



Western Riverside Council of Governments Executive Committee

AGENDA

**Monday, March 2, 2020
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 200, 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 (Bonnie Wright, Chair)

2. PLEDGE OF ALLEGIANCE

3. 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.

4. MINUTES

A. Summary Minutes from the February 3, 2020, Executive Committee Meeting are Available for Consideration.

P. 1

Requested Action: 1. *Approve the Summary Minutes from the February 3, 2020, Executive Committee meeting.*

5. 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. **PACE Programs Activities Update: Increased Consumer Protections Resulting from the Renovate America Stipulated Judgement** **Casey Dailey** **P. 11**

Requested Actions:

1. *Approve administrative changes to the WRCOG Program Report, CA HERO Program Report, and WRCOG's Consumer Protections Policy.*
2. *Adopt WRCOG Resolution Number 04-20; a Resolution of the Executive Committee of the Western Riverside Council of Governments declaring its intention to modify the WRCOG PACE Program Report and the California HERO Program Report to authorize the financing of fire hardening improvements and setting a public hearing thereon.*

- B. **2nd Quarter Draft Budget Amendment for Fiscal Year 2019/2020** **Andrew Ruiz** **P. 83**

Requested Action:

1. *Approve the 2nd Quarter Draft Budget Amendment for Fiscal Year 2019/2020.*

- C. **TUMF Program Activities Update: TUMF Reimbursement Agreements** **Chris Gray** **P. 99**

Requested Actions:

1. *Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Riverside for the Construction Phase of the Iowa Avenue Widening Project from University to Martin Luther King in an amount not to exceed \$2,920,000.*
2. *Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Menifee for the Construction Phase of the Holland Ave. / I-215 Interchange Project in an amount not to exceed \$6,455,000.*
3. *Authorize the Executive Director to execute the TUMF Reimbursement Agreement with the City of Menifee for the Engineering and Construction Phases of the Newport Road Widening from Bradley Rd. to Murrieta Rd. Project in an amount not to exceed \$1,987,985.*

Information items:

- D. **Finance Department Activities Update** **Andrew Ruiz** **P. 179**

Requested Action:

1. *Receive and file.*

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| E. | WRCOG Committees and Agency Activities Update | Chris Gray | P. 189 |
| | <u>Requested Action:</u> 1. Receive and file. | | |
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| F. | Regional Streetlight Program Activities Update | Daniel Soltero | P. 203 |
| | <u>Requested Action:</u> 1. Receive and file. | | |
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| G. | Environmental Department Programs Activities Update | Kyle Rodriguez | P. 205 |
| | <u>Requested Action:</u> 1. Receive and file. | | |
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| H. | Report out of WRCOG Representatives on Various Committees | Rick Bishop | P. 209 |
| | <u>Requested Action:</u> 1. Receive and file. | | |
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| I. | Fiscal Year 2018/2019 Comprehensive Annual Financial Report (CAFR) | Andrew Ruiz | P. 217 |
| | <u>Requested Action:</u> 1. Receive and file. | | |
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| J. | Regional Energy Network Development Activities Update | Anthony Segura | P. 331 |
| | <u>Requested Action:</u> 1. Receive and file. | | |

6. REPORTS / DISCUSSION

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|----|---|---|---------------|
| A. | Report from the League of California Cities | Erin Sasse, League of California Cities | P. 343 |
| | <u>Requested Action:</u> 1. Receive and file. | | |
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| B. | Presentation from the Riverside County Transportation Commission on the Proposed Traffic Relief Plan | Anne Meyer, RCTC | P. 345 |
| | <u>Requested Action:</u> 1. Receive and file. | | |
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| C. | Presentation from the University of California, Riverside, on the 2020 Census | Karthick Ramakrishnan, University of California, Riverside | P. 347 |
| | <u>Requested Action:</u> 1. Receive and file. | | |
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| D. | Public Service Fellows Presentations | Rachel Singer, WRCOG | P. 349 |
| | <u>Requested Action:</u> 1. Receive and file. | | |

7. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR *Chris Lopez*

8. REPORT FROM COMMITTEE REPRESENTATIVES

SCAG Regional Council and Policy Committee Representatives
SCAQMD, Ben Benoit
CALCOG, Brian Tisdale
SAWPA OWOW Committee, Rusty Bailey
SANDAG Borders Committee, Crystal Ruiz

9. REPORT FROM THE EXECUTIVE DIRECTOR *Rick Bishop*

10. ITEMS FOR FUTURE AGENDAS *Members*

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

11. GENERAL ANNOUNCEMENTS *Members*

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

12. NEXT MEETING: The next Executive Committee meeting is scheduled for Monday, April 6, 2020, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor, Board Chambers.

13. ADJOURNMENT

Western Riverside Council of Governments

4.A

Regular Meeting

~ Minutes ~

Monday, February 3, 2020

2:00 PM

County Administrative Center

1. CALL TO ORDER

The meeting was called to order by Chair Bonnie Wright at 2:02 p.m. on February 3, 2020, at the Riverside County Administrative Center, 4080 Lemon Street, Riverside.

Jurisdiction	Attendee Name	Status	Arrived / Departed
City of Banning	Daniela Andrade	Present	1:55 PM
City of Beaumont	Mike Lara	Present	1:55 PM
City of Calimesa	Jeff Cervantez	Present	1:55 PM
City of Canyon Lake	Jordan Ehrenkranz	Present	2:24 PM
City of Corona	Jason Scott	Present	1:55 PM
City of Eastvale	Joseph Tessari	Present	1:55 PM
City of Hemet	Bonnie Wright	Present	1:55 PM
City of Jurupa Valley	Micheal Goodland	Present	2:05 PM
City of Lake Elsinore	Brian Tisdale	Present	1:55 PM
City of Menifee	Matt Liesemeyer	Present	2:18 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	2:06 PM
City of Riverside	Rusty Bailey	Present	1:55 PM
City of San Jacinto	Crystal Ruiz	Present	1:55 PM
City of Temecula	James Stewart	Present	2:18 PM
City of Wildomar	Ben Benoit	Present	1:55 PM
District 1		Absent	
District 2	Karen Spiegel	Present	1:55 PM
District 3	Chuck Washington	Present	1:55 PM
District 5		Absent	
EMWD	Ronald Sullivan	Present	1:55 PM
WMWD	Brenda Dennstedt	Present	1:55 PM
Morongo Band of Mission Indians		Absent	
Office of Education (ex-officio)	Dr. Judy White	Present	1:55 PM
TAC Chair		Absent	
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 Crystal Ruiz led members and guests in the Pledge of Allegiance.

3. PUBLIC COMMENTS

Chair Bonnie Wright welcomed new Executive Committee members Jeff Cervantez, City of Calimesa, and Ronald Sullivan, Eastern Municipal Water District.

4. MINUTES**RESULT: APPROVED AS RECOMMENDED****MOVER:** Wildomar**SECONDER:** Murrieta**AYES:** Banning, Beaumont, Corona, Eastvale, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Norco, Riverside, San Jacinto, Wildomar, District 2, District 3, EMWD, WMWD**ABSTAIN:** Calimesa**ABSENT:** Canyon Lake, Jurupa Valley, Menifee, Perris, Temecula, District 1, District 5, Morongo Band of Mission Indians**A. Summary Minutes from the December 2, 2019, Executive Committee Meeting are Available for Consideration**

Action: 1. *Approved the Summary Minutes from the December 2, 2019, Executive Committee meeting.*

5. CONSENT CALENDAR**RESULT: APPROVED AS RECOMMENDED****MOVER:** San Jacinto**SECONDER:** Banning**AYES:** Banning, Beaumont, Calimesa, Corona, Eastvale, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Norco, Riverside, San Jacinto, Wildomar, District 2, District 3, EMWD, WMWD**ABSENT:** Canyon Lake, Jurupa Valley, Menifee, Perris, Temecula, District 1, District 5, Morongo Band of Mission Indians**A. Appointment of a WRCOG Representative to a SCAG Policy Committee**

Action: 1. *Appointed Micheal Goodland to SCAG's Community, Economic, and Human Development Policy Committee for a term commencing February 3, 2020, ending December 31, 2020.*

B. Approval of Memorandum of Understanding (MOU) 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.*

C. PARS Trust / CalPERS Unfunded Accrued Liability Update

Action: 1. *Adopted Resolution Number 03-20; A Resolution of the Executive Committee of the Western Riverside Council of Governments approving the adoption of the Public Agencies Post-Employment Benefits Trust administered by Public Agency Retirement Services.*

D. California Resilience Challenge 2020 Grant

Action: 1. *Adopted Resolution Number 01-20; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing submittal of a proposal to the California Resilience Challenge 2020 Grant Program.*

E. Finance Department Activities Update

Action: 1. *Received and filed.*

F. WRCOG Committees and Agency Activities Update

Action: 1. *Received and filed.*

G. Regional Streetlight Program Activities Update

Action: 1. *Received and filed.*

H. Western Riverside Energy Partnership Program Activities update

Action: 1. *Received and filed.*

I. Report out of WRCOG Representatives on Various Committees

Action: 1. *Received and filed.*

J. Budget Update – A Look Forward for 2020

Action: 1. *Received and filed.*

6. REPORTS / DISCUSSION**A. Report from the League of California Cities**

Erin Sasse, League of California Cities representative, was unable to attend.

Rick Bishop, WRCOG Executive Director, reported that Senate Bill 50 failed to pass through the Senate. The Author, Senator Wiener, has indicated that he will continue to pursue legislation of this sort. For a recap on the bill, please visit the Inland Center for Sustainable Development at <https://icsd.ucr.edu/>.

Action: 1. *Received and filed.*

B. Public Service Fellowship Activities update

Rachel Singer, WRCOG Staff Analyst, reported that the Fellowship Program launched in 2016. Since inception there have been four rounds and over 50 Fellows have been trained. The Program is successful due to member agency and local university partnerships. WRCOG administers the Program and hosts monthly professional development sessions.

The projects assigned to Fellows are based upon agency needs and can vary from planning, public works, fiscal, and marketing, to name a few. Ms. Singer highlighted Fellow alumni Alma Ramirez who completed her Fellowship with the Eastern Municipal Water District. Since completion of the Fellowship, Ms. Ramirez has been hired by the City of Lake Elsinore.

There are three prospective changes to the Program: 1) a 50/50 split of the cost of a Fellow; 2) the institution of a more robust onboarding and exiting process; and 3) a limitation of Fellows working a maximum of 30/hours per week. If approved, these changes would begin with Round Five and a 50/50 split of the cost of a Fellow would extend the remaining Program funds.

This matter was presented to the Administration & Finance Committee at its January 2020 meeting. That Committee expressed concerns of financial contributions under the 50/50 split. Staff was directed to inquire if participating universities would be interested in financially contributing to the Program. Staff has since reached out to university partners and the prospect of financial contributions do not seem likely.

The Technical Advisory Committee received this presentation at its January 2020 meeting and had no concern over the 50/50 split.

Committee member Crystal Ruiz asked if staff have reviewed federal funding.

Ms. Singer responded that that is a great suggestion.

- Actions:**
1. *Required agencies applying for a WRCOG Fellow to contribute 50% towards the cost of that Fellow.*
 2. *Required agencies applying for a WRCOG Fellow to provide a specific description of the tasks the Fellow is expected to work when applying for that Fellow.*
 3. *Limited future Fellows to working no more than 30 hours per week.*
 4. *Maintained WRCOG's policy of alternating Fellow placement to give priority to ensure that each agency can receive a Fellow in alternating years.*
 5. *Directed staff to reach out to UCR, CBU, and Cal State San Bernardino to further inquire if financial contribution is feasible.*
 6. *Implemented an Exit Interview for Fellows and host agency supervisors.*

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

C. PACE Programs Activities Update: Refunding of WRCOG-Issued Commercial Bonds

Casey Dailey, WRCOG Director of Energy & Environmental Programs, reported that WRCOG has issued approximately 1,300 bonds at a total just over \$1B since launch of the Program. Since time of issue, there has been a significant decline in interest rates. Commercial PACE bonds present the best opportunity for refunding at the moment.

Refinancing bonds will provide reduced administrative costs, reduced expenses with the trustee, and provide a savings of over \$1M to the Program.

If approved, 37 bonds will be refinanced into one, dropping the interest rate from a range of 5.75% to 7.50% down to 3.45%, resulting in an approximate savings of \$538k over the 18-year life of the bond.

- Actions:**
1. *Adopted Resolution Number 02-20; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing the issuance of certain Western Riverside Council of Governments Limited Obligation Improvement Refunding Bonds (WRCOG Program and California Program) for the purpose of defeasing and refunding certain outstanding commercial bonds, appointing a Trustee and certain other professionals, approving agreements to be executed in connection with the issuance of the Refunding Bonds and certain other actions.*
 2. *Approved the Letter of Terms and Conditions; Indenture of Trust between the City and The Bank of New York Mellon Trust Company, N.A.; Irrevocable Refunding Instructions to the Trustee; and Placement Agent Agreement between WRCOG and Piper Sandler Companies.*
 3. *Ratified Exhibit A: Good Faith Estimate from Resolution 32-19, approved on December 2, 2019.*

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

Barbara Spoonhour, WRCOG Deputy Executive Director - Operations, reported that Western Community Energy (WCE) is a Community Choice Aggregation (CCA) Program, which allows local jurisdictions the ability to come together and purchase energy for their respective communities while still utilizing delivery through the local service provider, Southern California Edison (SCE).

Residents and business' pay two separate charges on their utility bills – generation and delivery. WCE has taken over the generation piece for WCE participants.

WCE is a separate Joint Powers Authority from WRCOG, established in August 2018, consisting of the Cities of Canyon Lake, Eastvale, Jurupa Valley, Hemet, Norco, Perris, and Wildomar. There are seven members and six of them are launching.

SCE currently purchases energy and delivers it to the customer. WCE will now purchase the energy on behalf of its member jurisdictions, at a rate lower than SCE, utilizing SCE's lines for delivery.

WCE is an opt-out Program. WCE provides choices on energy type, creates local control over programs, rates, and power supply / generation options, is used as a favorable economic development tool, provides utility bill savings, and a greener mix of energy.

There are currently 19 CCAs operating in California, representing 152 jurisdictions state-wide. All CCAs continue to meet the objectives set by their respective Boards of Directors, whether it is rate savings, or greenhouse gas emissions, for example.

The default plan offered by WCE is a 37% renewable mixture. Businesses and/or residents also have the option of going 100% green energy. WCE's Board of Directors recently adopted its first rates, which are at a 2% discount off SCE's total bill.

WCE will be launching in April and May 2020. With the six cities launching in April and May, the energy savings for those communities is just over \$6M. Pre-enrollment notifications went in the mail today.

WCE will maintain a professionally staff call center that went live today. WCE's website (<http://westerncommunityenergy.com/>) now includes opt-out information and rates, as well as information on the various energy choices. A Frequently Asked Question (FAQ) page houses several videos of answers to common questions. Pop-up displays have been created for each member jurisdiction and includes flyers on FAQs, how WCE works, and information on where to call for any questions.

Examples of FAQs include:

- Must all residents and businesses participate? No. The customer has a choice. Two pre-enrollment and two post-enrollment notifications are mailed.
- Can customers with solar participate in WCE? Yes. The Board adopted a net energy metering program in which WCE will pay out nearly .07¢ per kilowatt hour at the end of the consumer's true-up period if there is an excess. SCE pays out between .03¢ and .05¢ per kilowatt hour.
- Can WCE customers still participate in SCE's energy programs? Yes. Programs include CARE, FERA, rebates, and summer discount plans. WCE can actually enhance existing programs.
- If a customer remains with SCE, are they subsidizing WCE customers? No. WCE rates are based upon WCE's energy costs and proformas.

At this point, if any jurisdiction would like to join WCE, and it joins prior to December 31, 2020, it would be eligible to launch in January 2022.

WCE social media websites include Facebook (@WesternCommunityEnergy), Twitter (@askWCE), and Instagram (@westerncommunityenergy).

Committee member James Stewart asked for clarification on the 100% green energy portfolio and asked if a 2% savings is guaranteed.

Ms. Spoonhour responded that a 2% savings is not guaranteed; while the goal is to meet a minimum 2% savings, rates will be set by the Board every year. The overall core of WCE's portfolio is a 37% mix of renewable energy. As customers opt-up to 100%, WCE can purchase energy at 100% for its portfolio.

Committee member Ben Benoit, who serves as the WCE Chair, indicated that a city could join at 100%; there are five cities throughout the state that have joined at 100%. This does cause the rates to be higher. There are 19 customers in WCE's territory who have opted-in for SCE's green energy option, which does not guarantee a 100% green energy option. WCE's 100% option is 100% green.

Committee member Brenda Dennstedt asked if rates will be adopted in a public hearing.

Ms. Spoonhour responded that agendas are publicly noticed just like any other public meeting and is held locally in WRCOG's office.

Action: 1. *Received and filed.*

E. TUMF Program 2018/2019 Year in Review

Chris Gray, WRCOG Director of Transportation & Planning, reported that the Transportation Uniform Mitigation Fee (TUMF) Program launched in 2003 and collects fees from development projects to mitigate regional transportation projects. The Program has collected over \$800M and funded over 100 projects since inception.

Fiscal Year 2018/2019 was a good year for the Program, which collected approximately \$64M in fees. Development increased particularly in the residential and industrial sectors. A number of major projects are reaching completion and an online fee portal has been created.

The WRCOG subregion is divided into five TUMF Zones – Northwest, Southwest, Central, Hemet / San Jacinto, and Pass. Nearly half of the revenues generated last year were within the Northwest Zone.

The Program hit a very important milestone – there has been very strong growth in the multi-family and industrial sectors. Mr. Gray highlighted various projects.

The development of an online fee collection portal allows fee collection for member jurisdictions which have asked WRCOG to do so. Payments can be made by the developers in the forms of check, wire transfer, and/or credit card. Developers can also pay by check in person at WRCOG's office. This process has substantially cut down on the time it took member jurisdictions to calculate a fee.

Staff are currently working on the TUMF Program Annual Report. A White Paper will be prepared on key issues of the Nexus Study, which is due to kick-off in June / July 2020. Staff is currently researching on a vehicle miles traveled mitigation strategy that folds into TUMF.

Action: 1. *Received and filed.*

F. California's New Water Efficiency Laws: Water Targets for Agencies, not Individuals

Committee member Ronald Sullivan reported that in 2018 Governor Brown asked for specific laws for new water use requirements. These laws were in response to the significant drought the state was experiencing.

Tim Barr, Deputy General Manager at Western Municipal Water District (WMWD), reported that in March 2018, Governor Brown signed two bills into law; Senate Bill (SB) 606 (Herzberg) and Assembly Bill (AB) 1668 (Friedman), which are aimed at making water conservation a California way of life.

In June 2018, digital media incorrectly reported on water laws. There is, in fact, no law that makes it illegal to take a shower and do a load of laundry in the same day. There is no fine of up to \$10,000 for exceeding 55 gallons per person, per day, for indoor residential water use.

The new bills are interrelated and amend existing law that will develop targets for long-term water use efficiency directed at and through water providers, not individual customers.

The four primary goals of this new legislation are to 1) use water more wisely, 2) eliminate water waste, 3) strengthen local drought resilience, and 4) improve agricultural water use efficiency and drought planning. Water agencies are required to capture water efficiency standards for their entire service area annually. This goes into effect beginning in the year 2023.

Contrary to media reports, water targets will be set based on the overall water use of water providers, not the individual customer.

WMWD has been actively participating in and following the development of water use targets. WMWD provides rebates, turf replacement, and low flow toilets, to name a few, in an effort to conserve water. In response to the "20% by 2020" legislation, WMWD adopted a Water User Efficiency Master Plan. WMWD customers are down 53% from the base period average.

In 2011, WMWD adopted a tiered rate structure, long before the legislation even existed. More than 80% of WMWD's customers are within their own individual water budget.

WMWD has members of its team on every one of the State's working groups to develop the targets. Indoor water usage per person per day is currently 55 gallons; however, there is a plan to lower to 50 gallons for the agency, again, not for individual customers.

Committee member Kelly Seyarto asked for clarification on the 55 gallons per person per day in the tiered rate structure.

Mr. Barr indicated that WMWD's budget-based rates were adopted long before the current legislation came into play. Many local water agencies use a philosophy similar to WMWD's. WMWD's gallons per capita, per day, residential indoor, is 60 currently gallons (this can vary by agency). Outdoor water budgets are calculated using local weather data – evapotranspiration rate – and comparing to the size of the landscape for each individual property. A new budget is calculated every single day and is added up for the billing period. Billing period days can typically vary between 28 and 35 days. WMWD only bills 12 times per year; some months are longer, and some months are shorter. A customer gets full use of its budget for every day in the billing period regardless of its length.

Committee member Seyarto indicated that third-party billing companies do not understand the formula and some customers incorrectly end up in higher tiers.

Action: 1. *Received and filed.*

7. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR

The Technical Advisory Committee Chair was not present.

8. REPORT FROM COMMITTEE REPRESENTATIVES

Crystal Ruiz, San Diego Association of Governments' Borders Committee representative, reported that the Counselor General of Mexico provided a report on the impacts of debris that is crossing the border from the United States into Mexico, as well as the problem with the gun run occurring from the United States into Mexico.

9. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop introduced Elisa Laurel, a new WRCOG Program Manager within the Transportation & Planning Department, and Anastasia Cortes, a new WRCOG Program Manager within the Fiscal Department.

Staff have been making presentations to member jurisdictions, presenting rebate Streetlights checks; the City of Eastvale was recently presented with a check for \$413,918. The City of Murrieta was presented with a rebate check for \$461,271.

10. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

11. GENERAL ANNOUNCEMENTS

Committee member Dr. Judy White announced that Riverside County graduation rates are number one in the State of California, for all counties that have a population exceeding 20,000. The Riverside County State of Education is scheduled for March 5, 2020.

12. NEXT MEETING

The next Executive Committee meeting is scheduled for Monday, March 2, 2020, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers, Riverside.

13. ADJOURNMENT

The meeting was adjourned at 3:02 p.m. in honor of Melba Dunlap, former Riverside County Supervisor, District 2, and a Founding WRCOG Executive Committee member.

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Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: PACE Programs Activities Update: Increased Consumer Protections Resulting from the Renovate America Stipulated Judgment

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

Date: March 2, 2020

The purpose of this item is to provide an update to the Administration & Finance Committee on the results from the Renovate America Stipulated Judgment and request approval for changes to be made to the PACE Program Reports and Consumer Protections Policy to institute increased consumer protections.

Requested Actions:

1. Approve administrative changes to the WRCOG Program Report, CA HERO Program Report, and WRCOG's Consumer Protections Policy.
2. Adopt WRCOG Resolution Number 04-20; a Resolution of the Executive Committee of the Western Riverside Council of Governments declaring its intention to modify the WRCOG PACE Program Report and the California HERO Program Report to authorize the financing of fire hardening improvements and setting a public hearing thereon.

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 from assessments revenues generated by placing a lien on the subject property's tax bill. The Program was initiated in December 2011 and was expanded in 2014 to allow jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. WRCOG now offers HERO, CaliforniaFIRST, PACE Funding, and Ygrene as residential PACE providers and Greenworks, CleanFund, and Twain as commercial PACE providers.

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 January 31, 2020:

Residential	Date Program Launched	Projects Completed Last Month	Project Value Last Month	Projects Completed to Date	Total Project Value
WRCOG HERO	Dec 2011	28	\$511,396	27,065	\$537,631,973
California HERO	Dec 2013	91	\$2,186,051	61,967	1,358,740,703
CaliforniaFIRST	May 2017	7	\$215,253	265	\$7,820,904
PACEFunding	Nov 2017	12	\$281,672	482	\$11,295,511
Total:		138	\$3,194,372	89,779	\$1,915,489,091

Commercial	Date Program Launched	Projects Completed Last Month	Project Value Last Month	Projects Completed To Date	Total Project Value
Greenworks	Feb 2018	0	\$0	11	\$10,408,970.71
Twain	April 2019	0	\$0	2	\$45,974,777.39
Total:		0	\$0	13	\$56,383,748.10

Renovate America Stipulated Judgment: Ad Hoc Committee Update

On August 9, 2019, WRCOG learned that Renovate America reached an agreement with the Riverside County District Attorney's (DA) Office, which was leading a statewide examination into PACE financing and Renovate America's HERO Program. On August 26, 2019, staff requested a meeting and met with the DA's Office to discuss and gain understanding and perspective on the stipulated judgment and the various requirements that Renovate America agreed to implement as a result of the examination. Renovate America had 120 days from the date of the release of the judgment to implement its requirements.

Generally, there are 46 requirements in the judgment, which fall into three broad categories:

1. Requirements that Renovate America already has in place (18)
2. Requirements that Renovate America already has in place but need modification (16)
3. New requirements (12)

Within each of these categories, WRCOG and Renovate America have identified six different labels within which the stipulated judgment falls:

1. Advertising
2. Compliance
3. Disclosures
4. Records Retention
5. Senior Protection
6. Written Policies

Many of these labels and categories were previously established by WRCOG's Program Reports, codified by law, as well as instituted by Renovate America prior to the stipulated judgment. Examples include not advertising that the PACE Program is a government program, verifying tax advice is not being given by contractors, and not recording the PACE assessment before the property owner signs the completion certificate.

On September 9, 2019, the Executive Committee received a report and formed an Ad Hoc Committee to meet on a monthly (or as needed) basis to review the progress of the implementation of the 46 requirements as outlined in the stipulated judgement. The Ad Hoc Committee consisted of representatives from the Cities of

Banning, Jurupa Valley, Moreno Valley, Murrieta, and Norco. The Ad Hoc Committee met three times between September and December 2019, was presented with the information and conditions contained in the Stipulated Judgment and oversaw the implementation of all requirements set forth. Examples include extended senior protections, stricter disclosures, and the creation of written policies of internal processes.

PACE Program Enhancements: Program Report and Consumer Protections Policy Changes

Staff has continued to analyze how to implement changes required by the Stipulated Judgment into its entire residential PACE Program, as well as encourage other PACE Programs in California to institute the same changes to ensure increased protections for all who utilize PACE. As such, staff is recommending the Executive Committee approve changes to WRCOG's Program Reports and Consumer Protections Policy. These changes include the following and only apply to residential properties:

1. An extended 5-day right to cancel for seniors.
2. Not allowing a PACE assessment when a reverse mortgage exists on the property.
3. Linking the WRCOG Program Report to the Consumer Protections Policy.

Previously, by law, all PACE Program participants had a 3-day right to cancel. The stipulated judgment expanded this to 5-days for seniors. Staff is recommending this change not only occur for those who utilize Renovate America for PACE financing, but by amending the WRCOG Program Reports and Consumer Protection Policies, all PACE providers under the WRCOG umbrella will have to adhere to this change. Additionally, not allowing a PACE assessment when a reverse mortgage exists on the property will help protect all property owners, especially seniors who utilize reverse mortgages more often than others. Finally, linking the Program Report to the Consumer Protections Policy will ensure all PACE providers under WRCOG's umbrella will adhere to all WRCOG's consumer protections.

Fire Hardening Products Eligible for PACE Financing

On September 27, 2018, California passed Senate Bill 465, allowing areas in California that are heavily impacted by wildfires to finance improvements through PACE financing that would help defend against wildfires. If the proposed fire hardening improvements qualify under the Street and Highways Code 5899.4, such as being designated in a Very High Fire Hazard Severity Zone, property owners will be able to finance fire hardening improvements through PACE. WRCOG is recommending that the Executive Committee adopt Resolution Number 04-20, adding fire hardening improvements to WRCOG's Program Reports that will allow PACE financing on properties most impacted by wildfires.

Prior Action:

February 12, 2020: The Administration & Finance Committee recommended that the Executive Committee approve administrative changes to the WRCOG Program Report, CA HERO Program Report, and WRCOG's Consumer Protections Policy.

Fiscal Impact:

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

Attachments:

1. Redlined WRCOG Program Report.
2. Redlined CA HERO Program Report.
3. Redlined Consumer Protections Policy.
4. Resolution Number 04-20; A Resolution of the Executive Committee of the Western Riverside Council of Governments declaring its intention to modify the WRCOG PACE Program Report and the California HERO Program Report to authorize the financing of fire hardening improvements and setting a public hearing thereon.

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Item 5.A

PACE Programs Activities Update:
Increased Consumer Protections
Resulting from the Renovate America
Stipulated Judgment

Attachment 1

Redlined WRCOG 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— AMENDED DECEMBER 1, 2014 – REVISED APRIL 4, 2016
REVISED – JUNE 6, 2016 – AMENDED SEPTEMBER 12, 2016 – REVISED MARCH 6, 2017 –
AMENDED MARCH 7, 2017 – REVISED APRIL 3, 2017 – AMENDED APRIL 4, 2017 – REVISED
JULY 11, 2017– REVISED OCTOBER 2, 2017 – REVISED APRIL 2, 2018 – JUNE 4, 2018 –
REVISED AUGUST 6, 2018- REVISED APRIL 1, 2019 – REVISED JUNE 3, 2019
REVISED AUGUST 1, 2019 – AMENDED DECEMBER 2, 2019, – AMENDED AND REVISED
MARCH 2, 2020



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Introduction

This report, as amended and revised, is prepared pursuant to Section 5898.22 and 5898.23 of the California Streets and Highways Code in connection with the establishment of the Western Riverside Council of Governments (“WRCOG”) Energy Efficiency and Water Conservation Program for Western Riverside County (“Program”). This is the guiding document for the Program and fulfills the Section 5898.22 and 5898.23 of the California Streets and Highway Code requirements and contains:

- A map showing the boundaries of the territory within which contractual assessments are proposed to be offered is provided in Appendix B;
- Draft assessment contracts between an owner of residential or commercial property and WRCOG are provided in Appendix C and each assessment contract is incorporated herein in its entirety;
- WRCOG policies required pursuant to Section 5898.22 and 5898.23 of the California Streets and Highway Code concerning contractual assessments are provided in the following:
 - Identification of types of facilities, including distributed generation renewable energy sources, energy or water conservation products, electric vehicle charging stations, fire hardening [eligible products per the California Street and Highways Code section 5899.4](#), and seismic strengthening improvements, that may be financed through the use of contractual assessments are found in Appendix A-1 and A-2 (Section 5898.22(c)(1)),
 - Identification of public agency official authorized to enter into voluntary contractual assessments.
 - A maximum aggregate dollar amount of voluntary contractual assessments.
 - A method for setting requests from property owners for financing through voluntary contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount.
 - The description of the underwriting requirements for contractual assessments, including the safeguards to ensure that the total annual property tax and assessments on a property participation in the Program, is found under individual Provider sections.

The Program described herein is designed to help residential and commercial property owners save energy and water, considering that these resources are finite, increasingly costly, and are necessary for the region’s future growth and prosperity. Additionally, the Program outlines the ability for [fire hardening](#), [and](#) seismic strengthening improvements and new construction projects to be implemented within the Commercial Program parameters to fortify the existing infrastructure of the region.

BACKGROUND

The Program provides an option for residential and commercial property owners within participating jurisdictions in Western Riverside County to finance the installation of eligible renewable energy, energy efficiency and water conservation/efficiency, new construction, electric vehicle charging stations, [fire hardening](#) and seismic strengthening products under contractual assessment agreements. Property owners will repay the financing through a contractual assessment levied against their property which is payable through their property tax bills. The terms “residential” and “commercial” as used herein shall have the meanings given such terms in the Glossary of Terms provided below.

Program Report Overview Statement

It is the intent of the Program Report to comply with all applicable laws and regulations of the State of California (the “State”) and federal government. To the extent this Program Report contains language

which is contrary to existing State or federal laws and regulations, the Program shall conform to any such laws and regulations.

GOAL

WRCOG will assist property owners of improved real property with making significant investments in the long-term health of the local, state, and national economy and global environment by providing a financing mechanism for eligible renewable energy, energy efficiency, and water conservation/efficiency improvements.

The overall goal of the Program is to retrofit 10% of pre-2000 constructed homes in the sub region and save the region approximately 464 billion Btu's or 45 million kWhs and assist non-residential property owners with the construction of renewable energy improvements, such as solar photovoltaic systems, that allow the generation of electricity by alternative and renewable resources.

PROGRAM REQUIREMENTS

The Program provides multiple benefits by enabling property owners to take responsible energy and conservation actions, and potentially reduce their utility bills. Concurrently, the Program will boost the local economy, maximize the effectiveness of the California power grid and water supply, address protection of national and global energy interests, and make it possible for Western Riverside County to fulfill energy and water conservation/efficiency and climate protection commitments.

From WRCOG's perspective, the Program will be a key element in achieving greenhouse gas reduction and water conservation/efficiency goals. The Program provides a significant tool to provide practical resources in the region's transition to greater energy and water conservation/efficiency and renewable energy. Lower energy and water use translates directly into reduced greenhouse gas emissions and helps secure our energy future.

The Program further provides an alternative means of financing [fire hardening and](#) seismic strengthening improvements that otherwise may not be affordable due to the upfront costs of making such improvements. For property owners, the Program offers: Access to financing that may not be readily available through traditional means, such as:

- a. A low cost means of financing eligible renewable energy, energy efficiency and water conservation/efficiency, fire hardening, and seismic strengthening Products;
- b. Fixed-rate financing over a period not to exceed 25 years for energy efficient, water conservation, fire hardening, and seismic strengthening improvements and not to exceed 30-years for solar generation systems that monitor performance with Renew Financial PACE Financing;
- c. Equity loans;
- d. Financing based on a less costly borrower qualification process;
- e. A streamlined financing and repayment process;
- f. Highest set of consumer protections; and
- g. A refinancing option for commercial projects within certain parameter set by the Executive Director.

PROGRAM ADMINISTRATION

The WRCOG Executive Director and/or his designee are designated as the Program Administrator and are authorized to enter into contractual assessments on behalf of the participating jurisdictions. The participating jurisdictions initially include the cities of Banning, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Wildomar, Temecula, and the western unincorporated portion of the County of Riverside. Jurisdictions within the Program boundaries that are not currently participating may choose to do so at a later date.

WRCOG's responsibilities will include:

- a. Community outreach;
- b. Responding to property owner inquiries;
- c. Processing applications;
- d. Managing and tracking available funds;
- e. Tracking individual and collective energy and water conservation/efficiency and other improvements; and
- f. Working and coordinating with participating jurisdictions.

The intent of this effort is to provide a “turnkey” service for property owners who would otherwise be unable or unwilling to finance energy and water conservation/efficiency measures and renewable energy options. Their participation is critical for the region to meet its energy and water conservation/efficiency goals and for the State to meet greenhouse gas commitments to reduce CO2 emissions to 1990 levels by 2020.

[WRCOG has established a Consumer Protections Policy that is available at www.wrcog.us. All Providers that participate in the Program shall adhere to all protections outlined in the Consumer Protections Policy.](http://www.wrcog.us)

FINANCING PLANS

The WRCOG PACE Program offers the following financing:

- HERO Residential Financing Plan for Residential Properties
WRCOG intends to utilize HERO financing provided by Renovate America to finance Eligible Products for residential property owners.
- HERO Commercial Financing Plan for Commercial Properties
WRCOG intends to utilize HERO financing provided by Renovate America to finance Eligible Products for commercial property owners.
- Renew Financial PACE Financing for Residential Properties
WRCOG intends to utilize financing provided by Renew Financial to finance renewable energy projects plus eligible energy efficiency, water conservation, [fire hardening](#) and seismic strengthening products for all types of residential properties.
- Renew Financial Open-Market Commercial PACE Financing for Commercial Properties
WRCOG intends to utilize financing facilitated by Renew Financial to finance and refinance renewable energy projects plus eligible energy efficiency, water conservation [fire hardening](#) and seismic strengthening products for all types of commercial properties.

- **PACE Funding Group Financing for Residential Properties**
WRCOG intends to utilize financing provided by PACE Funding to finance renewable energy projects plus eligible energy efficiency, water conservation, [fire hardening](#) and seismic strengthening products for all types of residential properties.
- **Greenworks PACE Financing for Commercial Properties**
WRCOG intends to utilize financing provided by Greenworks Lending, LLC to finance and refinance renewable energy projects plus eligible energy efficiency, water conservation, [fire hardening](#) and seismic strengthening products for all types of commercial properties.
- **Ygrene Energy Fund Financing for Residential Properties**
WRCOG intends to utilize financing provided by Ygrene Energy Fund to finance renewable energy projects plus eligible energy efficiency, water conservation, [fire hardening](#) and seismic strengthening products for all types of residential properties.
- **Ygrene Energy Fund Financing for Commercial Properties**
WRCOG intends to utilize financing provided by Ygrene Energy Fund to finance renewable energy projects plus eligible energy efficiency, water conservation, [fire hardening](#) and seismic strengthening products for all types of commercial properties.
- **CleanFund Commercial PACE Capital**
WRCOG intends to utilize financing provided by CleanFund Commercial PACE Capital to finance and refinance renewable energy projects plus eligible energy efficiency, water conservations, [fire hardening](#) and seismic strengthening products for all types of Commercial Properties
- **Twain Financial Partners Financing for Commercial Properties**
WRCOG intends to utilize financing provided by Twain Financial Partners, LLC to finance and refinance renewable energy projects plus eligible energy efficiency, water conservation, [fire hardening](#) and seismic strengthening products for all types of commercial properties.
- **Ygrene Energy Fund Financing for Commercial Properties**
WRCOG intends to utilize financing provided by Ygrene Energy Fund to finance and refinance renewable energy projects plus eligible energy efficiency, water conservation, [fire hardening](#) and seismic strengthening products for all types of residential properties.
- **Standard Financing Plan**
WRCOG further intends to preserve the ability to issue other municipal bonds pursuant to Chapter 29 to finance and refinance (commercial properties only) Eligible Products for residential and commercial properties not encompassed by of the above listed financing plans.

PROGRAM REQUIREMENTS FOR PARTICIPATION IN FINANCING FOR RESIDENTIAL PROPERTIES

The following eligibility requirements are applicable for all residential PACE providers:

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 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:

- 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).
- The property must not have a reverse mortgage.
- 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.
- The property must not have any notice of default recorded against such property which was not been rescinded.
- 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 30 days past due in the last 12 months, the property owner may be approved.
- Mortgage-related debt on the property, plus the total financed PACE assessment, may 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 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter. 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.

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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.

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, [fire hardening](#) 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 in existing homes. However, the Program is also available for purchasers of new homes and businesses that wish to add eligible energy efficiency, renewable energy and water conservation/efficiency 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. Energy Efficiency Eligible Products
 - B. Renewable Energy Systems
 - C. Seismic Strengthening
 - ~~C.D.~~ [Fire Hardening](#)
 - ~~D.E.~~ Water Conservation/Efficiency
 - ~~E.F.~~ Approved Custom Products
 - Residential Electric Vehicle Charging Infrastructure
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 artificial turf, 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. 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 and water conservation/efficiency 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/FEEES

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.

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 other costs that are not covered in the expense component and will be borne by the property owners, however, may be waived by all PACE Administrators herein. 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 set by the Executive Director and can escalate annually in accordance with the terms set forth by the Assessment Contract.
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.
7. The property owner may be subject to prepayment calculation fee in the event that a payoff estimate is requested for the PACE assessment.

E. ADDITIONAL ELIGIBILITY REQUIREMENTS FOR EACH PROVIDER

1) HERO:

- 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

2) Renew Financial:

- The Property is not subject to Home Equity Conversion Mortgage or other type of reverse

mortgage;

- Minimum Total Project Amount is \$5,000;
- Total Maximum Assessment amount per Property is the lesser of \$250,000 or 15% of the value of the property (Maximum Assessment amount is less than 15% of value of the property for the first \$700,000 of the property value, then no greater than 10% is allowed for the remaining value over \$700,000);
- Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to a PACE lien; and
- Property Owner(s) should participate in available state and federal incentive and rebate programs and must declare any rebates received for the project.

3) Pace Funding Group:

- The minimum PACE Assessment amount is five thousand dollars (\$5,000);
- The Maximum Assessment amount is the lesser of two hundred thousand dollars (\$200,000) or up to 14.99% of the Property Value (14.99% of Property Value is only available for first \$700K of the Property Value then it should be for less than 10%);
- It is the responsibility of the property owner to contact their home insurance provider to determine whether the efficiency improvements to be financed by the PACE assessment is covered by the property owner's insurance policy; and
- The property may not be subject to a reverse mortgage.

4) Ygrene:

Ygrene Financing is available in the following jurisdictions:

Banning	Calimesa	Hemet	Jurupa Valley	Lake Elsinore	Menifee
Murrieta	Norco	Perris	Temecula	Wildomar	Eastvale

- Minimum funding request is \$2,500;
- Residential property funding is limited to 15% of the first \$700,000 of fair market value and 10% of the value that exceeds \$700,000. Projects with funding requests exceeding \$100,000 may require additional underwriting during the project approval phase;
- Property owners must authorize Ygrene to notify all existing mortgage holders of their intent to participate in the program; and
- Property owners may be asked to provide utility records for the property for the two years prior to completion of the project.

PROGRAM REQUIREMENTS FOR PARTICIPATING IN STANDARD FINANCING

If financing for the Program (or a particular group of applicants within the Program) is provided through the issuance of municipal bonds other than through the HERO, Renew Financial PACE, Ygrene, Twain Financial Partners, CleanFund, PACE Funding, Greenworks Financing Plans, or any thereafter approved Providers within the Program, the following requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

For residential 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 criterion 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. The property must not have any notice of default recorded against such property which was not been rescinded.
- The Property that will be subject to the assessment contract may not have recorded or outstanding involuntary liens in excess of one thousand dollars (\$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 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 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter.
- 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.

For Commercial properties:

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of Commercial property for which real property taxes are paid or assessments may otherwise be collected on the property tax bill. Certain eligibility criteria must be satisfied, and financing may be approved only if all of the following criteria are met:

- Applicant property owner(s) must be the property owner(s) of record.
- Mortgage debt lender(s) have given lender consent to Program financing, exempting projects that are 4-units.
- Property owner(s) must be current on property taxes and the property owner(s) certify(ies) that

such owner(s) have not had a late payment on their property tax 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 for a period of six (6) months prior to the application, including no payment defaults or technical defaults (or since purchase if the property has been owned less than six (6) months by the current owner(s)), through funding.
- Property owner(s) or their affiliated companies have not been involved in a bankruptcy proceeding during the past seven (7) years and the property proposed to be subject to the contractual assessment must not currently be an asset in a bankruptcy proceeding.
- All individual property owners must sign the application, assessment contract and all required notices. For properties owned by corporations, LLC's or LLP's, signatures by authorized representatives and/or corporate resolutions are required.
- Property must not have any liens other than lender debt or liens recorded by community facility districts or similar financing districts.
- Eligible Product costs are reasonable in relation to property value. Proposed Eligible Products must not exceed 20% of the market value of the property.
- Mortgage-related debt on the property plus the principal amount of the contractual assessment does not exceed 90% of the market 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 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.

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, [fire hardening](#) 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 [fire hardening and](#) 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, [fire hardening](#) 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](#)
 - ~~e~~.d. [Fire Hardening Products](#)
 - ~~d~~.e. Seismic Strengthening Products (Commercial)
 - ~~e~~.f. Approved Custom Products (Commercial)
 - ~~f~~.g. New Construction Projects (Commercial)
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, [fire hardening](#) and seismic strengthening improvements. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install artificial turf, 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 or by the property owner is self-installing subject to the limitation in the last sentence of this paragraph. 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. 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 or business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with renewable energy, energy efficiency and water conservation/efficiency 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.

For new construction projects in the Commercial sector, Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products Eligible Improvements must exceed the minimum specifications for retrofit projects as set forth above. 100% of the cost of any individual Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products in the construction of a new building that exceeds the minimum specifications is eligible for C-PACE financing. Renewable Energy Systems are eligible in new construction projects. However, any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property Owners and their Contractors must submit supporting documentation to the Program Administrator to summarize their proposed project and to demonstrate that the proposed Eligible Improvements meet the minimum efficiency specifications. New construction projects specifically will require additional supporting documentation including building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator. The supporting documentation will be reviewed by the Program Administrator to ensure the installation of the product(s) is designed to meet the minimum energy efficiency specifications listed above.

For commercial properties with new construction, the property developer must provide:

- Resumes of the development team including experience of on comparable properties
- As complete appraisal including full financial projections for property lease up or revenue
- Summary of capital stack showing sources and uses for property construction
- Financial documentation of developer equity allocated toward property construction

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.

Only CSI-EPBB rebates will be deducted from the assessment amount. 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 such as the CSI PBI rebate 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/FEEES

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.

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 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 set by the Executive Director and can escalate annually in accordance with the terms set forth by the Assessment Contract.
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.
7. 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 of this report.

8. Environmental Reports and/or appraisals, as required by the Program.
9. The property owner may be subject to prepayment calculation fee in the event that a payoff estimate is requested for the PACE assessment.

PROGRAM REQUIREMENTS FOR PARTICIPATION IN GREENWORKS COMMERCIAL FINANCING FOR COMMERCIAL PROPERTIES

If financing is provided for the Program by Greenworks Lending, LLC for commercial properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Greenworks Commercial financing is available for commercial property owners and will finance alternative energy systems, energy efficiency, water conservation, [fire hardening](#) and seismic strengthening improvements, using Greenworks Commercial financing.

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of Commercial property for which real property taxes are paid or assessments may otherwise be collected on the property tax bill. New construction of eligible properties are subject to additional underwriting and technical requirements. Certain eligibility criteria must be satisfied, and financing may be approved only if all of the following criteria are met:

- Applicant property owner(s) must be the property owner(s) of record.
- Only Property Owners who are current on their property taxes for the applicable property shall be considered for Program approval. The Program Administrator will review the previous three years property tax and any assessment bills to evaluate the Property Owner's history of paying property tax and any required assessments. The property cannot have had a serious tax delinquency within the past 3 years. However, prior tax delinquencies will be reviewed and may be allowed by the Program Administrator in their sole discretion. Property owners must be current on all property debt.
- Property owner(s) or their affiliated companies have not been involved in a bankruptcy proceeding during the past seven (7) years and the property proposed to be subject to the contractual assessment must not currently be an asset in a bankruptcy proceeding.
- All individual property owners must sign the application, assessment contract and all required notices. For properties owned by corporations, LLC's or LLP's, signatures by authorized representatives and/or corporate resolutions are required.
- If the property is owned by a Trust, the property is eligible for Program participation if adequate documentation of the Trust and the applicants' authority under the Trust is provided with application. All Trustees must meet underwriting requirements and sign all Financing Documents, including the Assessment Contract.
- Property must not have any liens other than lender debt or liens recorded by community facility districts or similar financing districts.
- Eligible Product costs are reasonable in relation to property value. Proposed Eligible Products must not exceed 35% of the market value of the property. For special use properties this is limited to 25%.
- Mortgage-related debt on the property plus the principal amount of the contractual assessment does not exceed 95% of the market value of the property. Property value may be determined by a recent appraisal (within one year), desktop appraisal, or in many cases the tax assessed value.
- 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.
- Property value must exceed \$1,000,000
- The minimum assessment amount is \$25,000. Assessments over \$10 million are subject to

additional financial due diligence.

- Net Operating Income (NOI), including energy savings, must be greater than the PACE payments plus the payments on any secured debt (Debt Service Coverage Ratio > 1.0x), at a minimum.
- Minimum of 2 years of financial statements (audited or reviewed) or tax returns for the legal Property Owner corporate entity. Properties where there is a single or majority tenant (occupancies > 50% square feet) must provide the anchor business's audited financial statements as well.
- If there is an existing mortgage or loan secured by the property, the Property Owner must obtain the written consent of any existing lender(s) utilizing the lender consent form. Such written consent must be received prior to final approval and issuance of the Financing Documents, exempting projects that are 4-units or less.
- Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to a PACE lien.
- Property owners may refinance Eligible Improvements in accordance with parameters set by WRCOG staff in their sole discretion.

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. Program financing may, however, be available to such properties if assessments levied on such properties may be placed on the tax roll. Property owners may make more than one application for funding under the Program if additional energy, water or [fire hardening and](#) seismic strengthening improvements are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

The eligibility requirements for Greenworks Commercial 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 commercial property owners in Western Riverside County the opportunity to take advantage of a wide range of energy-savings, water conservation/efficiency, [fire hardening](#) and seismic strengthening measures, 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 [fire hardening and](#) seismic strengthening to existing structures. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency, [fire hardening](#) and seismic strengthening Products to such homes or businesses after taking title to the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
 - a. Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location;
 - b. Previously installed products; and
 - c. Products that are not permanently affixed, including appliances, light bulbs and other non-fixtures.
 - d. Renewable energy systems structured as a lease or power purchase agreement may be eligible subject to additional conditions of the Program Administrator and subject to the requirements of the PACE Act.

3. The Program provides financing only for Eligible Products specified in Appendix A of the report. Broadly, these include:
 - a. Water Conservation/Efficiency Eligible Products
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - ~~e~~.d. Fire Hardening Products
 - ~~d~~.e. Seismic Strengthening Products
 - ~~e~~.f. Approved Custom Eligible Products
 - ~~f~~.g. Approved New Construction Projects

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, renewable energy, [fire hardening](#) and seismic strengthening measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install artificial turf, and install a photovoltaic system as part of a single project.

Proposed Products Must Meet Minimum Eligibility Requirements

Eligible Improvements must meet the minimum efficiency specifications of the PACE Act and the Program. For retrofits of existing buildings, minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards or other new standards or other new standards as may be appropriate and as agreed upon by WRCOG. Any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

For new construction projects, Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products Eligible Improvements must meet the minimum specifications for retrofit projects as set forth above. 100% of the cost of any individual Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products in the construction of a new building that meets the minimum specifications is eligible for C-PACE financing. Renewable Energy Systems are eligible in new construction projects. However, any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property Owners and their Contractors must submit supporting documentation to the Program Administrator to summarize their proposed project and to demonstrate that the proposed Eligible Improvements meet the minimum efficiency specifications. New construction projects specifically will require additional supporting documentation including building plans, equipment cut sheets, and [code](#) compliance certificates as required by the Program Administrator. The supporting documentation will be reviewed by the Program Administrator to ensure the installation of the product(s) is designed to meet the minimum energy efficiency specifications listed above.

For new construction projects, 100% of the cost of any individual Water Conservation/Efficiency Products and Energy Efficiency Eligible Products Eligible Improvements that meets the minimum specifications for retrofit projects as set forth above is eligible for C-PACE financing. Alternatively, 100% of the cost of Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products in the construction of a new building that meets or exceeds California Title 24 and Title 20 or Energy Star/Watersense on a whole building level, is eligible for C-PACE financing. Renewable Energy

Systems are eligible in a new construction project. However, any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property Owners and their Contractors must submit supporting documentation to the Program Administrator to summarize their proposed project and to demonstrate that the proposed Eligible Improvements or whole building, as applicable, meet the minimum efficiency specifications. Program Administrator will require supporting documentation in the form of cut sheets, a professional energy efficiency audit, project analysis, and/or a renewable energy feasibility study. New construction projects specifically will require additional supporting documentation including building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator. The supporting documentation will be reviewed by the Program Administrator to ensure the installation of the product(s) is designed to meet the minimum energy efficiency specifications listed above. Costs incurred to conduct audits or feasibility studies can be included in the financing.

C. Property Type Exclusions

The following property types are excluded from the eligible properties list; exceptions will be made by the Program Administrator in its sole discretion, subject to applicable California law including the PACE Act:

- Properties owned by governmental entities (e.g. public schools, municipal buildings)
- Residential condominium buildings
- Dry cleaners
- Gas stations
- Waste/Transfer-Related Properties

Special use properties including the property types below may be subject to additional financial requirements:

- Houses of worship
- Golf courses and Country Clubs
- Hospitals
- Heavy Manufacturing
- Sports Complexes
- Parking Garages
- Not-For-Profits
- Civic Properties (Library, Museum, etc.)
- Marinas
- Auto Repair (with environmental review)
- Self-Storage
- Nursing Homes
- Low Income Housing
- Theme Parks
- Farms / Agriculture

D. 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 or by the property owner is self-installing subject to the limitation in the last sentence of this paragraph. A list of contractors 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 business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with renewable energy, energy efficiency and water conservation/efficiency, [fire hardening](#) or seismic strengthening improvements. 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.

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 reservation rebates will 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 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.

E. 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.

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 other costs that are not covered in the expense component and will be borne by the property owners. These costs include:

1. An application fee may be required and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties; provided however, such fee may not exceed the actual cost of processing the 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 Greenworks.
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 set by the Executive Director and can escalate annually in accordance with the terms set forth by the Assessment Contract.
5. Environmental Reports and/or appraisals, as required by the Program.
6. 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.
7. 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.
8. The property owner may be subject to prepayment calculation fee in the event that a payoff estimate is requested for the PACE assessment.

PROGRAM REQUIREMENTS FOR PARTICIPATING IN RENEW FINANCIAL OPEN-MARKET COMMERCIAL PACE FINANCING FOR COMMERCIAL PROPERTIES

If financing is provided by the Renew Financial Open-Market Commercial PACE financing for commercial properties, Renew Financial Group LLC will work with a variety of investors to provide financing on projects, including investors that a property owner or contractor may identify who are eligible based on regulatory rules and legal requirements. The advantage of open-market financing is that property owners may choose which investor they wish to work with based on financing terms or relationship. Each investor may use additional underwriting criteria, but at a minimum 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 Commercial property for which real property taxes are paid or assessments may otherwise be collected on the property tax bill. Certain eligibility criteria must be satisfied, and financing may be approved only if all of the following criteria are met:

- Applicant property owner(s) must be the property owner(s) of record.
- Mortgage debt lender(s) have given lender consent or acknowledgement to Program financing.
- Property owner(s) must be current on property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property tax 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 for a period of six (6) months prior to the application, including no payment defaults or technical defaults (or since purchase if the property has been owned less than six (6) months by the current owner(s)), through funding.
- Property owner(s) or their affiliated companies have not been involved in a bankruptcy proceeding during the past seven (7) years and the property proposed to be subject to the contractual assessment must not currently be an asset in a bankruptcy proceeding.
- All individual property owners must sign the application, assessment contract and all required notices. For properties owned by corporations, LLC's or LLP's, signatures by authorized representatives and/or corporate resolutions are required. For properties owned by trusts, trust documents listing trustees are required.
- Property must not have any liens other than lender debt or liens recorded by community facility districts or similar to financing districts.
- Eligible Product costs are reasonable in relation to property value. Typically, Eligible Products must not exceed 20% of the market value of the property, although there may be significantly greater leverage allowed where the property owner presents suitable creditworthiness.
- Mortgage-related debt on the property plus the principal amount of the contractual assessment does not exceed 90% of the market 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.
- Minimum financing is limited by demand by open-market investors. The current minimum amount of financing is \$200,000. Amounts between \$50,000 - \$199,999 may be eligible for financing based on investor demand. The minimum financing amount may be waived to meet current conditions of the capital markets.

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.

Program financing may, however, be available to such properties if assessments levied on such properties may be placed on the tax roll. 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.

The eligibility requirements for Renew Financial Open-Market Commercial PACE 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 commercial property owners in Western Riverside County the opportunity to take advantage of a wide range of energy-savings, water conservation/efficiency, [fire hardening](#) and seismic strengthening measures, 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. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, and water conservation/efficiency Products to such properties after taking title.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property.
3. The Program provides financing for Eligible Products specified in Appendix A of the report. Broadly, these include:
 - a. Water Conservation/Efficiency Eligible Products
 - b. Energy Efficiency Eligible Products
 - c. [Renewable Energy Systems](#)
 - ~~c~~-d. [Fire Hardening Products](#)
 - ~~d~~-e. Seismic Strengthening Products
 - ~~e~~-f. Approved Custom Eligible Products

Custom measures proposed by the property owner are available so long as they conform to law and Renew Financial can place the project financing with a qualified investor.

4. The property owner must ensure that any and all permits required by the jurisdiction for installation of the Eligible Products are acquired and have final sign off.
5. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency, renewable energy, [fire hardening](#) and seismic strengthening measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install artificial turf, 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.

Property owners who elect to engage in broader projects – such as business remodeling – may only receive Program financing for that portion of the cost related to renewable energy, energy efficiency, water conservation/efficiency, [fire hardening](#) and seismic strengthening improvements.

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.

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.

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 and listed in the closing statement to the property owner prior to execution of the Assessment Contract. In addition, there are six other costs that are not covered in the expense component and will be borne by the property owners. These costs include:

1. An application fee may be required and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties; provided however, such fee may not exceed the actual cost of processing the application. The owner may be reimbursed this cost in the financing. 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 Renew Financial.
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 set by the Executive Director and can escalate annually in accordance with the terms set forth by the Assessment Contract.
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. Onsite validation fees, if required, shall be identified prior to the execution of the assessment contract and the property owner may elect to include them in the financing or pay them outside of the transaction,

6. Environmental Reports and/or appraisals, as required by the Program.
7. 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.
8. The property owner may be subject to prepayment calculation fee in the event that a payoff estimate is requested for the PACE assessment.

E. REFINANCING

The Program may refinance Authorized Improvements for commercial properties in accordance with parameters approved by the Executive Director.

PROGRAM REQUIREMENTS FOR PARTICIPATION IN CLEANFUND COMMERCIAL FINANCING FOR COMMERCIAL PROPERTIES

If financing is provided for the Program by CleanFund for commercial properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTYOWNERS AND ELIGIBLE PROPERTIES

CleanFund Commercial financing is available for commercial property owners and will finance alternative energy systems, energy efficiency, water conservation, [fire hardening](#) and seismic strengthening improvements, using CleanFund Commercial financing.

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of Commercial property for which real property taxes are paid or assessments may otherwise be collected on the property tax bill. New construction of eligible properties are subject to additional underwriting and technical requirements as further described in Sections 4.1 and 4.4 of the CleanFund Commercial Handbook. Certain eligibility criteria must be satisfied, and financing may be approved only if all of the following criteria are met:

- Applicant property owner(s) must be the property owner(s) of record.
- Property owners must be current on all property debt.
- There must be no notices of default, whether in effect or released, recorded against the Property due to non-payment of property taxes or loan payments within the prior three (3) years (or since acquisition, if Property Owner has held title to the property for less than 3 years).
- There must be no foreclosures against, or bankruptcies involving, the Property Owner in the prior seven (7) years.
- Financing term: Up to 39 years, provided that the weighted average life of the financing (weighted by principal amortization) is equal to or less than the weighted average life of the Qualified Improvements.
- Financing rate: Fixed or floating rates of interest, determined by Program Administrator or outside capital provider, on a project-by-project basis.
- Property owner agrees to participate in surveys, and program evaluations, which may include access to utility bill usage information.
- All Property Owners of the fee simple title to the subject Property, or their legally authorized representatives, must sign the Program documents and agree to participate in the Program on the terms set forth.
- Prior to funding any transaction, receipt of acknowledgement (acceptable in form and substance to Program Administrator) by any Mortgage Lender that the contractual assessment does not create an event of default under any security instrument. The Program Administrator and/or the outside capital provider will assist the Property Owner to facilitate this acknowledgement.
- Prepayment of the contractual assessment is allowed. The terms and any prepayment premiums shall be determined on a case-by-case basis.
- Property type must be Commercial Real Property.
- Property value to be established by Program Administrator, and is typically based upon either a recent appraised value or assessed value.
- Property must not have any liens other than lender debt or liens recorded by community facility districts or similar financing districts.
- Proposed Eligible Products must not exceed 20% of the market value of the property.

- Mortgage-related debt on the property plus the principal amount of the contractual assessment does not exceed 100% of the market value of the property.
- No serious environmental conditions may be permitted on the Property, to the extent that they are known, or believed to be likely, to have a materially adverse consequence on the Property Value. The Program Administrator may utilize third party services to help assess environmental risk on a case-by-case basis, and exceptions may be granted on a case-by-case basis.
- 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.
- The financing amount is between \$100,000-\$25,000,000.

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.

Program financing may, however, be available to such properties if assessments levied on such properties may be placed on the tax roll. Property owners may make more than one application for funding under the Program if additional energy, water, [fire hardening](#) or seismic strengthening improvements are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

The eligibility requirements for CleanFund Commercial 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 commercial property owners in Western Riverside County the opportunity to take advantage of a wide range of energy-savings, water conservation/efficiency, [fire hardening](#) and seismic strengthening measures, 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 [fire hardening and](#) seismic strengthening to existing structures. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency, [fire hardening](#) and seismic strengthening Products to such homes or businesses after taking title to 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 Eligible Products
 - b. Energy Efficiency Eligible Products
 - c. [Renewable Energy Systems](#)
 - d. [Fire Hardening](#)
 - e. [Seismic Strengthening Products](#)
 - f. [Approved Custom Eligible Products](#)
 - g. [New Construction Eligible Projects with additional underwriting](#)

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, renewable energy, [fire hardening](#) and seismic strengthening measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install artificial turf, and install a photovoltaic system as part of a single project.

Proposed Products Must Meet Minimum Eligibility Requirements

Eligible Improvements must meet the minimum efficiency specifications of the PACE Act and the Program. For retrofits of existing buildings, minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards or other new standards or other new standards as may be appropriate and as agreed upon by WRCOG. Any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

For new construction projects, Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products Eligible Improvements must meet the minimum specifications for retrofit projects as set forth above. 100% of the cost of any individual Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products in the construction of a new building that meet the minimum specifications is eligible for C-PACE financing. Renewable Energy Systems are eligible in new construction projects. However, any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property Owners and their Contractors must submit supporting documentation to the Program Administrator to summarize their proposed project and to demonstrate that the proposed Eligible Improvements meet the minimum efficiency specifications. New construction projects specifically will require additional supporting documentation including building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator. The supporting documentation will be reviewed by the Program Administrator to ensure the installation of the product(s) is designed to meet the minimum energy efficiency specifications listed above.

For new construction, the property developer must provide:

- Resumes of the development team including experience of on comparable properties
- As complete appraisal including full financial projections for property lease up or revenue
- Summary of capital stack showing sources and uses for property construction
- Financial documentation of developer equity allocated toward property construction

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 or by the property owner is self-installing

subject to the limitation in the last sentence of this paragraph. A list of contractors 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 business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with renewable energy, energy efficiency and water conservation/efficiency, [fire hardening](#) or seismic strengthening improvements. 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.

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 reservation rebates will 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 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 IV.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 other costs that are not covered in the expense component and will be borne by the property owners. These costs include:

1. An application fee may be required and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties; provided however, such fee may not exceed the actual cost of processing the 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 CleanFund.

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 set by the Executive Director and can escalate annually in accordance with the terms set forth by the Assessment Contract.
5. Environmental Reports and/or appraisals, as required by the Program.
6. 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.
7. 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.
8. The property owner may be subject to prepayment calculation fee in the event that a payoff estimate is requested for the PACE assessment.

E. REFINANCING

The Program may refinance Authorized Improvements for commercial properties in accordance with parameters approved by the Executive Director.

PROGRAM REQUIREMENTS FOR PARTICIPATION IN RENOVATE AMERICA HERO COMMERCIAL FINANCING FOR COMMERCIAL PROPERTIES

If financing is provided for the Program by Renovate America for commercial properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTYOWNERS AND ELIGIBLE PROPERTIES

Renovate America Commercial financing is available for commercial property owners and will finance alternative energy systems, energy efficiency, water conservation, [fire hardening](#) and seismic strengthening improvements, using Renovate America Commercial financing.

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of Commercial property for which real property taxes are paid or assessments may otherwise be collected on the property tax bill. New construction of eligible properties are subject to additional underwriting and technical requirements as further described in Sections 4.1 and 4.4 of the Renovate America Commercial Handbook. Certain eligibility criteria must be satisfied, and financing may be approved only if all of the following criteria are met:

- Applicant property owner(s) must be the property owner(s) of record.
- Property owners must be current on all property debt.
- There must be no notices of default, whether in effect or released, recorded against the Property due to non-payment of property taxes or loan payments within the prior three (3) years (or since acquisition, if Property Owner has held title to the property for less than 3 years).
- There must be no foreclosures against, or bankruptcies involving, the Property Owner in the prior seven (7) years.
- Financing term: Up to 39 years, provided that the weighted average life of the financing (weighted by principal amortization) is equal to or less than the weighted average life of the Qualified Improvements.
- Financing rate: Fixed or floating rates of interest, determined by Program Administrator or outside capital provider, on a project-by-project basis.
- Property owner agrees to participate in surveys, and program evaluations, which may include access to utility bill usage information.
- All Property Owners of the fee simple title to the subject Property, or their legally authorized representatives, must sign the Program documents and agree to participate in the Program on the terms set forth.
- Prior to funding any transaction, receipt of acknowledgement (acceptable in form and substance to Program Administrator) by any Mortgage Lender that the contractual assessment does not create an event of default under any security instrument. The Program Administrator and/or the outside capital provider will assist the Property Owner to facilitate this acknowledgement.
- Prepayment of the contractual assessment is allowed. The terms and any prepayment premiums shall be determined on a case-by-case basis.
- Property type must be Commercial Real Property.
- Property value to be established by Program Administrator, and is typically based upon either a recent appraised value or assessed value.
- Property must not have any liens other than lender debt or liens recorded by community facility districts or similar financing districts.
- Proposed Eligible Products must not exceed 20% of the market value of the property.

- Mortgage-related debt on the property plus the principal amount of the contractual assessment does not exceed 100% of the market value of the property.
- No serious environmental conditions may be permitted on the Property, to the extent that they are known, or believed to be likely, to have a materially adverse consequence on the Property Value. The Program Administrator may utilize third party services to help assess environmental risk on a case-by-case basis, and exceptions may be granted on a case-by-case basis.
- 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.
- The financing amount is between \$50,000-\$25,000,000.

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.

Program financing may, however, be available to such properties if assessments levied on such properties may be placed on the tax roll. Property owners may make more than one application for funding under the Program if additional energy, water, [fire hardening](#) or seismic strengthening improvements are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

The eligibility requirements for Renovate America Commercial 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 commercial property owners in Western Riverside County the opportunity to take advantage of a wide range of energy-savings, water conservation/efficiency, [fire hardening](#) and seismic strengthening measures, 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 [fire hardening and](#) seismic strengthening to existing structures. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency, [fire hardening](#) and seismic strengthening Products to such homes or businesses after taking title to 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 Eligible Products
 - b. Energy Efficiency Eligible Products
 - c. [Renewable Energy Systems](#)
 - d. [Fire Hardening](#)
 - e. [Seismic Strengthening Products](#)
 - f. [Approved Custom Eligible Products](#)
 - g. [New Construction Eligible Projects with additional underwriting](#)

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, renewable energy, [fire hardening](#) and seismic strengthening measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install artificial turf, and install a photovoltaic system as part of a single project.

Proposed Products Must Meet Minimum Eligibility Requirements

Eligible Improvements must meet the minimum efficiency specifications of the PACE Act and the Program. For retrofits of existing buildings, minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards or other new standards or other new standards as may be appropriate and as agreed upon by WRCOG. Any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

For new construction projects, Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products Eligible Improvements must meet the minimum specifications for retrofit projects as set forth above. 100% of the cost of any individual Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products in the construction of a new building that meet the minimum specifications is eligible for C-PACE financing. Renewable Energy Systems are eligible in new construction projects. However, any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property Owners and their Contractors must submit supporting documentation to the Program Administrator to summarize their proposed project and to demonstrate that the proposed Eligible Improvements meet the minimum efficiency specifications. New construction projects specifically will require additional supporting documentation including building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator. The supporting documentation will be reviewed by the Program Administrator to ensure the installation of the product(s) is designed to meet the minimum energy efficiency specifications listed above.

For new construction, the property developer must provide:

- Resumes of the development team including experience of on comparable properties
- As complete appraisal including full financial projections for property lease up or revenue
- Summary of capital stack showing sources and uses for property construction
- Financial documentation of developer equity allocated toward property construction

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 or by the property owner is self-installing

subject to the limitation in the last sentence of this paragraph. A list of contractors 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 business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with renewable energy, energy efficiency and water conservation/efficiency, [fire hardening](#) or seismic strengthening improvements. 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.

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 reservation rebates will 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 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 IV.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 other costs that are not covered in the expense component and will be borne by the property owners. These costs include:

1. An application fee may be required and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties; provided however, such fee may not exceed the actual cost of processing the 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 Renovate America.

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 set by the Executive Director and can escalate annually in accordance with the terms set forth by the Assessment Contract.
5. Environmental Reports and/or appraisals, as required by the Program.
6. 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.
7. 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.
8. The property owner may be subject to prepayment calculation fee in the event that a payoff estimate is requested for the PACE assessment.

E. REFINANCING

The Program may refinance Authorized Improvements for commercial properties in accordance with parameters approved by the Executive Director.

PROGRAM REQUIREMENTS FOR PARTICIPATION IN TWAIN FINANCIAL PARTNERS COMMERCIAL FINANCING FOR COMMERCIAL PROPERTIES

If financing is provided for the Program by Twain Financial Partners Lending, LLC for commercial properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Twain Financial Partners Commercial financing is available for commercial property owners and will finance alternative energy systems, energy efficiency, water conservation, [fire hardening](#) and seismic strengthening improvements, using Twain Financial Partners Commercial financing.

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of Commercial property for which real property taxes are paid or assessments may otherwise be collected on the property tax bill. New construction of eligible properties are subject to additional underwriting and technical requirements. Certain eligibility criteria must be satisfied, and financing may be approved only if all of the following criteria are met:

- Applicant property owner(s) must be the property owner(s) of record.
- Mortgage debt lender(s) have given consent to Program financing, exempting projects that are 4-units.
- Must be within Active Jurisdictions.
- The property must be Commercial Real Property.
- There must be no notices of default, whether in effect or released, recorded against the Property due to non-payment of property taxes or loan payments within the prior three (3) years (or since acquisition, if Property Owner has held title to the property for less than 3 years).
- Financing term is up to 25 years, provided that the weighted average life of the financing (weighted by principal amortization) is equal to or less than the weighted average life of the Qualified Improvements.
- Closing costs and fees are typical Program costs and fees, legal costs, Bond issuance costs, plus servicing fees for any third party retained to assist the Program Administrator fulfil its obligations.
- Property Owner agrees to participate in surveys and Program evaluations, which may include access to utility bill usage information.
- Property Owner must submit documentation citing the estimated energy or water savings by a third-party professional prior to the close of financing.
- All Property Owners of the fee simple title to the subject Property, or their legally authorized representatives, must sign the Program documents and agree to participate in the Program
- The financing rate is a Fixed rate of interest, determined by Program Administrator or outside capital provider, on a project-by-project basis.
- Mortgage Lender Acknowledgement: Prior to funding any transaction, receipt of acknowledgement (acceptable in form and substance to Program Administrator) by any Mortgage Lender that the contractual assessment does not create an event of default under any security instrument. The Program Administrator and/or the outside capital provider will assist the Property Owner to facilitate this acknowledgement.
- Prepayment of the contractual assessment is allowed. The terms and any prepayment premiums shall be determined on a case-by-case basis.
- No serious environmental conditions may be permitted on the Property, to the extent that they are known, or believed to be likely, to have a materially adverse consequence on the Property

Value. The Program Administrator may utilize third party services to help assess environmental risk on a case-by-case basis, and exceptions may be granted on a case-by-case basis.

- Property owner(s) or their affiliated companies have not been involved in a bankruptcy proceeding during the past seven (7) years and the property proposed to be subject to the contractual assessment must not currently be an asset in a bankruptcy proceeding.
- The Property Value to be established by Program Administrator and is typically based upon either a recent appraised value or assessed value.
- Eligible Product costs are reasonable in relation to property value. Proposed Eligible Products must not exceed 25% of the market value of the property.
- Combined Loan-to-Value not to exceed 100% of Property Value.
- The sum of all items appearing on the Property's annual property tax bill, inclusive of the annual contractual assessment, not to exceed 5.0% of Property Value as of the date of the execution of the Assessment Contract.
- The minimum financing of the eligible improvements is set at \$300,000. The minimum amount may be waived to meet current conditions of the capital markets.

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. Program financing may, however, be available to such properties if assessments levied on such properties may be placed on the tax roll. Property owners may make more than one application for funding under the Program if additional energy, water, [fire hardening](#) or seismic strengthening improvements are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

The eligibility requirements for Twain Financial Partners Commercial 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.

Direct and indirect costs for material, labor and soft costs related to project design, evaluation, demolition, installation and construction necessary to implement Improvements as part of ground-up construction, existing-structure retrofits and renovations. Eligible categories of components involved in building Improvements include heating, ventilation, air conditioning, electrical, plumbing, envelope, seismic strengthening, [fire hardening](#) and other items as approved under the Program. Qualified Improvements must be permanently affixed to the Property, to the extent required by Chapter 29.

B. ELIGIBLE PRODUCTS

The Program affords commercial property owners in Western Riverside County the opportunity to take advantage of a wide range of energy-savings, water conservation/efficiency, [fire hardening](#) and seismic strengthening measures, 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 [fire hardening and](#) seismic strengthening to existing structures. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency, [fire hardening](#) and seismic strengthening Products to such homes or businesses after taking title to the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property. This includes the financing of eligible products on new construction.

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

- a. Water Conservation/Efficiency Eligible Products
- b. Energy Efficiency Eligible Products
- c. Renewable Energy Systems
- ~~e.~~ d. Fire Hardening
- ~~d.~~ e. Seismic Strengthening Products
- ~~e.~~ f. Approved Custom Eligible 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, renewable energy, fire hardening and seismic strengthening measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install artificial turf, and install a photovoltaic system as part of a single project.

Proposed Products Must Meet Minimum Eligibility Requirements

Eligible Improvements must meet the minimum efficiency specifications of the PACE Act and the Program. For retrofits of existing buildings, minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards or other new standards or other new standards as may be appropriate and as agreed upon by WRCOG. Any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

For new construction projects, Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products Eligible Improvements must meet the minimum specifications for retrofit projects as set forth above. 100% of the cost of any individual Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products in the construction of a new building that must the minimum specifications is eligible for C-PACE financing. Renewable Energy Systems are eligible in new construction projects. However, any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property Owners and their Contractors must submit supporting documentation to the Program Administrator to summarize their proposed project and to demonstrate that the proposed Eligible Improvements meet the minimum efficiency specifications. New construction projects specifically will require additional supporting documentation including building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator. The supporting documentation will be reviewed by the Program Administrator to ensure the installation of the product(s) is designed to meet the minimum energy efficiency specifications listed above.

For new construction, the property developer must provide:

- Resumes of the development team including experience of on comparable properties
- As complete appraisal including full financial projections for property lease up or revenue
- Summary of capital stack showing sources and uses for property construction
- Financial documentation of developer equity allocated toward property construction

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 or by the property owner is self-installing subject to the limitation in the last sentence of this paragraph. A list of contractors 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 business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with renewable energy, energy efficiency and water conservation/efficiency, [fire hardening](#) or seismic strengthening improvements. 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.

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 reservation rebates will 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 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.

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 other costs that are not covered in the expense component and will be borne by the property owners. These costs include:

1. An application fee may be required and will not exceed the greater of \$250 or one percent (1%) of the financing amount per application for commercial properties; provided however, such fee may not exceed the actual cost of processing the 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 Twain Financial Partners.

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 set by the Executive Director and can escalate annually in accordance with the terms set forth by the Assessment Contract.
5. Environmental Reports and/or appraisals, as required by the Program.
6. 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.
7. 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.
8. The property owner may be subject to prepayment calculation fee in the event that a payoff estimate is requested for the PACE assessment.

E. REFINANCING

The Program may refinance Authorized Improvements for commercial properties in accordance with parameters approved by the Executive Director.

APPEAL PROCESS

The Program allows for property owners to go through an appeal process if their application is denied or if the property owner or property is deemed ineligible to participate in the Program. The following describes the process:

1. The parties who are participating in the Program shall attempt in good faith to promptly resolve any dispute arising out of or relating to any Assessment Contract under the Program by negotiations between the Program Administrator or his or her designated representative and the Property Owner.
2. Either party may give the other party or parties written notice (sent by certified mail) of any dispute. Within thirty (30) calendar days after delivery of the notice, the WRCOG Executive Director and the Property Owner shall meet at a mutually acceptable time and place and shall attempt to resolve the dispute.
3. If the matter has not been resolved within thirty (30) calendar days of the first meeting, any party may pursue other remedies, including mediation. All negotiations and any mediation conducted pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations, to which Section 1152.5 of the California Evidence Code shall apply, and Section 1152.5 is incorporated herein by reference.
4. Notwithstanding the foregoing provisions, a party may seek a preliminary injunction or other provisional judicial remedy if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo. Each party is required to continue to perform its obligations under the Assessment Contract pending final resolution of any dispute arising out of or relating to the Assessment Contract.

Property Owners who have not signed a formal assessment contract but who wish to dispute decision(s) made by WRCOG shall use a similar process.

1. Written notice may be sent by certified mail to WRCOG at 3390 University Avenue, Suite 450 Riverside, CA 92501. The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), the section in the Handbook that the issue(s) pertain(s) to, and a timeline of events.
2. Within thirty (30) calendar days after delivery of the notice, the Program Administrator shall meet at the headquarters of WRCOG office in Riverside with the Property Owner and shall attempt to resolve the dispute.

The decision of the Program Administrator shall render a written decision in 30 calendar days and send that decision to the Property Owner. The decision of the Program Administrator is final.

TRACKS FOR PARTICIPATION

There are different categories of improvements under which property owners may participate in this Program. Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, among other equivalent rating agencies. Efficiency standards will “ratchet-up” with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by WRCOG Executive Committee. A complete list of Eligible Products can be found in Appendix A.

A. WATERCONSERVATION/EFFICIENCY

Water Conservation/Efficiency covers a wide range of water conserving fixtures, including but not limited to, water heat recovery, water delivery systems and irrigation controllers.

B. ENERGYEFFICIENCY

Energy Efficiency covers a wide range of energy efficiency fixtures including, but not limited to, windows and doors, attic insulation, and HVAC equipment that are rated by EnergyStar or an equivalent rating agency. Most Eligible Products in this category must meet specified minimum efficiencies.

C. RENEWABLEENERGY

Solar Systems cover solar energy generation, solar hot water systems, and solar pool heating systems. Small wind turbines, fuel cell system, and advanced energy storage may also be eligible under this category.

D. SEISMICSTRENGTHENING

Seismic Strengthening Improvements cover include, but are not limited to, seismic strengthening of cripple walls and sill plate anchorage of light, wood-framed buildings.

E. FIRE HARDENING

Fire Hardening Improvements or wildfire safety improvements means permanent wildfire resilience and safety improvements fixed to existing residential, commercial, industrial, agricultural, or other real property, as per California Street and Highways Code 5899.4.

~~E.F.~~ CUSTOMPRODUCTS

The development of technologies is encouraged by the Program as a means of diversifying the sub region's energy and water sources. Custom Products will be evaluated and provided funding, if appropriate, for either innovative projects or for more complex, larger projects that require additional review.

~~F.G.~~ NEW CONSTRUCTION PROJECTS

New Construction Properties require a more thorough vetting before the approval of PACE financing through the WRCOG PACE Program.

H. REFINANCING

Commercial properties have the option to pursue a refinancing or "look-back" of 36 months.

For new construction projects, Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products Eligible Improvements must exceed the minimum specifications for retrofit projects as set forth above. 100% of the cost of any individual Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products in the construction of a new building that exceeds the minimum specifications is eligible for C-PACE financing. Renewable Energy Systems are eligible in new construction projects. However, any Solar PV system must be eligible for CSI or an equivalent utility

rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property Owners and their Contractors must submit supporting documentation to the Program Administrator to summarize their proposed project and to demonstrate that the proposed Eligible Improvements meet the minimum efficiency specifications. New construction projects specifically will require additional supporting documentation including building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator. The supporting documentation will be reviewed by the Program Administrator to ensure the installation of the product(s) is designed to meet the minimum energy efficiency specifications listed above.

For new construction, the property developer must provide:

- Resumes of the development team including experience of on comparable properties
- As complete appraisal including full financial projections for property lease up or revenue
- Summary of capital stack showing sources and uses for property construction
- Financial documentation of developer equity allocated toward property construction

Applicants wishing to install a Custom Product must provide a written explanation describing the improvement as well as how the improvement increases energy efficiency, increases water conservation/efficiency and/or produces renewable energy, fire hardening or improves seismic safety. The Program will then determine what documentation is required to submit an application for the proposed Custom Products. Custom Products will be eligible if approved by the WRCOG Executive Committee. The Applicant will be expected to bear the cost of such consultation. Cost reimbursement and estimates will be discussed with the Applicant before the project is reviewed.

PROGRAM PARAMETERS

MINIMUM ENERGY FINANCING AMOUNT AND DURATION OF ASSESSMENT

For HERO (Residential) Assessment Contracts are available for up to 25-year terms to accommodate a wide range of efficiency measures and renewable energy investments for residential property owners. The minimum amount for an Assessment Contract is \$5,000. All residential and commercial assessment contracts are subject to a 5-, 10-, 15-, 20-year, or 25- assessment repayment period, as requested by the property owner and agreed to by the Program Administrator and/or his designee. Assessment repayment periods cannot exceed the estimated reasonable useful life of the installed improvement(s). Solar PV systems may have a 20- or 30-year assessment repayment period. The WRCOG Executive Committee reserves the right to approve a 30-year assessment repayment period for other residential and commercial property Eligible Products if deemed appropriate or amend the minimum energy financing amount and duration of assessment.

For Renew Financial PACE Programs (Residential and Commercial) - Assessment Contracts are available for up to 30-year terms to accommodate a wide range of efficiency measures and renewable energy investments, fire hardening and seismic strengthening for residential and commercial. The minimum amount for the Residential Assessment Contract is \$5,000. All residential and commercial assessment contracts are subject to a 5-, 10-, 15-, 20-, 25-, or 30-year* assessment repayment period, as requested by the property owner and agreed to by the Program Administrator and/or his designee. Assessment repayment periods cannot exceed the estimated reasonable useful life of the installed improvement(s). Solar PV systems may have a 20-, 25-, or 30-year* assessment repayment period. The WRCOG Executive Committee reserves the right to approve a 25- year assessment repayment period for other residential and

commercial property Eligible Products if deemed appropriate or amend the minimum energy financing amount and duration of assessment.

*30-year terms are available solely for projects including solar generation systems that monitor performance within the Renew Financial PACE Financing Plan for Residential Properties. Renew Financial Open-Market Commercial PACE financing for Commercial Properties facilitates 30-year terms for solar generation systems plus other technologies with expected useful lives of 30+ years.

For PACE Funding Residential Financing - Assessment Contracts are available for up to 25-year terms to accommodate a wide range of energy and water efficiency measures and renewable energy investments, [fire hardening](#) and seismic strengthening for residential properties. The minimum amount for an Assessment Contract is \$5,000. All residential assessment contracts are subject to a 5-, 10-, 15-, 20-year, or 25- assessment repayment period, as requested by the property owner and agreed to by the Program Administrator and/or his designee. Assessment repayment periods cannot exceed the estimated reasonable useful life of the installed improvement(s). Solar PV systems may have a 20- or 25-year assessment repayment period. The WRCOG Executive Committee reserves the right to approve a 25-year assessment repayment period for other residential property Eligible Products if deemed appropriate or amend the minimum energy financing amount and duration of assessment.

For Commercial Projects - Assessment Contracts are available for up to 30-year terms to accommodate a wide range of efficiency measures and renewable energy investments, [fire hardening](#) and seismic strengthening for commercial. The minimum amount for an Assessment Contract is \$5,000. All residential commercial assessment contracts are subject to a 5-, 10-, 15-, 20-year, -25, or -30*year assessment repayment period, as requested by the property owner and agreed to by the Program Administrator and/or his designee. Assessment repayment periods cannot exceed the estimated reasonable useful life of the installed improvement(s). Solar PV systems may have a 20-, 25-, or 30*- year assessment repayment period. The WRCOG Executive Committee reserves the right to approve a 30-year assessment repayment period for other residential and commercial property Eligible Products if deemed appropriate or amend the minimum energy financing amount and duration of assessment.

PRIORITY IN APPLICATION PROCESSING

In the case where upfront funding is available, complete and eligible applications will be processed on first-come, first-served basis until funds are no longer available. Once funds are no longer available, additional applications may be placed on a waitlist.

MAXIMUM PORTFOLIO

The maximum aggregate dollar amount of contractual assessments available under the WRCOG HERO Residential Program is \$3 billion. If this amount is exceeded, WRCOG may, in its sole discretion, pass a resolution to increase the maximum aggregate dollar amount of contractual assessments.

The maximum aggregate dollar amount of contractual assessments available under the WRCOG HERO Commercial Program is \$250 million. If this amount is exceeded, WRCOG may, in its sole discretion, pass a resolution to increase the maximum aggregate dollar amount of contractual assessments.

The maximum aggregate dollar amount of contractual assessments available under the WRCOG CaliforniaFIRST Residential Program is \$150 million. If this amount is exceeded, WRCOG may, in its sole discretion, pass a resolution to increase the maximum aggregate dollar amount of contractual assessments.

The maximum aggregate dollar amount of contractual assessments available under the WRCOG PACE Funding Group Residential Program is \$100 million. If this amount is exceeded, WRCOG may, in its sole discretion, pass a resolution to increase the maximum aggregate dollar amount of contractual assessments.

The maximum aggregate dollar amount of contractual assessments available under the WRCOG Ygrene Residential Program is \$50 million. If this amount is exceeded, WRCOG may, in its sole discretion, pass a resolution to increase the maximum aggregate dollar amount of contractual assessments

The maximum aggregate dollar amount of contractual assessments available under the WRCOG Greenworks Commercial Program is \$200 million. If this amount is exceeded, WRCOG may, in its sole discretion, pass a resolution to increase the maximum aggregate dollar amount of contractual assessments.

The maximum aggregate dollar amount of contractual assessments available under the WRCOG CleanFund Commercial Program is \$200 million. If this amount is exceeded, WRCOG may, in its sole discretion, pass a resolution to increase the maximum aggregate dollar amount of contractual assessments.

The maximum aggregate dollar amount of contractual assessments available under the WRCOG Twain Financial Partners Commercial Program is \$150 million. If this amount is exceeded, WRCOG may, in its sole discretion, pass a resolution to increase the maximum aggregate dollar amount of contractual

ASSESSMENT INTEREST RATE

Any changes to interest rates proposed by any Program Administrator shall be subject to the approval of the Executive Director and/or Executive Committee of WRCOG.

HERO Financing Plan for Residential: The Program Administrator will set the interest rate for a contract assessment financed through the HERO Financing Plan at the time that the application is approved and when the assessment contract is signed. The current rate will always be available on the Program website and any variations from that estimated rate will be based solely on market fluctuations. The Program Administrator will review the interest rates on an annual basis.

HERO Commercial Financing for Commercial: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. Renovate America, Inc., will provide ongoing pricing feedback from the capital markets to aid in adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

Renew Financial PACE Financing for Residential Properties: The Program Administrator will set the interest rate for a contract assessment financed through the standard financing plan at the time the application is approved, and the assessment contract is signed. The Program Administrator will review the interest rates on an annual basis.

Renew Financial Open-Market Commercial PACE Financing for Commercial Properties: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. Renew Financial will provide ongoing pricing feedback from the capital markets to aid in adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

Ygrene Funding Group PACE Financing for Residential Properties: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. Ygrene will provide ongoing pricing feedback from the capital markets to aid in adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

Ygrene Funding Group Commercial PACE Financing for Commercial Properties: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. Ygrene will provide ongoing pricing feedback from the capital markets to aid in

adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

PACE Funding PACE Financing for Residential Properties. The Program Administrator will set the interest rate for an assessment contract financed through the standard financing plan at the time the application is approved, and the assessment contract is signed. The Program Administrator will review the interest rates on an annual basis.

Greenworks Commercial Financing for Commercial: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. Greenworks will provide ongoing pricing feedback from the capital markets to aid in adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

Twain Financial Partners for Commercial: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. Twain will provide ongoing pricing feedback from the capital markets to aid in adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

CleanFund Commercial PACE Capital Financing for Commercial: The Program Administrator will set the interest rate for contract assessment financed at the time that the Eligible Products are funded. CleanFund will provide ongoing pricing feedback from the capital markets to aid in adjusting product pricing. The Program Administrator will review the interest rates on an annual basis.

Standard Financing Plan: The Program Administrator will set the interest rate for a contract assessment at the time the application is approved, and the assessment contract is signed. The Program Administrator will review the interest rates on an annual basis.

PROPERTY ASSESSMENT LIEN

As part of the approval of the financing amount for each property owner who applies to the Program, the Program will, as part of its application review, calculate the total annual property taxes and assessments on the property, including the maximum assessment amount available through the Program, to ensure that such total will not exceed five percent (5%) of the market value of the property as required by California law.

All property owners must sign, notarize or provide such verification as may be required by WRCOG, and return the Assessment Contract to WRCOG within the time period specified in the approval notice. Upon execution of the Assessment Contract, the Program will place a lien for the full amount of the assessment on the property that secures the assessment. If the lien is recorded before the first business day in July, the assessment will appear on the next tax bill. For liens recorded made after the first business day of July, the assessment will not appear on the tax bill until the following tax year, but interest will accrue on the outstanding balance. A direct bill and/or additional tax bill or other method of payment (including capitalized interest) may be required, as determined by the Program, during the first tax year.

DELINQUENT ASSESSMENT COLLECTIONS

In general, it is expected that assessment installments will be collected on the *ad valorem* tax bills sent to property owners by the County Treasurer-Tax Collector, and therefore delinquency information will generally be available from the Treasurer-Tax Collector's office. In order to attract financing, WRCOG will covenant to commence and pursue judicial foreclosure proceedings with respect to parcels that are delinquent in the payment of assessment installments. The precise terms of such a covenant will be determined at the time of bond issuance. If the assessments levied in connection with the Program are covered by the County's Teeter Plan, the County will have an important role in determining the language

of the foreclosure covenant.

SUBORDINATIONS

All residential Providers operating may offer the ability to subordinate the assessment upon request from a property owner for a sale and/or refinancing of a property, although, this is not a general practice.

DISCLOSURES

All residential Providers operating will offer disclosures to the property owners that are similar in nature to that are consistent with State law.

PREPAYMENT PENALTIES

All residential Providers will not charge prepayment penalties to property owners for early pay-off. However, the accrued interest until the next payment date to bond holders must be paid by the property owner at time of prepayment. All property owners may be subject to pay a prepayment calculation fee in the event an estimate payoff is requested.

Item 5.A

PACE Programs Activities Update:
Increased Consumer Protections
Resulting from the Renovate America
Stipulated Judgment

Attachment 2

Redlined CA HERO Program Report

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PROGRAM INTRODUCTION

This California HERO Program Report (this "Program Report") provides an overview of a property assessed clean energy ("PACE") municipal financing program called the California HERO Program (the "California HERO Program", "HERO," "Twain Financial Partners", "Greenworks", or "Program") for cities and counties that elect to participate in the California HERO Program.

A Residential Program Handbook and a Commercial Program Handbooks (collectively "Handbooks") are incorporated herein by reference into this Program Report and supplement and provide further details on the Program.

OVERVIEW STATEMENT FOR PROGRAM REPORT

It is the intent of the Program Report to comply with all applicable laws and regulations of the State of California (the "State") and federal government. To the extent this Program Report contains language which is contrary to existing State or federal laws and regulations, the Program shall conform to any such laws and regulations.

PURPOSE OF THE CALIFORNIA HERO PROGRAM

The Western Riverside Council of Governments ("WRCOG" or "Agent") is making the California HERO Program available to every city and county in California to encourage installation of distributed generation renewable energy sources, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure for residential and commercial property owners. The Agent has partnered with Renovate America for residential and Twain Financial Partners and Greenworks LLC for commercial to make HERO available throughout the State.

The California HERO Program is an economic development program available at no cost to participating cities and counties. HERO finances improvements which decrease energy, create clean renewable energy, or decrease water consumption, [make properties wildfire resilient with fire hardening eligible products per the California Street and Highways Code section 5899.4](#), and increase seismic strengthening. In addition to these direct benefits, HERO helps create local jobs, save money, increase property values and lower greenhouse gas emissions.

HERO first launched its residential program in western Riverside County in December 2011 and has received several awards across the state. The commercial Program launched in December 2012.

Like most assessments, the amounts are billed and collected on the County property tax bill. If the property is sold, the obligation to make the remaining payments on the assessment may remain on the property or may be required to be paid off when the primary mortgage is refinanced or when the property is sold. Additionally, if a property owner fails to pay the annual contractual assessment installments, the Agent is obligated to strip the delinquent installments off the property tax bill and commence judicial proceedings to foreclose the lien of the delinquent installments. This is an expedited procedure that can result in the public sale of the property in less than a year. This process is disclosed to the property owner in the applicable Assessment Contract.

PURPOSE OF THE PROGRAM REPORT

This Program Report is prepared pursuant to Sections 5898.22 and 5898.23 of the California

Streets and Highways Code in connection with the establishment of the California HERO Program. This Program Report is supplemented by separate handbooks prepared for the residential and the commercial programs (each, a “Handbook”) which are incorporated in this Program Report by reference. This is the document, together with the Handbooks, that establish the parameters of the Program and the requirements for property owner participation in the California HERO Program and fulfills the requirements of Sections 5898.22 and 5898.23. The California HERO Program is offered to property owners in participating Cities and Counties.

Cities and the County can make HERO, Twain Financial Partners, and Greenworks available to their constituents by adopting a resolution and entering into an amendment to the WRCOG joint exercise of powers agreement (the “JPA Amendment”) pursuant to which such City or County becomes an Associate Member of WRGOG authorizing the Agent to offer the California HERO Program within the respective boundaries of such Cities and Counties. The Associate Members within which the California HERO Program may be implemented are set forth in Exhibit “B” hereto which delineates the boundaries of the territory within which voluntary contractual assessments may be offered pursuant to the California HERO Program.

[WRCOG has established a Consumer Protections Policy that is available at www.wrcog.us. All Providers that participate in the Program shall adhere to all protections outlined in the Consumer Protections Policy.](http://www.wrcog.us)

RESIDENTIAL AND COMMERCIAL PROGRAM REQUIREMENTS

This section identifies the California HERO Program requirements relating to improvements made on residential and commercial properties.

Item 5.A

PACE Programs Activities Update:
Increased Consumer Protections
Resulting from the Renovate America
Stipulated Judgment

Attachment 3

Redlined Consumer Protections
Policy

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3. DISCLOSURES & DOCUMENTATION

Policy Summary: Documentation for Providers should comply with these Policies and must be clear, easy to understand, and complete. At a minimum, the Provider shall provide written disclosures in a form substantially similar to those set forth in AB 2693 and must engage in a live and recorded confirmation of terms call with a property owner applicant as set forth in SB 242.

- 3.1. Document Timing. With respect to any Program-financed project, a property owner needs to: (i) submit an application; (ii) receive approval of the Measures from the Provider(s); and (iii) execute documentation covering the terms described in this Section and in the Disclosures summarized in this Section. Following installation of the Measures, a property owner needs to: (i) execute an acknowledgement that the installation of the Measures has been completed satisfactorily; and (ii) receive a final summary of costs and payments. Delivery to, and execution of all such documentation by, the property owner is the responsibility of the Provider(s). In accordance with the Electronic Signatures in Global and National Commerce (ESIGN) Act, no assessment contract may be denied legal effect, validity, or enforceability solely because an electronic signature or electronic record was used in its formation.
- 3.2. Measure Review. WRCOG will review all Measures prior to signing the Assessment Contract and allowing the issuance of the Notice to Proceed.
- 3.3. Terms. The following terms are fundamental to the Program and need to be reflected in its documents: (i) the principal assessment amount, including any fees and capitalized interest that have been financed, (ii) the repayment process and schedule, (iii) the payment amounts, (iv) a term that does not exceed the useful life of the measures, (v) the rate of interest charged, (vi) a payment schedule that fully amortizes the amount financed, (vii) the nature of the lien created upon recordation, (ix) the specific measures to be installed, (x) the 3-day right to cancel the financing, or 5-day right to cancel for property owners that are 65 or older, (xi) the right to withhold approval of payment until the project is complete, and (xii) any other relevant state specific rights, notices, or requirements (e.g., Section 5899.2 rights for solar lease measures). It is the responsibility of the Provider(s) to prepare, deliver and arrange for execution of documents reflecting such terms.
 - 3.3.1. Right to Cancel. The property owner is given the right to cancel the contractual assessment on or before midnight of the third business day after all property owners sign the financing documents, in accordance with SB 242 and AB 2693.
 - a. If a property owner cancels the contractual assessment before midnight of the third business day in accordance with the process set forth in SB 242 and AB 2693, it is the responsibility of the Provider(s) to notify WRCOG that the financing has been cancelled.
- 3.4. Disclosures Policies. Disclosures heighten a property owner's awareness of key program financing terms and risks that appear in the Program terms and documentation. The Provider(s) will deliver to a property owner all of the disclosures, and obtain acknowledgement that property owners have read and understand them, prior to issuing the Notice to Proceed. The key disclosures of the Program must be provided by Provider(s) in a financing summary in a form consistent with AB 2693 and any subsequent statutory or regulatory requirements. A representative sample of this financing summary is attached hereto as Exhibit A.

- 3.5. Confirmation of Terms. For all Program financing applications the Provider(s) will make an oral confirmation, in plain language, live by telephone (and recorded) with at least one property owner or to a verified authorized representative of the property owner on the call and shall obtain acknowledgement from the property owner on the call to whom the confirmation was given. For avoidance of doubt, a voicemail message does not satisfy the requirement.
- 3.5.1. The Provider(s) will make an oral confirmation that at least one property owner has a copy of the contract assessment documents (financing estimate, disclosures, and right to cancel) and has received a copy of the Home Improvement Contract (HIC).
- 3.5.2. The Provider(s) will ask if the property owner on the call would prefer to communicate during the oral confirmation primarily in a language other than English.
- a. The Provider(s), when confirming terms of a Program financing with a property owner will confirm with the property owner the improvement(s) being financed and will confirm the following key terms of the financing: The total estimated annual costs the property owner will have to pay under the assessment contract, including applicable fees (such as recording fees).
 - b. The total estimated average monthly amount of funds the property owner would have to save in order to pay the annual costs under the PACE assessment, including applicable fees.
 - c. The date his or her first tax payment will be due. That the county annual secured property tax bill, which will include the installment of the PACE lien, will be mailed by the county tax collector no later than November 1 each year, and that if the lien is recorded after the fiscal year closes but before the bill is mailed, the first installment may not appear on the county tax bill until the following year.
 - d. The term of the Program financing.
 - e. That the property owner has a three-business day right to cancel, five-business days for property owners 65 and older, the assessment contract, and that canceling the assessment contract may also cancel the Home Improvement Contract (HIC).
 - f. That the Property will be subject to a lien during the term of the assessment contract.
 - g. That payments for the Program financing will be made through an additional annual assessment on the Property and paid either directly to the county tax collector's office as part of the total annual secured property tax bill, or through the property owner's mortgage impound account. The payments for program financing will cause the property owner's tax bill to increase.
 - h. That the property owner has disclosed whether the Property has received or is seeking additional PACE assessments and has disclosed all other PACE assessments or special taxes that are or about to be placed on the Property, if known to and understood by the property owner.
 - i. That the Property will be subject to a lien during the term of the assessment contract and that the obligations under the assessment contract may be required to be paid in full before the property owner sells or refinances the Property.
 - j. That any potential utility savings are not guaranteed, and will not reduce the assessment payments or total assessment amount.
 - k. That the Provider and home improvement contractor (Contractor) do not provide tax advice, and that the property owner should seek professional tax advice if he or

impound account you should notify your mortgage lender, so that your monthly mortgage payment can be adjusted by your mortgage lender to cover your increased property tax bill.

____ [Borrower initials]

Tax Benefits: Consult your tax adviser regarding tax credits, credits and deductions, tax deductibility, and other tax benefits available. Making an appropriate application for the benefit is your responsibility.

____ [Borrower initials]

Statutory Penalties: If your property tax payment is late, the amount due will be subject to a 10% penalty, late fees, and 1.5% per month interest penalty as established by state law, and your property may be subject to foreclosure.

____ [Borrower initials]

Three Day Right to Cancel or Five Day Right to Cancel for Property Owners 65 and Older

You, the property owner, may cancel the contract at any time on or before midnight on the third business day after the date of the transaction to enter into the agreement without any penalty or obligation. To cancel this transaction, you may mail or deliver a signed and dated copy of the contract with notice of cancellation to:

____ [name of business] at
____ [address]

You may also cancel the contract by sending notification of cancellation by email to the following email address: _____ [email address of business].

____ [Borrower initials]

Confirmation of Receipt

This confirms the receipt of the information in this form. You do not have to accept this financing just because you acknowledge that you have received or signed this form, and it is NOT a contract.

[Property Owner Signature - Date]

[Property Owner Signature - Date]

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Item 5.A

PACE Programs Activities Update:
Increased Consumer Protections
Resulting from the Renovate America
Stipulated Judgment and addition of
Fire Hardening to Program Reports

Attachment 4

Resolution Number 04-20; A
Resolution of the Executive
Committee of the Western Riverside
Council of Governments declaring its
intention to modify the WRCOG
PACE Program Report and the
California HERO Program Report to
authorize the financing of fire
hardening improvements and setting
a public hearing thereon

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RESOLUTION NUMBER 04-20

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS DECLARING ITS INTENTION TO MODIFY THE WRCOG PROGRAM REPORT AND THE CALIFORNIA HERO PROGRAM REPORT TO AUTHORIZE THE FINANCING OF FIRE HARDENING IMPROVEMENTS AND SETTING A PUBLIC HEARING THEREON

WHEREAS, the Executive Committee previously initiated proceedings pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Chapter 29") to permit the provision of Property Assessed Clean Energy (PACE) services ("PACE Services") within those cities and the County of Riverside that are members of WRCOG (each, a "Members"), approved a report (the "WRCOG Program Report") addressing all of the matters set forth in Section 5898.22 and 5898.23 of Chapter 29 and established and ordered the implementation of a voluntary contractual assessment program to be known as the "Energy Efficiency and Water Conservation Program for Western Riverside County" (the "WRCOG Program") to assist property owners within the jurisdictional boundaries of such Members with the cost of installing distributed generation renewable energy sources, energy and water efficient improvements and electric vehicle charging infrastructure that are permanently affixed to their properties ("Authorized Improvements"); and

WHEREAS, the Executive Committee subsequently initiated proceedings pursuant to Chapter 29 to permit the provision of PACE Services within those cities and counties outside of WRCOG that have taken action to become Associate Members of WRCOG, approved a report (the "California Program Report") addressing all of the matters set forth in Section 5898.22 and 5898.23 of Chapter 29 and established and ordered the implementation of a voluntary contractual assessment program to be known as the "California Program" (the "California Program") to assist property owners within the jurisdictional boundaries of such Associate Members with the cost of installing Authorized Improvements; and

WHEREAS, in approving the WRCOG Program Report and the California Program Report, the Executive Committee also established the Authorized Improvements that may be financed under the WRCOG Program and the California Program; and

WHEREAS, Section 5899.4 of Chapter 29 authorizes WRCOG to assist property owners within the jurisdictional boundaries of the Members participating in the WRCOG Program and the Associate Members participating in the California Program to finance the installation of wildfire safety improvements to residential, commercial, industrial, agricultural and other real property ("Wildfire Improvements") provided that certain conditions are satisfied; and

WHEREAS, the Executive Committee hereby determines that it would be convenient, advantageous and in the public interest to adopt this Resolution of Intention, order a public hearing and confirm the amendment to the WRCOG Program Report and the California Program Report to add Wildfire Improvements as improvements to be financed by contractual assessments to the list of Authorized Improvements.

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

Section 1. The Executive Committee declares its intention to modify the WRCOG Program Report and the California Program Report so as to authorize the financing of Wildfire Improvements as identified in Exhibit A attached hereto to assist property owners within the jurisdictional boundaries of the Members participating in the WRCOG Program and the Associate Members participating in the California Program provided that the conditions set forth in Section 5899.4 of the Streets and Highways Code are satisfied.

Section 2. Public Hearing. Pursuant to Chapter 29, the Executive Committee hereby orders that a public hearing to be held before the Executive Committee in the First Floor Board Chambers, County of Riverside Administration Center, 4080 Lemon Street, Riverside, California, at 2:00 p.m. on April 6, 2020, or such later date and time selected by the Executive Director, for the purposes of allowing interested persons to object to or inquire about the proposed amendment to the WRCOG Program Report and the California Program Report to authorize the financing by contractual assessments of Wildfire Improvements to assist property owners within the jurisdictional boundaries of the Members participating in the WRCOG Program and the Associate Members participating in the California Program. The public hearing may be continued from time to time as determined by the Executive Committee for a time not exceeding a total of 180 days.

At the time of the hearing, the proposed amendment to the WRCOG Program Report and the California Program Report shall be summarized, and the Executive Committee shall afford all persons who are present an opportunity to comment upon, object to, or present evidence with regard to the addition of Wildfire Improvements to the list of Authorized Improvements in order to authorize the financing by contractual assessments of Wildfire Improvements to assist property owners within the jurisdictional boundaries of the Members participating in the WRCOG Program and the Associate Members participating in the California Program and the Executive Committee may adopt a resolution confirming the amendment to the WRCOG Program Report and the California Program Report, or may abandon the proceedings.

Section 3. Notice of Public Hearing. The Secretary of the Executive Committee is hereby directed to provide notice of the public hearing by publishing such notice once a week for two weeks, pursuant to Section 6066 of the California Government Code, and the first publication shall occur not later than 20 days before the date of such hearing in a newspaper of general circulation for WRCOG.

Section 4. Amended WRCOG Program Report and California Program Report. The Executive Committee hereby directs the Executive Director to prepare and file or cause the preparation and filing with the Executive Committee of an amended WRCOG Program Report and an amended California Program Report to add Wildfire Improvements to the list of Authorized Improvements at or before the time of the public hearing described in Section 2 above.

Section 5. Effective Date of Resolution. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Executive Committee of the Western Riverside Council of Governments held on March 2, 2020.

Bonnie Right, Chair
WRCOG Executive Committee

Rick Bishop, Secretary
WRCOG Executive Committee

Approved as to form:

Best Best & Krieger LLP
WRCOG Bond Counsel

AYES: _____ NOES: _____ ABSENT: _____ ABSTAIN: _____

EXHIBIT A

AUTHORIZED WILDFIRE IMPROVEMENTS

WRCOG PACE Fire Hardening Products			
The following wildfire safety improvements are allowed to be installed on Properties that are within a designated Very High Fire Hazard Severity Zone (http://egis.fire.ca.gov/FHSZ/). This list does not supersede or replace any local or state regulations. Improvements made for fire safety through PACE must meet or exceed all local building requirements and fire restrictions, as well as meet the qualifications of the latest adopted version of Wildland Fire mitigation efforts as listed in NFPA Standard 1144 "Standard for Reducing Structure Ignition Hazards From Wildland Fire." Measures include but are not limited to non-combustible and ignition-resistant materials used in construction, water storage, and delivery systems for on-site firefighting operations, exterior sprinkler systems for fire prevention, and Fuels Modification Area measures such as brush reduction and removal. The following list does not encompass all possible improvements. All the following improvements are eligible and any other permanently fixed improvements that would assist with wildfire safety, as well as any other improvements authorized by the Executive Director.			
Product Type	Unit	Max Term	Qualifying Criteria
Roofing- Class A Covering	SF	25	All materials must be Class A fire-rated and installed per manufacturer's instructions.
Roofing- Class A by Assembly	SF	25	If Class A materials are not used, a covering or underlying material must be used to enhance fire performance to meet Class A specifications using ASTM Standard Test E-108.
Covered Rain Gutters	LF	10	Product must be covered or constructed so debris and vegetation does not accumulate in or around the gutter. Product must be composed of non-combustible materials and installed such that the leading edge of the roof is finished so that no sheathing is exposed.
Deck Replacement	SF	15	Replacement ONLY, new decks are not permitted. Replacement of deck structure or surface with non-combustible materials; base of deck should be enclosed and constructed from a non-combustible material.
Siding Replacement	SF	25	Product must replace existing wood or shingle siding with noncombustible or ignition-resistant material. Product shall be installed per the manufacturer's instructions and positioned to avoid gaps. Any voids shall be caulked or otherwise filled.
Windows	EA	25	Windows must be dual paned, with a tempered exterior pane. All frames and other materials must be constructed from noncombustible or ignition-resistant material.
Fence	LF	15	Product must be made from non-combustible material, ignition resistant wood or heavy timber construction; gates must be constructed entirely of non-combustible material. Wood slat fences are not permitted.

Fuels Reduction	SF	10	In addition to having a valid, applicable CSLB license, Contractor must be an A or B Licensed Timber Operator under the Forest Practice Act law. Project must include all applicable work, as measured from the outermost part of the house or structure (including eaves, decks or fences) to the property's border: 0-5 Feet from home / structure: Removal of all combustible plants and debris; 5-30 feet from home / structure: removal of all debris, woody bushes, and trees less than 6" in diameter at breast height; trim any remaining branches away from structures and remove all limbs up to 10 feet from ground level; 30+ feet from home/structure: thin trees to maintain a 10 foot spacing between the outside edge of remaining crowns; remove all limbs up to 10 feet from ground level; removal of all debris and woody brush from within the dripline of remaining trees; all cut material and any dead or dying vegetation must be removed from the property or chipped onsite; any chipped material must be less than 2 inches in diameter and no more than 4 inches deep on the ground.
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Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: 2nd Quarter Draft Budget Amendment for Fiscal Year 2019/2020

Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740

Date: March 2, 2020

The purpose of this item is to request approval of WRCOG's 2nd Quarter Draft Budget Amendment for Fiscal Year (FY) 2019/2020.

Requested Action:

1. Approve the 2nd Quarter Draft Budget Amendment for Fiscal Year 2019/2020.

WRCOG General Fund / Western Community Energy (WCE)

As part of the Implementation and Management Services Agreement between WRCOG and WCE, WRCOG provides administrative support to implement WCE and will continue to do so until WCE determines if it should hire its own employees. WRCOG is also providing start-up costs for WCE. WCE will pay back WRCOG for all start-up costs associated with launching WCE. It is anticipated that WCE will begin to pay back WRCOG in late 2021 due to financing being received from Barclays Bank for energy-related costs that stipulates WCE is restricted from paying back WRCOG until the WCE facility is paid off or certain covenants have been met.

The General Fund budget amendment is necessary due to the transfer of an additional \$400k to WCE which will be used for pre-enrollment notifications that must be mailed to WCE's customers prior to launch, as well as post-enrollment mailers once WCE launches. Once WCE launches in April 2020, WCE will be self-sufficient and will be able to support its ongoing operational costs, such as staffing, through its own revenues and will no longer need WRCOG to support any additional expenses.

Transportation & Planning Department

Transportation & Planning Department expenditures exceeded the budgeted amount by \$6,130, primarily due to additional membership dues paid to the American Planning Association and job postings for open positions in the Transportation & Planning Department. The Transportation & Planning Department also received an additional \$25,250 in revenue for the LTF Program. The expenditures will be offset by the additional revenues.

Net Expenditure increase to the Transportation & Planning Department: \$0
Net Revenue increase to the Transportation & Planning Department: \$25,250

Energy Department

Energy Department expenditures exceeded the budgeted amount by \$9,091, primarily due to costs associated with recording fees with PACE provider PACE Funding. Additionally, additional legal costs were incurred with PACE provider SAMAS Capital in the amount of \$2,087. The Energy Department also received an additional \$234,425 in revenue. Twain, a Commercial PACE partner, completed two large projects. With

the exception of SAMAS, which is expected to pay back the legal costs, all additional costs will be offset by a decrease in other budgeted expenditures.

Net Expenditure increase to the Energy Department: \$2,087

Net Revenue increase to the Energy Department: \$234,425

Environment Department

Environment Department expenditures exceeded the budgeted amount by \$1,199, primarily due to legal costs associated with contract reviews. These expenditures will be offset by a decrease in expenditures in event support.

Net Expenditure increase to the Environment Department: \$0

Net Revenue increase to the Environment Department: \$0

Prior Action:

February 12, 2020: The Administration & Finance Committee recommended the Executive Committee approve the 2nd Quarter Draft Budget Amendment for Fiscal Year 2019/2020.

Fiscal Impact:

For the 2nd Quarter of Fiscal Year 2019/2020, there will be a total Agency increase in expenditures of \$402,087, primarily related to WCE, which will be paid back to WRCOG. There will also be a total Agency increase in revenues of \$259,675.

Attachment:

1. 2nd Quarter Draft Budget amendment for Fiscal Year 2019/2020.

Item 5.B

2nd Quarter Draft Budget
Amendment for Fiscal Year
2019/2020

Attachment 1

2nd Quarter Draft Budget
amendment for Fiscal Year
2019/2020

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

General Fund



Expenditures

Transfer out to WCE

Thru 12/31/2019 Actual	Approved 6/30/2020 Budget	Amendment Needed 12/31/2019
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135,000	135,000	400,000
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Total net increase		400,000
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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2020**

Department: Transportation (TUMF - 1148)



Thru 12/31/2019 Actual	Approved 6/30/2020 Budget	Amendment Needed 12/31/2019
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Expenditures

Event Support	975	-	(975)
Membership Dues	215	115	(100)
Subscriptions/Publications	1,475	385	(1,090)
Meals	1,120	1,000	(120)
Consulting Labor	93,879	421,500	2,285

Total net (increase)/decrease -

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

Department: Transportation Planning



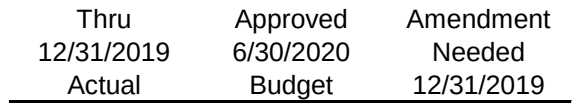
	Thru 12/31/2019 Actual	Approved 6/30/2020 Budget	Amendment Needed 12/31/2019
Revenues			
LTF Revenue	775,000	800,250	25,250
Expenditures			
Event Support	2,307	-	(2,307)
Seminars/Conferences	580	500	(80)
Travel - Mileage Reimbursement	1,570	1,000	(570)
Lodging	1,493	1,000	(493)
Consulting Labor	35,643	315,528	(21,800)
Total net (increase)/decrease			-

Department: Government Relations (Fellowship - 4700)

Expenditures

	Thru	Approved	Amendment
	12/31/2019	6/30/2020	Needed
	Actual	Budget	12/31/2019
Expenditures			
Salaries & Wages	97,235	273,772	394
Consulting Labor	333	-	(333)
Event Support	750	689	(61)
Total net (increase)/decrease			-

Department: Energy (California HERO)



Commissioners Per Diem	2,550	2,500	(50)
Supplies/Materials	-	2,000	50
Total net (increase)/decrease			-

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

Department: Energy (Twain)



Thru 12/31/2019 Actual	Approved 6/30/2020 Budget	Amendment Needed 12/31/2019
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Revenues

PACE Commercial Revenue	259,425	25,000	(234,425)
Total net (increase)/decrease			(234,425)

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

Department: Energy (SAMAS)

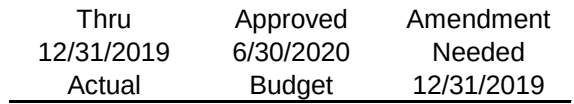


Thru 12/31/2019 Actual	Approved 6/30/2020 Budget	Amendment Needed 12/31/2019
------------------------------	---------------------------------	-----------------------------------

Expenditures

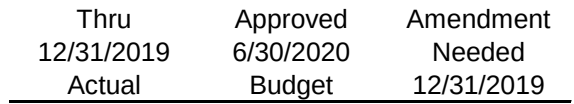
General Legal Services	7,109	5,022	(2,087)
Total net (increase)/decrease			(2,087)

Department: Energy (PACE Funding)



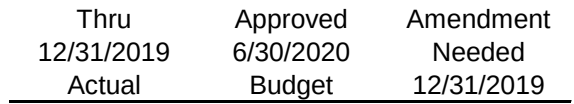
Recording Fee	8,902	2,500	(6,402)
Consulting Labor	3,870	21,347	6,402
Total net (increase)/decrease			-

Department: Energy (Gas Co Partnership)



Travel - Ground Transportation	8	-	(8)
Parking Validations	46	-	(46)
Meeting Support Services	-	500	54
Total net (increase)/decrease			-

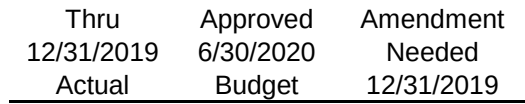
Department: Energy (Edison Partnership)



Salaries & Wages	1,826	1,335	(491)
Travel - Ground Transportation	8	-	(8)
General Legal Services	-	1,000	499

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Department: Environmental (Solid Waste - 1038)



Event Support	-	29,119	1,136
Postage	1	-	(1)
General Legal Services	1,136	-	(1,136)

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

Department: Environmental (Clean Cities - 1010)



Thru	Approved	Amendment
12/31/2019	6/30/2020	Needed
Actual	Budget	12/31/2019

Expenditures

Postage	63	-	(63)
Other Incidentals	-	600	63

Total net (increase)/decrease -



Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: TUMF Program Activities Update: TUMF Reimbursement Agreements

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

Date: March 2, 2020

The purpose of this item is to request approval of Transportation Uniform Mitigation Fee (TUMF) Reimbursement Agreements.

Requested Actions:

1. *Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Riverside for the Construction Phase of the Iowa Avenue Widening Project from University to Martin Luther King in an amount not to exceed \$2,920,000.*
2. *Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Menifee for the Construction Phase of the Holland Avenue / I-215 Interchange Project in an amount not to exceed \$6,455,000.*
3. *Authorize the Executive Director to execute the TUMF Reimbursement Agreement with the City of Menifee for the Engineering and Construction Phases of the Newport Road Widening from Bradley Road to Murrieta Road Project in an amount not to exceed \$1,987,985.*

WRCOG's 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.

TUMF Reimbursement Agreement

Three Reimbursement Agreements are presented for approval.

City of Riverside (one agreement):

1. Iowa Avenue Widening Project from University to Martin Luther King in an amount not to exceed \$2,920,000 for the Construction Phase. The County is currently preparing a Request for Proposal (RFP) in procuring the engineering and environmental consultants.

City of Menifee (two agreements):

1. Holland Avenue / I-215 Interchange Project in an amount not to exceed \$6,455,000 for the Construction Phase.
2. Newport Road Widening from Bradley Road to Murrieta Road Project in an amount not to exceed \$1,987,985 for the Engineering and Construction Phases.

Prior Action:

None.

Fiscal Impact:

Transportation Department activities are included in the Agency's adopted Fiscal Year 2019/2020 Budget under the Transportation Department.

Attachments:

1. TUMF Reimbursement Agreement with the City of Riverside for the Iowa Avenue Widening Project.
2. TUMF Reimbursement Agreement with the City of Menifee for Holland Avenue / I-215 Interchange Project.
3. TUMF Reimbursement Agreement with the City of Menifee for Newport Road Widening from Bradley Road to Murrieta Road Project.

Item 5.C

TUMF Program Activities Update:
TUMF Reimbursement Agreements

Attachment 1

TUMF Reimbursement Agreement
with the City of Riverside for the Iowa
Avenue Widening Project

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**TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM
AGREEMENT TO REIMBURSE TUMF FUNDS
IOWA AVE WIDENING – UNIVERSITY TO MARTIN LUTHER KING
CONSTRUCTION PHASE**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is entered into as of this day of ____, 20__, by and between the Western Riverside Council of Governments (“WRCOG”), a California joint powers authority and the City of Riverside, a California charter city and municipal corporation (“City”). WRCOG and City are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

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

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

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

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

AGREEMENT

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

1. Description of the Qualifying Project. This Agreement is intended to distribute TUMF Program Funds to the City for Iowa Avenue Widening from University Avenue to Martin Luther King Boulevard, (the “Project”), a Qualifying Project. The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit “A” attached hereto and incorporated herein by reference and, pursuant to Section 20 below, is subject to modification if requested by the City and approved by WRCOG. The work shall be consistent with one or more of the defined WRCOG Call for Projects phases detailed herein as follows:

1) CON – Construction

2. WRCOG Funding Amount. WRCOG hereby agrees to distribute to City, on the terms and conditions set forth herein, a sum not to exceed **Two Million, Nine Hundred and**

Twenty Thousand Dollars (\$2,920,000), to be used for reimbursing the City for eligible Project expenses as described in Section 3 herein (“Funding Amount”). The Parties acknowledge and agree that the Funding Amount may be less than the actual cost of the Project. Nevertheless, the Parties acknowledge and agree that WRCOG shall not be obligated to contribute TUMF Program Funds in excess of the maximum TUMF share identified in the TUMF Nexus Study (“Maximum TUMF Share”), as may be amended from time to time.

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

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

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

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

(b) Review and Reimbursement by WRCOG. Upon receipt of an invoice from the City, WRCOG may request additional documentation or explanation of the Project costs for which reimbursement is sought. Undisputed amounts shall be paid by WRCOG to the City within thirty (30) days. In the event that WRCOG disputes the eligibility of the City for reimbursement of all or a portion of an invoiced amount, the Parties shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in resolving the dispute, the City may appeal WRCOG’s decision as to the eligibility of one or more invoices to WRCOG’s Executive Director. The WRCOG Executive Director shall provide his/her decision in writing. If the City disagrees with the Executive Director’s decision, the City may appeal the decision of the Executive Director to the full WRCOG Executive Committee, provided the City

submits its request for appeal to WRCOG within ten (10) days of the Executive Director's written decision. The decision of the WRCOG Executive Committee shall be final. Additional details concerning the procedure for the City's submittal of invoices to WRCOG and WRCOG's consideration and payment of submitted invoices are set forth in Exhibit "B", attached hereto and incorporated herein by reference.

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

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

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

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

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

10. City local match funding is not required, as shown in Exhibit "A" and as called out in the City's Project Nomination Form submitted to WRCOG in response to its Call for Projects.

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

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

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

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

15. Termination.

(a) Notice. Either WRCOG or City may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other Party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

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

Agreement shall terminate upon receipt by the non-terminating Party of the amounts due to it hereunder and upon completion of the segment or portion of Project work for which TUMF Program Funds have been provided.

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

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

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

18. Indemnification.

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

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

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

all damages to WRCOG caused by the City's negligent performance of this Agreement or supervision of any services provided to complete the Project.

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

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

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

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

(iii) Contain standard separation of insured provisions.

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

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

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

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

4231 *et seq.*), if applicable, but the necessity of compliance with CEQA and/or NEPA shall not justify, excuse, or permit a delay in completion of the Project.

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

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

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

24. Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

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

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

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

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

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

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

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

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

If to City:

Kris Martinez, Public Works Director
Public Works Department
3900 Main Street, 4th Floor
Riverside, CA 92522
Telephone: (951) 826-5575
Facsimile: (951) 826-2046
Email: kmartinez@riversideca.gov

If to WRCOG:

Western Riverside Council of Governments
3390 University Avenue; Suite 450
Riverside, California 92501
Attention: Christopher Gray, Director of Transportation
Telephone: (951) 405-6710
Facsimile: (951) 223-9720

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

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

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

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

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

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

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

[SIGNATURES ON FOLLOWING PAGE]

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

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

CITY OF RIVERSIDE, a municipal
Corporation

By: _____ Date: _____
Rick Bishop
Executive Director

By: _____ Date: _____

Attest: _____
City Clerk

Approved to Form:

Approved to Form:

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

By: _____
Deputy City Attorney

EXHIBIT “A”

SCOPE OF WORK

SCOPE OF WORK: The City will widen Iowa Avenue between University Avenue and Martin Luther King Boulevard to provide two (2) travel lanes in each direction including a dedicated cycle track section between Martin Luther King Boulevard and Everton Place. The project will also provide new utility infrastructure including storm drain, underground electric, and domestic water. The project will consist of the construction phase to build the project.

EXHIBIT “A-1”**ESTIMATE OF COST**

Phase	TUMF	LOCAL	TOTAL
PA&ED	\$0	\$100,000	\$100,000
PS&E	\$80,000	\$100,000	\$180,000
RIGHT OF WAY	\$0	\$0	\$0
CONSTRUCTION	\$2,920,000	\$3,180,000	\$6,100,000
TOTAL	\$3,000,000	\$3,380,000	\$6,380,000

EXHIBIT “A-2”
PROJECT SCHEDULE

TIMETABLE:

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED	12/2018	\$100,000	
PS&E	12/2019	\$180,000	
RIGHT OF WAY	12/2019	\$0	
CONSTRUCTION	9/2020	\$6,100,000	
TOTAL		\$6,380,000	

Elements of Compensation

EXHIBIT “B”

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

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

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

Signed _____

Title _____

Date _____

Invoice No. _____

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

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

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

1. ELEMENTS OF COMPENSATION.

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

1.1 DIRECT LABOR COSTS.

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

1.1.1 DIRECT SALARY COSTS

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

1.1.2 MULTIPLIER

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

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

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

1.1.2.3 Overhead Costs _____

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

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

1.2 FIXED FEE.

1.2.1 The fixed fee is \$ _____.

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

1.3 ADDITIONAL DIRECT COSTS.

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

Rates for identified Additional Direct Costs are as follows:

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

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

2. DIRECT SALARY RATES

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

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

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

[__sample__]

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

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

3. INVOICING.

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

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

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

Signed _____
Title _____
Date _____
Invoice No. _____

4. PAYMENT

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

EXHIBIT B-2
Sample Cover Letter to WRCOG

Date
Western Riverside Council of Governments
3390 University Avenue; Suite 450
Riverside, California 92501
Attention: Deputy Executive Director
ATTN: Accounts Payable

Re: Project Title - Invoice #__

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

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

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

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

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

By: _____
Name
Title

cc:

EXHIBIT B-3
Sample Letter from Contractor to City

Month/Date/Year

Western Riverside Council of Governments
3390 University Avenue; Suite 450
Riverside, California 92501
Attention: Deputy Executive Director
Attn: Accounts Payable

Invoice # _____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]**
This is per agreement No. XX-XX-XXX effective Month/Date/Year .

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

Total Base Contract Amount:	\$000,000.00
Authorized Extra Work (if Applicable)	\$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	\$000,000.00
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Total Invoice to Date:	\$000,000.00
Total Previously Billed:	\$000,000.00
Balance Remaining:	\$000,000.00

Amount Due this Invoice:	\$000,000.00
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I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed,

By: _____
Name
Title

EXHIBIT B-4
SAMPLE TASK SUMMARY SCHEDULE
(OPTIONAL)

EXHIBIT B-5
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL

1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL

1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

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Item 5.C

TUMF Program Activities Update:
TUMF Reimbursement Agreements

Attachment 2

TUMF Reimbursement Agreement
with the City of Menifee for Holland
Avenue / I-215 Interchange Project

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**TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM
AGREEMENT TO REIMBURSE TUMF FUNDS
HOLLAND ROAD/I-215 OVERPASS**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is entered into as of this day of ____, 2020, by and between the Western Riverside Council of Governments (“WRCOG”), a California joint powers authority and **The City of Menifee**, a California municipal corporation. WRCOG and AGENCY are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

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

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

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

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

AGREEMENT

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

1. Description of the Qualifying Project. This Agreement is intended to distribute TUMF Program Funds to the AGENCY for **The Holland Road/I-215 Overpass**, (the “Project”), a Qualifying Project. The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit “A” attached hereto and incorporated herein by reference and, pursuant to Section 20 below, is subject to modification if requested by the AGENCY and approved by WRCOG. The work shall be consistent with one or more of the defined WRCOG Call for Projects phases detailed herein as follows:

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

2. WRCOG Funding Amount. WRCOG hereby agrees to distribute to AGENCY, on the terms and conditions set forth herein, a sum not to exceed **(\$6,455,000) SIX MILLION FOUR HUNDRED FIFTY FIVE THOUSAND DOLLARS**, to be used for reimbursing the AGENCY for eligible Project expenses as described in Section 3 herein (“Funding Amount”). The Parties acknowledge and agree that the Funding Amount may be less than the actual cost of the Project. Nevertheless, the Parties acknowledge and agree that WRCOG shall not be obligated to contribute TUMF Program Funds in excess of the maximum TUMF share identified in the TUMF Nexus Study (“Maximum TUMF Share”), as may be amended from time to time.

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

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

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

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

(b) Review and Reimbursement by WRCOG. Upon receipt of an invoice from the AGENCY, WRCOG may request additional documentation or explanation of the Project costs for which reimbursement is sought. Undisputed amounts shall be paid by WRCOG to the AGENCY within thirty (30) days. In the event that WRCOG disputes the eligibility of the AGENCY for reimbursement of all or a portion of an invoiced amount, the Parties shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in

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

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

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

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

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

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

10. AGENCY's Local Match Contribution. The AGENCY shall provide at least (\$17,000,000) **SEVENTEEN MILLION DOLLARS** of funding toward the Work, as shown in Exhibit "A" and as called out in the AGENCY's Project Nomination Form submitted to WRCOG in response to its Call for Projects.

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

12. Representatives of the Parties. WRCOG's Executive Director, or his or her designee, shall serve as WRCOG's representative and shall have the authority to act on behalf of WRCOG for all purposes under this Agreement. The AGENCY hereby designates **JONATHAN SMITH, DIRECTOR OF PUBLIC WORKS/CITY ENGINEER**, or his or her designee, as the AGENCY's representative to WRCOG. The AGENCY's representative shall have the authority to act on behalf of the AGENCY for all purposes under this Agreement and shall coordinate all activities of the Project under the AGENCY's responsibility. The AGENCY shall work closely and cooperate fully with WRCOG's representative and any other agencies which may have jurisdiction over or an interest in the Project.

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

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

15. Termination.

(a) Notice. Either WRCOG or AGENCY may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other Party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30-day period to cure any alleged breach. During the 30-day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

(b) Effect of Termination. In the event that the AGENCY terminates this Agreement, the AGENCY shall, within 180 days, repay to WRCOG any unexpended TUMF Program Funds provided to the AGENCY under this Agreement and shall complete any portion

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

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

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

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

18. Indemnification.

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

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

in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of WRCOG.

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

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

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

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

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

(iii) Contain standard separation of insured provisions.

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

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

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

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

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

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

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

24. Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

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

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

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

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

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

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

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

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

If to AGENCY:	The City of Menifee Public Works Department 29844 Haun Road Menifee, CA 92586 Attention: Jonathan Smith, Director of Public Works Telephone: (951) 723-3704 Mobile: 951-723-7594
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If to WRCOG:	Western Riverside Council of Governments Riverside County Administrative Center 4080 Lemon Street, Third Floor Riverside, California 92501-3609 Attention: Christopher Gray, Director of Transportation Telephone: (951) 955-8304 Facsimile: (951) 787-7991
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Any notice so given shall be considered served on the other party three (3) days after deposit in the U.S. mail, first class postage prepaid, return receipt requested, and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred regardless of the method of service.

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

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

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

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

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

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

[SIGNATURES ON FOLLOWING PAGE]

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

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

THE CITY OF MENIFEE

By: _____ Date: _____
Rick Bishop
Executive Director

By: _____ Date: _____
Bill Zimmerman
Mayor

Approved to Form:

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

EXHIBIT “A”

SCOPE OF WORK

SCOPE OF WORK: Construction of a 4-lane bridge at Holland Road over Interstate 215 in the City of Menifee, including necessary local road construction and construction management services.

EXHIBIT “A-1”**ESTIMATE OF COST**

Phase	TUMF	LOCAL	TOTAL
PA&ED			
PS&E		\$2,138,000	\$2,138,000
RIGHT OF WAY		\$3,000,000	\$3,000,000
CONSTRUCTION	\$6,455,000	\$17,000,000	\$23,455,000
TOTAL	\$6,455,000	\$22,138,000	\$28,593,000

EXHIBIT “A-2”
PROJECT SCHEDULE

TIMETABLE:

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED			
PS&E	March 2021	\$2,138,000	
RIGHT OF WAY	July 2020	\$3,000,000	Currently acquiring ROW
CONSTRUCTION	Summer 2021	\$23,455,000	
TOTAL		\$28,593,000	

Elements of Compensation

EXHIBIT “B”

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

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

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

Signed _____

Title _____

Date _____

Invoice No. _____

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

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

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

1. ELEMENTS OF COMPENSATION.

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

1.1 DIRECT LABOR COSTS.

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

1.1.1 DIRECT SALARY COSTS

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

1.1.2 MULTIPLIER

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

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

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

1.1.2.3 Overhead Costs _____

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

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

1.2 FIXED FEE.

1.2.1 The fixed fee is \$ _____.

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

1.3 ADDITIONAL DIRECT COSTS.

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

Rates for identified Additional Direct Costs are as follows:

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

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

2. DIRECT SALARY RATES

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

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

<u>POSITION OR CLASSIFICATION</u>	<u>RANGE OF HOURLY RATES</u>
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[__sample__]

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

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

3. INVOICING.

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

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

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

Signed _____
 Title _____
 Date _____
 Invoice No. _____

4. PAYMENT

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

EXHIBIT B-2
Sample Cover Letter to WRCOG

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

Re: Project Title - Invoice #__

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

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

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

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

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

By: _____
Name
Title

cc:

EXHIBIT B-3
Sample Letter from Contractor to AGENCY

Month/Date/Year

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

Invoice # _____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]**
 This is per agreement No. XX-XX-XXX effective Month/Date/Year .

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

Total Base Contract Amount:	\$000,000.00
Authorized Extra Work (if Applicable)	\$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	\$000,000.00
 Total Invoice to Date:	 \$000,000.00
Total Previously Billed:	\$000,000.00
Balance Remaining:	\$000,000.00
 Amount Due this Invoice:	 \$000,000.00
	=====

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

By: _____
 Name
 Title

EXHIBIT B-4
SAMPLE TASK SUMMARY SCHEDULE
(OPTIONAL)

EXHIBIT B-5
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
 PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL

1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL

1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

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Item 5.C

TUMF Program Activities Update:
TUMF Reimbursement Agreements

Attachment 3

TUMF Reimbursement Agreement
with the City of Menifee for Newport
Road Widening from Bradley Road to
Murrieta Road Project

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**TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM
AGREEMENT TO REIMBURSE TUMF FUNDS
NEWPORT ROAD WIDENING (BRADLEY ROAD TO MURRIETA ROAD)**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is entered into as of this day of ____, 2020, by and between the Western Riverside Council of Governments (“WRCOG”), a California joint powers authority and The City of Menifee, a California municipal corporation. WRCOG and AGENCY are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

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

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

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

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

AGREEMENT

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

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

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

2. WRCOG Funding Amount. WRCOG hereby agrees to distribute to AGENCY, on the terms and conditions set forth herein, a sum not to exceed **(\$1,987,985) ONE MILLION, NINE HUNDRED EIGHTY SEVEN THOUSAND, NINE HUNDRED EIGHTY FIVE DOLLARS**, to be used for reimbursing the AGENCY for eligible Project expenses as described in Section 3 herein (“Funding Amount”). The Parties acknowledge and agree that the Funding Amount may be less than the actual cost of the Project. Nevertheless, the Parties acknowledge and agree that WRCOG shall not be obligated to contribute TUMF Program Funds in excess of the maximum TUMF share identified in the TUMF Nexus Study (“Maximum TUMF Share”), as may be amended from time to time.

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

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

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

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

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

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

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

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

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

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

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

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

10. AGENCY's Local Match Contribution. The "AGENCY local match funding is not required, as shown in Exhibit "A" and as called out in the AGENCY's Project Nomination Form submitted to WRCOG in response to its Call for Projects."

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

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

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

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

15. Termination.

(a) Notice. Either WRCOG or AGENCY may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other Party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

(b) Effect of Termination. In the event that the AGENCY terminates this Agreement, the AGENCY shall, within 180 days, repay to WRCOG any unexpended TUMF

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

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

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

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

18. Indemnification.

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

(b) WRCOG Responsibilities. WRCOG agrees to indemnify and hold harmless the AGENCY, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of WRCOG or its sub-consultants. WRCOG will reimburse the

AGENCY for any expenditures, including reasonable attorneys' fees, incurred by the AGENCY, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of WRCOG.

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

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

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

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

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

(iii) Contain standard separation of insured provisions.

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

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

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

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

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

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

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

24. Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

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

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

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

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

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

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

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

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

If to AGENCY:	The City of Menifee Public Works Department 29844 Haun Road Menifee, CA 92586 Attention: Jonathan Smith, Director of Public Works Telephone: (951) 723-3704 Mobile: (951) 723-7594
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If to WRCOG:	Western Riverside Council of Governments Riverside County Administrative Center 4080 Lemon Street, Third Floor Riverside, California 92501-3609 Attention: Christopher Gray, Director of Transportation Telephone: (951) 955-8304 Facsimile: (951) 787-7991
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Any notice so given shall be considered served on the other party three (3) days after deposit in the U.S. mail, first class postage prepaid, return receipt requested, and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred regardless of the method of service.

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

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

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

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

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

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

[SIGNATURES ON FOLLOWING PAGE]

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

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

THE CITY OF MENIFEE

By: _____ Date: _____
Rick Bishop
Executive Director

By: _____ Date: _____
Bill Zimmerman
Mayor

Approved to Form:

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

EXHIBIT “A”

SCOPE OF WORK

SCOPE OF WORK: Design and construction of one-lane in each direction along Newport Road between Bradley Road and Murrieta Road.

EXHIBIT “A-1”**ESTIMATE OF COST**

Phase	TUMF	LOCAL	TOTAL
PA&ED			
PS&E	\$218,000		\$218,000
RIGHT OF WAY			
CONSTRUCTION	\$1,769,985		\$1,769,985
TOTAL	\$1,987,985		\$1,987,985

EXHIBIT “A-2”
PROJECT SCHEDULE

TIMETABLE:

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED			
PS&E	June 1, 2016	\$218,000	Completed
RIGHT OF WAY			
CONSTRUCTION	October 19, 2017	\$3,249,526	NOC recorded 11/06/17
TOTAL		\$3,467,526	

Elements of Compensation

EXHIBIT “B”

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

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

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

Signed _____

Title _____

Date _____

Invoice No. _____

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

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

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

1. ELEMENTS OF COMPENSATION.

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

1.1 DIRECT LABOR COSTS.

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

1.1.1 DIRECT SALARY COSTS

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

1.1.2 MULTIPLIER

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

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

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

1.1.2.3 Overhead Costs _____

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

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

1.2 FIXED FEE.

1.2.1 The fixed fee is \$ _____.

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

1.3 ADDITIONAL DIRECT COSTS.

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

Rates for identified Additional Direct Costs are as follows:

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

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

2. DIRECT SALARY RATES

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

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

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

[__sample__]

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

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

3. INVOICING.

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

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

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

Signed _____
 Title _____
 Date _____
 Invoice No. _____

4. PAYMENT

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

EXHIBIT B-2
Sample Cover Letter to WRCOG

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

Re: Project Title - Invoice #__

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

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

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

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

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

By: _____
 Name
 Title

cc:

EXHIBIT B-3
Sample Letter from Contractor to AGENCY

Month/Date/Year

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

Invoice # _____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]**
 This is per agreement No. XX-XX-XXX effective Month/Date/Year.

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

Total Base Contract Amount:	\$000,000.00
Authorized Extra Work (if Applicable)	\$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	\$000,000.00
 Total Invoice to Date:	 \$000,000.00
Total Previously Billed:	\$000,000.00
Balance Remaining:	\$000,000.00
 Amount Due this Invoice:	 \$000,000.00
	=====

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

By: _____
 Name
 Title

EXHIBIT B-4
SAMPLE TASK SUMMARY SCHEDULE
(OPTIONAL)

EXHIBIT B-5
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
 PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL

1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL

1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

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Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Finance Department Activities Update

Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740

Date: March 2, 2020

The purpose of this item is to provide an update on the Agency Financials through December 2019.

Requested Action:

1. Receive and file.

Fiscal Year 2018/2019 Agency Audit

WRCOG's annual Agency Interim Audit was completed on June 12, 2019. WRCOG utilizes the services of the audit firm Rogers, Anderson, Malody & Scott, LLP (RAMS) to conduct its financial audit. The final Comprehensive Annual Financial Report was issued in January 2020. Additional details can be found under item 5.I in this agenda packet.

Fiscal Year 2020/2021 Agency Budget Development Process

Staff has begun the process of creating the Fiscal Year 2020/2021 Agency Budget and will begin presentations to the various WRCOG committees in April.

Financial Report Summary Through December 2019

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

Investment Summary Through December 2019

The Agency Financial Investment summary through December 2019, a quarterly overview of WRCOG's investment statement earnings, is provided as Attachment 2.

Prior Actions:

February 12, 2020: The Administration & Finance Committee received and filed.

February 6, 2020: The Finance Directors received and filed.

Fiscal Impact:

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

Attachments:

1. Financial Report summary through December 2019.
2. Investment Summary through December 2019.

Item 5.D

Finance Department Activities
Update

Attachment 1

Financial Report summary through
December 2019

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending December 31, 2019

Total Agency			
Revenues	Approved Budget 6/30/2020	Thru Actual 12/31/2019	Remaining Budget 6/30/2020
Member Dues	\$ 311,410	311,410	-
Interest Revenue - Other	25,000	45,597	(20,597)
PACE Residential Revenue	212,500	72,285	140,215
Other HERO Revenue	680,000	210,750	469,250
Statewide HERO Revenue	570,000	285,696	284,304
PACE Commercial Revenue	165,000	100,000	65,000
PACE Residential Recording Rev	111,800	56,564	55,236
Statewide HERO Recording fee Rev	441,200	143,296	297,904
Regional Streetlights Revenue	187,511	446,155	(258,644)
NW Clean Cities - Member Dues	128,000	158,160	(30,160)
Solid Waste	107,313	112,970	(5,657)
Statewide Used Oil Grant Revenue	377,654	377,654	-
CAP Grant Revenue	125,000	106,100	18,900
Adaptation Grant Revenue	125,000	39,122	85,878
LTF Revenue	775,000	800,250	(25,250)
TUMF Admin Commerical	47,284	32,628	14,656
TUMF Admin Retail	109,687	43,205	66,483
TUMF Admin Industrial	502,285	166,783	335,503
TUMF Admin Single Family	1,121,669	399,116	722,554
TUMF Admin Multi-Family	199,074	170,847	28,227
Commerical/Service	1,134,806	783,072	351,734
Retail	2,632,497	1,036,917	1,595,581
Industrial	12,054,852	4,002,785	8,052,067
Single Family	26,920,065	9,578,775	17,341,291
Multi-Family	4,777,779	4,100,333	677,446
Total Revenues & Carryover	55,365,007	23,580,469	31,784,538
Overhead Transfer In	1,996,602	998,301	998,301
Total Revenues & Overhead	57,361,609	24,578,770	32,782,839
Expenses	Approved Budget 6/30/2020	Thru Actual 12/31/2019	Remaining Budget 6/30/2020
Salaries & Wages - Fulltime	\$ 1,955,970	1,040,202	915,768
Fringe Benefits	628,266	314,142	314,124
CalPERS OPEB Paydown	200,000	184,103	15,897
Overhead Allocation	1,893,320	998,301	895,019
General Legal Services	396,706	188,246	208,460
Audit Svcs - Professional Fees	30,500	21,700	8,800
Bank Fees	40,150	8,984	31,166
Commissioners Per Diem	62,500	20,800	41,700
Office Lease	465,000	135,986	329,014
WRCOG Auto Fuels Expenses	1,500	502	998
Parking Validations	10,000	6,460	3,540
Staff Recognition	800	184	616
Coffee and Supplies	2,500	1,674	826
Event Support	181,591	89,162	92,429

Program/Office Supplies	22,263	8,270	13,993
Computer Equipment/Supplies	4,500	2,046	2,454
Computer Software	86,500	57,092	29,408
Rent/Lease Equipment	30,000	8,210	21,790
Membership Dues	32,615	3,440	29,175
Subscription/Publications	2,135	1,604	531
Meeting Support Services	10,698	841	9,857
Postage	5,600	2,068	3,532
Other Expenses	1,250	419	831
Storage	10,000	3,752	6,248
COG HERO Share Expenses	10,000	1,949	8,051
Printing Services	7,500	567	6,933
Computer Hardware	9,500	1,471	8,029
Communications - Regular Phone	16,000	8,974	7,026
Communications - Cellular Phones	17,500	3,667	13,833
Communications - Computer Services	57,500	19,635	37,865
Communications - Web Site	8,000	5,650	2,350
Equipment Maintenance - General	10,000	3,348	6,652
Insurance - Gen/Busi Liab/Auto	92,500	86,595	5,905
Recording Fee	254,339	74,549	179,790
Seminars/Conferences	11,825	1,558	10,267
General Assembly Expenses	300,000	22,247	277,753
Travel - Mileage Reimbursement	19,500	5,519	13,981
Travel - Ground Transportation	5,160	717	4,443
Travel - Airfare	12,250	1,073	11,177
Lodging	7,630	1,932	5,698
Meals	8,250	4,037	4,213
Other Incidentals	6,600	769	5,831
Training	9,250	4,818	4,432
Supplies/Materials	21,850	4,246	17,604
Advertising Media - Newspaper Ad	10,000	1,020	8,980
Advertisement Radio & TV Ads	72,000	13,420	58,580
Consulting Labor	2,291,999	984,501	1,307,498
Office Move	200,000	37,479	162,521
TUMF Project Reimbursement	45,000,000	18,317,142	26,682,858
Total Expenses	\$ 54,955,554	22,705,070	32,320,947

Item 5.D

Finance Department Activities Update

Attachment 2

Investment Summary through December 2019

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**Western Riverside Council of Governments
Investment Report
For October 1, 2019 - December 31, 2019**

TUMF Investments

Description	Beginning Balance October 1, 2019	Ending Balance December 31, 2019	Total Earning	% of Total
Local Agency Investment Fund (LAIF)	826,310.67	831,400.50	5,089.83	1.26%
CAMP	17,839,495.26	17,925,616.08	86,120.82	27.06%
PFM	37,192,849.63	37,351,200.74	158,351.11	56.38%
CBB Trust	10,110,612.49	10,135,678.51	25,066.02	15.30%
Sub-total	65,969,268.05	66,243,895.83	274,627.78	100.00%

General Fund Investments

Description	Beginning Balance October 1, 2019	Ending Balance December 31, 2019	Total Earning	% of Total
CAMP	7,869,476.66	7,907,466.85	37,990.19	100%
Sub-total	7,869,476.66	7,907,466.85	37,990.19	100%
Overall Total	73,838,744.71	74,151,362.68	312,617.97	

I hereby certify that the investment portfolio of the Western Riverside Council of Governments (WRCOG) complies with the California Government Sections pertaining to the investment of agency funds and is in conformity with WRCOG's investment policy adopted on December 3, 2018. The investment portfolio provides sufficient cashflow liquidity to meet expenditure requirements for the next six months.

Submitted by:



Andrew Ruiz, Chief Financial Officer

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: WRCOG Committees and Agency Activities Update

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

Date: March 2, 2020

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 recaps of actions and activities from recent WRCOG standing Committee meetings that occurred during the month of February.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

1. Summary recaps from February Committee meetings.

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Item 5.E

WRCOG Committees and Agency
Activities Update

Attachment 1

Summary recaps from February
Committee meetings

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**Western Riverside Council of Governments
Executive Committee
Meeting Recap
February 3, 2020**

*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, please click [here](#). To review the meeting **PowerPoint presentation**, please click [here](#).*

Myths Regarding New California Efficiency Laws Debunked

- Tim Barr (WMWD) provided a presentation on the background behind new California Water Efficiency Laws.
- **There is no law against showering and doing laundry on the same day.** There are no specific statewide laws that require individual households to meet any specific targets.
- Water targets will be set based on the overall water use of water providers – not the individual customers.
- Starting in 2023, water providers will need to meet the sum of four standards: Indoor and Outdoor Residential Use, Water Loss within providers' systems, and Commercial, Industrial and Institutional Use, which will equal the water provider's unique water target.
- Individuals will NOT be responsible for State Water Resources Control Board fines. Instead, the State Water Board can fine water providers up to \$10,000 per day if the agency does not meet its cumulative standard.

Public Service Fellowship Update

- Staff presented an update on the Public Service Fellowship Program, which places exceptional students from local colleges in 30-hour per week positions working for WRCOG member agencies.
- To extend remaining program funds and preserve the integrity of the Program, the Executive Committee instituted a 50/50 split where the cost of a Fellow is split between the host agency/jurisdiction and WRCOG beginning in Round 5 of the Program (FY 20/21).
- The Executive Committee also enacted a variety of Program updates including: maintaining alternate placements for the Fellow placement (e.g. agencies would get a fellow every-other round), enacting a 30-hour a week maximum for Fellows, implementing an exit interview for Fellows and host agencies, requiring agencies applying for a WRCOG Fellow to contribute 50% towards the cost of the Fellow, and requiring agencies to provide specific project descriptions as a part of the host agency application.

Western Community Energy Update

- Western Community Energy (WCE) is set to launch in the Cities of Norco, Perris, Wildomar, Eastvale, Jurupa Valley and Hemet in April / May 2020.
- WCE's Governing Board (comprised of elected officials from the cities mentioned above) has adopted energy rates for customers on January 8, 2020.
 - WCE customers will see a 2% reduction in their electricity bills
 - That amounts to a savings of \$6 million annually for residents and businesses in these jurisdictions.
- Cities / Counties that want to join WCE for a 2022 launch must join by December 31, 2020.
- Staff is available to make a presentation on the benefits WCE offers as requested.

TUMF Program 2018/2019 Year in Review

- Staff presented an overview of the TUMF Program for the previous Fiscal Year (July 2018 to June 2019).
- TUMF revenues were nearly \$64 million, which represents the largest amount collected since 2007.
- Several major TUMF funded projects are nearly complete including the I-215/Scott Road and I-15 / Cajalco Road Interchanges.
- The WRCOG fee collection portal is now live, which allows developers to calculate and pay TUMF online.
- Staff is currently preparing for an update of the Nexus Study, to start in July 2020. Prior to this Nexus Study update, Staff will provide Nexus Study goals and principles for review and adoption by the WRCOG Committees. Other efforts include a Background White Paper on key transportation issues affecting the Nexus Study and a review of recent project costs.

Appointment of a WRCOG Representative to SCAG Policy Committee

- The Executive Committee appointed Jurupa Valley Council member Micheal Goodland to SCAG's Community, Economic, and Human Development Policy Committee for a term commencing February 3, 2020, ending December 31, 2020.

Next Meeting

The next Executive Committee meeting is scheduled for Monday, March 2, 2020, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor, Board Chambers.



**Western Riverside Council of Governments
Finance Directors Committee
Meeting Recap
February 6, 2020**

Following is a summary of major items discussed at the last Finance Directors Committee meeting. To review the full agenda and staff reports, please click [here](#). To review the meeting PowerPoint Presentation, please click [here](#).

2nd Quarter Draft Budget Amendment for Fiscal Year 2019/2020

- Staff provided an update on the 2nd quarter draft budget amendment for Fiscal Year 2019/2020. The single largest amendment was a transfer out to Western Community Energy (WCE) for \$400k. The transfer to WCE is for mail costs associated with WCE's pre-enrollment notifications that must be mailed out to WCE's customers prior to launch. All start-up costs will be paid back to WRCOG.

Fiscal Year 2018/2019 Comprehensive Annual Financial Report

- Terry Shea with RAMS, and staff provided an overview of WRCOG's Fiscal Year 2018/2019 audit. WRCOG had no findings and was issued an unmodified opinion, which is the highest form of assurance an auditing firm can provide to an agency.

Presentation by PARS

- Maureen Toal with PARS presented on WRCOG's Unfunded Accrued Liability (UAL) and the strategies that WRCOG is taking, such as opening a Section 115 Trust with PARS.
- Several strategies to reduce UAL were shared that local jurisdictions can adopt.

Presentation by CitizensTrust on the Economy and Financial Markets

- Mike Gardner and Dick McDonald from CitizensTrust presented on the national economy and highlighted that unemployment is at a 50-year low and basic market conditions remain favorable. However, they also noted that trade concerns, higher interest rates, and geo-political events could impact long-term economic growth.

Next Meeting

The next meeting of the Finance Directors Committee is scheduled for Thursday, April 23, 2020, at 1:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 200, Riverside.



**Western Riverside Council of Governments
Administration & Finance Committee
Meeting Recap
February 12, 2020**

Following is a summary of key items discussed at the last Administration & Finance Committee meeting. To review the full agenda and staff reports, please click [here](#). To review the meeting PowerPoint presentation, please click [here](#).

PACE Programs Update

- In order to increase consumer protections related to WRCOG's PACE Programs, the Committee approved the following changes to WRCOG's Program Reports:
 1. An extended 5-day right to cancel for seniors.
 2. Not allowing a PACE assessment when a reverse mortgage exists on the property.
 3. Linking the WRCOG Program Report to the Consumer Protections Policy.
- These changes will be implemented across all PACE providers who are under WRCOG's PACE umbrella.

Regional Energy Network (REN) Development Activities Update

- Staff provided an update on the development Inland Regional Energy Network (I-REN) which is a collaborative effort between CVAG, SBCOG, and WRCOG to implement a variety of energy efficiency projects for municipalities and provide related programs to constituents.
- I-REN will provide programs services in the areas of Workforce Education & Training, Codes & Standards, and the Public sector for the regions of Riverside and San Bernardino County.
- I-REN aims to submit its business plan for CPUC approval in July 2020 with a potential decision occurring in Q1 2021.

29th Annual General Assembly & Leadership Conference

- Staff provided an update on the 29th Annual General Assembly & Leadership Conference, which will occur on Thursday, June 25, 2020 at Pechanga Resort Casino.
- Following the format from last year's event, this year will feature a full-day program beginning with the Leadership Conference in the late morning and closing out with the General Assembly and Keynote Address in the evening.
- Two keynote speakers were selected, Reince Priebus, White House Chief of Staff (2017) and Chair of the Republican National Committee (2011-2017), and Denis McDonough, White House Chief of Staff (2013-2017). Priebus served under President Trump's administration and McDonough served under President Obama's administration.

2nd Quarter Draft Budget Amendment for Fiscal Year 2019/2020

- Staff provided an update on the 2nd quarter draft budget amendment for Fiscal Year 2019/2020. The single largest amendment was a transfer out to Western Community Energy (WCE) for \$400k. The transfer to WCE is for mail costs associated with WCE's pre-enrollment notifications that must be mailed out to WCE's customers prior to launch. All start-up costs will be paid back to WRCOG.

Personnel Update

- Staff provided an update on WRCOG's anticipated staffing needs for FY 2020/2021. WRCOG, including the two JPA's it manages, RCHCA and WCE, anticipates to add a total of three new positions in FY 2020/2021. Two positions will be under RCHCA (funded by RCHCA) and one will be under WRCOG.

Resilient IE Activities Update

- Consultants provided a presentation on the final Caltrans-funded Resilient IE toolkit.
- Resilient IE is a Toolkit of resources to support WRCOG and SBCTA member jurisdictions with streamlined and cost-efficient climate resilience planning and legislative compliance.
- Among the Toolkit resources are city-level evacuation routes with identified route hazards (e.g. risk of flooding), a Guidebook to support resilient transportation infrastructure, and a template resilience element to be used to comply with new State mandates for local planning.
- WRCOG has secured additional Caltrans funding to prepare a follow-up analysis that will support more strategic prioritization of transportation infrastructure spending.
- All Resilient IE resources will be available at <http://www.wrcog.us/285/Resilient-IE> as they are finalized.

Next Meeting

The next Administration & Finance Committee meeting is scheduled for Wednesday, March 11, 2020, at 12:00 p.m. in WRCOG's office, located at 3390 University Avenue, Suite 200, Riverside.



**Western Riverside Council of Governments
Planning Directors Committee
Meeting Recap
February 13, 2020**

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

Resilient IE Activities Update

- Consultants provided a presentation on the final Caltrans-funded Resilient IE toolkit.
- Resilient IE is a toolkit of resources to support WRCOG and SBCTA member jurisdictions with streamlined and cost-efficient climate resilience planning and legislative compliance.
- Among the toolkit resources are city-level evacuation routes with identified route hazards (e.g. risk of flooding), a guidebook to support resilient transportation infrastructure, and a template resilience element that can be used to comply with new State mandates for local planning.
- WRCOG has secured additional Caltrans funding to prepare a follow-up analysis that will support more strategic prioritization of transportation infrastructure spending.
- All Resilient IE resources will be available at <http://www.wrcog.us/285/Resilient-IE> as they are finalized.

SB 743: Adoption and Implementation Process

- SB 743 requires local agencies to use VMT as an impact criterion when evaluating a project's transportation impacts under CEQA. VMT analysis will need to be incorporated into any environmental documents circulated after July 1, 2020. WRCOG recommends that each member agency consult with its legal counsel to determine the most appropriate course of action for projects which are currently in process.
- Jurisdictions must adopt a resolution to implement SB 743 and evaluate transportation impacts utilizing VMT. A draft resolution and template staff report for jurisdictions to utilize was provided as part of the agenda packet. WRCOG will provide a working document to the Committee.
- Jurisdictions must, at the very least, follow its standard protocol in adopting resolutions when adopting the resolution to implement VMT as the measure of transportation impacts.

Legislation Update

- Senate Bill 50 aimed to boost construction of housing by requiring cities and counties to allow higher-density housing near job and transit centers. SB 50 was not passed by the State Senate. Members of the legislature, including SB 50's author, Senator Wiener, have since stated the need to continue working on a major housing bill.
- The Governor's office released the budget for Fiscal Year 2020/2021. Some highlights include revising the Regional Housing Needs Assessment (RHNA) to promote and streamline housing development, and a \$53 billion five-year infrastructure plan, which includes \$45 billion for surface transportation (roads, transit, and high-speed rail), and a \$4.75 billion climate resiliency bond.

Update Traffic Impact Analysis Guidelines Update

- In order to reduce resources needed from jurisdictions to implement SB 743 prior to July 1, 2020, WRCOG has drafted a Traffic Impact Analysis Guidelines template to incorporate required aspects of utilizing VMT to evaluate transportation impacts.

- The Guidelines focus on two main components: (1) VMT guidance consistent with information from the WRCOG SB 743 Implementation Pathway Study, and (2) updates to the LOS guidelines currently being utilized in the subregion.
- It is anticipated that the updated Guidelines will be ready for distribution at the March PDC and PWC meetings.

Grant Opportunities Summary Table

- WRCOG provides assistance to its member jurisdictions to fund local projects through the Grant Writing Assistance Program.
- The Program aims to strengthen the subregion's overall competitiveness for statewide funding and to provide needed supplemental support to member jurisdictions prevented from seeking grant funds due to limited capacity and/or resources. The Program has enabled member jurisdictions and WRCOG to receive over \$15 million in awarded grants to date.
- The Program also provides regular updates on various grant opportunities that may be of interest to member jurisdictions with the goal of allowing member jurisdictions to be proactive in pursuing grant funding.
- WRCOG asked for feedback on the table to ensure it continues to be an effective resource. Any feedback can be sent to Christopher Tzeng at ctzeng@wrcog.us.

Next Meeting

The next Planning Directors Committee meeting is scheduled for Thursday, March 12, 2020, at 9:30 a.m., at WRCOG's office located at 3390 University Avenue, Suite 200, Riverside.



**Western Riverside Council of Governments
Public Works Committee
Meeting Recap
February 13, 2020**

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

Resilient IE Activities Update

- Consultants provided a presentation on the final Caltrans-funded Resilient IE toolkit.
- Resilient IE is a Toolkit of resources to support WRCOG and SBCTA member jurisdictions with streamlined and cost-efficient climate resilience planning and legislative compliance.
- Among the Toolkit resources are city-level evacuation routes with identified route hazards (e.g. risk of flooding), a Guidebook to support resilient transportation infrastructure, and a template resilience element to be used to comply with new State mandates for local planning.
- WRCOG has secured additional Caltrans funding to prepare a follow-up analysis that will support more strategic prioritization of transportation infrastructure spending.
- All Resilient IE resources will be available at <http://www.wrcog.us/285/Resilient-IE> as they are finalized.

SB 743: Adoption and Implementation Process

- SB 743 requires local agencies to use VMT as an impact criterion when evaluating a project's transportation impacts under CEQA. VMT analysis will need to be incorporated into any environmental documents circulated after July 1, 2020. WRCOG recommends that each member agency consult with its legal counsel to determine the most appropriate course of action for projects which are currently in process.
- Jurisdictions must adopt a resolution to implement SB 743 and evaluate transportation impacts utilizing VMT. A draft resolution and template Staff Report for jurisdictions to utilize was provided as part of the agenda packet. WRCOG will provide a working document to the Committee.
- Jurisdictions must, at the very least, follow its standard protocol in adopting resolutions when adopting the resolution to implement VMT as the measure of transportation impacts.

Update Traffic Impact Analysis Guidelines Update

- In order to reduce staff resources needed from jurisdictions to implement SB 743 prior to July 1, 2020, WRCOG drafted Traffic Impact Analysis Guidelines template to incorporate required aspects of utilizing VMT to evaluate transportation impacts.
- The Guidelines focus on two main components: (1) VMT guidance consistent with information from the WRCOG SB 743 Implementation Pathway Study, and (2) updates to the LOS guidelines currently being utilized in the subregion.
- It is anticipated that the updated Guidelines will be ready for distribution at the March PDC and PWC meetings.

Grant Opportunities Summary Table

- WRCOG provides assistance to its member jurisdictions to fund local projects through the Grant Writing Assistance Program.

- The Program aims to strengthen the subregion's overall competitiveness for statewide funding and to provide needed supplemental support to member jurisdictions prevented from seeking grant funds due to limited capacity and/or resources. The Program has enabled member jurisdictions and WRCOG to receive over \$15 million in awarded grants to date.
- The Program also provides regular updates on various grant opportunities that may be of interest to member jurisdictions with the goal of allowing member jurisdictions to be proactive in pursuing grant funding.
- WRCOG is interested in feedback on the table to ensure it is an effective resource. Any feedback should be sent to Christopher Tzeng at ctzeng@wrcog.us.

TUMF Nexus Study Survey Results

- WRCOG will commence the next update of the TUMF Nexus Study this summer. The results of a survey that focused on framing the direction of the TUMF Nexus Study update were presented. To view the survey results, click [here](#).
- Committee members will be requested to provide recommendations on a number of actions on how to proceed in the multiple of options provided in the coming months.
- WRCOG announced the retainment of consultant firm, Kimley-Horn, to conduct an in-depth analysis of factors that contribute to increasing project costs. The results will be presented in the spring 2020.

Next Meeting

The next Public Works Committee meeting is scheduled for Thursday, March 12, 2020, at 2:00 p.m. at WRCOG's office located at 3390 University Avenue, Suite 200, Riverside.

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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: March 2, 2020

The purpose of this item is to provide an update on the Streetlight retrofits.

Requested Action:

1. Receive and file.

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 Southern California Edison (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).

Regional Streetlight Retrofit Update

The below table reflects the Phase 1 streetlight retrofit progress or anticipated Phase 1 retrofit start of each jurisdiction in the Program, as well as progress updates on a 2nd SCE True-Up process for cities where this applies. A 2nd SCE True-Up process is needed in jurisdictions where there may have been a few remaining poles in the field that were either missed during the initial true-up and sale or installed thereafter as part of new development. The City of Murrieta is the first jurisdiction to complete a 2nd SCE True-Up process, identified below by dark green highlighting, in order to acquire the remaining poles in the City that were not included in the initial purchase.

Additionally, the Cities of Eastvale, Hemet, Lake Elsinore, San Jacinto, and Wildomar, as well as the Jurupa Community Services District, have substantially completed the major portion of its retrospective streetlight retrofits. The jurisdictions highlighted below in light green have substantially completed the retrofits and are currently working internally and/or with SCE to review any poles missed during the initial SCE True-Up and sale, as well as identifying any remaining poles for conversion or pole tag installation in the field.

Finally, the City of Temecula, highlighted below in yellow, is currently undergoing the streetlight retrofit and/or installing pole tags. The next to begin its streetlight retrofit will be the City of Menifee, which is anticipated to start by the end of February or early March 2020. The City of Perris is currently waiting for the delivery of its LED streetlight equipment so it can start planning for the retrofit. Once these jurisdictions complete the major portion of streetlight retrofit, they will have substantially completed the retrofit and enter a project closeout phase which includes working internally and with SCE to discuss remaining streetlights for acquisition, as well as identifying any remaining poles in the field for retrofit.

Jurisdiction	Streetlight Count	Phase 1 Retrofit Start	Phase 1 Retrofit Progress	2 nd SCE True-Up Progress
Moreno Valley	11,254	12/18/2018	Complete	-
Murrieta	6,436	2/11/2019	99%	100%
Eastvale	4,107	6/4/2019	99%	In Progress
Wildomar	1,405	7/19/2019	99%	In Progress
JCSD	1,905	9/30/2019	99%	In Progress
Lake Elsinore	3,739	10/7/2019	98%	In Progress
Hemet	3,993	8/15/2019	90%	15%
San Jacinto	1,945	9/19/2019	95%	25%
Temecula	7,279	11/25/2019	84%	Pending retrofit completion
Menifee	6,551	February -March 2020	-	-
Perris	4,581	Q1 2020	-	-

Prior Action:

January 16, 2020: The Technical Advisory Committee received and filed.

Fiscal Impact:

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

Attachment:

None.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Environmental Department Programs Activities Update

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

Date: March 2, 2020

The purpose of this item is to provide an update of the Solid Waste Cooperative, updates to the Used Oil Program, and the status of the Clean Cities Coalition.

Requested Action:

1. Receive and file.

WRCOG's Environmental Department assists member jurisdictions with addressing state mandates which require education and outreach programs that reduce greenhouse gas emissions. The Environmental Department houses three programs to meet California's goals: 1) a Solid Waste Cooperative, which assists in strategies of reduction of Short-Lived Climate Pollutants; 2) a regional Used Oil Recycling Program, designed to promote the proper recycling and disposal of used oil, oil filters, and Household Hazardous Waste (HHW); and 3) the Clean Cities Coalition, which aims to cut petroleum use in the transportation sector through integration of alternative fuels and advanced technologies.

Solid Waste Committee – Senate Bill (SB) 1383 Update

Members of the Solid Waste Committee (SWC) focus on recently chaptered legislation, SB 1383, which establishes methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants in various sectors of California's economy. This legislation establishes targets to achieve a 50% reduction in the level of the statewide disposal of organic waste based on the 2014 levels, by the year 2020 and a 75% reduction, by the year 2025. SB 1383 also establishes an additional target for edible food disposed of, less than 20% is recovered for human consumption by the year 2025. The law places CalRecycle as the agency authorized to establish and enforce targets required to achieve the waste disposal reduction goals.

The final regulatory text was posted on October 2, 2019, to the Office of Administrative Law (OAL) for review in January 2020. OAL's review of the text and accompanying rulemaking documents will conclude in early March 2020. The final regulatory text and rulemaking documents approved by OAL will be posted on CalRecycle's Short-Lived Climate Pollutants (SLCP) Rulemaking webpage at <https://www.calrecycle.ca.gov/Laws/Rulemaking/SLCP/>. This will include responses to comments submitted during formal comment periods. WRCOG anticipates more formal conversations with CalRecycle and will focus on clarification of inspection questionnaires and the reporting section that will be required from each jurisdiction for SB 1383.

Jurisdictions should have been notified by CalRecycle of SB 1383 regulations by December 2019. WRCOG will provide a presentation to city councils upon request. Jurisdictions that have not adopted organic recycling ordinances need to do so as soon as possible. Sample ordinances are provided by CalRecycle on the SLCP webpage at <https://www.calrecycle.ca.gov/climate/slcp>. Attached to this staff report (Attachments 2 and 3) are examples of existing recycling and organic recycling ordinances. WRCOG can provide assistance should member jurisdictions need further assistance in adopting an ordinance. Jurisdictions should have updated

franchise hauler agreements through procurement, amendments, and negotiation. The State looked to achieve a 50% reduction of organics disposal by January 2020. Residents and businesses need to be notified of the State and local regulations being adopted before July 2020.

Used Oil and Filter Exchange Events

The Used Oil Program is paid for by a grant from CalRecycle which funds jurisdictions to provide outreach and education on the recycling of used motor oil and oil filters. Collection and exchange events help educate and facilitate the proper recycling of used motor oil and used oil filters. During used oil events, every individual that brings in their used oil filter is provided with a brand-new oil filter of equal or lesser price, at no cost.

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

Date	Event	Location	Oil Filters Exchanged
11/16/2019	Community Event	Riverside County	N/A
11/23/2019	Oil & Filter Event	Hemet	45
12/7/2019	Oil & Filter Event	Eastvale	83
1/4/2020	Oil & Filter Event	Riverside	153
1/18/2020	Oil & Filter Event	Jurupa Valley	86
2/1/2020	Oil & Filter Event	Lake Elsinore	58
2/15/2020	Oil & Filter Event	Menifee	34

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

Date	Event	Location	Time
2/29/2020	Oil & Filter Event	Murrieta – AutoZone 40950 California Oaks Rd.	9:00 a.m. – 12:00 p.m.
3/7/2020	Oil & Filter Event	Riverside – AutoZone 4980 La Sierra Ave.	9:00 a.m. – 12:00 p.m.
3/21/2020	Oil & Filter Event	Corona – AutoZone 1014 W 6th Street	9:00 a.m. – 12:00 p.m.
3/28/2020	Car Show	Lake Elsinore – Storm Stadium 500 Diamond Drive	9:00 a.m. – 3:00 p.m.
4/4/2020	Oil & Filter Event	Perris – AutoZone 1675 N Perris Blvd.	9:00 a.m. – 12:00 p.m.

Western Riverside Clean Cities Coalition

The Western Riverside Clean Cities Coalition seeks to integrate technology with alternative fuels and infrastructure. Clean Cities Coalitions work with the U.S. Department of Energy (DOE) to improve efficiency, increase domestic energy security, and improve operating costs for consumers and businesses.

Transportation is a large part of our energy economy; 70% of total U.S. petroleum usage is for transportation. The Clean Cities National Network tracks and reports fuel pricing, openings and closures of fuel stations, and vehicle and station equipment costs to the DOE to provide a picture of Alternative Fuel Vehicles (AFV) technology adoption, petroleum fuel use reductions, and air quality improvement to the subregion. Through Coalitions, the DOE funds additional activities designed to help advance the AFV market in the subregion.

WRCOG will undertake the following four activities for Fiscal Year 2020/2021:

1. AFV infrastructure development and corridor planning: Coalition staff made significant progress on proposing the nomination of State Route 91 (SR 91) as a “Corridor-Ready” AFV corridor for electric and hydrogen passenger vehicles. Staff is currently working with Caltrans on the nomination and has requested or received support letters from the Riverside County Transportation Commission, Orange County Transportation Authority, and Southern California Association of Governments (SCAG). Nominations are due to the Federal Highway Administration by February 26, 2020, and designations are expected to be made in Spring 2020. If SR 91 is to be nominated this will allow funding to be prioritized to the corridor, accelerate public education and exposure of alternative fuel vehicles, and help achieve clean air goals set by the State.
2. Southern California AltCar Conference, Expo, and Ride & Drive: On October 16, 2019, WRCOG hosted its first annual SoCal AltCar event at the Riverside Convention Center. This quarter, staff began planning for the 2020 AltCar Expo, to be tentatively held at the University of California, Riverside, Center for Environmental Research and Technology, on October 28, 2020. The City of Riverside and Platia Productions have begun conversations to address the regional planning advisory group and other details.
3. Site visits and educational tours of fleet operations & infrastructure: Coalition staff will organize events focusing on two key audiences – Coalition fleet members and local students. Coalition fleet members will be given the opportunity to tour an electric vehicle (EV) charging infrastructure installation site, in partnership with a local EV supply equipment installer. This will give members an “on-the-ground” perspective of EV chargers and other infrastructure installation and will help prompt a discussion about smart EV infrastructure installations that consider future growth.
4. Training and education: Coalition staff will focus on two key audiences – first responders and vehicle maintenance staff. Using the established curriculum, Coalition staff will build partnerships and organize local first responders and vehicle maintenance training events focused on alternative fuel vehicle technologies. Likely partners include local and regional educational institutions; municipal fire, police, and public works departments which may have already established best practices; local dealerships that may have established practices; and other Clean Cities Coalitions.

Prior Action:

September 9, 2019: The Executive Committee received and filed.

Fiscal Impact:

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

Attachment:

None.

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Report out of WRCOG Representatives on Various Committees

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

Date: March 2, 2020

The purpose of this item is to inform the Executive Committee of activities occurring on the various Committees in which WRCOG has an appointed representative.

Requested Action:

1. Receive and file.

This item serves as a placeholder for WRCOG representatives' use in providing materials or making comments pertaining to meetings of the Committee they have been appointed to.

SANDAG Borders Committee (Crystal Ruiz)

The next meeting of the SANDAG Borders Committee meeting is scheduled for Friday, February 28, 2020. Committee member Ruiz will provide a verbal update.

CALCOG Board of Directors (Brian Tisdale)

The next meeting of the CALCOG Board of Directors is scheduled for Tuesday, April 7, 2020.

SAWPA OWOW Steering Committee (Rusty Bailey)

The next meeting of the SAWPA OWOW Committee is scheduled for Thursday, March 26, 2020.

Prior Action:

February 3, 2020: The Executive Committee received and filed.

Fiscal Impact:

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

Attachment:

1. SANDAG Borders Committee meeting agenda of February 28, 2020.

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Item 5.H

Report out of WRCOG
Representatives on Various
Committees

Attachment 1

SANDAG Borders Committee
meeting agenda of February 28,
2020

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***Joint Meeting of the SANDAG
Borders Committee and
the Committee on Binational Regional
Opportunities with the Municipalities and State
Government of Baja California***

Friday, February 28, 2020

Joint Meeting from 12:30 to 2:30 p.m.

**SANDAG Board Room
401 B Street, 7th Floor
San Diego, CA 92101**

*Hospitality Room open from 11:30 a.m. to 12:30 p.m.
in Conference Room 8A on the 8th floor*

Agenda Highlights

- **Innovation Analysis Study for the Otay Mesa East–Mesa de Otay II Port of Entry Project**
- **Cross Border Xpress (CBX) 2020 Update**
- **Business Improvement Districts in Baja California**

Please silence all electronic devices during the meeting

**You can listen to the Borders Committee
meeting by visiting our website at sandag.org**



Welcome to SANDAG. Members of the public may speak to the Borders Committee (Committee) on any item at the time the Committee is considering the item. Please complete a Request to Comment form located in the lobby. Members of the public may address the Committee on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Public speakers are limited to three minutes or less per person. The Committee may take action on any item appearing on the agenda.

Both agenda and non-agenda comments should be sent to the Clerk of the Committee via clerk@sandag.org. Please include the meeting date, agenda item, your name, and your organization. Any comments, handouts, presentations, or other materials from the public intended for distribution at the meeting should be received by the Clerk no later than 5 p.m. two working days prior to the meeting. All public comments and materials received by the deadline become part of the official public record and will be provided to the members for their review at the meeting.

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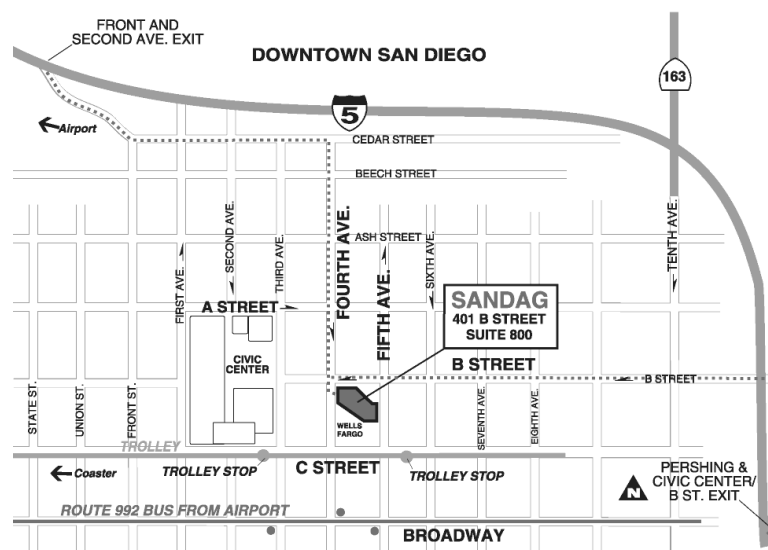
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Joint Meeting of the SANDAG Borders Committee and the Committee on Binational Regional Opportunities with the Municipalities and State Government of Baja California

Friday, February 28, 2020

Item No.		Action
1.	Welcome and Introductions Members of the Borders Committee, members of the Committee on Binational Regional Opportunities (COBRO), and special guests from the Municipalities and State Government of Baja California will introduce themselves.	
2.	Public Comments/Communications/Member Comments Members of the public shall have the opportunity to address the Borders Committee and the COBRO members on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a Request to Comment form and giving it to the Clerk prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Borders Committee members. Public speakers are limited to three minutes or less per person. Borders Committee and COBRO members, as well as the representatives attending the joint meeting from Baja California, Mexico, may provide information and announcements under this agenda item.	
3.	Executive Director's Report <i>Hasan Ikhata, SANDAG</i> An update on key programs, projects, and agency initiatives, including San Diego Forward: The 2021 Regional Plan and the Airport Connectivity project will be presented.	Discussion
Reports		
4.	Report from the Consul General of Mexico <i>Hon. Carlos González Gutiérrez, Consul General of Mexico</i> An overview of binational activities within the purview of the Borders Committee will be presented.	Information
5.	Innovation Analysis Study for the Otay Mesa East–Mesa de Otay II Port of Entry Project <i>Mario Orso, Caltrans</i> <i>Maria Rodriguez Molina, SANDAG</i> The Otay Mesa East–Mesa de Otay II Port of Entry Modeling, Innovation Analysis, and Traffic and Revenue Study is the latest development in an ongoing binational effort to reduce crossborder wait times and improve travel of people and goods across the border through construction of an innovative land port of entry. A summary of findings will be presented.	Information

- | | |
|---|---------------------------|
| <p>6. Cross Border Xpress (CBX) 2020 Update
 <i>Jorge Goytortua and Nancy Gudiño, CBX</i>
 Cross Border Xpress (CBX) is an enclosed pedestrian bridge that has connected users of the Tijuana International Airport directly through the U.S.–Mexico border since December 2015. An overview of the facility’s performance and plans to meet future demand will be presented.</p> | <p>Information</p> |
| <p>7. Business Improvement Districts in Baja California
 <i>Rubén Roa and Miguel Marshall, State of Baja California</i>
 The State of Baja California is establishing a program to create Business Improvement Districts within urban areas near ports of entry and throughout the state to help create sustainable mechanisms for providing services and improving urban areas overall. An overview of the program will be presented.</p> | <p>Information</p> |
| <p>8. Continued Public Comments
 If the five-speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.</p> | |
| <p>9. Upcoming Meetings
 The next Borders Committee meeting is scheduled for Friday, March 27, 2020, at 12:30 p.m.</p> | <p>Information</p> |
| <p>10. Adjournment</p> | |

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Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Fiscal Year 2018/2019 Comprehensive Annual Financial Report (CAFR)

Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740

Date: March 2, 2020

The purpose of this item is to provide a presentation on WRCOG's Fiscal Year (FY) 2018/2019 financial audit and Comprehensive Annual Financial Report (CAFR).

Requested Action:

1. Receive and file.

WRCOG engaged Rogers, Anderson, Malody & Scott, LLP (RAMS) to conduct WRCOG's annual financial audit. The contract with RAMS is for three years with an option for two, one-year extensions. RAMS will be assisting WRCOG with the creation of Agency financial statements and the CAFR that meet all standards of the Governmental Accounting Standards Board.

WRCOG received the distinguished "Certificate of Achievement for Excellence in Financial Report" from the Government Finance Officers Association for four consecutive years and all signs indicate that the Fiscal Year (FY) 2018/2019 Report will also produce this distinguished award. The award recognizes that the Agency is transparent, has provided full disclosure of its financial statements, and that the users of the CAFR have all the information needed to draw a financial conclusion of the Agency.

WRCOG's auditors are providing an unmodified opinion on the FY 2018/2019 CAFR. An unmodified opinion is the highest form of assurance an auditing firm can provide to its client and means that the audit and associated Agency financials are both in good form and the accounting practices are solid.

WRCOG's total net position decreased by 67%, or \$20.5 million, during FY 2018/2019 compared to the prior year's increase of \$26.4 million. The decrease in net position was mostly due to an increase in TUMF reimbursements. Total liabilities increased 27%, or \$18.3 million, during FY 2018/2019 compared to the prior year, mostly due to the increase in TUMF reimbursements. TUMF project liabilities are programmed according to the anticipated revenue on the Transportation Improvement Program (TIP). As such, the TIP assumed more projects to be programmed in the current fiscal year.

This decrease in current assets is attributable to the difference in TUMF revenues received over projects completed and paid out.

Net investment in Capital Assets represents 3.6%, or \$362,000 of WRCOG's total net position for FY 2018/2019 compared to 1.3%, or \$413,000, for FY 2017/2018. The decrease is attributable to the depreciation of existing capital assets.

Restricted net position accounts for 18.7%, or \$1.9 million, of WRCOG's total net position for FY 2018/2019 compared to 72.2%, or \$22.2 million, for FY 2017/2018. This component of net position represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and

restrictions imposed by law through constitutional provisions or enabling legislation. All of the restricted net position applies to TUMF as the administration plan requires that WRCOG hold the funds until a zone has an opportunity to claim use of the funds through the Transportation Improvement Program (TIP). The jurisdiction located within that particular zone must demonstrate it has expended its own funds and is requesting reimbursement and has provided the appropriate supporting documentation.

Unrestricted net position accounts for 77.7%, or \$7.9 million, of WRCOG's total net position for FY 2018/2019 compared to 26.4% or \$8.1 million, for FY 2017/2018. This component of WRCOG's total net position may be used to meet WRCOG's ongoing obligations to creditors.

For any questions related to the audit, Terry Shea, RAMS Audit Partner, can be reached at (909) 889-0871 or terry@ramscpa.net.

Prior Actions:

February 12, 2020: The Administration & Finance Committee received and filed.

February 6, 2020: The Finance Directors Committee received and filed.

Fiscal Impact:

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

Attachments:

1. FY 2018/2019 Comprehensive Annual Financial Report.
2. FY 2018/2019 Statement on Auditing Standards 114 Report.
3. FY 2018/2019 Internal Standards Report.

Item 5.I

Fiscal Year 2018/2019
Comprehensive Annual Financial
Report (CAFR)

Attachment 1

FY 2018/2019 Comprehensive
Annual Financial Report

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Fiscal Year 2018 / 2019

Comprehensive Annual Financial Report

Western Riverside Council of Governments
Riverside, CA





Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2019

Submitted by:
Fiscal Department
Western Riverside Council of Governments

WESTERN RIVERSIDE COUNTY | CALIFORNIA

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**JUNE 30, 2019
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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

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Introductory Section

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Western Riverside Council of Governments

County of Riverside • City of Banning • City of Beaumont • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale • City of Hemet
City of Jurupa Valley • City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco • City of Perris • City of Riverside
City of San Jacinto • City of Temecula • City of Wildomar • Eastern Municipal Water District • Western Municipal Water District • Morongo Band of Mission
Indians • Riverside County Superintendent of Schools

January 27, 2020

To the Western Riverside Council of Governments and Citizens of Western Riverside County:

Letter of Transmittal

The Comprehensive Annual Financial Report for the Western Riverside Council of Governments (WRCOG) for the fiscal year ended June 30, 2019 is hereby submitted in accordance with the provision of Section 6505 of the Government Code of the State of California (the State). The report contains financial statements that have prepared in conformity with generally accepted accounting principles (GAAP) in the United States prescribed for governmental entities. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Western Riverside Council of Governments (WRCOG). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds of WRCOG. All disclosure necessary to enable the reader to gain an understanding of WRCOG's financial activities have been included. Because the cost of an internal control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of material misstatements.

Rogers, Anderson, Malody & Scott., LLP has issued an unmodified opinion on WRCOG's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative, overview, and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to WRCOG for its CAFR for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

Profile of the Government

WRCOG was formed in November 1989 as a California Joint Powers Authority under the Government Code Section 6500 et seq., of the State of California. WRCOG strives to unify Western Riverside County so that it can speak with a collective voice on important issues that affect its members. Representatives from 17 cities, the County of Riverside, the Eastern and Western Municipal Water Districts, the Riverside County Superintendent of Schools and the Morongo Band of Mission Indians have seats on WRCOG Executive Committee, the group that sets policy for the Agency. WRCOG's many areas of activity cover such programs as transportation, energy, community growth and development, and environment.

Major Initiatives

Transportation Uniform Mitigation Fee (TUMF) Program: WRCOG developed and administers the TUMF Program, a multi-jurisdictional fee program that ensures that new development in the subregion does not create additional congestion on regional highways. Fees paid by new residential and non-residential development will contribute to the construction of nearly \$3 billion in transportation and transit improvements in Western Riverside County. The TUMF Program will construct 3,100 new lane miles, improve 47 interchanges, construct 39 bridges and 10 railroad grade separations, provide more than \$61 million for regional transit improvements, and nearly \$60 million for acquisition of sensitive habitat.

To date, WRCOG has received more than \$800 million in TUMF revenue since program inception in 2003. 100 TUMF-funded projects have been completed; 12 are under construction; 13 are in engineering or right-of-way acquisition; and 20 are in the planning and environmental stages. The TUMF Program has funded and delivered more than \$1 billion in transportation projects since it began in 2003.

Property Assessed Clean Energy Program (PACE) Program: In 2011, WRCOG launched the HERO Program, a regional effort that provides financing to residential and commercial property owners for the installation of energy efficient, renewable energy, seismic strengthening, and water conservation improvements to homes and businesses in the subregion. Currently, more than \$1.9 billion in applications have been approved. Over 27,000 residential projects have been completed, representing nearly \$537 million in funding. These completed projects have saved over 3.85 billion kWh, 2.39 billion gallons of water, and over 1.03 million tons of greenhouse gas emissions (GHG) saved.

Program participants complete an application and work with a contractor to make the improvements. Repayment occurs through the property owner's annual property tax bill, allowing property owners to pay the assessment over time. The Program includes multiple benefits. For property owners, energy and water conservation improvements will yield reduced utility bills and can improve property values. For Western Riverside County, the Program will create energy savings for the fast-growing region, reduce GHG emissions associated with energy use, and bring and retain needed jobs for area contractors.

The HERO Program has also expanded throughout California. As of 2019, 366 jurisdictions have joined the statewide Program, continuing to save billions of gallons of water, reducing millions of tons of GHG, and saving billions of kWh. This expansion has allowed commercial PACE to increase its presence and give business owners new financing opportunities, including new construction and retrofitting older buildings. PACE financing continues to offer homeowners and businesses with alternative financing while offering renewable energy, water conservation, and energy efficient products.

Western Community Energy: Established in 2018, WCE is a Joint Powers Authority (JPA), that represents 7-member cities to provide electric generation service within its respective jurisdictions. WCE is a CCA program that gives local government the opportunity to buy electricity directly from its source and then offers it to the community at a more competitive rate than the current utility provider. WCE has an Implementation and Management Services Agreement with WRCOG to provide administrative services to the Agency.

WCE is expected to launch in mid-2020 and has outlined its objectives: 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.

Used Oil and Filter Collection Program: WRCOG's Regional Used Oil Program helps protect groundwater and the environment from the hazards of improperly disposed motor oil. WRCOG's Used Oil and Oil Filter Exchange events have been an effective tool in educating and facilitating the proper recycling of used motor oil and used oil filters in various WRCOG jurisdictions. The primary objective of hosting the events is to educate individuals who change their own oil, the Do-It-Yourselfer (DIYer), promoting the recycling of used oil and oil filters; therefore, an auto parts store is a great venue for educating the DIYer. In addition to promoting used oil / oil filter recycling, WRCOG staff informs the DIYer about the County-wide HHW Collection Program where residents can drop-off other automotive and household hazardous products for free.

Western Riverside Energy Partnership (WREP): This Partnership originally consisted of WRCOG, Southern California Edison, and 14 member jurisdictions. In 2013, Southern California Gas Company joined the Partnership. The Partnership is designed to optimize opportunities for participating jurisdictions to achieve both short- and long-term sustainable energy savings, reduce utility bills, and enhance the level of comfort by retrofitting municipal buildings and facilities. A public outreach program encouraging residents in Western Riverside County to conserve energy is also part of the Partnership.

Clean Cities Coalition (Coalition): WRCOG's Clean Cities Coalition is nationally-recognized for its efforts to promote clean air by encouraging the use of alternative fuel vehicles and development of alternative fuel infrastructure, technologies and education. The Coalition hosts a number of educational forums and conferences, including an annual Environmental Youth Conference which brings together more than 200 middle school students to discuss and learn about sustainable lifestyles.

Solid Waste Cooperative: Under the leadership of the California Department of Resources Recycling and Recovery (CalRecycle), the state is nearly two-thirds of the way towards achieving ambitious waste diversion goals set forth by the Legislature. Since 1990, the partnership of the State, local governments, the waste industry, businesses, environmental groups, and millions of committed Californians has diverted more than 100 million tons of materials from landfills, and nearly 60 cities and counties have already met or exceeded the mandate to cut their trash in half.

Streetlight Program: At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program that will allow jurisdictions (and Community Service Districts) to purchase streetlights within their boundaries that are currently owned and operated by SCE. Once the streetlights are owned by the member jurisdiction, the lamps will be retrofitted to Light Emitting Diode (LED) technology to provide more economical operations (i.e., lower maintenance costs, reduced energy use, and improvements in public safety). Local control of the streetlight system provides jurisdictions with opportunities for future revenue generation such as digital-ready networks, and telecommunications and information technology strategies.

The Program seeks to provide cost-efficiencies for local jurisdictions through the purchase, retrofit, and maintenance of streetlights within jurisdictional boundaries, without the need of additional jurisdictional resources. As a regional Program, WRCOG is working with participating jurisdictions to move through the acquisition process, develop financing recommendations, develop and update

regional and community-specific streetlight standards, and implement a regional operations & maintenance (O&M) agreement that will enhance the level of service currently provided by SCE.

Sustainability Framework: WRCOG's Sustainability Framework provides the foundation for a healthy communities planning movement in Western Riverside County. Implementation of ideas in the Framework can yield positive co-benefits in health and move the region towards a better quality of life. For example, recently, twelve cities in Western Riverside County joined together to develop a Subregional Climate Action Plan (CAP). The CAP goals include promoting economic development and job growth, energy and cost savings for residents and business owners, water efficiency and conservation, reduction in solid waste, improved air quality, and the promotion of active and healthy communities. The CAP strategies can be uniformly applied, or tailored as needed, for adoption by individual jurisdictions.

Beyond Program: At the end of Fiscal Year 2014/2015, WRCOG created a new program titled, "Beyond." For Fiscal Year 2016/2017, WRCOG *is allocating \$2.3 million for use by WRCOG member agencies through its "BEYOND" initiative.* BEYOND is an economic development and sustainability local assistance funding program intended to help member agencies develop and implement projects that can improve the quality of life in Western Riverside County by addressing critical growth components such as economy, water, education, environment, health, and transportation.

The cornerstone of BEYOND is WRCOG's Economic Development and Sustainability Framework. The Framework was approved by WRCOG's Executive Committee in 2012, and can be accessed on WRCOG's website at <http://www.wrcog.us/community/sustainability>. It serves, as the title implies, as a framework or guide that members can draw from in developing approaches to improve their communities. The premise of the Framework is that economic development, at its core, is tied to quality of life. While defining "quality of life" may be difficult, there is little debate that major contributing factors include critical components such as education, water, health, transportation, energy, and environment. When attention is given to each of these components, undoubtedly the subregion's quality of life improves, and as such economic desirability improves as well.

Fellowship Program: In February 2016, the Executive Committee approved the creation of a one-year pilot Public Service Fellowship Program, to be administered by WRCOG in Western Riverside County, in partnership with the University of California, Riverside (UCR), and California Baptist University (CBU). The goal of this Program is to retain local students to fulfill the subregion's need for a robust public sector workforce and to combat the often-mentioned "brain drain" that Riverside County experiences when local students graduate but then leave the region to seek full-time employment elsewhere. The Fellowship Program is geared towards students graduating from UCR and CBU to engage them in career opportunities with local governments and agencies in a way that is mutually beneficial to both the Fellows and the agency.

WRCOG is responsible for general Program administration and oversight, maintaining employment of the Fellows, soliciting interest from local government agencies, serving as the liaison between member agencies and the universities, providing Program funding, and coordinating payment of Fellowship stipends. UCR and CBU are responsible for soliciting interest from students, reviewing applications and conducting interviews, recommending local government agency placements, and communicating regularly with Fellows. WRCOG, UCR, and CBU also provide ongoing training to Fellows on career readiness and other theoretical topics during regular Networking Sessions to support their hands-on work experience. A representative from each University serves as an "advisor" to answer questions from the Fellows or host agencies, monitor the Fellows' performance,

handle HR-related issues or complaints in collaboration with WRCOG, and provide needed support to ensure that the Fellowship placement is successful

Financial Planning

A successful fiscal year always starts during the creation of the budget process. Management staff will begin to gather data and discuss planning of the budget around January of every year. Management will describe their needs in terms of increased line items and justify that with any increases they foresee in revenues for the upcoming fiscal year.

The first time the draft budget is presented publicly at WRCOG's sub-committee level. The Administration & Finance Committee, which is comprised of 11 of WRCOG's Executive Committee members, will review and discuss the budget, usually at its March or April meeting and make any recommendations and have it forwarded on to the Technical Advisory Committee (TAC), which is comprised of the City Managers and Agency Directors of WRCOG's member agencies. This meeting of the TAC usually occurs within the same month as the Administration & Finance Committee. After it is recommended for approval, the budget's next stop is at WRCOG's Executive Committee meeting (usually in June). Once approved by the Executive Committee, the budget is approved by the General Assembly. The General Assembly is usually held at an off-site location and generally on the fourth Thursday of every June. The General Assembly is comprised of a majority of all City Councils, County Board of Supervisors, and other Board Members that represent WRCOG.

The budget itself is presented at the function level. It is displayed as follows: general government, transportation, energy, and environment. With the exception of the general government, each function is self-sufficient and able to fund its own expenditures through revenue generated. The general government; however, does not bring in enough revenue to cover all of the expenditures such as rent, legal, consulting, and payroll, and because of this, must charge overhead to offset the difference. The overhead is calculated during the budget process and allocated to each function in the most equitable method possible. This is usually based on the amount of revenue generated as a percentage of the total agency revenue.

The creation of the budget entries is part of the internal control process. One member of the Fiscal staff is to enter the journal, while another member approves. WRCOG's IT consulting firm is the only member of WRCOG that is allowed to assign functions within the accounting system. The goal of creating internal controls is to ensure that one person cannot create, approve, and issue a check, wire, or any other sensitive piece of information. WRCOG follows the policy that at least two, if not three, signatures are required to approve any check requests and the amount must be verified against the approved budget to ensure there are sufficient funds available to expend.

The Executive Committee of WRCOG has provided outstanding leadership and has provided staff with excellent resources, which are reflected in the programs delivered to the various members. WRCOG continues to be counted on to provide regional perspective while respecting local control.

WRCOG's Executive Committee approves all financial policies relevant to every aspect of the agency's accounting and as such, none of the policies approved during the year, or in year's past, had a significant impact on the current period's financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Western Riverside Council of Governments for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

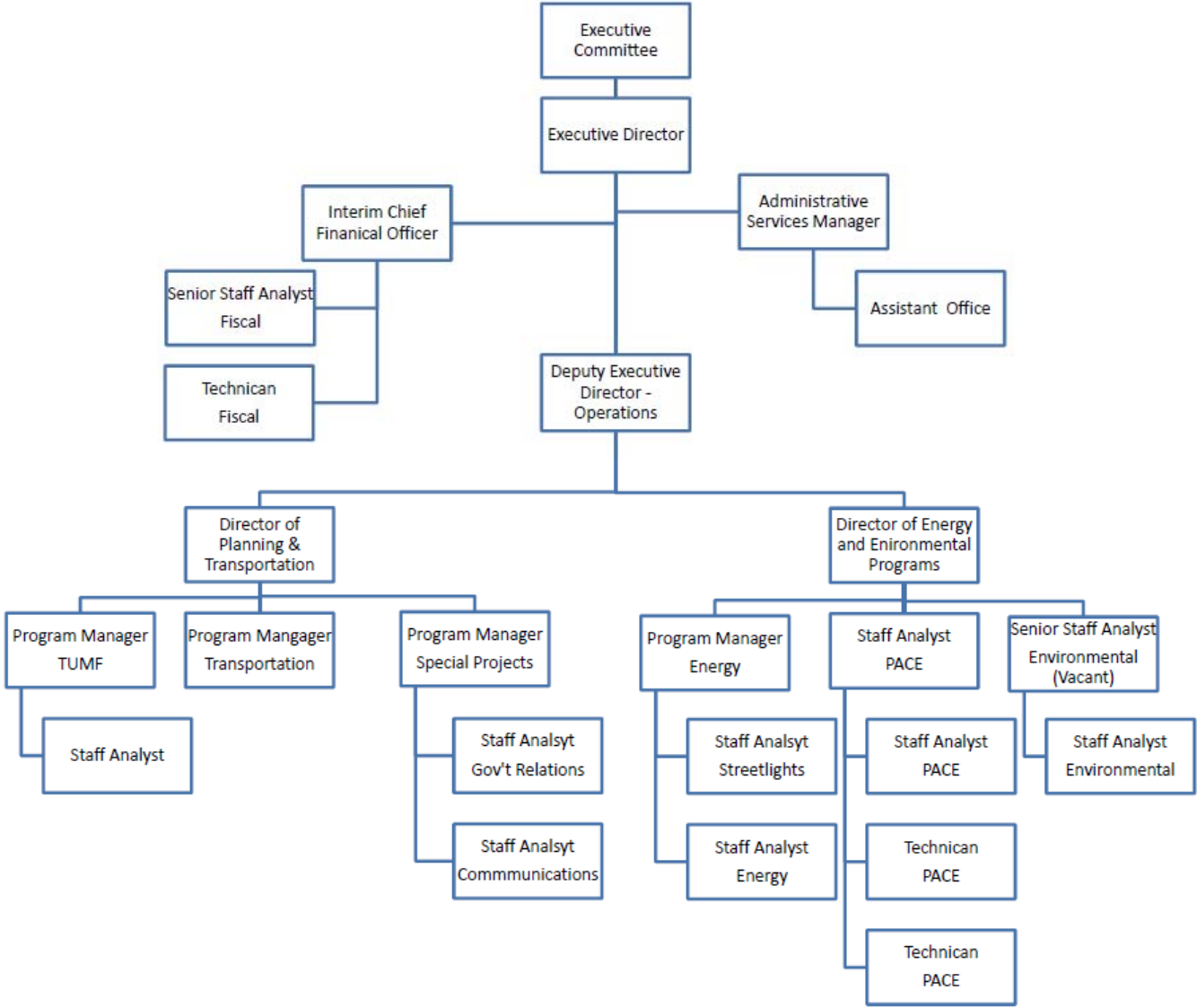
Sincerely,



Andrew Ruiz
Interim Chief Financial Officer



Western Riverside Council of Governments
Organizational Chart 2019



Executive Director – 1
Deputy Executive Director – 1
Interim Chief Financial Officer - 1
Program Director – 2
Program Manager – 5
Senior Analyst – 2
Staff Analyst - 8
Technician – 3
Administrative Assistant – 1
TOTAL: 24

Western Riverside Council of Governments

List of Principal Officials As of June 30, 2019

Executive Committee Members

Name and Position	Title	Agency
Bonnie Wright	Chair	City of Hemet
Kevin Bash	Vice-Chair	City of Norco
Kelly Seyarto	2 nd Vice Chair	City of Murrieta
Michael Goodland	Member	City of Jurupa Valley
Daniela Andrade	Member	City of Banning
Jim Hyatt	Member	City of Calimesa
Jordan Ehrenkranz	Member	City of Canyon Lake
Jason Scott	Member	City of Corona
Joseph Tessari	Member	City of Eastvale
Brian Tisdale	Member	City of Lake Elsinore
Matt Liesemeyer	Member	City of Menifee
Victoria Baca	Member	City of Moreno Valley
Rita Rogers	Member	City of Perris
Rusty Bailey	Member	City of Riverside
Crystal Ruiz	Member	City of San Jacinto
James Stewart	Member	City of Temecula
Ben Benoit	Member	City of Wildomar
Kevin Jeffries	Member	County of Riverside, District 1
Karen Spiegel	Member	County of Riverside, District 2
Jeff Hewitt	Member	County of Riverside, District 5
Chuck Washington	Member	County of Riverside, District 3
Brenda Dennstedt	Member	Western Municipal Water Dist.
David Slawson	Member	Eastern Municipal Water Dist.
Judy White	Member	Riverside County Superintendent of Schools
Robert Martin	Member	Morongo Band of Mission Indians

Management Staff

Rick Bishop, Executive Director
Barbara Spoonhour, Deputy Executive Director - Operations
Andrew Ruiz, Interim Chief Financial Officer
Casey Dailey, Director of Energy and Environmental Programs
Christopher Gray, Director of Transportation and Planning Programs



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Western Riverside
Council of Governments
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

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Financial Section

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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INDEPENDENT AUDITOR'S REPORT

PARTNERS

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Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)
Kirk A. Franks, CPA (Partner Emeritus)

MANAGERS / STAFF

Charles De Simoni, CPA
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Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Ye Ying Stella Xia, CPA, MSBA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



Executive Committee
Western Riverside Council of Governments
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Riverside Council of Governments (WRCOG), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise WRCOG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of WRCOG as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual general fund, schedule of WRCOG's proportionate share of the net pension liability and related ratios as of the measurement date, schedule of plan contributions, schedule of changes in the net OPEB liability and related ratios, and schedule of other postemployment benefits plan contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WRCOG's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2020, on our consideration of WRCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering WRCOG's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 27, 2020

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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2019

This section of the Western Riverside Council of Governments (WRCOG) Comprehensive Annual Financial Report presents a narrative overview and analysis of WRCOG's financial activities for the fiscal year ended June 30, 2019. Management encourages readers to consider the information presented here in conjunction with the Letter of Transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to WRCOG's basic financial statements. WRCOG's basic financial statements include three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

The following required supplemental information has been included in this report:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Schedule of WRCOG's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date
- Schedule of Plan Contributions
- Schedule of Changes in the Net OPEB Liability and Related Ratios
- Schedule of Other Postemployment Benefits Plan Contributions

The following supplemental information has been included in this report:

- Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds
- Statistical Section

Government-Wide Financial Statements are designed to provide readers with a broad overview of WRCOG finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of WRCOG's assets and deferred outflows of resources as well as liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of WRCOG is improving or declining.

The *Statement of Activities* presents information showing how WRCOG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as revenues pertaining to uncollected TUMF fees or expenses pertaining to earned but unused vacation and sick leave).

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2019

Fund Financial Statements only utilizes governmental funds. The focus of governmental fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth by the Governmental Accounting Standards Board (GASB). Like other state and local governments, WRCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements often have a budgetary orientation, are prepared on the modified accrual basis of accounting, and focus primarily on the sources, uses, and balances of current financial resources.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds' balance sheet and statement of revenues, expenditures, and changes in fund balances are accompanied by reconciliation to the government-wide financial statements in order to facilitate comparison between governmental funds and governmental activities.

WRCOG maintains two major governmental funds organized to their type (general and special revenue). The governmental fund statements present the financial information of each major fund in separate columns.

Notes to the Basic Financial Statements provide additional information other than that displayed on the face of the financial statements and are essential for the fair presentation of the financial information in the government-wide and fund financial statements.

Required Supplementary Information, in addition to this MD&A, presents schedules of the proportionate share of net pension liability, schedule of plan contributions, schedule of changes in net OPEB liability, schedule of OPEB contributions, plus budget and actual information.

FINANCIAL HIGHLIGHTS

- Total net position of WRCOG was \$10.2 million and consisted of net investment in capital assets of \$362,054, restricted net position of \$1.9 million, and unrestricted net position of \$7.9 million.
- At June 30, 2019, WRCOG's assets of \$96.6 million plus deferred outflows of resources of \$1.1 million exceeded its liability of \$87.4 million and deferred inflows of resources of \$107,467 resulting in a net position of \$10.2 million.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position – Net Position may serve as a useful indicator of a government's financial position. At the end of the current fiscal year, WRCOG reported positive net position, with total assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$10.2 million.

Net pension liability is the amount needed to fully fund WRCOG's defined benefit plan. The net pension liability at June 30, 2018 was \$2.7 million and decreased to \$2.6 million at June 30, 2019.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. WRCOG reports deferred outflows related to pensions and OPEB.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. WRCOG reports deferred inflows also related to pensions and OPEB.

The table below provides summarized data from the Statement of Net Position for WRCOG as of June 30, 2019, as compared to the prior year:

Statement of Net Position
As of June 30

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 96,266,351	\$ 99,035,034
Capital assets being depreciated	<u>362,054</u>	<u>413,343</u>
Total Assets	<u>96,628,405</u>	<u>99,448,377</u>
Deferred Outflows of Resources	<u>1,088,445</u>	<u>1,428,977</u>
Current and other liabilities	70,342,928	49,598,809
Long-term obligations	<u>17,075,892</u>	<u>19,506,926</u>
Total Liabilities	<u>87,418,820</u>	<u>69,105,735</u>
Total Deferred Inflows or Resources	<u>107,467</u>	<u>1,015,899</u>
Net Position:		
Net investment in capital assets	362,054	413,343
Restricted	1,907,303	22,211,582
Unrestricted	<u>7,921,206</u>	<u>8,130,795</u>
Total Net Position	<u><u>\$ 10,190,563</u></u>	<u><u>\$ 30,755,720</u></u>

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

WRCOG's total net position decreased by 71%, or \$21.7 million, during fiscal year 2018-2019 compared to the prior year's increase of \$26.4 million. The decrease in net position was mostly due to an increase in TUMF reimbursements. Total liabilities increased 27%, or \$18.3 million, during fiscal year 2018-2019 compared to the prior year, mostly due to the increase in TUMF reimbursements. TUMF project liabilities are programmed according to the anticipated revenue on the Transportation Improvement Program (TIP). As such, the TIP assumed more projects to be programmed in the current fiscal year. Current assets decreased from \$99.4 million in FY 2017/2018 to \$96.3 million, or 2.8%. This decrease in current assets is attributable to the difference in TUMF revenues received over projects completed and paid out. Below are the three components of net position and their respective fiscal year-end balances:

- **Net Investment in Capital Assets** represents 3.6%, or \$362 thousand of WRCOG's total net position for fiscal year 2018-2019 compared to 1.3%, or \$413 thousand, for fiscal year 2017-2018. The decrease is attributable to the depreciation of existing capital assets.
- **Restricted net position** accounts for 18.7%, or \$1.9 million, of WRCOG's total net position for fiscal year 2018-2019 compared to 72.2%, or \$22.2 million, for fiscal year 2017-2018. This component of net position represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. All of the restricted net position applies to TUMF as the administration plan requires that WRCOG hold the funds until a Zone has an opportunity to claim use of the funds through the Transportation Improvement Program (TIP). The jurisdiction located within that particular zone must demonstrate it has expended its own funds and is requesting reimbursement and has provided the appropriate supporting documentation.
- **Unrestricted net position** accounts for 77.7%, or \$7.9 million, of WRCOG's total net position for fiscal year 2018-2019 compared to 26.4% or \$8.1 million for fiscal year 2017-2018. This component of WRCOG's total net position may be used to meet WRCOG's ongoing obligations to creditors.

Governmental Activities

Revenues: WRCOG's governmental activities rely on the following sources of revenue to finance ongoing operations:

- General revenue related to governmental activities primarily consists of fees, other revenues, and investment earnings. Investment earnings increased from \$274 thousand to \$2.3 million due to an improving economy and increased interest rate yields.
- Charges for services are revenues received related to the sponsorship of the PACE Program. WRCOG receives 1.463% of the amount financed for its participation in the program. In addition, the PACE Program recording fees are included in the revenue balance.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

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For the Year Ended June 30, 2019

- Operating grants and contributions decreased by \$612 thousand, or 0.9%, from \$68.6 million in fiscal year 2017-2018 to \$68 million in the current fiscal year. This increase was due to more TUMF revenues collected during the Fiscal Year. Total expenses increased from \$47.3 million to \$95.3 million due to an increased amount of TUMF project reimbursements paid out.
- Operating Grants and Contributions are revenues received from parties outside of WRCOG, such as state agencies, and are generally restricted to one or more specific programs. TUMF revenue is the largest governmental activities program revenue with \$66.8 million recognized during the year, as compared to \$67.5 million for fiscal year 2017-2018, which represents a decrease of 0.95% or \$641,105.

Expenses: Total program expenses for governmental activities were \$95.3 million for the current fiscal year, an increase of 101.5%, or \$48 million compared to prior fiscal year of \$47.3 million. The increase in expenses is mostly attributable to a greater amount of TUMF Projects that were reimbursed during the fiscal year, as well as a decrease in PACE related expenses.

The following table provides information from the Statement of Activities for WRCOG for the fiscal year 2018-2019, as compared to the prior year:

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30

	2019	Percent of Total	2018	Increase (Decrease) From 2018	Percent Increase (Decrease)
Revenues					
Program revenues:					
Charges for services	\$ 3,364,946	4.6%	\$ 6,003,534	\$ (2,638,588)	-44.0%
Operating grants and contributions	67,954,129	92.4%	68,566,122	(611,993)	-0.9%
General revenues:				-	
Investment earnings	2,262,464	3.1%	273,559	1,988,905	727.0%
Total revenues	<u>73,581,539</u>	<u>100.0%</u>	<u>74,843,215</u>	<u>(1,261,676)</u>	<u>-1.7%</u>
Expenses					
General government	6,966,676	7.3%	5,416,418	\$ 1,550,258	28.6%
Transportation	85,033,676	89.2%	34,971,790	50,061,886	143.1%
Energy	2,779,274	2.9%	6,333,946	(3,554,672)	-56.1%
Environmental	533,897	0.6%	570,687	(36,790)	-6.4%
Total expenses	<u>95,313,523</u>	<u>100.0%</u>	<u>47,292,841</u>	<u>48,020,682</u>	<u>101.5%</u>
Change in Net Position	(21,731,984)		27,550,374	(49,282,358)	
Net Position, Beginning of Year as restated (Note 16)	<u>31,922,547</u>		<u>3,205,346</u>	<u>28,717,201</u>	
Net Position, End of Year	<u>\$10,190,563</u>		<u>\$ 30,755,720</u>	<u>\$ (20,565,157)</u>	<u>-66.9%</u>

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2019

FINANCIAL ANALYSIS OF FUND STATEMENTS

As previously noted, WRCOG uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of WRCOG's governmental funds is to provide information on the sources, uses, and balances of spendable resources. Such information is useful in assessing WRCOG's short-term financial requirements. In particular, the total fund balance less the non-spendable amount may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by WRCOG include the General and Special Revenue Funds.

The General Fund is the chief operating fund for WRCOG. At the end of the current fiscal year, the General fund's total fund balance was \$10.7 million, as compared to \$11.3 million for the prior fiscal year. The decrease of \$609 thousand, or (5%), was mostly a result of the decreased revenues in the PACE programs. The PACE Programs have experienced a decline in revenues and volumes in FY 2018/2019 due to market saturation and other PACE providers entering the market. WRCOG is also funding its CCA Program out of its General Fund, which is expected to be paid back once the program becomes self-sustaining. As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. The non-spendable portion of fund balance was \$96 thousand; the assigned portion was \$1,007,292, which included the BEYOND Program of \$702,559 and the Fellowship Program of \$304,733, and the unassigned portion at \$9.6 million. The current year's unassigned fund balance is 96% of the total General Fund expenditures of \$9.2 million, as compared to 72% of the total General Fund expenditures for fiscal year 2017-2018. The total fund balance of the General fund for the current year is 116% of the total general fund expenditures as compared to 101% for the prior year.

The TUMF Fund is a Special Revenue Fund for WRCOG. At the end of the current fiscal year, the TUMF Fund's total fund balance was \$15.1 million, as compared to \$38.1 million for the prior fiscal year. The decrease of \$23 million, or 60%, was mostly a result of the increase in TUMF projects that were reimbursed during the fiscal year and more TUMF project liabilities booked in FY 18/19. TUMF project liabilities are programmed according to the anticipated revenues on a five-year budget known as the Transportation Improvement Program (TIP). At the end of each fiscal year, the unexpended projects are rolled over on the TIP into the next fiscal year and the unexpended, current year projects on the TIP, are booked into the current fiscal year. As such, the TIP assumed more projects to be programmed into the current fiscal year, which resulted in a lower liability, and in combination with increased revenues, increased the TUMF fund's net position.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

GENERAL FUND FINANCIAL ANALYSIS

Revenues for the General Fund, including comparative amounts from the preceding year are shown in the following tabulation:

	2019	Percent of Total	2018	Increase (Decrease) From 2018	Percent Increase (Decrease)
Revenues					
Intergovernmental	\$ 775,500	9.0%	\$ 931,500	\$ (156,000)	-16.7%
TUMF mitigation fees	2,547,444	29.6%	2,056,285	491,159	23.9%
PACE fees	2,752,932	32.0%	5,684,817	(2,931,885)	-51.6%
Other revenues	2,357,848	27.4%	1,448,287	909,561	62.8%
Investment income	178,994	2.1%	22,819	156,175	684.4%
Total revenues	<u>\$ 8,612,718</u>	<u>100%</u>	<u>\$ 10,143,708</u>	<u>\$ (1,530,990)</u>	<u>-15.1%</u>

The decrease in intergovernmental revenue was mainly due to recategorizing Clean Cities revenues under a separate fund. TUMF mitigation fees were higher because more permits were issued during the fiscal year resulting in an increased amount of revenue from the TUMF program. PACE fees decreased significantly due to market saturation and other PACE providers entering the market. Lastly, investment income increased in the general fund due to an improving economy and increased interest rate return.

Expenditures for the General Fund, including comparative amounts from the preceding year, are shown in the following tabulation:

	2019	Percent of Total	2018	Increase (Decrease) From 2018	Percent Increase (Decrease)
Expenditures					
General government	\$ 6,039,969	65.5%	\$ 4,493,570	\$ 1,546,399	34.4%
Energy	2,779,274	30.1%	6,336,292	(3,557,018)	-56.1%
Environmental	402,552	4.4%	570,687	(168,135)	-29.5%
Total expenditures	<u>\$ 9,221,795</u>	<u>100.0%</u>	<u>\$ 11,400,549</u>	<u>\$ (2,178,754)</u>	<u>-19.1%</u>

The increase in expenditures in the General Government was due to the increase in payroll related costs such as benefits to both current and retired employees and the rising cost of pensions and also funding of the Community Choice Aggregation (CCA) program. Energy expenditures have decreased primarily due to the decline of the PACE programs. Lastly, the Environmental Department experienced a decrease in expenditures due to recategorizing Clean Cities revenues under a separate fund.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

TUMF FUND FINANCIAL ANALYSIS

Revenues for the TUMF Fund, including comparative amounts from the preceding year are shown in the following tabulation:

	2019	Percent of Total	2018	Increase (Decrease) From 2018	Percent Increase (Decrease)
Revenues					
TUMF mitigation fees	\$61,138,647	94.5%	\$ 49,248,746	\$ 11,889,901	24.1%
Other revenues	1,494,380	2.3%	15,200,000	(13,705,620)	-90.2%
Investment income	2,083,458	3.2%	250,730	1,832,728	731.0%
Total revenues	<u>\$64,716,485</u>	<u>100%</u>	<u>\$ 64,699,476</u>	<u>\$ 17,009</u>	<u>0.03%</u>

The increase in TUMF mitigation revenues is due to the improving economy and increase in development in the Western Riverside County region. The TUMF program has primarily seen an increase in its industrial land use, as many large warehouses, such as fulfillment centers and parcel hubs, are being constructed in western Riverside County. The decrease in other TUMF revenues is related to revenue recovery associated with WRCOG's TUMF dispute with the City of Beaumont, where most revenues were recovered in 2018 and some recovery revenues continued to come in 2019. Lastly, investment income increased in the general fund due to an improving economy and increased interest rate return.

Expenditures for the TUMF Fund, including comparative amounts from the preceding year, are shown in the following tabulation:

	2019	Percent of Total	2018	Increase (Decrease) From 2018	Percent Increase (Decrease)
Expenditures					
Transportation	\$87,741,176	100.0%	\$ 35,974,673	\$ 51,766,503	143.9%
Total expenditures	<u>\$87,741,176</u>	<u>100.0%</u>	<u>\$ 35,974,673</u>	<u>\$ 51,766,503</u>	<u>143.9%</u>

The increase in TUMF expenditures is due to more TUMF projects being paid out and completed, and also more projects programmed onto the Transportation Improvement Program (TIP). TUMF project liabilities are programmed according to the anticipated revenues on a five-year budget known as the Transportation Improvement Program (TIP). At the end of each fiscal year, the unexpended projects are rolled over on the TIP into the next fiscal year and the unexpended, current year projects on the TIP, are booked into the current fiscal year. As such, the TIP assumed more projects to be programmed into the current fiscal year, which resulted in a higher liability.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences exist between final budgeted amounts versus actual mostly due to the timing in which the fourth quarter budget amendments are taken to WRCOG's Administration & Finance Committee. To be finalized for year end, the fourth quarter amendments are presented at the July Administration & Finance Committee and approved at the August Executive Committee meeting.

Because of this timing, each category of the budget for revenue has some variation with the largest occurring with the intergovernmental revenues. When the final budget was presented to the Executive Committee, it was anticipated revenues in the General Fund would be \$8 million; however, the actual amount was only \$8.6 million, leaving a variance of \$597 thousand. This variance was mostly due to the increased TUMF admin fee revenue, decreased PACE revenue and an increase in interest income.

On the expenditure side for the General Fund, it was anticipated expenditures would be \$13.5 million; however, actual expenditures were only \$9.2 million, leaving a variance of \$4.3 million. This was mostly due to the WRCOG BEYOND Program grant, which does not match up with WRCOG's Fiscal Year. The grant year causes expenditures to be carried forward into the next Fiscal Year.

CAPITAL ASSETS AND LONG TERM OBLIGATIONS

As of June 30, 2019, WRCOG had capital assets of \$362,054, net of accumulated depreciation, invested in mostly office items such as furniture, computers, office improvements, and vehicles.

Additional information to WRCOG's capital assets can be found on Note 4 to the financial statements.

Long-term liabilities have decreased from \$19.5 million in FY 2017/2018, to \$17.1 million, including net pension and net OPEB liabilities, in FY 2018/2019, or a decrease of 12%. The decrease in long-term liabilities can mostly be attributed to a decrease in TUMF liabilities.

Additional information to WRCOG's long-term liabilities can be found on Note 5 to the financial statements

ECONOMIC FACTORS AND OTHER FACTORS

On June 21, 2019 WRCOG adopted the fiscal year 2019/2020 budget. The budget is presented by function, which includes: Administration, Transportation, Energy, and Environmental. Expenditures have shifted in that now the majority of budgeted expenditures are now in the Energy category because of the need for consulting services, payroll, and recording fees. The TUMF program, saw an increase in revenues of 21.7% in Fiscal Year 2018/2019. Leading economic indicators suggest that the housing market has stabilized, which has helped balance the WRCOG budget.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

CONTACTING WRCOG'S MANAGEMENT

This financial report is designed to provide a general overview of WRCOG's finances for all those with an interest in the government's finances and to show WRCOG's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Interim Chief Financial Officer, Finance Department at Western Riverside Council of Governments, 3390 University Avenue, Suite 450, Riverside, California 92501.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 85,422,599
Receivables:	
Grants	843,656
Interest	4,707
Mitigation fees receivable	7,568,012
Due from other governments	2,330,891
Prepaid items	96,486
Capital assets, net of accumulated depreciation	362,054
Total Assets	<u>96,628,405</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	777,026
Deferred amounts related to OPEB	311,419
Total Deferred Outflows of Resources	<u>1,088,445</u>
LIABILITIES	
Accounts payable	782,221
Due to other governments	68,313,726
Accrued wages and benefits	101,347
Unearned revenue	1,145,634
Non-current liabilities:	
Due within one year	39,968
Due in more than one year:	
Compensated absences	359,710
TUMF liabilities	13,238,755
Net pension liability	2,621,376
Net OPEB liability	816,083
Total Liabilities	<u>87,418,820</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	107,467
Total Deferred Inflows of Resources	<u>107,467</u>
NET POSITION	
Net investment in capital assets	362,054
Restricted for:	
Transportation Uniform Mitigation Fee Program	1,835,158
Foundation	72,145
Unrestricted	<u>7,921,206</u>
Total Net Position	<u><u>\$ 10,190,563</u></u>

The accompanying notes are an integral part of these financial statements

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Activities
For the Fiscal Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
Governmental activities:				
General government	\$ 6,966,676	\$ -	\$ 569,301	\$ (6,397,375)
Transportation	85,033,676	-	66,842,236	(18,191,440)
Energy	2,779,274	3,364,946	-	585,672
Environmental	533,897	-	542,592	8,695
Total Governmental Activities	\$95,313,523	\$ 3,364,946	\$ 67,954,129	\$ (23,994,448)

General Revenues:

Investment income	<u>2,262,464</u>
Total General Revenues	<u>2,262,464</u>

Change in Net Position (21,731,984)

Net Position, Beginning of Year as restated,(Note 16) 31,922,547

Net Position, End of Year \$ 10,190,563

The accompanying notes are an integral part of these financial statements

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Balance Sheet – Governmental Funds
June 30, 2019**

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A JOINT POWERS AUTHORITY)**

**Governmental Funds
Balance Sheet
June 30, 2019**

	Major Funds		Non Major Funds	
	General Fund	Special Revenue TUMF	Clean Cities/ WRCOG Foundation	Total Governmental Funds
ASSETS				
Cash and investments	\$ 10,016,314	\$ 75,334,140	\$ 72,145	\$ 85,422,599
Receivables:				
Grants	843,656	-	-	843,656
Interest	9	4,698	-	4,707
Mitigation fees receivable	-	7,568,012	-	7,568,012
Due from other governments	2,330,891	-	-	2,330,891
Prepaid items	96,486	-	-	96,486
Advances to other funds	-	552,633	-	552,633
Total Assets	<u>\$ 13,287,356</u>	<u>\$ 83,459,483</u>	<u>\$ 72,145</u>	<u>\$ 96,818,984</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 710,377	\$ 71,844	\$ -	\$ 782,221
Due to other governments	-	68,313,726	-	68,313,726
Accrued wages and benefits	101,347	-	-	101,347
Unearned revenue	1,145,634	-	-	1,145,634
Advances from other funds	552,633	-	-	552,633
Total Liabilities	<u>2,509,991</u>	<u>68,385,570</u>	<u>-</u>	<u>70,895,561</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>60,554</u>	<u>-</u>	<u>-</u>	<u>60,554</u>
Fund Balances				
Nonspendable:				
Prepaid items	96,486	-	-	96,486
Restricted:				
Transportation projects	-	15,073,913	-	15,073,913
Foundation	-	-	72,145	72,145
Assigned:				
BEYOND Program	702,559	-	-	702,559
Fellowship Program	304,733	-	-	304,733
Unassigned	9,613,033	-	-	9,613,033
Total Fund Balances	<u>10,716,811</u>	<u>15,073,913</u>	<u>72,145</u>	<u>25,862,869</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 13,287,356</u>	<u>\$ 83,459,483</u>	<u>\$ 72,145</u>	<u>\$ 96,818,984</u>

The accompanying notes are an integral part of these financial statements

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2019**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - Governmental Funds	\$ 25,862,869
Capital assets, net of accumulated depreciation used in governmental activities, are not current financial resources and therefore are not reported in the funds.	362,054
Non-current liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(399,678)
TUMF liabilities	(13,238,755)
Net pension liability	(2,621,376)
Net OPEB liability	(816,083)
Deferred outflows and inflows of resources are not reported in the governmental funds:	
Deferred amounts related to pensions	669,559
Deferred amounts related to OPEB	311,419
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.	<u>60,554</u>
Net Position of Governmental Activities	<u><u>\$ 10,190,563</u></u>

The accompanying notes are an integral part of these financial statements

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Fiscal Year Ended June 30, 2019**

	Major Funds		Non Major Funds	
	General Fund	Special Revenue TUMF	Clean Cities/ WRCOG Foundation	Total Governmental Funds
REVENUES				
Intergovernmental	\$ 775,500	\$ -	\$ 191,770	\$ 967,270
TUMF mitigation fees	2,547,444	61,138,647	-	63,686,091
PACE fees	2,752,932	-	-	2,752,932
Other revenues	2,357,848	1,494,380	-	3,852,228
Investment income	178,994	2,083,458	12	2,262,464
Total Revenues	<u>8,612,718</u>	<u>64,716,485</u>	<u>191,782</u>	<u>73,520,985</u>
EXPENDITURES				
Current:				
General government	6,039,969	-	25	6,039,994
Transportation	-	87,741,176	-	87,741,176
Energy	2,779,274	-	-	2,779,274
Environmental	402,552	-	131,345	533,897
Total Expenditures	<u>9,221,795</u>	<u>87,741,176</u>	<u>131,370</u>	<u>97,094,341</u>
Net Change in Fund Balances	(609,077)	(23,024,691)	60,412	(23,573,356)
Fund Balances, Beginning of Year	<u>11,325,888</u>	<u>38,098,604</u>	<u>11,733</u>	<u>49,436,225</u>
Fund Balances, End of Year	<u>\$ 10,716,811</u>	<u>\$ 15,073,913</u>	<u>\$ 72,145</u>	<u>\$ 25,862,869</u>

The accompanying notes are an integral part of these financial statements

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (23,573,356)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This activity is reconciled as follows:

Cost of assets capitalized, at net book value	47,500
Depreciation expense	(98,789)

Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.	60,554
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The payment of amounts pursuant to long-term TUMF agreements is recorded as an expenditure in the governmental funds. This transaction does not have an effect on the net position in the government-wide financial statements.	2,660,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in compensated absences	(147,276)
Net OPEB liability net adjustment	(309,443)
Pension expense net adjustment	<u>(371,174)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (21,731,984)</u></u>
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The accompanying notes are an integral part of these financial statements

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Fiduciary Net Position
June 30, 2019**

	Agency Fund
ASSETS	
Cash and investments	<u>\$ 1,391,727</u>
LIABILITIES	
Deposits payable	<u>\$ 1,391,727</u>

The accompanying notes are an integral part of these financial statements

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Western Riverside Council of Governments (WRCOG) was formed in 1989 under the California Government Code Section 6500 et. seq. WRCOG is a special district governed by twenty-four Executive Committee Members consisting of seventeen members from the cities in Western Riverside County (excluding the City of Beaumont), four Riverside County Supervisors, two members, each from the Eastern and Western Municipal Water Districts, and one member from the Riverside County Superintendent of Schools.

Accounting principles generally accepted in the United States of America require that these financial statements present the accounts of WRCOG and any of its component units. Component units are legally separate entities for which WRCOG is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of WRCOG's operations so the accounts of these entities are to be combined with the data of WRCOG. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status.

Blended Component Unit

WRCOG Supporting Foundation (the Foundation). WRCOG has created a foundation to support its mission and objectives under IRC 509(a)(3) as an organization that is supervised and controlled in connection with a publicly supported organization. All contributions to the Foundation are exempt under section 501(c)(3) of the Internal Revenue Code. WRCOG executive committee members are the governing board of the Foundation, and management of WRCOG has operational responsibility for the component unit. The Foundation is reported as a separate nonmajor fund in these financial statements.

B. Basis of Presentation

WRCOG's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These statements require that the financial statements described below be presented.

Government-wide Financial Statements. The Statement of Net Position and the Statement of Activities report information on all activities of WRCOG. All fiduciary activities are reported only in the fund financial statements.

The effect of interfund activity has been removed from the government-wide financial statements. Governmental activities are supported by fees, taxes, and intergovernmental revenues and are not eliminated in the process of consolidation.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation, Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. General assembly revenues and other items that do not meet the definition of program revenues are reported instead as general revenues.

Fund Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. WRCOG considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year end, except for cost reimbursement based grants where due to the nature of these grants 180 days after year end is used. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

D. Fund Classifications

WRCOG reports the following major governmental funds:

General Fund. The general fund is WRCOG's primary operating fund. It accounts for all financial resources of WRCOG, except those required to be accounted for in another fund.

Transportation Uniform Mitigation Fees (TUMF) Special Revenue Fund. This fund is used to account for the proceeds of Transportation Uniform Mitigation Fees which are legally restricted to expenditures for specified purposes.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Fund Classifications, Continued

Additionally, WRCOG reports the following fiduciary fund:

Agency Fund. WRCOG's agency fund is used to account for deposits relating to the payoff of Property Assessed Clean Energy (PACE) program loans. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of revenues and expenses.

E. Financial Statement Elements

(1) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for non-negotiable certificates of deposit and investment contracts that are reported at cost. These investments are not transferrable, and they have terms that are not affected by changes in market interest rate. Investment income includes interest earnings and the net increase (decrease) in fair value of investments. WRCOG categorized the fair value measurements for its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments classified in Level 2 of the fair value hierarchy are valued using of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

(2) Interfund Balances and Transfers

Activities between funds that are representative of lending and borrowing arrangements outstanding at year end are referred to as advances to/from other funds.

(3) Capital Assets

Capital assets, which include furniture and computers, are reported in the government-wide financial statements. WRCOG defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful lives varying from five to ten years.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Financial Statement Elements, Continued

(4) Compensated Absences

A total of 10 days of vacation per year may be accumulated by each employee with three years of service, 15 days with four years of service, and 20 days with ten or more years of service. However, employees are not paid for their accumulated sick leave upon retirement until they have been employed for five years, at which time 50% of accumulated sick leave hours is paid out. WRCOG accrued a liability for compensated absences, which meets the following criteria:

- WRCOG's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered,
- The obligation relates to rights that vest or accumulate,
- Payment of the compensation is probable,
- The amount can be reasonably estimated.

Compensated absences not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements.

(5) Fund Balance – Governmental Funds

The following fund balance classifications describe the relative strength of the spending constraints on WRCOG's fund balances:

- Nonspendable fund balance – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, contributors, or laws or regulations of other governments).
- Committed fund balance – amounts constrained to specific purposes by WRCOG itself, using its highest level of decision-making authority (i.e., Executive Committee ordinance). To be reported as committed, amounts cannot be used for any other purpose unless WRCOG takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts WRCOG intends to use for a specific purpose. Intent is expressed by the Executive Committee.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts can only be reported in the general fund.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Financial Statement Elements, Continued

(5) Fund Balance – Governmental Funds, Continued

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, WRCOG considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, WRCOG considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Executive Committee or management has provided otherwise in its commitment or assignment actions.

(6) Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts and the disclosures. Actual results could differ from those estimates.

(7) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

(8) Other Post-Employment Benefit (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the WRCOG'S plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Financial Statement Elements, Continued

(8) Other Post-Employment Benefit (OPEB), Continued

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date: June 30, 2017

Measurement Date: June 30, 2019

Measurement Period: July 1, 2018 to June 30, 2019

(9) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. The government only has one item that qualifies for reporting in this category: deferred amounts related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The government has only one type of item of this: deferred amounts related to pensions. For the fund level statements, deferred inflows of resources represent unavailable resources.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 85,422,599
Fiduciary Funds	
Cash and investments	1,391,727
Total Cash and Investments	<u>\$ 86,814,326</u>

Cash and investments as of June 30, 2019, consist of the following:

Deposits and petty cash	\$ 13,142,375
Investments	73,671,951
Total Cash and Investments	<u>\$ 86,814,326</u>

A. Authorized Investments

The following investments are authorized under California Government Code and, where more restrictive, WRCOG's Investment Policy:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	100%	None
U.S. Agency Securities	5 years	100%	None
Supranational Obligations	5 years	30%	None
State of California Obligations	5 years	30%	5%
Local Agency Obligations	5 years	30%	5%
Asset-Backed Securities	5 years	20%	5%
Repurchase Agreements	1 year	20%	20%
Commercial Paper	270 days	30%	5%
Banker's Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	None
Riverside County Treasurer's Pooled Investment	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	100%	\$65 million **

** Limit set by LAIF governing Board, not California Government Code

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of the year end, the weighted average maturity of the investments contained in the Local Agency Investment Fund (LAIF) pool was approximately 200 days. WRCOG's investment policy recognizes the interest rate risk and therefore places maximum maturity limits (up to five years) on various types of allowable investments.

Investment Type	Total	Remaining Maturity		
		12 months or less	13 to 24 months	25 to 36 months
U.S. Treasury Obligations	\$ 17,990,972	\$ 6,954,110	\$ 914,640	\$ 10,122,222
U.S. Agency Securities	9,588,650	3,282,850	2,728,751	3,577,049
Supranational	1,554,052	-	1,049,904	504,148
Asset-Backed Securities	5,098,190	-	181,051	4,917,139
Negotiable CDs	4,574,312	1,847,992	2,726,320	-
Medium Term Notes	8,206,245	664,778	3,986,766	3,554,701
LAIF	821,064	821,064	-	-
CAMP	25,560,009	25,560,009	-	-
Money Market Account	278,457	278,457	-	-
Total	<u>\$ 73,671,951</u>	<u>\$ 39,409,260</u>	<u>\$ 11,587,432</u>	<u>\$ 22,675,259</u>

C. Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments classified in Level 2 of the fair value hierarchy are valued using of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

C. Fair Value Classifications, Continued

Fair value measurements for investments are as follows as of June 30, 2019:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 17,990,972	\$ -	\$ 17,990,972	\$ -
U.S. Agency Securities	9,588,650	-	9,588,650	-
Supranational	1,554,052	-	1,554,052	-
Asset-Backed Securities	5,098,190	-	5,098,190	-
Negotiable CDs	4,574,312	-	4,574,312	-
Medium Term Notes	8,206,245	-	8,206,245	-
Total Levelled Investments	47,012,421	\$ -	\$ 47,012,421	\$ -

Investments not Subject to Hierarchy:

LAIF	821,064
CAMP	25,560,009
Money Market Account	278,457
	<u>\$ 73,671,951</u>

Deposits and withdrawals to/from LAIF are made on the basis of \$1 and not fair value. As such, the measurement of fair value is uncategorized and not defined as a Level 1, Level 2 or Level 3 input. The balance of the money market account is considered a cash equivalent.

D. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally-recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the WRCOG's investment policy, or debt agreements, and the actual Standard and Poor's rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	AAA	AA+	AA	AA-	A+	A	A-	A-1	A-1+	A-1	Not Rated
Supranational	\$ 1,554,052	N/A	\$ 1,554,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset-Backed Securities	5,098,190	N/A	5,098,190	-	-	-	-	-	-	-	-	-	-
Negotiable CDs	4,574,313	N/A	-	-	-	1,636,408	724,366	365,546	-	361,294	1,486,699	-	-
Medium Term Notes	8,206,244	A	-	181,495	866,590	668,809	1,835,142	3,285,413	1,368,795	-	-	-	-
LAIF	821,064	A	-	-	-	-	-	-	-	-	-	-	821,064
CAMP	25,560,009	N/A	-	-	-	-	-	-	-	-	-	-	25,560,009
Money Market Account	278,457	N/A	-	-	-	-	-	-	-	-	-	-	278,457
	<u>\$ 46,092,329</u>		<u>\$ 6,652,242</u>	<u>\$ 181,495</u>	<u>\$ 866,590</u>	<u>\$ 2,305,217</u>	<u>\$ 2,559,508</u>	<u>\$ 3,650,959</u>	<u>\$ 1,368,795</u>	<u>\$ 361,294</u>	<u>\$ 1,486,699</u>	<u>\$ 26,659,530</u>	

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

E. Concentration of Credit Risk

At June 30, 2019 there were no investments in any one issuer that represented five percent or more of the total WRCOG investments (other than external investment pools).

F. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the WRCOG's policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure WRCOG deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Of WRCOG's deposits with financial institutions, \$14,209,260 was in excess of federal depository insurance limits. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code to collateralize the WRCOG's deposits as noted above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 2 – CASH AND INVESTMENTS, (Continued)

G. Investment in State Investment Pool

WRCOG is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The fair value of WRCOG's investment in this pool is reported in the accompanying financial statements at amounts based upon WRCOG's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at www.treasurer.ca.gov.

H. Investment in JPA Pool/CAMP

WRCOG is a voluntary participant in the CAMP Trust (Trust), which was established as a nontaxable investment portfolio under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with comprehensive investment management services. There are no minimum deposit requirements or limits on deposits and withdrawals. Dividends from net investment income are declared on a daily basis and paid on the last day of the month. Dividends paid are automatically reinvested in each account by the purchase of additional shares. The contract creating the Trust specifies the types of investments that can be made by the investment portfolio with available cash: U.S. Government securities, securities of federally sponsored agencies, repurchase agreements, banker's acceptances, negotiable certificates of deposit and commercial paper. The fair value of WRCOG's investment in this pool is reported in the accompanying financial statements at amounts based upon WRCOG's pro-rata share of the fair value provided by CAMP.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Advances to Other Funds

WRCOG's interfund receivables and payables represent amounts advanced from the TUMF Fund to the General Fund for OPEB costs. The advance is anticipated to be repaid over a ten year period which began in fiscal year 2014-15 with equal annual payments.

The composition of interfund balance as of June 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
TUMF	General	\$ 552,633

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2019, is shown below:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and Computer Equipment	\$ 829,403	\$ 47,500	\$ -	\$ 876,903
Other Capital Assets	33,037	-	-	33,037
Total Depreciable Capital Assets	<u>862,440</u>	<u>47,500</u>	<u>-</u>	<u>909,940</u>
Less Accumulated Depreciation for:				
Furniture and Computer Equipment	(442,490)	(78,967)	-	(521,457)
Other Capital Assets	(6,607)	(19,822)	-	(26,429)
Total Accumulated Depreciation	<u>(449,097)</u>	<u>(98,789)</u>	<u>-</u>	<u>(547,886)</u>
Capital Assets net of Accumulated Depreciation	<u>\$ 413,343</u>	<u>\$ (51,289)</u>	<u>\$ -</u>	<u>\$ 362,054</u>

Depreciation expense of \$98,789 was charged to the general government function of the governmental activities.

NOTE 5 – LONG-TERM LIABILITIES

A schedule of changes in the long-term liabilities for the year ended June 30, 2019, is shown below:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 252,402	\$ 165,787	\$ (18,511)	\$ 399,678	\$ 39,968
Refund Liability	8,745,255	-	-	8,745,255	-
City of Moreno Valley Agreement	5,493,500	-	(1,000,000)	4,493,500	-
City of Riverside Agreement	1,660,000	-	(1,660,000)	-	-
Total Long-term Liabilities	<u>\$ 16,151,157</u>	<u>\$ 165,787</u>	<u>\$ (2,678,511)</u>	<u>\$ 13,638,433</u>	<u>\$ 39,968</u>

Compensated absences will be liquidated primarily from the General Fund.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 5 – LONG-TERM LIABILITIES, (Continued)

A. Refund Liability

WRCOG maintains a listing of developers who are owed a refund for various reasons including expired permits, duplicate payments, and credit agreements entered into with the developer. Some of the refunds are included on the Transportation Improvement Program (TIP) and some are not but are generally not paid out until the zone has enough money to repay the refund. Each zone within the TIP maintains its own refund amounts and as funds become available, the refunds are paid out. No interest is calculated on refunds granted back to the developer. The refunds will be liquidated from the TUMF Fund.

B. City of Moreno Valley Agreement

In 2011, WRCOG entered into an agreement with the City of Moreno Valley to fund a portion of the Nason/SR-60 Interchange Project. Pursuant to the agreement, the City incurred project-related costs which will be reimbursed through TUMF as funds become available through the annual TUMF allocation process. The total authorized by the agreement was \$11,128,000. As of June 30, 2019, the remaining amount to be reimbursed to the City is \$4,493,500. The liability will be liquidated from the TUMF Fund.

C. City of Riverside Agreement

In 2007, WRCOG entered into an agreement with the City of Riverside to fund the Magnolia Avenue/Union Pacific Grade Separation project. Pursuant to the agreement, the City incurred project related costs which will be reimbursed through TUMF as funds become available through the annual TUMF allocation process. The total authorized by the agreement was \$15,660,000. As of June 30, 2019, the remaining amount to be reimbursed to the City was paid off.

NOTE 6 – TRANSPORTATION UNIFORM MITIGATION FEES

WRCOG developed an ordinance and an administrative plan effective June 1, 2003, to implement the Transportation Uniform Mitigation Fee (TUMF). This ordinance and the administrative plan allows for the collection of mitigation fees over 25 years related to the planning and construction of a regional transportation system throughout the western region of Riverside County. The municipalities located within the western region of Riverside County (grouped by zones) and the County of Riverside collect these fees and remit them to WRCOG on a monthly basis. WRCOG is responsible for the administration of these fees, subject to certain restrictions, and approves plans that meet the goals (nexus) of the legislation.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 6 – TRANSPORTATION UNIFORM MITIGATION FEES, (Continued)

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2019, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as an expense in the TUMF Fund.

The fees allocated among the zones, Riverside County Transportation Commission (RCTC), and Riverside Transit Authority (RTA) are 45.7%, 45.7% and 3.13%, respectively. These allocations are remitted monthly to RCTC and quarterly to RTA; however the zones must submit project plans for approval to WRCOG before funds can be released. RCA must submit potential sites designated for conservation for approval before funds are released.

NOTE 7 – EMPLOYEE BENEFITS

California Public Employees' Retirement System (CalPERS)

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. WRCOG sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and WRCOG resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Benefits Provided, Continued

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

Hire Date	Miscellaneous	
	Classic	New Members
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	2.70%	2.00%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	13.43%	7.36%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2019 were \$236,092. The actual employer payments of \$345,428 made to CalPERS by WRCOG during the measurement period ended June 30, 2018 differed from WRCOG's proportionate share of the employer's contributions of \$330,649 by \$14,779, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Net Pension Liability

WRCOG's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table (1)	Derived using CalPERS' membership data for all funds
Post Retirement Rate Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies.

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return Years 1-10 (2)	Real Return Years 11+ (3)
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0%	-0.92%
Total	<u>100%</u>		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short-term Investments; Inflation Assets are included
in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period

(3) An expected inflation of 2.92% used for this period

Change in Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Proportionate Share of Net Pension Liability

The following table shows the Plans' proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2017 (VD)	\$ 10,474,822	\$ 7,785,637	\$ 2,689,185
Balance at: 6/30/2018 (MD)	\$ 11,301,871	\$ 8,680,495	\$ 2,621,376
Net changes during 2017-2018	\$ 827,049	\$ 894,858	\$ (67,809)

Valuation Date (VD), Measurement Date (MD)

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Proportionate Share of Net Pension Liability, Continued

WRCOG's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. WRCOG's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

WRCOG's proportionate share of the net pension liability for the Plan as of the June 30, 2017 and 2018 measurement dates was as follows:

Proportion - June 30, 2017	0.0271%
Proportion - June 30, 2018	0.0272%
Change - Increase	0.0001%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents WRCOG's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 4,150,194	\$ 2,621,376	\$ 1,359,363

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2018 is 3.8 years, which was obtained by dividing the total service years of 516,147 (the sum of remaining service lifetimes of the active employees) by 135,474 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2017), WRCOG's net pension liability was \$2,689,185. For the measurement period ending June 30, 2018 (the measurement date), WRCOG incurred a pension expense of \$607,268.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, Continued

At June 30, 2019, WRCOG reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 100,578	\$ 34,226
Changes in assumptions	298,845	73,241
Differences between projected and actual investment earnings	12,959	-
Differences between employer's contributions and proportionate share of contributions	35,352	-
Change in employers proportion	93,200	-
Pension contributions subsequent to the measurement date	236,092	-
	<u>\$ 777,026</u>	<u>\$ 107,467</u>

These amounts above are net of outflows and inflows recognized in the 2017-18 measurement period expense. Contributions subsequent to the measurement date of \$236,092 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	
2020	\$ 330,153
2021	199,600
2022	(72,708)
2023	(23,578)
2024	-
Thereafter	-
	<u>\$ 433,467</u>

Payable to the Pension Plan

At June 30, 2019, WRCOG reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

WRCOG has established a cost-sharing multiple employer plan that provides post-retirement health care benefits for retired employees and their dependents. Benefits are as follows:

Tier	Date of Hire	Benefit
1	< 1/1/98	100% of premium (ee + dep.)
2	1/1/98 - 6/30/01	Cost of Kaiser coverage (ee + dep.)
3	7/1/01 - 9/1/04	Up to employee + 1 Kaiser premium
4	> 9/1/04	50% of weighted average of 4 top plans + 40% of weighted average for 1 dep. for 4 top plans. Vesting is 50% of premium at 10 years graded to 100% at 20 years.

In April 2012 WRCOG joined the Public Agencies Post-Retirement Health Care Plan, a multiple-employer trust administered by the Public Agency Retirement Services.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	36
Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>45</u>

Contributions

Benefit provisions are established and may be amended by the Executive Committee. WRCOG contributes 100% of the cost of health insurance premiums for retirees.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

Net OPEB Liability

The WRCOG'S net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation using the Alternative Measurement Method dated June 30, 2017 that was rolled forward to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2019 Measurement Date
Actuarial Valuation Date	June 30, 2017
Contribution Policy	WRCOG contributes full ADC
Discount Rate	6.25%
General Inflation	2.75%
Mortality, Retirement, Disability, Termination	RP2014 Blended tables for males and females (50% / 50%).
Salary increases	3.00%
Medical Trend	7.5% for 2019, decreasing to an ultimate rate of 5.0% in 2022 and later years

Discount Rate

A discount rate of 6.25% was used in the valuation. This discount rate assumes the WRCOG continues to fully fund for its retiree health benefits

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

Changes in the OPEB Liability (Asset)

The changes in the net OPEB liability (asset) for the Plan are as follows:

	(a)	(b) Plan	(a) - (b) = (c)
	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2018 (6/30/17 measurement date)	\$ 2,688,654	\$ 1,798,116	\$ 890,538
Changes recognized for the measurement period:			
Service cost	150,146	-	150,146
Interest	177,425	-	177,425
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	98,823	(98,823)
Net investment income	-	97,621	(97,621)
Benefit payments	(111,603)	(104,034)	(7,569)
Administrative expense	-	(7,570)	7,570
Transfers	-	(19,955)	19,955
Actuarial (loss)/gain	(223,543)	-	(223,543)
Other	(1,995)	-	(1,995)
Net changes	<u>(9,570)</u>	<u>64,885</u>	<u>(74,455)</u>
Balance at June 30, 2019 (6/30/19 measurement date)	<u>\$ 2,679,084</u>	<u>\$ 1,863,001</u>	<u>\$ 816,083</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the WRCOG if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 1,405,600	\$ 816,083	\$ 333,900

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability (asset) of the WRCOG if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Current Healthcare Cost Trend Rates		
	1% Decrease		1% Increase
Net OPEB Liability	\$ 414,200	\$ 816,083	\$ 1,325,100

OPEB Plan Fiduciary Net Position

PARS issues a publicly available financial report that may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave, Newport Beach, CA 92660.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the WRCOG recognized OPEB expense of \$473,648. As of fiscal year ended June 30, 2019, the WRCOG reported deferred outflows of resources related to OPEB from the following sources:

	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 311,419	\$ -
Total	\$ 311,419	\$ -

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB, Continued

Amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 34,474
2021	34,474
2022	34,474
2023	10,228
2024	(16,132)
Thereafter	213,901
	<u>\$ 311,419</u>

Other Benefits

WRCOG also provides a deferred compensation plan under Section 457 of the Internal Revenue Code. As a result of changes in tax law, these benefits have been placed in a trust for the exclusive benefit of the employees requesting such deferrals.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

WRCOG has participated in various federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantor or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes that any liability for reimbursement, which may arise as a result of these audits, is not material.

NOTE 10 – RELATED PARTY TRANSACTIONS

WRCOG purchased services during the current year from the County of Riverside, which is also a member of WRCOG, rent, communication and IT, which amounted to \$3,168 and are included as expenditures in the General Fund.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 11 – PROPERTY ASSESSED CLEAN ENERGY PROGRAM

In 2011, WRCOG launched the Property Assessed Clean Energy (PACE) Program, a regional effort that provides financing to residential and commercial property owners to install energy-efficient, renewable energy, and water conservation improvements to homes and businesses in the subregion.

Program participants complete an application, select a contractor, and make the improvements. Repayment occurs through the owner's annual property tax bill, and in most cases, the assessment stays with the property, to be assumed by the next owner upon sale of the property. For property owners, energy and water conservation improvements will yield reduced utility bills. For Western Riverside County, the Program will create energy savings for the fast-growing region, reduce greenhouse gas emissions associated with energy use, and bring and retain jobs for area contractors.

The PACE Program has expanded statewide; nearly 150 municipalities throughout California have joined the Program. What makes the PACE Program particularly unique is that the financing is provided entirely by private investment funds to implement the Program.

Under the PACE Program, a contractual assessment is entered into by the property owner. The amount of the contractual assessment is equal to the cost to pay for the eligible improvements, the issuance of the bonds that will finance the program, and the costs to administer the program. The assessments are billed and collected on the County property tax bill. Repayments made by the property owners flow through the County to the trustee to fund the debt service. WRCOG does not receive the special assessments. As the sponsor of the PACE program, WRCOG receives a percentage of the amount financed for its participation in the program.

During the year, WRCOG received 1.463% of the amount financed, for each assessment, in the residential program. A program management fee of \$55 per assessment is collected at the initiation of the assessment to pay for recordation. Also collected is a \$50 annual administrative fee, per assessment, used to levy on county tax rolls.

For the commercial program, WRCOG received 1.15% of the amount financed, for each assessment, in the program. A program management fee of \$95 per assessment is collected at the initiation of the assessment to pay for recordation. Also collected is a \$390 annual administrative fee, per assessment, used to levy on county tax rolls.

PACE revenues are broken out by two types: Program and Recording. For FY 18/19, Program revenue totaled \$1,657,608, while recording revenue totaled \$1,156,651. Recording revenues are recouped from each bond assessment and charged to recover the amount paid to each County for recording, essentially offsetting the fees paid.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 12 – BEYOND PROGRAM

In June 2015, WRCOG launched the BEYOND Framework Fund Program (BEYOND), to provide local assistance funding to help its member agencies develop and implement plans and programs that can help improve the quality of life in Western Riverside County. BEYOND projects address critical growth components such as economic development, water, education, environment, energy, health, and transportation.

The BEYOND Program is funded by net PACE program revenues. Funds are required to be expended pursuant to program guidelines. Funds are provided to member agencies on a reimbursement basis. During the year, reimbursements to various member agencies for projects approved by WRCOG totaled \$124,858 from BEYOND Round I funding, and \$1,706,449 for Round II were reimbursed. The remaining \$702,559 was re-assigned within the General Fund for the Experience, Fellowship and Grant Writing programs.

NOTE 13 – FELLOWSHIP PROGRAM

In November 2015, WRCOG launched the Fellowship Program. The Fellowship Program is administered in partnership with the University of California, Riverside and California Baptist University. The purpose of the program is to encourage students to seek careers in public policy and local government. Based on available funding and member agency's needs, each member agency is provided with a student intern who is employed by WRCOG, to be used to support local government departments.

The Fellowship Program is funded by net PACE program revenues. In the fiscal year ending June 30, 2019, reimbursements to various member agencies for hired interns approved by WRCOG totaled \$209,999. The remaining \$304,733 was assigned within the General Fund for the Fellowship Program with additional funding to be re-assigned from the BEYOND Program.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE 14 – RISK MANAGEMENT

WRCOG is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; and natural disasters which are covered through the purchase of insurance policies.

At June 30, 2019, WRCOG's insurance policies are as follows:

- Errors & Omission/ Employment Practices Liability: WRCOG is insured up to \$5,000,000 per occurrence and \$25,000 deductible per occurrence.
- Office Equipment: WRCOG is insured up to \$1,000,000 per occurrence and \$122,000 personal property and \$1,000 deductible per occurrence.
- Crime Insurance: WRCOG is insured up to \$5,000,000 per occurrence and \$25,000 deductible per occurrence.
- Excess Liability: WRCOG is insured up to \$4,000,000 per occurrence.
- Workers Compensation: WRCOG is insured up to \$1,000,000 per occurrence.
- Employee Dishonest Bond: WRCOG is insured up to \$25,000 bond limit.
- Business Auto Policy: WRCOG is insured up to \$1,000,000 liability limit.
- There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

NOTE 15 – Western Community Energy

Western Community Energy ("WCE") was organized on August 23, 2018 pursuant to the Joint Exercise of Powers Agreement by City of Canyon Lake, City of Eastvale, City of Hemet, City of Jurupa Valley, City of Perris, and City of Wildomar ("Member Agencies"). 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. The WCE was formed with the purpose and intent to collectively study, promote, develop, conduct, operate and manage energy, energy efficiency and conservation, and other energy-related and climate change programs related to a Community Choice Aggregation program ("CCA Program"), and exercise all other powers necessary and incidental to accomplishing this purpose. 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 WCE will be initially administered by the Western Riverside Council of Governments ("WRCOG"), which shall provide Executive Director, staff, and consultant services to WCE. WRCOG shall provide administrative services for three years from the Effective Date of Joint Exercise of Powers Agreement. The term and conditions of the administrative services agreement may be extended by mutual agreement of WRCOG and the WCE without further amendment of the original JPA Agreement.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 16 – Prior Period Restatement

Updated Actuary Valuation Reported Amounts - GASB 75 Other Post Employee Benefits

WRCOG implemented GASB Statement No. 75 (GASB 75) effective July 1, 2017. GASB 75, among other provisions, amended prior guidance with respect to the reporting of postemployment benefits other than pensions (OPEB). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows or resources, and deferred inflows of resources, and expenses. An "updated" valuation report provided amounts that needed to be applied retroactively in the government wide financial statements.

The cumulative effects of applying the updated actuarial valuation report amounts of GASB 75 have been reported as a restatement of beginning net position for the year ended June 30, 2019 in accordance with the Statement as follows:

Government-Wide Statements

Statement of Activities - Governmental Activities

Net position, beginning of year, prior to restatement	\$ 30,755,720
OPEB Liability calculated under GASB 75	(223,954)
Deferred Outflow calculated under GASB 75	757,017
Deferred Inflow calculated under GASB 75	633,764
Restatement	<u>1,166,827</u>
Net position, beginning of year, as restated	<u><u>\$ 31,922,547</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 775,500	\$ 775,500	\$ 775,500	\$ -
TUMF mitigation fees	2,255,708	2,255,708	2,547,444	291,736
PACE fees	2,759,678	2,759,678	2,752,932	(6,746)
Other revenues	2,095,497	2,095,497	2,357,848	262,351
Investment income	128,942	128,942	178,994	50,052
Total revenues	8,015,325	8,015,325	8,612,718	597,393
Expenditures:				
Current:				
General government	10,205,484	10,205,484	6,039,969	4,165,515
Energy	2,921,930	2,921,930	2,779,274	142,656
Environmental	422,938	344,700	402,552	(57,852)
Total Expenditures	13,550,352	13,472,114	9,221,795	4,250,319
Net change in fund balance	<u>\$ (5,535,027)</u>	<u>\$ (5,456,789)</u>	(609,077)	<u>\$ 4,847,712</u>
Fund balance:				
Balance, beginning of year			11,325,888	
Balance, end of year			<u>\$ 10,716,811</u>	

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of the WRCOG's Proportionate Share
of the Net Pension Liability and Related Ratios as of the Measurement Date
Last Ten Years*
As of the Year Ended June 30, 2019**

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.0229%	\$ 1,421,911	\$ 1,422,424	99.96%	79.82%
6/30/2015	0.0263%	1,808,565	1,616,828	111.86%	78.40%
6/30/2016	0.0265%	2,297,048	1,760,643	130.47%	78.40%
6/30/2017	0.0271%	2,689,185	2,062,647	130.38%	74.33%
6/30/2018	0.0272%	2,621,376	2,413,255	108.62%	76.81%

¹ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk pools excluding the 1959 Survivors Risk Pool.

* Historical information is required only for measurement period for which GASB 68 & 71 were applicable. Future years' information will be displayed up to 10 years as information becomes available.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of Plan Contributions
Last Ten Years*
As of the Year Ended June 30, 2019**

<u>Fiscal Year</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2014-15	\$ 294,471	\$ (294,471)	\$ -	\$ 1,616,828	18.21%
2015-16	305,212	(305,212)	-	1,760,643	17.34%
2016-17	323,200	(323,200)	-	2,062,647	15.67%
2017-18	345,428	(345,428)	-	2,413,255	14.31%
2018-19	236,092	(236,092)	-	2,530,409	9.33%

Notes to Schedule:

Change in Benefit Terms: None

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Historical information is required only for measurement period for which GASB 68 & 71 were applicable. Future years' information will be displayed up to 10 years as information becomes available.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2019**

Fiscal Year Measurement Period	2017-18* 2016-17	2018-19 2018-19
Total OPEB Liability		
Service cost	\$ 108,879	\$ 150,146
Interest	159,498	177,425
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments	(113,278)	(111,603)
Actuarial (Losses)/Gains for 2018/19	(156,922)	(223,543)
Other	-	(1,995)
Net change in total OPEB liability	(1,823)	(9,570)
Total OPEB liability - beginning	2,443,082	2,688,654*
Total OPEB liability - ending (a)	2,441,259	2,679,084
Plan Fiduciary Net Position		
Contributions – employer	-	98,823
Net investment income	104,450	97,621
Benefit payments	(85,605)	(104,034)
Transfers	(20,311)	(19,955)
Administrative expense	(7,361)	(7,570)
Other	-	-
Net change in plan fiduciary net position	(8,827)	64,885
Plan fiduciary net position - beginning	1,783,502	1,798,116*
Plan fiduciary net position - ending (b)	1,774,675	1,863,001
Net OPEB liability - ending (a) - (b)	\$ 666,584	\$ 816,083
Plan fiduciary net position as a percentage of the total OPEB liability	72.7%	69.5%
Covered payroll	\$ 2,211,299	\$ 2,817,402
Net OPEB liability as a percentage of covered payroll	30.1%	29.0%

Notes to Schedule:

Changes in assumptions: none

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2017-18 was the first year of implementation.

*As restated, see Note 16.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of OPEB Plan Contributions – Last Ten Years*
For the Year Ended June 30, 2019**

Fiscal Year	<u>2017-18</u>	<u>2018-19</u>
Contractually Determined Contribution (CDC)	\$ 185,075	\$ 202,857
Contributions in relation to the CDC	<u>(185,075)</u>	<u>(202,857)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,617,222	\$ 2,817,402
Contributions as a percentage of covered payroll	7.1%	7.2%

Methods and Assumptions for 2018-19 Actuarially Determined Contribution	
Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal.
Amortization Methodology	Level percentage of payroll, open
Asset Valuation Method	Market value
Discount Rate	6.25%
General Inflation	2.75%
Medical Trend	7.5% for 2019, decreasing to an ultimate rate of 5.0% in 2022 and later years
Mortality	RP2014 Blended tables for males and females (50% / 50%).

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Required Supplementary Information
For the Year Ended June 30, 2018**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

By state law, WRCOG's Governing Board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. WRCOG's Governing Board satisfied these requirements. A budget is adopted for all expenditures by financial responsibility for the General Fund. All budgets are adopted on a basis consistent with generally accepted accounting principles.

WRCOG is entitled to an administration fee of up to 4% annually of TUMF revenues collected, with a maximum of 1% that can be used to offset salaries and benefits related to TUMF administration. In 2019, the total administration fee collected was 4%. Riverside Conservation Agency (RCA) also receives a percentage of the TUMF revenues collected of 1.47%, which is included as an expense in the TUMF Fund.

The fees allocated among the zones, Riverside County Transportation Commission (RCTC), and Riverside Transit Authority (RTA) are 45.7%, 45.7% and 3.13%, respectively. These allocations are remitted monthly to RCTC and quarterly to RTA; however the zones must submit project plans for approval to WRCOG before funds can be released. RCA must submit potential sites designated for conservation for approval before funds are released.

The TUMF Fund does not have an adopted budget that is approved by the WRCOG General Assembly, therefore, the TUMF Fund does not present a budget to actual comparison.

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SUPPLEMENTARY INFORMATION

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2019**

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>
Assets				
Cash and investments	<u>\$ 1,833,961</u>	<u>\$ 29,876,938</u>	<u>\$ 30,319,172</u>	<u>\$ 1,391,727</u>
Total assets	<u><u>\$ 1,833,961</u></u>	<u><u>\$ 29,876,938</u></u>	<u><u>\$ 30,319,172</u></u>	<u><u>\$ 1,391,727</u></u>
 Liabilities				
Deposits payable	<u>\$ 1,833,961</u>	<u>\$ 61,728,858</u>	<u>\$ 62,171,092</u>	<u>\$ 1,391,727</u>
Total liabilities	<u><u>\$ 1,833,961</u></u>	<u><u>\$ 61,728,858</u></u>	<u><u>\$ 62,171,092</u></u>	<u><u>\$ 1,391,727</u></u>

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Statistical Section

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Statistical Section Overview
For the Fiscal Year Ended June 30, 2019**

This section of the Western Riverside Council of Government's Comprehensive Annual Financial Report presents additional detail, historical perspective, and context to assist annual financial report users in understanding the financial statements, note disclosures, required supplementary information, and assessing WRCOG's financial condition.

Financial Trends: These schedules contain trend information to assist readers in understanding and assessing how WRCOG's financial position has changed over time.

*Net Position by Component
Changes in Net Position
Fund Balances of Governmental Funds
Changes in Fund Balances in Governmental Funds*

Revenue Capacity: These schedules contain information to help the reader assess WRCOG's most significant local revenue source, Member Dues and Mitigation Fees.

WRCOG Revenues

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.

*Demographic and Economic Statistics for Riverside County
Principal Employers of Riverside County*

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

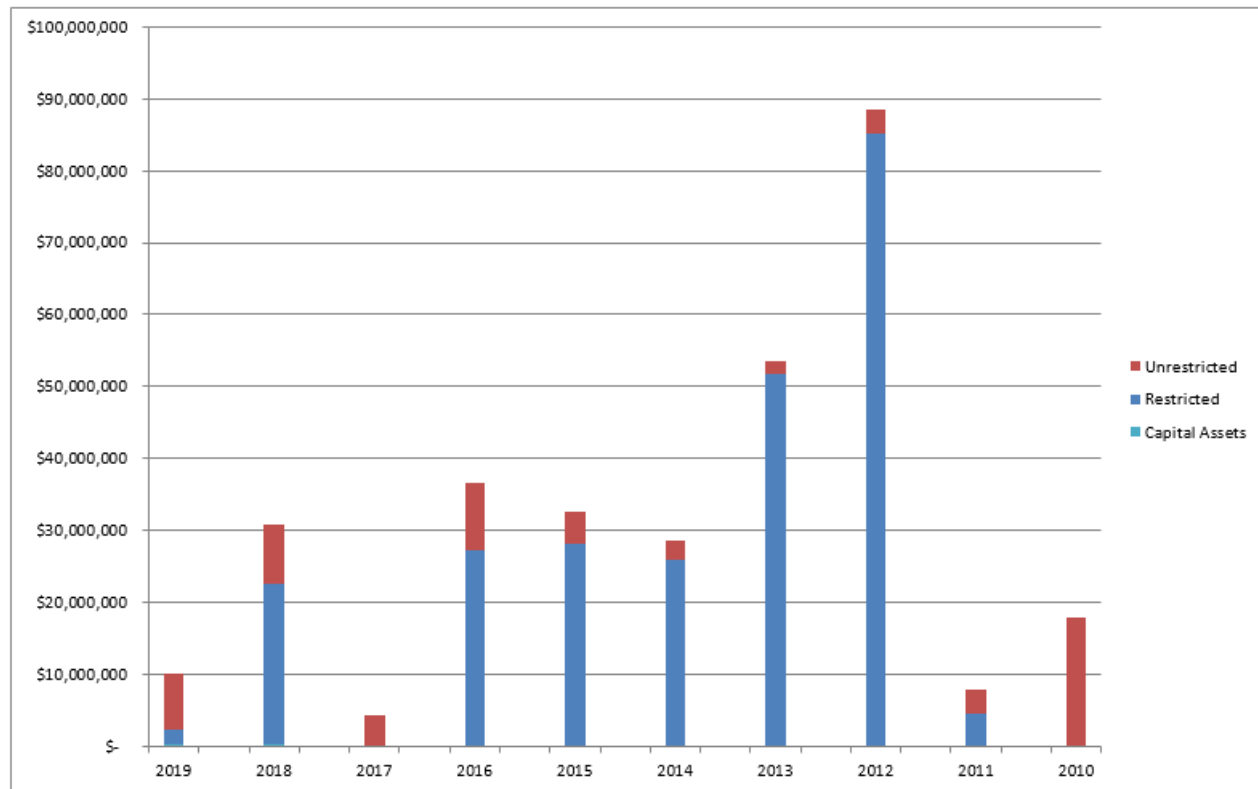
Full-time Equivalent Employees by Function/Program

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
Net investment in										
Capital Assets	\$ 362,054	\$ 413,343	\$ 93,875	\$ 100,296	\$ 54,038	\$ 30,021	\$ 20,735	\$ 32,918	\$ 47,304	\$ 60,690
Restricted	1,907,303	22,211,582	11,702	27,079,334	28,033,173	25,869,263	51,733,864	85,054,212	4,632,048	-
Unrestricted	7,921,206	8,130,795	4,232,803	9,385,943	4,556,290	2,632,813	1,880,401	3,361,861	3,279,968	17,953,134
Total governmental activities net position	<u>\$ 10,190,563</u>	<u>\$ 30,755,720</u>	<u>\$ 4,338,380</u>	<u>\$ 36,565,573</u>	<u>\$ 32,643,501</u>	<u>\$ 28,532,097</u>	<u>\$ 53,635,000</u>	<u>\$ 88,448,991</u>	<u>\$ 7,959,320</u>	<u>\$ 18,013,824</u>

Source: Finance Department



**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis)**

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 6,966,676	\$ 5,416,418	\$ 4,028,482	\$ 2,520,688	\$ 2,031,313	\$ 2,245,634	\$ 2,401,116	\$ 3,392,955	\$ 1,974,339	\$ 1,987,220
Transportation	85,033,676	34,971,790	74,542,061	41,631,788	33,114,224	54,779,449	50,187,717	21,194,918	18,983,962	43,206,326
Energy	2,779,274	6,333,946	5,622,980	5,629,560	4,926,278	2,445,533	1,608,694	476,844	20,033	22,812
Environmental	533,897	570,687	513,137	423,667	531,945	647,781	576,600	520,748	-	-
Total primary government expenses	95,313,523	47,292,841	84,706,660	50,205,703	40,603,760	60,118,397	54,774,127	25,585,465	20,978,334	45,216,358
Program Revenues										
Governmental activities:										
General government	569,301	567,640	512,876	513,188	349,268	420,810	528,756	63,102	1,515,581	1,495,290
Transportation	66,842,236	67,483,341	42,731,611	43,508,888	37,430,113	24,905,073	25,966,400	14,122,996	8,121,757	10,832,988
Energy	3,364,946	6,003,534	9,316,452	9,779,134	7,473,816	3,198,814	1,482,940	190,142	-	-
Environmental	542,592	515,141	528,775	464,885	620,836	618,415	619,388	712,040	-	-
Total primary government program revenues	71,319,075	74,569,656	53,089,714	54,266,095	45,874,033	29,143,112	28,597,484	15,088,280	9,637,338	12,328,278
Net (Expense)/Revenue										
Total primary government net expense	(23,994,448)	27,276,815	(31,616,946)	4,060,392	5,270,273	(30,975,285)	(26,176,643)	(10,497,185)	(11,340,996)	(32,888,080)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Other revenues	-	-	-	36,112	241,763	259,349	308,294	852,752	647,701	428,092
Investment income	2,262,464	273,559	(12,645)	509,228	552,021	706,876	(285,642)	806,546	638,791	1,310,611
Total primary government	2,262,464	273,559	(12,645)	545,340	793,784	966,225	22,652	1,659,298	1,286,492	1,738,703
Changes in Net Position										
Total primary government	\$ (21,731,984)	\$ 27,550,374	\$ (31,629,591)	\$ 4,605,732	\$ 6,064,057	\$ (30,009,060)	\$ (26,153,991)	\$ (8,837,887)	\$ (10,054,504)	\$ (31,149,377)

Source: Finance Department

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis)**

		Fiscal Year									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GENERAL FUND											
General fund:											
	Nonspendable										
	Prepaid Expenses	\$ 96,486	\$ 43,859	\$ 167,212	\$ 90,762	\$ 82,987	\$ 70,111	\$ 67,357	\$ 36,386	\$ 52,047	
	Restricted										
	LTF	-	-	-	-	-	581,358	578,909	591,273	650,397	
	Assigned	-	-	11,702	-	-	-	-	-	-	
	BEYOND Program	702,559	2,533,866	3,305,419	1,556,763	-	-	-	-	-	
	Fellowship Program	304,733	514,732	121,272	400,000	-	-	-	-	-	
	Unassigned	9,613,033	8,233,431	8,988,826	7,888,825	5,415,947	1,275,895	456,939	392,965	76,440	
Total general fund		<u>\$ 10,716,811</u>	<u>\$ 11,325,888</u>	<u>\$ 12,594,431</u>	<u>\$ 9,936,350</u>	<u>\$ 5,498,934</u>	<u>\$ 1,927,364</u>	<u>\$ 1,103,205</u>	<u>\$ 1,020,624</u>	<u>\$ 778,884</u>	
General fund:											
	Reserved										\$ -
	Designated										3,077,075
	Undesignated										1,042,934
											<u>\$ 4,120,009</u>
ALL OTHER GOVERNMENTAL FUNDS											
All other governmental funds:											
	Committed										
	TUMF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,530,712	
	Restricted										
	Transportation	15,073,913	38,098,604	9,373,801	51,540,293	53,379,614	49,094,887	65,104,205	95,670,753	-	
	Foundation	72,145	11,733	-	11,690	11,695	11,604	20,550	11,370	48,346	
	Assigned										
	TUMF	-	-	-	-	-	-	-	-	31,175,659	
Total all other governmental funds		<u>\$ 15,146,058</u>	<u>\$ 38,110,337</u>	<u>\$ 9,373,801</u>	<u>\$ 51,551,983</u>	<u>\$ 53,391,309</u>	<u>\$ 49,106,491</u>	<u>\$ 65,124,755</u>	<u>\$ 95,682,123</u>	<u>\$ 103,754,717</u>	
All other governmental funds:											
	Reserved										\$ 92,968,382
	Undesignated										30,555,061
Total all other governmental funds											<u>\$ 123,523,443</u>

Source: Finance Department

In FY 2011 WRCOG implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Prior year amounts in this presentation have not been revised to reflect this change.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis)**

		Fiscal Year									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues											
Intergovernmental, net	\$	967,270	\$ 931,500	\$ 1,145,570	\$ 1,058,265	\$ 1,461,999	\$ 1,350,596	\$ 1,830,454	\$ 1,216,550	\$ 1,515,581	\$ 1,495,290
TUMF Mitigation fees		63,686,091	51,305,031	42,239,340	42,615,158	36,507,739	24,306,973	25,361,053	13,871,730	8,165,385	10,708,454
HERO fees		2,752,932	5,684,817	9,028,003	9,562,139	7,159,144	2,197,585	-	-	-	-
Other revenues		3,852,228	16,648,307	894,488	848,957	986,914	1,547,307	1,714,271	852,752	647,701	428,092
Investment income (loss)		2,262,464	273,560	(12,645)	509,229	552,021	420,526	(285,642)	806,546	638,791	1,310,611
Total revenues		<u>73,520,985</u>	<u>74,843,215</u>	<u>53,294,756</u>	<u>54,593,748</u>	<u>46,667,817</u>	<u>29,822,987</u>	<u>28,620,136</u>	<u>16,747,578</u>	<u>10,967,458</u>	<u>13,942,447</u>
Expenditures											
Current:											
General Government		6,039,994	4,493,570	3,965,880	2,681,489	2,070,885	2,191,112	2,321,713	3,969,631	3,650,185	3,832,989
Programs:											
Transportation		87,741,176	35,974,673	82,703,352	44,125,019	30,998,608	44,901,088	52,612,593	23,624,407	28,039,139	43,421,151
Energy		2,779,274	6,336,292	5,632,488	5,647,563	4,929,398	2,431,687	1,589,887	675,950	-	-
Environmental		533,897	570,687	513,137	435,670	534,027	638,549	564,061	653,485	-	-
Debt service		-	-	-	-	-	-	1,500,000	-	-	-
Capital outlay		-	-	-	-	-	-	-	-	6,647	20,617
Total expenditures		<u>97,094,341</u>	<u>47,375,222</u>	<u>92,814,857</u>	<u>52,889,741</u>	<u>38,532,918</u>	<u>50,162,436</u>	<u>58,588,254</u>	<u>28,923,473</u>	<u>31,695,971</u>	<u>47,274,757</u>
Excess (deficiency) of revenues											
over (under) expenditures		<u>(23,573,356)</u>	<u>27,467,993</u>	<u>(39,520,101)</u>	<u>1,704,007</u>	<u>8,134,899</u>	<u>(20,339,449)</u>	<u>(29,968,118)</u>	<u>(12,175,895)</u>	<u>(20,728,513)</u>	<u>(33,332,310)</u>
Other financing sources (uses):											
Loan proceeds		-	-	-	-	-	-	1,500,000	-	-	-
Total other financing sources (uses)		-	-	-	-	-	-	1,500,000	-	-	-
Net change in fund balances	\$	<u>(23,573,356)</u>	<u>\$ 27,467,993</u>	<u>\$ (39,520,101)</u>	<u>\$ 1,704,007</u>	<u>\$ 8,134,899</u>	<u>\$ (20,339,449)</u>	<u>\$ (28,468,118)</u>	<u>\$ (12,175,895)</u>	<u>\$ (20,728,513)</u>	<u>\$ (33,332,310)</u>
Debt service as a percentage of											
noncapital expenditures		<u>0.0%</u>									

Source: Finance Department

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Revenue by Funds
Last Ten Fiscal Years
(Accrual Basis)

	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GENERAL FUND:										
Member dues:										
Banning	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957
Beaumont	5,000	-	-	-	5,255	5,255	5,255	5,255	5,255	5,255
Calimesa	1,049	1,049	1,049	1,049	1,102	1,102	1,102	1,102	1,102	1,102
Canyon Lake	1,406	1,406	1,406	1,406	2,256	2,256	2,256	2,256	2,256	2,256
Corona	20,290	20,290	20,290	20,290	25,886	25,886	25,886	25,886	25,886	25,886
Eastvale	7,171	7,171	7,171	7,171	-	-	-	-	-	-
Hemet	9,797	9,797	9,797	9,797	10,386	10,386	10,386	10,386	10,386	10,386
Jurupa Valley	12,710	12,710	12,710	12,710	-	-	-	-	-	-
Lake Elsinore	6,933	6,933	6,933	6,933	7,904	7,904	7,904	7,904	7,904	7,904
Menifee	10,491	10,491	10,491	10,491	10,147	10,147	10,147	10,147	10,147	10,147
Moreno Valley	25,780	25,780	25,780	25,780	25,413	25,413	25,413	25,413	25,413	25,413
Murrieta	13,794	13,794	13,794	13,794	17,954	17,954	17,954	17,954	17,954	17,954
Norco	3,573	3,573	3,573	3,573	4,482	4,482	4,482	4,482	4,482	4,482
Perris	9,215	9,215	9,215	9,215	8,173	8,173	8,173	8,173	8,173	8,173
Riverside	40,512	40,512	40,512	40,512	42,894	42,894	42,894	42,894	42,894	42,894
San Jacinto	5,889	5,889	5,889	5,889	5,504	5,504	5,504	5,504	5,504	5,504
Temecula	13,424	13,424	13,424	13,424	18,714	18,714	18,714	18,714	18,714	18,714
Wildomar	4,298	4,298	4,298	4,298	4,863	4,863	4,863	4,863	4,863	4,863
County of Riverside	48,136	48,136	48,136	48,136	43,520	43,520	43,520	43,520	43,520	43,520
County of Riverside - Office of Superintendent	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	-	-
Eastern Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Western Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Morongo Band of Mission Indians	17,000	17,000	17,000	9,500	10,000	10,000	-	-	-	-
Total Member dues	\$ 311,410	\$ 306,410	\$ 306,410	\$ 298,910	\$ 299,410	\$ 299,410	\$ 289,410	\$ 289,410	\$ 272,410	\$ 272,410
ALL OTHER GOVERNMENTAL FUNDS										
Transportation Uniform Mitigation Fee (TUMF):										
Banning	\$ 12,165	\$ 16,040	\$ 40,930	\$ 6,326	\$ 54,738	\$ 4,116	\$ -	\$ 89,603	\$ 2,057	\$ 36,319
Beaumont	1,133,974	514,351	-	-	-	-	-	-	-	-
Calimesa	188,577	4,055	103,835	10,359	133,217	65,387	1,310	1,144	22,963	154,051
Canyon Lake	44,605	38,832	18,525	20,583	27,055	22,642	4,117	1,028	6,169	2,259
Corona	2,599,705	140,921	1,153,262	2,743,488	1,989,728	114,644	104,773	1,272,328	215,876	109,292
Eastvale	660,354	1,735,201	1,249,621	1,705,338	1,241,685	1,438,152	1,478,348	665,522	434,531	-
Hemet	247,002	217,626	52,392	351,010	545,597	736,612	531,470	194,078	145,284	1,026,097
Jurupa Valley	1,919,323	995,072	2,400,109	2,302,649	1,738,387	242,216	112,044	32,901	-	-
Lake Elsinore	912,194	56,629	800,725	969,533	898,098	868,004	646,241	259,098	263,885	115,607
March JPA	1,196,382	1,668,406	765,627	222,482	239,874	-	227,695	-	-	156
Menifee	2,589,565	1,944,365	1,374,603	1,203,549	909,230	1,665,304	821,673	628,138	1,108,611	1,136,869
Moreno Valley	4,400,523	300,521	883,562	1,356,327	2,343,895	1,138,394	693,588	29,612	425,411	413,086
Murrieta	1,115,593	2,585,547	884,391	1,452,155	1,496,315	70,944	81,192	64,386	702,612	360,959
Norco	523,643	1,867,071	304,411	100,355	101,444	11,288	8,232	-	65,000	5,764
Perris	789,812	918,236	1,235,325	1,167,113	1,069,887	1,498,823	320,608	124,896	187,814	107,272
Riverside	3,018,415	1,484,544	3,113,205	1,852,839	1,461,429	594,363	1,365,025	955,549	837,989	299,033
San Jacinto	984,137	3,212,024	843,818	698,893	259,021	200,630	70,674	90,480	123,462	235,158
Temecula	646,123	1,448,549	810,938	809,664	679,386	227,028	1,772,534	944,090	1,288,039	940,530
Wildomar	134,061	87,114	826,659	384,865	83,178	219,722	1,032,017	16,451	30,063	310,670
County - Northwest	998,669	272,790	569,203	414,258	216,343	183,616	189,161	248,635	685,058	1,545,271
County - Southwest	730,000	1,643,915	863,473	636,493	1,529,926	1,288,379	1,622,276	598,885	367,429	639,407
County - Central	1,403,293	1,125,077	911,716	1,040,489	593,671	46,173	434,159	37,570	127,594	144,747
County - Pass	64,879	815,242	12,349	20,581	16,502	4,116	431,198	2,181	3,347	23,962
County - Hemet/San Jacinto	2,254,436	538,809	376,151	299,821	91,090	82,324	30,103	15,701	6,316	33,120
Regional Transit Authority	1,956,588	1,203,022	692,725	698,889	314,621	367,630	423,339	194,423	185,257	341,681
Riverside County Transportation Commission	28,567,429	23,630,936	19,594,830	19,769,172	17,480,991	10,899,357	11,978,440	5,494,327	5,438,916	6,603,169
WRCOG	2,500,431	2,056,290	1,689,574	1,704,607	2,076,008	974,049	1,027,871	505,866	544,408	663,267
MSHCP	918,909	783,850	667,382	673,319	602,662	369,011	407,929	191,743	194,668	223,217
Total TUMF	\$ 62,510,785	\$ 51,305,034	\$ 42,239,340	\$ 42,615,159	\$ 38,193,977	\$ 23,332,924	\$ 25,816,019	\$ 12,658,634	\$ 13,412,759	\$ 15,470,963

Source: Fiscal Department

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Demographic and Economic Statistics for the County of Riverside
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u> <u>(thousands)</u>	<u>Per Capita Personal</u> <u>Income</u>	<u>Unemployment Rate</u>
2019	2,440,124	\$ 95,140,992	\$ 39,261	4.60%
2018	2,415,955	87,827,068	36,782	4.70%
2017	2,390,702	88,000,000	35,883	5.80%
2016	2,317,924	89,500,000	31,762	6.90%
2015	2,329,271	83,500,000	31,344	8.40%
2014	2,292,507	76,289,477	30,815	9.80%
2013	2,227,577	70,376,019	29,986	11.50%
2012	2,239,620	67,024,780	29,927	13.20%
2011	2,189,641	63,900,000	29,035	14.70%
2010	2,125,440	63,228,086	29,748	13.40%

Sources: California State Department of Finance as of January 1
U.S. Department of Commerce Bureau of Economic Analysis
Riverside County Economic Development Agency

Represents most recent data available
Data not available solely for Western Riverside County

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Employment Statistics by Industry for Riverside County
Calendar Years 2018 and Nine Calendar Years**

Industry Type	2018	% of Total Employment	2009	% of Total Employment
Agricultural service, forestry, fishing and other	135,500	17.7%	115,800	20.9%
Mining	400	0.1%	400	0.1%
Construction	66,600	8.7%	36,500	6.6%
Manufacturing	44,600	5.8%	37,100	6.7%
Transportation, warehousing, and public utilities	49,000	6.4%	19,800	3.6%
Wholesale trade	25,100	3.3%	18,700	3.4%
Retail trade	98,100	12.8%	81,500	14.7%
Professional & business services	72,200	9.4%	52,300	9.4%
Education & health services	118,300	15.5%	71,700	12.9%
Other services	21,900	2.9%	18,200	3.3%
Federal government, civilian	7,300	1.0%	900	0.2%
State government	18,600	2.4%	15,800	2.8%
Local government	107,100	14.0%	85,800	15.5%
Total	764,700	100.0%	554,500	100.0%

Source: State of California Economic Development Department

Represents most recent data available

Data not available solely for Western Riverside County

<http://www.labormarketinfo.edd.ca.gov/county/river.html>

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years**

Function/Program	As of June 30									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Management services and administration	7	7	9	7.8	7.2	5.5	5.9	6.0	6.5	7.3
Transportation & Planning	7	4	3.5	5.5	4.9	4.9	5.8	5.0	6.3	6.5
Energy	7	14	15.3	8.3	7.2	4.6	3.1	2.2	3.2	3.2
Environmental	3	4.5	2.3	1.3	3.4	3.0	3.0	2.0	3.0	3.0
Total full time equivalents	24.0	29.5	30.1	22.8	22.7	18.0	17.8	15.2	19.0	20.0

Source: Fiscal Department

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Economic Indicators by Function/Program
Last Ten Fiscal Years**

	As of June 30									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Property Assessed Clean Energy Programs										
Energy Efficiency Projects Completed	1,895	9,061	24,538	31,670	22,710	9,728	7,210	1,574	n/a	n/a
Solar Projects Completed	782	3,934	9,633	10,628	12,102	5,459	3,170	763	n/a	n/a
Water Efficiency Projects Completed	140	697	2,148	2,880	1,798	403	36	5	n/a	n/a
Energy Savings Programs										
Energy Savings (kWh)	14,443,467	2,534,586	152,304	n/a	n/a	n/a	1,380,809	644,889	n/a	n/a
Gas Savings (Therms)	52,547	n/a	9,862	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Environmental Programs										
Gallons of Gasoline Equivalent Reduced	n/a	9,630,272	9,747,951	9,730,702	8,963,115	10,376,763	8,399,294	6,916,638	5,819,901	6,175,141
Tons Greenhouse Gas Emissions Reduced	n/a	15,703	15,610	15,255	12,829	25,146	21,818	16,836	12,227	16,506
Used Oil Gallons Recycled	n/a	207,996	230,000	328,686	157,556	213,140	148,959	142,190	227,020	183,372
Used Oil Filters Recycled	n/a	17,378	1,428	1,418	194	250	28,000	18,000	11,235	8,090
Solid Waste - Disposal Amount (tons):	n/a	723,493	708,996	637,811	617,666	584,569	533,829	511,654	509,869	508,284
Transportation Programs										
Single Family Home Permits Issued	3,659	3,580	3,179	2,916	2,360	1,821	2,453	1,314	1,572	1,019
Multi-family Home Permits Issued	1,990	557	450	1,032	1,199	281	1,375	972	314	278
New Retail Construction (square foot)	428,260	622,387	479,982	366,654	265,173	396,902	292,879	324,869	333,653	340,459
New Commercial Construction (square foot)	482,308	613,916	512,886	691,077	269,918	85,772	328,923	340,597	575,997	210,948
New Industrial Construction (square foot)	7,540,010	6,083,631	4,089,710	2,906,471	3,045,491	1,242,931	3,860,571	329,484	1,476,539	405,238

Item 5.I

Fiscal Year 2018/2019
Comprehensive Annual Financial
Report (CAFR)

Attachment 2

FY 2018/2019 Statement on Auditing
Standards 114 Report

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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To the Executive Committee
Western Riverside Council of Governments

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Terry P. Shea, CPA
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Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)
Kirk A. Franks, CPA (Partner Emeritus)

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Ye Ying Stella Xia, CPA, MSBA

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Certified Public Accountants

*PCPS The AICPA Alliance
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*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



We have audited the financial statements of Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2019, and have issued our report thereon dated January 27, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 30, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WRCOG's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of WRCOG's solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by WRCOG is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the fair value of investments is based on observable market inputs and information from WRCOG's safekeeping custodian banks. We evaluated the key factors and assumptions used to develop the fair value of investments and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension liability/net OPEB liability and related deferred inflows and deferred outflows is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting WRCOG's financial statements relate to:

The disclosure of fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of net pension liability in Note 7 to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of the net OPEB liability and related deferred inflows and deferred outflows in Note 8 to the financial statements is based on actuarial assumptions. Actual future liabilities/assets may vary from disclosed estimates.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to WRCOG's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 27, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with WRCOG, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Western Riverside Council of Government's auditors.

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of net pension liability, the schedule of plan contributions, the schedule of changes in the net OPEB liability, schedule of OPEB plan contributions and the General Fund budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI. We were not engaged to report on the introductory section or the statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Executive Committee, and management of WRCOG and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 27, 2020



Western Riverside Council of Governments

County of Riverside • City of Banning • City of Beaumont • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale • City of Hemet
City of Jurupa Valley • City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco • City of Perris • City of Riverside
City of San Jacinto • City of Temecula • City of Wildomar • Eastern Municipal Water District • Western Municipal Water District • Morongo Band of Mission
Indians • Riverside County Superintendent of Schools

January 27, 2020

Rogers, Anderson, Malody and Scott, LLP
735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the financial statements of Western Riverside Council of Governments (WRCOG) as of June 30, 2019 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of WRCOG in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January 27, 2020.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 30, 2019 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
 - Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
 - All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
 - The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
 - All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
 - All funds and activities are properly classified.
 - All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
 - All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
 - Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
-
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
 - All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
 - All interfund and intra-entity transactions and balances have been properly classified and reported.
 - Deposit and investment risks have been properly and fully disclosed.
 - Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
 - All required supplementary information is measured and presented within the prescribed guidelines.
 - With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
 - With respect to financial statement preparation services provided, we have performed the following:

- Made all management decisions and performed all management functions;
- Assigned a competent individual to oversee the services;
- Evaluated the adequacy of the services performed;
- Evaluated and accepted responsibility for the result of the service performed; and
- Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

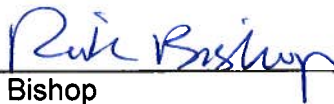
- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- WRCOG has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- WRCOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

With respect to the Schedule of the WRCOG's Schedule of Revenues, Expenditures, and Changes in Fund Balance, Schedule of Changes in the Net Other Post-Employment Benefits Liability, Schedule of Other Post-Employment Benefit Plan Contributions, Proportionate Share of Plans' Net Pension Liability and the Schedule of Plan Contributions accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.
- We believe the RSI, including its form and content, is measured and fairly presented in accordance with the applicable criteria.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the RSI, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.


Rick Bishop
Executive Director


Andrew Ruiz
Interim Chief Financial Officer

Item 5.I

Fiscal Year 2018/2019
Comprehensive Annual Financial
Report (CAFR)

Attachment 3

FY 2018/2019 Internal Standards
Report

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Independent Auditor's Report

To the Executive Committee
Western Riverside Council of Governments
Riverside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise WRCOG's basic financial statements, and have issued our report thereon dated January 27, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered WRCOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WRCOG's internal control. Accordingly, we do not express an opinion on the effectiveness of WRCOG's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WRCOG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WRCOG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WRCOG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 27, 2020



Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Regional Energy Network Development Activities Update

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

Date: March 2, 2020

The purpose of this item is to provide information on the development of a Regional Energy Network (REN) between the Coachella Valley Association of Governments (CVAG), San Bernardino Council of Governments (SBCOG), and WRCOG, and a regulatory update from the California Public Utilities CPUC (CPUC). A REN will offer energy efficiency programs that are administered by local government entities to its enrolled members. These programs can include energy upgrades towards local government buildings, financing mechanisms for energy upgrades, and workforce development programs for energy efficiency trades.

Requested Action:

1. Receive and file.

Background

Over the past year, SBCOG, CVAG, and WRCOG have engaged a consultant to support and develop a business plan for a new energy efficiency program (REN) within the region that would be presented for consideration and approval to the California Public Utilities (CPUC). To date, staff have been working alongside consultants Frontier Energy to gather information on public building data for both electric / gas models, addressing challenges / barriers, develop a strategic framework to be incorporated into the business plan, identify the program areas for the region, and have been communicating with staff at the CPUC, academia, and utilities to continue voicing the need of a REN within the Counties of Riverside and San Bernardino. Along with this work, WRCOG staff has met with the Riverside County Economic Development Agency, UCR Extension, Mt. San Jacinto College, and members of the Riverside County Workforce Investment Board to discuss collaboration opportunities to grow energy efficiency support and programs within the subregion.

One of the main purposes for WRCOG to develop a REN is to bring dollars back to Riverside and San Bernardino Counties that are currently being directed towards the SoCalREN, which is administered by Los Angeles County.

CPUC REN Ruling

On October 24, 2019, the CPUC released its proposed decision and staff is pleased to announce that the proposed decision is highly in favor for the continuation of existing RENs and opens the doors to local governments which would like to pursue the development of a new REN within its region. Staff has developed an overview of the proposed decision (Attachment 1) that breaks down the key components of this decision.

On December 5, 2019, the CPUC unanimously voted upon the proposed decision regarding the future of RENs. Along with this approval, RENs are no longer considered to be under the term “pilot” and are now viewed upon by the CPUC as ongoing energy efficiency programs that local governments can implement.

Next Steps

As part of the next steps for REN development, CVAG, SBCOG, and WRCOG have begun coordinating with its consultants to initiate writing the business plan, working with the California Energy Efficiency Coordinating Committee (CAEECC) members to get on the upcoming meeting agenda for May 2020 to present the idea of a new REN within the Counties of Riverside and San Bernardino, and have started the communication process to develop a letter of commitment to cooperate between other program administrators as requested within the voted upon proposed decision from the CPUC. During this development process, staff will be setting up meetings with CPUC Commissioners, local stakeholders, and other program administrators to continue the development of the REN.

Staff provided a presentation to WRCOG's Technical Advisory Committee on January 16, 2020, and the Administration & Finance Committee on February 12, 2020, seeking support from WRCOG's member agencies for continued support on the REN development. WRCOG has developed a draft letter of support (Attachment 2) which will be submitted with the finalized business plan to the CPUC and the presentation to the CAEECC voicing the regions' desire to develop a REN within the Counties of Riverside and San Bernardino.

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

Prior Actions:

February 12, 2020: The Administration & Finance Committee received and filed.

January 16, 2020: The Technical Advisory Committee supported requesting letters from member agencies in support of the REN development.

May 6, 2019: The Executive Committee authorized the Executive Director to enter into a contract agreement with Frontier Energy for Regional Energy Network Development.

Fiscal Impact:

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

Attachments:

1. Draft REN Proposed Decision.
2. Draft Letter of Support.

Item 5.J

Regional Energy Network
Development Activities Update

Attachment 1

Draft REN Proposed Decision

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DECISION REGARDING FRAMEWORKS FOR ENERGY EFFICIENCY REGIONAL ENERGY NETWORKS AND MARKET TRANSFORMATION

Quick Overview:

The decision authorizes the continued operation of existing RENs and invites new REN proposals as business plans to be filed with the Commission, if they meet certain additional requirements as defined in this decision. Any new REN will be required to represent more than one local government entity, to coordinate with existing program administrators in their geographic area prior to filing their business plan, to vet their proposal with stakeholders through the California Energy Efficiency Coordinating Committee (CAEECC), and to explain their REN governance structure in their business plan filing.

This decision also clarifies that some geographic overlap among more than one REN and other program administrators may be permitted, as long as there is appropriate coordination. REN criteria are also kept in place and clarified such that RENs are designed to fill gaps in the portfolios of all other program administrators (not just utilities) and to serve hard-to-reach customers. No cost-effectiveness threshold is required for RENs, but benefit-cost ratios and savings targets must be filed with the REN business plans. Finally, RENs are not confined to any particular program area or customer segment.

Findings:

1. RENs are no longer considered as “Pilots”. RENs have now been in existence since 2012 under the CPUC’s Energy Efficiency (EE) policy and as such the CPUC sees no further purpose in labeling RENs as “Pilots”.
2. Under D.15-10-028, the CPUC requires Program Administrators (PA’s) to refile their Business Plans when certain “Trigger” events happen.
 - a. Example of “Trigger” event: PA is unable to adjust its portfolio in response to goal, parameter, or other updates to meet savings goals; stay within budget of last approved business plan; or meet the CPUC’s cost effectiveness threshold (excludes Codes & Standards)
3. CPUC remains optimistic on the unique and appropriate role that Local Governments have with oversight & delivery of energy programs.
 - a. Unique value of Local Governments: Public Sector Buildings, Building Code Compliance, and treating / delivering EE services to hard-to-reach (HTR) customers.
 - b. Additional value: RENs also have the capability to leverage not only multiple local government entities into a single program delivery channel, but also utilize funding from various sources to deliver more comprehensive holistic programs, especially within HTR communities.
4. For all the reasons listed in #3, is why the CPUC supports the continuation of RENs.
 - a. CPUC also sees no reason to limit the ability of new RENs to form, provided that they meet the requirements set by the CPUC as found below:
 - i. Any new REN business plan proposal must be vetted during at least **ONE** meeting of the CAEECC, for discussion and feedback.

1. In its proposal to the CPUC, the new REN will then be required to include a summary of the CAEECC meeting and feedback received, and any changes made to the proposal as result of that stakeholder feedback.
2. New proposals are also encouraged to include similar summaries of any other stakeholder engagement or outreach conducted by the REN proponent prior to making the proposal to the CPUC.
 - a. This could include but not limited to, expressions of support from other local government entities or other stakeholders that would interact with the REN, if approved by the CPUC.
- ii. Any new RENs will require to provide commitment letters in its business plan proposal to the CPUC.
 1. This means for new RENs, coordination and overlap issues will be required to be worked out ahead of the Commission's consideration of the new REN business plan, instead of negotiated after a REN is approved.
 - a. Individual commitment letters will be required with every PA that has overlapping operation in the same geographic areas as the new REN (includes utilities, CCA's, and other RENs)
- iii. New RENs will represent at least two local government entities within their governance structure, though one local government entity may propose to take the lead, at least initially.
- iv. New RENs & existing RENs when seeking to renew their budgets in their next business plan proposal will include a detailed description of their Governance Structure and they will operate as a regional entity to deliver their programs.
- v. New RENs will be required to file their progress towards their proposed metrics unique to the REN and specific to each of their approved business plans and considering their proposed service area, once the REN is approved and operating.
 1. At the time of approval, the CPUC will also set energy saving targets for the REN business plan, and measure REN progress toward meeting their unique metrics and savings goals, which will be set based on the specific REN program proposals that are approved by the CPUC.
5. If a new business plan cycle is ordered, either for an individual REN or for a larger number of PA's, the existing REN would file its updated business plan at the time, as required by the CPUC.
6. CPUC & staff will continue to monitor RENs program performance, and make portfolio changes as warranted by evaluation results, just as they would with all other PA's.
7. For the concerns of geographic overlap, the CPUC seeks to avoid duplicative administrative costs that may be associated with multiple administrators operating in one area, disproportionate funding concentrated on one geographic area, and / or multiple PA's conducting similar activities.

- a. CPUC would also like to avoid customers receiving confusing or multiple competing offers for the same type of measure or project.
 - b. The CPUC encourages but does not requires all new & existing RENS to negotiate program design and implementation details with third parties, once selected by the utilities, whose program offerings overlap within those of the REN.
 - i. Coordination and cooperation is the interest of all PA's and / or implementers as well as the CPUC and the customers being served by these entities.
- 8. Existing or prospective RENS will be required to show how their program offerings supplement those of overlapping REN, utility, and CCA PA's or implementors.
 - a. Specifically, RENS must state their desired outcome from activities that fill gaps of other program administrators.
 - i. RENS shall also propose savings goals and metrics associated with their unique value, as well as a methodology for measuring progress toward their metrics, in their business plan and ABALs.
- 9. The CPUC requires that RENS (new / existing) meet at least one of the criteria, not all three as seen below:
 - a. Activities that utilities or CCAs cannot or do not intend to undertake.
 - b. Pilot activities where there is no current utility or CCA program offering, and where there is potential for scalability to a broader geographic reach, if successful.
 - c. Activities serving hard-to-reach markets, whether or not there is another utility or CCA program that may overlap.
- 10. The CPUC foresees no need to restrict the customer segments or program areas that the RENS are intended to serve as long as RENS meet the other criteria laid out in item #9.

Closing:

The proposed decision will be voted up on the an upcoming CPUC meeting in December 2019. At the very moment, these findings are in draft form and if approved at the upcoming voting meeting in December then this report will be final.

In conclusion, the proposed decision shows a lot of promise not just for existing RENS but for new RENS. This means that local governments that are interested in pursuing this energy program can and will have the opportunity to present business plan to the CPUC as long as item #4 can be met.

**This overview is only for the Future of RENS item, not the Market Transformation which is also listed on the Proposed Decision report of R.13-11-005*

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Item 5.J

Regional Energy Network
Development Activities Update

Attachment 2

Draft Letter of Support

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[Enter date]

Rick Bishop
Executive Director
Western Riverside Council of Governments
3390 University Ave., Suite 200
Riverside, CA 92501

Subject: Letter of Support for CVAG, SBCOG, and WRCOG Regional Energy Network Development

Dear Mr. Bishop:

The City of [Insert City Name] is pleased to support the development of a Regional Energy Network (REN) in partnership with the Western Riverside Council of Governments (WRCOG), Coachella Valley Association of Governments (CVAG) and the San Bernardino Council of Governments (SBCOG). We commit to supporting this initiative by actively assisting with identifying and engaging future energy projects, supporting outreach at existing community themed events, and providing ongoing feedback on how to continue to grow the programs for the REN.

We are eager to be involved and continue to learn more about the program areas as they are being developed. The City will support the program areas listed below for ongoing energy efficiency opportunities within the region:

1. Public: Technical assistance support for municipal agencies looking to upgrade their community centers, libraries, cooling centers, and senior centers.
2. Workforce Education & Training: Partnership opportunities with local academia to develop and offer work force programs that can support high school / community college students with jobs in the field of energy efficiency.
3. Codes & Standards: Technical support to local contractors, city planning staff, and local planning firms to better understand the new energy efficiency building codes.

With the recent California Public Utilities Commission approval on the future of RENs, we see this as a great opportunity to develop a REN within the Counties of Riverside and San Bernardino.

Please feel free to contact me at (XXX) XXX-XXXX or [enter email] should you have any questions.

Sincerely,

Name
City Manager / Director

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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: March 2, 2020

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:

January 16, 2020: The Technical Advisory Committee received and filed.

Fiscal Impact:

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

Attachment:

None.

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Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: Presentation from the Riverside County Transportation Commission on the Proposed Traffic Relief Plan

Contact: Anne Mayer, RCTC Executive Director, AMayer@RCTC.org, (951) 787-7141

Date: March 2, 2020

The purpose of this item is to provide an update on current efforts by Riverside County Transportation Commission (RCTC) on the development of its Traffic Relief Plan.

Requested Action:

1. Receive and file.

The Riverside County Transportation Commission (RCTC) is a countywide agency which funds transportation projects throughout Riverside County. They disperse funds from sources such as the Measure A sales tax, regional Transportation Uniform Mitigation Fee Program, as well as Federal and State sources. Its members include Riverside County, all the cities in Riverside County, and other stakeholders such as Caltrans.

RCTC is currently soliciting comments on their proposed Traffic Relief Plan, which would fund improvements to freeways, bridges, local roadways, and other transportation facilities throughout Riverside County. After the comment period closes, RCTC will consider whether to place a Sales Tax Measure on the November Ballot for consideration by Riverside County voters.

Anne Mayer, RCTC Executive Director, will provide an update on the proposed Traffic Relief Plan and discuss future milestones in the process.

Additional information on the Traffic Relief Plan can be found at <https://www.rctc.org/draft-traffic-relief-plan/>.

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: Presentation from the University of California, Riverside, on the 2020 Census

Contact: Karthick Ramakrishnan, Professor of Political Science and Public Policy, University of California, Riverside, karthick@ucr.edu, (951) 827-5540

Date: March 2, 2020

The purpose of this item is to provide an update on current efforts by the University of California, Riverside, (UCR) on outreach and coordination efforts related to the 2020 Census.

Requested Action:

1. Receive and file.

The 2020 Decennial Census represents a significant event for all regions in the United States, particularly Riverside County. The population counts from the Census are key inputs into diverse topics such as Congressional Redistricting and the allocation process for Federal Grants and other funds. As such, it is critical that there is a full and accurate count of everyone in Riverside County.

Outreach efforts are currently underway by a variety of public and private entities to encourage full participation in the Census. The UCR Center for Social Innovation is coordinating these outreach efforts along with Riverside County.

Karthick Ramakrishnan of UCR previously provided an update to this Committee in September 2019. Additional updates were provided to the WRCOG Technical Advisory Committee by UCR and Riverside County. With the official enumeration starting on April 1, 2020, this final update will discuss what steps our member agencies can take to ensure an accurate count within its jurisdiction.

Prior Action:

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

Fiscal Impact:

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

Attachment:

None.

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Public Service Fellow Presentations

Contact: Rachel Singer, Staff Analyst, rsinger@wrcog.us, (951) 405-6754

Date: March 2, 2020

The purpose of this item is to provide current Fellows the opportunity to share about their experience in the Public Service Fellowship Program and highlight major projects.

Requested Action:

1. Receive and file.

In partnership with higher education institutions and member agencies, WRCOG developed and launched a Public Service Fellowship Program in 2016. The Program provides current college students and recent graduates with career opportunities in local governments in a way that is mutually beneficial to both the Fellow and the host agency.

Background

WRCOG's Public Service Fellowship Program was established in 2016 and is now in its fourth round. The goal of the Fellowship Program is to retain local students to fulfill the subregion's needs for a robust public-sector workforce and to combat the problem of "brain drain," which occurs when local students graduate and then leave the region to seek full-time employment outside of the region. The Fellowship Program aims to engage local students and alumni in career opportunities with local governments and agencies in a way that is mutually beneficial to both the Fellows and the host agency.

In terms of logistics, WRCOG is responsible for general Program administration and oversight, while the host agency provides the Fellow projects, mentorship, and daily management. Since inception, 54 Fellows have been placed in member agencies over four rounds of the Program, contributing 51,840 hours of service to member agencies.

Round IV Update

Thirteen Fellows were selected to participate in Round IV of the Program and were placed throughout WRCOG member agencies for the 2019/2020 Fiscal Year. The agencies that received a Fellow this round include the Cities of Banning, Calimesa, Canyon Lake, Jurupa Valley, Lake Elsinore, Norco, Riverside, and Wildomar. Fellows were also placed at the Western Municipal Water District, the County of Riverside Districts 2 and 5, and WRCOG, with an additional Fellow placed in the Riverside County Executive Office to specifically assist efforts addressing homelessness in Western Riverside County.

Select Round IV Fellows will be presenting a project they are working on in their host agency to one of WRCOG's Committees. Two Round IV Fellows will be presenting at the March Executive Committee meeting; Kristen Saucedo, who is completing her Fellowship in the City of Calimesa, and Esau Casmiro, who is completing his Fellowship in the County of Riverside Executive Office.

Prior Action:

None.

Fiscal Impact:

Activities for the Fellowship Program are included in the Agency's adopted Fiscal Year 2018/2019 Budget.

Attachment:

None.