



Western Riverside Council of Governments Finance Directors Committee

AGENDA

**Thursday, July 25, 2019
1:00 p.m.**

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

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Finance Directors Committee meeting, please contact WRCOG at (951) 405-6703. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 3390 University Avenue, Suite 450, Riverside, CA, 92501.

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

- 1. CALL TO ORDER**
- 2. SELF INTRODUCTIONS**
- 3. PUBLIC COMMENTS**

At this time members of the public can address the Finance Directors Committee regarding any items with the subject matter jurisdiction of the 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 Committee in writing and only pertinent points presented orally.

- 4. SELECTION OF FINANCE DIRECTORS COMMITTEE CHAIR, VICE-CHAIR, AND 2ND VICE-CHAIR POSITIONS FOR FISCAL YEAR 2019/2020** **P. 1**

Requested Action: 1. *Select Finance Directors Committee Chair, Vice-Chair, and 2nd Vice-Chair positions for Fiscal Year 2019/2020.*

5. MINUTES

- A. **Summary Minutes from the April 25, 2019, Finance Directors Committee Meeting are Available for Consideration.** **P. 3**

Requested Action: 1. *Approve the Summary Minutes from the April 25, 2019, Finance Directors Committee meeting.*

6. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

- A. **Finance Department Activities Update** **Andrew Ruiz** **P. 7**

Requested Action: 1. *Receive and file.*

7. REPORTS / DISCUSSION

- A. **4th Quarter Draft Budget Amendment for Fiscal Year 2018/2019** **Andrew Ruiz, WRCOG** **P. 15**

Requested Action: 1. *Recommend that the Executive Committee approve the 4th Quarter Draft Budget Amendment for Fiscal Year 2018/2019.*

- B. **California Public Employees Retirement System Unfunded Accrued Liability Update** **Andrew Ruiz, WRCOG** **P. 45**

Requested Action: 1. *Discuss and provide direction, if necessary.*

- C. **The Economy and Financial Markets Update** **Andrew Ruiz, WRCOG** **P. 53**

Requested Action: 1. *Receive and file.*

- D. **Regional Streetlight Program Activities Update** **Daniel Soltero, WRCOG** **P. 55**

Requested Action: 1. *Receive and file.*

- E. **Presentation by Rogers, Anderson, Malody & Scott, LLP (RAMS) on Generally Accepted Accounting Principles** **Brianna Schultz, RAMS** **P. 59**

Requested Action: 1. *Receive and file.*

8. **REPORT FROM THE INTERIM CHIEF FINANCIAL OFFICER** **Andrew Ruiz**

9. ITEMS FOR FUTURE AGENDAS

Members

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

10. GENERAL ANNOUNCEMENTS

Members

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

- 11. NEXT MEETING:** The next Finance Directors Committee meeting is scheduled for Thursday, October 24, 2019, at 1:00 p.m. at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside, CA, 92501.

12. ADJOURNMENT

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Western Riverside Council of Governments

Finance Directors Committee

Staff Report

Subject: Selection of Finance Directors Committee Chair, Vice-Chair, and 2nd Vice-Chair Positions for Fiscal Year 2019/2020

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

Date: July 25, 2019

The purpose of this item is to select Finance Directors Committee leadership positions for Fiscal Year 2019/2020.

Requested Action:

1. Select Finance Directors Committee Chair, Vice-Chair, and 2nd Vice-Chair positions for Fiscal Year 2019/2020.

WRCOG's Committee leadership positions are selected at the start of each fiscal year. At the 2019 General Assembly, the leadership for the Executive Committee for Fiscal Year 2019/2020 was selected as follows:

Chair: Bonnie Wright, City of Hemet
 Vice-Chair: Kevin Bash, City of Norco
 2nd Vice-Chair: Kelly Seyarto, City of Murrieta

Historically, the Finance Directors Committee positions have coincided with those of the WRCOG Executive Committee, although there are no requirements for this pattern stipulated in WRCOG's JPA or Bylaws.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.

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1. CALL TO ORDER

The meeting of the Finance Directors Committee was called to order at 1:03 p.m. by Chair Lorena Rocha at WRCOG's office, Citrus Room.

2. SELF INTRODUCTIONS

Members present:

Melana Taylor, City of Beaumont
Katherine Stevens, City of Calimesa
Crystal Adams, City of Eastvale
Lorena Rocha, City of Hemet (Chair)
Brandon Rafferty, City of Lake Elsinore
Rochelle Clayton, City of Menifee
Stacey Stevenson, City of Murrieta
Stephen Ajobiewe, City of Perris
Edward Enriquez, City of Riverside
James Riley, City of Wildomar
Matthew Schenk, March JPA
Tim Daigneault, Riverside County Superintendent of Schools (ex-officio member)

Staff present:

Andrew Ruiz, Interim Chief Financial Officer
Daniel Ramirez-Cornejo, Program Manager
Edwin Ramirez, Staff Technician
Suzy Nelson, Administrative Assistant

Guests present:

Chad Bianco, Riverside County Sheriff's Department
Amanda Bridges, Riverside County Sheriff's Department
Will Taylor, Riverside County Sheriff's Department

3. PUBLIC COMMENTS

There were no public comments.

4. MINUTES – (Beaumont / Perris) 12 yes; 0 no; 0 abstention. Item 4.A was approved. The Cities of Banning, Canyon Lake, Corona, Jurupa Valley, Moreno Valley, Norco, San Jacinto, and Temecula, the County of Riverside, Eastern Municipal Water District, Western Municipal Water District, and Morongo Band of Mission Indians were not present.

A. Summary Minutes from the January 24, 2019, Finance Directors Committee Meeting are Available for Consideration.

Action: 1. Approved the Summary Minutes from the January 24, 2019, Finance Directors Committee meeting.

5. CONSENT CALENDAR – (Perris / Murrieta) 12 yes; 0 no; 0 abstention. Item 5.A was approved. The Cities of Banning, Canyon Lake, Corona, Jurupa Valley, Moreno Valley, Norco, San Jacinto, and

Temecula, the County of Riverside, Eastern Municipal Water District, Western Municipal Water District, and Morongo Band of Mission Indians were not present.

A. Finance Department Activities Update

Action: 1. *Received and filed.*

6. REPORTS / DISCUSSION

A. 3rd Quarter Draft Budget Amendment for Fiscal Year 2018/2019

Andrew Ruiz reported that the 3rd Quarter Draft Budget Amendment includes an increase of \$45,361 in Administration expenditures mainly due to insurance premiums. In the Transportation & Planning Departments, consulting expenses increased by \$99,046; this will be offset by reimbursed grants.

Environmental Department expenditures exceeded the budgeted amount by \$30,496, primarily due to costs associated with the Used Oil Program in the amount of \$26,443. WRCOG switched advertising to a local firm and was able to realize cost savings in advertising, which allowed for the Program to purchase more supplies to be able to do more events. These expenditures will be offset by a decrease in advertising and storage expenditures.

Action: 1. *Recommended that the Executive Committee approve the 3rd Quarter Draft Budget Amendment for Fiscal Year 2018/2019.*

(Murrieta / Beaumont) 12 yes; 0 no; 0 abstention. Items 6.A was approved. The Cities of Banning, Canyon Lake, Corona, Jurupa Valley, Moreno Valley, Norco, San Jacinto, and Temecula, the County of Riverside, Eastern Municipal Water District, Western Municipal Water District, and Morongo Band of Mission Indians were not present.

B. Presentation by the Riverside County Sheriff

Chad Bianco, Riverside County Sheriff, reported on his first few months in his new role as Sheriff. Sheriff Bianco indicated that his administrative staff has completely changed and are understaffed. The Department is stable and not looking for any additional funds to grow.

Costs for contracted cities should not be increasing. Since Sheriff Bianco just assumed this role, he will have better numbers to report on within six to nine months. Sheriff Bianco's staff is currently running comprehensive analyses of costs to run the Department.

Some of the challenges the Sheriff is having is not having enough deputies. Sheriff Bianco is reaching out to nearby agencies to help with recruiting and academies. Sheriff Bianco is looking to be fully staffed within two years, ideally three.

Action: 1. *Received and filed.*

C. TUMF Program Activities Update: TUMF Calculation and Collection Process Update

Daniel Ramirez-Cornejo reported that a total of \$40M was collected in the first nine months of Fiscal Year 2018/2019. The most significant collection has been in the single-family residential followed by the industrial collections.

At its October 1, 2018, meeting, the Executive Committee approved an option that would have WRCOG calculate and collect TUMF for all member agencies. The Executive Committee directed staff to consult with each member agency to formally determine those that wish to

enroll in the this process; to work with legislative bodies with each agency wishing to enroll in this process to adopt an update to their TUMF Ordinance; to allow those agencies that wish to not participate at this time to continue calculating and collecting TUMF; and to contact all member agencies on an annual basis to verify enrollment status.

The Cities of Beaumont, Lake Elsinore, and Perris and the County of Riverside have indicated that they will not be opting-in to the process at this time.

The online portal for TUMF payments should be available in August 2019.

Action: 1. *Received and filed.*

D. Preliminary Draft Fiscal Year 2019/2020 Agency Budget

Andrew Ruiz reported that the total Administration Department revenue and transfers in is approximately \$2.6M with matching expenditures. The total Transportation Department revenues and transfers in is approximately \$51.3M and expenditures and transfers out are approximately \$48.8M. The total Energy Department revenue and transfers in are approximately \$3M with matching expenditures. Lastly, the total Environmental Department revenue and transfers in are approximately \$695K with matching expenditures.

Financial goals for the next fiscal year are to reduce WRCOG's PERS Unfunded Liability, which is expected to increase approximately 15%; sublease a portion of existing office space; and to expand the PACE commercial Program.

Action: 1. *Received and filed.*

7. REPORT FROM THE INTERIM CHIEF FINANCIAL OFFICER

The Interim Chief Financial Officer had no report to provide.

8. ITEMS FOR FUTURE AGENDAS

Committee members expressed an interest in hearing a presentation from CalPERS about upcoming rates and how they will affect each jurisdiction.

9. GENERAL ANNOUNCEMENTS

There were no general announcements.

10. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, July 25, 2019, at 1:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside, CA, 92501.

11. ADJOURNMENT

The meeting of the Finance Directors Committee meeting adjourned at 1:41 p.m.

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Western Riverside Council of Governments

Finance Directors Committee

Staff Report

Subject: Finance Department Activities Update

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

Date: July 25, 2019

The purpose of this item is to provide an update on the Fiscal Year (FY) 2018/2019 Agency Audit and the Agency Financial Report summary through May 2019.

Requested Action:

1. Receive and file.

FY 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, and Scott (RAMS) to conduct its financial audit. The first visit is known as the "interim" audit, which involves preliminary audit work that is conducted prior to fiscal year end. The interim audit tasks are conducted in order to compress the period needed to complete the final audit after fiscal year end. In September, RAMS will return to finish its second round, which is known as "fieldwork." It is anticipated that the final audit will be presented to this Committee in December 2019.

Financial Report Summary through May 2019

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

Prior Actions:

- July 18, 2019: The Technical Advisory Committee received and filed.
- July 10, 2019: The Administration & Finance Committee received and filed.

Fiscal Impact:

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

Attachment:

1. Financial Report summary – May 2019.

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Item 6.A

Finance Department Activities Update

Attachment 1

Financial Report summary – May 2019

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

Total Agency			
	Approved Budget 6/30/2019	Thru Actual 5/31/2019	Remaining Budget 6/30/2019
Revenues			
Member Dues	311,410	311,410	-
PACE Residential Revenue	480,573	236,430	244,143
WRELP Phase 2 Revenue	86,750	81,502	5,248
Statewide HERO Revenue	1,650,000	1,046,015	603,985
Gas Co. Prtnrshp Revenue	86,676	61,993	24,683
PACE Commercial Revenue	46,499	30,844	15,655
WRCOG HERO-Recording Revenue	122,500	167,283	(44,783)
PACE Commercial Recording Revenue	11,454	1,361	10,093
Statewide Recording Revenue	600,000	641,520	(41,520)
Active Transportation Revenue	71,443	71,443	-
Regional Streetlights Revenue	300,000	294,730	5,270
Solid Waste	107,313	122,248	(14,935)
Used Oil Grants	228,820	225,480	3,340
NW Clean Cities - Air Quality	132,500	181,770	(49,270)
LTF Revenue	675,000	775,500	(100,500)
Adaptation Grant Revenue	-	97,632	(97,632)
CAP Grant Revenue	-	4,977	(4,977)
RivTAM Revenue	150,000	112,600	37,400
General Assembly Revenue	300,000	228,175	71,825
PACE Admin Requisition Fee	25,000	25,000	-
Commerical/Service	110,645	90,801	19,844
Retail	130,094	106,474	23,620
Industrial	272,663	377,098	(104,435)
Residential/Multi/Single	1,144,551	1,036,468	108,083
Multi-Family	142,045	366,490	(224,445)
Interest Revenue - Other	80,066	80,077	(11)
HERO - Other Revenue	149,833	150,823	(990)
Commercial/Service - Non-Admin Portion	2,655,491	2,179,224	476,267
Retail - Non-Admin Portion	3,122,265	2,555,376	566,889
Industrial - Non-Admin Portion	6,543,923	9,050,352	(2,506,429)
Residential/Multi/Single - Non-Admin Portion	27,469,233	24,875,232	2,594,001
Multi-Family - Non-Admin Portion	3,409,088	8,795,760	(5,386,672)
FY 17/18 Carryover Funds Transfer in	945,845	945,845	-
Carryover Funds Transfer in	4,268,757	4,268,757	-
Overhead Transfer in	2,084,260	1,910,572	173,688
Total Revenues and Carryover Funds	58,937,742	61,775,647	(3,300,724)
Expenditures			
Wages and Benefits	Approved 6/30/2019	Actual 5/31/2019	Remaining Budget
Salaries & Wages	2,863,402	2,077,863	785,539
Fringe Benefits	903,736	760,844	142,892

Overhead Allocation	2,084,260	1,910,572	173,688
Total Wages, Benefits and Overhead	6,001,857	4,749,279	1,102,119
General Legal Services	641,447	427,122	214,325
PERS Unfunded Liability	198,823	152,327	46,496
Audit Svcs - Professional Fees	27,500	25,480	2,020
Bank Fees	25,252	26,986	(1,734)
Commissioners Per Diem	62,500	53,864	8,636
Office Lease	400,000	369,578	30,422
WRCOG Auto Fuels Expenses	1,250	1,195	55
WRCOG Auto Maintenance Expense	84	89	(5)
Parking Validations	27,244	15,487	11,757
Staff Recognition	800	408	392
Coffee and Supplies	3,000	1,322	1,678
Event Support	166,229	165,882	347
Program/Office Supplies	24,017	14,656	9,361
Computer Equipment/Supplies	8,207	3,074	5,133
Computer Software	31,111	68,064	(36,953)
Rent/Lease Equipment	30,000	13,657	16,343
Membership Dues	33,000	23,307	9,693
Subscription/Publications	1,448	1,525	(77)
Meeting Support Services	9,776	2,696	7,080
Postage	6,198	2,477	3,721
Other Household Exp	975	679	296
COG HERO Share Expenses	15,000	4,468	10,532
Storage	7,500	5,251	2,249
Printing Services	4,777	2,190	2,587
Computer Hardware	14,100	2,664	11,436
Communications - Regular Phone	15,000	14,517	483
Communications - Cellular Phones	20,200	8,450	11,750
Communications - Computer Services	57,936	36,935	21,001
Communications - Web Site	8,000	8,063	(63)
Equipment Maintenance - General	10,000	5,396	4,604
Equipment Maintenance - Comp/Software	21,000	17,920	3,080
Insurance - Gen/Busi Liab/Auto	94,334	103,497	(9,163)
PACE Residential Recording	485,240	270,784	214,456
Seminars/Conferences	12,887	5,930	6,957
General Assembly Expenses	300,000	101,417	198,583
Travel - Mileage Reimbursement	24,052	13,570	10,482
Travel - Ground Transportation	4,985	2,695	2,290
Travel - Airfare	13,361	11,458	1,903
Lodging	9,518	11,505	(1,987)
Meals	7,497	4,169	3,328
Other Incidentals	10,531	7,131	3,400
Training	9,250	745	8,505
Supplies/Materials	33,181	28,072	5,109
Advertisement Radio & TV Ads	47,886	25,220	22,666
Staff Education Reimbursement	12,500	-	12,500
Consulting Labor	2,934,856	1,881,765	1,053,091
TUMF Project Reimbursement	38,000,000	26,781,690	11,218,310
BEYOND Program REIMB	2,799,015	1,831,037	967,978
Computer Equipment/Software	3,500	3,207	293
Misc Equipment Purchased	3,000	2,735	265

Total General Operations	47,676,204	32,562,355	14,807,664
Total Expenditures and Overhead	53,678,061	37,311,634	15,909,783

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Western Riverside Council of Governments

Finance Directors Committee

Staff Report

Subject: 4th Quarter Draft Budget Amendment for Fiscal Year 2018/2019

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

Date: July 25, 2019

The purpose of this item is to request approval of WRCOG's 4th Quarter Draft Budget Amendment for Fiscal Year (FY) 2018/2019. The staff report includes a summary of increases and/or decreases to both revenues and expenditures by department.

Requested Action:

1. Recommend that the Executive Committee approve the 4th Quarter Draft Budget Amendment for Fiscal Year 2018/2019.

Administration Department

Administration Department expenditures exceeded the budgeted amount by \$4,647, primarily due to costs associated with insurance premiums. These expenditures will be offset by an increase in revenues from the Administration Program. Revenues exceeded the budgeted amount by \$44,229. WRCOG now has its reserves in CAMP, where it is generating interest revenue.

Net Revenue increase to the Administration Department: \$44,229

Transportation & Planning Department

Transportation & Planning Department expenditures exceeded the budgeted amount by \$158,295, primarily due to software costs associated with the TUMF fee collection portal. In October 2018, the Executive Committee approved an update to the TUMF calculation and collection process to allow an option for member agencies to shift the responsibility for TUMF calculation and collection to WRCOG. Sixteen-member agencies have indicated to WRCOG their intention to shift responsibility for fee calculation and collection to WRCOG. Implementation of the new TUMF calculation and collection process began on March 1, 2019. WRCOG is working with a vendor to develop an online fee portal for developers to make TUMF payments. The online fee portal will provide TUMF participating agency staff the option to prepare reports of fee payments that have been made in their specific agency. The additional costs for the software will be offset by the additional TUMF revenues collected, as the TUMF Program has collected over \$10 million more than anticipated in FY 2018/2019, which is also reflected in the budget amendment.

Net Revenue increase to Transportation & Planning Department: \$11,365,553

Energy Department

Energy Department expenditures exceeded the budgeted amount by \$51,485, primarily due to costs associated with PACE provider PACE Funding in the amount of \$11,271. The PACE Funding Program had more activity than anticipated, and in turn had more costs than originally budgeted. The additional expenses

will be offset by the additional revenues collected. Additionally, there were additional staffing costs in both the Edison (\$7,067) and Gas Company (\$7,384) partnerships (WREP) than originally anticipated, but these costs will be reimbursed through the partnerships.

Energy Department revenues are being reduced by \$401,822. The WRCOG HERO program revenues have declined nearly 70% from FY 2017/2018 and the budgeted revenues will be reduced by \$214,680. The CA HERO program revenues have declined nearly 60% from FY 2017/2018 and the budgeted revenues will be reduced by \$502,753. PACE provider PACE Funding exceeded its budgeted revenues by \$41,801. Ygrene did not complete any projects in FY 2018/2019 and the budgeted revenues will be reduced by \$35,000.

In FY 2017/2018, Senate Bill 2, the Building Homes and Jobs Act, imposed a fee on the recording of real estate transactions. Since the PACE home improvement loans are tied to the property, each time a PACE loan is created, a new document is recorded in each jurisdiction. During FY 2017/2018, the PACE Programs had to pay an additional \$150 per recording for every new project. This amount totaled to over \$300,000. WRCOG was able to get an exemption from paying the additional SB 2 fees and began collecting refunds in FY 2018/2019. The SB 2 refunds totaled \$308,810.

The revenue decreases will be offset by a reduction in expenses. While the HERO Program did not meet its budget goals in the year, the net HERO revenues remain positive for the fiscal year as staff worked to reduce program costs by negotiating a reduced rate with consultants and by laying off staff due to the decreased volumes.

Net Expenditure decrease to the Energy Department: \$188,174

Environmental Department

Environmental Department expenditures exceeded the budgeted amount by \$128,106, primarily due to write-offs of old receivables on the Clean Cities and Solid Waste Programs in the amount of \$78,238. The Clean Cities Program also had additional consulting expenses in the amount of \$28,862, which will be offset by a reduction in salaries expense, as the Clean Cities program required more consulting time than WRCOG staff time than originally anticipated. Lastly, the Used Oil Programs had additional expenses related to hosting events in the amount of \$18,780. WRCOG switched advertising to a local firm and was able to realize cost savings in advertising, which allowed for the Program to purchase more supplies to be able to do more events. These expenditures will be offset by a decrease in advertising and salaries expenses.

Net Expenditure increase to the Environment Department: \$8,719

Prior Action:

None.

Fiscal Impact:

For the 4th Quarter of Fiscal Year 2018/2019, there will be a net total agency increase in revenues of \$11,401,063.

Attachment:

1. Fiscal Year 2018/2019 4th Quarter Draft Budget amendment.

Item 7.A

4th Quarter Draft Budget Amendment
for Fiscal Year 2018/2019

Attachment 1

Fiscal Year 2018/2019 4th Quarter
Draft Budget amendment

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

Department: General Fund



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

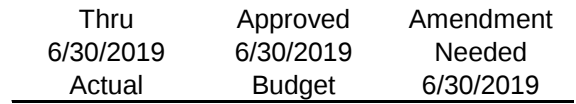
Interest Revenue	128,942	80,066	48,876
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Expenditures

General Legal Services	75,608	75,000	(608)
Auto Maintenance	89	84	(5)
Computer Supplies	1,286	1,000	(286)
Web Site Hosting	8,063	8,000	(63)
Insurance - Errors & Omissions	9,255	9,000	(255)
Insurance - Business Liability	82,364	79,115	(3,249)
Lodging	1,809	1,628	(181)

Total net (increase)/decrease		44,229
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Department: Planning



Salaries & Wages	204,007	542,237	(2,304)
Travel - Ground Transportation	3	-	(3)
BEYOND Reimbursement	1,706,449	2,302,917	5,407
Event Support	1,607	1,000	(607)
Meeting Support Services	2,493	-	(2,493)

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

Department: Government Relations (BEYOND - 4600)

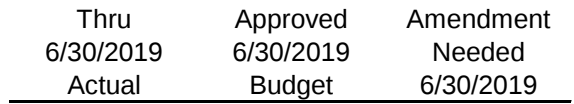


Thru 6/30/2019 Actual	Approved 6/30/2019 Budget	Amendment Needed 6/30/2019
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Expenditures

Salaries & Wages	4,302	3,506	(796)
Travel - Ground Transportation	3	-	(3)
BEYOND Reimbursement	1,706,449	2,302,917	5,407
Total net (increase)/decrease			4,608

Department: Government Relations (Fellowship - 4700)



Salaries & Wages	192,709	533,850	607
Event Support	1,607	1,000	(607)
Total net (increase)/decrease			-

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

Department: Planning (Experience - 4900)



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

Salaries and Wages	6,996	4,881	(2,115)
Meeting Support Services	2,493	-	(2,493)

Total net (increase)/decrease	(4,608)
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Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019

Department: Transportation



Thru 6/30/2019 Actual	Approved 6/30/2019 Budget	Amendment Needed 6/30/2019
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Revenue

Industrial	9,538,038	6,543,923	2,994,114
Single Family Residential	27,516,865	27,469,233	47,632
Multi Family Residential	11,304,318	3,409,088	7,895,230
Industrial - Admin Portion	397,418	272,663	124,755
Single Family Residential - Admin Portion	1,146,536	1,144,551	1,985
Multi Family Residential - Admin Portion	471,013	142,045	328,968
LTF Revenue	775,500	675,000	100,500

Expenditures

Salaries & Wages	194,449	264,610	25,257
General Legal Services	53,889	50,000	(3,889)
Computer Software	66,061	1,124	(64,937)
Subscriptions/Publications	892	392	(500)
Other Household Expenses	404	250	(154)
Other Incidentals	1,069	675	(394)
Consulting Expense	661,057	612,157	(81,757)
Event Support	20	-	(20)
Mileage Reimbursement	1,708	1,429	(279)
Ground Transportation	89	53	(36)
Lodging	1,461	640	(821)
Meals	176	75	(101)

Total net (increase)/decrease 11,365,553

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

Department: Transportation (TUMF - 1148)



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

Industrial	9,538,038	6,543,923	2,994,114
Single Family Residential	27,516,865	27,469,233	47,632
Multi Family Residential	11,304,318	3,409,088	7,895,230
Industrial - Admin Portion	397,418	272,663	124,755
Single Family Residential - Admin Portion	1,146,536	1,144,551	1,985
Multi Family Residential - Admin Portion	471,013	142,045	328,968

Expenditures

General Legal Services	53889	50000	(3,889)
Computer Software	66,061	1,124	(64,937)
Subscriptions/Publications	892	392	(500)
Other Household Expenses	404	250	(154)
Other Incidentals	1069	675	(394)
Consulting Expense	436515	378758	(57,757)

Total net (increase)/decrease 11,265,053

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

Department: Transportation (Transportation Planning)



	Thru 6/30/2019 Actual	Approved 6/30/2019 Budget	Amendment Needed 6/30/2019
Revenues			
LTF Revenue	775,500	675,000	100,500
Expenditures			
Salaries & Wages	194,449	264,610	25,257
Event Support	20	-	(20)
Mileage Reimbursement	1,708	1,429	(279)
Ground Transportation	89	53	(36)
Lodging	1,461	640	(821)
Meals	176	75	(101)
Consulting Labor	224,542	233,399	(24,000)
Total net (increase)/decrease			100,500

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

Department: Energy



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

WRCOG HERO Sponsor Revenue	175,025	400,000	(224,975)
WRCOG HERO Recording Revenue	120,295	110,000	10,295
SB2 Recording Fee Refunds	308,810	-	308,810
PACE Funding Sponsor Revenue	46,723	41,238	5,485
PACE Funding Recording Revenue	47,770	11,454	36,316
Ygrene Commercial Sponsor Revenue	-	10,000	(10,000)
Ygrene Commercial Recording Revenue	-	25,000	(25,000)
CA HERO Admin Revenue	150,823	149,833	990
CA HERO Sponsor Revenue	1,080,342	1,650,000	(569,658)
CA HERO Recording Revenue	665,915	600,000	65,915

Expenditures

Salaries	437,795	562,372	97,376
Overhead Allocation	67,029	72,835	5,806
Fringe Benefits	18,018	13,068	(4,950)
Legal Services	37,213	25,269	(11,944)
Bank Fees	26,569	24,965	(1,604)
Parking Validations	210	3,500	2,500
Event Support	21,695	23,496	1,425
Computer Supplies	1,461	4,500	1,500
Computer Software	2,400	5,000	2,600
Meeting Support Services	396	2,532	2,136
Postage	-	265	265
Computer/Hardware	-	1,500	1,500
Recording Expense	277,606	482,740	151,274
Seminar/Conferences	933	587	(346)
Travel - Airfare	6,755	5,361	(1,394)
Travel - Ground Transportation	18	500	482
Travel - Mileage Reimbursement	1,671	1,268	(403)
Lodging	3,575	2,500	(1,075)
Meals	794	500	(294)
Other Incidentals	3,969	8,500	3,978
Training	149	3,500	3,000
Equipment Maintenance	-	1,000	1,000
Consulting Expense	244,972	644,244	327,640
Computer Equipment	-	3,500	3,500
Telephone Services	1,836	3,500	1,000
Computer Services	3,436	2,936	(500)
Membership Dues	1,000	-	(1,000)

Supplies/Materials

627

25,000

6,524

188,174

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

Department: Energy (WRCOG HERO - 2006)



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

WRCOG HERO Sponsor Revenue	175,025	400,000	(224,975)
WRCOG HERO Recording Revenue	120,295	110,000	10,295
SB2 Recording Fee Refunds	81,225	-	81,225

Expenditures

Salaries	58,813	71,743	8,000
Bank Fees	-	5,000	5,000
Parking Validations	-	500	500
Event Support	247	-	(247)
Computer Supplies	-	500	500
Computer Software	2,400	5,000	2,600
Meeting Support Services	-	250	250
Postage	-	265	265
Computer/Hardware	-	1,500	1,500
Recording Expense	31,281	88,000	48,000
Seminar/Conferences	-	500	500
Travel - Ground Transportation	18	500	482
Other Incidentals	1,522	3,000	1,478
Training	-	1,000	1,000
Consulting Expense	35,974	128,827	88,000
Computer Equipment	-	1,500	1,500

Total net (increase)/decrease 25,873

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

Department: Energy (WREP Partnership - 2010)



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

Salaries	27,109	20,450	(6,658)
Overhead Allocation	34,742	37,900	3,158
Event Support	\$13,087	\$12,798	(289)
Lodging	\$120		(120)

Total net (increase)/decrease (3,909)

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

Department: Energy (Gas Co. Partnership - 2020)



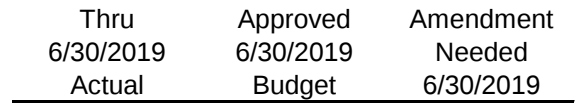
Thru 6/30/2019 Actual	Approved 6/30/2019 Budget	Amendment Needed 6/30/2019
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Expenditures

Salaries	24,991	21,025	(3,966)
Fringe Benefits	14,788	11,409	(3,379)
Overhead Allocation	32,288	34,935	2,648
Event Support	\$7,737	\$7,698	(39)

Total net (increase)/decrease (4,737)

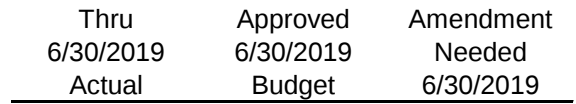
Department: Energy (Streetlights - 2026)



Bank Fees	7,899	4,625	(3,274)
Membership Dues	1,000	-	(1,000)
Meeting Support Services	-	2,000	2,000
Seminars/Conferences	933	87	(846)
Travel - Mileage Reimbursement	1,671	1,268	(403)
Supplies/Materials	-	20,000	3,524

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Department: Energy (California First - 2103)



Fringe Benefits	1,674	948	(726)
Recording Expense	4,139	10,000	2,076
Consulting Labor	3,530	2,180	(1,350)

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

Department: Energy (PACE Funding - 2104)



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

PACE Funding Sponsor Revenue	46,723	41,238	5,485
PACE Funding Recording Revenue	47,770	11,454	36,316
PACE Funding SB2 Refunds	3,532	-	3,532

Expenditures

Fringe Benefits	1,556	711	(845)
Meeting Support Services	396	282	(114)
Recording Fees	8,542	7,240	(1,302)
Consulting Labor	16,388	7,378	(9,010)

Total net (increase)/decrease	34,062
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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy (Ygrene - 2106)



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

Ygrene Commercial Sponsor Revenue	-	10,000	(10,000)
Ygrene Commercial Recording Revenue	-	25,000	(25,000)

Expenditures

General Legal Services	25,566	25,269	(297)
Recording	-	2,500	2,500

Total net (increase)/decrease (32,797)

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

Department: Energy (Lord Capital - 2110)



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

General Legal Services	2,947	-	(2,947)
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Total net (increase)/decrease			(2,947)
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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy (Twain - 2115)



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

Expenditures

General Legal Services	8,700	-	(8,700)
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Total net (increase)/decrease			(8,700)
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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy (California HERO - 5000)



Thru 6/30/2019 Actual	Approved 6/30/2019 Budget	Amendment Needed 6/30/2019
-----------------------------	---------------------------------	----------------------------------

Revenues

CA HERO Admin Revenue	150,823	149,833	990
CA HERO Sponsor Revenue	1,080,342	1,650,000	(569,658)
CA HERO Recording Revenue	665,915	600,000	65,915
SB2 Recording Fee Refunds	224,053	-	224,053

Expenditures

Salaries & Wages	326,882	449,153	100,000
Bank Fees	18,670	15,340	(3,330)
Parking Validations	210	3,000	2,000
Event Support	624	3,000	2,000
General Supplies	627	3,000	2,000
Computer Supplies	1,461	4,000	1,000
Computer Services	3,436	2,936	(500)
Travel - Airfare	6,755	5,361	(1,394)
Travel - Lodging	3,455	2,500	(955)
Meals	794	500	(294)
Other Expenses	-	500	500
Telephone Services	1,836	3,500	1,000
Equipment Maintenance	-	1,000	1,000
Recording Fee	233,644	375,000	100,000
Other Incidentals	2,447	5,000	2,000
Training	149	2,500	2,000
Supplies/Materials	-	2,000	1,000
Computer Equipment	-	2,000	2,000
Consulting Labor	189,080	505,859	250,000

Total net (increase)/decrease 694,339

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

Department: Environmental



	Thru 6/30/2019 Actual	Approved 6/30/2019 Budget	Amendment Needed 6/30/2019
Revenues			
Clean Cities Revenues	181,770	132,500	49,270
Solid Waste	122,248	107,313	14,935
Expenditures			
Salaries & Wages	120,196	159,690	36,451
Fringe Benefits	1,988	3,768	1,523
Overhead Allocation	2,200	2,400	200
Event Support	71,440	62,149	(9,291)
Office Supplies	42	1,250	1,208
Parking Validations	233	225	(8)
Mileage Reimbursement	610	987	377
Ground Transportation	95	88	7
Lodging	570	-	(570)
Meals	207	180	(27)
Other Incidentals	437	583	146
Cellular Phones	307	128	(179)
Supplies/Materials	-	500	500
Consulting Labor	69,530	42,668	(26,862)
Bad Debt Expense	78,238	-	(78,238)
Meeting Support Services	-	2,081	2,081
Storage	5,251	6,500	843
Printing Services	521	2,500	1,979
Supplies/Materials	12,840	4,000	(8,840)
Advertisement - Radio & TV	26,820	32,432	5,612
Insurance - Gen/Bus Liab	185	350	165
Total net (increase)/decrease			(8,719)

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

Department: Environmental (Clean Cities - 1010)



	Thru 6/30/2019 Actual	Approved 6/30/2019 Budget	Amendment Needed 6/30/2019
Revenues			
Clean Cities Revenues	181,770	132,500	49,270
Expenditures			
Salaries & Wages	32,848	52,783	19,935
Event Support	634	1,283	649
Office Supplies	-	250	250
Mileage Reimbursement	276	750	474
Ground Transportation	95	88	7
Lodging	570	-	(570)
Meals	207	180	(27)
Other Incidentals	54	450	396
Supplies/Materials	-	500	500
Consulting Labor	69,530	42,668	(26,862)
Bad Debt Expense	75,000	-	(75,000)
Total net (increase)/decrease			(30,979)

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

Department: Environmental (Solid Waste - 1038)



	Thru 6/30/2019 Actual	Approved 6/30/2019 Budget	Amendment Needed 6/30/2019
Revenues			
Solid Waste	122,248	107,313	14,935
Expenditures			
Salaries & Wages	27,369	39,847	11,000
Parking Validations	233	225	(8)
Other Expenses	383	133	(250)
Cellular Phones	307	128	(179)
Bad Debt Expense	3238	0	(3,238)
Total net (increase)/decrease			22,260

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

Department: Environmental (Statewide UO - 2051)



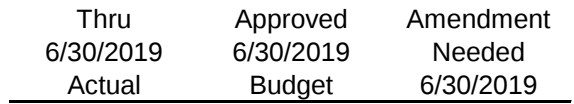
Thru 6/30/2019 Actual	Approved 6/30/2019 Budget	Amendment Needed 6/30/2019
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Expenditures

Salaries & Wages - Fulltime	54,918	58,654	2,000
Event Support	62,751	54,918	(7,833)
Program/Office Supplies	42	1,000	958
Meeting Support Services	-	2,081	2,081
Storage	5,251	6,500	843
Printing Services	521	2,500	1,979
Supplies/Materials	12,840	4,000	(8,840)
Advertisement - Radio & TV	20,270	29,082	8,812

Total net (increase)/decrease -

Department: Environmental (Riverside UO - 2052)



Salaries & Wages	5,060	8,407	3,516
Fringe Benefits	1,988	3,768	1,523
Overhead Allocation	2,200	2,400	200
Event Support	8,055	5,948	(2,107)
Insurance - Gen/Bus Liab	185	350	165
Travel - Mileage Reimbursement	334	237	(97)
Advertisement - Radio & TV	6,550	3,350	(3,200)

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Western Riverside Council of Governments

Finance Directors Committee

Staff Report

Subject: California Public Employees Retirement System Unfunded Accrued Liability Update

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

Date: July 25, 2019

The purpose of this item is to provide an update on WRCOG's Unfunded Accrued Liability (UAL) and options to increase plan funding.

Requested Action:

1. Discuss and provide direction, if necessary.

Background

At the June 21, 2019, Executive Committee meeting, Committee member Jeff Hewitt requested information regarding where WRCOG stands with its Unfunded Accrued Liability (UAL) and how much of WRCOG's pension is currently covered. Committee member Jeff Hewitt noted that the Riverside County Transportation Commission (RCTC) recently acted to pay off its UAL of \$8.1 million, which would save RCTC approximately \$7.5 million in interest payments over 30 years.

Per the most recent actuarial valuation provided in July 2019 by California Public Employees Retirement System (CalPERS), WRCOG's Public Employees' Pension Reform Act (PEPRA) plan is 92.4% funded and its Classic plan is 73.7% funded. The estimated present value of WRCOG's UAL is approximately \$3 million. The valuation assumes a 25-year payback period and, if it were to be paid out over 30 years, WRCOG would pay close to \$5.6 million in total payments.

Unfunded Accrued Liability Options

During the Fiscal Year (FY) 2019/2020 budget development process, staff noted that one goal would be to reduce the CalPERS UAL through either additional payment to CalPERS or other options, which would significantly reduce the total amount paid out to CalPERS.

Staff has identified the following options to increase the funded status of its plan and to minimize the volatility of changes in required contributions:

1. Make additional advance contributions to CalPERS or reduce the payback period schedule from a 25-year term to a lesser term
2. Establish a Section 115 irrevocable trust that could only be used to pay directly to CalPERS or reimburse WRCOG for its pension costs
3. Accumulate funds in a reserve account for future pension funding purposes
4. Maintain current approach

1. Additional Advance Contribution

WRCOG can consider making additional advance contributions to CalPERS in excess of annual required contributions. Additional contributions will have the effect of accelerating funding based on various amortization. CalPERS or an actuary may help determine the impact of partial additional contributions to pay down the entire liability. CalPERS provided several scenarios (Attachment 1) on what the potential savings could look like.

Pros:

- Reduces interest cost of carrying unfunded liabilities at CalPERS
- Reduces ongoing pension contributions

Cons:

- Reduces budget flexibility by reducing available cash
- Amortized over time, so impact would need to be analyzed

2. Establish a Section 115 Trust

The United States Internal Revenue Service has determined that trusts established for the exclusive purpose of funding public agencies' employee benefit obligations are entitled to certain tax benefits, particularly exemption from income tax. These trusts (referred to as "Section 115 Trusts") were historically used for funding Other Post-Employment Benefits (OPEB) obligations, but since 2015, they have become popular vehicles to fund retirement benefit obligations in recent years, particularly in response to increased CalPERS required contributions.

Section 115 trusts have two main characteristics that make them attractive mechanisms for setting aside funds to offset pension costs. The trusts are irrevocable, meaning that the resources deposited into the trust become the property of the trust and cannot be withdrawn and used for another purpose. Also, assets in the trust can be placed in a broader range of investments, with possibly greater returns, than is permitted with other general governmental funds.

Since 2015, hundreds of California public agencies have established or joined Section 115 Trusts. Assets in an agency's trust account can only be used to make payments directly to a pension system (such as CalPERS) or to reimburse the agency for its pension contributions. PARS, WRCOG's current OPEB trust administrator, pioneered the concept of a local controlled Section 115 Trust for pension pre-funding and has the majority of the market with over 200 participating California local governments including the County of Riverside and other WRCOG cities and special districts.

Pros:

- WRCOG oversight of investments and risk control
- Investment flexibility with Section 115 Trust compared to restrictions on general fund investments (Govt. Code 53216)
- Increased flexibility on use of trust assets (i.e., trust assets can be accessed at any time as long as the assets are used to fund the City's pension obligations and defray reasonable expenses associated therewith)
- Can earn a greater return over time than general funding vesting.
 - The funds, depending on the strategy, can earn a return closer to that earned by CalPERS
 - Unlike the funds that have been forwarded to CalPERS, these funds will be controlled by WRCOG, including establishing the risk tolerance level
- Credit rating agencies perceive pre-funding into a trust more favorably than earmarking funds within the pooled cash and investments
- Increased risk diversification of plan assets through different asset management
- Assets can be used to offset contribution rate increases
- Significant flexibility in deciding how much to contribute and when to make payments out of the trust
- May address Net Pension Liability on financial statements
- Can be used in conjunction with other options outlined
- Can use current OPEB trust provider, PARS

Cons:

- Funds must be used for pension costs only
- Still market volatility depending on how conservative the investment strategy

3. Separate Reserve Account

Additional funds can be set aside and would remain in an internal reserve account to be earmarked for paying future pension costs. Once a predetermined amount has been achieved, the money would be used to make singular and significant contributions to CalPERS, when WRCOG deems prudent.

Pros:

- Greater budget flexibility
- Preserves cash reserves

Cons:

- Can be diverted for other uses in a way that is not permitted with a Section 115 irrevocable Trust
- Limited investment flexibility – restricted to general fund investing
- Would earn a much lower rate of return over time due to investment restrictions
- Would not be applied to the “Net Pension Liability” presented in future Financial Statements

4. Maintain Current Status

A “do-nothing” scenario under the current amortization schedules will pay off WRCOG’s UAL in 30 years, which would result in interest charges of nearly the same amount as the Unfunded Liability itself. As noted, WRCOG’s current UAL is approximately \$3.4 million, and if paid out over the standard 30-year term, total payments would amount to nearly \$6.8 million. Compared to the other options, there are no advantages to pursuing this option.

Prior Action:

July 10, 2019:

The Administration & Finance Committee requested that the Finance Directors Committee provide a recommendation and directed staff to return with an analysis on what each scenario could potentially save compared to maintaining the current approach.

Fiscal Impact:

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

Attachment:

1. CalPERS Payment Scenarios.

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Item 7.B

California Public Employees
Retirement System Unfunded
Accrued Liability Update

Attachment 1

CalPERS Payment Scenarios

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2018 Valuation Results

18

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10

5

18 year FS (Closed)

15 year FS (Closed)

10 year FS (Closed)

5 year FS (Rolling)

	UAL	Payment	UAL	Payment	UAL	Payment	UAL	Payment	UAL	Payment
6/30/2020	3,042,482	210,912	3,042,482	245,765	3,042,482	278,606	3,042,482	378,955	3,042,482	684,650
6/30/2021	3,037,288	241,037	3,001,234	251,909	2,967,263	285,571	2,863,462	388,429	2,547,249	573,207
6/30/2022	3,000,567	266,638	2,950,744	258,207	2,879,574	292,711	2,662,110	398,139	2,132,626	479,905
6/30/2023	2,934,794	281,776	2,890,205	264,662	2,778,362	300,029	2,436,619	408,093	1,785,493	401,789
6/30/2024	2,848,754	298,050	2,818,751	271,279	2,662,495	307,529	2,185,048	418,295	1,494,863	336,389
6/30/2025	2,739,861	306,246	2,735,451	278,061	2,530,759	315,217	1,905,314	428,753	1,251,540	281,634
6/30/2026	2,614,869	292,398	2,639,304	285,012	2,381,849	323,098	1,595,181	439,471	1,047,823	235,792
6/30/2027	2,495,451	300,438	2,529,237	292,137	2,214,363	331,175	1,252,250	450,458	877,266	197,411
6/30/2028	2,359,356	308,703	2,404,094	299,441	2,026,798	339,455	873,950	461,720	734,471	165,278
6/30/2029	2,205,185	317,190	2,262,637	306,927	1,817,540	347,941	457,520	473,263	614,919	138,375
6/30/2030	2,031,442	325,913	2,103,534	314,600	1,584,854	356,640	0		514,827	115,852
6/30/2031	1,836,517	334,875	1,925,357	322,465	1,326,883	365,556			431,027	96,994
6/30/2032	1,618,675	332,422	1,726,571	330,527	1,041,631	374,695			360,868	81,206
6/30/2033	1,388,123	329,575	1,505,532	338,790	726,958	384,062			302,128	67,988
6/30/2034	1,144,372	321,130	1,260,472	347,259	380,569	393,663			252,950	56,921
6/30/2035	892,299	305,722	989,497	355,941	0				211,777	47,656
6/30/2036	638,519	157,515	690,574	364,839					177,305	39,899
6/30/2037	520,282	136,420	361,521	373,960					148,445	33,405
6/30/2038	415,588	114,053	0						124,282	27,967
6/30/2039	326,703	96,301							104,052	23,415
6/30/2040	249,957	84,633							87,115	19,604
6/30/2041	179,909	66,806							72,935	16,413
6/30/2042	123,398	64,659							61,063	13,741
6/30/2043	65,151	51,696							51,124	11,504
6/30/2044	16,237	16,796							42,802	9,632
6/30/2045	0	0							35,835	8,064
6/30/2046	0	0							30,002	6,751
6/30/2047	0	0							25,119	5,652
6/30/2048	0	0							21,030	4,732
6/30/2049	0	0							17,607	3,962

Total

5,561,904

5,501,780

4,995,948

4,245,576

5

5 year FS (Rolling)

UAL	Payment	UAL	Payment	UAL	Payme
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2,802,130



Western Riverside Council of Governments

Finance Directors Committee

Staff Report

Subject: The Economy and Financial Markets Update

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

Date: July 25, 2019

The purpose of this item is to provide an overview of the Economic prospects of 2018 and 2019, as well as, potential future fiscal policy changes. In addition, the presentation will cover an interest rate overlook, quantitative tapering and what it means, as well as, where equity markets are headed.

Requested Action:

1. Receive and file.

The item is reserved for a presentation from Richard Babbe of Public Financial Management.

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

Finance Directors Committee

Staff Report

Subject: Regional Streetlight Program Activities Update

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

Date: July 25, 2019

The purpose of this item is to provide an update on the LED retrofit progress for Eastvale and Murrieta, Wildomar LED retrofit start date, remaining jurisdictions placement of LED Fixture Purchase Orders.

Requested Action:

1. Receive and file.

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

Background

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

LED Purchase Orders Submitted, Avoiding LED Price Increase

Since 2017, the U.S. – China federal trade situation has resulted in the United States Federal Government imposing a penalty tax on numerous Chinese imports. The imported metals and electronics market became extremely volatile forcing many companies (General Electric (GE) and other streetlight manufacturers) to increase prices on products 6% to 10%. In late 2018, GE formally asked WRCOG for a 5% price increase from the quoted prices in WRCOG's 2017 Request for Quotation (RFQ) for LED Fixture Procurement. In response, WRCOG staff negotiated a price-lock on LED fixtures at the prices quoted in the 2017 RFQ through June 2019. After the June deadline, a 5% increase on RFQ pricing through the end of 2019 is secured. Starting in 2020, pricing for the GE LED fixture will be based on fair market value.

As of June 28, 2019, all jurisdictions utilizing WRCOG's Agreement for GE LED fixtures have placed an order for LED equipment, ultimately avoiding a price increase. This was an important deadline and milestone for all jurisdictions utilizing the GE LED fixture, as it signified the end of a price-lock on LED fixtures.

Sources of Funds for Streetlight Acquisition & Retrofit, LED Procurement, and Annual Maintenance

In 2016, WRCOG released a Request for Bid (RFB) No. S-727 for Financing Options for Streetlight Acquisition and Retrofit. This RFB sought to select a financing vendor that would provide capital to participating jurisdictions for streetlight acquisition from SCE, LED procurement, and streetlight retrofit. At the conclusion of

the bid review process, Bank of America was selected as a funding partner for the Regional Streetlight Program.

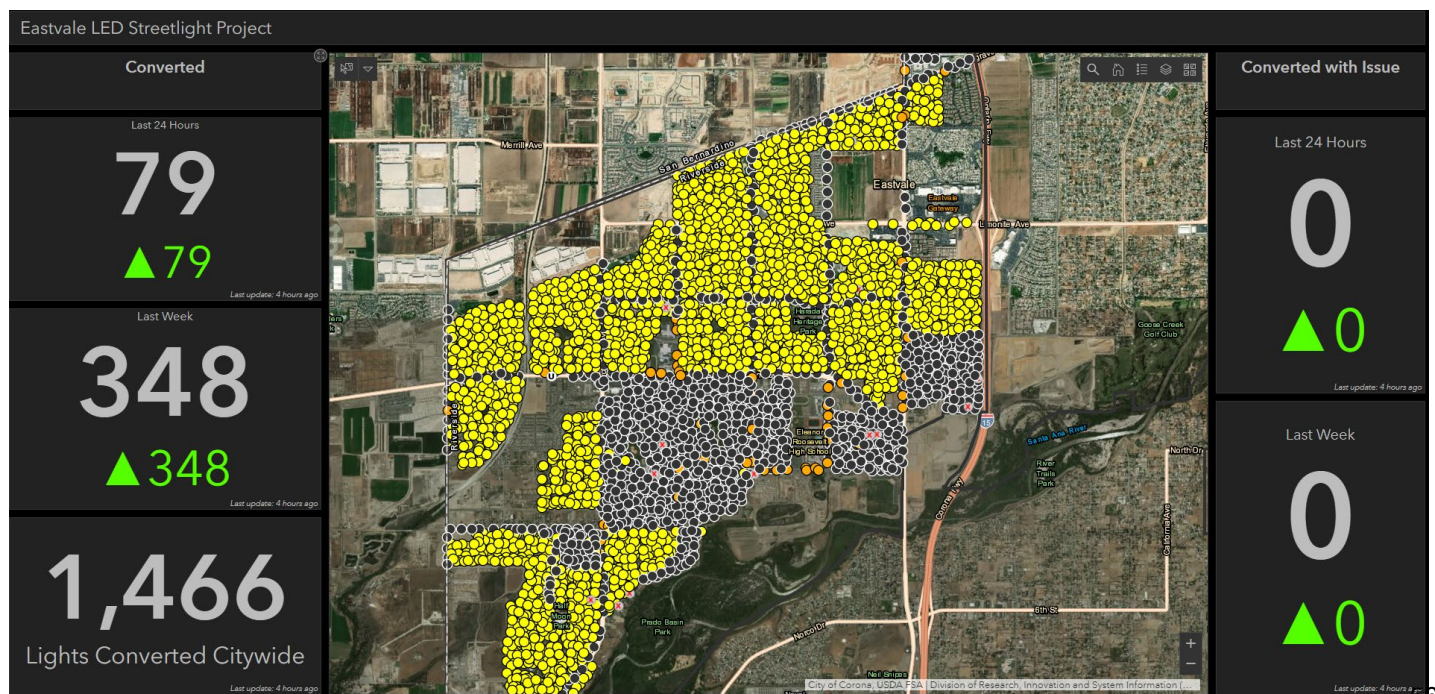
While there are many numerous moving parts to the Program, there are three services that Bank of America financing structure will cover. First, the financing will pay for the streetlight acquisition from SCE. Second, the financing will cover the procurement of LED fixtures and related equipment which will be installed during the retrofit process. Third, the financing will cover the cost of the retrofit service, where Siemens crews are converting the existing lamps to LED fixtures. WRCOG will assist jurisdictions to process invoices, populate disbursement request forms, and coordinate payment between the jurisdiction, Bank of America, and the Escrow / Paying Agent.

The Debt Service, Escrow / Paying Agent Fee, WRCOG Administrative Fee, Annual Maintenance, and, if selected, the Re-Lamp Reserve are not covered by the financing structure and are paid from the annual savings captured by the jurisdictions subsequent to the streetlight acquisition and retrofit. Upon a participating jurisdiction acquiring its streetlights, a partial savings will be seen on the utility billing as the more expensive LS-1 streetlight rate is removed and the more economical LS-2B streetlight rate is applied where the jurisdictions own the streetlights. Furthermore, energy costs will be reduced once the LED fixture is installed as a result of reduced energy consumption.

Once the rate transfer and LED retrofit take place, the full savings will be captured by the jurisdiction and must be used to pay the above-mentioned services not covered by the financing structure. The semi-annual June 1 and December 1 payments will be sourced from the savings captured above. Moreover, the semi-annual payments are made to the Escrow / Paying Agent. The Escrow / Paying Agent will then utilize the funds received from the jurisdictions and the current Paying Agent Schedule to make payments to the respective parties for Debt Service, Escrow / Paying Agent Fee, WRCOG Administrative Fee, Annual Maintenance, and, if selected, the Re-Lamp Reserve.

Eastvale Streetlight Retrofit Start and Progress Update

The City of Eastvale commenced with its streetlight LED retrofit on June 4, 2019. Since then, the City has converted over 1,450 streetlights to GE LED fixtures, and is approximately 35% complete in the conversion project. By utilizing WRCOG's Agreement for GE LED fixtures the City has selected to replace existing lamps with specific GE LED models that will lower energy consumption and increase utility savings between 58% to 74% per streetlight per month. The City opted to convert streetlights on major roads where improved visibility and public safety can be addressed first. Once major roads are completed the crews performing the streetlight conversions will focus on residential neighborhood streetlight conversions.

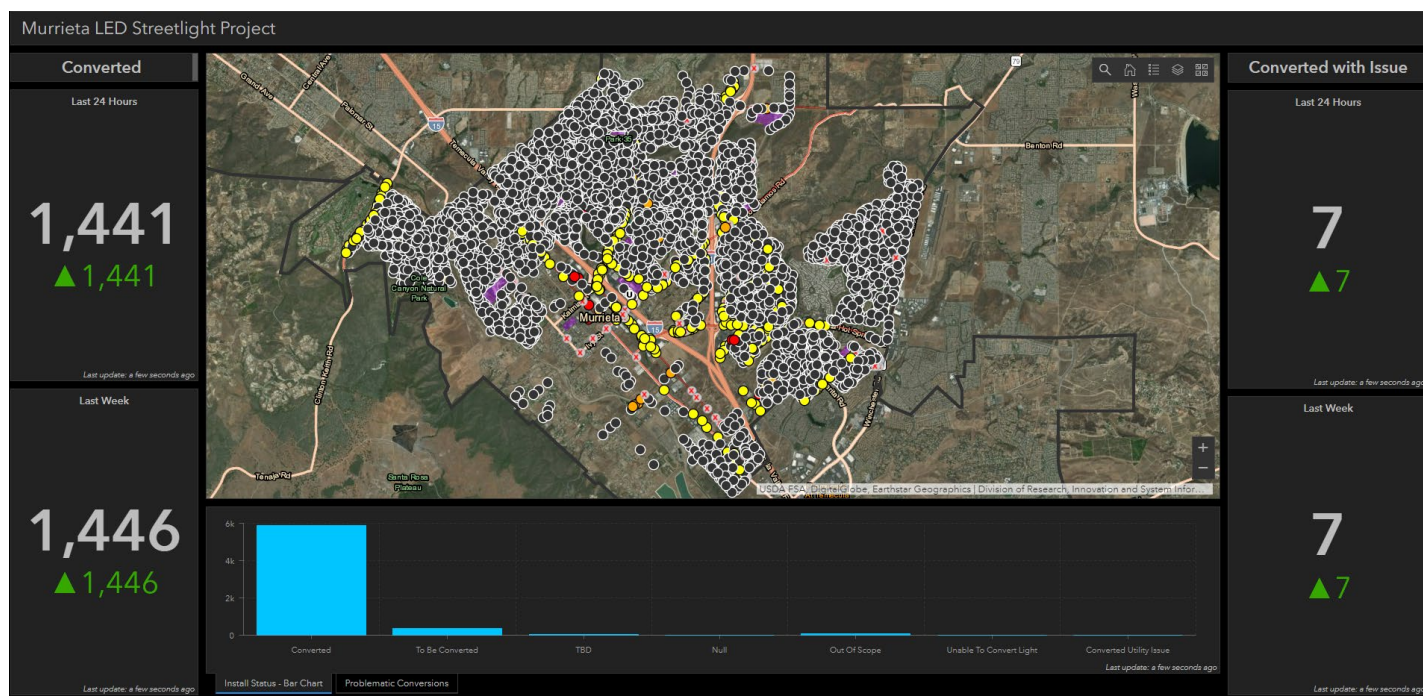


Wildomar Streetlight Retrofit Start

The City of Wildomar is anticipated to start the streetlight retrofit in July 2019. On April 4, 2019, the City of Wildomar fully acquired its approximately 1,400 streetlights from SCE. After completing the streetlight acquisition and concurrent fixture selection process, the City selected GE LED fixtures similar to those used in the neighboring City of Murrieta. The City of Wildomar will have Siemens retrofit the old lamps to LED fixtures and provide routine operations and maintenance to the streetlight systems. The City has selected low wattage residential fixtures to maximize energy efficiencies, utility bill savings, and mitigate any perceived change in lighting brightness by matching previous lighting outputs. A medium wattage fixture was selected for larger roadways that match previous lighting levels to meet the City's public safety goals. Overall, the City's GE LED fixture selection will significantly lower energy consumption and reduce electric utility costs for street lighting.

Murrieta Streetlight Retrofit 90% Complete

As of July 10, 2019, the City of Murrieta is over 90% complete with retrofitting its streetlights to LED, which accounts for approximately 6,000 streetlight conversions. The City started retrofitting its streetlights on February 11, 2019, and less than six months later is nearing completion of the project. As the retrofit comes to close later this month, WRCOG and Siemens will work to a project closeout which will include delivery of as-built GIS data and streetlight inventory to the City, coordinate billing changes with SCE, and work with SCE to address any discrepancies found in the field subsequent after the streetlight retrofit.



Prior Actions:

July 18, 2019: The Technical Advisory Committee received and filed.

June 3, 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 Finance Directors Committee

Staff Report

Subject: Presentation by Rogers, Anderson, Malody & Scott, LLP on Generally Accepted Accounting Principles

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

Date: July 25, 2019

The purpose of this item is to provide an update on upcoming Generally Accepted Accounting Principles (GAAP) changes.

Requested Action:

1. Receive and file.

The item is reserved for a presentation from Brianna Schultz of Rogers, Anderson, Malody & Scott, LLP.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.

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