- A. Summary Minutes from the December 3, 2018, Executive Committee Meeting are Available for Consideration.**

P. 1

Requested Action: 1. *Approve the Summary Minutes from the December 3, 2018,*

6. 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 Executive Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Executive Committee request specific items be removed from the Consent Calendar.

Action items:

- A. **Transportation Uniform Mitigation Fee Program Activities Update and Approval of Revisions to the TUMF Administrative Plan** **Christopher Gray** **P. 9**

Requested Action: 1. *Recommend that the Executive Committee approve the proposed revisions to the TUMF Administrative Plan.*

- B. **PACE Programs Activities Update: General Activities Update and Approval of Administrative Changes to the WRCOG Energy Efficiency and Water Conservation Program Administrative Guidelines and Program Report** **Casey Dailey** **P. 45**

Requested Action: 1. *Approve the proposed administrative changes to the WRCOG Energy Efficiency and Water Conservation Program Administrative Guidelines and Program Report.*

Information items:

- C. **Western Community Energy Activities Update** **Barbara Spoonhour** **P. 87**

Requested Action: 1. *Receive and file.*

- D. **Finance Department Activities Update** **Andrew Ruiz** **P. 169**

Requested Action: 1. *Receive and file.*

- E. **WRCOG Committees and Agency Activities Update** **Rick Bishop** **P. 175**

Requested Action: 1. *Receive and file.*

- F. **Regional Streetlight Program Activities Update** **Daniel Soltero** **P. 189**

Requested Action: 1. *Receive and file.*

- G. **Environmental Department Activities Update** **Kyle Rodriguez** **P. 191**

Requested Action: 1. *Receive and file.*

7. REPORTS / DISCUSSION

- A. Report from the League of California Cities *Erin Sasse, League of California Cities* P. 199
Requested Action: 1. Receive and file.

- B. Report from the South Coast Air Quality Management District (SCAQMD) *Derrick Alatorre, SCAQMD* P. 201
Requested Action: 1. Receive and file.

- C. Report on Agency Activities *Rick Bishop, WRCOG* P. 207
Requested Action: 1. Receive and file.

8. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR *George Johnson*

9. REPORT FROM COMMITTEE REPRESENTATIVES

SCAG Regional Council and Policy Committee representatives
SCAQMD, Ben Benoit
CALCOG, Brian Tisdale

10. REPORT FROM THE EXECUTIVE DIRECTOR *Rick Bishop*

11. ITEMS FOR FUTURE AGENDAS *Members*

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

12. GENERAL ANNOUNCEMENTS *Members*

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

13. NEXT MEETING: The next Executive Committee meeting is scheduled for Monday, February 4, 2019, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.

14. ADJOURNMENT

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Western Riverside Council of Governments

5.A

Regular Meeting

~ Minutes ~

Monday, December 3, 2018

2:00 PM

County Administrative Center

1. CALL TO ORDER

The meeting was called to order by Chair Chuck Washington at 2:03 p.m. on December 3, 2018, at the Riverside County Administrative Center, 4080 Lemon Street, Riverside

Jurisdiction	Attendee Name	Status	Arrived / Departed
City of Banning	Debbie Franklin	Present	1:55 PM
City of Beaumont	Nancy Carroll	Present	1:55 PM
City of Calimesa	Jeff Hewitt	Present	1:55 PM
City of Canyon Lake	Randy Bonner	Present	1:55 PM
City of Corona	Eugene Montanez	Present	1:55 PM
City of Eastvale	Adam Rush	Present	2:28 PM
City of Hemet	Bonnie Wright	Present	1:55 PM
City of Jurupa Valley	Laura Roughton	Present	1:55 PM
City of Lake Elsinore	Brian Tisdale	Present	1:55 PM
City of Menifee	Lesa Sobek	Present	1:55 PM
City of Moreno Valley	Victoria Baca	Present	1:55 PM
City of Murrieta	Kelly Seyarto	Present	1:55 PM
City of Norco	Kevin Bash	Present	1:55 PM
City of Perris	Rita Rogers	Present	1:55 PM
City of Riverside	Rusty Bailey	Present	1:55 PM
City of San Jacinto	Crystal Ruiz	Present	1:55 PM
City of Temecula	Maryann Edwards	Present	
City of Wildomar		Absent	
District 1		Absent	
District 2	John Tavaglione	Present	1:55 PM
District 3	Chuck Washington	Present	1:55 PM
District 5	Marion Ashley	Absent	
EMWD	David Slawson	Present	
WMWD	Brenda Dennstedt	Present	1:55 PM
Morongo Band of Mission Indians		Absent	
Office of Education (ex-officio)		Absent	
TAC Chair	George Johnson	Present	2:08 PM
Executive Director	Rick Bishop	Present	1:55 PM

Note: Times above reflect when the member logged in; they may have arrived at the meeting earlier.

2. PLEDGE OF ALLEGIANCE

Committee member Debbie Franklin led members and guests in the Pledge of Allegiance.

3. SPECIAL PRESENTATIONS TO OUTGOING EXECUTIVE COMMITTEE MEMBERS

Proclamations were presented to outgoing Committee members Debbie Franklin (City of Banning), Eugene Montanez (City of Corona), Adam Rush (City of Eastvale), John Tavaglione (County of Riverside, District 1), and Marion Ashley (County of Riverside, District 5), thanking them for their time and service to WRCOG and the community.

4. PUBLIC COMMENTS

There were no public comments.

5. MINUTES

RESULT:	APPROVED AS RECOMMENDED
MOVER:	City of Lake Elsinore
SECONDER:	City of Hemet
AYES:	Banning, Beaumont, Calimesa, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, District 2, District 3, District 5, EMWD, WMWD
ABSTAIN:	Canyon Lake, Menifee
ABSENT:	Wildomar, District 1, Morongo Band of Mission Indians

A. Summary Minutes from the November 5, 2018, Executive Committee Meeting are Available for Consideration

Action: 1. *Approved the Summary Minutes from the November 5, 2018, Executive Committee meeting.*

6. CONSENT CALENDAR

RESULT:	APPROVED AS RECOMMENDED
MOVER:	City of Murrieta
SECONDER:	City of Banning
AYES:	Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, District 2, District 3, District 5, EMWD, WMWD
ABSENT:	Wildomar, District 1, Morongo Band of Mission Indians

A. Transportation Uniform Mitigation Fee Program Activities Update: Approval of Project Reimbursement Agreements and a Second Amendment to a Transportation Department On-Call Engineering Professional Services Agreement

Actions: 1. *Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Eastvale for the Planning and Engineering Phases of the Hamner Avenue Widening (Bellegrave Avenue to Limonite Avenue) Project in an amount not to exceed \$689,000.*

2. *Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Eastvale for the Right of Way and Construction Phases of the Hamner Avenue Widening (Bellegrave Avenue to Limonite Avenue) Project in an amount not to exceed \$2,288,000.*
3. *Approved the Second Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WG Zimmerman Engineering to provide TUMF Program technical support in an amount not to exceed \$50,000 for this Amendment and \$200,000 in total.*

B. Approval of General Assembly and Executive Committee Meeting Schedule for 2019

- Action:**
1. *Approved the Schedule of General Assembly and Executive Committee meetings for 2019.*

C. Appointment of WRCOG Representatives to Various Committees

- Actions:**
1. *Appointed representatives to the following Committees for the period commencing January 1, 2019, and ending December 31, 2020, as follows:*
 - a. *California Association of Councils of Government (1 primary and 1 alternate).*
Brian Tisdale (Lake Elsinore): Primary
Laura Roughton (Jurupa Valley): Alternate
 - b. *Riverside County Waste Management Local Task Force (2 primary and 2 alternates).*
Jordan Ehrenkranz (Canyon Lake): Primary
Linda Krupa (Hemet): Primary
 - c. *Santa Ana Watershed Protection Authority One Water One Watershed Steering Committee (1 appointment).*
Laura Roughton (Jurupa Valley): Primary
 - d. *San Diego Association of Governments Borders Committee (1 primary and 1 alternate).*
Crystal Ruiz (San Jacinto): Primary
Dr. Yxstian Gutierrez (Moreno Valley): Alternate
 - e. *Southern California Association of Governments Policy Committees (5 appointments – 1 vacancy to be appointed in January 2019).*
Jordan Ehrenkranz (Canyon Lake): Energy and Environment
Bonnie Wright (Hemet): Energy and Environment
Mike Gardner (Riverside): Energy and Environment
Ben Benoit (Wildomar): Transportation
Linda Krupa (Hemet): Transportation

D. Approval of Revised Agency Investment Policy Program Activities Updates

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

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

- Action:** 1. *Approved the 1st Quarter Draft Agency Budget Amendment for Fiscal Year 2018/2019.*

F. Approval of Allocation of Funds from the Beaumont Settlement

- Actions:**
1. *Directed staff to allocate any existing and future funds received from the Beaumont 3rd party Settlements via the Nexus Study formula.*
 2. *Directed 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. *Directed staff to distribute the initial funds allocated to the Pass Zone.*
 4. *Directed staff that any additional 3rd Party settlement funds allocated to the Pass Zone be distributed using the existing Zone decision making process.*
 5. *Allocated \$1.2 million from existing funds received through 3rd party settlements for recovery of legal expenses incurred related to the Beaumont Settlement.*

G. Approval of a Memorandum of Understanding to Provide Continued Membership of the Riverside County Superintendent of Schools on WRCOG for a Period of One Year

- Action:** 1. *Approved a one-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.*

H. Memorandum of Understanding with Partner Agencies for the Riverside County Transportation Analysis Model (RIVCOM)

- Action:** 1. *Executed the Memorandum of Understanding with the listed partner agencies for the development of the Riverside County Transportation Analysis Model.*

I. Amendment to Professional Services Agreement for On-Call Planning Professional Services for Member Jurisdictions

- Action:** 1. *Approved the First Amendment to the Professional Services Agreement between WRCOG and Kearns and West, Inc., to provide WRCOG planning support and advisory services in an amount not to exceed \$50,000 and \$145,560 in total, and to extend the term of the Agreement through June 30, 2019.*

J. PACE Programs Activities Update: Authorization of New Commercial Pace Programs – Ygrene & CleanFund

After approval of the Consent Calendar, this item was pulled for reconsideration; motioned by the City of Moreno Valley and seconded by the City of Lake Elsinore, passed unanimously with no abstentions.

Steve DeBaun, WRCOG Legal Counsel, clarified that this item involves bonds and must be voted upon separately.

Casey Dailey, WRCOG Director of Energy & Environmental Programs, reported that Ygrene's residential program was previously adopted by this Committee, and today's requested actions are to approve Ygrene's and Cleanfund Commercial PACE Capital commercial programs.

This item was approved as recommended; motioned by the City of San Jacinto and seconded by the City of Murrieta, passed unanimously with no abstentions.

- Actions:**
1. *Adopted WRCOG Resolution Number 45-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments approving amendments to the Administrative Guidelines and Program Report for the Western Riverside Council of Governments Energy Efficiency and Water Conservation Program for Western Riverside County to modify the Ygrene Program to authorize the financing of the installation of authorized improvements on commercial properties.*
 2. *Adopted WRCOG Resolution Number 46-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing Cleanfund Commercial PACE Capital, Inc., to administer and finance authorized improvements to be installed on commercial properties, and in connection with such authorization, approving amendments to the Program Report for the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the form of a Commercial Handbook, agreement to pay assessment and finance improvements, Administration Agreement, Master Assignment and Assumption Agreement, Depositary and Account Control Agreement and Master Indenture and Supplemental Indenture authorizing the issuance of bonds pursuant to such Master Indenture and the related Supplemental Indenture secured by assessments levied on commercial properties to finance the installation of authorized improvements on such commercial properties and approving other actions in connection thereto.*

K. Proposal to Establish a Regional Energy Network (REN) with CVAG and SBCOG for Purposes of Developing a Joint Cooperative Agreement and Release of a Request for Proposal to Identify Consultant Services for REN Development

- Actions:**
1. *Recommended that the Executive Committee authorize the Executive Director to develop a joint cooperative agreement among CVAG, SBCOG, and WRCOG to move forward with the coordination & development of a Regional Energy Network (REN) between all three entities.*
 2. *Recommended that Executive Committee direct the Executive Director to release a Request for Proposals for feasibility & implementation of a Regional Energy Network that would be used to identify a consultant to assist all three COGs for the development of a Business Plan and Implementation Plan.*

L. Western Riverside Energy Partnership Activities Update

Action: 1. *Directed the Executive Director to execute the Ninth Contract Amendment with Southern California Edison to jointly deliver the 2010-2012 Energy Leader Partnership Program, including the continuation of the Western Riverside Energy Leader Partnership, through year 2019, substantially as to form.*

M. Finance Department Activities Update

Action: 1. *Received and Filed.*

N. WRCOG Committees and Agency Activities Update

Action: 1. *Received and Filed.*

O. Regional Streetlight Program Activities Update

Action: 1. *Received and Filed.*

7. REPORTS / DISCUSSION**A. Experience Regional Innovation Center Feasibility Analysis Activities Update and Selection of Host Site**

Andrea Howard provided an update on the Experience Feasibility Analysis. The Analysis concluded in November and determined that the Experience concept is feasible at each of the three sites included in the analysis. A cornerstone of the Feasibility Analysis was vetting prospective host jurisdictions. In late 2017, staff issued a call for interested member agencies to volunteer to be considered to host Experience. The Cities of Temecula and Riverside, and Eastern Municipal Water District (EMWD) responded as potential sites. Staff from each of these three agencies, as well as from the City of Perris, where EMWD's headquarters are located, engaged with WRCOG and the consultant team early, providing data and information to the project team as needed.

Mrs. Howard shared that following a robust assessment of each prospective host jurisdiction, using site selection criteria developed by the Experience Steering Committee, the City of Riverside was ultimately ranked highest, followed closely by the EMWD site in the City of Perris, and then by City of Temecula. The Steering Committee participants provided thoughtful feedback regarding additional considerations that should be factored into the site comparisons, but ultimately endorsed the recommended ranking with five votes to move forward with the Riverside site and two votes for the EMWD site.

Mrs. Howard presented an overview of next steps to move Experience from concept to implementation, which include hiring a staff or consultant to work on the program and begin fundraising and making a specific site selection within the City of Riverside. To guide this work, it is recommended that WRCOG would enter into a Memorandum of Understanding (MOU) with the City of Riverside.

Staff is proposing the MOU would make the following commitments from WRCOG: recruitment of new Experience position; dedicated office space, administrative support and oversight of this new position; and a financial contribution of up to 50% of the first year's cost for this new position. The selected host agency would be asked to provide a 50% matching contribution,

and would additionally provide all due diligence to finalize the site selection, and secure that site.

Rick Bishop asked for two volunteers to represent WRCOG in negotiating the MOU with the City of Riverside. Committee members Kelly Seyarto, City of Murrieta and Kevin Bash, City of Norco volunteered for the positions.

- Actions:**
1. *Accepted the Experience Feasibility Analysis as to form.*
 2. *Authorized staff to proceed with the next phase regarding the implementation of the Experience Center.*
 3. *Selected the City of Riverside as the host jurisdiction.*
 4. *Directed staff to negotiate a Memorandum of Understanding (MOU) with the City of Riverside to implement the Experience Center.*
 5. *Directed staff to include a cost sharing mechanism in the MOU to limit future WRCOG expenditures to share staffing costs to support Experience.*
 6. *Directed staff to include specific milestones for the development and implementation of the MOU, including deadlines related to funding commitment and site selection.*
 7. *Appointed Kelly Seyarto, City of Murrieta and Kevin Bash, City of Norco, to represent WRCOG in negotiating an MOU with the City of Riverside.*

RESULT: APPROVED AS RECOMMENDED

MOVER: City of Moreno Valley

SECONDER: City of San Jacinto

AYES: Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, District 2, District 3, District 5, EMWD, WMWD

ABSENT: Wildomar, District 1, Morongo Band of Mission Indians

8. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR

George Johnson, WRCOG Technical Advisory Committee (TAC) Chair, had nothing to report.

9. REPORT FROM COMMITTEE REPRESENTATIVES

Debbie Franklin, SCAG Community, Economic, and Human Development Committee representative, shared that there was no meeting in December, but that the SCAG Economic Summit will be held Thursday, December 6, 2018, for those interested in attending.

Brian Tisdale, CACOG, shared that they just had their quarterly meeting on November 8. Mr. Tisdale shared that CALCOG developed their policy principles for 2019 and shared a few. Also, CALCOG completed a 6, 2-day leadership academy where they had 23 people attend. Next, CALCOG meeting will be in March 2019, in Yosemite.

There were no other reports.

10. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop, WRCOG Executive Director, thanked all Executive Committee members that were leaving WRCOG. Mr. Bishop also announced the launch of the WRCOG's podcast called COGcast. The COGcast will feature a weekly release of 20-25 minute episodes on a variety of topics and issues

relevant to the Western Riverside subregion. Mr. Bishop invited all jurisdictions to listen and share ideas for future topics.

11. ITEMS FOR FUTURE AGENDAS

Committee member Debbie Franklin asked to have a presentation on the Regional Housing Needs Assessment (RHNA) and the affects it has on all jurisdictions.

12. GENERAL ANNOUNCEMENTS

Committee member Crystal Ruiz asked that they adjourn in memory of George H.W. Bush.

Committee member Kevin Bash invited everyone to join him and the City of Norco in the 12th Annual Pearl Harbor Ceremony on December 9, 2018, at 10:00 a.m.

13. NEXT MEETING

The next Executive Committee meeting is scheduled for Monday, January 7, 2019, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.

14. ADJOURNMENT

The meeting adjourned at 2:52 p.m.



Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Transportation Uniform Mitigation Fee Program Activities Update and Approval of Revisions to the TUMF Administrative Plan

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

Date: January 7, 2019

The purpose of this item is to seek approval of minor revisions to the TUMF Administrative Plan.

Requested Action:

1. Recommend that the Executive Committee approve the proposed revisions to the TUMF Administrative Plan.

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

TUMF Administrative Plan Updates

As part of an annual review of TUMF Program documents, staff has identified several items to be added or modified in the TUMF Administrative Plan. Staff, in consultation with legal counsel, has prepared specific language revisions in exemption reporting, annual reviews, and TUMF balances due to errors. The proposed updates to the TUMF Administrative Plan are listed below, and additional information on each follow:

- Annual reviews for TUMF member agencies;
- Requirements for TUMF Program member agencies;
- Balance due on incorrectly calculated TUMF assessments;
- TUMF exemptions reporting;
- Remittance report review.

Annual reviews for TUMF member agencies: Staff has incorporated language to clarify that WRCOG staff will conduct annual reviews of TUMF participating agencies, with varying degrees of intensity for member agencies that maintain responsibility for fee calculation and collection and member agencies that transfer this responsibility to WRCOG. For member agencies that maintain the responsibility of TUMF collection, the annual reviews will consist of, but not be limited to, reviewing TUMF accounting records, TUMF receipts, exemptions / credits awarded, and building permits. For agencies that delegate the TUMF collection responsibility to WRCOG, staff would simply verify that TUMF Calculation Worksheets were submitted for all building permits issued within a given time.

Requirements for TUMF Program member agencies: Staff has incorporated language for the requirements needed for an agency to be a TUMF Program participant, including membership in good standing with WRCOG.

Balance due on incorrectly calculated TUMF assessments: Since the inception of the TUMF Program, a significant number of TUMF obligations for new development projects have been incorrectly calculated. Currently, member agencies are responsible for errors and collection of any TUMF balance due. For the participating agencies that do not wish to delegate the calculation and collection of TUMF to WRCOG, staff has incorporated clarifying language as to how the TUMF balance can be made up. This includes an option for member agencies to allow WRCOG to deduct the balance due from a TUMF project reimbursement.

TUMF exemptions reporting: Staff has incorporated language to clarify that all exemptions should be reported to WRCOG, for both member agencies that delegate fee calculation and collection to WRCOG and member agencies that elect to retain this responsibility.

Remittance report review: Staff has incorporated language to clarify that WRCOG staff will be requesting that non-residential project building permits or site plans are included in the remittance reports from member agencies that choose to maintain responsibility for TUMF calculation and collection. This includes building permits for development projects that member agencies exempt from TUMF.

At its December 13, 2018 meeting, the Public Works Committee recommended that the WRCOG Executive Committee approve the proposed revisions to the TUMF Administrative Plan.

Prior Action:

December 13, 2018: The Public Works Committee recommended that the Executive Committee approve the proposed revisions to the TUMF Administrative Plan.

Fiscal Impact:

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

Attachment:

1. Draft TUMF Administrative Plan.

Item 6.A

Transportation Uniform Mitigation
Fee Program Activities Update and
Approval of Revisions to the TUMF
Administrative Plan

Attachment 1

Draft TUMF Administrative Plan

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Transportation Uniform Mitigation Fee

ADMINISTRATIVE PLAN

~~October 3~~ January 10, 2019~~8~~



PREPARED BY THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
3390 UNIVERSITY AVENUE, SUITE 450
RIVERSIDE, CALIFORNIA, 92501
PHONE (951) 405-6700

Western Riverside Council of Governments (WRCOG)

***Administrative Plan for the Western Riverside County
Transportation Uniform Mitigation Fee (TUMF) Program***

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***Administrative Plan for the
Western Riverside County Transportation Uniform Mitigation Fee
(TUMF) Program***

Preamble

Future development within Western Riverside County will result in traffic volumes exceeding the capacity of the Regional System of Highways and Arterials (RSA or Regional System) as it presently exists. The Regional System needs to be expanded to accommodate anticipated future growth; current funds are inadequate to construct the Regional System needed to avoid the unacceptable levels of traffic congestion and related adverse impacts.

The TUMF Program provides significant additional funds from new development to make improvements to the Regional System, complementing funds generated by Measure A, local transportation fee programs, and other potential funding sources. By establishing a fee on new development in the sub-region, local agencies have established a mechanism by which developers effectively contribute their "fair share" toward sustaining the regional transportation system. This is a twenty-five year program and is influenced by a variety of market factors that could cause a shortfall or surplus in the revenue projections. WRCOG shall review the TUMF Program no less than every four (4) years after the effective date of the 2016 TUMF Program Ordinance. Additionally, WRCOG will bring forward, on an annual basis, a Construction Cost Index Adjustment to the TUMF in effect at the time for review and action by the WRCOG Executive Committee. The Program is not designed to be the only source of revenue to construct the identified facilities, and it will be necessary for matching funds from a variety of available sources to be provided.

It is the intent that TUMF requirements may be met by paying cash, building eligible facilities or through public financing, such as Community Facility Districts and Assessment Districts, or private financing vehicles consistent with local jurisdiction policies.

General TUMF Program parameters, definitions and procedures are described in the TUMF Program Ordinance adopted by participating Western Riverside County jurisdictions. The Western Riverside Council of Governments (WRCOG) is designated as the TUMF Program Administrator, and as such will work closely with member jurisdictions, the Riverside County Transportation Commission (RCTC), the Riverside Transit Agency (RTA), and Riverside County Regional Conservation Authority (RCA) to coordinate the TUMF expenditures to maximize the effectiveness of future transportation investments. As the Program Administrator, WRCOG, agrees to indemnify, defend and hold harmless any TUMF Program participant, and its respective agents, officers, members, officials, employees, and attorneys, whose TUMF Ordinance is challenged in court, from and against all claims, liabilities, damages, or costs of any kind whatsoever, including attorneys' fees and court costs; provided, however, that such indemnity and defense shall not extend or apply to challenges alleging procedural defects in the adoption and implementation of the TUMF Ordinance.

"TUMF Administrative Plan" means the Administrative Plan for the Western Riverside County TUMF Program prepared by WRCOG dated March 24, 2003, in substantially the form approved by the WRCOG Executive Committee on April 7, 2003, as may be amended from time to time, provided that, any material amendments to the TUMF Administrative Plan shall be approved by WRCOG Executive Committee."

This Administrative Plan serves as the guideline to implement the TUMF Program and will be amended as needed to address changing conditions over the life of the Program.

- I. **Purpose** - The Purpose of this Administrative Plan is to provide those jurisdictions and agencies that are participants in TUMF Program with guidelines and policies for implementation of the TUMF Program. This Administrative Plan specifies implementation and responsibilities for the TUMF Program.

TUMF Program funds may only be used for capital expenditures associated with the Regional System of Highways and Arterials and for capital expenditures for transit system improvements consistent with the TUMF Nexus Study. These purposes include expenditures for the planning, environmental review, engineering and design costs, right of way acquisition, and administrative costs.

- II. **Authority** - The TUMF Program applies to those jurisdictions in Western Riverside County (County of Riverside and the Cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar and the March Joint Powers Authority (JPA)) that have adopted and are implementing the TUMF Program Ordinance. The TUMF Program has been developed pursuant to and consistent with authority provided in the requirements of California Government Code Chapter 5 Section 66000-66008 Fees for Development Projects also known as California Assembly Bill 1600 (AB 1600 or the Mitigation Fee Act), which governs the assessment of development impact fees in California. The Mitigation Fee Act requires that all local agencies in California, including cities, counties, and special districts follow three basic rules when instituting impact fees as follows:

- A. Establish a nexus or reasonable relationship between the development impact fee's use and the type of project for which the fee is required;
- B. The fee must not exceed the project's proportional "fair share" of the proposed improvement; and
- C. The fee cannot be used to correct current problems or to make improvements for existing development.

- III. **Imposition of and Participation in the TUMF Program** - Participating jurisdictions in Western Riverside County are responsible for adopting and enforcing all provisions of the TUMF Ordinance and calculating and collecting fees on new development within their jurisdictions. However, participating jurisdictions may adopt the amendment to the TUMF Ordinance (Amendment) which shall designate and authorize WRCOG to calculate and collect the TUMF on such participating jurisdiction's behalf.

To be considered a participant in the TUMF Program, WRCOG Member Agencies which existed in 2003 must have an effective date for the TUMF Ordinance of no later than June 1, 2003. Any Member Agency formed after 2003 must enact the TUMF Model Ordinance and any amendments thereto upon incorporation. All Member Agency must adopt any amendment of the TUMF Ordinance within ninety (90) days of approval by the WRCOG Executive Committee unless otherwise directed by the WRCOG Executive Committee. Participating jurisdictions shall not repeal or modify the Model TUMF Ordinance, except that modifications are permitted to meet local municipal codes and references. Further, in order to be considered a participating jurisdiction, local jurisdictions shall collect the full TUMF and transmit the fee to WRCOG as provided

herein, or shall authorize WRCOG to collect TUMF on its behalf pursuant to the Amendment. To be a participating jurisdiction of the TUMF Program, a jurisdiction must be a party to the Joint Powers Agreement establishing WRCOG and a member of, and in good standing with, WRCOG.

Those jurisdictions that have ordinances with an effective date after June 1, 2003, or opt out of the TUMF Program and decide to participate at a later date must remit to WRCOG the amount of TUMF Program revenue for new development that was not collected by the jurisdiction. In order to verify the amount of revenue that would have been collected during the period in which a jurisdiction did not participate, said jurisdiction shall provide WRCOG with an annual report of building permit activity by the land uses identified in the Nexus Study. The remittance of the fee shall be accomplished in a lump sum payment unless other arrangements are agreed to in writing by WRCOG Executive Committee. Those jurisdictions that are not considered participants in the TUMF Program shall not be eligible to participate in the TUMF Program or the decision-making processes as more fully described in this document.

Non-participating jurisdictions will be ineligible to vote on any TUMF Program item and to receive their share of an estimated \$1.02 billion in local streets and roads funds that will be allocated from the Reauthorized Measure A.

- A. Calculation of the TUMF** - Each participating jurisdiction shall calculate and collect the TUMF from new development projects as outlined in the Fee Calculation portion of the Transportation Handbook as well as the most recent TUMF Ordinances and Fee Resolutions. For residential development projects, the fee is based on the number of units and for non-residential, the fee is based on the square footage. For non-residential development projects not included in the TUMF Fee Calculation Handbook, a traffic analysis acceptable to WRCOG is required to determine the fee based on the traffic impact of the proposed ~~project~~project. This method of calculation may be different from how the local development impact fee is determined.

The TUMF shall be calculated using the most current fee schedule in effect at the time the fee is due. Participating jurisdictions are prohibited from freezing TUMF by such means as "locking" a fee rate by paying a deposit or a portion of the fee prior to the date the fee is due or by entering into a Development Agreement or other agreement with a developer that freezes the fee at a certain level. Partial Payments or Deposits: WRCOG discourages the use of deposits and partial payments as it will create additional reporting requirements for the jurisdictions and may give the developer the impression that the fees are not subject to change. However, if a jurisdiction allows for deposits or partial payments, it will transmit the partial payment/deposit to WRCOG in accordance with the TUMF ordinance along with a remittance report. In the variance column of the Remittance report, the jurisdiction shall indicate that the fee collected is a portion of the total due. When the balance is paid, the jurisdiction shall calculate the total fee for the project based on the TUMF fee schedule in place at the time the balance is paid and deduct the partial payment against the total. The balance will be transmitted in accordance with the TUMF ordinance and this Administrative Plan. The variance column of the Remittance report shall indicate that the balance is paid. If there is a fee adjustment between the deposit/partial

payment and the payment of the balance, the fee that is required to be paid will be based on the most current TUMF fee schedule.

For the purpose of calculating the TUMF obligation for non-residential development the applicable land use category for a non-residential development is determined based on the predominate authorized use of the building or structure permitted by the underlying zoning associated with the new development. Projects could be subject to higher fee if the land use intensifies during the development process from what was originally proposed to the jurisdiction.

As an alternative to the above-described procedures, and at the option of each participating jurisdiction (subject to the written consent of WRCOG and evidenced by adoption of the Amendment), a participating jurisdiction may elect for WRCOG to calculate and collect the TUMF on behalf of the participating jurisdiction. Should a participating jurisdiction make such an election, the participating jurisdiction shall submit all information related to the development project that, in WRCOG's determination, is necessary for making such calculation, which shall generally include (without limitation) TUMF land use, type of development, number of units for residential development, square footage for non-residential development, and any additional pertinent information as requested by WRCOG. WRCOG will typically require 2 business days to review the information and make a determination once all required information has been provided to WRCOG. In cases where an outside consultant review of the information is necessary, the review period may be extended.

In submitting a development project to WRCOG for TUMF calculation, the participating jurisdiction certifies and warrants that all information related to the development project (i.e., square footage, TUMF land use, type of development, etc.) is true, accurate, and complete. WRCOG shall be entitled to rely on such information, and shall not be responsible for any harm resulting from any error, inaccuracy, or otherwise. Any balance in TUMF obligation due to incorrect development project information will be the responsibility of the participating jurisdiction.

In the event a participating jurisdiction makes the election to have WRCOG calculate and collect TUMF, WRCOG shall take full responsibility for calculating the TUMF obligation and any shortfall in the calculation shall not be the responsibility of the participating jurisdiction.

In order to elect for WRCOG to calculate and collect TUMF on its behalf, a participating jurisdiction shall adopt the Amendment to the TUMF Ordinance in the form prepared by WRCOG. WRCOG will consult with each participating jurisdiction on a yearly basis to confirm if WRCOG or the participating jurisdiction is the responsible party for TUMF calculation and collection for the ensuing year. However, in the event WRCOG does not consult with a participating jurisdiction for any reason in a given year, TUMF for such participating jurisdiction shall continue to be calculated and collected in the ensuing year in the same manner as it was collected in the current year.

Exemptions to the Payment of TUMF - The TUMF Ordinance sets forth exemptions to the payment of TUMF. Those exemptions are summarized in Exhibit "G," attached hereto.

- B. Refunds** – Under certain circumstances, such as double payment, expiration of a building permit, or fee miscalculation, an applicant may be entitled to a TUMF refund. Refunds will be reimbursed by the end of the fiscal year on a first come, first served basis, depending upon the net revenue stream. Refunds will only be considered reimbursable if requested within 3 years of the original TUMF payment. In all cases, the applicant must promptly submit a refund request with proof of TUMF payment to WRCOG if WRCOG collected the TUMF, or if collected by a local jurisdiction, the refund request shall be submitted to that local jurisdiction, which will subsequently forward the request to WRCOG for verification, review and possible action.

1. **Expiration Of Building Permits** - If a building permit should expire, is revoked, or is voluntarily surrendered and is, therefore voided and no construction or improvement of land has commenced, then the applicant may be entitled to a refund of the TUMF collected which was paid as a condition of approval, less administration.

The applicant shall pay the current TUMF in effect at the time in full if he reapplies for the permit.

If a development project is partially under construction at the time of the effective date of the TUMF Ordinance, the TUMF shall be paid only on that portion of the development for which a building permit is next issued.

2. **Double Payments** – on occasion due to a clerical error, a developer has paid all or a portion of the required TUMF for project twice. In such cases, a refund of the double payment may be required. If, however, it is determined that the developer paid the fees to the jurisdiction to expedite the project with the intent of entering into a credit agreement at a later time the refund process is different and is more fully described in section VI of this document.
3. **Balance Due** – when TUMF is incorrectly calculated due to [City/County](#) clerical error, it is the City's/[County's](#) responsibility to remit the balance due to WRCOG. The error must be discovered within 3 years for the City to be held accountable. The amount due can be remitted through alternate methods agreed to by the WRCOG Committees, [including but not limited to deduction from reimbursement requests submitted to WRCOG for eligible expenses on TUMF projects](#). If first vetted through WRCOG staff in writing, the calculation is not subject to additional review.

- C. March Joint Powers Authority** - The March JPA shall not have a separate vote at the WRCOG Executive Committee as it has representation by elected officials from the County of Riverside and Cities of Moreno Valley, Perris, and Riverside. The Executive Director of the March JPA shall be a voting member of the WRCOG Technical Advisory Committee (WRCOG TAC) for TUMF Program items only. The March JPA is a unique partner in the TUMF Program in that it

has land use authority and therefore will need to adopt and implement the TUMF Program in the same manner as the cities and county.

- IV. Allocation of Funds** – After the administrative costs and MSHCP are allocated (as specified in Section IX herein), TUMF funds shall be distributed in accordance with WRCOG Executive Committee actions, the Nexus Study, this Administrative Plan and any future amendments thereto.
- A. Allocation to Regional Transit Improvements** - Of the TUMF funds received by WRCOG, 3.13% shall be allocated to the RTA for making regional transit improvements.
- B. Allocation to Regionally Significant Transportation Improvements** - Of the TUMF funds received by WRCOG, 45.7% shall be allocated to the RCTC for programming improvements to the arterials of regional significance on the Regional System of Highways and Arterials.
- C. Allocation to Zones** - Of the TUMF funds received by WRCOG, 45.7% shall be allocated to the five Zones for programming improvements to the Regional System of Highways and Arterials as determined by the respective Zone Committees. The amount of TUMF funds allocated to each Zone shall be proportionate to the amount of TUMF revenue generated from the zone.
- D. Allocation to Mitigate TUMF Construction Projects** – Of the TUMF funds received by WRCOG, 1.47% shall be allocated to the RCA to purchase habitat for the MSHCP, to mitigate the impacts of TUMF construction projects.
- V. Administration of the Program** - WRCOG shall administer the TUMF Program as described in the enabling Ordinance adopted by participating jurisdictions and further defined in this Administrative Plan.
- VI. Administration of Credits** – The TUMF Ordinance has a provision that if a developer constructs a TUMF facility, the developer will receive credit against the TUMF obligation for the project improvements. Please refer to the WRCOG TUMF Credit/Reimbursement Manual attached hereto as Exhibit F and incorporated in full as if set forth herein for the procedures in which credits are administered and issued for developers constructing TUMF improvements.
- VII. Administration of Reimbursements** –Local jurisdictions/agencies and developers are eligible for reimbursement for construction of TUMF facilities in certain instances. The process for local agencies is different than for landowners/developers; the processes are described in the WRCOG TUMF Credit/Reimbursement Manual, attached hereto as Exhibit F and incorporated in full as if set forth herein.
- VIII. Administrative Responsibilities**
- A. Program Administration** - As set forth in Section II, WRCOG is designated as the TUMF Program Administrator. As Administrator, WRCOG shall receive all fees generated from the TUMF as collected by WRCOG or local jurisdictions and review permits for correct land-use type assessment and proper remittance of TUMF. [This may include review of site plans and building permits to confirm](#)

[correct land-use type assessment.](#) WRCOG shall invest, account for and expend such fees in accordance with the TUMF Ordinance and applicable state laws.

For jurisdictions that are not participating in the TUMF Program, the representative for that jurisdiction shall not be eligible to vote on any matter related to the TUMF Program that goes before the WRCOG TAC and WRCOG Executive Committee.

1. **The WRCOG Executive Director** - Reporting to the WRCOG Executive Committee, the Executive Director shall be responsible for the following TUMF Program activities:
 - a. Administration of the TUMF Program, including development of model credit and reimbursement agreements, fee collection process and processing Program appeals;
 - b. Conduct an audit to report on the evidence that the collection and expenditure of funds collected is in accordance with the Mitigation Fee Act. The audit shall be presented to the WRCOG Executive Committee and made available to the public;
 - c. Establishment and management of the "TUMF Program Trust Fund" for the purposes of depositing TUMF revenues and income interest earned on Trust Fund deposits;
 - d. Preparation of an Annual Report for consideration by the WRCOG Executive Committee detailing the status of the TUMF Program including but not limited to fees collected and disseminated, capital projects planned for, prioritized, and built;
 - e. Preparation of periodic comprehensive TUMF Program review and required by the California Mitigation Fee Act. The review of the TUMF Program will include a review of the various Nexus Study inputs and assumptions, and preparation of recommendations on potential TUMF Program revisions for consideration by the WRCOG Executive Committee. Such reviews and updates may include, but are not limited to recommended fee adjustments based on changes in the facilities required to be constructed, and revenues received pursuant to the Ordinance;
 - f. Preparation of technical studies/analysis required to select and prioritize Regionally Significant Arterial projects;
 - g. Development of a five-year TIP that identifies projects that are scheduled and funded for construction over a specified period of time and is reviewed on an annual basis;
 - h. Development of a 5-year Expenditure Report that documents the expenditure of funds that identifies the purpose to which the fee is to be put, demonstrates a relationship and purpose for which the fee is being collected and identifies all sources and amount of funding anticipated to complete the financing of incomplete infrastructure facilities in accordance with California Government Code Sections 66000 et seq. for consideration by the WRCOG Executive Committee;
 - i. Staff support to and coordination with each of the TUMF Zone Committees as necessary;

- j. Other related activities as directed by the WRCOG Executive Committee;
- k. Approve Zone and RTA TIP Administrative Amendments; and
- l. Execute amendments to TUMF reimbursement agreements.

2. The WRCOG Executive Committee - The WRCOG Executive Committee shall be responsible for reviewing and acting on the following:

- a. Recommendations for project selection and prioritization of the Regionally Significant Arterials, and the TIP;
- b. Review and possible approval of recommendations on projects from the Public Works Committee (PWC) and WRCOG TAC;
- c. The approval of the TUMF Program Administrative Plan, Technical Transportation Manual and any subsequent amendments thereto; and
- d. Recommendation of changes to the TUMF model Ordinance for consideration by participating jurisdictions.

In developing recommendations on Regionally Significant Arterials for consideration by the WRCOG Executive Committee, WRCOG staff and the Committee structure shall work with RCTC to coordinate compatibility with Measure A project priorities and schedules of area transportation improvements. WRCOG staff and the WRCOG Executive Committee shall also work with WRCOG jurisdictions and each Zone Committee for the same purposes.

For jurisdictions that are not participating in the TUMF Program, the WRCOG Executive Committee representative for that jurisdiction shall not be eligible to vote on any matter related to the TUMF that goes before the WRCOG Executive Committee.

3. The WRCOG Technical Advisory Committee - The WRCOG TAC shall review and make recommendations to the WRCOG Executive Committee on the following:

- a. Program updates and reviews and all supporting technical documentation;
- b. Revisions to the Administration Plan, Technical Transportation Manual, Fee Calculation Handbook and any other Program document;
- c. Ordinance revisions; and
- d. Annual fee adjustments.

The WRCOG TAC shall also provide additional assistance to the TUMF Program as requested by the WRCOG Executive Committee. For jurisdictions that are not participating in the TUMF Program, the WRCOG TAC representative for that jurisdiction shall not be eligible to vote on any matter related to the TUMF Program that goes before the WRCOG Executive Committee or WRCOG TAC.

4. The Public Works Committee/TUMF PWC - The PWC shall be comprised of the Public Works Director or designee from each participating jurisdiction of WRCOG, RCTC, RTA and WRCOG and shall be responsible for the following:

- a. Providing technical assistance and guidance for program updates;
- b. Developing objective criteria for project selection and prioritization including but not limited to the following factors: traffic safety issues potentially created by growth, regional significance, availability of matching funds, mitigation of congestion created by new development, system continuity, geographic balance, project readiness, and completed projects with reimbursement agreements;
- c. Providing additional assistance to the TUMF Program as requested by the WRCOG Executive Committee, RCTC and/or the WRCOG TAC and/or the Zone TAC;
- d. Overseeing the reparation of the Technical Transportation Manual;
- e. Preparing the 5-Year TIP, which will be reviewed and amended annually and fully adjusted every two years as members of the Zone TAC;
- f. Providing recommendations on the RCTC Regional Arterial TUMF Program of Projects every four years along with the Nexus Study update to the WRCOG TAC, WRCOG Executive Committee and RCTC;
- g. Selecting a lead agency for each of the projects on the TIP;
- h. Reviewing the Annual Report prepared by WRCOG;
- i. Revising the RSHA as may be necessary (at a minimum every- 4 years); and
- j. Review and revise Unit Cost Assumptions to the RSHA as may be necessary (at a minimum every- 4 years).

B. Regional Arterial Administration - RCTC through an MOU with WRCOG (effective October 1, 2008) is the responsible agency for programming and delivering the Regionally Significant Arterials designed under Measure A and defined in the Nexus Study. WRCOG and RCTC have established a committee structure that incorporates the Public Works Directors, City Managers the WRCOG Executive Committee, and the RCTC Board for the development, review and approval of the Regional Arterial TUMF Program of projects.

1. The RCTC Executive Director - The Executive Director shall be responsible for the following TUMF Program activities:

- a. Establishment and management of the "TUMF Program Trust Fund" for the purposes of depositing TUMF revenues and income interest earned on Trust Fund deposits;
- b. Development of the RCTC Regional Arterial TUMF Program that identifies Regional projects for reimbursement that are scheduled and funded for construction by jurisdictions and developers over a specified period of time and is reviewed on an annual basis;

- c. Staff support to and coordination with the TUMF Committees as necessary; and
- d. Other related activities as directed by the RCTC Board.

- 2. **The Riverside County Transportation Commission** - RCTC shall be responsible for reviewing and acting on recommendations for project selection and prioritization of the RCTC Regional Arterial TUMF Program. RCTC shall review and consider recommendations on the RCTC Regional Arterial TUMF Program project on TUMF Regional Arterial projects from the TUMF Public Works Committee, WRCOG TAC, and WRCOG Executive Committee.

- C. **Zone Administration** - Each Zone shall establish a committee structure, similar to Exhibit "A", for the purpose of preparing a Zone Transportation Improvement Program (TIP) with the TUMF revenue that has been returned to the Zone and develop policies that impact the Zone, such as how to close a funding shortfall in the Zone. The Executive Committee has determined that the 5-Year TIP shall be balanced to the most reasonable extent possible and that program shortfalls will need to be closed or projects could be reduced or eliminated from the TIP. The Zone TAC shall be responsible for prioritization of projects, selection of the lead agency for each project, and to review all the projects for consistency within the Zone.

All Zones shall approve their TIP by consensus and forward their recommendations to Executive Committee for review and approval to ensure compatibility with the other Zones and the Technical Transportation Manual.

Zone dollars are to be allocated by the Zone TAC only and cannot be utilized or borrowed for projects located outside the zone unless such projects are: 1) proposed and approved by the Zone Committee and have a direct benefit to the Zone and 2) are consistent with the Nexus Study. In furtherance of this Section VIII.B, each Zone shall abide by the Guidelines set forth in Exhibit "C".

The Riverside County Transportation Improvement Plan approved by Riverside County voters on November 5, 2002 states "Funding which is not allocated to a city or county because it is not a participant in the TUMF Program in the Coachella Valley area and the TUMF and MSHCP in the Western County area shall be allocated to the Regional Arterial Program in the geographic area in which the city or portion of the county is located".

Each City and a portion of the unincorporated area of Riverside County are assigned to each of the zones. The five Zones are as follows:

- 1. Northwest Zone – The Cities of Corona, Eastvale, Jurupa Valley, Norco, Riverside and the County of Riverside, and the March JPA;
- 2. Southwest Zone – The Cities of Canyon Lake, Lake Elsinore, Murrieta, Temecula, Wildomar, and the County of Riverside;
- 3. Central Zone – The Cities of Menifee, Moreno Valley and Perris, and the County of Riverside, and the March JPA;

4. Pass Zone – The Cities of Banning, Beaumont and Calimesa, and the County of Riverside;
5. Hemet/San Jacinto Zone – The Cities of Hemet and San Jacinto and the County of Riverside.

D. Local Administration – Participating jurisdictions that have not opted to elect that WRCOG calculate and collect the TUMF on their behalf, are responsible for collecting the TUMF, as provided in the TUMF Ordinance. Fees collected and a corresponding Remittance Report are required to be transmitted to the Executive Director of WRCOG. In accordance with the TUMF Ordinance, the Amendment, and the Mitigation Fee Act, WRCOG shall deposit, invest, and expend the transmitted fees. Participating jurisdictions that have not opted for WRCOG to calculate and collect the TUMF on their behalf, are required to transmit reports as set forth below to WRCOG which will include, but not be limited to the following information regarding the TUMF Program status.

1. ~~1.~~ **Monthly Remittance Reports** – Participating jurisdictions are required to submit the standard Remittance Reports to WRCOG by the tenth (10th) day of the month end for the previous month's activity, for example; June's Remittance report is due July 10. The report shall contain information necessary for WRCOG to determine the total amount of fees collected within each fee category as it relates to the number of building permits, certificates of occupancy, or final inspections issued during the same period of time. Remittance reports are required even when no fees have been collected, and will show building permits or certificates of occupancy have been issued. This shall also include building permits for which TUMF payment was exempt per the list of exemptions included in Exhibit "E" of the TUMF Administrative Plan. In addition the participating jurisdiction shall provide WRCOG the following information: the name of the developer or payee, project address, APN, total square feet, credits issued, exemptions, variance in the fee assessed, and such other information as requested by WRCOG, which may include building permits or site plans. As an example, the variance column needs to be filled out for any issue that will lead to a fee other than the standard calculation. This information will assist WRCOG in tracking new development, total revenue received and revenue projections for purposes of Program audits and program updates.

~~Participating jurisdictions that have delegated fee calculation and collection to WRCOG will not be required to submit monthly remittance reports to WRCOG.~~

2. **Remittance Delays** - If a participating jurisdiction does not transmit the fees along with a corresponding Remittance Report by the tenth (10th) day of the close of the month for the previous month in which fees were collected, the following fiscal policy shall be applied:

On the eleventh (11th) day after the close of the month WRCOG staff shall notify, in writing, the delinquent jurisdiction of the delinquency and request

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that said jurisdiction remit by the fifteenth (15th), the fees and the required Remittance Report;

If fees and Remittance Report have not been received, by the fifteenth (15th) day, WRCOG staff will invoice the jurisdiction for the approximate amount owed plus interest and penalties which is calculated at the current interest rate earned by the Riverside County Investment Pool plus thirty-five basis parts beginning from the first day of the month following the closing of the month being reported;

WRCOG staff will continue this notification until sixty (60) days after the close of the month. At which time, WRCOG will determine if an audit is necessary of the jurisdiction's TUMF account, general ledger and any other financial data. If an audit is conducted, WRCOG will investigate the amount owed and the cause of delay. Upon completion of the audit, WRCOG staff shall make any recommendations to resolve any outstanding issues; and

If an audit is required due to reporting and remittance irregularities, the jurisdiction shall incur the cost of the audit.

3. **Accruals** - the TUMF Program utilizes the five Zone 5-Year TIPs to allocate projects, which are based on the amount of available revenue to each Zone as determined by carryover and projected funds. At fiscal year-end, any unspent funds remaining on the TIPs that are not identified and accrued do not automatically roll over and may not be available for programming the following fiscal year. It is necessary for jurisdictions to identify those unused programmed funds so that they can be carried over to the next fiscal year. If the funds are not accrued, WRCOG cannot release the funds to the jurisdiction until the following year when the TIPs are officially adopted.

4. **Annual Reviews** – On an annual basis, after the close of the Fiscal Year, WRCOG will conduct reviews of TUMF collections by participating jurisdictions. For participating jurisdictions that have not delegated fee calculation and collection to WRCOG, this review will include, but not be limited to, accounting of TUMF collections, building permit review, exemptions and credits awarded in addition to supplemental banking-related information to document that TUMF fees are correctly being collected and remitted to WRCOG. For exemptions or credits awarded by participating jurisdictions, supplemental support documentation will be required to demonstrate that the development project was correctly awarded an exemption or credit.

E. Information From Participating Jurisdictions Electing For WRCOG To Calculate And Collect TUMF – Participating jurisdictions that have elected for WRCOG to calculate and collect the TUMF are responsible for providing WRCOG will all necessary materials/information to calculate the TUMF prior to TUMF collection. These participating jurisdictions will also be required to periodically submit verification to WRCOG that calculation worksheets have been completed for all building permits issued within a given time period. **WRCOG Administration – For**

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~~participating jurisdictions that elect for WRCOG to calculate and collect the collect the TUMF on behalf of the participating jurisdiction. WRCOG will conduct an the annual review, which will primarily consist of verification to WRCOG that calculation worksheets have been were completed for all building permits issued within a given time period. This will require member agency staff to simply submit a list of building permits issued during the time period requested. Participating jurisdictions that have delegated fee calculation and collection to WRCOG will not be required to submit monthly remittance reports to WRCOG.~~

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FE. Riverside Transit Agency – In accordance with the Nexus Study 3.131.64% of funds received will be made available to the RTA to make capital facilities improvements for transit purposes as identified in the Nexus Study. The RTA shall provide a report to the WRCOG Executive ~~Committee~~ Director each year, ~~which has been reviewed by the technical committees,~~ detailing its expenditures of TUMF Program funds received, as well as future commitments for transit facilities using TUMF Program revenues as determined by the RTA Board of Directors.

GF. Information From Participating Jurisdictions Electing For WRCOG To Calculate And Collect TUMF ~~TUMF~~— Participating jurisdictions that have elected for WRCOG to calculate and collect the TUMF are responsible for providing WRCOG will all necessary materials/information to calculate the TUMF. ~~These participating jurisdictions will also be required to periodically submit verification to WRCOG that calculation worksheets have been completed for all building permits issued within a given time period.~~

IX. Administrative Costs. The TUMF Ordinance, as amended from time to time, authorizes WRCOG to expend funds generated from TUMF that are necessary and reasonable to carry out its responsibilities to implement the Program. The WRCOG Executive Committee adopted a series of policies that clarify the expenditure and retention of program funds for the Administration of the Program and they are as follows:

1. WRCOG will retain no more than one percent (1%) of the total TUMF Program revenue for administration salaries and benefits;
2. Administration costs will be budgeted at whatever is reasonable and necessary, but not to exceed four percent (4%) of the TUMF revenues collected (inclusive of the one percent administrative salaries and benefit cap) unless otherwise directed by the Executive Committee.
3. Beginning July 1, 2006, WRCOG will take the administrative component from the revenue collected based on the total fee obligation inclusive of executed credit agreements.
4. Beginning July 1, 2006, all CFD's, SCIP and other financing mechanisms will pay the maximum (4%) administrative component in cash to WRCOG. When the administrative component is less than 4% then the surplus revenue will be allocated in accordance to their adopted percentages to the Multi-species Habitat Conservation Plan, RCTC, RTA and the Zones.
5. For refunds, whether it is because the project is no longer going forward or expiration of building permits (where no construction has commenced), the applicant is entitled to a refund less the administrative component. Refunds will be processed based on available cash and will not take precedence over the

projects identified as funded on the approved TIP. Refunds will however take precedence over the addition of new projects to the TIP.

X. Appeals. Appeals shall only be made in accordance with the provisions of this Section X.

A. Persons or Entities Who Haveing Standing to Appeal. No person or entity shall have standing to avail themselves of this Section X, except those persons or individuals who are responsible for paying the TUMF and have an unresolved appealable issue or matter.

B. Appealable Issues and Matters. No issue or matter shall be heard or reviewed under this Section X unless the issue or matter is appealable. An issue or matter is appealable, if a qualified person or entity ("Appellant") has a good-faith dispute directly related to Appellant's Property ("TUMF Dispute") regarding (i) the amount of Appellant's TUMF obligation; (ii) the administration of TUMF Credits; (iii) exemption of Appellant's property from the TUMF Program; or (iv) administration of TUMF reimbursements.

C. Appeal Process.

1. If a qualified person or entity has a TUMF Dispute, he or she shall first attempt to resolve the dispute informally with WRCOG staff. The staff of the local jurisdiction may also participate in such discussions. If the TUMF Dispute remains unresolved after a reasonable attempt to address it at the local level, the qualified person or entity may submit a written appeal to the WRCOG Executive Director. The Appellant and the WRCOG Executive Director, or designee, shall attempt to resolve the issue within thirty (30) days of the WRCOG Executive Director's receipt of the appeal. At the conclusion of the thirty (30) day period, the WRCOG Executive Director shall render a written decision on the appeal. If the Appellant desires further review from WRCOG, the Appellant may submit a written request for review to the WRCOG Executive Committee chair.
2. After the written appeal is received by the WRCOG Executive Committee chair, the item shall be presented to the WRCOG Administration & Finance Committee for review. At the request of either WRCOG staff or the Appellant, the decision of the WRCOG Administration & Finance Committee shall be forwarded to the WRCOG Executive Committee for review and action. The decision of the WRCOG Executive Commission shall be final.

XI. Arbitration. When there is a dispute among the Zone members that cannot be resolved and prevents the adoption of a project prioritization schedule, the matter shall be forwarded to the WRCOG TAC and WRCOG Executive Committee for a determination. Once the WRCOG Executive Committee takes action on the issue the decision is final.

If there is a dispute at the WRCOG Executive Committee level regarding project prioritization of a specific project(s) and a consensus cannot be reached, that project shall be tabled until such time as new information is presented and the matter can be resolved.

XII. TUMF Program Amendments. WRCOG shall undertake a review of all components of the TUMF Program in accordance with Government Code Section 66000 et seq. and other applicable laws, and, if necessary, recommend Program amendments and/or adjustments. Amendments to the Administrative Plan will be subject to the approval of the WRCOG Executive Committee. Amendments required to the TUMF Program Ordinance shall be approved by each participating jurisdiction, acting on recommendations provided by the WRCOG Executive Committee. The review shall consider whether future administration costs to participating jurisdictions are needed.

- 1. TUMF Network Revisions:** The TUMF Network is reviewed and revised at regular Nexus Study updates, with minor adjustments such as name changes, distances, and other errors that may be found from time to time occurring on a more frequent basis. However, there could be instances when certain assumptions were made during a Nexus Update that did not come to fruition that should be addressed. The primary cause is when a new city is incorporated and inherits the TUMF Network, which may not reflect the new jurisdiction's General Plan or priorities; another example is if a jurisdiction needs to "trade" a facility on the Network due to a rapid change in development patterns that should not wait for the normal revision cycle.

For new cities there would be an opportunity to review the TUMF Network with WRCOG staff to ensure that the Network identifies their priorities and allows them to make recommendations and to have the ability to swap out facilities. Any revision request must meet the criteria to be on the Network before the PWC will consider the request.

Jurisdictions that are not part of the above mentioned group that need to swap out facilities, must justify the swap by demonstrating that it provides continued regional circulation, meets the criteria to be on the TUMF Network, and does not provide an advantage to a specific land-use, community, developer/project for the purposes of TUMF credits or reimbursements. These jurisdictions must also demonstrate that the impacts mitigated in the swapped facilities are substantially similar to those impacts that would have been mitigated in the abandoned facilities.

This process is intended to be applied on an annual basis during interim years between revisions to the TUMF Nexus Study that would inherently include a revision to the TUMF Network. The deadline to submit any revision is June 30th. The focus of this process is the ability to shift projects on the TUMF Network with the intent to incur minimal fiscal impacts to the Program fee and Nexus determination, rather than adding new projects that would have a far more significant effect on the Program fee and therefore would be more appropriately addressed during the regular Nexus Study reviews. The exception to this policy is the ability for newly incorporated cities to request new additions during the initial cycle of this adjustment process to ensure appropriate facilities are designated to address their individual city's needs.

The process requires the jurisdiction to submit a written justification of the requested TUMF Network facility shift. Elements to be addressed in the written justification should include an explanation of the rationale for the proposed facility

shift specifically explaining why the facility should be addressed as part of the TUMF Program and cannot be addressed as part of an equivalent local program, and verification that the proposed shift in facility does not unduly favor or disadvantage a specific developer or development interest. Proximity to areas of significant recent development activity (i.e. shifts in development patterns resulting in changes in transportation system impacts to be mitigated) and the net cost differential to the program following the facility adjustment are key elements to be addressed in the written justification. The written justification must also demonstrate that the impacts mitigated in the proposed facility shift are substantially similar to those impacts that would have been mitigated in the abandoned facilities.

The existing criteria contained in the TUMF Nexus Study for identifying facilities to be included in the TUMF Network was refined for the purposes of evaluating requests for TUMF Network Amendments. All requested Network adjustments will be evaluated and scored using a point system based on key performance indicators consistent with the existing criteria contained in the TUMF Nexus Study. The scoring criteria is “Exhibit [CB](#)” of this Plan. Only facilities defined in a participating jurisdiction’s General Plan Circulation Element (or equivalent document) as an arterial highway facility with a minimum four (4) lanes at build-out will be evaluated for inclusion in the TUMF Network.

- XIII. CEQA.** The TUMF Program currently is a financing mechanism dependent on future actions of the WRCOG Executive Committee for improvements to the RSHA. WRCOG and its associated committees will be prioritizing and scheduling improvements on the RSHA, as such, the appropriate environmental documentation, shall be completed before a project can commence construction.

The TUMF Program was developed to mitigate the cumulative impacts of future growth on the RSHA. It was not developed to mitigate project-specific traffic impacts. Accordingly the program does not relieve any development project of the responsibility to mitigate project-specific impacts identified in the environmental analysis prepared for the project. When a development project is required to construct RSHA facilities as project-specific mitigation, it shall be eligible for credit and or reimbursement.

EXHIBIT "A"

TUMF Decision Making Process

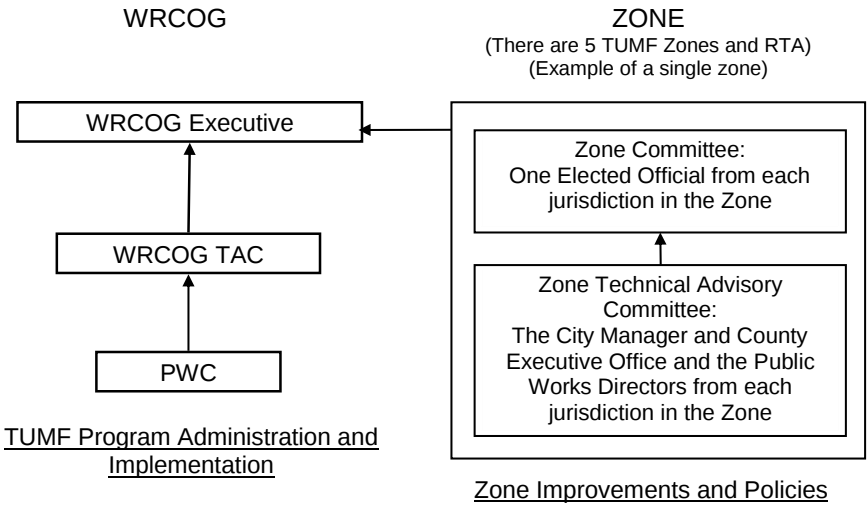


EXHIBIT “B”

Guidelines for the Administration of the Programmed Projects in the Zone’s Adopted 5-Year TIP

Once each Zone’s 5-Year Transportation Improvement Program (TIP) is adopted by the WRCOG Executive Committee, said TIPs shall be incorporated into and governed by these guidelines, the Administrative Plan, and Technical Transportation Manual in accordance with AB 1600. Annually, WRCOG staff meets with the Zone Technical Advisory Committees to review the status of all programmed projects on the 5-Year TIPs and bring the subsequent project adjustment requests to the Zone Committees for approval. The goals of the annual review process are as follows: (i) to update project cost estimates; (ii) to review project status; (iii) to determine the continued viability of projects; (iv) review the backlog of reimbursement projects; (v) to address local jurisdiction issues; and (vi) address compliance with AB 1600.

Adjustments:

In accordance with the Technical Transportation Manual and the original reimbursement agreement entered into with the lead jurisdiction, all approved projects’ funding and schedules are directly tied to critical milestones. As such, requests to change a project’s funding or schedule shall necessitate an amendment to the original agreement and the adopted TIP. Annual 5-Year TIP adjustments could include, but are not limited to:

- Scope of work reductions or additions;
- Project or phase delays;
- Project or phase cancellations;
- New shelf-ready network projects being added as replacement projects;
- Project or phase advances; and
- Request to transfer funding beyond a programmed project’s limits within a Zone.

Levels of Approval:

A. Zone Committee/WRCOG Executive Committee

The following shall be approved by the Zone Committee and adopted by the WRCOG Executive Committee as required in the Administrative Plan:

1. Annual updates to the Zone TIP.
2. Requests to increase total TUMF funding allocations to projects on the Zone TIP. These requests may be made by the local jurisdiction administratively outside of the annual TIP update cycles if deemed necessary by one of the Zone participating jurisdictions and WRCOG management due to unforeseen circumstances that necessitate immediate action. Such unforeseen circumstances shall include, but not be limited to, higher than expected bid prices, TUMF as a Federal or State match, etc. WRCOG staff will obtain action from the Zone Committee in these cases either by calling for a Special Zone Committee meeting or through individual consultation.

3. Administrative requests to advance funds or adjust project schedules on TIP approved projects, upon the recommendation of the Public Works Committee. Such advancements are subject to:

- Jurisdiction's proof of readiness to move forward with project, and
- Zone's current cash flow can support the advancement or change.

B. WRCOG Executive Director

The WRCOG Executive Director shall be responsible for the review and approval of the following changes to an approved Zone TIP, including the review and approval of any agreements, for:

1. Change in Lead Jurisdiction, with the written consent of the transferring and accepting Lead Jurisdiction.
2. Cancellation of project upon request of the local jurisdiction. In the event of cancellation, all funds shall revert to the Zone TIP Trust account.
3. Approval of final completion of the project. Upon notification from the Jurisdiction that the Project has been completed, all unused funds programmed for that Project shall revert to the Zone TIP Trust account.
4. All other administrative requests, upon consultation with the Public Works Committee.

C. Public Works Committee

The Public Works Committee shall be responsible for the review and approval of the following:

1. Requests to move funds within project categories (environmental, design, etc.) administratively, contingent upon participating jurisdiction's certification of viability of all phases.
2. Provide recommendations to the WRCOG Executive Director on any other requests that are deemed administrative in nature by the Director.

All administrative adjustments will be submitted to the WRCOG Executive Committee as part of the next Annual Review Report for final adoption.

D. Obligating Programmed Funds

The TUMF Program has established the policy that construction projects take priority, and therefore, WRCOG limits the obligation of TUMF dollars. WRCOG has two options by which to obligate TUMF. In both options, steps 1, 2, and 3 (Option A) or 6 (Option B) must be completed by the local jurisdiction to ensure TUMF funding can be made available for use on an eligible project. Since TUMF project funds are generally obligated on a first come first served basis, failure to follow the prescribed steps for either option may preclude a project sponsor from receiving TUMF payments for completed work until sufficient funds are available to be obligated.

Option A:

Funding for a project programmed on Zone 5-Year TIPs is not considered obligated by WRCOG until certain steps outlined below have been accomplished by the local jurisdiction.

1. Ensure that funding for the project phase is **programmed in the current year** of an adopted 5-Year TIP.
2. Ensure that there is a **signed (executed) reimbursement agreement** that matches the funding amount with the funding amount of the project phase in the adopted TIP.
3. Submit **an invoice for TUMF eligible work** prior to the end of the fiscal year to obligate the project phase funding. At the time of submitting the first invoice, the project sponsor will be required to submit all necessary supporting documentation (not previously submitted) in accordance with the provisions of the reimbursement agreement.
4. WRCOG will obligate the entire phase of the project if there is available revenue at the time the invoice is submitted.

Option B:

Funding for a project programmed on Zone 5-Year TIPs is not considered obligated by WRCOG until the steps outlined below have been accomplished by the local jurisdiction.

1. Ensure that funding for the project phase is **programmed in the current year** of an adopted 5-Year TIP.
2. Ensure that there is a **signed (executed) reimbursement agreement** that matches the funding amount with the funding amount of the project phase in the adopted TIP.
3. Send WRCOG a letter of **notice of intent** to issue RFP, solicit bids, make offer to purchase ROW or other similar action to verify that sufficient funding is available and that funds are obligated and reserved exclusively for the particular project phase.
4. Receive a **notice of obligation** from WRCOG within fourteen working days of receipt of the notice of intent confirming the amount of funding that is obligated and reserved exclusively for the particular project phase. Alternatively, the project sponsor will receive a notice of deferred obligation if WRCOG determines that insufficient funds are currently available for the project phase to be obligated.
5. Award the project and execute a contract within four months of receipt of the notice of obligation from WRCOG and send a letter of **confirmation of award** to WRCOG including evidence of a Board/Council action relating to the project award and contract execution.
6. Commence project work and submit the **first invoice** for payment within nine months of receipt of letter of obligation by WRCOG to preserve fund obligation. At the time of submitting the first invoice, the project sponsor will be required to submit all necessary supporting documentation (not previously submitted) in accordance with the provisions of the reimbursement agreement.

If a contract has not been executed within four months of receipt of the notice of obligation from WRCOG (step 5), there will be a review of the project status. Based on the review of project status, WRCOG will either:

- i. extend the fund obligation for up to a total of nine months from the notice of obligation if the project sponsor can demonstrate a realistic expectation that the project will be awarded and a confirmation of award can be provided to WRCOG within that time frame; or
- ii. de-obligate the funds.

Similarly, if the first invoice has not been submitted to WRCOG within nine months of receipt of the letter of obligation (step 6), there will be a review of the project status. Based on the review of project status, WRCOG will either:

- i. extend the fund obligation for up to an additional nine months if the project sponsor can demonstrate a realistic expectation that the project work will commence and a first invoice is submitted within that time frame; or
- ii. de-obligate the funds.

E. Programming the Cost Assumption's 10 Percent Contingency

The TUMF Program has established the policy allowing local jurisdictions the ability to choose how to apply the available 10 percent Contingency costs historically assigned to the construction phase of a project when it is programmed on a TUMF 5-Year Transportation Improvement Program (TIP). The Contingency fund is 10 percent of the sum of the new lane, right-of-way, bridge, interchange, and railroad costs.

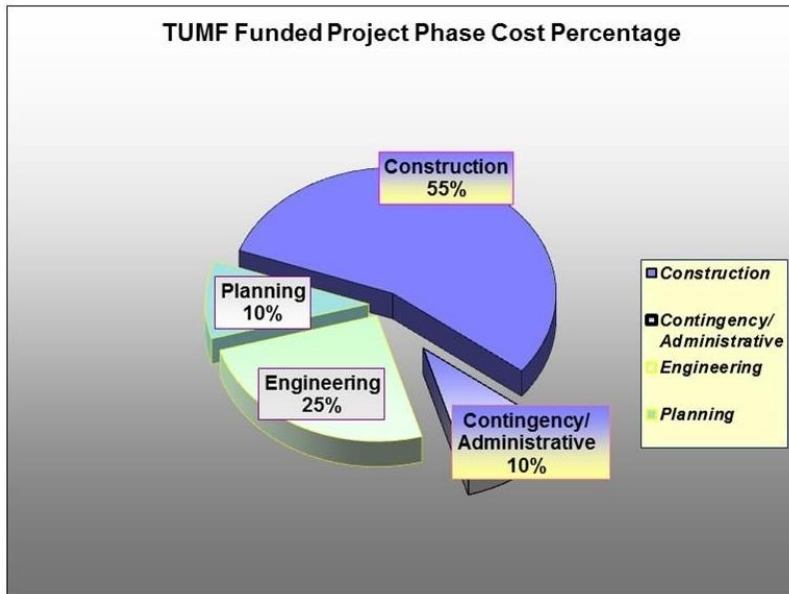
Under this new policy, some jurisdictions may opt to continue applying the 10 percent Contingency to the construction costs, while others may choose to apply a portion of the 10 percent Contingency to help defray their administrative costs incurred during the planning and engineering phase delivery.

Since currently programmed construction funds already reflect the eligible 10 percent Contingency, the policy only applies to those projects that have not obligated or received payments on their construction phases.

For those jurisdictions who wish to recapture administrative costs of ongoing projects programmed on the TIP that do not involve an obligated construction phase, up to 10 percent of each of the programmed planning and engineering phases would be eligible for administrative costs and would be deducted from the available 10 percent contingency (leaving the remaining balance to be applied to construction costs or construction administration costs.)

Scenario –

Construction costs	= \$1,000,000
Contingency	= \$ 100,000 (or 10%)
Planning costs	= \$ 100,000
Engineering costs	= \$ 250,000
Admin costs (PA&ED)	= \$ 10,000 (or 10% of \$100k)
Admin costs (ENG)	= \$ 25,000 (or 10% of \$250k)
Balance Contingency	= \$ 65,000 (for construction admin or contingency costs)



Jurisdictions may apply a portion or all of the available 10 percent Contingency to reimburse accrued administration costs for all three phases by requesting the amount to be programmed as a separate line item on the TIP during a biennial TIP review or amendment as any other project adjustment.

All existing and future reimbursement agreements, cost estimates, and scopes of work will need to be amended to include specific language covering the jurisdiction's individual contingency use option.

EXHIBIT “C”

The following table summarizes the criteria, evaluation thresholds and point values for evaluating TUMF Network adjustment requests for approval. For each evaluation measure, the maximum point value has been highlighted in **bold** font for easy reference.

Criteria	Evaluation Thresholds	Points
Minimum number of lanes at build-out	Less than 4 lanes	not eligible
	4 or 5 lanes	5
	6 or more lanes	15
Jurisdictions served	1 jurisdiction	0
	2 jurisdictions	5
	3 or more jurisdictions	10
Future forecast traffic volumes	Less than 20,000 vehicles per day	0
	20,000 to 24,999 vehicles per day	5
	25,000 to 29,999 vehicles per day	10
	30,000 to 34,999 vehicles per day	15
	35,000 to 39,999 vehicles per day	20
	40,000 or more vehicles per day	25
Future forecast volume to capacity ratio	< 0.80 (LOS A/B/C)	0
	0.81 – 0.90 (LOS D)	5
	0.91 – 1.00 (LOS E)	10
	> 1.00 (LOS F)	15
Regional fixed route transit services accommodated	No service	0
	1 or more services	10
Net fiscal impact of TUMF Network adjustment	More than \$1,000,000 cost addition	-15
	\$200,000 to \$1,000,000 cost addition	-5
	\$199,999 cost addition to \$199,999 cost savings	5
	\$200,000 to \$1,000,000 cost savings	15
	More than \$1,000,000 cost savings	25
Maximum Possible Score		100

EXHIBIT “D”

TUMF Program Definitions

For the purpose of the TUMF Administrative Plan, the following words, terms and phrases shall have the following meanings:

A. **“Class ‘A’ Office”** means an office building that is typically characterized by high quality design, use of high end building materials, state of the art technology for voice and data, on site support services/maintenance, and often includes full service ancillary uses such as, but not limited to a bank, restaurant/office coffee shop, health club, printing shop, and reserved parking. The minimum requirements of an office building classified as Class ‘A’ Office shall be as follows: (i) minimum of three stories (exception will be made for March JPA, where height requirements exist); (ii) minimum of 10,000 square feet per floor; (iii) steel frame construction; (iv) central, interior lobby; and (v) access to suites shall be from inside the building unless the building is located in a central business district with major foot traffic, in which case the first floor may be accessed from the street to provide entrances/ exits for commercial uses within the building.

B. **“Class ‘B’ Office”** means an office building that is typically characterized by high quality design, use of high end building materials, state of the art technology for voice and data, on site support services/maintenance, and often includes full service ancillary uses such as, but not limited to a bank, restaurant/office coffee shop, health club, printing shop, and reserved parking. The minimum requirements of an office building classified as Class ‘B’ Office shall be as follows: (i) minimum of two stories; (ii) minimum of 15,000 square feet per floor; (iii) steel frame, concrete or masonry shell construction; (iv) central, interior lobby; and (v) access to suites shall be from inside the building unless the building is located in a central business district with major foot traffic, in which case the first floor may be accessed from the street to provide entrances/exits for commercial uses within the building.

C. **“Development Project”** or **“Project”** means any project undertaken for the purposes of development, including the issuance of a permit for construction.

D. **“Gross Acreage”** means the total property area as shown on a land division of a map of record, or described through a recorded legal description of the property. This area shall be bounded by road rights of way and property lines.

E. **“Habitable Structure”** means any structure or part thereof where persons reside, congregate or work and which is legally occupied in whole or part in accordance with applicable building codes, and state and local laws.

F. **“Industrial Project”** means any development project that proposes any industrial or manufacturing use allowed in the following Ordinance No. _____ zoning classifications: I-P, M-S-C, M-M, M-H, M-R, M-R-A, A-1, A-P, A-2, A-D, W-E, or SP with one of the aforementioned zones used as the base zone.

G. **“Low Income Residential Housing”** means “Residential Affordable Units”: (A) for rental housing, the units shall be made available, rented and restricted to “lower income households” (as defined in Health and Safety Code Section 50079.5) at an “affordable rent” (as defined in Health and Safety Code Section 50053), . Affordable units that are rental housing shall be made available, rented, and restricted to lower income households at an affordable rent

for a period of at least fifty-five (55) years after the issuance of a certificate of occupancy for new residential development. (B) for for-sale housing, the units shall be sold to "persons or families of low or moderate income" (as defined in Health and Safety Code Section 50093) at a purchase price that will not cause the purchaser's monthly housing cost to exceed "affordable housing cost (as defined in Health and Safety Code Section 50052.5) Affordable units that are for-sale housing units shall be restricted to ownership by persons and families of low or moderate income for at least forty-five (45) years after the issuance of a certificate of occupancy for the new residential development.

H. **"Multi-Family Residential Unit"** means a development project that has a density of greater than eight (8) residential dwelling units per gross acre.

I. **"Non-Residential Unit"** means retail commercial, service commercial and industrial development which is designed primarily for non-dwelling use, but shall include hotels and motels.

J. **"Recognized Financing District"** means a Financing District as defined in the TUMF Administrative Plan as may be amended from time to time.

K. **"Residential Dwelling Unit"** means a building or portion thereof used by one (1) family and containing but one (1) kitchen, which is designed primarily for residential occupancy including single-family and multi-family dwellings. "Residential Dwelling Unit" shall not include hotels or motels.

L. **"Retail Commercial Project"** means any development project with the predominant use that proposes any retail commercial activity use not defined as a service commercial project allowed in the following Ordinance No. _____ classifications: R-1, R-R, R-R-O, R-1-A, R-A, R-2, R-2-A, R-3, R-3-A, R-T, R-T-R, R-4, R-5, R-6, C-1/C-P, C-T, C-P-S, C-R, C-O, R-V-C, C-V, W-2, R-D, N-A, W-2-M, W-1, or SP with one of the aforementioned zones used as the base zone, which can include any eating/dinning facility residing on the retail commercial development premises.

M. **"Service Commercial Project"** means any development project that is predominately dedicated to business activities associated with professional or administrative services, and typically consists of corporate offices, financial institutions, legal, and medical offices, which can include a stand-alone eating/dining facility residing on the service commercial development premises.

N. **"Single Family Residential Unit"** means each residential dwelling unit in a development that has a density of eight (8) units to the gross acre or less.

O. **"TUMF Participating Jurisdiction"** means a jurisdiction in Western Riverside County which has adopted and implemented an ordinance authorizing participation in the TUMF Program and complies with all regulations established in the TUMF Administrative Plan, as adopted and amended from time to time by the WRCOG.

P. **"Disabled Veteran"** means any veteran who is retired or is in process of medical retirement from military service who is or was severely injured in a theatre of combat operations and has or received a letter of eligibility for the Veterans Administration Specially Adapted Housing (SAH) Grant Program.

Q. Government/public buildings, public schools, and public facilities that are owned and operated by a government entity in accordance with Section G. subsection Iv of the model TUMF Ordinance. A new development that is subject to a long-term lease with a government agency for government/public buildings, public schools, and public facilities shall apply only if all of the following conditions are met:

- (a) The new development being constructed is subject to a long-term lease with a government agency.
- (b) The project shall have a deed restriction placed on the property that limits the use to government/public facility for the term of the lease, including all extension options, for a period of not less than 20 years. Any change in the use of the facility from government shall trigger the payment of the TUMF in effect at the time of the change is made.
- (c) No less than ninety percent of the total square footage of the building is leased to the government agency.
- (d) The new development is constructed at prevailing wage rates.
- (e) A copy of the lease is provided to the applicable jurisdiction and to WRCOG.
- (f) Based on the facts and circumstances, the intent of the lease is to provide for a long-term government use, and not to evade payment of TUMF.

R. **“Non-profit Organization”** means an organization operated exclusively for exempt purposes set forth in section 501(c)(3) of the Internal Revenue Code, and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an action organization, i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates. For the purposes of the TUMF Program, the non-profit may be a 501(c) (3) charitable organization as defined by the Internal Revenue Service.

S. **“Long-Term Lease”** as used in the TUMF Program, a “long-term lease” shall mean a lease with a term of no less than twenty years.

T. **“Mixed-Use Development”** as used in the TUMF Program, means Developments with the following criteria: (1) three or more significant revenue-producing uses, and (2) significant physical and functional integration of project components.

U. **“Guest Dwellings”** and **“Detached Second Units”** according to the State of California legal definition as following: 1) The second unit is not intended for sale and may be rented; 2) The lot is zoned for single-family dwellings; 3) The lot contains an existing single-family dwelling; 4) The second unit is either attached to the existing dwelling and located within the living area of the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling; and 5) Are ministerially amended by each jurisdiction’s local codes.

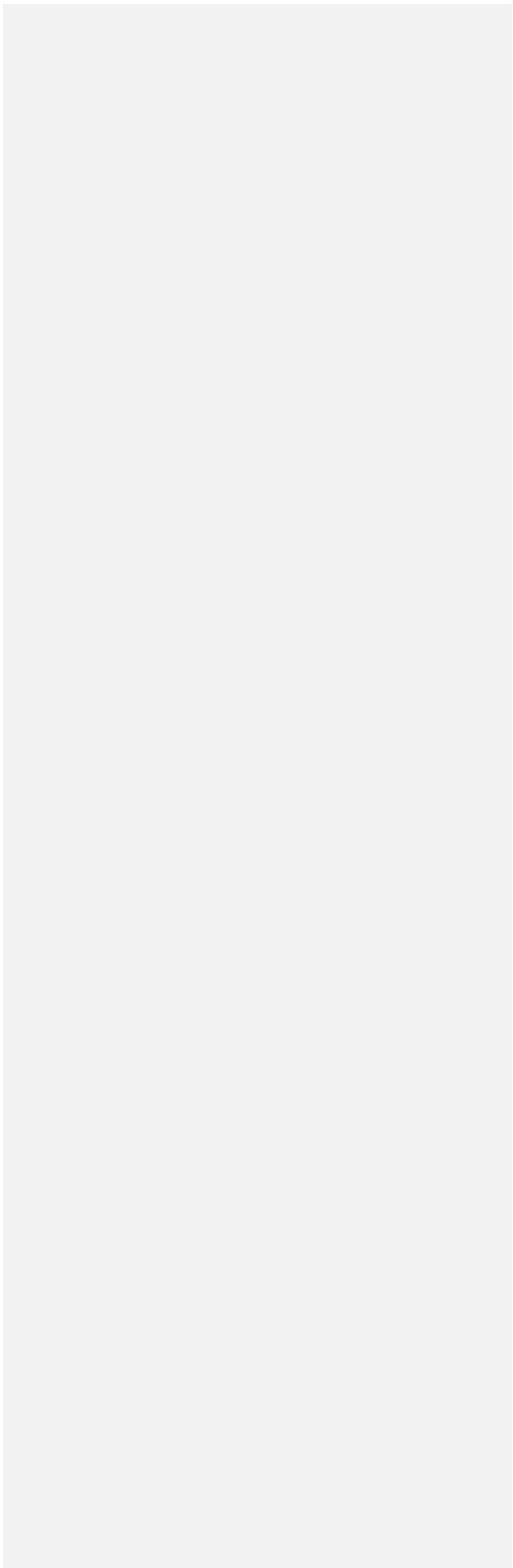
EXHIBIT "E"

TUMF Program Exemptions

The following types of new development shall be exempt from the provisions of the TUMF Administration Plan:

1. Low income residential housing as defined in Exhibit E, Section G of the Administrative Plan.
2. Government/public buildings, public schools, and public facilities that are owned and operated by a government entity in accordance with Section Q of Exhibit E of the Administrative Plan and Section G, subsection iv of the model TUMF Ordinance. Airports that are public use airports and are appropriately permitted by Caltrans or other state agency.
3. Development Projects which are the subject of a Public Facilities Development Agreement entered into pursuant to Government Code section 65864 *et seq*, prior to June 30, 2003, wherein the imposition of new fees are expressly prohibited, provided that if the term of such a Development Agreement is extended by amendment or by any other manner after June 30, 2003, the TUMF shall be imposed.
4. The rehabilitation and/or reconstruction of any habitable structure in use on or after January 1, 2000, provided that the same or fewer traffic trips are generated as a result thereof.
5. "Guest Dwellings" and "Detached Second Units" As defined in Exhibit E of the Administrative Plan and the TUMF Ordinance.
6. Additional single-family residential units located on the same parcel pursuant to the provisions of any agricultural zoning classifications set forth in the Municipal Code.
7. Kennels and Catteries established in connection with an existing single family residential unit.
8. Any sanctuary, or other activity under the same roof of a church or other house of worship that is not revenue generating and is eligible for a property tax exemption (excluding concert venue, coffee/snack shop, book store, for-profit pre-school day-care, etc.)
9. Any nonprofit corporation or nonprofit organization offering and conducting full-time day school at the elementary, middle school or high school level for students between the ages of five and eighteen years.
10. "New single-family homes, constructed by non-profit organizations, specially adapted and designed for maximum freedom of movement and independent living for qualified Disabled Veterans."

EXHIBIT “F”



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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: PACE Programs Activities Update: General Activities Update and Approval of Administrative Changes to the WRCOG Energy Efficiency and Water Conservation Program Administrative Guidelines and Program Report

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

Date: January 7, 2019

The purpose of this item is to provide a general PACE Program update and to update certain language in the WRCOG Program Report.

Requested Action:

1. Approve the proposed administrative changes to the WRCOG Energy Efficiency and Water Conservation Program Administrative Guidelines and Program Report.

WRCOG's PACE Programs provide financing to property owners to implement energy saving, renewable energy, water conservation, and seismic strengthening improvements to their homes and businesses. Financing is paid back through a lien placed on the property tax bill. The HERO Program was initiated in December 2011 and was expanded in 2014 (an effort called "California HERO") to allow for jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. WRCOG currently offers CaliforniaFIRST and PACE Funding as additional PACE Providers under the WRCOG's Residential PACE Program; and Greenworks, CleanFund, and Ygrene as additional PACE Providers under the WRCOG Commercial PACE Program.

Overall PACE Program Update

The following table provides a summary of all residential projects that have been completed under the residential WRCOG PACE Programs through December 12, 2018:

PACE Program	Date Program Launched	Projects Completed	Total Project Value	Product Type Installed
WRCOG HERO	December 2011	26,700	\$561,695,370	HVAC: 32.0%; Solar: 26.1%; Windows / Doors: 18.1%; Roofing: 9.1%; Landscape: 4.4%
California HERO	December 2013	62,696	\$1,445,050,855	HVAC: 29.5%; Solar: 27.3%; Windows / Doors: 17.7%; Roofing: 10.3 %; Landscape: 5.2%
CaliforniaFIRST	May 2017	163	\$4,996,872	HVAC: 30.0%; Solar: 30.0%; Windows / Doors: 16.5%; Roofing: 11.0 %; Landscape: 4.9%

PACE Funding	November 2017	232	\$5,589,506	HVAC: 31.5%; Solar: 28.2%; Windows / Doors: 24.1%; Roofing: 7.4%; Landscape: 4.5%
Total:		89,791	\$2,017,332,603	

The following table provides a summary of the total estimated economic and environmental impacts for projects completed in both the WRCOG and the California HERO Programs to date.

Estimated Economic and Environmental Impacts	
KW Hours Saved – Annually	1,101 GWh
GHG Reductions – Annually	222,221 tons
Gallons Saved – Annually	555 Million
\$ Saved – Annually	\$117 Million
Projected Economic Impact	\$ 3.4 Billion
Projected Job Creation/Retention	20,227 Jobs

WRCOG Program Report Update

On February 5, 2018, the Executive Committee adopted the WRCOG Consumer Protections Policy v2.0. The updated Policy includes updates from laws enacted in 2017 and 2018 pertaining to PACE, including SB 242 and AB 1284. These include minor changes to the underwriting criteria used for determining eligibility of a property owner for a PACE assessment. In order to maintain consistency in underwriting standards across multiple residential PACE providers, staff has updated the underwriting criteria in the Program Report for the multiple providers to be consistent with the Consumer Protections Policy v2.0. The updated language is included as Attachment A.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

1. Redlined Administrative Guidelines and Program Report.

Item 6.B

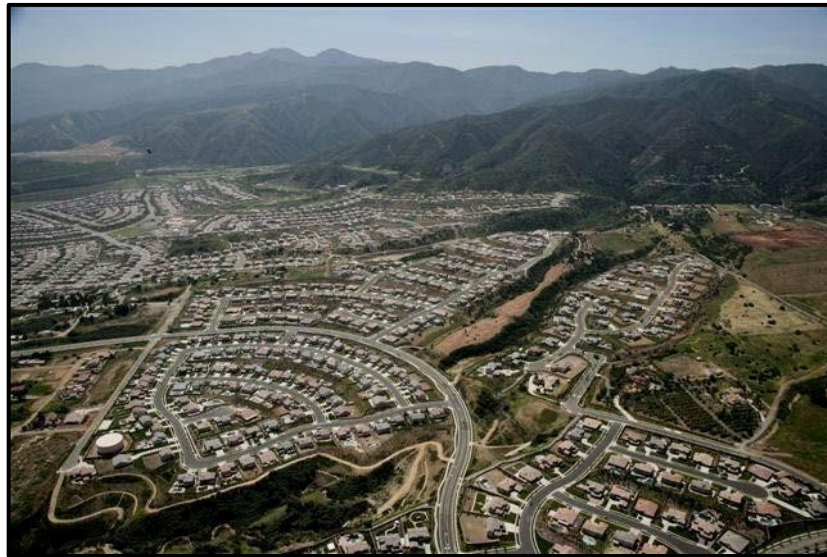
PACE Programs Activities Update:
General Activities Update and
Approval of Administrative Changes
to the WRCOG Energy Efficiency
and Water Conservation Program
Administrative Guidelines and
Program Report

Attachment 1

Redlined Administrative Guidelines
and Program Report

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ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM FOR WESTERN RIVERSIDE COUNTY



ADMINISTRATIVE GUIDELINES AND PROGRAM REPORT

ADOPTED: JUNE 7, 2010 - AMENDED: JANUARY 12, 2011 - AMENDED: JUNE 6, 2011

AMENDED: JULY 29, 2011 - AMENDED: SEPTEMBER 12, 2011 - REVISED OCTOBER 7, 2011

REVISED OCTOBER 11, 2011 - REVISED JUNE 3, 2013 - REVISED FEBRUARY 3, 2014

AMENDED JUNE 9, 2014 - AMENDED AUGUST 4, 2014

AMENDED OCTOBER 6, 2014 - REVISED NOVEMBER 4, 2014

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PREPARED BY:
Western Riverside Council of Governments
3390 University Avenue, Suite 450
Riverside, CA 92501

PHONE: (951) 405-6700
FAX: (951) 223-9720
WWW.WRCOG.US



II. PROGRAM REQUIREMENTS FOR PARTICIPATION IN HERO FINANCING FOR RESIDENTIAL

If HERO financing is provided for the Program by Renovate America, Inc., the following eligibility requirements will apply to HERO financing applicants:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

Property owner(s) must be the property owner(s) ~~of record~~ of record.

Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years).

Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months.

Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts.

The property that will be subject to the assessment contract may not have any recorded or outstanding liens in excess of \$1,000. Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than ~~60~~ 30 days past due in the last ~~24~~ 12 months, the property owner may be approved.

Mortgage-related debt on the property must not exceed 97% of the market value of the property. For projects funding on or after January 1, 2015, the

maximum assessment amount shall not exceed the lesser of (a) than 15% on ~~the first~~ the first \$700,000 value of the property and, if applicable, less than

10% of any value of the property thereafter or (b) a combined mortgage and

Assessment Contract amount of 100% of the value of the property. For projects funding prior to January, 2015, the maximum assessment amount

shall not exceed the lesser of (a) less than 10% of the value of the property or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.

The total annual property tax and assessments, including the contractual assessment,

on the property will not exceed 5% of the property's market value, as determined at the

time of approval of the contractual assessment.

Additionally, the Program Administrator must make a good faith determination of



the property owner's ability to repay the PACE assessment utilizing monthly income, housing expenses, and debt obligations.

Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations. Property owners may make more than one application for funding under the Program if additional energy and water improvements are desired by the owner and the eligibility



criteria and maximum assessment amount criteria are met.

Manufactured homes or mobile homes on a permanent foundation pursuant to Health & Safety Code Section 18551, and the owner of the manufactured home or mobile home owns the underlying land upon which the manufactured home or mobile home has been installed, and such manufactured home or mobile home is subject to the payment of real property taxes (not DMV fees nor personal property taxes) are eligible. Mobile homes not meeting the foregoing requirements are not eligible to participate in the Program. Condominium owners and/or property owners with properties subject to HOA regulations are solely responsible for (a) determining (i) if the proposed Eligible Products are authorized to be installed on such owners' properties and (ii) if the installation of such Eligible Products requires the approval or authorization from the applicable association and (b) applying for and obtaining such approval or authorization, if applicable. Such owners may, upon request by the Program Administrator or any financing provider, be required to provide written authorization from the condominium or HOA management or association stating that the applicant is authorized to install certain Eligible Products under the CC&R's or other governing documents.

The eligibility requirements for HERO financing may be clarified as deemed necessary by the Program Administrator without amending the Administrative Guidelines and Program Report if such clarification will not result in a substantial revision of such eligibility requirements.

B. ELIGIBLE PRODUCTS

The Program affords property owners in Western Riverside County the opportunity to take advantage of a wide range of eligible renewable energy systems and energy-savings, water conservation/efficiency and seismic strengthening products, consistent with the following provisions:

1. The Program is intended principally for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy or water consumption or produces renewable energy or to provide seismic strengthening improvements to improve seismic safety in existing homes and businesses. However, the Program is also available for purchasers of new homes and businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency and seismic strengthening Products to such homes after taking title of the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
3. The Program provides financing only for Eligible Products specified in Appendix A of the report. Broadly, these include:
 - a. Water Conservation/Efficiency
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Seismic strengthening Products
 - e. Approved Custom Products



4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired.



5. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency, renewable energy and seismic strengthening improvements. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install lowflow toilets, and install a photovoltaic system as part of a single project.

C. ELIGIBLE COSTS

Eligible costs of the improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges.

The cost of installation of Eligible Products shall be eligible to be financed under the HERO Financing Plan only if such installation is completed by a contractor that is registered with the Program or by the property owner if self-installing subject to the limitation in the last sentence of this paragraph. A list of contractors that are registered with the Program shall also be located on the Program website; however, WRCOG will not make recommendations for contracting assistance. Eligible costs do not include labor costs for property owners that elect to do the work themselves.

Property owners who elect to engage in broader projects – such as home remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with eligible renewable energy, energy efficiency, water conservation/efficiency and seismic strengthening products. Repairs and/or new construction do not qualify for Program financing except to the extent that the construction is required for the specific approved Products. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

Program staff will evaluate conditions in the construction and installation market for the proposed Eligible Products and may require the property owner to obtain additional bids to determine whether costs are reasonable. While the property owner may choose the contractor, the amount available for financing may be limited to an amount determined reasonable by Program staff, and may be reviewed by the Program Administrator.

All available public utility, federal and state rebates should be deducted from the assessment amount at the time of financing. State or federal tax credits and performance-based incentives such as the CSI PBI rebate do not need to be deducted from the assessment amount, but property owners may wish to consider these additional benefits in determining the amount of their financing request.

D. ADMINISTRATIVE COSTS/FEES

As required pursuant to Section 5898.22 of Chapter 29, WRCOG met and consulted with the staff of the County Auditor-Controller's office on March 29, 2010 concerning the additional fees, if any, that will be charged to WRCOG for incorporating the proposed contractual assessments into the assessments of the general taxes on real property.



The consultations revealed that the Auditor-Controller will charge WRCOG the same fees applicable to other fixed charges to be placed on the secured property tax roll as are established from time to time by the Board of Supervisors. The payment of such fees shall be included as a part of annual assessment administration and collection costs which will be added each year to the annual assessment on property tax bills. Such annual administration and collection costs are described below and in Section II.D.



The Program will cover all or a portion of its costs through an expense component to be added to the amount of the financing request, not to exceed 7%. In addition, there are six other costs that are not covered in the expense component and will be borne by the property owners, however, may be waived by Renovate America. These costs include:

1. An application fee may be required and will not exceed \$100.00 per application or the actual cost of processing the application, whichever is less. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible and the unused portion of the application fee may be prorated.
2. Title and recording costs, including title insurance, where required, will be paid by the property owner.
3. Permitting costs. Property owners are required to verify whether or not a permit is required by the participating jurisdictions. Permit costs will be paid by the property owner and are an eligible cost to include in the financing.
4. Annual assessment administration and collection costs will be added each year to the annual assessment on property tax bills and will be adjusted in subsequent years for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for the Los Angeles, Riverside, and Orange Counties.
5. Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed eligible energy efficiency, water efficiency, and/or renewable generation Products were actually installed prior to funding; provided, however, such fee may not exceed the actual cost to undertake such validation.
6. The Program may offer multiple disbursements for assessments in excess of \$50,000 if feasible. If multiple disbursements are offered, the partial disbursement funding requests may be subject to an additional processing fee not to exceed \$150 and an inspection fee not to exceed \$300 per partial disbursement; provided, however, that such fee may not exceed the actual cost of providing such service. The property owner will need to provide sufficient proof of purchased and delivered construction materials and/or completion of Eligible Products as required by the executed Assessment Contract. The Program will allow for up to two partial disbursements, if available, plus the final payment, as is appropriate for the particular assessment. A draft Assessment Contract is provided in Appendix C of this report.



V. Program Requirements for Participating in Renew Financial PACE Financing for Residential Properties

If financing is provided for the Program by Renew Financial for residential properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- o Property owner(s) must be the property owner(s) ~~of record~~ **of record**.
- o Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years).
- o Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months.
- o Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts.
- o The property is not subject to any notices of default or foreclosure in the past 2 years.
- o Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than ~~60~~ **30** days past due in the last ~~24~~ **12** months, the property owner may be approved.
- o Mortgage-related debt on the property must not exceed 97% of the value of the property.
The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.
- o Minimum financing amount is \$5,000 and the maximum financing amount ~~is~~ **is** \$250,000.
- o The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.
- o Additionally, the Program Administrator must make a good faith determination of the property owner's ability to repay the PACE assessment utilizing monthly income, housing expenses, and debt obligations.

Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations. Property owners may make more than one application for funding



Under the Program if additional energy and water Eligible Products are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.



Manufactured homes or mobile homes on a permanent foundation pursuant to Health & Safety Code Section 18551, and the owner of the manufactured home or mobile home owns the underlying land upon which the manufactured home or mobile home has been installed, and such manufactured home or mobile home is subject to the payment of realproperty taxes (not DMV fees nor personal property taxes) are eligible. Mobile homes not meeting the foregoing requirements are not eligible to participate in the Program. Condominium owners and/or property owners with properties subject to HOA regulation are solely responsible for (a) determining (i) if the proposed Eligible Products are authorized to be installed on such owners' properties and (ii) if the installation of such Eligible Products requires the approval or authorization from the applicable association and (b) applying for and obtaining such approval or authorization, if applicable. Such owners may, upon request by the Program Administrator, need to provide written authorization from the condominium management or association stating that the applicant is authorized to install certain Eligible Products under the CC&R's or other governing regulations.

These eligibility regulations may be clarified as deemed necessary by the Program Administrator without amending the Administrative Guidelines and Program Report if such clarification will not result in a substantial revision of such eligibility requirement.

B. ELIGIBLE PRODUCTS

The Program affords property owners in Western Riverside County the opportunity to take advantage of a wide range of eligible energy-savings, water conservation/efficiency and seismic strengthening improvements, consistent with the following provisions:

1. The Program is intended principally for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy or water consumption or produces renewable energy or provides seismic strengthening to existing structures. However, the Program is also available for purchasers of new homes and businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency and seismic strengthening Products to such homes after taking title of the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
3. The Program provides financing only for Eligible Products specified in Appendix A-2 of the report. Broadly, these include:
 - a. Water Conservation/Efficiency
 - b. Energy Efficiency Eligible Products
 - c. Seismic strengthening Products
 - d. Renewable Energy Systems
 - e. Approved Custom Products
4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired.



5. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency



and renewable energy improvements. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets, and install a photovoltaic system as part of a single project.

The Program may offer multiple disbursements for assessments by a third-party provider. If multiple disbursements are offered, the partial disbursement funding requests may be subject to an additional processing fee; provided, however, that such fee may not exceed the actual cost of providing such service. The property owner will need to provide sufficient proof of purchased and delivered construction materials and/or completion of Eligible Products as required by the executed Assessment Contract. The terms of the financing provided by the third-party will be subject to the credit of the borrower. A draft Assessment Contract is provided in Appendix C of this report.

C. ELIGIBLE COSTS

Eligible costs of the improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges.

The cost of installation of Eligible Products shall be eligible to be financed only if such installation is completed by a contractor that is registered with the Program. A list of contractors that are registered with the Program will be located on various Provider's website; however, WRCOG will not make recommendations for contracting assistance.

Property owners who elect to engage in broader projects – such as home or business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with renewable energy, energy efficiency, water conservation/efficiency and seismic strengthening Eligible Products. Repairs and/or new construction do not qualify for Program financing except to the extent that the construction is required for the specific approved improvement. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

WRCOG staff will evaluate conditions in the construction and installation market for the Eligible Products and may require the property owner to obtain additional bids to determine whether costs for the proposed Eligible Products are reasonable. While the property owner may choose the contractor, the amount available for financing may be limited to an amount determined reasonable by WRCOG, and may be reviewed by the Program Administrator.

No other rebates will be deducted from the assessment amount, except upon written request by the property owner. If the property owner requests the deduction of a rebate that later becomes unavailable, this request is at the property owner's risk. State or federal tax credits and performance-based incentives will not be deducted from the assessment amount, but property owners may wish



to consider these additional benefits in determining the amount of their financing request.



D. ADMINISTRATIVE COSTS/FEES

As required pursuant to Section 5898.22 of Chapter 29, WRCOG met and consulted with the staff of the County Auditor-Controller's office on March 29, 2010 concerning the additional fees, if any, that will be charged to WRCOG for incorporating the proposed contractual assessments into the assessments of the general taxes on real property.

The consultations revealed that the Auditor-Controller will charge WRCOG the same fees applicable to other fixed charges to be placed on the secured property tax roll as are established from time to time by the Board of Supervisors. The payment of such fees

shall be included as a part of annual assessment administration and collection costs which will be added each year to the annual assessment on property tax bills. Such

annual administration and collection costs are described below and in Section V.D.

The Program will cover all or a portion of its costs through an expense component to be added to the amount of the financing request, not to exceed 7%. In addition, an assessment loss reserve (not to exceed 10% and to be added to the assessment amount) may be required by bond holders or other investors. If available, the assessment loss reserve will be applied to payments at the end of the financing term. However, there are six other costs that are not covered in these expense and reserve components and will be borne by the property owners. These costs include:

1. An application fee will be required and will not exceed \$100 per application for residential properties and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties' provided, however, such fees shall not exceed the actual cost to process the applicable application. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible and the unused portion of the application fee may be prorated, however, may be waived by the Provider.
2. Title and recording costs, including title insurance, where required, will be paid by the property owner.
3. Permitting costs. Property owners are required to verify whether or not a permit is required by the participating jurisdictions. Permit costs will be paid by the property owner and are an eligible cost to include in the financing.
4. Annual assessment administration and collection costs will be added each year to the annual assessment on property tax bills and will be adjusted in subsequent years for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for the Los Angeles, Riverside, and Orange Counties.
5. Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed energy efficiency, water efficiency, and/or renewable generation systems were actually installed prior to funding;

provided, however, that such fee may not exceed the actual cost to undertake such validation.

6. If the property owner desires to have multiple disbursements (only on Eligible Products in excess of \$50,000), the multiple disbursements will be subject to an additional processing fee not to exceed \$150 and an inspection fee not to exceed \$300 per partial disbursement, provided, however, that such fee may not exceed the



actual cost of providing such service. The property owner will need to provide sufficient proof of purchased and delivered construction materials and/or completion of Eligible Products as required by the executed Assessment Contract. The Program will allow for up to two partial disbursements plus the final payment, as is appropriate for the particular assessment. A draft Assessment Contract is provided in Appendix C-2 of this report.



VII. Program Requirements for Participating in PACE Funding PACE Financing for Residential Properties

If financing is provided for the Program by PACE Funding for residential properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

Property owner(s) must be the property owner(s) of record.

Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) for less than three (3) years).

Property owner(s) must be current on all property debt of the subject property at the time of application and cannot have had more than one 30-day mortgage late payment over the prior 12 months.

The property that will be subject to the assessment contract may not have any recorded or outstanding involuntary liens in excess of one thousand dollars (\$1,000). The property is not subject to any notices of default.

Property owner(s) have not been involved in a bankruptcy proceeding during ~~the past the~~ seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than ~~60—30~~ days past due in the last ~~24—12~~ months, the property owner may be approved.

Mortgage-related debt on the property must not exceed 97% of the value of the property. The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or

(b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.

The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.

Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations. Property owners may make more than one application for funding under the Program if additional energy and water Eligible Products are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.



Manufactured homes or mobile homes on a permanent foundation pursuant to Health & Safety Code Section 18551, and the owner of the manufactured home or mobile home owns the underlying land upon which the manufactured home or mobile home has been installed, and such manufactured home or mobile home is subject to the payment of realproperty taxes (not DMV fees nor personal property taxes) are eligible. Mobile homes not meeting the foregoing requirements are not eligible to participate in the Program. Condominium owners and/or property owners with properties subject to HOA regulation are solely responsible for (a) determining (i) if the proposed Eligible Products are authorized to be installed on such owners' properties and (ii) if the installation of such Eligible Products requires the approval or authorization from the applicable association and (b) applying for and obtaining such approval or authorization, if applicable. Such owners may, upon request by the Program Administrator, need to provide written authorization from the condominium management or association stating that the applicant is authorized to install certain Eligible Products under the CC&R's or other governing regulations.

These eligibility regulations may be clarified as deemed necessary by the Program Administrator without amending the Administrative Guidelines and Program Report if such clarification will not result in a substantial revision of such eligibility requirement.

B. ELIGIBLE PRODUCTS

The Program affords property owners in Western Riverside County the opportunity to take advantage of a wide range of eligible energy-savings, water conservation/efficiency and seismic strengthening improvements, consistent with the following provisions:

1. The Program is intended principally for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy or water consumption or produces renewable energy or provides seismic strengthening to existing structures. However, the Program is also available for purchasers of new homes and businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency and seismic strengthening Products to such homes after taking title of the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
3. The Program provides financing only for Eligible Products specified in Appendix A-3 of the report. Broadly, these include:
 - a. Water Conservation/Efficiency
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Seismic Strengthening Products
 - e. Approved Custom Products



4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired.



5. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency, renewable energy and seismic strengthening improvements. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets, and install a photovoltaic system as part of a single project.

C. ELIGIBLE COSTS

Eligible costs of the improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges.

The cost of installation of Eligible Products shall be eligible to be financed only if such installation is completed by a contractor that is registered with the Program. Please contact the Program Administrator for information regarding registered contractors; however, WRCOG will not make recommendations for contracting assistance.

Property owners who elect to engage in broader projects – such as home or business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with renewable energy, energy efficiency, water conservation/efficiency and seismic strengthening Eligible Products. Repairs and/or new construction do not qualify for Program financing except to the extent that the construction is required for the specific approved improvement. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

WRCOG staff will evaluate conditions in the construction and installation market for the Eligible Products and may require the property owner to obtain additional bids to determine whether costs for the proposed Eligible Products are reasonable. While the property owner may choose the contractor, the amount available for financing may be limited to an amount determined reasonable by WRCOG, and may be reviewed by the Program Administrator.

No other rebates will be deducted from the assessment amount, except upon written request by the property owner. If the property owner requests the deduction of a rebate that later becomes unavailable, this request is at the property owner's risk. State or federal tax credits and performance-based incentives will not be deducted from the assessment amount, but property owners may wish to consider these additional benefits in determining the amount of their financing request.

D. ADMINISTRATIVE COSTS/FEES

As required pursuant to Section 5898.22 of Chapter 29, WRCOG met and consulted with the staff of the County Auditor-Controller's office on March 29, 2010 concerning the additional fees, if any, that will be charged to WRCOG for incorporating the proposed contractual assessments into the assessments of the general taxes on real property.



The consultations revealed that the Auditor-Controller will charge WRCOG the same fees applicable to other fixed charges to be placed on the secured property tax roll as are established from time to time by the Board of Supervisors. The payment of such fees shall be included as a part of annual assessment administration and collection costs which will be added each year to the annual assessment on property tax bills. Such annual administration and collection costs are described below and in Section V.D.



The Program will cover all or a portion of its costs through an expense component to be added to the amount of the financing request, not to exceed 7%. In addition, an assessment loss reserve (not to exceed 10% and to be added to the assessment amount) may be required by bond holders or other investors. If available, the assessment loss reserve will be applied to payments at the end of the financing term. However, there are six other costs that are not covered in these expense and reserve components and will be borne by the property owners. These costs include:

1. An application fee will be required and will not exceed \$100 per application for residential properties and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties provided, however, such fees shall not exceed the actual cost to process the applicable application. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible and the unused portion of the application fee may be prorated, however, may be waived by the Provider.
2. Title and recording costs, including title insurance, where required, will be paid by the property owner.
3. Permitting costs. Property owners are required to verify whether or not a permit is required by the participating jurisdictions. Permit costs will be paid by the property owner and are an eligible cost to include in the financing.
4. Annual assessment administration and collection costs will be added each year to the annual assessment on property tax bills and will be adjusted in subsequent years for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for the Los Angeles, Riverside, and Orange Counties.
5. Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed energy efficiency, water efficiency, and/or renewable generation systems were actually installed prior to funding; provided, however, that such fee may not exceed the actual cost to undertake such validation.
6. If the property owner desires to have multiple disbursements (only on Eligible Products in excess of \$50,000), the multiple disbursements will be subject to an additional processing fee not to exceed \$150 and an inspection fee not to exceed \$300 per partial disbursement, provided, however, that such fee may not exceed the actual cost of providing such service. The property owner will need to provide sufficient proof of purchased and delivered construction materials and/or completion of Eligible Products as required by the executed Assessment Contract. The Program will allow for up to two partial disbursements plus the final payment, as is appropriate for the particular assessment. A draft Assessment Contract is provided in Appendix C-7 of this report.

Program Requirements for Participating in YGRENE Financing

If financing is provided for the Program by Ygrene LLC for residential properties, the following eligibility requirements will apply:

ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

Property owner(s) must be the property owner(s) of record.

Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years).

Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months.

Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts.

The property is not subject to any notices of default or foreclosure in the past 2 years.

Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided,



- ~~however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.~~
- ~~— Mortgage-related debt on the property must not exceed 97% of the value of the property. The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first~~
- ~~— \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.~~
- ~~— Minimum financing amount is \$5,000 and the maximum financing amount is \$250,000.~~
- ~~— The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.~~
- ~~— Additionally, the Program Administrator must make a good faith determination of the property owner's ability to repay the PACE assessment utilizing monthly income, housing expenses, and debt obligations.~~
- ~~—~~
- ~~— Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations.~~
- ~~— Property owners may make more than one application for funding under the Program if additional energy and water Eligible Products are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.~~
- ~~—~~
- ~~— Manufactured homes or mobile homes on a permanent foundation pursuant to Health & Safety Code Section 18551, and the owner of the manufactured home or mobile home owns the underlying land upon which the manufactured home or mobile home has been installed, and such manufactured home or mobile home is subject to the payment of real property taxes (not DMV fees nor personal property taxes) are eligible. Mobile homes not meeting the foregoing requirements are not eligible to participate in the Program.~~
- ~~— Condominium owners and/or property owners with properties subject to HOA regulation are solely responsible for (a) determining (i) if the proposed Eligible Products are authorized to be installed on such owners' properties and (ii) if the installation of such Eligible~~



~~Products requires the approval or authorization from the applicable association and (b) applying for and obtaining such approval or authorization, if applicable. Such owners may, upon request by the Program Administrator, need to provide written authorization from the condominium management or association stating that the applicant is authorized to install certain Eligible Products under the CC&R's or other governing regulations.~~

~~These eligibility regulations may be clarified as deemed necessary by the Program Administrator without amending the Administrative Guidelines and Program Report if such clarification will not result in a substantial revision of such eligibility requirement.~~

~~ELIGIBLE PRODUCTS~~

~~The Program affords property owners in Western Riverside County the opportunity to take advantage of a wide range of eligible energy-savings, water conservation/efficiency and seismic strengthening improvements, consistent with the following provisions:~~

~~The Program is intended principally for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy or water consumption or produces renewable energy or provides seismic strengthening to existing structures. However, the Program is also available for purchasers of new homes and businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency and seismic strengthening Products to such homes after taking title of the property.~~

~~The Program provides financing only for Eligible Products that are permanently affixed to real property.~~

~~The Program provides financing only for Eligible Products specified in Appendix A-2 of the report. Broadly, these include:~~

~~Water Conservation/Efficiency~~

~~Energy Efficiency Eligible Products~~

~~Seismic strengthening Products~~



Renewable Energy Systems

Approved Custom Products

The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired.

Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency

and renewable energy improvements. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets, and install a photovoltaic system as part of a single project.

The Program may offer multiple disbursements for assessments by a third-party provider. If multiple disbursements are offered, the partial disbursement funding requests may be subject to an additional processing fee; provided, however, that such fee may not exceed the actual cost of providing such service. The property owner will need to provide sufficient proof of purchased and delivered construction materials and/or completion of Eligible Products as required by the executed Assessment Contract. The terms of the financing provided by the third-party will be subject to the credit of the borrower. A draft Assessment Contract is provided in Appendix C of this report.

ELIGIBLE COSTS

Eligible costs of the improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges.

The cost of installation of Eligible Products shall be eligible to be financed only if such installation is completed by a contractor that is registered with the Program. A list of contractors that are registered with the Program will be located on various Provider's website; however, WRCOG will not make recommendations for contracting assistance.



- Property owners who elect to engage in broader projects – such as home or business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with renewable energy, energy efficiency, water conservation/efficiency and seismic strengthening Eligible Products. Repairs and/or new construction do not qualify for Program financing except to the extent that the construction is required for the specific approved improvement. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

- WRCOG staff will evaluate conditions in the construction and installation market for the Eligible Products and may require the property owner to obtain additional bids to determine whether costs for the proposed Eligible Products are reasonable. While the property owner may choose the contractor, the amount available for financing may be limited to an amount determined reasonable by WRCOG and may be reviewed by the Program Administrator.

- No other rebates will be deducted from the assessment amount, except upon written request by the property owner. If the property owner requests the deduction of a rebate that later becomes unavailable, this request is at the property owner's risk. State or federal tax credits and performance-based incentives will not be deducted from the assessment amount, but property owners may wish to consider these additional benefits in determining the amount of their financing request.



~~ADMINISTRATIVE COSTS/FEES~~

~~As required pursuant to Section 5898.22 of Chapter 29, WRCOG met and consulted with the staff of the County Auditor-Controller's office on March 29, 2010 concerning the additional fees, if any, that will be charged to WRCOG for incorporating the proposed contractual assessments into the assessments of the general taxes on real property.~~

~~The consultations revealed that the Auditor-Controller will charge WRCOG the same fees applicable to other fixed charges to be placed on the secured property tax roll as are established from time to time by the Board of Supervisors. The payment of such fees shall be included as a part of annual assessment administration and collection costs which will be added each year to the annual assessment on property tax bills. Such annual administration and collection costs are described below and in Section V.D.~~

~~The Program will cover all or a portion of its costs through an expense component to be added to the amount of the financing request, not to exceed 7%. In addition, an assessment loss reserve (not to exceed 10% and to be added to the assessment amount) may be required by bond holders or other investors. If available, the assessment loss reserve will be applied to payments at the end of the financing term.~~

~~However, there are six other costs that are not covered in these expense and reserve components and will be borne by the property owners. These costs include:~~

~~An application fee will be required and will not exceed \$100 per application for residential properties and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties' provided, however, such fees shall not exceed the actual cost to process the applicable application. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible and the unused portion of the application fee may be prorated, however, may be waived by the Provider.~~

~~Title and recording costs, including title insurance, where required, will be paid by the property owner.~~



- ~~— Permitting costs. Property owners are required to verify whether or not a permit is required by the participating jurisdictions. Permit costs will be paid by the property owner and are an eligible cost to include in the financing.~~
- ~~— Annual assessment administration and collection costs will be added each year to the annual assessment on property tax bills and will be adjusted in subsequent years for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for the Los Angeles, Riverside, and Orange Counties.~~
- ~~— Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed energy efficiency, water efficiency, and/or renewable generation systems were actually installed prior to funding; provided, however, that such fee may not exceed the actual cost to undertake such validation.~~
- ~~— If the property owner desires to have multiple disbursements (only on Eligible Products in excess of \$50,000), the multiple disbursements will be subject to an additional processing fee not to exceed \$150 and an inspection fee not to exceed~~
- ~~— \$300 per partial disbursement, provided, however, that such fee may not exceed the~~



~~actual cost of providing such service. The property owner will need to provide sufficient proof of purchased and delivered construction materials and/or completion of Eligible Products as required by the executed Assessment Contract. The Program will allow for up to two partial disbursements plus the final payment, as is appropriate for the particular assessment. A draft Assessment Contract is provided in Appendix C-2 of this report.~~



Program Requirements for Participating in Ygrene Program Financing for Residential Properties

Applicable Jurisdictions:

<u>Banning</u>	<u>Calimesa</u>	<u>Hemet</u>	<u>Jurupa Valley</u>	<u>Lake Elsinore</u>	<u>Menifee</u>
<u>Murrieta</u>	<u>Norco</u>	<u>Perris</u>	<u>Temecula</u>	<u>Wildomar</u>	<u>Eastvale</u>

A. Eligible Property Owners and Eligible Properties

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property who pays real property taxes for such property. Certain eligibility criteria must be satisfied, and financing may be approved only if the all the following criteria are met. This criterion is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

If financing is provided under the Ygrene program (the “Ygrene Program”) by Ygrene Energy Fund California LLC (“Ygrene”) for residential properties located within the citiesaforementioned (the “Ygrene Program Area”), certain eligibility requirements will apply.

All property owners and improved properties meeting the Ygrene Program’s criteria for approved property types must meet the following underwriting criteria for participation:

1. The property must be improved (or will be improved by the project), be located within the Ygrene Program Area, and either be on the property tax rolls or be capable of being added to the rolls.
2. All owners of record must agree to participate and be willing to execute the documents required to participate in the Ygrene Program.
3. Prior to Ygrene Program financing, mortgage debt must not exceed 90% of the market value of the property. Total secured debt INCLUDING Ygrene Program financing may not exceed 97% of the market value of the property.
4. Mortgages must be current, with no more than one 30-day late payment in the last 12 months. The property must not be subject to any Notices of Default.
5. Property owners must not have been in bankruptcy in the last seven years. If bankruptcy was discharged between years two and seven, no payments in the 12 months immediately preceding the application date for the Ygrene Program can be more than 30 days past due.
6. Property taxes must be current for all encumbrances on the property tax bill.



7. There must be no involuntary liens or environmental liens on the property that exceed \$1,000.
8. Minimum funding request is \$2,500.
9. Ygrene Program funding must be less than 15% of the first \$700,000 of market value of the property and not more than 10% of the value of the property that exceeds \$700,000 (inclusive of capitalized interest and fees). Funding requests



exceeding \$100,000 may be subject to additional underwriting during the approval phase.

10. In no event will Ygrene Program funding exceed the amount authorized under applicable Ygrene Program policies or state law.

Property owners must authorize Ygrene to notify all existing mortgage holders and servicers of their intent to participate in the Ygrene Program.

Property owners may be asked to provide utility records for the property for the two years prior to completion of the project.

Prior to approving an application for funding and recordation of the assessment lien to secure the repayment of Ygrene Program financing, Ygrene must make a reasonable good faith determination that the applicant property owner(s) have a reasonable ability to pay the annual payment obligations for the assessment.

Ygrene Program financing is not currently available for properties that are not subject to secured property taxes such as governmental entities and certain non-profit corporations. Property owners may make more than one application for funding under the Ygrene Program if additional Eligible Products (defined below) are desired by the property owner, and the eligibility criteria and maximum assessment amount criteria are met.

Manufactured homes or mobile homes on a permanent foundation pursuant to Health & Safety Code Section 18551, the owner of the manufactured home or mobile home owns the underlying land upon which the manufactured home or mobile home has been installed, and such manufactured home or mobile home is subject to the payment of real property taxes (not DMV fees nor personal property taxes) are eligible. Mobile homes not meeting the foregoing requirements are not eligible to participate in the Ygrene Program.

Condominium owners and/or property owners with properties subject to Home Owner Association (HOA) regulation are solely responsible for (a) determining (i) if the proposed Eligible Products are authorized to be installed on such property owners' properties and (ii) if the installation of such Eligible Products requires the approval or authorization from the applicable HOA and (b) applying for and obtaining such HOA approval or authorization, if applicable. Such property owners may, upon request by Ygrene, need to provide written authorization from the condominium management or HOA stating that the applicant is authorized to install certain Eligible Products under the CC&R's or other governing regulations.

These eligibility regulations may be clarified as deemed necessary by Ygrene without amending the Program Report if such clarification will not result in a substantial revision of such eligibility requirements.

B. ELIGIBLE PRODUCTS

Ygrene affords property owners in the Ygrene Program Area the opportunity to take advantage of a wide range of eligible energy-savings, water conservation/efficiency,



renewable energy, electric vehicle charging infrastructure, and seismic strengthening improvements consistent with the following provisions:

1. Ygrene Program financing is intended principally for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy or water consumption, produces renewable energy or provides seismic strengthening to existing structures. However, Ygrene Program financing may also be available for purchasers of new homes that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency and seismic strengthening products and/or electric vehicle charging infrastructure to such homes after taking title of the property.
2. Ygrene Program financing is available only for Eligible Products that are permanently affixed to real property.
3. Ygrene Program financing is available only for those products specified in the Ygrene Residential Program Handbook ("Eligible Products"). Broadly, these include:
 - a. Water Conservation/Efficiency
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Electric Vehicle Charging Infrastructure
 - e. Seismic Strengthening Products
 - f. Approved Custom Products
4. The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired.
5. Ygrene Program financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency, renewable energy and seismic strengthening improvements. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets, and install a photovoltaic system as part of a single project.

C. ELIGIBLE COSTS

Eligible costs of the Eligible Products include the cost of equipment and installation. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges.

The cost of installation of Eligible Products shall be eligible to be financed only if such installation is completed by a contractor who is registered with the Ygrene Program. A list of contractors who are registered with the Ygrene Program will be located on Ygrene's website; however, WRCOG and Ygrene will not make recommendations for contracting assistance.



Property owners who elect to engage in broader projects – such as home remodeling – may only receive Ygrene Program financing for that portion of the cost of retrofitting existing structures with Eligible Products.

YGrene staff evaluates conditions in the construction and installation market and establishes maximum price levels for each measure on its Eligible Products list. While the property owner may choose the contractor, the amount available for financing will be limited to an amount determined reasonable by Ygrene by these maximum price levels. Ygrene may consider exceptions based on internal guidelines and specific project characteristics

Property owners may wish to consider whether public utility, federal, state or local rebates are available for the Eligible Products desired. No rebates will be deducted from the assessment amount except upon written request by the property owner. If the property owner requests the deduction of a rebate that later becomes unavailable, this request is at the property owner's risk. State or federal tax credits and performance-based incentives will not be deducted from the assessment amount, but property owners may wish to consider these additional benefits in determining the amount of their financing request.

D. ADMINISTRATIVE COSTS/FEES

As required pursuant to Section 5898.22 of Chapter 29, WRCOG met and consulted with the staff of the County Auditor-Controller's office on March 29, 2010 concerning the additional fees, if any, that will be charged to WRCOG for incorporating the proposed

contractual assessments into the assessments of the general taxes on real property. The consultations revealed that the Auditor-Controller will charge WRCOG the same fees applicable to other fixed charges to be placed on the secured property tax roll as are established from time to time by the Board of Supervisors. The payment of such fees shall be included as a part of the annual assessment administration and collection costs that will be added each year to the annual assessment on property tax bills. Such annual administration and collection costs are described below.

The Ygrene Program will cover all or a portion of its costs through program fees covering the cost of providing the Ygrene Program services. Such Ygrene Program fees and costs, to the extent permitted in the Ygrene Residential Program Handbook, may be included in the principal amount to be financed. In addition, an assessment reserve amount (not to exceed 10% and to be added to the assessment amount) may be required by bond holders or other investors. If available, the assessment reserve will be applied to assessment payments due and payable at the end of the financing term.¹

There are additional costs that are not covered in these expense and reserve components and will be borne by the property owners (unless permitted by the Ygrene Residential Program Handbook to be included in the financing request). These costs include:



An application fee, which shall not exceed the actual cost to process the applicable application.

2. Title and escrow costs, including title insurance, where required; processing and underwriting; recording and documentation; program cost recovery; and funding fees will be paid by the property owner.
3. Permitting costs. Property owners are required to verify whether a permit is required by the participating jurisdictions and to ensure that any required permit is obtained. Permit costs will be paid by the property owner.
4. The County Auditor Controller Charges an annual administration fee for placing assessments on the property tax roll. The tax administrator, trustee, and servicer have similar fees estimated to be approximately \$60 per year but are subject to change.
5. Onsite Validation Fees. Onsite validation fees may be required for Ygrene Program staff to confirm proposed Eligible Products were actually installed prior to funding; provided, however, that such fee may not exceed the actual cost to undertake such validation.
6. Eligible Products may be eligible for partial disbursements in order to make progress payments. Check with Ygrene and the Ygrene Residential Program Handbook for applicability and terms. The making of partial disbursements may be subject to additional processing fees as set forth in the Ygrene Residential Program Handbook.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Western Community Energy Activities Update

Contact: Barbara Spoonhour, Deputy Executive Director – Operations, bspoonhour@wrcog.us, (951) 405-6760

Date: January 7, 2019

The purpose of this item is to provide an update on the status of implementing Western Community Energy (WCE), a Community Choice Aggregation, for participating jurisdictions in the subregion.

Requested Action:

1. Receive and file.

Community Choice Aggregation (CCA) allows cities and counties to aggregate their buying power to secure electrical energy supply contracts on a region-wide basis. A CCA provides a choice for the community, which it does not currently have (unless their community is served by a separate public utility). Under a CCA, residents and businesses have the ability to choose from new rates and power sources (which are often more renewable) offered by the CCA, or they can choose to stay with SCE. Local jurisdictions, by participating in a CCA, allow for their businesses and residents to voluntarily make these choices. Importantly, a CCA also provides local control over rate setting and programs by locally elected city councilmembers. Rates and programs would be designed and implemented at the local level, at local public meetings, where members of the public who are living within the CCA boundaries can readily participate

Western Community Energy Update

Over the past few months, the WCE Board of Directors has been regularly meeting to review updated financial proformas and adopting policies related to how WCE will operate in the future. Based on new data provided by the California Public Utilities Commission (CPUC) decision regarding the Power Charge Indifference Adjustment (PCIA) and SCE's Energy Resource Recovery Account (ERRA) filing, WCE's consultants has projected that the potential overall savings to a customer's SCE bill could be as high as 3%. With this information, the Board of Directors directed staff to develop and release its Implementation Plan for comment and review. The Implementation Plan is required by the CPUC to be submitted by the end of the calendar year to ensure that WCE has the ability, if feasible, to begin servicing of customers in 2020.

The Draft Implantation Plan was released on October 25, 2018 for public comment and review. Staff held a meet and confer with Southern California Edison in early November 2018 and incorporated their comments into the final Plan.

On December 12, 2018, Western Community Energy Board of Directors held a public hearing and adopted WCE Resolution Number 2018-13 to formally adopt the Implementation Plan. The Implementation Plan was submitted to the CPUC on December 20 which ensures that WCE has the ability, if feasible, to begin servicing load to customers in the service territory of the member jurisdictions in April 2020.

Prior Actions:

December 12, 2018: The Western Community Energy Board of Directors received Western Community Energy Implementation Plan and Statement of Intent Summary Report; 2) conducted a Public Hearing regarding the adoption of Western Community Energy Implementation Plan and Statement of Intent; 3) adopted Resolution 2018-13: A Resolution of the Board of Directors of Western Community Energy adopting the Community Choice Aggregation Implementation Plan and Statement of Intent required by California Public Utilities Code Section 366.2;

November 5, 2018: The Executive Committee received and filed.

Fiscal Impact:

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

Attachment:

1. Final WCE Implementation Plan.

Item 6.C

Western Community Energy Activities Update

Attachment 1

Final WCE Implementation Plan

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Community Choice Aggregation Implementation **Plan & Statement of **Intent****

DECEMBER 12, 2018

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ABBREVIATIONS

CAISO	California Independent System Operator
CARE	California Alternative Rate for Energy
CCA	Community choice aggregation
CEC	California Energy CPUC
CP	Commercial paper
CPUC	California Public Utilities CPUC
CRC	Cost recovery charge
CRS	Cost responsibility surcharge
DLAP	Default load aggregation point
EEI	Edison Electric Institute
ESP	Energy service provider
FERC	Federal Energy Regulatory CPUC
FIT	Feed-in tariff
GHG	Greenhouse gas
GWh	Gigawatt-hour
ICE	Intercontinental Exchange
IDSM	Integrated demand side management
ISDA	International Swaps and Derivatives Association
IOU	Investor owned utility
kWh	Kilowatt-hour
LRA	Local reliability area
LSE	Load serving entity
MW	Megawatt
NEM	Net energy metering
PAC	Program administrator costs
PCC	Portfolio content category
PCIA	Power Charge Indifference Adjustment
PGC	Public Goods Charge
PV	Photovoltaic
RA	Resource adequacy
REC	Renewable energy credit
RFO	Request for offers
RFP	Request for proposals
RPS	Renewable portfolio standard
RTO	Regional transmission organization
SCE	Southern California Edison
TEA	The Energy Authority
TRC	Total resource cost
WCE	Western Community Energy
WRCOG	Western Riverside Council of Governments
WSPP	Western System Power Pool

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Chapter 1: Agency Introduction

INTRODUCTION

This document constitutes Western Community Energy’s (WCE’s) Implementation Plan (Plan) and Statement of Intent to create a voluntary Program for electric customers within the jurisdictional boundaries of its Members that currently take bundled electric service from Southern California Edison (SCE). The Program will give electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over SCE’s transmission and distribution system.

Western Community Energy’s (WCE’s) efforts to form a Community Choice Aggregation (CCA) Program began in 2016 with the support of the Western Riverside Council of Governments (WRCOG) Executive Committee, and interest from many of the Cities within Riverside and San Bernardino Counties.

WRCOG, a Joint Powers Authority (JPA), received direction from its Executive Committee to explore the feasibility of implementing a CCA. WRCOG partnered with Coachella Valley Association of Governments (CVAG), and San Bernardino Council of Governments (SBCOG) to undertake a Feasibility Study for Riverside and San Bernardino Counties. The Study was completed and adopted by the WRCOG Executive Committee in December 2016 and showed it feasible to move forward.

WRCOG’s Executive Committee directed staff to develop a stand-alone joint powers authority (JPA) to implement a Community Choice Aggregation (CCA) Program, now known as, Western Community Energy (WCE or Authority). Established on August 23, 2018, WCE is a public agency located within Western Riverside County, formed for implementing a CCA. WCE’s JPA can be found in Appendix B. Member Agencies include seven cities (Members or Member Agencies), which have elected to allow WCE to provide electric generation service within its respective jurisdictions.

These Members include:

Member Agencies			
Canyon Lake	Eastvale	Hemet	Jurupa Valley
Norco	Perris	Wildomar	

The anticipated start date to begin servicing customers is April 1, 2020 (subject to the final review and approval of WCE’s Board of Directors). Again, participation is completely voluntary; however, customers will be automatically enrolled, as provided by law, unless they affirmatively elect to opt-out. All current SCE customers within the jurisdictional boundaries of its Members (the Program’s service area) will receive information describing the Program and will have multiple opportunities to express their desire to remain as a bundled customer of SCE, in which case they will not be enrolled.

Implementation will enable customers within the service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law.

WCE's primary objectives are to provide:

- 1) Provide local control in rate setting.
- 2) Provide overall rates that are lower and/or competitive with those offered by SCE for similar power supplies.
- 3) Provide options to residents and businesses.
- 4) Provide expanded options for economic development.
- 5) Supply an energy portfolio that will use local and/or regional renewable resources (in the future), including existing facilities, to the maximum extent technically and economically feasible.

The prospective benefits to consumers include increase electric generation reliability; the ability to reduce energy costs; stabilize electric rates; influence which technologies are used to meet electricity needs (including a potential increased use of renewable energy); ensure effective planning of sufficient resources and energy infrastructure to serve its Members' residents and businesses; and improve the local and regional economy.

The California Public Utilities Code (Code) provides the relevant legal authority for WCE to become an aggregator and invests the California Public Utilities Commission (CPUC) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the Program. The CPUC also has responsibility for registering WCE as an aggregator and ensuring compliance with basic consumer protection rules. The Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed and certified with the CPUC to determine the cost recovery mechanism to be paid by customers of the Program to prevent shifting of costs to SCE's bundled customers.

The Draft Plan was published on WCE's website (www.westerncommunityenergy.org) and on WRCOG's website (www.wrcog.us) on October 25, 2018; it was also made available at the office of WRCOG. Any person was able to view the Draft Plan and provide comments for consideration in the final version. SCE's CCA staff was also provided a copy of the Draft Plan on October 25, 2018.

WCE conducted a Public Hearing on December 12, 2018, to formally adopt the Plan, through a WCE Resolution 2018-13, which is provided in Appendix A.

Six of the seven Members have adopted an ordinance to implement a CCA Program through WCE. Due to election results and the seating of a new Councilmember, the City of Canyon Lake will act on January 9, 2019. With these milestones accomplished, WCE now submits its Plan to the CPUC for certification. Once certified, WCE will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

In the future, as new jurisdictions join WCE, the Plan will be modified and filed regularly with the CPUC, with plans to serve load in accordance with the Resource Adequacy Proceeding and Resolution E-4907. Prior to submittal, WCE will notify CPUC staff of its intent to file a modified plan and will collaborate with SCE on launch dates, which would correspond to the CPUC's Resource Adequacy Proceeding and Resolution E-4907. WCE will maintain a current version on file with the CPUC and its website.

IMPLEMENTATION PLAN ORGANIZATION

The Plan complies with the statutory requirements of AB 117. As required by Code Section

366.2(c)(3), the Plan details the process and consequences of aggregation and provides WCE's Statement of Intent for implementing a CCA Program that includes the following:

-  Universal access
-  Reliability
-  Equitable treatment of all customer classes
-  Any requirements established by state law or by the CPUC concerning aggregated service

The remainder of the Plan is organized as follows:

- Chapter 2: Aggregation process
- Chapter 3: Organizational structure
- Chapter 4: Start-up plan and funding
- Chapter 5: Program Phase-In
- Chapter 6: Load forecast and resource plan
- Chapter 7: Financial plan
- Chapter 8: Rate setting
- Chapter 9: Customer rights and responsibilities
- Chapter 10: Procurement process
- Chapter 11: Contingency plan for program termination
- Appendix A: WCE resolution approving implementation plan and member ordinances
- Appendix B: WCE Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of its Implementation Plan in Table 1.

Table 1. Cross-reference table of ab 117 requirements and implementation plan chapters

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Program Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation process
Organizational structure of the Program, its operations and funding	Chapter 3: Organizational structure Chapter 4: Start-up plan and funding Chapter 7: Financing plans
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other cost to participants	Chapter 8: Rate setting Chapter 9: Customer rights and
Participants rights and responsibilities	Chapter 9: Customer rights and responsibilities
Methods for entering and terminating agreement	Chapter 10: Procurement process
Description of third parties that will be supplying electricity under the Program, including information about financial, technical, and operational capabilities	Chapter 10: Procurement process
Termination of the Program	Chapter 11: Contingency plan for Program termination

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Chapter 2: Aggregation Process

INTRODUCTION

Since its inaugural meeting on August 23, 2018, WCE’s Board of Directors has been meeting to determine policies and procedures to implement the Program. The following chapter lays out the aggregation process.

PROCESS OF AGGREGATION

WCE’s objectives are 1) provide local control in rate setting 2) provide overall rates that are lower and/or competitive with those offered by SCE for similar power supplies, 3) provide options to residents and businesses, 4) provide expanded options for economic development, and 5) supply an energy portfolio that will use local and/or regional renewable resources (in the future), including existing facilities, to the maximum extent technically and economically feasible.

To ensure successful operation, WCE is partnering with experienced energy suppliers and consultants to provide energy and implementation services. A competitive solicitation process was used and subsequent contract negotiations to choose qualified consultants to support implementation and provide requisite energy products and scheduling coordinator services to meet the electric energy requirements. Initially, Program operations will rely heavily on consultants with WRCOG in-house support; however, over time this may change. As the Program matures, WCE will evaluate its operational model and determine if there continues to be a need for heavy consulting support or if it is more efficient and cost effective to move tasks in-house. The Plan represents a partnership amongst WCE, its Members, other not-for-profit entities, and the private sector to bring the benefits of competition and choice to Member residents and businesses. By exercising its legal right to form a CCA, Members’ constituents will have access to the competitive market for energy and exert local control over the community’s electricity supply. Absent action by WCE or its individual Members, very few customers (i.e. those who have direct access (DA) arrangements) would have the ability to choose an electric supplier other than SCE.

The core consultant team consists of:

 The Energy Authority:	Providing technical services, power procurement and supply management, CAISO credit requirements, power purchase negotiation assistance, rate design, risk management, scheduling coordination, and related services.
 EES Consulting:	Assisting with long term planning, rate design/setting, and regulatory filings.
 Public Financial Management (PFM):	Assisting with financial planning and reserve policies.
 Calpine Energy Solutions:	Providing customer and data management, call center, and risk reporting services.
 Best, Best & Krieger:	Providing legal assistance.

These core consultants are also supported by marketing firms and other additional technical consultants in sub-contracting roles.

Before being enrolled in the Program, customers will receive two notices in the mail from WCE that will provide information needed to understand the Program's terms and conditions of service and explain how customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled. Enrolled customers will begin receiving electric service from the Program at their next regularly scheduled meter read date (following the date of automatic enrollment). Table 2 outlines the schedule for notification and enrollment.

Table 2: Notification and enrollment schedule

DATE	ACTION
February 2020	Notification #1
March 2020	Notification #2
April 2020	Enrollment
April 2020	Notification #3
May 2020	Notification #4

Customers automatically enrolled will continue to have their electric meters read and will be billed for electric service by SCE. The electric bill will show separate charges for generation procured by WCE. All other charges related to delivery of the electricity and other utility charges will continue to be assessed by SCE.

After automatic enrollment, customers will be given two additional opportunities to opt-out and return to SCE following the cutover of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for Program charges for the time they were served by WCE but will not otherwise be subject to any penalty for leaving the Program. Customers that have not opted-out within sixty days of cutover to WCE service will be deemed to have elected to become a participant and to have agreed to the Program's terms and conditions, including those pertaining to requests to terminate service, as further described in Chapter 9.

New customers who establish service within the Program service area will be automatically enrolled in the Program and will receive two notifications within 60 days post enrollment, with the option to opt-out at any time.

A high-level process overview and timeline for Aggregation is shown in Table 3.

Table 3: Aggregation process timeline

ACTIVITY	TIMELINE
Implementation Plan filed with CPUC	December 2018
CPUC certifies receipt of Implementation Plan	March 2019
WCE finalizes initial rates	October 2019

WCE executes service agreement with SCE.	October 2019
WCE submits registration package to CPUC	November 2019
WCE customer outreach and pre-enrollment opt-out notices	November 2019
Initial Notification Period Commences	February 2020
Customers switched to CCA service on next scheduled meter read date	April 2020
Post enrollment opt-out notices	April and May 2020

CONSEQUENCES OR IMPACTS OF AGGREGATION

The following outlines the consequences or impacts of aggregation on the community.

Rate impacts

Customers will see no obvious changes in electric service other than the price and composition of their electric bills. Customers will pay the generation charges set by the Program and will no longer pay the costs of SCE procurement and generation. Customers enrolled will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

The rate setting policies, described in Chapter 8, establish a goal of providing rates that are competitive and/or lower than the equivalent procurement and generation rates offered by SCE. Established rates will be sufficient to recover all costs related to operations, and actual rates will be adopted by the Board of Directors, who represent participating jurisdictions.

The total electric rate will be reduced for customers if the Program is successful in obtaining electric generation at a lower cost than charged by SCE. Initial Program rates will be established following approval of the budget, reflecting final costs from the Program's energy supplier(s). WCE's goal is to have initial rates set at 2% below those charged by SCE. Information regarding final Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment opt-out notices sent to potential customers.

Once WCE gives notice to SCE that it will commence service, customers, generally, will not be responsible in any way for costs associated with SCE's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs will continue to be charged by SCE to customers through a separate rate component, called the Cost Responsibility Surcharge (CRS). This charge is shown in SCE's tariffs, which can be accessed from SCE's website, and is already included in rates currently paid. As noted in SCE's electric schedule CCA-CRS, "The CCA CRS consists of the Department of Water Resources (DWR) Bond Charge, the Energy Cost Recovery Amount, Ongoing Competition Transition Charges and the Power Charge Indifference Adjustment (PCIA), as set forth in each rate schedule."

Renewable energy impacts

The Program anticipates an increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet 33% of the Program's electricity needs, increasing to 45% by the Program's fifth year of operation. The renewable content goal has been established to be consistent with California

RPS. This renewable energy will come from a combination of sources, with the goal to increase the portion of renewable energy produced locally and/or regionally over time, as facilities are brought on-line.

Energy efficiency impacts

The Program will have an increase in Energy Efficiency (EE) Program investments and activities. The existing EE Programs administered by SCE are not expected to change because of Program implementation. Customers will continue to pay the public goods charges to the distribution utility which funds energy efficiency programs for all customers, regardless of generation supplier. The EE investments ultimately planned for the Program, as described in Chapter 6, will be in addition to the level of investment that would continue in the absence of the Program. Thus, the Program has the potential for increased energy savings and a further reduction in emissions due to expanded EE Programs.

Greenhouse gas emissions impacts

With the implementation of the Program, there will be environmental benefit associated with reducing greenhouse gas emissions. Members have adopted Climate Action Plans with the goal of reducing greenhouse gas emissions to 1990 levels. WCE offers an opportunity to cut carbon emissions below what may be achieved by SCE. The amount of renewable power in SCE's power supply portfolio is currently 32 percent according to its 2017 Power Content Label,¹ and is scheduled to increase to 33 percent by 2020. WCE will meet SCE's GHG-free supply percentage with the opportunity to further reduce GHG emissions through targeted energy efficiency programs and 100% renewable service.

Economic development impacts

The Program intends to increase local economic development. The Feasibility Study described indirect effects which will benefit the local economy, including increased local investments in energy efficiency and distributed energy resources (DER), increased disposable income due to bill savings, and improved environmental and health conditions. In addition to increased economic activity due to electric bill savings, potential local renewable energy projects can also create job and economic growth within the service territory.

¹SCE 2017 Power Content Label. Available online:<https://www.sce.com/wps/wcm/connect/6ee40264-673a-45ee-b79a-5a6350ed4a50/2017PCL.pdf?MOD=AJPERES>

Chapter 3: Organizational Structure

INTRODUCTION

As discussed in Chapter 1, WCE was formed as a new JPA established on August 23, 2018, representing seven (7) cities. The governance, organizational, management and staffing, and operational aspects of the Agency were considered and are outlined below.

GOVERNANCE

WCE has a Board of Directors (Board) that establishes Program policies and objectives; management and administrative services will be provided by WRCOG, which will be responsible for operating the Program in accordance with such policies, and consultants that will provide energy and other specialized services.

The Board includes one appointed elected designee (with one elected alternate) from each of its Members. WCE was established through a JPA on August 23, 2018 and formed under California law. WCE's members include seven (7) municipalities located within the region, which have elected to allow WCE to provide electric generation service within its respective jurisdictions. Other jurisdictions within the region can join WCE at a future date, if they so desire, but its load would not be able to serve until the following next year, in accordance with the Resource Adequacy Proceeding and Resolution E-4907.

The Board is the local authority with jurisdiction over WCE with the primary duties to include:

-  Establish policies.
-  Authorize any subsequent changes to its Implementation Plan.
-  Review and approve Resource Plans.
-  Review and approve proposed rates and rate changes.
-  Establish committees and/or sub-committees to oversee and advise operational activities.
-  Provide policy direction to WRCOG's Executive Director, who will have general accountability for WCE operations, consistent with the policies established by the Board.

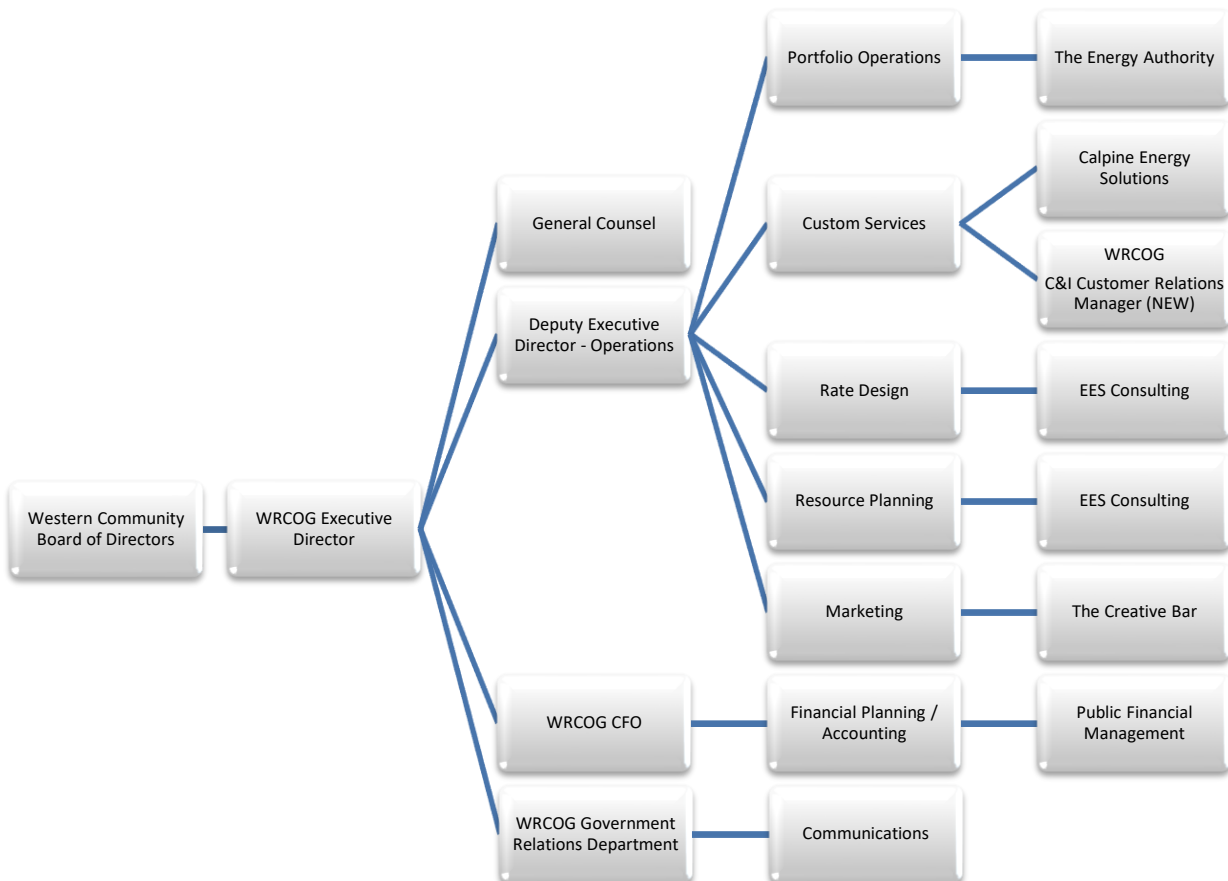
The Board has established a Chair and Vice- Chair from amongst its members and may establish other committees and sub-committees, as needed, to address issues that require greater expertise in areas (e.g., finance or contracts). WCE may also form various standing and ad hoc committees or advisory groups, as appropriate, which would have responsibility for evaluating various issues that may affect WCE and its customers, including rate-related and power contracting issues, and would provide analytical support and recommendations to the Board in these regards.

ORGANIZATIONAL OVERVIEW

WCE is the public agency that is registering with the CPUC to implement a CCA Program. WCE has entered into an Implementation and Management Services Agreement with WRCOG to provide administrative and management services. The Board has determined that WCE will be operated under the direction of WRCOG's Executive Director, with legal and regulatory support provided by WRCOG's General Counsel. Until WCE deems differently, staffing hired to work for WCE will be WRCOG employees. If the Board desires to move away from its Implementation and Management Services Agreement with WRCOG, WCE would have the option to hire those WRCOG employees.

The Executive Director has designated the Deputy Executive Director – Operations (Director) to have management responsibilities over the functional areas of Resource Planning, Electric Supply, Local Energy Programs, Finance and Rates, and Customer Services and Regulatory Affairs. In carrying out these responsibilities, the Director will utilize a combination of internal WRCOG staff and consultants. Certain specialized functions needed for Program operations, namely the electric supply and customer account management functions described below, will be performed initially by TEA, Calpine Energy Solutions, Public Financial Management, The Creative Bar, and EES Consulting.

Figure 1. Organizational chart



WRCOG staffing

Once fully operational, staffing requirements are anticipated to increase from 1 3/4 to 4 1/2 full-time equivalent positions. These staffing requirements are in addition to the services and staffing provided by third-party energy suppliers and contractors.

Table 4 shows the staffing plan at full-scale operational levels at the beginning of 2020. WCE staffing requirements during the pre-start-up and phase-in periods are discussed in Chapter 4. Longer-term staffing needs will include personnel to support energy efficiency activities and potentially the creation of an internal organization to perform the portfolio operations and account services functions that will originally be contracted out.

Table 4: Staffing plan for WCE

POSITION	2018	2019	2020
WRCOG Executive Director	1/4	1/4	1/4
WRCOG CFO	1/4	1/4	1/4
Deputy Executive Director - Operations	1	1	1
WRCOG Program Manager	1/4	1	1
Administrative Assistant		1/4	1
C & I Customer Support Manager		1/2	1
Total Staffing	1 3/4	3 1/2	4 1/2

Resource planning

The Director is charged with leading the development of both short (one and two- year) and long-term resource plans, under the guidance provided by the WRCOG Executive Director and the Board and in compliance with California Law, and other requirements of California regulatory bodies, including the CPUC and the California Energy Commission (CEC) Long-term resource planning includes load forecasting and supply planning on a 10- to 20-year time horizon. The Director will lead and coordinate the development of an Integrated Resource Plan (IRP) that will meet Program supply objectives and balance cost, risk, and environmental considerations. The IRP will consider demand side energy efficiency and demand response programs, as well as, traditional supply options.

Portfolio operations

Portfolio operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. WCE has initially contracted with TEA which has the necessary experience to perform most of the portfolio operation requirements. This will include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead, and real-time trading. A description of TEA's services, including information about technical and operations capabilities, is contained in Chapter 10. Long-term energy procurement and generation project development will be managed by the Director.

These activities include the following:



Electricity Procurement:

Assemble a portfolio of electricity resources to supply the electric needs of Program customers.



Risk Management:

Standard industry risk management techniques will be employed to reduce exposure to the volatility of energy



Load Forecasting:

markets and insulate customer rates from sudden changes in wholesale market prices.

Develop accurate load forecasts, both long term for resource planning, and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.



Scheduling Coordination:

Scheduling and settling electric supply transactions with the California Independent System Operator (CAISO).

Local energy programs

The Director is charged with the development and implementation of integrated demand side management (IDSM) programs. These programs will include the existing energy efficiency programs currently offered by WRCOG, SCE, and others, in addition to new efficiency and demand response programs that complement, but do not duplicate those already funded by SCE and administered by WRCOG and others. IDSM programs can be used as cost-effective alternatives to procurement of supply-side resources.

An example of a potential local energy program is solar development which encourages both residential and commercial constituents to invest in solar generation through available financing options, by taking advantage of Property Assessed Clean Energy (PACE) Programs and federal solar investment tax credits.

Rate setting

The Board will have the ultimate responsibility for setting the electric generation rates. The Director, in consultation with staff and consultants, will develop proposed rates and options for the Board to consider before the finalization of the actual rates, subject to the notice requirements and process described in Chapter 8. The final approved rates will, at a minimum, meet the annual revenue requirement for the Program, including any reserves or coverage requirements set forth in bond covenants. The Board will have the flexibility to consider rate adjustments within ranges, provided that the overall revenue requirement is achieved; this provides an opportunity for economic development rates or other rate incentives. WCE will administer a standardization set of electrical rates and may offer optional rates to encourage policy goals.

Financial management/accounting

With consultant support from Public Financial Management (PFM), WRCOG's Chief Financial Officer (CFO) is responsible for managing the financial management and accounting for WCE which includes: developing the annual budget and revenue requirement, managing and maintaining cash flow requirements, securing bridge loans and other financial tools as needed, and overseeing a large volume of billing settlements. Managing the overall financial aspects is expected to be a significant work activity.

The finance function arranges financing for capital projects, prepares financial reports, and ensures sufficient cash flow for the Program. The finance function plays an important Program risk management function of monitoring the credit of suppliers so that credit risk is managed properly. Credit monitoring is important to keep abreast of changes in a supplier's financial condition and credit rating. The finance function establishes credit policies that the Program must follow.

Settlements (customer billing) will be contracted out to Calpine Energy Solutions, an organization with the necessary infrastructure and capability to handle the approximately 120,000 accounts (pending eligible customer accounts from SCE) that are expected to first participate in the Program. This function is described under Customer Services below.

Customer services

WCE has contracted with Calpine Energy Solutions for certain billing related or “Customer Account Services” as described below, which the Director will oversee. In addition to general Program communications and marketing, which will be handled by WRCOG’s Government Relations team, a significant amount of customer service and key account representation will be necessary. This includes both a call center for questions and routine interaction with customer accounts.

The Customer Account Services function performs retail settlements-related duties and manages customer account data. It processes customer service requests and administers customer enrollments and departures from the Program, maintaining a current database of customers enrolled in the Program. This function coordinates the issuance of monthly bills through the distribution utility’s billing process and tracks customer payments. Business-to-business data transactions with SCE will include the electronic exchange of usage, billing, and payment data between SCE and WCE. Additionally, Customer Account Services will be responsible for tracking of customer account receivables and payments, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits (if any) in accordance with WCE’s credit policies.

WCE will conduct the general Program marketing and key customer account management functions. These include assignment of account representatives for key accounts to provide high levels of customer service, and implementation of a marketing strategy to promote customer satisfaction. Ongoing communications, marketing messages, and information regarding WCE’s Program to all customers will be critical for the overall success of the Program and will be handed by WRCOG’s Government Relations Team.

Legal and regulatory representation

WCE will require ongoing regulatory representation to file resource plans, ensure resource adequacy (RA) and California Renewable Portfolio Standard (RPS) compliance, and provide overall representation on issues that will impact WCE and its CCA Members. WCE, with support from its consultant (EES Consulting) will play an active role in responding to regulatory or legislative actions that affect the Programs interests at the CPUC, CEC, and, as necessary, Federal Energy Regulatory Commission (FERC), and the California legislature.

WCE will retain legal services from Best Best & Krieger, LLC, to review contracts, and provide overall legal support to the activities of WCE.

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Chapter 4: Start-Up Plan and Funding

INTRODUCTION

Ensuring that all start-up costs and ongoing funding is important to a successful program. WCE and its consultants have focused on this area and have outlined the following for its start-up activities, staffing and contract services, as well as capital requirements and financial planning.

START-UP ACTIVITIES

The start-up activities, including the necessary expenses and capital outlays, which have already begun and will continue once the CPUC certifies the receipt of this Implementation Plan.

The initial Program start-up activities include the following:

-  Hire staff and consultants to manage implementation - Completed
-  Identify and negotiate supplier/vendor contracts – Once CPUC certifies
 - Electric supplier and scheduling coordinator - Completed
 - Data management provider - Completed
-  Define and execute communications plan - Completed
 - Customer research/information gathering - Ongoing
 - Media campaign - Ongoing
 - Key customer/stakeholder outreach - Ongoing
 - Informational materials and customer notices - Ongoing
 - Customer call center – Once CPUC certifies
-  Pay utility service initiation, notification, and switching fees - Once CPUC certifies
-  Perform customer notification, opt-out and transfers - Once CPUC certifies
-  Conduct load forecasting - Once CPUC certifies
-  Establish rates - Once CPUC certifies
-  Obtain legal and regulatory support - Completed
-  Implement financial management and reporting - Once CPUC certifies

Other costs related to start-up are the responsibility of the Program consultants (and are assumed to be covered by any fees/charges imposed by such consultants). These include capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

STAFFING AND CONTRACT SERVICES

As described in Chapter 3, WCE has entered into an Implementation and Management Services Agreement with WRCOG to utilize a mix of WRCOG staff and consultants for implementation. WRCOG currently has 30 full-time employees, including an Executive Director, several Directors, Program Managers, and finance and administrative support personnel to support regulatory, procurement, finance, legal, and communications activities that will be used. Personnel in the form of WRCOG staff or consultants will be added incrementally to match workloads involved in Program management. To determine the capital requirements for the start-up period, it is assumed that approximately 4 1/2 full time equivalent staff, as well as, supporting consulting professional services would be engaged by the end of 2020. Following the start-up period, additional staff and/or consultants may be retained to support the roll-out of additional value-added services and generation projects and programs.

CAPITAL REQUIREMENTS

The start-up will require capital for three major functions: 1) staffing and consultant costs; 2) deposits and reserves; and 3) working capital. Each of these functions and its anticipated capital requirements are discussed below. The finance plan contained in Chapter 7 provides a more detailed discussion of the longer-term capital requirements and Program finances.

- 1) **Staffing and consultant costs:** Start-up staffing and consultant costs are estimated to be approximately \$4.2 million, and includes internal staffing costs, and costs related to public relations support, technical support, and customer communications. Actual costs may vary depending on how WCE manages its start-up activities and the degree to which some or most of these start-up activities are performed by the selected energy services provider rather than by WCE. Most of these costs will be covered by WRCOG and conventional financing.
- 2) **Deposits and reserves:** Requisite deposits and operating reserves of the Program are estimated to approximate \$874,000 and include the following items: 1) operating reserves to address anticipated cash flow variations associated with WCE Program management - \$600,000 2) CCA bond (posted with the CPUC) - \$100,000; and 3) SCE service fee deposit - \$147,000. These will be covered by The Energy Authority and Calpine Energy Solutions.
- 3) **Working capital:** Operating revenues from sales of electricity will be remitted to WCE beginning approximately on day 47 of Program operations, based on SCE's standard meter reading cycle of 30 days and SCE's payment/collections cycle of 17 days. WCE will obtain its initial working capital requirements through conventional financing methods to fund payments to power suppliers made in advance of receiving Program revenues. The working capital needed to support electricity procurement, which is estimated to be \$16 million. This cost will be reflected in its price for providing full requirements electric service to the Program.

Therefore, the total staffing and contractor costs, applicable deposits, and working capital are expected to be approximately \$21 million for the first six months. These are costs that ultimately will be collected through Program rates; however, some of these costs will be incurred prior to WCE selling its first kWh of electricity. WRCOG will finance costs incurred prior to Program commencement.

FINANCING PLAN

WCE's initial capital requirement will be provided via conventional financing methods (e.g., bank loans and/or lines of credit), and is not expected to exceed \$21 million. WCE will make repayments (including any interest, as applicable) over assumed 5-year terms, commencing in July 2020. Additional funding for communications services, via a line of credit, will be provided by Calpine Energy Solutions, which will be repaid at an annual interest of 5% follow Program commencement.

The balance of start-up funding will be provided by WRCOG. WCE will repay WRCOG within a sixty-month term starting the month after the Program launches. WCE will recover the principal and interest costs associated with the start-up funding via retail generation rates charged to Program customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first three-years of operations. Pro forma projections for the initial four years of Program operations are shown in Chapter 7.

Chapter 5: Program Phase-In

INTRODUCTION

WCE plans to begin serving all residential and non-residential customers, except non-residential Direct Access or Standby Accounts, within its initial member jurisdictions with the below outlined Phase-in approach. WCE may consider servicing Standby Accounts at a future date. This approach will allow for an easier transition into the Program. Service is anticipated to begin in April 2020, with all accounts that have not opted-out being enrolled by the Program within two billing cycles of that date. The following provides an outline of 2 separate Phases for roll-out.

PHASE-IN APPROACH

Phase 1. Residential and non-residential accounts – April 2020

All residential and non-residential accounts would begin service on or after April 1, 2020. During Phase 1, WCE anticipates serving approximately 114,000 out of 120,500 accounts (pending receipt of eligible customers from SCE), representing 1,575 GWh or 93% of the total retail load. It is anticipated that the completion of Phase 1 will take approximately 2 billing cycles.

Phase 2. NEM customers – April 2020, July 2020, October 2020, And January 2021

The first group of NEM customers will be enrolled with Phase 1 and will continue over 9 months to ensure that NEM customers are brought across in a fashion that will provide as little impact as possible to their annual true-up. WCE will begin to serve load on or after April 1st, 2020 to NEM customers that have a true-up between February 1st and April 30th. NEM customers with a true up between May 1st and July 31st will see WCE servicing their load on their next meter read on or after July 1st, 2020. For NEM customers that are trued up between August 1st and October 31st, WCE will begin to serve load on their next meter read on or after October 1st, 2020. Finally, those NEM customers that are trued up between November 1st and January 31st, WCE will begin to serve load their next meter read on or after January 1st, 2021.

Once NEM customers are enrolled, their annual true-up will occur once a year. WCE will determine that date prior to launch.

ADDITIONAL MEMBERS ROLL-OUT

In the future, jurisdictions can join WCE at any time. This flexibility allows WCE to expand its territory. On a regular basis, an updated Plan will be submitted to the CPUC, if any new members join the Program, however, load will not be served until the next year, in accordance with the Resource Adequacy Proceeding and Resolution E-4907. Prior to submitting an updated Plan, WCE will work with SCE on the timeline to begin service and will provide notification to the CPUC staff that an update will be submitted.

NEW RESIDENTIAL AND NON-RESIDENTIAL CUSTOMERS

Riverside County is one of the fastest growing counties in the nation. For any new customers moving into the WCE service territory after it has begun servicing load, WCE intends to provide service to all customer classes (i.e., Residential, Commercial, and NEM customers) during one billing cycle. However, if a customer moves into the WCE region prior to April 1, enrollment, WCE will begin to service the load-based timeline stated above.

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Chapter 6: Load Forecast and Resource Plan

INTRODUCTION

A ten-year resource plan seeks to implement the energy goals identified in a financially sustainable way, in compliance with CAISO and CPUC regulations. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. Key policies are as follows:

-  Increase use of renewable energy resources and distributed energy resources to reduce reliance on fossil-fueled electric generation for purposes of reducing electric sector GHG emissions.
-  Manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
-  Apply for the administration of energy efficiency program funding to help customers reduce energy costs through administration of enhanced customer energy efficiency, distributed generation, and other demand reducing programs.
-  Benefit the area's economy through investment in local infrastructure, energy projects, and energy programs.

The initial resource mix will include a proportion of renewable energy meeting California's prevailing RPS procurement mandate. As the Program moves forward, incremental renewable supply additions will be made based on resource availability, as well as, economic goals to achieve increased renewable energy content over time.

RESOURCE OVERVIEW

WCE has engaged TEA to act as its agent to procure supply in the bilateral markets as well as act as its Scheduling Coordinator with CAISO. TEA is a not-for-profit energy firm which assists over 40 municipal and state-chartered entities in energy procurement nationwide. TEA actively participates in forward markets through the Intercontinental Exchange (ICE) and on a bilateral basis – procuring energy, resource adequacy capacity and renewable energy credits. TEA will also assist WCE in running competitive solicitations for long-term supply contracts and to develop new resources.

WCE's proposed ten-year resource plan for the years 2020 through 2029 is summarized in Table 5 (in GWh). Energy efficiency and behind-the meter resources are included in the retail load forecast.

Table 5: Proposed ten-year resource plan in GWh

YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Retail Load	1,286	1,575	1,585	1,595	1,604	1,614	1,624	1,635	1,645	1,655
Losses and UFE	72	88	89	89	90	90	91	91	92	93
Wholesale Load System	1,358	1,663	1,673	1,684	1,694	1,705	1,715	1,726	1,737	1,748
WCE Supply										

Renewable Resources	442	587	637	688	724	776	813	866	919	974
Conventional Resources	917	1,076	1,036	996	970	929	903	860	817	774
Total Supply	1,358	1,663	1,673	1,684	1,694	1,705	1,715	1,726	1,737	1,748
Energy Open Position	-	-	-	-	-	-	-	-	-	-

SUPPLY REQUIREMENTS

WCE is planning to roll the Program out to all its customers simultaneously, with NEM customers being phased in. To date seven cities, representing over 25% of potential load within the region, have elected to participate. Should additional cities elect to join prior to Program launch, WCE will work with SCE to determine their initial roll out and submit a modified Plan to the CPUC.

The starting point for the Resource Plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis and matched with resources best suited to serving the aggregate of hourly demands or the Program’s “load profile.”

LOAD FORECAST METHODOLOGY

To forecast future electricity consumption, SCE load shape data was applied to 2015 loads. The resulting forecast was extended using an annual growth rate of 0.6% per year (growth rate is net of energy efficiency and rooftop generation). Finally, distribution losses were applied to determine the wholesale procurement requirements.

CUSTOMER PARTICIPATION RATES

Customers will be automatically enrolled unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. WCE studied scenarios with participation rates between 85% and 95% based upon the experiences of other recent CCA formation and expansions in California. The expected case assumed a 95% participation rate for residential, agricultural, streetlighting and 90% for commercial and industrial. The commercial and industrial participation rates are lower based on the new direct access cap for SCE (SB 237). Planning around a “poor case” outcome assumed an 85% participation rate. WCE plans to offer rates that are competitive and/or lower than SCE’s and expects that will lead to fewer opt-outs.

CUSTOMER FORECAST

During the month of enrollment approximately 114,000 customers (pending receipt of eligible customer list from SCE) are expected to be enrolled across all rate classes, or ~3,800 per day. Total customer accounts by rate class are shown in Table 6 below.

Table 6: Expected WCE customer enrollments by rate class in April 2020

CUSTOMER CLASS	ACCOUNTS
Residential	89,081
Low Income Res	13,982
Agriculture	253

Small Commercial	7,102
Med Commercial	1,489
Large Commercial and Industrial	188
Street Lighting	1,909
TOTAL	114,003

The forecast of service accounts (customers) served for each of the next ten years is shown in Table 7, which reflects an estimated annual growth of 0.6%.

Table 7: Total projected service accounts by rate class

Year	Residential	Low Income Residential	Agriculture	Small Commercial	Medium Commercial	Large Commercial and Industrial	Street Lighting	Total
2020	89,492	13,874	250	7,138	1,507	189	1,927	114,378
2021	89,464	13,922	250	7,134	1,517	189	1,927	114,403
2022	89,479	13,962	251	7,137	1,516	188	1,927	114,460
2023	89,493	13,990	250	7,136	1,513	188	1,927	114,497
2024	89,522	14,009	251	7,138	1,512	188	1,927	114,547
2025	89,583	14,010	251	7,141	1,512	189	1,935	114,620
2026	89,651	14,007	251	7,143	1,513	189	1,935	114,690
2027	89,679	14,010	252	7,144	1,515	187	1,928	114,716
2028	89,653	14,044	253	7,145	1,516	187	1,923	114,720
2029	89,663	14,090	252	7,151	1,517	187	1,917	114,776

SALES FORECAST

The forecast of MWh sales reflects the roll-out and customer enrollment schedule shown above. The annual electricity needed to serve retail customers is shown in Table 8.

Table 8: Projected Energy Sales 2020-2029 in MWh

Year	Residential	Low Income Residential	Agriculture	Small Commercial	Medium Commercial	Large Commercial and Industrial	Street Lighting	Total
2020	628,204	95,423	36,480	71,682	182,788	255,452	15,275	1,285,305
2021	757,109	116,118	44,394	89,127	227,003	321,374	19,783	1,574,909
2022	761,815	116,840	44,670	89,681	228,414	323,371	19,906	1,584,697
2023	766,549	117,566	44,948	90,239	229,834	325,381	20,030	1,594,547
2024	771,314	118,297	45,227	90,800	231,262	327,403	20,155	1,604,457
2025	776,107	119,032	45,508	91,364	232,700	329,438	20,280	1,614,429
2026	780,931	119,772	45,791	91,932	234,146	331,485	20,406	1,624,463
2027	785,785	120,516	46,076	92,503	235,601	333,546	20,533	1,634,559
2028	790,668	121,265	46,362	93,078	237,065	335,619	20,660	1,644,718
2029	795,583	122,019	46,650	93,657	238,539	337,705	20,789	1,654,940

CAPACITY REQUIREMENTS

WCE is required to procure or self-provide sufficient generation capacity to meet the resource adequacy (RA) obligations as set forth by CAISO and the CPUC. The obligation is to demonstrate ownership of a combination of system-wide capacity from any generator within, or dynamically connected to the CAISO footprint; local capacity within specific local reliability areas (LRAs) within the same default load aggregation point (DLAP) which in WCE's case is the SCE DLAP; and flexible capacity to meet morning and evening ramps due to load ramping up and variable energy resources ramping down.

The amounts of the obligations in each category are determined by the CEC based on load forecasts provided by each load serving entity (LSE), as well as, information about any renewable resources which are under contract for the coming year. The amount of total capacity required (system plus local) is based on an individual LSE's (in this case WCE) coincident peak demand with CAISO. The amount is 115% of the coincident peak demand monthly. The local RA fraction is a pro-rata share of the total local capacity requirement within the SCE service territory. WCE must show it has procured 90% of its RA obligations for the year prior to the start of the year, and the remainder prior to the beginning of each month.

The Resource Adequacy filings take place in October of each year, according to the schedule established by the CEC for evaluating statewide resource adequacy based on resource plans filed by all LSEs in the state.

Local capacity (Western Riverside County subregion) requirements are a function of the SCE area resource adequacy requirements and WCE's projected peak demand. WCE will work with the CPUC's Energy Division and potentially CEC staff obtain the data necessary to calculate WCE's monthly local capacity requirement.

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

WCE will coordinate with SCE and appropriate state agencies to manage the transition of responsibility for resource adequacy from SCE to WCE during phase-in. For system resource adequacy requirements, WCE will make month-ahead showings for each month that WCE plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. WCE will work with the CEC and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations through its agreement(s) with its chosen electric supplier(s).

RENEWABLE PORTFOLIO STANDARDS (RPS) REQUIREMENTS

WCE is required by law for ensuring CPUC regulations are met to procure a minimum percentage of its retail electricity sales from qualified renewable energy resources. The same standards and rules governing RPS compliance that are applicable to the distribution utilities apply equally to all CCAs.

RPS Standards

On October 7, 2015, Governor Brown signed Senate Bill 350 (De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increased from 33 percent by 2020 to 50

percent by 2030 amongst other clean-energy initiatives. Many details related to SB 350 implementation will be developed over time with oversight by designated regulatory agencies. However, it is reasonable to assume that interim annual renewable energy procurement targets will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 50 percent procurement mandate for planning purposes.

In September of 2018, Governor Brown signed into law SB 100, which calls for all electricity supplies in the State to be “carbon-free” by 2045. The legislation is important for all LSEs in that it tightens the RPS targets even from SB 350. While the PCC categorization has not been determined, the overall targets in SB 100 are as follows:

- 50% eligible renewable energy by 2026
- 60% eligible renewable by 2030
- 100% carbon free by 2045 (note “carbon-free” vs. “renewable”).

For the purposes of meeting the RPS, what qualifies a resource as renewable varies by the resource’s location and type of contract. Resources which have their first point of interconnection or are delivered directly to the California grid (Balancing Authorities within California) and are contracted for by the LSE as energy bundled with their renewable energy credits (RECs) qualify as Portfolio Content Category I (PCC1) resources. Resources which sell energy and RECs together but are not necessarily connected to the California grid and not delivered simultaneously (i.e. the energy may be “shaped” into flat blocks of power) qualify as PCC2 resources. RECs sold independently of the energy produced qualify as PCC3 resources.

California's Newest Renewable Targets

Target Date	2017	2020	2026	2030	2045
RPS Goal	20%	33%	50%	60%	100% ¹
Year Passed	2002 (SB 1078)	2011 (SB 21X)	2018 (SB 100)	2018 (SB 100)	2018 (SB 100)

¹ 100% carbon free, 60% renewable.

WCE’s RPS goals

WCE intends to pursue a renewable supply portfolio that meets the required statute prior to its implementation date of 2020 and 2030. This includes exceeding both the RPS mandate and SCE’s forecast for overall renewable portfolio percentage and using only PCC1 and PCC2 qualified renewables to meet the mandate. The basic retail offering will meet these objectives. In addition, WCE will offer a 100% renewable option available at a premium rate.

From launch, WCE plans to exceed the state RPS while maintaining rate discounts from SCE rates and offer local programs.

RESOURCES

WCE plans to procure supply through a variety of resources. The long-term strategic vision is to procure and develop local renewable resources. WCE plans to issue a request for offers (RFO) to

procure output from local biomass generators for a portion of its supply needs at start-up. In addition, over time would like to procure from existing, develop local solar capacity, and potentially develop local wind supply.

WCE has contracted with a third-party service provider, TEA, to act as its agent in procuring power, capacity and renewable energy credits through the wholesale market. The arrangement provides flexibility such that WCE can incorporate contracted or new resources into the supply mix as they are procured. WCE will seek to spread transactions out amongst different counterparties and over time. This will lead to a lower risk portfolio over time as WCE's supply costs will tend to smooth out fluctuations in market prices.

In accordance with SB 350, beginning January 1, 2021, at least 65% of WCE's procurement will count toward the renewables portfolio standard requirement of each compliance period will be from its contracts of 10-years or more in duration or in its ownership or ownership agreements for eligible renewable energy resources.

PURCHASED POWER

An extensive use of power markets will be used to meet supply needs on an ongoing basis to retain rate competitiveness with SCE. A substantial portion of SCE's supply portfolio consists of short-term power and gas contracts procured from wholesale markets. WCE will need to follow a similar practice with respect to its power supply costs to mitigate the risks of having more expensive supply than SCE. As the proportion of renewable supply grows it can continue to maintain supply cost flexibility by having some of its contracts be index-based contracts, where the energy price varies with market prices. This residual exposure to market prices can then be systematically hedged using similar techniques to those discussed below.

Over-the-counter power markets such as the Intercontinental Exchange (ICE) provide a transparent platform upon which to procure power in standardized contracts with very low transaction costs. WCE plans to procure peak and off-peak power in annual, quarterly or monthly blocks in a systematic way to mitigate the risk of buying large percentages of supply when the market happens to be expensive. This smoothing, or dollar-cost-averaging of supply costs, is a standard best practice for utilities (as well as other participants in wholesale markets) to manage their price risk. WCE will make use of stochastic price and load models to measure the levels of risk and the effectiveness of various hedging transactions on reducing the risk.

WCE will also be able to procure power through CAISO in the Day-Ahead, Fifteen Minute, and 5 Minute Markets. These are also low-cost ways to procure power and can seamlessly provide supply shaping to match load shaping on hourly and sub-hourly granularity. WCE will plan to use the CAISO market to handle its hourly shaping needs and to contribute to the dollar-cost-averaging approach to risk mitigation.

Prior to beginning procurement and in collaboration with TEA, a strategy for procuring power based upon a variety of considerations will be developed that includes:

-  Quantity and cost of procured local renewable supply
-  SCE's rates and procurement practices
-  Stochastically measured risk metrics and risk tolerances
-  Plans for layering in local renewable supply over time
-  Credit availability

REGIONAL RENEWABLE RESOURCES

WCE has a goal of supporting and developing local renewable resources. Additional local supply supports WCE's objective of greater electrical security given limited transmission access to the larger CAISO grid. Spending money on local supply also supports the objective of supporting the local economy. However, there are some obstacles to procuring local renewable supply.

Therefore, WCE proposes to procure regional renewable power as financial circumstances allow, and supplement with non-local, less expensive renewables available on a short-term bilateral basis. This may include utility-scale solar, wind, geothermal or other forms of renewable supply. WCE's wholesale services adviser (TEA), will solicit Category 1 and 2 power and RECs from marketers as needed to meet WCE's RPS obligations and renewable percentage objectives described earlier. WCE will make use of the wholesale service advisor's enabling agreements – with Western System Power Pool, Edison Electric Institute, and International Swaps and Derivatives Association (WSPP, EEI and ISDA) – to transact with marketers on a short-term basis. As more local renewables are contracted, the need for short-term renewable supply will diminish. Planned mechanisms for procurement of local renewable energy include feed-in tariffs for renewable energy systems with capacity less than 1 MW and with minimal on-site loads, and net metering arrangements like those offered by SCE for solar systems under 1 MW that principally serve on-site load².

ENERGY EFFICIENCY

California electric distribution utilities (investor owned utilities and municipal utilities) are required by law to include a separate line item on customer bills containing a surcharge to fund Public Purpose Programs supported by the Public Goods Charge (PGC). PGC funded programs include energy efficiency, renewable energy, low-income, and research and development programs. The PGC surcharge is non-bypassable, subject to payment regardless of whether the serving distribution utility provides the energy commodity. Therefore, customers purchasing energy from a private Energy Service Provider (ESP) or a CCA must pay the PGC and may participate in PGC funded programs. Additionally, under CCA enabling legislation, CCAs can apply to administer cost-effective energy efficiency programs. Energy efficiency programs provide a least-cost, least-risk resource and enhance customer service.

WRCOG, which will provide administrative and management services to WCE, already focuses on energy efficiency in western Riverside County. WRCOG currently receives funding through SCE and Southern California Gas Company to implement its Local Government Partnership. WRCOG plans to continue its current efficiency work post WCE implementation, and develop additional efficiency programs that enhance, but do not duplicate, existing programs in its overall integrated demand side management strategies.

WCE may complete the CPUC application process for administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by WCE customers. Additional details related to WCE's energy efficiency plan will be developed once WCE Program phase-in is underway and the financial viability of WCE is established.

DEMAND RESPONSE

Demand Response (DR) Programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., WCE), reducing the amount of generation capacity that must be

² Net metered rooftop solar supply will increase the overall renewable supply in Riverside County but will not count towards meeting WCE's RPS obligations.

maintained as infrequently-used reserves. DR Programs can be cost effective alternatives to capacity otherwise needed to comply with the resource adequacy requirements. The Programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier and customer service benefits to the customer.

WCE is interested in exploring the potential for DR within its service area. However, it is not clear at present how much potential there may be for effective demand response. Other CCAs have initiated some prototype DR projects, but have not found opportunities for large scale DR deployment to date. Two newly-emerging areas of demand response are electric vehicle and heat pumps with thermal storage combined with smart grid or timer control. WCE will explore the potential for fuel switching as a form of demand response.

SCE offers several demand response programs to its customers such as the Base Interruptible Program, the Demand Bidding Program, the Optional Binding Mandatory Curtailment Plan, and access to some DR aggregator programs. These may be available to WCE's customers as well. Some existing CCAs provide access to these programs, while others do not. WCE will explore options for including DR programs into its overall integrated demand side management strategies.

DISTRIBUTED GENERATION

WCE is strongly supportive of developing local renewable generation. One significant element of that objective is to incentivize the development of distributed generation, primarily rooftop and small-scale solar PV. WCE plans to implement Net Energy Metering (NEM) and Feed-in-Tariff (FIT) rate schedules which will be more remunerative than the comparable SCE schedules to encourage residents, businesses and developers to install more solar generation within the WCE service area. WCE's resource plan calls for several MWs of both NEM and FIT capacity to be developed within the first several years of operation.

The net metering rate allows PV customers to sell extra energy generated by their PV systems at the retail rate, which is significantly higher than the average procurement cost for energy. For customers, net metering provides a financial incentive to install solar PV. Because WCE customers are likely to be using and benefitting from SCE's Net Energy Metering (NEM) rate schedule, WCE will continue to offer this advantageous rate to continue supporting existing and encouraging additional PV installations.

There are clear environmental benefits and strong customer interest in distributed PV systems. To support such systems, WCE may provide direct financial incentives from revenues funded by customer rates to further support use of solar power and/or other renewable resources within the local area. With regards to WCE's prospective net energy metering program, it is anticipated that WCE would adopt a Program that would allow participating customers to sell excess energy produced by customer-sited renewable generating sources to WCE. Such a program would be consistent with principles identified in Assembly Bill 920 ("AB 920"), which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by net energy metered facilities located within the service territories of California's large investor owned utilities, including SCE. However, WCE may choose to offer enhanced compensation structures, relative to those implemented because of AB 920, as part of the direct incentives that may be established to promote distributed generation development within the region. To the

extent that incentives offered by WCE improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the region would increase.

IMPACT OF RESOURCE PLAN ON GREENHOUSE GAS EMISSIONS

WCE plans to reduce CO₂ emissions from its supply portfolio relative to SCE's forecasted emissions rates. WCE plans to achieve emissions reductions through having a substantial part of their supply portfolio be non-fossil-fuel resources. This will consist of RPS-eligible renewable supply as well as other non-fossil-fuel supply such as large hydro generation.

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Chapter 7: Financial Plan

INTRODUCTION

This Chapter examines the cash flows expected during the start-up and customer phase-in period of and identifies the anticipated financing requirements. It includes estimates of start-up costs, including necessary expenses, and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

DESCRIPTION OF CASH FLOW ANALYSIS

The Cash Flow Analysis estimates the level of working capital that would be required until WCE begins to collect retail revenues. With a planned program start date of April 1, 2020 regular monthly revenues would not be realized until June 2020. The Cash Flow Analysis focuses primarily on the monthly costs and revenues associated with the CCA Program implementation period. The components of the Cash Flow Analysis can be summarized into two distinct categories:

- 💡 Cost of Program Operations, and
- 💡 Revenues from Program Operations.

The Cash Flow Analysis identifies and provides annual estimates for each of these two categories. A key aspect of the Cash Flow Analysis is to focus primarily on the costs and revenues associated with the CCA program implementation period, and specifically to account for the transition or “Phase-In” of Customers from SCE’s service territory. The Cash Flow Analysis assumes the Phase-In schedule for the WCE’s Program as described in Chapter 5.

Cost of Program operations

The first category of the Cash Flow Analysis is the Cost of Operations. To estimate the overall costs associated with Operations, the following components were taken into consideration:

- 💡 Electricity Procurement
- 💡 Resource Adequacy and Renewable Energy Credit Requirements
- 💡 Staffing Requirements
- 💡 Consulting Costs
- 💡 Administrative Overhead
- 💡 3rd Party Wholesale Services and Data Management Fees
- 💡 Billing Costs
- 💡 Franchise Fees
- 💡 CCA Bond and Security Deposit
- 💡 CAISO Charges
- 💡 Debt Service

WCE has arranged for services contracts with a Data Management Provider (Calpine Energy Solutions). This contract was arranged to supply deferred payments to WCE through the implementation period. WCE will not begin being billed for these services until revenues start to accrue. Therefore, WCE will not require any additional financing for those services through that period.

Revenues from Program operations

The Cash Flow Analysis also provides estimates for revenues generated from electricity sales to customers. In determining the level of revenues, the Cash Flow Analysis assumes that WCE's Program provides a discount of 2% from SCE's rate for each customer class. Based on this assumed discount, Table 9 provides a comparison of the projected blended distribution utility rate and WCE's blended electric rate over the Implementation period. Costs shown are per MWh.

Table 9: WCE and SCE Blended Rate Forecast for 2020

2020 Blended Rates Generation + Delivery	
WCE Generation Rate	\$66.32
SCE PCIA	\$17.92
SCE Transmission and Distribution	\$100.88
Total CCA Customer	\$185.11
SCE Generation	\$87.73
SCE Transmission and Distribution	\$100.88
Total SCE Bundled	\$188.60
Percentage Discounts	
Of Total Generation + Delivery	2.0%
Of Generation Rate (including PCIA)	4.0%

Cash flow analysis results

The results of the Cash Flow Analysis provide an estimate of the level of working capital required for WCE to move through the implementation period. This estimated level of working capital is determined by examining the monthly cumulative net cash flows (Revenues from CCA Operations minus Cost of CCA Operations) based on assumptions for payment of costs by WCE, along with an assumption for when customer payments will be received. This identifies, monthly, what level of cash flow is available in terms of a surplus or deficit. The Cash Flow Analysis assumes that customers will make payments within 60 days of the service month, and WCE will make payments to suppliers within 30 days of the service month.

As a currently operating energy efficiency organization, WCE has already accounted for much of its overhead in terms of internal staff and operations. Therefore, WCE's additional financing needs are limited to any incremental resources needed to meet staffing costs. WCE has entered into an Implementation and Management Services Agreement with WRCOG to provide staffing

and General Counsel, and consultant costs. WRCOG has funds that can be drawn down to cover these costs, but all WCE's current funding is on a reimbursable basis. Therefore, having a healthy general fund balance and/or line of credit is necessary to manage cash-flow for daily operations.

In terms of reviewing the results of the Cash Flow Analysis, it is important to note that from a feasibility standpoint, the Program is viable, meaning that the Program is feasible while providing cost savings to customers when compared to the costs for electricity those same customers pay under the incumbent distribution utility. The feasibility of the Program during the implementation period is summarized further below.

PROGRAM IMPLEMENTATION PRO-FORMA

In addition to developing a Cash Flow Analysis that estimates the level of working capital required to get WCE through full implementation, a summary analysis has been prepared that evaluates the feasibility of the Program during the implementation period. The difference between the Cash Flow Analysis and the Program Implementation Feasibility Analysis ("Feasibility Analysis") is that the Feasibility Analysis does not include a lag associated with payment streams. Costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with Operations and rates charged to customers, remain the same.

The results of the Feasibility Analysis are in Table 10. Over the entire 10-year implementation period, the Analysis demonstrates that the Program will generate an estimated positive cash flow of approximately \$40 million. This positive cash flow is feasible while providing 2% electricity savings to customers, valued at \$60 million over the same period. The positive cash flow estimate is subject to change depending upon market prices, SCE rates, and other factors. Surplus revenues will form the basis of a rate-stabilization or reserve fund. They may also be used for the development and implementation of renewable energy projects, energy efficiency programs, and/or low-income assistance programs.

The pro-forma also include room for the Power Charge Indifference Allocation or "Exit Fee" charge by SCE to recover the market cost of its legacy contracts. On October 11, 2018 the CPUC voted unanimously to implement the Alternative Proposed Decision (APD) methodology beginning in 2019. The Analysis incorporates this decision in the forecast PCIA.

Table 10: WCE Pro-Forma from Feasibility Analysis in 2016\$. Net Programs Revenues is the Total Revenues minus Total Operations Costs

Implementation Plan Proforma												
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Revenues from Operations (\$)												
Electric Sales Revenues	\$ 74,698,058	\$ 104,886,972	\$ 110,451,065	\$ 116,402,178	\$ 118,936,173	\$ 124,919,979	\$ 131,046,785	\$ 139,095,639	\$ 146,695,151	\$ 154,657,107	\$ 163,252,292	\$ 1,385,041,398
Less Uncollected Accounts	\$ 373,490	\$ 524,435	\$ 552,255	\$ 582,011	\$ 594,681	\$ 624,600	\$ 655,234	\$ 695,478	\$ 733,476	\$ 773,286	\$ 816,261	\$ 6,925,207
Total Revenues	\$ 74,324,568	\$ 104,362,537	\$ 109,898,809	\$ 115,820,167	\$ 118,341,492	\$ 124,295,379	\$ 130,391,551	\$ 138,400,161	\$ 145,961,675	\$ 153,883,821	\$ 162,436,031	\$ 1,378,116,191
Cost of Operations (\$)												
Cost of Energy	\$ 71,574,412	\$ 95,807,193	\$ 101,032,195	\$ 105,869,606	\$ 111,953,251	\$ 113,077,249	\$ 119,583,290	\$ 127,004,257	\$ 135,284,774	\$ 144,572,415	\$ 154,822,630	\$ 1,280,581,274
Operating & Administrative												
Data Management	\$ 1,183,333	\$ 1,614,438	\$ 1,656,961	\$ 1,700,605	\$ 1,749,149	\$ 1,795,221	\$ 1,842,506	\$ 1,891,037	\$ 1,940,846	\$ 1,991,966	\$ 2,044,434	\$ 19,410,495
Scheduling Coordinator	\$ 466,500	\$ 633,403	\$ 646,071	\$ 658,993	\$ 673,273	\$ 686,738	\$ 700,473	\$ 714,482	\$ 728,772	\$ 743,348	\$ 758,215	\$ 7,410,268
SCE Fees (includes billing)	\$ 153,784	\$ 231,739	\$ 233,179	\$ 234,629	\$ 236,209	\$ 237,677	\$ 239,154	\$ 240,640	\$ 242,136	\$ 243,641	\$ 245,155	\$ 2,537,944
Consulting Services	\$ 388,500	\$ 319,464	\$ 325,853	\$ 332,370	\$ 339,018	\$ 345,798	\$ 352,714	\$ 359,768	\$ 366,964	\$ 374,303	\$ 381,789	\$ 3,886,542
Staffing	\$ 354,375	\$ 481,163	\$ 490,786	\$ 500,601	\$ 511,449	\$ 521,678	\$ 532,112	\$ 542,754	\$ 553,609	\$ 564,681	\$ 575,975	\$ 5,629,183
General & Administrative expenses	\$ 319,400	\$ 150,777	\$ 160,168	\$ 163,371	\$ 166,911	\$ 170,249	\$ 173,654	\$ 177,127	\$ 180,670	\$ 184,283	\$ 187,969	\$ 2,034,579
Debt Service	\$ 2,939,010	\$ 4,404,765	\$ 4,404,765	\$ 4,404,765	\$ 4,404,765	\$ 1,468,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,026,323
Total O&A Costs	\$ 5,804,902	\$ 7,835,748	\$ 7,917,783	\$ 7,995,333	\$ 8,080,773	\$ 5,225,616	\$ 3,840,613	\$ 3,925,809	\$ 4,012,996	\$ 4,102,222	\$ 4,193,536	\$ 62,935,334
Total Cost & Reserves	\$ 77,379,314	\$ 103,642,941	\$ 108,949,979	\$ 113,864,940	\$ 120,034,025	\$ 118,302,866	\$ 123,423,903	\$ 130,930,066	\$ 139,297,771	\$ 148,674,638	\$ 159,016,166	\$ 1,343,516,608
CCA Program Surplus/(Deficit)	\$ (3,054,746)	\$ 719,596	\$ 948,831	\$ 1,955,228	\$ (1,692,533)	\$ 5,992,513	\$ 6,967,647	\$ 7,470,094	\$ 6,663,904	\$ 5,209,183	\$ 3,419,865	\$ 34,599,583
Cash From Financing	\$20,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CCA Accumulated Reserves	\$ 16,945,254	\$ 17,664,850	\$ 18,613,681	\$ 20,568,908	\$ 18,876,376	\$ 24,868,889	\$ 31,836,536	\$ 39,306,630	\$ 45,970,535	\$ 51,179,718	\$ 54,599,583	

FINANCINGS

Implementation financing

It is anticipated that one or more financings will be necessary to support WCE's implementation. Subsequent capital requirements will be self-funded from WCE's accrued financial reserves.

Local renewable resource project financing

WCE will issue Request for Offers (RFO) for local generation as its first purchase of resource-specific generation. It is anticipated that existing generators will respond and will not require any collateral or other initial funding. Any additional renewable generation development in the first several years of operations is expected to be funded out of operating revenues and/or accumulated reserves. The most likely early resource development efforts will be focused on relatively small scale solar PV developments.

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Chapter 8: Rate Setting

INTRODUCTION

WCE has developed its initial policies for setting its rates for electric aggregation services, as outlined below. These include policies regarding rate design, rate objectives, net metering, and provision for due process in setting Program rates.

RATE POLICIES

WCE will establish rates sufficient to recover all costs related to operations, including any reserves that may be required as a condition of financing, and other discretionary reserve funds that may be approved by the Board. The initial goal has been set to build a discretionary reserve between \$35 and \$40 million over the first 8 years of operation, depending on market conditions. As a general policy, rate discounts relative to SCE will be uniform for all customer classes throughout the service area of the Program, comprised of the jurisdictional boundaries of WCE's Members.

Program rates are ultimately approved by the Board and it retains the authority to modify Program policies from time to time at its discretion.

WCE intends to allocate approximately 2% of its available budget to rate savings. This is estimated to translate into a targeted total customer rate savings of \$5.4 million per year on average over the first five years of operation, or \$27 million in cumulative rate savings over this period.

The primary objective of the rate setting plan is to set rates that achieve the following:

- 💡 Rate competitiveness
- 💡 Rate stability
- 💡 Equity among customers
- 💡 Customer understanding
- 💡 Revenue sufficiency

Each of these objectives is described below.

Rate competitiveness

WCE's goal is to offer competitive and/or lower rates for the electric services it provides to participating customers than those served by SCE. The financial projections included in the Plan indicate that this target is achievable on a long-term basis due, in part, to WCE's access to low cost generation sources. Competitive rates will be critical to attracting and retaining key customers.

Rate stability

WCE will offer stable rates by hedging its supply costs over multiple time horizons. Rate stability considerations may mean that rates at any point in time may offer somewhat greater or lesser savings than the general rate targets set for the Program. Although WCE's rates will be stabilized through execution of appropriate price hedging strategies, the distribution utility's rates can fluctuate significantly year-to-year based on energy market conditions such as natural gas prices, the utility's hedging strategies, and hydro-electric conditions; and from rate impacts caused by periodic additions of generation to utility rate base.

Equity among customer classes

WCE's policy is to provide rate benefits to all customer classes relative to the rates that would otherwise be paid to the local distribution utility. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Board.

Customer understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only helps minimize customer confusion and dissatisfaction, but it will also result in fewer billing inquiries to WCE's customer service call center. Customer understanding also requires rate structures to make sense (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue sufficiency

WCE's rates must collect sufficient revenues from participating customers to fully fund the Program's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover Program costs.

RATE DESIGN

WCE's rate designs will initially, mirror the structure of SCE's generation rates so that similar rate benefits can be provided to all Program customers. WCE's rates will not follow a similar tier structure as SCE's but will offer a Time of Use rate that is consistent with the times SCE has outlined in its tariff. WCE will generally match the rate structures from SCE's standard rates to avoid significantly different bill impacts across customers. WCE may also introduce new rate options for customers, such as rates designed to encourage economic expansion or business retention within WCE's service area.

The proposed rate design approach will apply an equal percentage discount to the otherwise applicable rate for all the various rate schedules offered by SCE. All customers, including low income residential customers receiving low income discounts, would receive the same rate benefit on a percentage basis.

This "equal benefits" rate design will facilitate easy rate comparisons and provide for a smooth transition of customers from bundled service to Program service. WCE's Board has the discretion to modify its rate design policies.

Low-income customers who stay with the Program will still be eligible for the California Alternative Rate for Energy (CARE) plan through SCE. This program is funded by all customers through either the public purpose program charge or the investor owned utilities (IOUs) distribution rates and would not impose additional costs on Program customers. However, WCE may create additional programs to benefit low income customers.

NET ENERGY METERING

Customers with on-site generation eligible for net metering from SCE would be offered a net energy metering rate from WCE. Net energy metering (NEM) allows for customers with certain qualified

distributed generation to be billed based on their net energy consumption. WCE's objective is that WCE net energy metering tariff would apply to the generation component of the bill, and the SCE net energy metering tariff would apply to the utility's portion of the bill. To the extent that current CPUC regulations governing provision of net energy metering to CCA customers are unresolved, WCE would work with SCE and the CPUC to establish a net energy metering tariff that accomplishes this objective.

RATE IMPACTS

Based on projected costs for the first year of service, WCE's initial load-weighted average rate is expected to be 8.4 cents/kWh. This is below projected SCE generation rates, including the impact of the PCIA charge which WCE customers will also have to pay.

WCE's rates include all costs expected to be incurred by WCE related to the Program, including power supply costs, operations and administration costs, reserves, and billing and metering fees charged by SCE to WCE. Program rates are designed to be at or below SCE rates.

DISCLOSURE AND DUE PROCESS IN SETTING RATES AND ALLOCATING COSTS AMONG PARTICIPANTS

Initial Program rates will be adopted by the Board following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, WCE will prepare an annual budget and corresponding customer rates and submit these as an application for a change in rates to the Board. The rates must be approved at a public meeting of WCE no sooner than sixty days following submission of the proposed rates, during which affected customers will be able to provide comment on the proposed rate changes.

Within forty-five days after applying to increase any rate, WCE will furnish notice of its application to its customers affected by the proposed increase, either by mailing such notice postage prepaid to such customers or by including such notice with the regular bill for charges transmitted to such customers. The notice will state the amount of the proposed increase expressed in both dollar and percentage terms, a brief statement of the reasons the increase is required or sought, and the mailing address of WCE to which any customer inquiries relative to the proposed increase, including a request by the customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

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Chapter 9: Customer Rights and Responsibilities

INTRODUCTION

This chapter discusses customer rights, including the right to opt-out of the Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the Program. All customers that do not opt-out within 30 days of the fourth enrollment notice will have agreed to become full status Program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Board from time to time.

By adopting this Plan, the Board will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Board retains authority to modify program policies from time to time at its discretion.

CUSTOMER OPT-OUT RIGHTS, NOTICES AND PROCESS

Customer rights, includes the right to opt-out of the Program, as well as obligations customers undertake upon agreement to enroll in WCE. All customers that do not opt-out within 60 days of enrollment (after having received the fourth opt-out notice) will have agreed to become full status Program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Board from time to time.

Opt-out notices

A total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. Customers who do not affirmatively opt-out within this period shall be automatically enrolled in the Program.

Following automatic enrollment, a third opt-out notice will be sent within 30 days of enrollment, and a fourth and final opt-out notice will be sent within 60 days of enrollment. Customers who opt-out will be obligated to pay WCE's charges for electric services provided during the time the customer took service from the program but will otherwise not be subject to any penalty or transfer fee from WCE.

WCE will use its own mailing service for opt-out notices to increase the likelihood that customers will read the enrollment notices. Customers may opt-out by notifying WCE using the Program's designated telephone-based or internet opt-out processing service. Customers that contact SCE to opt-out will be transferred to the Program's call center to complete the opt-out process. Consistent with CPUC regulations, notices returned as undelivered mail will be treated as failure to opt-out and the customer will be automatically enrolled.

Termination fee

Customers that are automatically enrolled in the Program can elect to transfer back to SCE without penalty. WCE will not charge any fee to customers returning to bundled service with SCE. Customers electing to terminate service will be transferred to SCE on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Customers who voluntarily transfer back to SCE will also be liable for the nominal reentry fees imposed by SCE as set forth in the applicable SCE CCA tariffs. Such customers will

also be required to remain on bundled utility service for a period of one year, as described in SCE's CCA tariffs.

Customer re-entry

Customers that opt out within the initial and follow-up notification periods may return to WCE service at any time. A customer opting out after the follow-up notification period is locked in to SCE bundled service for a period of one year and subject to conditions imposed by SCE as set forth in the applicable SCE-CCA tariffs. However, WCE will not impose a customer reentry fee for the customer's change of service provider.

Customer confidentiality

WCE will maintain confidentiality of individual customer data. Confidential data includes individual customers' name, service address, billing address, telephone number, account number and electricity consumption. Aggregate data that does not compromise confidentiality of individual customers may be released at the discretion of WCE or as required by law or regulation.

An exception may be made where reasonably necessary to conduct business of WCE or to provide services to customers, including but not limited to where such disclosure is necessary to a) comply with the law or regulations; b) enable WCE to provide service to its customers; c) collect unpaid bills; d) obtain and provide credit reporting information; or e) resolve customer disputes or inquiries. WCE will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. This requirement does not extend to disclosure of generic information, or aggregate data, regarding the usage, load shape, or other general characteristics of a group or rate classification, unless the release of that information would reveal customer-specific information because of the size of the group, rate classification, or nature of the information. WCE will handle customer energy usage information in a manner that is fully compliant with the California Public Utility CPUC's required privacy protections for customers of Community Choice Aggregators, as currently defined in Decision 12-08-045.

Responsibility for payment

Pursuant to CPUC regulations, electricity service will not be shut off for failure to pay WCE's bill. In most circumstances, customers will be returned to SCE for failure to pay bills in full and customer deposits will be withheld in the case of unpaid bills. Late-payment notices will be sent to overdue customers; if payment is not received after an additional period as stated in the notices, service will be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service will not be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC and that customer has paid the disputed amount into an escrow account.

Customers will be obligated to pay WCE charges for services provided through the date of transfers, including any applicable Termination Fees. WCE will have an enforceable collection mechanism to support its credit and will attempt to negotiate collection arrangements with SCE that will satisfy WCE's credit requirements. WCE may petition the CPUC to obtain shut-off rights for a customer's non-payment of Program charges, if a satisfactory collections agreement cannot be negotiated with SCE.

Customer deposits

Customers may be required to post a deposit equal to two months' estimated bills for WCE's charges to obtain service from WCE under certain circumstances. A deposit would be required for an applicant who previously has been a customer of SCE or WCE and whose electric service has been discontinued by SCE during the last twelve months of that prior service because of nonpayment of bills. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in SCE Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and re-establish credit by depositing the prescribed amount. This rule will apply regardless of whether service has been discontinued for such nonpayment. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with SCE.

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Chapter 10: Procurement Process

INTRODUCTION

The following describes WCE's procurement process and the key third party service agreements that WCE will utilize to assist with operations.

PROCUREMENT METHODS

WCE has entered into and will continue to enter into agreements for a variety of services needed to support Program development, operation, and management.

WCE will utilize competitive procurement methods for services that are over \$50,000 and are not in relation to the procuring of energy. Anything under \$50,000 can be signed by the Executive Director without going through the competitive procurement process. Sole source procurement will only be used in the case of emergency or when a competitive process would be an idle act or take up too much time to process.

WCE utilized a competitive solicitation process to enter into agreements with entities providing electrical services for the Program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered on a direct procurement or sole source basis at the discretion of the Executive Director or Board.

The Executive Director will report monthly to the Board a summary of the actions taken with respect to the delegated procurement authority. Authority for terminating agreements will generally mirror the authority for entering into the agreements.

KEY CONTRACTS

The following outlines key contracts that WCE has entered for implementation.

Electric supply contract

WRCOG, on behalf of WCE conducted an open RFP process through which it has contracted with The Energy Authority (TEA) to provide wholesale power services including assistance with procurement, risk management and to act as its CAISO Scheduling Coordinator. TEA is a not-for-profit energy services company which is owned by and works exclusively for municipal and state agencies. TEA has over 50 customers for its services across the United States. TEA specializes in wholesale procurement in the forward, cash and real-time markets, both in bilateral and regional transmission organization (RTO) - based markets. TEA also provides risk management, valuation and other analytic and middle-office services.

TEA will serve as WCE's agent by procuring energy, capacity and renewable energy credits in the over-the-counter markets from energy marketers and other utilities. TEA will secure these products via multiple provider solicitations. WCE will contract directly with power suppliers.

TEA will also help WCE with competitive solicitations for local renewable generation, though WCE will contract with those generators directly. TEA will also act as the Scheduling

Coordinator for WCE with CAISO. TEA will pass through CAISO charges and credits directly to WCE.

Lastly, TEA will assist WCE in managing its portfolio. TEA will provide analytical expertise to help WCE manage its financial prospects, including stochastically driven metrics to understand its risks of, for example, not meeting budget or having to raise rates.

Data management contract

Calpine Energy Solutions will provide retail customer services including billing and other account services. Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract is separate from the electric supply contract. Calpine Energy Solutions will be responsible for the following services:

-  Data exchange with SCE
-  Technical testing
-  Customer information system
-  Customer call center
-  Billing administration/retail settlements
-  Reporting and audits of utility billing

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can cost from \$5 to 10 million dollars to implement and take significant time to deploy. A longer-term contract is appropriate for this service because of the time and expense that would be required to migrate data to a new system. Separation of the account services contract from the energy supply contract gives WCE greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

Chapter 11: Contingency Plan for Program Termination

INTRODUCTION

While it is not envisioned that the Program would terminate, the need for a termination process is needed. WCE has outlined the following process that would return Customers to SCE service, the proposed process is designed to minimize the impacts on its customers and on SCE. The termination plan follows the requirements set forth in SCE's tariff Rule 23 governing service to CCAs.

TERMINATION BY WCE

There is no planned Program termination date. In the unanticipated event the Board decides to terminate and any applicable restrictions on such termination have been satisfied, notice will be provided to customers six months in advance that they will be transferred back to SCE. A second notice will be provided the last sixty days in advance of the transfer. The notice will describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one-year advance notice will be provided to SCE and the CPUC before transferring customers, and WCE will coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers will be transferred *en masse* on the date of their regularly scheduled meter read date.

WCE will maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves will be maintained against the fees imposed for processing customer transfers. The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover re-entry fees imposed on customers that are involuntarily returned to SCE under certain circumstances. The cost of re-entry fees is the responsibility of the energy services provider or the Community Choice Aggregator, except in the case of a customer returned for default or because its contract has expired. WCE will self-insure against the risk of customer reentry fees.

TERMINATION BY MEMBERS

As stated in article 5.1 of the JPA Agreement:

A Member Agency may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Member Agency. Withdrawal of a Member Agency shall require an affirmative vote of the Member Agency's Board. A Member Agency that withdraws its participation in the Authority pursuant to this subsection may be subject to certain continuing liabilities as described in Section 5.4. The withdrawing Member Agency and the Authority shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Member Agency.

Because of a CCA Member's withdrawal from the Program, customers within the CCA Member's jurisdiction will be returned to SCE bundled service at their regularly scheduled meter read date

prior to the effective date of the CCA Member's withdrawal from the Program, following the 60-day notice period described above.

In accordance with the distribution utility tariffs, WCE will execute a revised service agreement or specialized service agreement, as appropriate, with SCE to coordinate the removal of the withdrawing CCA Member from WCE.

**Appendix A Resolution Adopting Implementation Plan and
Statement of Intent**

BEGINS ON THE FOLLOWING PAGE



WESTERN COMMUNITY ENERGY

RESOLUTION NUMBER 2018-13

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF WESTERN COMMUNITY ENERGY
ADOPTING THE COMMUNITY CHOICE AGGREGATION IMPLEMENTATION
PLAN AND STATEMENT OF INTENT REQUIRED BY CALIFORNIA PUBLIC
UTILITIES CODE SECTION 366.2**

- A. Western Community Energy ("WCE") is a joint powers agency formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, on August 23, 2018, to establish an independent public agency to study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related and climate change programs under authority granted to it pursuant to California Public Utilities Code § 366.2.
- B. The member agencies of WCE are the Cities of Canyon Lake, Eastvale, Hemet, Jurupa Valley, Norco, Perris, and Wildomar.
- C. California Public Utilities Code § 366.2 requires that prior to commencing a community choice aggregation program, WCE must first prepare and adopt an Implementation Plan and Statement of Intent to be filed with and certified by the California Public Utilities Commission.
- D. WCE's Implementation Plan and Statement of Intent were presented to the Board of Directors at a duly noticed public hearing for consideration and adoption on December 12, 2018.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Western Community Energy as follows:

Section 1. In accordance with California Public Utilities Code § 366.2, the Board of Directors hereby considers and adopts the Implementation Plan and Statement of Intent at a duly noticed public hearing held on December 12, 2018, at the offices of the Western Riverside Council of Governments, 3390 University Ave, Suite 450, Riverside Ca 92501, at 1:00 p.m., after allowing interested persons the opportunity to provide public comment on the Implementation Plan and Statement of Intent.

Section 2. The Board of Directors hereby directs the Executive Director to file the Implementation Plan and Statement of Intent with the Energy Division of the California Public Utilities Commission no later than December 31, 2018.

Section 3. Effective Date of Resolution. This resolution shall take effect immediately upon its adoption.

POWERED BY THE

3390 UNIVERSITY AVENUE, SUITE 450 | RIVERSIDE, CA 92501

PASSED AND ADOPTED at a meeting of the Board of Directors of Western Community Energy held on December 12, 2018.


Ben Benoit, Chairperson
Western Community Energy


Rick Bishop, Secretary
Western Community Energy

Approved as to form

Steven DeBain
Western Community Energy Legal Counsel

AYES: 6

NAYS: 0

ABSENT: 1

ABSTAIN: 0

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Appendix B WCE Joint Powers Agreement

BEGINS ON THE FOLLOWING PAGE

WESTERN COMMUNITY ENERGY JOINT POWERS AGREEMENT

This Joint Powers Agreement (“**Agreement**”), effective as of August 23, 2018, (“**Effective Date**”) is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 *et seq.*) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit A (“**Member Agencies**”). The term “**Member Agencies**” shall also include an incorporated municipality or county added to this Agreement in accordance with Section 3.1.

RECITALS

A. In 2002, AB 117 was signed into law allowing public agencies to aggregate the electrical load of interested consumers within their jurisdictional boundaries and purchase electricity on behalf of those consumers.

B. The Member Agencies desire to establish a separate public agency, known as Western Community Energy (“**Authority**”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code § 6500 *et seq.*) (“**Act**”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs, and exercise any powers common to the Authority’s members to further these purposes.

C. The Member Agencies have each adopted an ordinance electing to implement through the Authority a community choice aggregation program pursuant to California Public Utilities Code § 366.2. The priority of the Authority will be the consideration of those actions necessary to implement the program.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Member Agencies as follows:

SECTION 1. FORMATION OF AUTHORITY

1.1 Creation of Agency. Pursuant to the Joint Exercise of Powers Act, California Government Code § 6500 *et seq.* and other pertinent provisions of law, there is hereby created a public entity to be known as the Western Community Energy. The Authority shall be a public entity separate and apart from the Member Agencies.

1.2 Effective Date and Term. This Agreement shall become effective and Authority shall exist as a separate public agency on the date this Agreement is executed by at least two Member Agencies after adoption of the ordinances required by California Public Utilities Code § 366.2(c)(10). The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 5, subject to the rights of a Member Agency to withdraw from the Authority.

1.3 Member Agencies. The names, particular capacities, and addresses of the Member Agencies are shown on Exhibit A, attached hereto, as may be amended from time to time.

1.4 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Member Agency to study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related and climate change programs (the “**CCA Program**”), and to exercise all other powers necessary and incidental to accomplishing this purpose. The Member Agencies intend for this Agreement to be used as a contractual mechanism by which the Member Agencies are authorized to participate in the CCA Program. The Member Agencies intend that other agreements shall define the terms and conditions associated with the implementation of the CCA Program and any energy programs approved by the Authority.

1.5 Powers. The Authority shall have all powers common to the Member Agencies and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purpose, including, but not limited to, each of the following powers:

1.5.1 Serve as a forum for the consideration, study, and recommendation of energy services for the CCA Program;

1.5.2 To make and enter into any and all contracts to effectuate the purpose of this Agreement, including, but not limited to, those relating to the purchase or sale of electrical energy or attributes thereof, and related service agreements;

1.5.3 To employ agents and employees, including, but not limited to, engineers, attorneys, planners, financial consultants, and separate and apart therefrom to employ such other persons, as it deems necessary;

1.5.4 To acquire, contract, manage, maintain, and operate any buildings, works, or improvements, including, but not limited to, electric generating facilities;

1.5.5 To acquire property by eminent domain, or otherwise, except as limited by section 6508 of the Act, and to hold or dispose of property;

1.5.6 To lease any property;

1.5.7 To use and be sued in its own name;

1.5.8 To incur debts, liabilities, and obligations, including, but not limited to, loans from private lending sources pursuant to its temporary borrowing powers, such as California Government Code § 53850 *et seq.* and authority under the Act;

1.5.9 To form subsidiary or independent corporations or entities, if appropriate, to carry out energy supply and energy conservation programs, or to take advantage of legislative or regulatory changes;

1.5.10 To issue revenue bonds and other forms of indebtedness;

1.5.11 To apply for, accept, and receive all licenses, permits, grants, loans, or other assistance from any federal, state, or local agency;

1.5.12 To submit documentation and notices, register, and comply with orders, tariffs, and agreements for the establishment and implementation of the CCA Program and other energy and climate change programs;

1.5.13 To adopt rules, regulations, policies, bylaws, and procedures governing the operation of the Authority; and

1.5.14 To receive gifts, contributions, and donations of property, funds, services, and other forms of financial assistance from persons, firms, corporations, and any governmental entity.

1.6 Manner of Exercising Powers. The powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by a general law city.

SECTION 2: GOVERNANCE

2.1 Board of Directors. The governing body of the Authority shall be a Board of Directors consisting of one director for each Member Agency appointed in accordance with Section 2.2.

2.2 Appointment of Directors. The governing body of each Member Agency shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Member Agency on matters within the powers of the Authority. The governing body of each Member Agency shall also appoint and designate in writing one alternate Director who may vote in matters when the regular Director is absent from a Board meeting. The persons appointed and designated as the regular Director and the alternate Director shall be a member of the governing body of the Member Agency.

2.3 Terms of Office. Each regular and alternate Director shall serve at the pleasure of the governing body of the Member Agency that the Director represents, and may be removed as Director by the governing body of the Member Agency at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed by the governing body to fill the position of the previous Director within ninety (90) days of the date that such position becomes vacant.

2.4 Quorum. A majority of the Directors of the entire Board shall constitute a quorum, except that less than a quorum may adjourn a meeting from time to time in accordance with law.

2.5 Powers of the Board of Directors. The Board may exercise all the powers enumerated in this Agreement and shall conduct all business and activities of the Authority consistent with this Agreement and any bylaws, operating procedures, and applicable law.

2.6 Executive Committee. The Board may establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the executive committee such authority as the Board might otherwise exercise.

2.7 Committees. The Board may establish advisory committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the purposes of this Agreement.

2.8 Director Compensation. The Board may adopt policies establishing a stipend to compensate work performed by a Director on behalf of the Authority as well as policies for the reimbursement of expenses incurred by a Director.

2.9 Voting by the Board of Directors.

2.9.1 Vote Count. Each member of the Board or participating alternate shall be entitled to one vote. Action of the Board on all matters shall require an affirmative vote of a majority of all Directors present and qualified to vote constituting a quorum.

2.9.2 Weighted Vote. Notwithstanding Section 2.9.1, above, the Board of the Authority may establish in its Bylaws a procedure to require a weighted vote for all or certain matters before the Board. Any procedure for a weighted vote shall allocate votes based on energy usage of Member Agencies and shall be approved or amended by the affirmative vote of at least a majority of all Directors present and qualified to vote and constituting a quorum.

2.10 Officers.

2.10.1 Chair and Vice Chair. On an annual basis, the Directors shall select from among themselves, a Chair and a Vice-Chair. The Chair shall be the presiding officer of all Board meetings. The Vice-Chair shall serve in the absence of the Chair. The term of office of the Chair and Vice-Chair shall continue for one year. There shall be no limit on the number of terms held by either the Chair or Vice-Chair. The office of either the Chair or Vice-Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Member Agency that the person represents removes the person as its representative on the Board, or (b) the Member Agency that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

2.10.2 Secretary. The Board shall appoint a Secretary who need not be a member of the Board. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

2.10.3 Treasurer/Auditor. The Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom need be members of the Board. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may be appointed as the Treasurer and Auditor. Such person or persons shall possess the powers of, and shall perform those functions required of them by California Government Code §§ 6505, 6505.5, and 6505.6, and by all other applicable laws and regulations and amendments thereto.

2.11 Meetings. The Board shall provide for its regular meetings, the date, hour, and place of which shall be fixed by resolution of the Board. Regular, adjourned, and special meetings shall be called and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code § 54950 *et seq.*

2.12 Executive Director. The Executive Director shall be the chief administrative officer of the Western Riverside Council of Governments, or whomever is appointed by the Board thereafter. Compensation shall be fixed by the Board. The powers and duties of the Executive Director shall be subject to the authority of the Board.

2.13 Initial Administration of Authority. The Authority will be initially administered by the Western Riverside Council of Governments (“**WRCOG**”), which shall provide Executive Director, staff, and consultant services to the Authority. WRCOG shall provide administrative services for three years from the Effective Date of this Agreement pursuant to a services agreement. The term and conditions of the administrative services agreement may be extended by mutual agreement of WRCOG and the Authority without further amendment of this Agreement, as set forth in the administrative services agreement.

2.14 Additional Officers and Employees. The Board shall have the power to authorize such additional officers and assistants as may be appropriate, including retaining one or more administrative service providers for planning, implementing, and administering the CCA Program. Such officers and employees may also be, but are not required to be, officers and employees of the individual Member Agencies.

2.15 Bonding Requirement. The officers or persons who have charge of, handle, or have access to any property of the Authority shall be the members of the Board, the Treasurer, the Executive Director, and any such officers or persons to be designated or empowered by the Board. Each such officer or person shall be required to file an official bond with the Authority in an amount which shall be established by the Board. Should the existing bond or bonds of any such officer be extended to cover the obligations provided herein, said bond shall be the official bond required herein. The premiums on any such bond attributable to the coverage required herein shall be the appropriate expenses of the Authority.

2.16 Audit. The records and accounts of the Authority shall be audited annually by an independent certified public accountant and copies of such audit report shall be filed with the State Controller, and each Member Agency to the Authority no later than fifteen (15) days after receipt of said audit by the Board.

SECTION 3: PARTICIPATION IN AUTHORITY AND IMPLEMENTATION OF CCA PROGRAM

3.1 Participation in Authority. An interested incorporated municipality or county may become a Member Agency of the Authority and a party to this Agreement upon satisfaction of the following:

3.1.1 Adoption of a resolution by the governing body of an incorporated municipality or county requesting participation and an intent to join the Authority;

3.1.2 Adoption of an ordinance required by California Public Utilities Code § 366.2(c)(12) and execution of all necessary CCA Program documents by an incorporated municipality or county;

3.1.3 Adoption by an affirmative vote of the Board of a resolution authorizing participation of the additional incorporated municipality or county;

3.1.4 Payment of a membership payment, if any; and

3.1.5 Satisfaction of any conditions established by the Board.

3.2 Continuing Participation. The Member Agencies acknowledge that participation in the CCA Program may change by the addition or withdrawal or termination of a Member Agency. The Member Agencies agree to participate with additional Member Agencies as may later be added. The Member Agencies also agree that the withdrawal or termination of a Member Agency shall not affect this Agreement or the remaining Member Agencies' continuing obligations under this Agreement.

3.3 Implementation of CCA Program.

3.3.1 Enabling Ordinance. Each Member Agency shall adopt an ordinance in accordance with California Public Utilities Code § 366.2(c)(12) specifying that the Member Agency intends to implement a community choice aggregation program by and through its participation in this Authority.

3.3.2 Implementation Plan. The Authority shall cause to be prepared an implementation plan meeting the requirements of California Public Utilities Code § 366.2 and any applicable regulations of the California Public Utilities Commission ("CPUC"). The Board shall approve the implementation plan prior to it being filed with the CPUC.

3.4 Authority Documents. The Member Agencies acknowledge and agree that the operations of the Authority will be implemented through various program documents and regulatory filings duly adopted by the Board, including, but not limited to, operating rules, an annual budget, and plans and policies related to the provision of the CCA Program. The Member Agencies agree to abide by and comply with the terms and conditions of all such Authority documents that may be approved or adopted by the Board.

3.5 Termination of CCA Program. Nothing contained in this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

SECTION 4: FINANCIAL PROVISIONS

4.1 Fiscal Year. The Authority's fiscal year shall be twelve (12) months commencing July 1 of each year and ending June 30 of the succeeding year.

4.2 Treasurer. The Treasury of the member agency whose Treasurer is the Treasurer for the Authority shall be the depository for the Authority. The Treasurer of the Authority shall have custody

of all funds and shall provide for strict accountability thereof in accordance with California Government Code § 6505.5 and other applicable laws. The Treasurer shall perform all of the duties required in California Government Code § 6505 *et seq.* and all other such duties as may be prescribed by the Board.

4.3 Depository & Accounting. All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with the funds of any Member Agency or any other person or entity. Disbursement of such funds during the term of this Agreement shall be accounted for in accordance with generally accepted accounting principles applicable to governmental entities and pursuant to California Government Code § 6505 *et seq.* and other applicable laws. There shall be a strict accountability of all funds. All revenues and expenditures shall be reported to the Board. The books and records of the Authority shall be open to inspection by the Member Agencies at all reasonable times.

4.4 Budget. The Board shall establish the budget for the Authority, and may from time to time amend the budget to incorporate additional income and disbursements that might become available to the Authority for its purposes during a fiscal year.

4.5 Initial Funding of Authority. WRCOG has funded certain activities necessary to implement the CCA Program. If the program becomes operational, these initial costs shall be included in the customer charges for electric services to the extent permitted by law, and WRCOG shall be reimbursed from the payment of such charges by customers of the Authority pursuant to a reimbursement agreement between Authority and WRCOG. Prior to such reimbursement, WRCOG shall provide such documentation of costs paid as the Board may request. The Authority may establish a reasonable time period over which such costs are recovered. In the event the program does not become operational, WRCOG shall not be entitled to any reimbursement of the initial costs.

4.6 No Liability to the Member Agencies. The debts, liabilities, or obligations of the Authority shall not be the debts, liabilities, or obligations of the individual Member Agencies unless the governing board of a Member Agency agrees in writing to assume any of the debts, liabilities, or obligations of the Authority. Notwithstanding Government Code section 895.2, if the Authority is found to be liable for injury caused by a negligent or wrongful act or omission occurring in the performance of an agreement, no Member Agency is jointly or severally liable for such injury.

SECTION 5: WITHDRAWAL AND TERMINATION

5.1 Right to Withdraw. A Member Agency may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Member Agency. Withdrawal of a Member Agency shall require an affirmative vote of the Member Agency's governing board. A Member Agency that withdraws its participation in the Authority pursuant to this subsection may be subject to certain continuing liabilities as described in Section 5.4. The withdrawing Member Agency and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Member Agency.

5.2 Right to Withdraw Prior to Program Launch. After receiving bids from power suppliers, the Authority must provide to the Member Agencies the report from the electrical utility

consultant retained by the Authority that compares the total estimated electrical rates that the Authority will be charging to customers as well as the estimated greenhouse gas emissions rate and the amount of estimated renewable energy used with that of the incumbent utility. If the report provides that the Authority is unable to provide total electrical rates, as part of its baseline offering, to the customers that are equal to or lower than the incumbent utility or to provide power in a manner that has a lower greenhouse gas emissions rate or uses more renewable energy than the incumbent utility, a Member Agency may immediately withdraw its membership in the Authority without any financial obligation, as long as the Member Agency provides written notice of its intent to withdraw to the Authority Board no more than thirty (30) days after receiving the report.

5.3 Involuntary Termination. Membership in the Authority may be terminated for material non-compliance with the provisions of this Agreement or any other agreement or Board operating procedure relating to the Member Agency's participation in the CCA Program upon a vote of the Board.

5.4 Continuing Liability. Except as provided by Section 5.2, upon the withdrawal or involuntary termination of a Member Agency, the Member Agency shall remain responsible for any claims, demands, damages, or liabilities arising from the Member Agency's membership or participation in the Authority through the date of its withdrawal or termination. Claims, demands, damages, or liabilities for which a withdrawing or terminated Member Agency may remain liable, include, but are not limited to, losses from the resale of power contracted for by the Authority to serve the Member Agency's load and the administrative costs associated thereto. The Authority may withhold funds otherwise owed to the Member Agency or require the Member Agency to deposit sufficient funds with the Authority, as reasonably determined by the Authority to cover the Member Agency's costs described above. Upon notice by a Member Agency that desire to withdraw from the Authority, the Authority shall notify the Member Agency of the minimum waiting period under which the Member Agency would have no costs for withdrawal if the Member Agency agrees to stay in for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Member Agency elects to withdraw from the Authority before the end of the minimum waiting period, the charge for exiting shall be set at a dollar amount that would offset the actual costs to the remaining ratepayers served by the Authority, and may not include punitive damages that exceed actual costs.

5.5 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Member Agencies; provided, however, that this subsection shall not be construed as limiting the rights of a Member Agency to withdraw in accordance with Section 5.1.

5.6 Disposition of Authority Assets Upon Termination of Agreement. Upon termination of this Agreement, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred by the Authority, shall be returned to the then-existing Member Agencies in proportion to the contributions made by each.

SECTION 6: MISCELLANEOUS PROVISIONS

6.1 Dispute Resolution. The Member Agencies and Authority shall make efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy

provided by law, a Member Agency or Member Agencies and the Authority shall engage in nonbinding mediation in the manner agreed to by the Member Agency or Member Agencies and the Authority. In the event that nonbinding mediation does not resolve a dispute within 120 days after the demand for mediation is made, any Member Agency or the Authority may pursue any all remedies provided by law.

6.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify, and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by California Government Code § 995 *et seq.* Nothing in this section shall be construed to limit the defenses available under the law to the Member Agencies, the Authority, or its Directors, officers, or employees.

6.3 Indemnification. The Authority shall acquire such insurance coverage as the Board deems necessary to protect the interests of the Authority, the Member Agencies, and the Authority's ratepayers. The Authority shall indemnify, defend, and hold harmless the Member Agencies and each of their respective members board or council members, officers, agents, and employees, from any and all claims, losses, damages, costs, injuries, and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

6.4 Amendment of Agreement. This Agreement may be amended in writing with the approval of not less than two-thirds (2/3) of a vote of the Member Agencies.

6.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Member Agencies may not be assigned or delegated without the advance written consent of all other Member Agencies. Any attempt to assign or delegate such rights or duties without express written consent shall be null and void. This Agreement shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Member Agencies. This section does not prohibit a Member Agency from entering into an independent agreement with another entity regarding the financing of that Member Agency's contributions to the Authority, or the disposition of proceeds which that Member Agency receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Member Agencies under this Agreement.

6.6 Severability. If any part of this Agreement is held, determined, or adjudicated to be illegal, void, or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

6.7 Further Assurances. Each Member Agency agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary to effectuate the purposes of this Agreement.

6.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

6.9 Notices. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Member Agency, as the case may be, or such other person designated in writing by the Authority or Member Agency. Notices given to one Member Agency shall be copied to all other Member Agencies. Notices given to the Authority shall be copied to all Member Agencies.

ATTEST:

City Clerk
City of Canyon Lake

By: Cameron D Palmer

Dated: 7/18/2018

CITY OF CANYON LAKE

By: 
Mayor

ATTEST:

City Clerk
City of Eastvale

By: _____

Dated: _____

CITY OF EASTVALE

By: _____
Mayor

ATTEST:

City Clerk
City of Hemet

By: _____

Dated: _____

CITY OF HEMET

By: _____
Mayor

ATTEST:

City Clerk
City of Jurupa Valley

By: _____

Dated: _____

CITY OF JURUPA VALLEY

By: _____
Mayor

ATTEST:

City Clerk
City of Canyon Lake

By: _____

Dated: _____

CITY OF CANYON LAKE

By: _____
Mayor

ATTEST:

City Clerk
City of Eastvale

By:  _____

Dated: 10/4/18 _____

CITY OF EASTVALE

By:  _____
Mayor

ATTEST:

City Clerk
City of Hemet

By: _____

Dated: _____

CITY OF HEMET

By: _____
Mayor

ATTEST:

City Clerk
City of Jurupa Valley

By: _____

Dated: _____

CITY OF JURUPA VALLEY

By: _____
Mayor

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7/13/17

ATTEST:

City Clerk
City of Canyon Lake

By: _____

Dated: _____

CITY OF CANYON LAKE

By: _____
Mayor

ATTEST:

City Clerk
City of Eastvale

By: _____

Dated: _____

CITY OF EASTVALE

By: _____
Mayor

ATTEST:

City Clerk
City of Hemet

By: Sarah McComas

Dated: 10/15/18

CITY OF HEMET

By: [Signature]
Mayor

ATTEST:

City Clerk
City of Jurupa Valley

By: _____

Dated: _____

CITY OF JURUPA VALLEY

By: _____
Mayor

20323.00029/29957963.1
7/13/17

ATTEST:

City Clerk
City of Canyon Lake

By: _____

Dated: _____

CITY OF CANYON LAKE

By: _____
Mayor

ATTEST:

City Clerk
City of Eastvale

By: _____

Dated: _____

CITY OF EASTVALE

By: _____
Mayor

ATTEST:

City Clerk
City of Hemet

By: _____

Dated: _____

CITY OF HEMET

By: _____
Mayor

ATTEST:

City Clerk
City of Jurupa Valley

By: Victoria Lopez

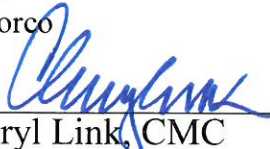
Dated: 8/16/18

CITY OF JURUPA VALLEY

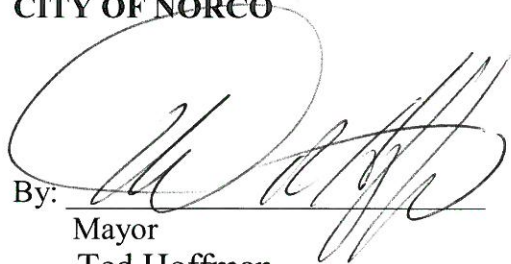
By: [Signature]
Mayor

ATTEST:

City Clerk
City of Norco

By: 
Cheryl Link, CMC
Dated: October 3, 2018

CITY OF NORCO

By: 
Mayor
Ted Hoffman

ATTEST:

City Clerk
City of Perris

By: _____
Dated: _____

CITY OF PERRIS

By: _____
Mayor

ATTEST:

City Clerk
City of Wildomar

By: _____

CITY OF WILDOMAR

By: _____
Mayor

ATTEST:

City Clerk
City of Norco

By: _____

Dated: _____

CITY OF NORCO

By: _____
Mayor

ATTEST:

City Clerk, Nancy Salazar
City of Perris

By:  _____

Dated: 11/20/18 _____

CITY OF PERRIS

By:  _____
Mayor, Michael M. Vargas

ATTEST:

City Clerk
City of Wildomar

By: _____

CITY OF WILDOMAR

By: _____
Mayor

ATTEST:

City Clerk
City of Norco

By: _____

Dated: _____

CITY OF NORCO

By: _____
Mayor

ATTEST:

City Clerk
City of Perris

By: _____

Dated: _____

CITY OF PERRIS

By: _____
Mayor

ATTEST:

City Clerk
City of Wildomar

By: *Sherrine A. Lee*



CITY OF WILDOMAR

By: *[Signature]*
Mayor

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7/13/17

EXHIBIT A

List of Member Agencies

City of Canyon Lake

City of Eastvale

City of Hemet

City of Jurupa Valley

City of Perris

City of Norco

City of Wildomar

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Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Finance Department Activities Update

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

Date: January 7, 2019

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 October 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 was issued the week of November 26, 2018. Staff has sent the CAFR to the Finance Directors Committee members to solicit any comments prior to bringing the report to the Administration & Finance Committee in January 2019, with the Executive Committee receiving the report no later than at its February 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 began in November; the final reports will be issued to the respective jurisdictions and agencies by January 2019.

Financial Report Summary through October 2018

The Agency Financial Report summary through October 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 – October 2018.

Item 6.D

Finance Department Activities Update

Attachment 1

Financial Report summary – October 2018

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending October 31, 2018

Total Agency			
	Approved Budget 6/30/2019	Thru Actual 10/31/2018	Remaining Budget 6/30/2019
Revenues			
Member Dues	311,410	311,410	-
PACE Residential Revenue	560,000	144,709	415,291
WRELP Phase 2 Revenue	86,750	715	86,035
Statewide HERO Revenue	2,400,000	477,125	1,922,875
Gas Co. Prtnrshp Revenue	86,676		86,676
PACE Commercial Revenue	25,000	29,270	(4,270)
WRCOG HERO-Recording Revenue	122,500	66,852	55,648
PACE Commercial Recording Revenue	2,500	445	2,055
Statewide Recording Revenue	600,000	308,190	291,810
Regional Streetlights Revenue	300,000	261,500	38,500
Solid Waste	107,313	107,313	-
NW Clean Cities - Air Quality	132,500	132,500	-
General Assembly Revenue	300,000	12,500	287,500
Commerical/Service	110,645	24,874	85,771
Retail	130,094	38,993	91,101
Industrial	272,663	97,774	174,889
Residential/Multi/Single	1,144,551	416,965	727,586
Multi-Family	142,045	38,231	103,814
PACE SB2 Recording Revenue	-	243,130	(243,130)
Interest Revenue - Other	-	34,199	(34,199)
HERO - Other Revenue	-	18,062	(18,062)
Commercial/Service - Non-Admin Portion	2,655,491	621,850	2,033,641
Retail - Non-Admin Portion	3,122,265	974,825	2,147,440
Industrial - Non-Admin Portion	6,543,923	2,444,350	4,099,573
Residential/Multi/Single - Non-Admin Portion	27,469,233	10,424,125	17,045,108
Multi-Family - Non-Admin Portion	3,409,088	955,775	2,453,313
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	23,918,271	35,029,284
Expenditures			
	Approved 6/30/2019	Actual 10/31/2018	Remaining Budget
Wages and Benefits			
Salaries & Wages	2,987,699	706,654	2,281,045
Fringe Benefits	929,898	288,806	641,092
Overhead Allocation	2,084,260	696,421	1,387,839
Total Wages, Benefits and Overhead	6,001,857	1,691,881	4,309,976
General Legal Services	615,000	175,166	439,834
PERS Unfunded Liability	198,823	152,327	46,496
Audit Svcs - Professional Fees	27,500	17,380	10,120
Bank Fees	19,000	13,043	5,957
Commissioners Per Diem	62,500	23,550	38,950

Office Lease	400,000	133,926	266,074
WRCOG Auto Fuels Expenses	1,250	337	913
WRCOG Auto Maintenance Expense	84	84	-
Parking Validations	27,550	5,066	22,484
Staff Recognition	800	32	768
Coffee and Supplies	3,000	380	2,620
Event Support	102,369	100,715	1,654
Program/Office Supplies	24,150	8,122	16,028
Computer Equipment/Supplies	8,000	51	7,949
Computer Software	30,000	450	29,550
Rent/Lease Equipment	30,000	5,201	24,799
Membership Dues	33,000	16,920	16,080
Meeting Support Services	9,681	1,072	8,609
Postage	6,015	1,984	4,031
Other Household Exp	750	149	601
COG HERO Share Expenses	15,000	1,672	13,328
Storage	16,000	2,395	13,605
Printing Services	4,607	73	4,534
Computer Hardware	14,100	1,636	12,464
Communications - Regular Phone	15,000	5,287	9,713
Communications - Cellular Phones	21,000	3,141	17,859
Communications - Computer Services	57,500	13,208	44,292
Communications - Web Site	8,000	6,742	1,258
Equipment Maintenance - General	10,000	4,450	5,550
Equipment Maintenance - Comp/Software	21,000	17,776	3,224
Insurance - Gen/Busi Liab/Auto	79,850	101,062	(21,212)
PACE Residential Recording	727,500	132,930	594,570
Seminars/Conferences	13,150	1,159	11,991
Travel - Mileage Reimbursement	23,600	3,967	19,633
Travel - Ground Transportation	4,800	413	4,387
Travel - Airfare	11,500	1,098	10,402
Lodging	8,750	1,337	7,413
Meals	8,150	423	7,727
Other Incidentals	9,950	3,522	6,428
Training	9,250	149	9,101
Advertisement Radio & TV Ads	49,500	10,370	39,130
Consulting Labor	3,102,373	467,975	2,634,398
TUMF Project Reimbursement	38,000,000	11,818,581	26,181,419
BEYOND Program REIMB	2,799,015	181,721	2,617,294
Computer Equipment/Software	3,500	1,880	1,620
Misc Equipment Purchased	3,000	2,735	265
Total General Operations	47,676,204	13,441,657	34,234,631
Total Expenditures and Overhead	53,678,061	15,133,538	38,544,607



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: WRCOG Committees and Agency Activities Update

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

Date: January 7, 2019

The purpose of this item is to provide updates on noteworthy actions and discussions held in recent standing Committee meetings, and to provide general project updates.

Requested Action:

1. Receive and file.

Attached are summary of actions and activities from recent WRCOG standing Committee meetings that have taken place for meetings which have occurred during the month of December.

Prior Action:

None.

Fiscal Impact:

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

Attachments:

1. WRCOG December Committees Activities Matrix (Action items only).
2. Summary recaps from December Committee meetings.

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Item 6.E

WRCOG Committees and Agency
Activities Update

Attachment 1

WRCOG December Committees
Activities Matrix (Action items only)

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<u>WRCOG Committees</u> <u>Activities Matrix</u> <u>(Action Items Only)</u>		<u>Executive Committee</u>	<u>Administration & Finance Committee</u>	<u>Technical Advisory Committee</u>	<u>Planning Directors Committee</u>	<u>Public Works Committee</u>	<u>Finance Directors Committee</u>	<u>Solid Waste Committee</u>
Date of Meeting:		12/3/18	Did not meet	DARK	12/13/18	12/13/18	Did not meet	Did not meet
Current Programs / Initiatives:								
Regional Streetlights Program	Received and filed.				n/a	n/a		
Property Assessed Clean Energy (PACE) Programs	Adopted WRCOG Resolution Number 45-18; 2) Adopted WRCOG Resolution Number 46-18;				n/a	n/a		
Community Choice Aggregation (CCA) / Western Community Energy	n/a				n/a	n/a		
TUMF	Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Eastvale for the Planning and Engineering Phases of the Hamner Avenue Widening (Bellegrave Avenue to Limonite Avenue) Project in an amount not to exceed \$689,000; 2) Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Eastvale for the Right of Way and Construction Phases of the Hamner Avenue Widening (Bellegrave Avenue to Limonite Avenue) Project in an amount not to exceed \$2,288,000; 3) Approved the Second Amendment to the Professional Services Agreement between the Western				n/a	n/a		
Fellowship	n/a				n/a	n/a		
New Programs / Initiatives:								
EXPERIENCE	Accepted the Experience Feasibility Analysis as to form; 2) authorized staff to proceed with the next phase regarding the implementation of the Experience Center; 3) selected the City of Riverside as the host jurisdiction; 4) directed staff to negotiate a Memorandum of Understanding (MOU) with the City of Riverside to implement the Experience Center; 5) directed staff to include a cost sharing mechanism in the MOU to limit future WRCOG expenditures to share staffing costs to support Experience; 6) directed staff to include specific milestones for the development and implementation of the MOU, including deadlines related to funding commitment and site selection; 7) appointed				Received and filed.	n/a		

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Item 6.E

WRCOG Committees and Agency
Activities Update

Attachment 2

Summary recaps from December
Committee meetings

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**Western Riverside Council of Governments
Executive Committee
Meeting Recap
December 3, 2018**

Following is a summary of key items discussed at the last Executive Committee meeting. To review the full agenda and staff reports for all items, click [here](#). To review the meeting PowerPoint presentations, click [here](#).

TUMF Program Activities Update

- Reimbursement agreements totaling approximately \$3 million were approved for planning, engineering, right of way, and construction phases for Hamner Avenue in the City of Eastvale. The project will widen Hamner Avenue to provide two full northbound through lanes and new public improvements in addition to widening of Hamner South of 58th Street to provide two southbound lanes.
- The Executive Committee also approved a path forward on how to allocate existing and potential future settlement funds received from Beaumont 3rd party activities. Funds will be distributed to the Pass Zone in accordance with the Nexus Study. Staff will also coordinate with RCTC 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 along with the SR-60 / Potrero Boulevard Interchange, which would make these projects eligible for future TUMF regional funding.

MOU with Riverside County Superintendent of Schools for Continued Membership on WRCOG Approved

- A MOU for the continued ex-officio participation of the Riverside County Superintendent of Schools on the WRCOG Executive Committee was approved.

New PACE Program Providers Approved

- The Executive Committee approved changes to its Administrative Guidelines to allow for two commercial PACE providers (Ygrene and CleanFund Commercial) to operate in the subregion under WRCOG's Commercial PACE Program Umbrella.

Green Light Given to Examine Formation of a Regional Energy Network (REN)

- REN's are intended to administer energy efficiency programs when the IOUs cannot or do not have available resources to implement within their respective service territories. For this subregion, a REN could essentially expand the range of services currently provided by WRCOG's Western Riverside Energy Partnership (WREP), including residential and commercial energy efficiency installation programs, workshops and trainings, financing mechanisms for energy efficient projects, and working with 3rd party providers for either municipal / business energy efficiency support.
- Authorization was given to staff to develop a joint cooperative agreement with CVAG and SBCOG to coordinate and develop a REN between all three entities.
- WRCOG, CVAG and SBCOG will develop a RFP to provide for a feasibility study and implementation plan to be undertaken.

Experience Feasibility Study Concluded: Candidate Site Selected

- Work has been completed on an extended effort to examine the feasibility of an "Experience" Center intended to host a variety of visitor attractions and serve as a sustainability demonstration center, innovation hub, business incubator and more.

- The Executive Committee selected the City of Riverside to be the host jurisdiction for Experience, and directed staff to negotiate a MOU with the City for implementation of the Experience Center, including specific milestones and deadlines for funding and site selection commitments.

Next Meeting

The next Executive Committee meeting is scheduled for Monday, January 7, 2019, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.



**Western Riverside Council of Governments
Planning Directors Committee
Meeting Recap
December 13, 2018**

Following is a summary of major items discussed at the December 13, 2018, Planning Directors Committee meeting. To review the full agenda and staff reports, please click [here](#). To review the meeting PowerPoint presentation, please click [here](#).

Development of a Sustainability Indicators Report Activities Update

- WRCOG is in the process of updating several regional indicators related to the Economic Development and Sustainability Framework, first adopted by the Executive Committee in 2012.
- Working alongside consultants, staff is working to consolidate the original list of 50+ indicators to 15-20 that altogether highlight the notable trends throughout Western Riverside County. The condensed list of indicators includes updates on the economy, health, and environmental and energy factors.
- Among the findings are economic indicators that, of the 63,000 jobs that were added in the subregion from 2010-2015, the sectors with the highest job growth include retail and hospitality. The analysis also found that the median household income in Riverside County has decreased since 2010 when adjusted for inflation.

2018 Affordable Housing Package Update

- Alexa Washburn, WRCOG consultant, presented on a number of housing-related bills, including bills included in the 2017 Affordable Housing package, as well as new legislation passed in 2018.
- Included with the bills covered was Senate Bill 828 (Weiner), which, among other things, requires jurisdictions to report the number of households spending more than 30% of income on housing and zone to meet demand. In response to this, WRCOG is exploring opportunities to perform the requisite data compilation on behalf of its member agencies to support compliance with the law.
- The full list of bills and summaries is available in the PowerPoint (linked above).

Legislative News and Case Studies in Accessory Dwelling Units

- Due to the state's housing shortage, there has been increasing pressure for new strategies to create housing for all incomes. Accessory Dwelling Units (ADUs) present a unique solution, particularly in communities where larger scale residential development potential is limited, which is why newly enacted legislation makes it easier to construct and offer ADUs across the state.
- According to HCD's findings, the majority of ADUs are rented to family and friends with only 10% of ADUs used as short-term rentals. Some of the benefits of ADUs include shorter and more cost effective construction times and additional income opportunities for homeowners.
- Local governments cannot ban the construction or permitting of ADUs entirely; but they can regulate them through such means as: designating where ADUs are permitted throughout a jurisdiction, establishing less restrictive standards with regards to parking, lot size, etc. Local governments looking to establish specific regulations must adopt an ordinance. Otherwise, they will be required to apply state standards.
- Local governments can include ADUs in calculating progress toward meeting the Regional Housing Need Allocation (RHNA).

CAPTivate 2.0 Activities Update

- WRCOG has released the Request for Proposals (RFP) to prepare CAPtivate 2.0, an update to the subregional Climate Action Plan (CAP). Proposals are due January 24, 2019 and work is anticipated to commence in late February/early March 2019.
- WRCOG envisions three potential options for members to utilize CAPtivate 2.0: (1) adopting the subregional CAP as-is, (2) adopting a standalone tier-off of the subregional CAP, or (3) adopting a standalone and tailored agency specific CAP, which may utilize limited components of the subregional CAP.
- Staff recognize that many member agencies have already prepared documents that address climate change. Staff is therefore working with a team of consultants to review all member agency CAPs and similar documents to determine how best to integrate them all into CAPtivate 2.0.

Announcements and Items for Future Agenda

- WRCOG is in the process of updating its legislative priorities platform. If there are any areas that member agencies would like to see in the platform, please let staff know.
- Alexa Washburn will return with additional updates and clarifications regarding new legislation, with a particular focus on housing legislation.

Next Meeting

The meeting of the WRCOG Planning Director Committee scheduled for January 10, 2019 is adjourned.

The next meeting of the WRCOG Planning Directors Committee is scheduled for Thursday, February 14, 2019 at 9:00 a.m., in WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.



**Western Riverside Council of Governments
Public Works Committee
Meeting Recap
December 13, 2018**

Following is a summary of major items discussed at the December 13, 2018, Public Works Committee meeting. To review the full agenda and staff reports, please click [here](#). To review the meeting PowerPoint presentation, please click [here](#).

High Cube Warehouse Trip Generation Study

- A draft version of the TUMF High-Cube Warehouse Trip Generation Study was presented to the Committee.
- The study shows that daily trip generation rates at fulfillment centers are significantly less than the rates developed in the previous study conducted by ITE/NAIOP; however, fulfillment center trip generation rates are slightly higher than other conventional trans-load and short-term storage warehouses. This is due to higher passenger car trips at fulfillment centers.
- Based on the data from the study, the Committee directed WRCOG staff to present a proposed adjustment to the High-Cube Warehouse component of the TUMF Calculation Handbook at the February Committee meeting. Staff anticipates that the adjustment to the current High-Cube Warehouse component of the TUMF Calculation Handbook will result in a nominal change to the fee calculation for these uses.

TUMF Project Cost Analysis

- Staff presented initial research into the perceived growing discrepancy between actual project costs and maximum TUMF shares and suggested that the Committee convene a working group to explore the issue of rising project costs.
- The Committee selected several agencies (Cities of Calimesa, Corona, Eastvale, Hemet, Temecula, and the County of Riverside and the Riverside County Transportation Commission) to participate in an effort to further review the relationship between project costs and maximum TUMF shares.

TUMF Administrative Plan Revisions

- Staff presented several minor revisions to the Administrative Plan to add details on the annual review process, requirements for member agencies, reporting of TUMF exemptions, and the remittance report process.
- Staff also incorporated language, applicable to member agencies that retain responsibility of collection and calculation, to allow these agencies to deduct the balance due for any TUMF miscalculation from future TUMF project reimbursement.
- The Committee recommended that the Executive Committee approve the proposed revisions to the TUMF Administrative Plan.

Next Meeting

The Public Works Committee meeting scheduled for January 10, 2019, is adjourned.

The next meeting of the WRCOG Public Works Committee is scheduled for Thursday, February 14, 2019, at 2:00 p.m., in WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.



Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Regional Streetlight Program Activities Update

Contact: Daniel Soltero, Staff Analyst, dsoltero@wrcog.us, (951) 405-6738

Date: January 7, 2019

The purpose of this item is to provide an update on the Western Riverside County streetlight acquisition and transition processes, incentives and rebates, and the City of Murrieta's acquisition and LED Sample Area.

Requested Action:

1. Receive and file.

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

Background

At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program allowing jurisdictions (and Community Service Districts) to purchase streetlights within their boundaries that are currently owned and operated by SCE. Once the streetlights are owned by the member jurisdiction, the lamps will be retrofitted to Light Emitting Diode (LED) technology to provide more economical operations (i.e., lower maintenance costs and reduced energy use).

Streetlight Transition Process

WRCOG receives regular transition timelines and updates from SCE indicating the estimated timing that SCE will initiate and analyze each streetlight pole as part of the acquisition process. Known as the SCE Inventory and Inspection Process (or inventory true-up process), SCE estimates the entire region will have the transition started in January 2019. At the end of the Process, each jurisdiction will be provided with their own streetlight report containing important information from the amount of sellable streetlight systems, streetlight location, pole material, etc. To date, the Cities of Eastvale, Hemet, Lake Elsinore, Murrieta, Perris and San Jacinto, as well as the Jurupa Community Services District have completed the Process and have received their streetlight data for review.

The table below estimates the Program milestones for each jurisdiction from the period SCE's Inventory and Inspection Process commences all the way through retrofit completion for the jurisdictions. Note that the table provides different scenario timelines based on alternating milestones of SCE's process as well as the pace of retrofit and fixture delivery.

Murrieta became the first City within Western Riverside County to fully acquire their approximately 6,400 lights from SCE; with the remaining 10 jurisdictions expected to follow in early 2019.

12.18.18	SCE Transition start 1	SCE Transition closing 2		City approval + payment of invoice 3	Retrofit Start 4		Retrofit End (Siemens @ 3,000 poles/month) 5		Retrofit End (Siemens @ 1,000/Month)	
		Scenario #1 @ 5 months	Scenario #2 @ 3.5 months		Scenario #1	Scenario #2	Scenario #1	Scenario #2	Scenario #1	Scenario #2
Eastvale	6/1/18	2/26/19	1/12/19	* 150 days	7/26/19	6/11/19	09/04/19	07/21/19	11/24/19	10/10/19
Hemet	6/4/18	3/1/19	1/15/19		7/29/19	6/14/19	08/15/19	07/01/19	09/19/19	08/05/19
JCSD	6/4/18	3/1/19	1/15/19		7/29/19	6/14/19	08/16/19	07/02/19	09/23/19	08/09/19
Lake Elsinore	6/4/18	3/1/19	1/15/19		7/29/19	6/14/19	08/29/19	07/15/19	11/01/19	09/17/19
Menifee	Est. 1/14/19	6/13/19	4/29/19		11/10/19	9/26/19	01/12/20	11/28/19	05/17/20	04/02/20
Moreno Valley	9/1/18	1/29/19	12/15/18		6/28/19	5/14/19	09/24/19	08/10/19	03/18/20	02/02/20
Murrieta	complete	10/12/18	9/12/18		3/11/19	2/9/19	05/14/19		09/20/19	
Perris	7/17/18	2/12/19	12/29/18		7/12/19	5/28/19	08/22/19	07/08/19	11/13/19	09/29/19
San Jacinto	7/17/18	2/12/19	12/29/18		7/12/19	5/28/19	07/30/19	06/15/19	09/04/19	07/21/19
Temecula	12/10/18	5/9/19	3/25/19		10/6/19	8/22/19	12/18/19	11/03/19	05/13/20	03/29/20
Wildomar	9/4/18	4/2/19	2/16/19		8/30/19	7/16/19	09/13/19	07/30/19	10/11/19	08/27/19

1. SCE transition start: Initiation of streetlight inventory and inspection process and final verification of streetlight systems. Completed by SCE's third-party contractor.
2. SCE transition closing: SCE has indicated they can transition between 2,000 to 4,000 lights per month. As such, the table above estimated closing dates using two scenarios. Scenario #1 illustrates a conservative approach where SCE can audit the jurisdiction's poles in 5 months and Scenario #2 illustrates an expedited approach where SCE can audit the jurisdiction's poles in 3½ months.
3. City approval & LED fixture selection & delivery: Estimated timeframe for city review of streetlight audit & submittal of payment for streetlight purchase to SCE, and for LED fixture selection, manufacture and delivery.
4. Retrofit start: Estimated LED retrofit start date. Retrofit start date will be based on Footnote #2 audit approach.
5. Retrofit end: Estimated LED retrofit end date. Two Scenarios are shown with WRCOG's O&M vendor, Siemens, providing a 3,000 poles per month retrofit and 1,000 poles per month retrofit scenario(s). SCE rebate / incentive applications will be submitted in phases during the whole retrofit process.

Prior Action:

December 3, 2018: The Executive Committee received and filed.

Fiscal Impact:

Activities for the Regional Streetlight Program are included in the Agency's adopted Fiscal Year 2018/2019 Budget in the Energy Department.

Attachment:

None.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Environmental Department Activities Update

Contact: Kyle Rodriguez, Staff Analyst, krodriguez@wrcog.us, (951) 405-6721

Date: January 7, 2019

The purpose of this item is to provide an update on the Used Oil and Filter Exchange Program and events and the status of community outreach activities.

Requested Action:

1. Receive and file.
-

WRCOG's Solid Waste Program assists member jurisdictions with addressing state mandates, specifically Assembly Bill (AB) 341 (2012), which requires a business that generates four cubic yards or more of commercial solid waste per week to arrange for recycling services. Each year, a jurisdiction must file an Electronic Annual Report (EAR) with CalRecycle on the jurisdiction's achievements in meeting and maintaining the diversion requirements. The Solid Waste Program also has a Regional Used Oil component designed to assist member jurisdictions in educating and promoting the proper recycling and disposal of used oil, oil filters, and Household Hazardous Waste (HHW).

Used Oil and Filter Exchange Events

WRCOG's Used Oil and Oil Filter Exchange events help educate and facilitate the proper recycling of used motor oil and used oil filters. The primary objective is to teach "Do It Yourself" (DIY) individuals who change their oil, as well as promote recycling of used oil and oil filters to avoid these contaminants being disposed of directly into the environment; therefore, an auto parts store is an excellent venue for these events. In addition to promoting used oil/oil filter recycling, staff provides information about the County-wide HHW Collection Program, which allows residents to drop-off other automotive and hazardous household products for free. The team utilizes an electronic survey on an iPad to interact with residents at these events and collect information to help better inform community members of future opportunities to recycle used oil. At the end of the year, over 5,000 members of the community have stopped by the WRCOG booth in 2018. Staff has been able to exchange over 1,000 oil filters during events. WRCOG has also distributed more than 3,000 oil drain containers to help ease recycling on DIYers. Recently staff conducted the following Used Oil events in the subregion:

Date	Event	Location	Oil Filters
11/10/18	Community Event	Moreno Valley RCDWR	N/A
11/10/18	Oil & Filter Event	Banning, AutoZone	26
11/17/18	Oil & Filter Event	Riverside, Pep Boys	63
12/1/18	Community Event	Hemet Park	N/A

12/1/18	Oil & Filter Event	Jurupa Valley, AutoZone	55
12/8/18	Oil & Filter Event	San Jacinto, AutoZone	22
12/15/2018	Oil & Filter Event	Temecula, AutoZone	10

Meetings and Conferences

The following is a list of upcoming Used Oil Outreach and Oil Filter Exchange Events:

Date	Events	Location	Time
1/12/2019	Oil & Filter Event	Hemet, AutoZone	9:00 a.m. - 12:00 p.m.
1/26/2018	Oil & Filter Event	Riverside, AutoZone	9:00 a.m. - 12:00 p.m.
2/2/2019	Oil & Filter Event	Eastvale, AutoZone	9:00 a.m. - 12:00 p.m.
2/16/2019	Oil & Filter Event	Riverside, AutoZone	9:00 a.m. - 12:00 p.m.
2/23/2019	Oil & Filter Event	Murrieta, AutoZone	9:00 a.m. - 12:00 p.m.

Solid Waste Cooperative

Staff has met with each Solid Waste Committee member over the past few months to discuss the Solid Waste Work Plan for Fiscal Year 2018/2019. Meeting with the Solid Waste Committee members was beneficial for WRCOG staff by strengthening relations, providing more insight and perspectives to future tasks that will improve Western Riverside County. In the meetings with members, jurisdictional staff discussed the challenges of recycling and noted any areas where the respective city may need more assistance or education, including multi-family recycling assistance, oil materials, compliance with AB 1826 and AB 341, and the completion of the Cal Recycle Electronic Annual Reports. Additional challenges from members focus on recently chaptered legislation, SB 1383, which outlines potential local enforcement policies and mandates a 75% reduction in waste by 2025. Staff continues to work with the members to clearly define what activities the Solid Waste Committee can undertake to address this bill. Staff is aiming to host CalRecycle in February for a presentation on SB 1383. WRCOG's workshop aims to host City Managers, Elected Officials, and members of the committee.

ReCollect

WRCOG's acquired waste and recycling communication platform, known as ReCollect, is gearing up for a soft launch in late January. ReCollect is an educational toolbar that can be used to help residents, businesses, and waste haulers properly dispose of waste. It is also a collection calendar that provides dates to take out trash, recycle, and organic bins based on the imputed address. A search engine provides a list of locations to dispose of waste based on the imputed material. The toolbar also includes an easy drag and drop game to help determine which materials are to be placed in which bin, or taken to a local facility.

Behind the scenes, tutorials and demonstrations are available upon request. ReCollect's online Collection Calendar and Waste Wizard provides a "widget" (a simple line of code), so it can be added to multiple websites or web pages, making it easy for residents, multi-family units, or commercial and institutions to find and use. ReCollect's services will help provide education and lower calls to jurisdictional staff, direct questions to contracted haulers, and offer valuable analytical data on materials that need more attention, based on individual cities. ReCollect will be a free service to all WRCOG cities

Prior Action:

November 5, 2018: The Executive Committee received and filed.

Fiscal Impact:

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

Attachment:

1. Solid Waste Cooperative Program 2018/2019 Work Plan.

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Item 6.G

Environmental Department Activities Update

Attachment 1

Solid Waste Cooperative Program 2018/2019 Work Plan

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**Western Riverside Council of Governments
Solid Waste Cooperative Program
2018/2019 Work Plan**

As part of the Solid Waste Cooperative Program, the Western Riverside Council of Governments (WRCOG) prepares an Annual Work Plan. The 2018/2019 Work Plan consists of the following components:

Components of the Solid Waste Cooperative Program:

- Prepare/coordinate quarterly meetings (Agendas, reports, speakers, minutes).
- Prepare Annual Solid Waste and Recycling Rate Survey.
- Legislative tracking and preparation analysis, listing the potential positive and negative impacts of a bill (one week before the SWC meeting WRCOG will email legislative bill analysis for jurisdictions review).
- Attend conferences/workshops / Waste Board meetings and provide members with an update and staff report.
- Act as a significant liaison between the Department of Resources Recycling and Recovery (CalRecycle) and jurisdictions.
- Work community events to represent our jurisdictions.
- Attend Chamber of Commerce meetings and business expos encouraging and educating businesses about recycling upon request.
- Research State and Federal grant opportunities.
- Follow solid waste and recycling issues (i.e., AB 341 Mandatory Commercial Recycling, AB 1826 Mandatory Organics Recycling, SB 1383 Short-Lived Climate Pollutants).
- Attend Riverside County Local Task Force meetings.
- Research recycling strategies/programs in other jurisdictions statewide.
- Prepare Model Ordinances upon request.
- Provide Lunch & Learns with key speakers in the waste recycling industry and set up tours of facilities that are manufacturing products from recycled materials, Leadership in Energy and Environmental Design (LEED) buildings, composting facilities, agricultural recycling, zero waste companies, etc. when possible.
- At the end of each fiscal year, WRCOG will provide an End-of-Year Summary of the Solid Waste Cooperative Program.

Optional: Prepare and submit Annual AB 939 reports for several jurisdictions every year (jurisdictions pay WRCOG a separate rate for this service; it is not part of the Solid Waste Cooperative Due Structure).

***The proposed Work Plan for Fiscal Year 2018/2019 will focus on three priority items:
Goals and Objectives:***

- 1. Assist the waste hauler with AB 341 recycling outreach. Develop workshops to assist businesses/multifamily in the process of complying with AB 341 Mandatory Commercial Recycling Measure.***

Goal: WRCOG will collaborate with the local waste haulers to provide business outreach for each jurisdiction.

Objectives:

- Correspond with local waste haulers monthly to discuss the process of developing successful business recycling workshops and outreach methods.
 - Discuss how WRCOG can assist the jurisdiction in educating businesses on the benefits of recycling.
 - Develop outreach materials for each jurisdiction.
 - Meet with jurisdictions individually to discuss additional business outreach opportunities.
- 2. *Provide and discuss with committee members key legislation related to solid waste diversion and recycling, bans on household products, and Product Stewardship issues.***

Goal: WRCOG will provide committee members with updates on legislation.

Objectives:

- Research legislation and review key bills.
- Email committee members a list of critical bills including a summary of each law, requesting that committee members provide WRCOG with recommendations on which bills to discuss at the next committee meeting.
- WRCOG will prepare a bill analyst for each bill recommended for discussion.

3. *Continued consumer education about source reduction.*

Goal: The Source Reduction Program will seek to change people's behavior by helping them find less waste-intensive practices or alternative uses for existing waste materials without having to dispose of or recycle them.

Objectives:

- Educate consumers to modify their purchasing practices.
- Produce educational materials to inform shoppers on ways to reduce waste.
- Create an outreach program for residents that explains techniques, costs, benefits, and examples of source reduction.
- Work with newspaper, radio, and other local media to promote source reduction education to residents through multimedia efforts.
- Educate residents on substantial waste issues through a campaign that includes fact sheets, press releases, staff presentations and workshops, videos, displays, and booths at environmental education events.
- Continue to educate the public at community events encouraging the consumer to buy in bulk quantities and to choose products with less packaging.
- Promote the Backyard Composting Program provided by the County of Riverside.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Report from the League of California Cities

Contact: Erin Sasse, Regional Public Affairs Manager, League of California Cities,
esasse@cacities.org, (951) 321-0771

Date: January 7, 2019

The purpose of this item is to provide an update of activities undertaken by the League of California Cities.

Requested Action:

1. Receive and file.

This item is reserved for a presentation from the League of California Cities Regional Public Affairs Manager for Riverside County.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Report from South Coast Air Quality Management District (SCAQMD)

Contact: Derrick Alatorre, Deputy Executive Officer, SCAQMD Office of Legislative and Public Affairs, dalatorre@aqmd.gov, (909) 396-3122

Date: January 7, 2019

The purpose of this item is to provide a report from the South Coast Air Quality Management District (SCAQMD) staff.

Requested Action:

1. Receive and file.

SCAQMD staff has requested to provide a report on a legislative proposal to authorize a potential local sales tax increase ballot measure for the South Coast Air District. The goal of the measure is to support SCAQMD's 2016 Air Quality Management Plan (AQMP) and the significant air pollution reductions needed in the region to meet federal air quality attainment deadlines and reduce the existing public health risk from air pollution.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

1. SCAQMD Fact Sheet.

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Item 7.B

Report from South Coast Air Quality
Management District (SCAQMD)

Attachment 1

SCAQMD Fact Sheet

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Fact Sheet: Sales Tax Ballot Measure to Benefit Air Quality

Summary: This bill seeks authorization from the Legislature to allow a sales tax measure to be put on the ballot within the South Coast Air Quality Management District's (SCAQMD) jurisdiction, to clean the air, protect public health and reach attainment of federal air quality standards. This bill **does not** create a tax or a ballot measure directly, but instead allows either SCAQMD Governing Board action or a voter-driven initiative to put this proposal on the ballot.

Benefits of Proposed Programs: If approved by local voters, the tax will fund programs to assist in **eliminating** severe and unhealthy air pollution in Southern California and help:

- Greatly reduce serious health impacts, such as asthma, bronchitis, decreased lung growth in children, various cancer and cardiovascular risks, premature death, emergency room and hospital visits, and hundreds of thousands of estimated health-related lost work days and missed school days – overall resulting in estimated monetized health benefits totaling tens of billions of dollars every year;
- Benefit disadvantaged communities disproportionately impacted by air pollution and toxics;
- Create co-benefit reductions in greenhouse gas emissions;
- Avoid federal sanctions that could: 1) cut off billions of dollars in federal highway funds; 2) create stricter requirements for businesses; and 3) result in the federal government taking over local air quality efforts which could result in draconian measures that could hurt the local economy; and
- Transform the goods movement industry and other industrial sectors to zero or near-zero emission, benefitting air quality, climate, toxic exposure and the economy.

Need for Bill:

- The 17 million residents in the South Coast breathe some of the most polluted air in the nation, with the highest levels of ozone and second-highest levels of particulate matter (PM). In 2017 the region exceeded the federal ozone standard for 145 days.
- Children, the elderly, and those with pre-existing conditions are particularly vulnerable and cannot avoid these pollutants.
- About 80% of regional nitrogen oxide (NOx) emissions are from mobile pollution sources, with most from trucks and heavy-duty equipment.
- Funding for cleaner vehicles and equipment is urgently needed to improve public health and meet upcoming federal clean air deadlines which require a 45% reduction of NOx emissions by 2023 and 55% by 2031.
- Significant additional emission reductions will be required by 2038 to meet the more stringent federal 2015 ozone standard.

Note: The tax rate has not yet been established, but for context, a **½ cent sales tax on \$10,000 in taxable items per year is about \$4/month. Non-taxable items include: rent, groceries, utilities, prescriptions, etc.**

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Report on Agency Activities

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

Date: January 7, 2019

The purpose of this item is to provide an update of activities undertaken by staff over the past year.

Requested Action:

1. Receive and file.

This item is reserved for a presentation by WRCOG staff of program highlights and activities.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.

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