



Western Riverside Council of Governments Technical Advisory Committee

AGENDA

**Thursday, February 21, 2019
9:30 a.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 Technical Advisory 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 Technical Advisory Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

- 1. CALL TO ORDER (George Johnson, Chair)**
- 2. SELF INTRODUCTIONS**
- 3. PLEDGE OF ALLEGIANCE**
- 4. PUBLIC COMMENTS**

At this time members of the public can address the Technical Advisory 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.

5. MINUTES

- A. **Summary Minutes from the January 17, 2019, Technical Advisory Committee Meeting are Available for Consideration.** **P. 1**

Requested Action: 1. *Approve the Summary Minutes from the January 17, 2019, Technical Advisory 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. 9**

Requested Action: 1. *Receive and file.*

- B. **WRCOG Committees and Agency Activities Update** **Rick Bishop** **P. 15**

Requested Action: 1. *Receive and file.*

- C. **Western Community Energy Activities Update** **Barbara Spoonhour** **P. 31**

Requested Action: 1. *Receive and file.*

- D. **Regional Streetlight Program Activities Update** **Daniel Soltero** **P. 33**

Requested Action: 1. *Receive and file.*

- E. **High-Cube Warehouse Trip Generation Study and Proposed TUMF Calculation Handbook Update** **Daniel Ramirez-Cornejo** **P. 35**

Requested Action: 1. *Receive and file.*

- F. **PACE Programs Activities Update: General Activities Update, and Addition of New Providers** **Casey Dailey** **P. 71**

Requested Action: 1. *Receive and file.*

- G. **2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019** **Andrew Ruiz** **P. 75**

Requested Action: 1. *Recommend that the Executive Committee approve the 2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019.*

H.	Fiscal Year 2017/2018 Comprehensive Annual Financial Report (CAFR)	<i>Andrew Ruiz</i>	P. 105
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Requested Action: 1. Receive and file.

I. Environmental Department Activities Update *Kyle Rodriguez* **P. 217**

Requested Action: 1. *Receive and file.*

7. REPORTS / DISCUSSION

A.	Report from the League of California Cities	<i>Erin Sasse, League of California Cities</i>	P. 221
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Requested Action: 1. Receive and file.

B.	Census Update – Report from UCR and Riverside County	<i>Sono Shah, UCR</i> <i>Jason Farin, Riverside County</i>	P. 223
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Requested Action: 1. *Receive and file.*

C.	Presentation on Riverside County Efforts To Address Homelessness	<i>Natalie Profant Komuro, County of Riverside</i>	P. 225
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Requested Action: 1. Receive and file.

D. Options for Potential WRCOG Assistance for Regional Housing Needs Assessment Update *Christopher Gray, WRCOG* P. 227

Requested Action: 1. Discuss and provide input.

8. REPORT FROM THE EXECUTIVE DIRECTOR **Rick Bishop**

9. ITEMS FOR FUTURE AGENDAS Members

10. GENERAL ANNOUNCEMENTS

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

11. NEXT MEETING: The next Technical Advisory Committee meeting is scheduled for Thursday, March 21, 2019, at 9:30 a.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.

12. ADJOURNMENT

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1. CALL TO ORDER

The meeting of the Technical Advisory Committee was called to order at 9:30 a.m. by Chair George Johnson at WRCOG's office, Citrus Conference Room.

2. ROLL CALL

Members present:

Doug Schulze, City of Banning (9:41 a.m. arrival)
Bonnie Johnson, City of Calimesa (9:41 a.m. arrival)
Ernie Reyna, City of Eastvale
Gary Thompson, City of Jurupa Valley
Armando Villa, City of Menifee
Allen Brock, City of Moreno Valley
Andy Okoro, City of Norco
Moises Lopez, City of Riverside
Travis Randel, City of San Jacinto
Gary Nordquist, City of Wildomar
George Johnson, County of Riverside (Chair)
Mathew Evans, March Joint Powers Authority (9:35 a.m. arrival)
Craig Miller, Western Municipal Water District
Floyd Velasquez, Morongo Band of Mission Indians

Staff present:

Steve DeBaun, Legal Counsel
Rick Bishop, Executive Director
Barbara Spoonhour, Deputy Executive Director-Operations
Andrew Ruiz, Interim Chief Financial Officer
Christopher Gray, Director of Transportation & Planning
Tyler Masters, Program Manager
Daniel Ramirez-Cornejo, Program Manager
Andrea Howard, Program Manager
Christopher Tzeng, Program Manager
Rachel Hom, Staff Analyst
Daniel Soltero, Staff Analyst
Jessica May, Staff Analyst
Suzy Nelson, Administrative Assistant
Sofia Perez, Staff Analyst
Anthony Segura, Staff Analyst
Kyle Rodriguez, Staff Analyst
Mei Wu, Intern
Ivana Medina, Fellow
Rayza Sison, Intern
Diane Sanchez, Intern

Guests present:

Erin Sasse, League of California Cities
Alma Ramirez, WRCOG Fellow, Eastern Municipal Water District
Melanie Sotelo, Riverside County Transportation Department
Michelle Cervantes, Riverside County Transportation Department

Darcy Kuenzi, Riverside County Flood Control and Water Conservation District
Cordell Chavez, City of Corona
Ahab Hussain, City of Beaumont
Kristen Jensen, City of Hemet
Araceli Ruiz, County of Riverside, District 1

3. PLEDGE OF ALLEGIANCE

Chair George Johnson led the members and guests in the Pledge of Allegiance.

4. PUBLIC COMMENTS

There were no public comments.

5. MINUTES

A. Summary Minutes from the October 18, 2018, Technical Advisory Committee Meeting are Available for Consideration.

Action: 1. *Approved Summary Minutes from the October 18, 2018, Technical Advisory Committee meeting.*

(Jurupa Valley / Morongo) 12 yes; 0 no; 0 abstain; Item 5.A was approved. The Cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Murrieta, Perris, and Temecula and the Eastern Municipal Water District were not present. This item was taken out of order.

6. CONSENT CALENDAR *(Riverside / WMWD) 12 yes; 0 no; 0 abstain; Items 6.A – 6.K were approved. The Cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Murrieta, Perris, and Temecula and the Eastern Municipal Water District were not present. This item was taken out of order.*

A. Finance Department Activities Update

Action: 1. *Received and filed.*

B. WRCOG Committees and Agency Activities Update

Action: 1. *Received and filed.*

C. Western Community Energy Activities Update

Action: 1. *Received and filed.*

D. Environmental Department Activities Update

Action: 1. *Received and filed.*

E. Regional Streetlight Program Activities Update

Action: 1. *Received and filed.*

F. Western Riverside Energy Partnership Activities Update

Action: 1. *Recommended that the Executive Committee authorize the Executive Director to execute the Third Contract Amendment with Southern California Gas Company to jointly deliver the 2013-2014 Western*

Riverside Energy Efficiency Partnership Program, including the continuation of the Western Riverside Energy Partnership, through year 2019, substantially as to form.

G. TUMF Program Activities Update

Action: 1. *Received and file.*

H. International City / County Management Association Activities Update

Action: 1. *Received and file.*

I. Approval of Technical Advisory Committee 2019 Meeting Schedule

Action: 1. *Approved the Schedule of Technical Advisory Committee meetings for 2019.*

J. PACE Programs Activities Update

Action: 1. *Recommended that the Executive Committee authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Lord Capital under WRCOG's Commercial PACE umbrella.*

K. Approval of Revised Purchasing and Procurement Policy

Action: 1. *Recommended that the Executive Committee adopt WRCOG Resolution Number 19-01; A Resolution of the Executive Committee of the Western Riverside Council of Governments Adopting a Revised Purchasing and Procurement Policy.*

7. REPORTS / DISCUSSION

A. Report from the League of California Cities

Erin Sasse presented an update on Assembly Bill (AB) 11 (Chiu), Community Redevelopment Law of 2019. AB 11 allows a city or county, or two or more cities acting jointly, to form an Affordable Housing and Infrastructure Agency to fund projects such as infrastructure and affordable housing projects. Thirty percent of tax increment must be deposited into low / moderate income housing fund. Some of the key elements include annual unspecified state commitment at the discretion of the State Controller; schools will be made whole, no impact to Prop 98; and extensive upfront planning and costs required before a city or county can form an agency and receive project funding from the state.

Senate Bill 5 (Beall), a Local-State Sustainable Investment Incentive Program, creates a local-state partnership to reduce poverty and advance other state priorities finance, in part, by property tax increment. Twenty percent of the overall funding for the program shall be set aside for counties with populations of less than 200,000. Some of the pros include up to \$2 billion state investment in affordable housing and infrastructure; 50% of the funds are required to be spent on affordable housing; relies on post redevelopment tools; and allows a wide-range of agency participation. Some of the cons include less flexibility than redevelopment agencies, and fewer resources available for economic development.

Action: 1. *Received and filed.*

B. Santa Ana Municipal Separate Storm Sewer System (MS4) Permit Compliance Program Update

Darcy Kuenzi, Riverside County Flood Control and Water Conservation District, presented a bi-annual update on the MS4 permit compliance and other mandates for addressing stormwater management in the region.

The Santa Ana National Pollutant Discharge Elimination System (NPDES) Permit requires City Managers for Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Norco, Perris, Riverside and San Jacinto, as well as the County Executive Officer to meet at least two times annually to discuss the NPDES MS4 Compliance Program.

These permits, issued pursuant to the federal Clean Water Act, are designed to protect lakes, rivers and streams from pollution (such sediment, oils, grease, fertilizers, animal and human waste, trash and dissolved metals) associated with urban land use. The District has created a Public Education Strategic Plan for Riverside County Permittees to comply with the educational requirements of the Permits and to foster a community wide commitment to clean water. The District is working to renew all three Permits that fall within the WRCOG subregion to the respective Regional Boards this next calendar year.

Committee member Armando Villa asked how long the permits are good for.

Ms. Kuenzi responded that the permits are good for four to five years.

WRCOG staff is working closely with the District on alternative approaches to cost-effectively address stormwater management in Western Riverside County.

Action: 1. *Received and filed.*

C. Public Service Fellowship Activities Update

Andrea Howard presented an overview of the Fellowship Program that launched in 2016. When the Fellowship was launched, it began partnership with WRCOG, UCR and CBU. Since then the partnership has expanded to CSUSB. Currently, the Program is operating in its third round and has 15 Fellows placed with member agencies.

Looking into the upcoming fourth round of the Program, staff has discussed several topics and ideas to focus on the sustainability and recruitment of Fellows. The Ad Hoc Committee, comprised of TAC members from Beaumont, Lake Elsinore, Moreno Valley, Temecula, and Eastern Municipal Water District, convened in November and discussed how we could create a more sustainable practice and eligibility requirements. What was found was that, historically, the recruitment process has been 100% focused on students from the partnered universities and, while staff has always considered academic standing, there has never been a minimum GPA requirement. The Ad Hoc Committee recommended making a GPA requirement threshold to all applicants.

The Ad Hoc Committee also supported expanding recruitment to additional universities within and outside of the region, with the focus on attracting students in technical disciplines in which members have expressed a need for, such as planning, engineering, and IT. As an extension of this policy, members also supported allowing all candidates with a connection to the subregion, including those who do not necessarily live or attend school here, but may be from the area.

The current practice is to place Fellows in the member agencies only, though members of the private sector and non-member public agencies have expressed interest. The Ad Hoc Committee recommended continuing the current practice for now but was open to expanding to non-member and public sector agencies in the future, provided all Program costs would be paid by the Fellow host agency.

Currently, WRCOG funds the entire Program; which if we place a Fellow in each member agency costs are \$375k per cohort. Historically, funding for the Program has come from PACE carryover revenues, which are declining. To extend Program funding, the Ad Hoc Committee recommended alternating placements at each jurisdiction every other year. Members also showed interest in directing any unused BEYOND funds to the Program when that distribution occurs. Another option discussed was a local match from that jurisdiction receiving a Fellow, but the members were reluctant to institute. With staff struggling to recruit enough qualified candidates to fill the desired number of Program seats, staff has come up with some ideas to help sustain the Program and make it more desirable for the Fellow to stay, versus leaving for employment mid-Fellowship. Some recommendations made include hiring for both full-time and part-time status. For example, currently enrolled students would be hired on in a part-time basis for nine months and recently graduated students would be hired on in a full-time basis for six to nine months. For the Fellows that would be on for nine months, they would serve a total of 20 hours per week in two separate host agencies.

Many Committee members congratulated WRCOG on this great Program.

Action: 1. *Recommended that the Executive Committee direct staff to implement the following changes to the Fellowship Program: 1) recruit Fellows from additional universities, both within and outside of the subregion; 2) expand candidate eligibility to students and recent graduates who live, work, attend school in, or are from the region and meet other minimum qualifications, 3) establish a minimum 3.0 GPA threshold for all applicants; 4) alternate Fellow placements over two years so members receive a Fellow every-other year, and 5) admit Fellows to serve in either a part-time or full-time capacity within CalPERS requirements.*

(Banning / Menifee) 14 yes; 0 no; 0 abstain; Item 7.C was approved. The Cities of Beaumont Canyon Lake, Corona, Hemet, Lake Elsinore, Murrieta, Perris, and Temecula, and Eastern Municipal Water District were not present.

D. Update on the Development of a Sustainability Indicators Report

Christopher Gray provided an update regarding the 2012 Economic Development and Sustainability Indicators Report (Report). When this Report was completed staff intended to serve the following four broad objectives: to provide a starting point for dialogue about sustainability and its importance in the region; provide a vision for a sustainable Western Riverside County and establish goals to inform and guide regional collaboration; define and prioritize short-term actions that WRCOG can pursue; and define initial indicators, benchmarks, and targets by which WRCOG can measure the effectiveness of efforts to create a more sustainable subregion.

The Framework identified six key areas related to the Region, including economic development, education, transportation, health, water and energy, and environment. An initial list that was established in 2012, had identified over 50 sustainability indicators, but staff had found that regular tracking and updating of this list was very difficult for many reasons. To keep the Framework relevant, WRCOG contracted with AECOM to assist with refining and updating the indicators list based on experience. After review, the indicators were paired down from approximately 40 indicators to 14.

Some of the key considerations used to refine the list of indicators from 50 to the recommended 14 included, does the indicator reflect broadly on key issues affecting the region such as water and energy use, transportation, employment, and education; is the indicator one that is commonly tracked across comparable regions; is there historical data for the indicator that would document trends; and, is data readily available for the indicator at a regional or Countywide level;

A few of the key indicators recommended for further evaluation were job growth, household income, educational attainment, healthcare facilities, violent crime, and water usage, to name a few.

Some “good” results that came out of the Study included an increase in good vs. moderate air quality days over a 3-year average. There was a reduction in violent crimes per 100k residents vs. the state average. The daily water usage per resident decreased between 2013 vs. 2017. Some of the “okay” results included that only 48% of high school graduates in Riverside County are meeting the UC/CSU requirements vs. the state average of 50%. Even though we have had a growth in jobs, the median income has decreased. This is because the jobs being brought in are low-skilled, low-paying jobs. Transportation, warehousing and manufacturing make up 27% of the growth, but do not pay much. There was a 30% growth in the food service and retail but, just like transportation, warehousing and manufacturing, the pay is not as well as it would be if we had more of jobs with higher skill levels.

Chair George Johnson asked how are we able to take these issues that arise to the next level.

Mr. Gray responded that once this information is summarized, staff plans on distributing the information via WRCOG’s website and other distribution channels. Staff also anticipates that this information will be presented at upcoming events and conferences to document how the region is performing in regard to these key items.

Committee member Armando Villa suggested the formation of a subcommittee to help work together towards issues that arise.

Committee members were in agreeance and the Cities of Banning, Eastvale, Jurupa Valley, Menifee, and Riverside, and the County of Riverside volunteered to be a part of this subcommittee.

Committee member Travis Randel suggested bringing in the Riverside County Office of Education to be a part of this subcommittee since education is a part of the issues.

Action: 1. *A sub committee was formed comprised of representatives from the Cities of Banning, Eastvale, Jurupa Valley, Menifee, and Riverside, and the County of Riverside to address issues that arise from the Indicators Report.*

(Menifee / Banning) 14 yes; 0 no; 0 abstain; Item 7.D was approved. The Cities of Beaumont Canyon Lake, Corona, Hemet, Lake Elsinore, Murrieta, Perris, and Temecula, and Eastern Municipal Water District were not present.

8. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop shared that with the new election, the Executive Committee now has 10 new members and the RCHCA has 8 new members.

9. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

10. GENERAL ANNOUNCEMENTS

Committee member Moises Lopez shared that the Homeless Point-in-Time is taking place January 29, 2019, from 5:30 a.m. – 9:30 a.m.

11. NEXT MEETING

The next Technical Advisory Committee meeting is scheduled for Thursday, February 21, 2019, at 9:30 a.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.

12. ADJOURNMENT

The meeting of the Technical Advisory Committee adjourned at 10:36 a.m.

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Western Riverside Council of Governments

Technical Advisory Committee

Staff Report

Subject: Finance Department Activities Update

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

Date: February 21, 2019

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

Requested Action:

1. Receive and File.

FY 2017/2018 Agency Audit

Financial auditors from Rogers, Anderson, Malody, and Scott (RAMS) have completed the financials of the Comprehensive Annual Financial Report (CAFR). The CAFR was issued the week of November 26, 2018, and the Finance Directors Committee received a report on the audit and financial statements at its January 24, 2019, meeting. The report, which is included under agenda item 6.H, was presented to the Administration & Finance Committee at its February meeting, and the Executive Committee is expected to receive the report no later than at its March meeting.

Annual TUMF Review of Participating Agencies

Each year, WRCOG meets with participating members to review TUMF Program fee collections and disbursements to ensure compliance with Program requirements. The FY 2017/2018 reviews began in November 2019. To date, staff has received information related to TUMF accounting, credits issued, and exemptions awarded from each member agency except for the City of San Jacinto. Staff is following up with the City of San Jacinto to receive the necessary information and expects to complete the City's review by March 2019. All information from member agencies have been submitted electronically. However, staff is available to review documentation at the City to reduce City staff time in preparing the information electronically.

The over payment of TUMF on a development project with a valid Credit Agreement (which should not pay TUMF) has resulted in more than \$1 million in TUMF refunds for FY 2017/2018. To reduce the amount of refunds being processed, WRCOG staff has been requesting information from jurisdictional staff regarding the tracking of credits to ensure a development project with a valid Credit Agreement has not paid TUMF. Information regarding Credit Agreements has been requested of each TUMF participating agency. For FY 2017/2018 staff has identified some inconsistencies in monthly TUMF remittance reports, such as the reporting of TUMF exemptions and the under collection of TUMF for utilizing old fee rates. In these instances, staff is working with the specific member agency to remedy these issues.

Letters to each member agency regarding its review are being finalized and will be distributed by the end of February 2019. For member agencies that will maintain the current TUMF collection process, these annual reviews will continue.

Financial Report Summary through December 2018

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

Prior Action:

None.

Fiscal Impact:

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

Attachment:

1. Financial Report summary – December 2018.

Item 6.A

Finance Department Activities Update

Attachment 1

Financial Report summary – December 2018

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

Total Agency			
	Approved Budget 6/30/2019	Thru Actual 12/31/2018	Remaining Budget 6/30/2019
Revenues			
Member Dues	311,410	311,410	-
PACE Residential Revenue	560,000	159,597	400,403
WRELP Phase 2 Revenue	86,750	35,278	51,472
Statewide HERO Revenue	2,400,000	648,204	1,751,796
Gas Co. Prtnrshp Revenue	86,676	41,599	45,077
PACE Commercial Revenue	25,000	24,075	925
WRCOG HERO-Recording Revenue	122,500	82,987	39,513
PACE Commercial Recording Revenue	2,500	445	2,055
Statewide Recording Revenue	600,000	408,640	191,360
Regional Streetlights Revenue	300,000	261,500	38,500
Solid Waste	107,313	107,313	-
Used Oil Grants	228,820	203,820	25,000
NW Clean Cities - Air Quality	132,500	132,500	-
LTF Revenue	675,000	775,500	(100,500)
General Assembly Revenue	300,000	11,750	288,250
Commerical/Service	110,645	29,807	80,838
Retail	130,094	65,347	64,747
Industrial	272,663	343,972	(71,309)
Residential/Multi/Single	1,144,551	563,171	581,380
Multi-Family	142,045	127,426	14,619
Interest Revenue - Other	-	80,066	(80,066)
HERO - Other Revenue	-	149,833	(149,833)
Commercial/Service - Non-Admin Portion	2,655,491	745,175	1,910,316
Retail - Non-Admin Portion	3,122,265	1,633,675	1,488,590
Industrial - Non-Admin Portion	6,543,923	8,599,300	(2,055,377)
Residential/Multi/Single - Non-Admin Portion	27,469,233	14,079,275	13,389,958
Multi-Family - Non-Admin Portion	3,409,088	3,185,650	223,438
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	868,441	1,215,819
Total Revenues and Carryover Funds	58,937,742	39,158,743	19,788,812
Expenditures			
Wages and Benefits			
Salaries & Wages	2,987,699	1,188,273	1,799,426
Fringe Benefits	929,898	427,347	502,551
Overhead Allocation	2,084,260	1,042,598	1,041,662
Total Wages, Benefits and Overhead	6,001,857	2,658,218	3,343,639
General Legal Services	615,000	297,268	317,732
PERS Unfunded Liability	198,823	152,327	46,496
Audit Svcs - Professional Fees	27,500	25,480	2,020
Bank Fees	19,000	18,100	900

Commissioners Per Diem	62,500	34,500	28,000
Office Lease	400,000	200,889	199,111
WRCOG Auto Fuels Expenses	1,250	734	516
WRCOG Auto Maintenance Expense	84	84	-
Parking Validations	27,550	8,800	18,750
Staff Recognition	800	248	552
Coffee and Supplies	3,000	399	2,601
Event Support	129,926	112,632	17,294
Program/Office Supplies	24,150	10,437	13,713
Computer Equipment/Supplies	8,000	51	7,949
Computer Software	30,000	2,999	27,001
Rent/Lease Equipment	30,000	7,817	22,183
Membership Dues	33,000	19,337	13,663
Subscription/Publications	1,124	1,025	99
Meeting Support Services	9,681	1,703	7,978
Postage	6,015	2,233	3,782
Other Household Exp	750	286	464
COG HERO Share Expenses	15,000	1,672	13,328
Storage	16,000	3,812	12,188
Printing Services	4,607	1,670	2,937
Computer Hardware	14,100	2,664	11,436
Communications - Regular Phone	15,000	7,182	7,818
Communications - Cellular Phones	21,000	4,882	16,118
Communications - Computer Services	57,500	19,973	37,527
Communications - Web Site	8,000	6,932	1,068
Equipment Maintenance - General	10,000	4,450	5,550
Equipment Maintenance - Comp/Software	21,000	17,776	3,224
Insurance - Gen/Busi Liab/Auto	79,850	97,802	(17,952)
PACE Residential Recording	727,500	164,870	562,630
Seminars/Conferences	13,150	2,049	11,101
General Assembly Expenses	300,000	23,305	276,695
Travel - Mileage Reimbursement	23,600	5,883	17,717
Travel - Ground Transportation	4,800	1,489	3,311
Travel - Airfare	11,500	6,654	4,846
Lodging	8,750	3,838	4,912
Meals	8,150	1,566	6,584
Other Incidentals	9,950	4,544	5,406
Training	9,250	298	8,952
Supplies/Materials	34,168	3,541	30,627
Advertisement Radio & TV Ads	49,500	13,870	35,630
Consulting Labor	3,102,373	1,110,011	1,992,362
TUMF Project Reimbursement	38,000,000	20,786,737	17,213,263
BEYOND Program REIMB	2,799,015	325,014	2,474,001
Computer Equipment/Software	3,500	1,880	1,620
Misc Equipment Purchased	3,000	2,735	265
Total General Operations	47,676,204	23,524,448	24,180,521
Total Expenditures and Overhead	53,678,061	26,182,666	27,524,160



Western Riverside Council of Governments

Technical Advisory Committee

Staff Report

Subject: WRCOG Committees and Agency Activities Update

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

Date: February 21, 2019

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

Requested Action:

1. Receive and file.

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

Prior Actions:

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

February 4, 2019: The Executive Committee received and filed.

Fiscal Impact:

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

Attachments:

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

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Item 6.B

WRCOG Committees and Agency
Activities Update

Attachment 1

WRCOG January Committees
Activities Matrix (Action items only)

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<u>WRCOG Committees</u> <u>Activities Matrix</u> <u>(Action Items Only)</u>		<u>Executive Committee</u>	<u>Administration & Finance Committee</u>	<u>Technical Advisory Committee</u>	<u>Planning Directors Committee</u>	<u>Public Works Committee</u>	<u>Finance Directors Committee</u>	<u>Solid Waste Committee</u>
Date of Meeting:		1/7/19	1/9/19	1/17/19	Did not meet	Did not meet	1/24/19	Did not meet
Current Programs / Initiatives:								
	Regional Streetlights Program	Received and filed.	n/a	Received and filed.			n/a	
	Property Assessed Clean Energy (PACE) Programs	Approved the proposed administrative changes to the WRCOG Energy Efficiency and Water Conservation Program Administrative Guidelines and Program Report.	1) Considered the recommendation from the PACE Ad Hoc Committee recommending that the Executive Committee authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Lord Capital under WRCOG's Commercial PACE umbrella; 2) Recommended that Executive Committee authorize up to \$75,000 for legislative advocacy services;	Considered the recommendation from the PACE Ad Hoc Committee recommending that the Executive Committee authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Lord Capital under WRCOG's Commercial PACE umbrella.			n/a	
	Community Choice Aggregation (CCA) / Western Community Energy	Received and filed.	n/a	Received and filed.			n/a	
	TUMF	Recommended that the Executive Committee approve the proposed revisions to the TUMF Administrative Plan.	n/a	Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Eastvale; 2) Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Eastvale for the Right of Way and Construction Phases of the Hamner Avenue Widening; 3) Approved the Second Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WG Zimmerman Engineering to provide TUMF Program technical support in an amount not to exceed \$50,000 for this Amendment and \$200,000 in total;			Received and filed.	
	Fellowship	n/a	n/a	Recommended that the Executive Committee direct staff to implement the following changes to the Fellowship Program: 1) recruit Fellows from additional universities, both within and outside of the subregion; 2) expand candidate eligibility to students and recent graduates who live, work, attend school in, or are from the region and meet other minimum qualifications, 3) establish a minimum 3.0 GPA threshold for all applicants; 4) alternate Fellow placements over two years so members receive a Fellow every-other year, and 5) admit Fellows to serve in either a part-time or full-time capacity.			n/a	
New Programs / Initiatives:								
	EXPERIENCE	n/a	n/a	n/a			n/a	

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Item 6.B

WRCOG Committees and Agency
Activities Update

Attachment 2

Summary recaps from January
Committee meetings

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Western Riverside Council of Governments Executive Committee Meeting Recap January 7, 2019

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

New Representatives Welcomed

- WRCOG's Executive Committee welcomed eight new representatives from member jurisdictions including: Jeff Hewitt (County of Riverside), Karen Spiegel (County of Riverside), Mike Lara (Beaumont), Jim Hyatt (Calimesa), Micheal Goodland (Jurupa Valley), Jason Scott (Corona), Joe Tessari (Eastvale) and Matt Liesemeyer (Menifee).

2018 Year in Review

- WRCOG's Executive Director, Rick Bishop, provided an overview of the agency and highlighted a selection of 2018 accomplishments, including the Grant Writing Assistance Program's 104:1 return on investment, garnering \$13 million for the subregion to date; the continuation of the WRCOG Public Service Fellowship Program, which has provided invaluable learning opportunities and a career path into the public sector for 53 Fellows to date; and the complete consolidation of the Riverside County Habitat Conservation Agency into WRCOG.

TUMF Program Activities Update

- The Executive Committee approved revisions to the TUMF Administrative Plan in the following areas:
 - Annual reviews for TUMF member agencies, clarifying the role of WRCOG in reviewing TUMF records for member agencies maintaining the responsibility of TUMF collection versus the review process for agencies which have delegated collection responsibility to WRCOG;
 - Member agency requirements to be a TUMF Program participant;
 - Clarifying language regarding TUMF miscalculation repayments for member agencies maintaining TUMF collection responsibilities;
 - TUMF exemption reporting responsibility clarifications; and
 - A requirement to include non-residential project building permits or site plans in remittance reports submitted by agencies maintaining TUMF collection responsibilities.

PACE Programs Activities Update

- In February 2018, the Executive Committee adopted WRCOG PACE Consumer Protections Policy v2.0.
- In order to achieve consistency in underwriting standards across multiple residential PACE providers, in lieu of the changes made to the Consumer Protections Policy, the Executive Committee approved administrative changes to the WRCOG Energy Efficiency and Water Conservation Program Administrative Guidelines and Program Report.

Report from the South Coast Air Quality Management District (SCAQMD)

- SCAQMD staff provided a report on a legislative proposal to authorize a potential local sales tax increase ballot measure for the South Coast Air District.
- The measure would support SCAQMD's 2016 Air Quality Management Plan (AQMP) and the significant regional air pollution reductions needed to meet federal air quality attainment deadlines and reduce the existing public health risk from air pollution; currently the region's air quality is categorized in the "extreme non-attainment" for ozone.

- SCAQMD does not have regulatory authority over mobile source emissions, which are the primary source of the ozone pollutants; the proposed tax would be used to provide an incentive for mobile source fleets to update to more fuel efficient, lower polluting vehicles.

Next Meeting

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



**Western Riverside Council of Governments
Administration & Finance Committee
Meeting Recap
January 9, 2019**

Following is a summary of major items discussed at the January 9, 2019, Administration & Finance Committee meeting. To review the full agenda and staff reports, please click [here](#). To review the meeting PowerPoint Presentation, please click [here](#).

Nomination for 2nd Vice-Chair made

- The Committee recommended that Councilmember Kevin Bash (Norco) serve as the Executive Committee 2nd Vice-Chair for the remainder of the fiscal year. The position became vacant when Laura Roughton was unsuccessful in her re-election attempt. The recommendation will be considered by the Executive Committee in February.

New PACE Provider Coming Soon

- The Committee is recommending that Lord Capital be brought in under WRCOG's PACE umbrella. Lord Capital has experience in a wide range of asset classes with a broad expanse of banking and capital markets expertise and operates in 11 states; WRCOG's Statewide Program would be the only Issuer Lord Capital plans to work with in California.

Appointments to Various Committees

- WRCOG is responsible for a number of appointments to outside agencies. The Committee provided recommendations for appointments to SCAG, CALCOG, the Santa Ana Watershed Project Authority One Water One Watershed Steering Committee, and the Riverside County Waste Management Local Task Force, to be considered by the Executive Committee at its February meeting.

Economic Development and Sustainability Indicators Report is Being Refined

- An initial list of over 50 sustainability indicators was established in the 2012 Economic Development and Sustainability Framework document and WRCOG has found that regular tracking and updating of this list is difficult for a variety of reasons. The list is being refined from 50 indicators to 14, as recommended by the Planning Directors Committee.
- Once finalized, this information will be summarized by staff in a brief report and distributed via WRCOG's website and other distribution channels. Staff also anticipates that this information will be presented at upcoming events and conferences to document how the region is performing with regards to these key items.

Revised Purchasing and Procurement Policy approved

- In an effort to expand Environmental Program funding opportunities, WRCOG staff has been researching grants through CalRecycle, which required updating the Policy to incorporate certain environmentally friendly purchasing policies.

Next Meeting

The next Administration & Finance Committee meeting is scheduled for Wednesday, February 13, 2019, at 12:00 p.m. in WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.



**Western Riverside Council of Governments
Technical Advisory Committee
Meeting Recap
January 17, 2019**

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

League Update

- AB 11 (Chiu), Community Redevelopment Law of 2019, allows a city or county, or two or more cities acting jointly, to form an Affordable Housing and Infrastructure Agency to fund projects such as infrastructure and affordable housing projects. 30% of tax increment must be deposited into low/moderate income housing fund. Some of the key elements include: Annual unspecified state commitment at the discretion of the State Controller; Schools will be made whole, no impact to Prop 98; Extensive upfront planning and costs required before a city or county can form an agency and receive project funding from the state.
- SB 5 (Beall), Local-State Sustainable Investment Incentive Program, creates a local-state partnership to reduce poverty and advance other state priorities finance, in part, by property tax increment. 20% of the overall funding for the program shall be set aside for counties with populations of less than 200,000. Some of the pros include: up to \$2 billion state investment in affordable housing and infrastructure; 50% of the funds are required to be spent on affordable housing; relies on post redevelopment tools; allows wide-range of agency participation; Some of the cons include: less flexibility than redevelopment agencies; less resources available for economic development;

Riverside County Flood Control

- Riverside County Flood Control and Water Conservation District provided their bi-annual update to the TAC members on MS4 permit compliance and other mandates for addressing stormwater management in the region.
- These permits, issued pursuant to the federal Clean Water Act, are designed to protect local lakes, rivers and streams from pollution (such as sediment, oils, grease, fertilizers, animal and human waste, trash and dissolved metals) associated with urban land use.
- The District has created a Public Education Strategic Plan for Riverside County Permittees to comply with the educational requirements of the NPDES MS4 permits and to foster a community wide commitment to clean water.
- The District is working to renew all three MS4 permits that fall within the WRCOG jurisdictions to the respective Regional Boards this next calendar year.
- WRCOG staff is working closely with Flood Control on alternative approaches to cost-effectively address stormwater management in Western Riverside County.

WRCOG Public Service Fellowship Round IV Preparations

- TAC members supported a series of recommended changes to the Fellowship program, largely focused on the financial sustainability of the Program and candidate recruitment, including:
 - Expanding Program eligibility to students from additional Universities,
 - Alternating Fellow placements between member agencies on a bi-annual basis, and
 - Exploring opportunities to adjust Fellow work schedules in an effort to make the Program more attractive to the most talented applicants.
- Recruitment for the next round of the Program will begin in early February.

- Host agency interest forms will be released in late February or early March—placements will be prioritized for jurisdictions which did not receive a Fellow in the current round.

Economic Development and Sustainability Indicators Report

- WRCOG's 2012 Economic Development and Sustainability Framework established a list of over 50 sustainability indicators. WRCOG has found that regular tracking and updating of this list is difficult and have thus refined the list from 50 indicators to 14.
- Included among the 14 indicators are educational attainment, household median income, and job growth. Most of this data has been aggregated to the subregion level based on city-wide, zip-code, census-tract data, and is available to the member jurisdictions.
- This information will be summarized by staff in a brief report and distributed via WRCOG's website and other distribution channels. Staff also anticipate that this information will be presented at upcoming events and conferences to document how the region is performing with regards to these key items.
- Committee members discussed the need to utilize the data from the indicators update to assist the subregion's economic development activities and directed staff to form an Ad Hoc Committee to address this issue—staff will return to the Committee with additional details regarding the Ad Hoc Committee formation.

Next Meeting

The next meeting of the Technical Advisory Committee is scheduled for Thursday, February 21, 2019, at 9:30 a.m. in WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.



**Western Riverside Council of Governments
Finance Directors Committee
Meeting Recap
January 24, 2019**

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](#).

Presentation by the Riverside County Auditor-Controller

- The Riverside County Auditor-Controller spoke about his background and his role as the Riverside County Auditor-Controller.

2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019

- The single largest amendment was to the Energy Department revenues. The HERO Program has continued to experience a decline in revenues and volumes and will be reduced by \$850k.
- Overall, there was a net revenue increase of \$238, as there were offsetting expenditures for the reduction in HERO revenue, and also an increase in revenue from other PACE providers.

Comprehensive Annual Financial Report (CAFR) Fiscal Year 2017/2018

- WRCOG received an unmodified opinion for their FY 2017/2018 audit. 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.
- Revenues are up 41%, mainly attributable to increased TUMF collections. Expenditures are down 44%, mainly attributable to decreased TUMF project reimbursements and less projects programmed on the TIP in FY 2017/2018.
- WRCOG's ending General Fund balance is down from \$12.6 to \$11.3 and TUMF fund balance is up from \$9.4 to \$38.1.

TUMF Calculation and Collection Process Update

- TUMF has collected \$30M in the first six months of the fiscal year and is up \$7M from the same time last year.
- Industrial is now the second-highest contributor to TUMF collections.
- WRCOG staff are continuing to work with member agencies in the transition to take over the TUMF calculation/collection process.

The Economy and Financial Markets

- Richard Babbe from Public Financial Management spoke on the economy and the general consensus is that the economy has strengthened over the past year, unemployment is at a 49-year low, and interest rates have risen sharply with no expectation for them to go down. Trade concerns, higher interest rates, and geo-political events could impact longer-term economic growth.

Items for Future Agenda

- The Finance Directors Committee expressed an interest in hearing from the Sheriff about upcoming rates and how they will effect each jurisdiction. The Committee also discussed hearing from Cal Fire. Terry Shea, City of Canyon Lake, offered to provide a GAAP update.

Next Meeting

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

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Western Riverside Council of Governments

Technical Advisory Committee

Staff Report

Subject: Western Community Energy Activities Update

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

Date: February 21, 2019

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

Requested Action:

1. Receive and file.

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

Background

Over the past six months, the WCE Board of Directors has been meeting to adopt policies and provide staff and its consultants direction on various data inputs (i.e., energy mixture, rate savings goals, etc.) needed for an April 2020 launch. To date, all assumptions regarding a savings off the bottom line of SCE's utility bills remains intact.

Current WCE member jurisdictions are expected to save its residents and businesses over \$6 million per year.

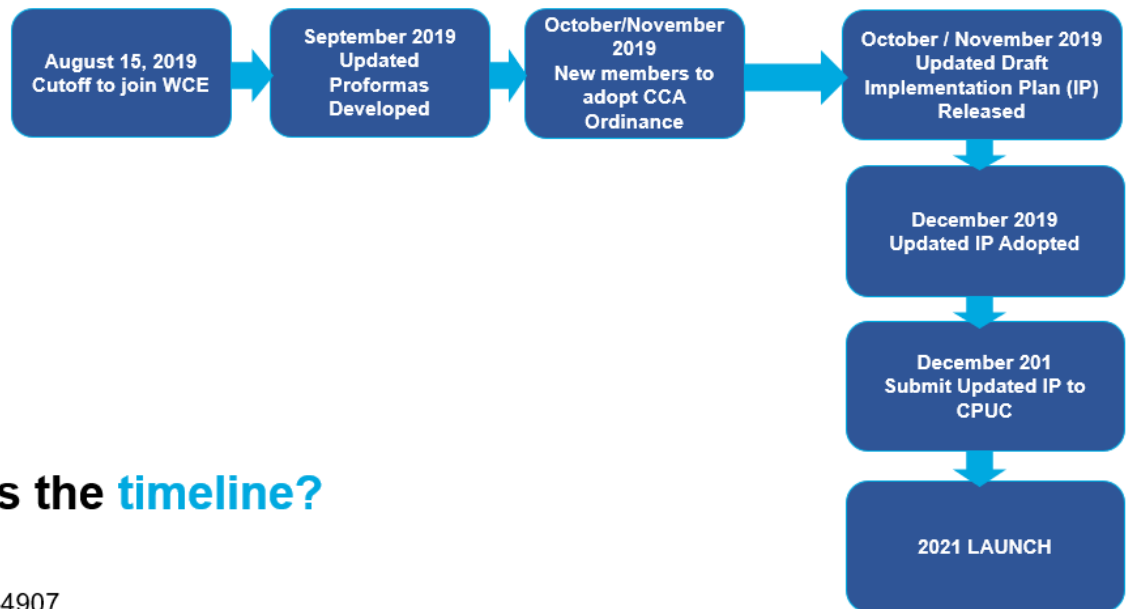
Update

The Board of Directors remains interested in having other jurisdictions (whether members of WRCOG or outside the subregion) join our efforts. Please contact WRCOG staff if your jurisdiction is interested in joining Western Community Energy.

Any jurisdiction that joins in 2019 will not be able to begin service until 2021 (compared to April 2020 for the current members) but it would be able to participate in the many policy decisions that will take place between now and that subsequent launch period.

The below graph outlines the timeline to a 2021 launch.

Timeline to a **2021** Launch



What drives the **timeline**?

ANSWER

CPUC Resolution E-4907

- Jurisdictions must submit an Implementation Plan or Revised Implementation Plan by January 1st in order to have the ability to launch the year following (i.e., 2021).

Prior Action:

January 17, 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.



Western Riverside Council of Governments

Technical Advisory Committee

Staff Report

Subject: Regional Streetlight Program Activities Update

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

Date: February 21, 2019

The purpose of this item is to provide an update on the Western Riverside County streetlight acquisition and transition, and on jurisdictions who have acquired their streetlights and are now starting the retrofit project.

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.

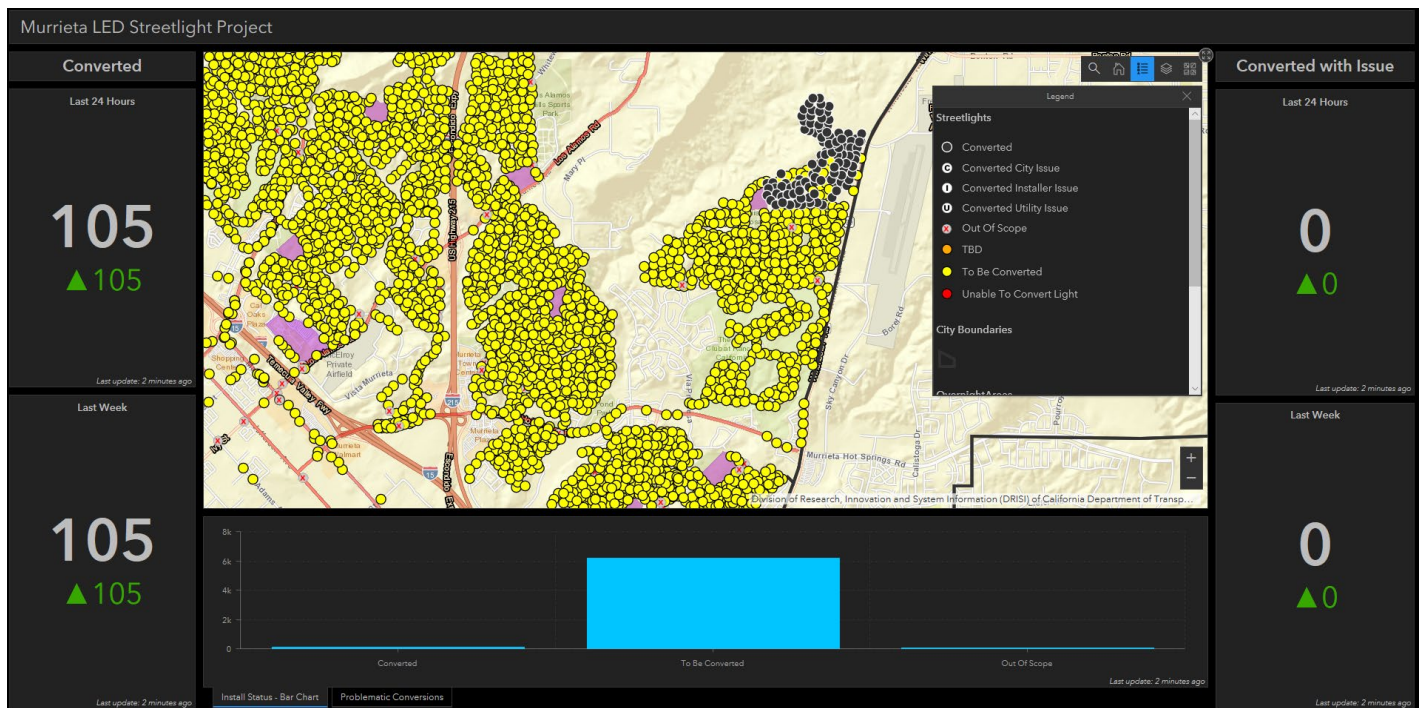
Background

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).

Murrieta Streetlight Retrofit Starts Up

In late September 2018, Murrieta became the first City within Western Riverside County to fully acquire its approximately 6,400 lights from SCE. On February 11, 2019, the City became the first City to begin retrofitting its streetlights; the retrofit is anticipated to be completed by summer. The City 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.

As part of the Program's services, WRCOG is providing GIS-support which includes a mobile and online application allowing for organized field work, verification of pole information, project tracking, and real-time retrofit updates to a project dashboard. The project dashboard pictured below is currently showing 105 streetlights which have been successfully retrofitted after only one and a half days. The yellow dots represent lights "to be retrofitted," and the dark-grey dots represent lights that "have been retrofitted without issue." The blue bars in the lower-middle portion of the dashboard represents the number of lights that have been retrofitted and the number of streetlights remaining in the retrofit queue.



Moreno Valley Update

In November 2018, the City of Moreno Valley acquired approximately 3,400 streetlights from SCE as the first of three acquisition phases. Due to the large number of streetlights within the City, a coordinated, phased-in approach for transitioning the streetlights from SCE to local control will occur. By utilizing ENCO Utility Services, the City's electric utility contractor, the City started the retrofit of its streetlights on December 18, 2018, and will continue installing GE LED fixtures through 2019. GE was selected to provide fixtures through a regional Request for Quotation (RFQ) process last year, from which the City selected a medium wattage residential fixture and a higher wattage fixture for larger roadways. Once the retrofit is completed with the current lighting selection, the City is anticipating lower costs for energy consumption, operations and maintenance, and improved roadway visibility throughout the City.

Prior Actions:

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

February 4, 2019: The Executive Committee received and filed.

Fiscal Impact:

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

Attachment:

None.



Western Riverside Council of Governments

Technical Advisory Committee

Staff Report

Subject: High-Cube Warehouse Trip Generation Study and Proposed TUMF Calculation Handbook Update

Contact: Daniel Ramirez-Cornejo, Program Manager, dramirez-cornejo@wrcog.us, (951) 405-6712

Date: February 21, 2019

The purpose of this item is to present a proposed adjustment to the High-Cube Warehouse component of the TUMF Calculation Handbook based on data from the Trip Generation Study.

Requested Action:

1. Receive and file.

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

Background

During the 2016 TUMF Nexus Study update process, staff received questions from several stakeholders regarding the TUMF calculation for fulfillment centers. In spring 2018, the Public Works Committee (PWC) requested that staff review the available data and undertake a study to provide additional information and potential support of an additional rate or calculation methodology in the TUMF Calculation Handbook for fulfillment centers and distribution centers. A subcommittee was formed consisting of representatives from the Cities of Eastvale, Jurupa Valley, Moreno Valley, Perris, and Riverside. The purpose of the subcommittee was to conduct a Trip Generation Study of sites within and around Western Riverside County and to determine if a separate component of the TUMF Calculation Handbook would be necessary for fulfillment centers.

WRCOG retained WSP to conduct a trip generation study at sites recommended by the members of the subcommittee. Traffic counts were collected at 16 sites over a 72-hour period for three midweek days beginning on June 26, 2018. In December 2018, staff provided a presentation on the findings of the study to the PWC. Since the presentation on this item to the PWC, staff has received comments from stakeholders. One comment regarding the square footage of a site resulted in a revision to the Trip Generation Study. Additional comments included the types of land uses of the sites selected for trip counts and whether these sites represent fulfillment centers. Staff would note that the land uses selected represent high-cube warehouses in the region and, for TUMF calculation purposes, this is generally the only information provided when a fee obligation is calculated. Since TUMF is assessed and/or collected at issuance of building permit, the end use of the development project is not known. For reference, comments received by WRCOG are included as Attachment 3 to this Staff Report.

The Trip Generation Study is included as Attachment 1 to this Staff Report. Findings of the data collection include:

- Daily trip generation rates for fulfillment centers are roughly 50% higher than the comparable rate for conventional trans load and short-term storage warehouses previously defined in the 10th edition of the Institute of Transportation Engineers (ITE) Trip Generation Manual.
 - Higher trip generation rates are the result of higher passenger car traffic at these sites.
- The data developed as part of this Study indicates that the trip generation rates for fulfillment centers in Riverside County are generally in the same order of magnitude as the average of all high-cube warehouse uses as described in the ITE Trip Generation Manual, 9th edition.

Category	Daily Trips per Thousand Square Feet			
	All Vehicles	Cars	Trucks	5+ Axle Trucks
2016 High-Cube Warehouse Study by ITE / NAIOP / SCAQMD				
Transload, Short-Term Storage (91)	1.432	1.000	0.454	0.233
Cold Storage (9)	2.115	1.282	0.836	0.749
Fulfillment Center (1)	8.178	7.461	0.717	0.242
Parcel Hub (1)	10.638	6.631	4.007	0.982
Current Study				
Fulfillment Center (11)	2.129	1.750	0.379	0.217

Proposed Adjustment to High Cube Warehouse Calculation

Based on the results of the Trip Generation Study and recommendation by the subcommittee, staff does not recommend the inclusion of a separate component of the TUMF Calculation Handbook for fulfillment centers. However, staff does recommend an adjustment to the current High-Cube Warehouse TUMF calculation component in the TUMF Calculation Handbook to better accommodate the data gathered in this Study regarding the higher number of trips generated by large fulfillment centers. This approach would recognize that fulfillment centers are a subset of the general High-Cube Warehouse Fee calculation category.

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

Worksheet A.2.8 High-Cube Warehouse TUMF Calculation Worksheet

Enter Gross Floor Area of Qualifying Building(s) (in square feet)	- 200,000 =		← Total A
Enter <u>Total A</u>	x 0.36 =		← Total B
Enter <u>Total B</u>	+ 200,000 =		Enter this value as (part of) the <u>Total Gross Floor Area of Industrial Buildings</u> in Worksheet A.2.1

For High-Cube warehouses that are approximately 250,000 square feet, this update would result in an approximately \$3,500 difference, or an approximately 1% increase in fees. For larger projects, such as a one million square foot warehouse, this update would increase fees by approximately \$56,000, representing an approximate 7% increase based on current fees.

For reference, attached to this Staff Report is the adjusted component of the TUMF Calculation Handbook for High-Cube Warehouses (Attachment 2).

Prior Action:

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

Fiscal Impact:

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

Attachments:

1. Trip Generation Study.
2. TUMF Calculation Handbook – High Cube Warehouse.
3. Trip Generation Study – Stakeholder comments.

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Item 6.E

High-Cube Warehouse Trip
Generation Study and Proposed
TUMF Calculation Handbook Update

Attachment 1

Trip Generation Study

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To: Daniel Ramirez-Cornejo, Program Manager, WRCOG

From: Billy Park, Supervising Transportation Planner, WSP

Subject: TUMF High-Cube Warehouse Trip Generation Study

Date: January 29, 2019

Background

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

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

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

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

¹ *Logistics & Distribution: An Answer to Regional Upward Social Mobility*, Dr. John Husing for SCAG, June 2004

² *Multi-County Goods Movement Action Plan*, Wilbur Smith Associates, August 2008

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

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

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

Methodology

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

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

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

Data Collection

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

Fulfillment Centers

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

Parcel Hubs

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

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

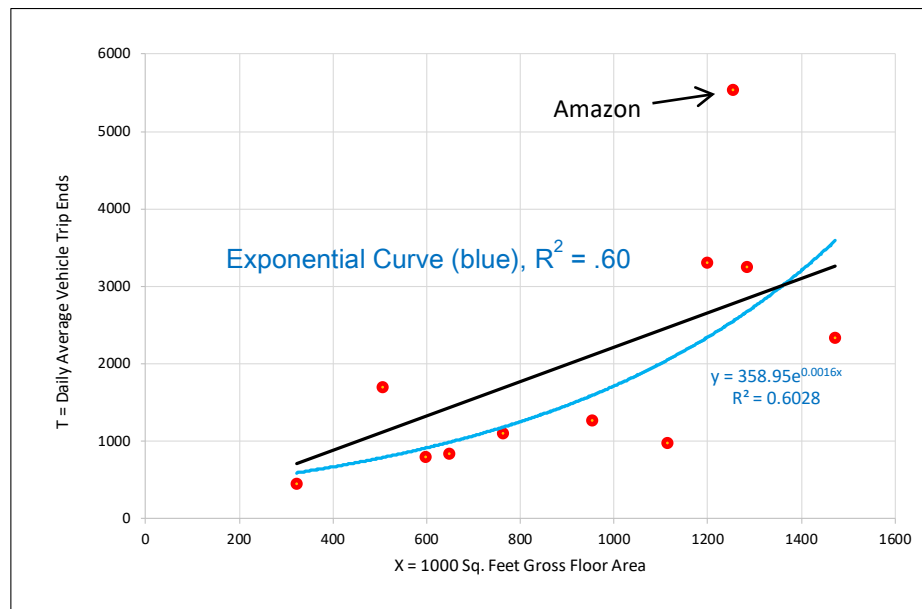
Fulfillment Centers

By Building Size

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

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

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



The best fit equation was an exponential relationship with R^2 of 0.60 (i.e. high enough to meet the criteria of acceptability). This is shown as a blue line in Exhibit 1. An exponential relationship, meaning that the larger the

building the higher the trip generation rate, is quite unusual. Exhibit 2 takes a deeper look at this by showing the daily vehicle trip generation rates for each of the 11 surveyed fulfillment centers sorted by the smallest to the largest building size from left to right. As shown, small sites tend to generate fewer trips per thousand square feet, but higher percentage of trucks. On the other hand, largest sites tend to generate a higher number of car trips, but fewer truck trips. So not only is the overall trip generation rate affected by building size, the vehicle mix is affected as well.

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

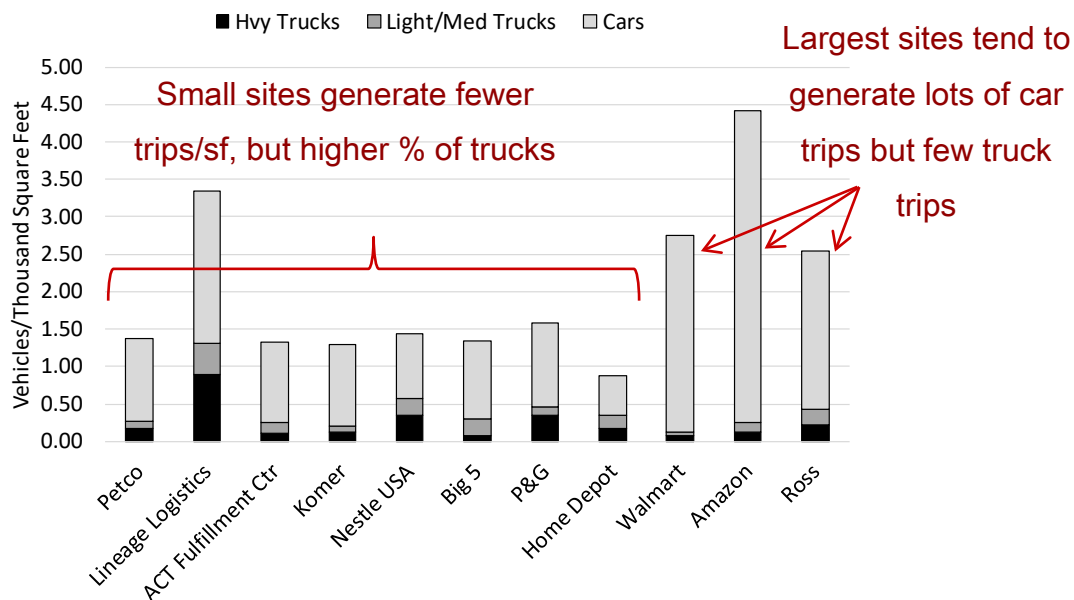


Exhibit 3 and Exhibit 4 show data plots for AM and PM peak hour vehicle trip ends against building size (respectively). The fitted curves had a low R^2 , and so we recommend using the average rate.

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

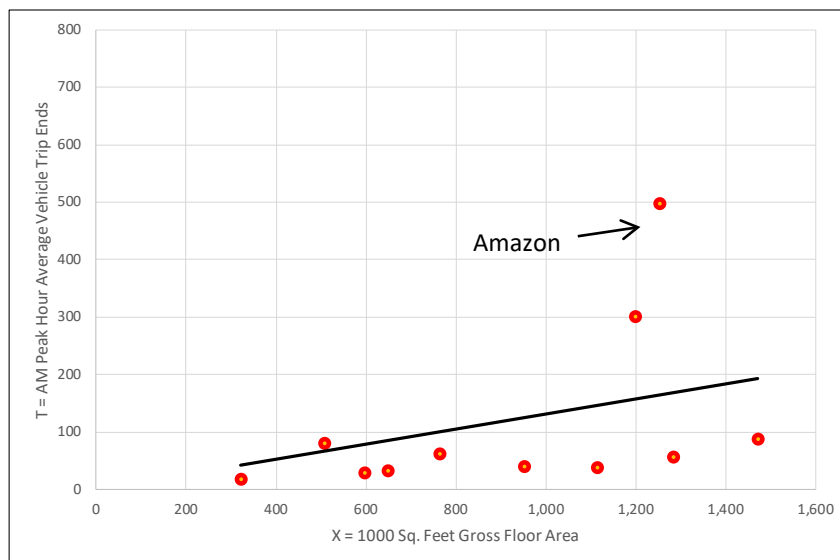


Exhibit 4: Data Plot for PM Peak Hour Vehicle Trip Ends against Building Size (Fulfillment Center)

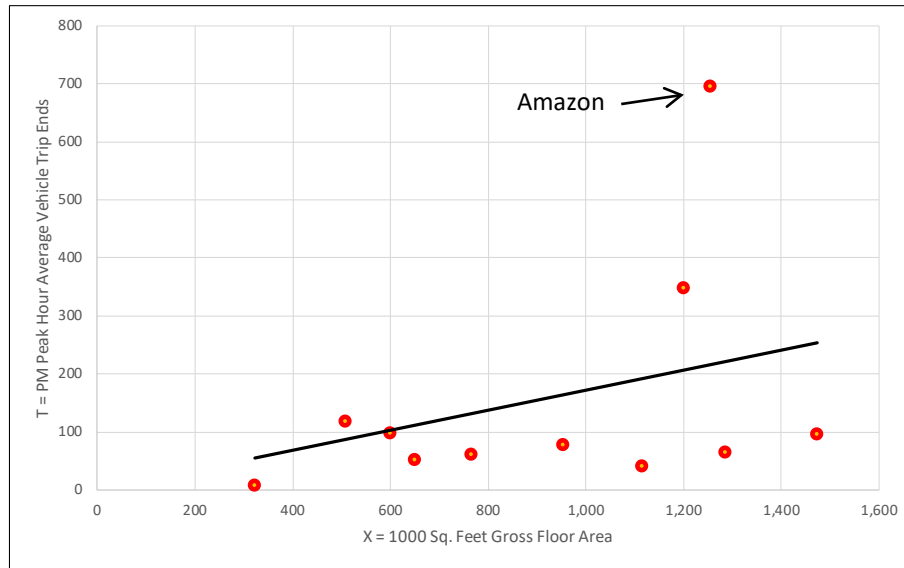
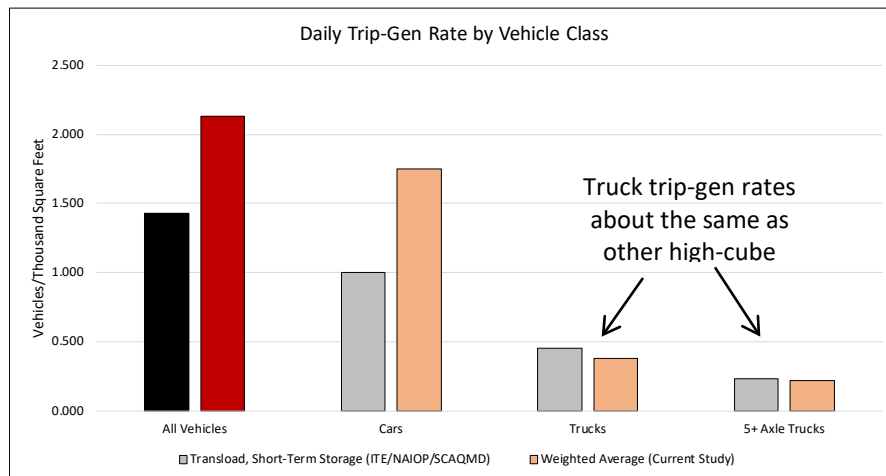


Exhibit 5 compares the average trip generation rates of 11 fulfillment centers with the rates found for conventional transload and short-term storage warehouses in the 2016 high-cube warehouse trip generation study³ by SCAQMD/NAIOP/ITE. As shown, the fulfillment centers generate more daily vehicle trips than conventional warehouse facilities although trucks are roughly the same. This means that the additional trips by fulfillment centers are entirely due to additional car traffic, which is almost double the rate of car trips generated by conventional warehouses.

Exhibit 5: Conventional Warehouse vs Fulfillment Centers



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

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

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

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

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

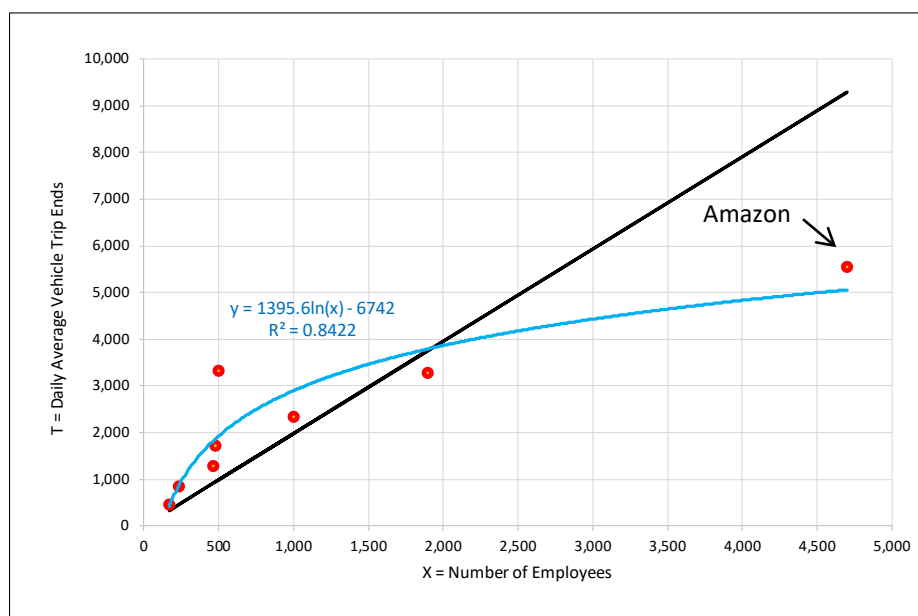
* Transload, Short-Term Storage category in 2016 TIE/ NAIOP/ SCAQMD study

By Employee

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

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

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



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

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

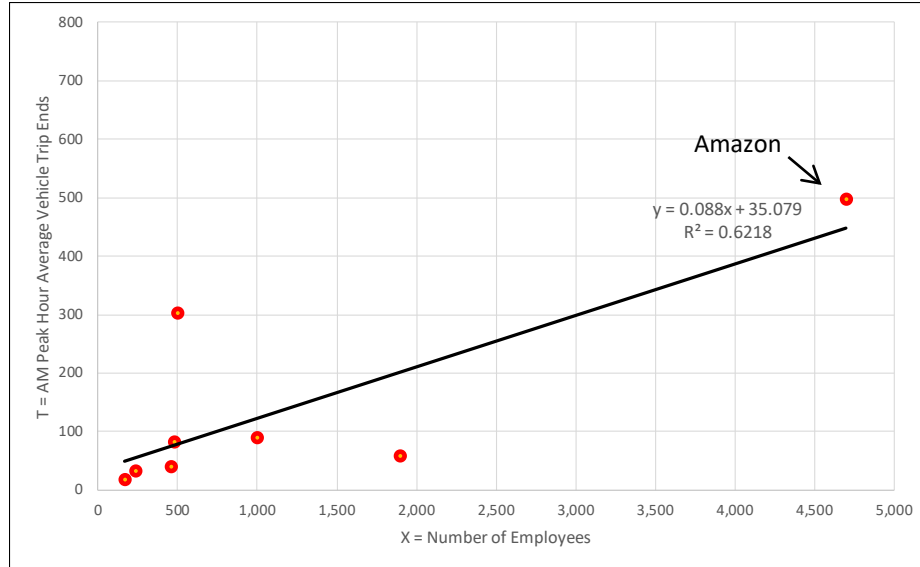


Exhibit 9: Data Plot for PM Peak Hour Total Vehicle Trip Ends against Employee (Fulfillment Center)

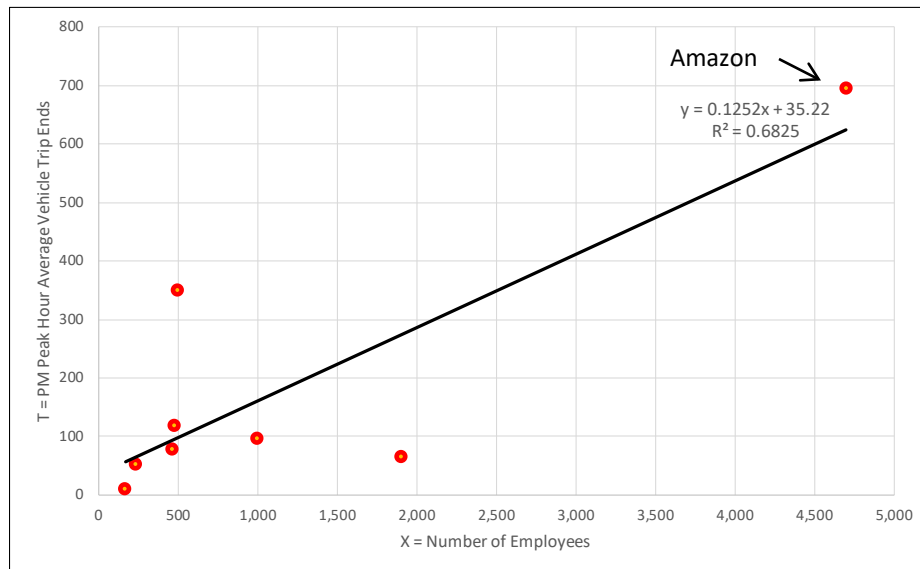


Exhibit 10 summarizes the AM and PM peak hour trip rates and the daily rates for trip generation per employee at fulfillment centers based on the findings of this study.

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

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

Parcel Hubs

By Building Size

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

Exhibit 11: Daily Trip Generation Rates at Parcel Hubs

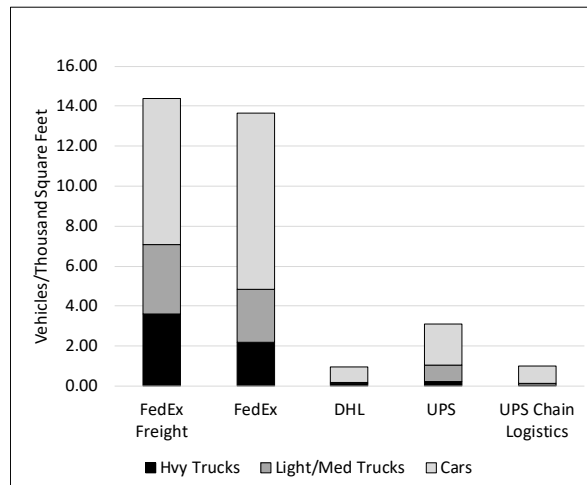


Exhibit 12 shows a data plot of daily vehicle trips of five parcel hubs against building size. As shown, a linear best fit was negative. During the collection of traffic data, construction activity was observed at the FedEx site potentially tainting the validity of these data to represent typical trip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

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

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

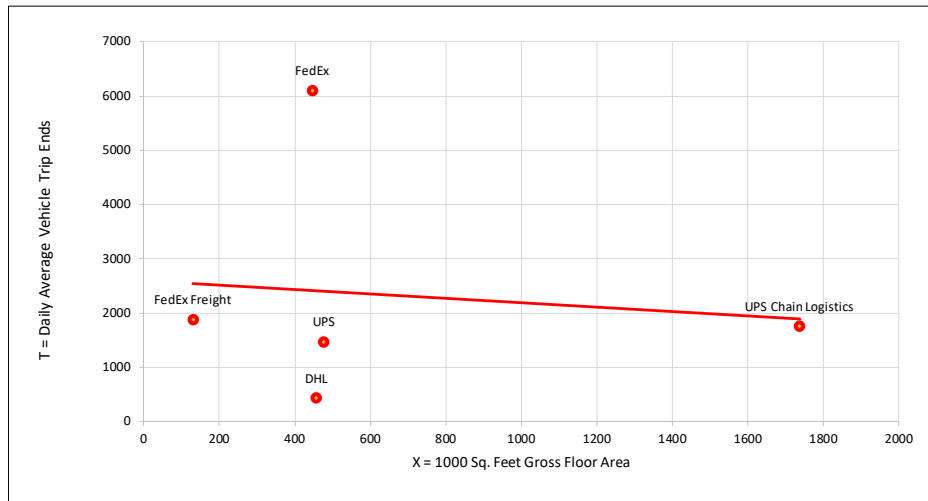
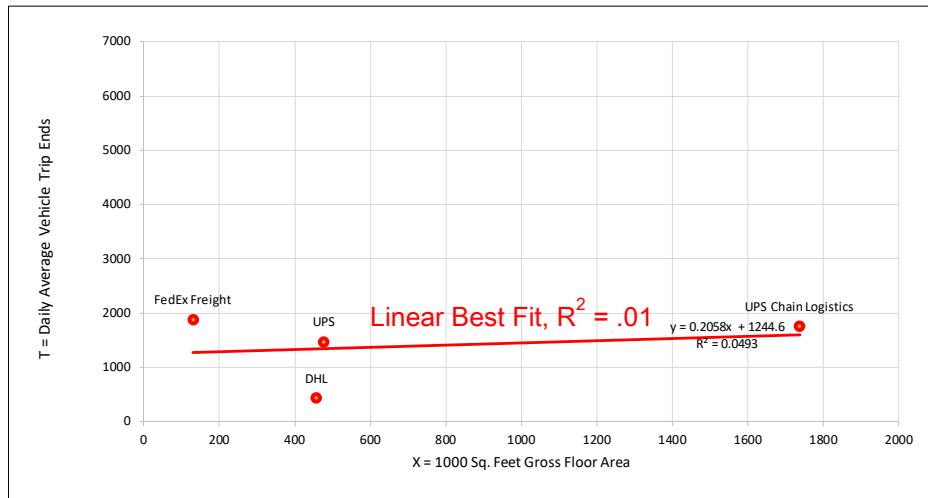


Exhibit 13: Data Plot for Daily Vehicle Trip Ends against Building Size without Construction Site



Conclusions

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

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

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

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Item 6.E

High-Cube Warehouse Trip
Generation Study and Proposed
TUMF Calculation Handbook Update

Attachment 2

TUMF Calculation Handbook – High
Cube Warehouse

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1.1. High-Cube Warehouses

1.1.1. Summary

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

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

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

1.1.2. Detailed Narrative

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

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

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

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

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

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

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

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

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

Table 5.7 – Characteristics of High-Cube Warehouses and Distribution Centers				
<i>Land Use Type</i>	<i>Average Daily Vehicle Trips per 1,000 sqft</i>	<i>Average PM Peak Vehicle Trips per 1,000 sqft</i>	<i>Average PM Peak Trips per Employee</i>	<i>TUMF Weighted Equivalent sqft *</i>
<i>Warehousing (i) (150)</i>	3.56	0.45	0.58	
<i>High-Cube Warehouse (i) (152)</i>	1.68	0.16		0.36
<i>Fulfillment Centers (ii)</i>	2.13	0.16	0.16	
<i>Warehouse/Distribution Center (iii)</i>	1.10	0.08		
<i>All TUMF Industrial Use Types (i)</i>	5.33			
Source: (i) <u>Trip Generation 9th Edition</u>, Institute of Traffic Engineers, 2012 (ii) <u>TUMF High-Cube Warehouse Trip Generation Study</u>, WRCOG, January 2019 (iii) <u>San Bernardino/Riverside County Warehouse/Distribution Center Vehicle Trip Generation Study</u>, Crain and Associates, January 2005 Note: * - TUMF weighted equivalent square feet based on relative trip generation per 1000 sqft between the average of High-Cube Warehouse and Fulfillment Centers and the median of all TUMF Industrial Uses (consistent with TUMF Nexus Study Trip Generation Rate Comparison).				

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

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

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

Worksheet A.2.8 High-Cube Warehouse TUMF Calculation Worksheet

Enter Gross Floor Area of Qualifying Building(s) (in square feet)	-	200,000	=		← Total A
Enter <u>Total A</u>	X	0.36	=		← Total B
Enter <u>Total B</u>	+	200,000	=		Enter this value as (part of) the <u>Total Gross Floor Area of Industrial Buildings</u> in Worksheet A.2.1

Item 6.E

High-Cube Warehouse Trip
Generation Study and Proposed
TUMF Calculation Handbook Update

Attachment 3

Trip Generation Study –
Stakeholder comments

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Daniel Ramirez-Cornejo

From: Frank Sherkow <fsherkow@earthlink.net>
Sent: Thursday, January 17, 2019 1:00 PM
To: Daniel Ramirez-Cornejo
Cc: 'Jonathan Shardlow'; Chris Gray; 'Sandipan Bhattacharjee, P.E., AICP'; Matt Englhard
Subject: RE: E-Commerce Trip Generation Rates
Attachments: Survey Trip Gen Average-01.16.19_v2.xlsx

Daniel:

Here are some preliminary results from our analysis. As you open the excel file, you will see a summary of facilities sorted by groups that we believe are relevant and as consistent as possible with ITE and sound traffic engineering practices. I will refer to items on this file/tab in this email.

1. We believe that the square footage used in the report for the P&G facility is wrong, and reflects the Floor & Décor company (next door). The real square footage for the P&G facility should be 1,560,046 SF.
2. We conducted a hand-count of the parking spaces using aerial photos from Google Maps.
3. The consultant's reports refers to the size of facilities' sites as the driving factor as to whether they are e-commerce (fulfillment) facilities and how much traffic they might generate. The bigger the site the more trips, they say. "Largest sites tend to generate lots of car trips but few truck trips." The size of the site is NOT the cause for more trips. The auto parking spaces per building SF is the real relationship. It is one of the key factors as to whether the building is/will be e-commerce vs. High Cube Distribution Center. When reviewing a site plan, does it have a large number of auto parking spaces or not? Directly related is also the Total Trips (employees) per 1,000 SF. More goods handling will necessitate more employees, until/unless additional automation comes on the scene.

From our analysis, the group of facilities that were studied actually consists of 5 separate land use types or combinations of land uses:

- a. Fulfillment centers (e-commerce) – Walmart (Chino) and Amazon (MV)
- b. Distribution with Cold Storage (maybe mixed land uses on one site) – Walmart (Columbia Ave.)
- c. Distribution without Cold Storage – P&G, Big 5, Home Depot, Nestles, Petco, Komar, ACT
- d. Aggregation Distribution & Handling (probably mixed land uses on one site) – Ross
- e. Parcel Hubs – FedEx, UPS, DHL

Referring to the spreadsheet column "S", note the significant differences between sub groups in Total Trips per 1,000 SF (building). True High Cube facilities (Distribution Centers without Cold Storage) will have a small trip rate, because there aren't as many employees per SF. Due to their efficiency of goods movements (with less handling), the truck traffic compared to all trips is a relatively high percentage for High Cube – see column "N". These trip rates are similar to those for Transloading or High Cube facilities in the ITE Trip Generation Handbook. They are also similar to previous data points collected by ITE and AQMD. They are NOT e-commerce or fulfillment facilities.

We know (from work with AQMD and ITE) that cold storage will have slightly higher trip rates, dependent on the type of goods (frozen vs. perishable). Clearly, the Walmart facility on Columbia Ave. is partially or totally cold storage. There is evidence online about its cold storage function.

The Ross facility (Perris) is a mixture of High Cube and goods handling (but not e-commerce). The trip rates and truck % is evidence of this. Ross's business model depends on selling goods that have been for sale in other stores. So, the facilities like the one in Perris are used to resort and regroup goods for sale in Ross stores. Thus, there are many more

employees than at High Cube facilities per SF, but less than an e-commerce building. This mixture is NOT a recognized ITE land use, so we have set it aside.

The only facilities that are acting like true Fulfillment Centers or E-commerce facilities are Amazon (MV) and Walmart (Chino). Note that both of these companies have other facilities that are more like High Cube or Cold Storage, and even Parcel Hub facilities. So, each site should be viewed separately. See column "N" for the small proportion of truck trips vs. total trips. Also see column "S" to compare the higher total trip rates compared to High Cube Distribution Centers (similar for column "Q").

For purposes of establishing traffic impacts or development fees, the group of facilities that the consultant studied does NOT represent Fulfillment Centers. This is also reinforced by the data plot diagrams from the consultant's report.

The other item of note is that true e-commerce facilities are a relatively small portion of the warehouses built or being developed. Even when a facility uses the label of "fulfillment center," it does not mean that it functions as, or has the necessary characteristics of, a true e-commerce facility.

In reference to Parcel Hubs, these facilities are different from other warehouse facilities in size, shape, height, and design. Thus, they can easily be identified as a separate group for your purposes.

We welcome your questions or comments. We hope you will share this information with members of the Public Works Committee.

Franklin E. Sherkow, P.E., T.E., P.S.E., Env SP, F.ASCE
Executive Vice President
Southstar Engineering & Consulting, Inc.
949-500-7878

Daniel Ramirez-Cornejo

From: Frank Sherkow <fsherkow@earthlink.net>
Sent: Friday, January 11, 2019 3:46 PM
To: Daniel Ramirez-Cornejo
Cc: 'Jonathan Shardlow'; Chris Gray; 'Sandipan Bhattacharjee, P.E., AICP'
Subject: RE: E-Commerce Trip Generation Rates

Daniel:

Thanks for the quick response.

On the P&G building, here is what we had in our data:

Tenant	Address Line 1	City	Building Total SF	Building Dock High Doors	Original Database - Parking Stalls
Floor & Décor	24101 Iris Avenue	Moreno Valley	1,103,003	166	400
P&G	24015 Iris Avenue	Moreno Valley	1,560,046	268	862

I believe that someone has used the Floor & Decor square footage for the P&G building in your excel spreadsheet. Can you clarify?

Are you aware of any transit usage to these site? Any signs of significant ridesharing at any of these sites? The reason I ask, is that when you take each site's daily traffic flow and divide by the number of employees, the results are very puzzling in some cases. Don't know if you really care about the employment levels, but they should be within reason ranges.

Franklin E. Sherkow, P.E., T.E., P.S.E., Env SP, F.ASCE
Executive Vice President
Southstar Engineering & Consulting, Inc.
949-500-7878

From: Daniel Ramirez-Cornejo [mailto:dramirez-cornejo@wrcog.us]
Sent: Friday, January 11, 2019 9:34 AM
To: Frank Sherkow
Cc: 'Jonathan Shardlow'; Chris Gray; 'Sandipan Bhattacharjee, P.E., AICP'
Subject: RE: E-Commerce Trip Generation Rates

Good morning Frank,

The employment numbers were provided by the agencies in which the sites are located.

We have also provided responses to your previous questions on two sites as shown below:

1. For the P&G site, the physical address is shown as 24015 Iris Ave, Moreno Valley, CA 92551. The driveways were selected based on the building called out in the aerial photo below. Cosmos Street is an internal road of the same property as shown in the aerial photo.



2. The below is a street view from Riverside Drive to the shared driveway of Komar (building on the left) and Damco (on the right). As shown, the access from Damco (on the right) to the shared driveway is prohibited. Komar does the same for the northern aisle (on the left).



For reference, all traffic counts were collected with video cameras.

-Daniel

Daniel Ramirez-Cornejo
 Program Manager
 Western Riverside Council of Governments
 3390 University Ave., Suite 450
 Riverside, CA 92501-3315

Phone: (951) 405-6712
www.wrcog.us

"Respect Local Control...Provide Regional Perspective"



From: Frank Sherkow <fsherkow@earthlink.net>
Sent: Wednesday, January 9, 2019 11:52 AM
To: Daniel Ramirez-Cornejo <dramirez-cornejo@wrcog.us>
Cc: 'Jonathan Shardlow' <Jonathan.Shardlow@GreshamSavage.com>; Chris Gray <cgray@wrcog.us>; 'Sandipan Bhattacharjee, P.E., AICP' <sandipan@translutions.com>
Subject: RE: E-Commerce Trip Generation Rates

Daniel:

Thanks for the update.

A few items. We know from our work on development activities and working with tenants, plus our work on traffic impact studies, that the employment levels at these (and most other sites) fluctuates based on a regular seasonal pattern. Since the traffic counts appear have been gathered in Aug. 2018, we understand that this would represent an off-peak season period. This period last about 10 months during the year, but can vary based on local circumstances.

Can you tell us how you determined the employment numbers from your spreadsheet?

Based on our very preliminary work on the information from the consultant's report and other data that we possess (omitting the parcel hubs for the time being), it appears that there is a mixture of High Cube, E-commerce, and Cold Storage facilities in the list provided (11 sites). Some individual sites may have a mixture of several of these land uses, and therefore, in our opinion, would not be good candidates for this type of analysis. They don't have a pure representation of any of the recognized ITE land uses, thus, it would be difficult to apply the trips rates (and other factors) to a broader analysis or draw generalized conclusions about this sites.

When AQMD and NAIOP conducted similar studies, we always made sure of two things: 1. The sites were as pure a representative land uses as possible (not a mixture, like cold storage and high cube), and 2. The site possess driveways that could be isolated for traffic counts.

Unfortunately, some of these facilities, from your list, violate one or both of these criteria.

We are continuing to dig, so stay tuned. Thanks.

Franklin E. Sherkow, P.E., T.E., P.S.E., Env SP, F.ASCE
Executive Vice President
Southstar Engineering & Consulting, Inc.
949-500-7878

From: Daniel Ramirez-Cornejo [<mailto:dramirez-cornejo@wrcog.us>]
Sent: Wednesday, January 9, 2019 11:26 AM
To: Frank Sherkow
Cc: 'Jonathan Shardlow'; Chris Gray; 'Sandipan Bhattacharjee, P.E., AICP'
Subject: RE: E-Commerce Trip Generation Rates

Hi Frank,

Thank you for your comments on WRCOG's High-Cube Warehouse Trip Generation Study with regard to use of the facilities in the study to represent e-commerce trip rates.

We wanted to give you some further background on the study, why we did it, and how the study was performed.

Back in 2017 the Nexus Study was approved, we received some broad direction from our Executive Committee to look into the issue of whether the Nexus Study and the TUMF Program accurately reflects impacts associated with industrial uses. There was some limited direction provided to Staff to look at different industrial uses such as parcel hubs, distribution centers, etc. given the perception that these uses generate more trips than typical industrial or high-cube uses.

We convened a working group of local agency staff who recommended a series of locations they were familiar with and also worked with a consultant (WSP) to identify facilities that could be classified as either a distribution center or a parcel hub.

After that, we collected data for each of the sites and summarized the data. We then presented the information to first our working group and then our Public Works Committee to get their feedback. They also recommended that we not have a separate category for these types of uses.

We will be reaching out to WSP to provide a detailed response with respect to the questions below. As requested we are including the worksheet with the data from each facility.

We would be happy to answer any additional questions that you have regarding the work that we've done and will be doing in the future.

Thank you,

-Daniel

Daniel Ramirez-Cornejo
Program Manager
Western Riverside Council of Governments
3390 University Ave., Suite 450
Riverside, CA 92501-3315
Phone: (951) 405-6712
www.wrcog.us

"Respect Local Control...Provide Regional Perspective"



From: Frank Sherkow <fsherkow@earthlink.net>

Sent: Monday, January 7, 2019 3:36 PM

To: Daniel Ramirez-Cornejo <dramirez-cornejo@wrcog.us>

Cc: 'Jonathan Shardlow' <Jonathan.Shardlow@GreshamSavage.com>; Chris Gray <cgray@wrcog.us>; 'Sandipan Bhattacharjee, P.E., AICP' <sandipan@translutions.com>

Subject: RE: E-Commerce Trip Generation Rates

Daniel:

Two preliminary questions:

1. Floor & Décor with an address of 24101 Iris and P&G with an address of 16110 Cosmos Street in MV. The traffic sheets and report says that the P&G facility was studied at 24015 Iris Ave. Can you clarify?
2. The Komar facility shares a driveway with a neighboring distribution center (Damco) onto Riverside Dr. What steps were taken to isolate the Komar traffic from other?

Franklin E. Sherkow, P.E., T.E., P.S.E., Env SP, F.ASCE
Executive Vice President
Southstar Engineering & Consulting, Inc.
949-500-7878

From: Frank Sherkow [<mailto:fsherkow@earthlink.net>]
Sent: Thursday, January 3, 2019 10:07 AM
To: 'Daniel Ramirez-Cornejo'
Cc: 'Jonathan Shardlow'; 'Chris Gray'; 'Sandipan Bhattacharjee, P.E., AICP'
Subject: RE: E-Commerce Trip Generation Rates

Daniel:

Thanks so much for your quick response. We stand ready to work with you on this important matter.

In the meantime, we will start to examine the traffic counts provided. Perhaps, we will have some comments in the near future.

Franklin E. Sherkow, P.E., T.E., P.S.E., Env SP, F.ASCE
Executive Vice President
Southstar Engineering & Consulting, Inc.
949-500-7878

From: Daniel Ramirez-Cornejo [<mailto:dramirez-cornejo@wrcog.us>]
Sent: Thursday, January 3, 2019 9:40 AM
To: Frank Sherkow
Cc: Jonathan Shardlow; Chris Gray; Sandipan Bhattacharjee, P.E., AICP
Subject: RE: E-Commerce Trip Generation Rates

Good morning Frank,

We will begin reviewing your comments and will respond accordingly. However, we wanted to ensure you receive the data requested. Per your request, we are attaching the spreadsheets with the counts taken in summer 2018.

Please let us know if you have any questions. Thank you,

-Daniel

Daniel Ramirez-Cornejo
Program Manager
Western Riverside Council of Governments
3390 University Ave., Suite 450
Riverside, CA 92501-3315
Phone: (951) 405-6712
www.wrcog.us

"Respect Local Control...Provide Regional Perspective"



From: Frank Sherkow <fsherkow@earthlink.net>
Sent: Wednesday, January 2, 2019 3:05 PM
To: Daniel Ramirez-Cornejo <dramirez-cornejo@wrcog.us>
Cc: Jonathan Shardlow <Jonathan.Shardlow@GreshamSavage.com>; Sandipan Bhattacharjee, P.E., AICP <sandipan@translutions.com>
Subject: E-Commerce Trip Generation Rates

Daniel:

I am writing to you concerning the Dec. 13, 2018 staff report about the High-Cube Warehouse Trip Generation Study and possible adjustments related to E-commerce facilities. To give you a bit of history, I represented NAIOP when the original High Cube fee levels were set. We continue to do consulting work for NAIOP and some of their members.

I have read your consultant's report about E-commerce facilities. The staff report states that, "The Trip Generation Study was conducted in a manner that meets the ITE standards for performing studies of this nature." Although the traffic counts may have been done in accordance with the ITE Trip Generation Manual, the facilities selected and definitions for the E-commerce facilities do not seem to be done in accordance with the ITE recent work on this issue.

I have attached a recent working paper (referred to on page 2 of your staff report). Note that the ITE working paper refers to definitions for many of the large warehouse facilities, which I authored for ITE, with support of NAIOP members. There are physical site and building differences between the warehouse categories.

Having said that, not all E-commerce facilities are the same. For example, Amazon facilities may be "sort", "non-sort", "cross-dock", or some hybrids. My firm has done extensive traffic work on High Cube and E-commerce facilities in the Inland Empire. Some of these E-commerce facilities operate like High Cube facilities, while others have higher trip generation rates due to higher employee activities.

One major note of concern: Using the label, by the consultant, as "Fulfillment Centers" is most probably NOT ACCURATE.

The trip rates and parking capacity at some of these sites are significant indicators that some of these facilities are true High Cube buildings that feed local retail outlets, and not the end-customer. Even if the establishment uses the name "fulfillment center" in the title, it does not make them true E-commerce facilities for trip rates purposes.

Grouping these particular facilities together as a representation of E-commerce trip rates is not correct.

We would be glad to work with you, on behalf of NAIOP, to ensure that WRCOG has the most recent and correct information. We are glad to hear that, the WRCOG "staff is not recommending the inclusion of a separate component of the TUMF Calculation Handbook for fulfillment centers." However, as you explore possible adjustments to the TUMF fee program, NAIOP would like the opportunity to correct the record about this data and give WRCOG better information about this issue.

In the meantime, we would **formally request the electronic spreadsheets with the actual traffic counts for the 16 facilities** mentioned in the study. Please advise. Thanks.

Franklin E. Sherkow, P.E., T.E., P.S.E., Env SP, F.ASCE
Executive Vice President
Southstar Engineering & Consulting, Inc.
949-500-7878



Western Riverside Council of Governments

Technical Advisory Committee

Staff Report

Subject: PACE Programs Activities Update: General Activities Update and Addition of New Providers

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

Date: February 21, 2019

The purpose of this item is to provide an update on new Commercial PACE Providers and to discuss the feasibility of and potentially pursuing legislation to support utilization of financing PACE on new residential construction.

Requested Action:

1. Receive and file.

WRCOG's PACE Programs provide financing to property owners to implement energy saving, renewable energy, water conservation, and seismic strengthening improvements to their homes and businesses. Financing is paid back through a lien placed on the property tax bill. The HERO Program was initiated in December 2011 and was expanded in 2014 (an effort called "California HERO") to allow 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 Ygrene as commercial PACE providers.

Update: Exploration of Utilizing PACE Financing for New Residential Construction

On October 10, 2018, the Administration & Finance Committee received a report on the recent decision by the California Energy Commission (CEC) to require photovoltaic solar panel systems, smart home energy systems, and electric vehicle-ready wiring on all new homes beginning in 2020. Staff believes that PACE financing has the potential to become a viable tool for the development community as it strives to comply with these new requirements by adding a mezzanine financing option for developers, like Commercial PACE new construction, to finance the additional improvements required under the new 2020 building standards.

With New Construction standards for Commercial PACE, the provider works with developers or commercial builders looking to utilize PACE as part of the overall 'capital stack' of financing options. If the developer voluntarily chooses to use PACE, the amount financed can only go towards those eligible improvements that have been authorized by WRCOG. The same approach would be replicated under new legislation for Residential PACE. Additionally, the issue of transference from property owner to property owner is being addressed by proposing to automatically subordinate the PACE lien on the property tax roll from the traditional placement above the senior mortgage to a position below it. Staff believes this adjustment will alleviate concerns raised by the Realtor community as well as the Federal Housing Authority.

On December 9, 2018, staff met with members of the CEC and representatives from the PACE industry to discuss the current state of affairs for PACE and the role PACE plays in achieving the State's greenhouse gas reduction and energy efficiency goals. Legislation allowing PACE for new construction was also discussed and

was supported by CEC staff in attendance. Additionally, WRCOG staff has met with staff from various State Assembly and Senate representatives to discuss the possibility of sponsoring legislation that would allow PACE in this role in 2019. Finally, staff has previously met with representatives from the California Building Industry Association and there appears to be general support for the concept of allowing PACE on new residential construction beginning in 2020.

On January 9, 2019, the Administration & Finance Committee approved the use of up to \$75,000 for legislative advocacy services. Staff has been working with WRCOG General Counsel, Best Best & Krieger, to draft a preliminary version of the bill to share with legislators so that the effort to build support can begin. The deadline to request a bill to be drafted by the Legislative Counsel's Office in Sacramento was January 25, 2019, and the deadline to introduce a bill for consideration of the Assembly and Senate is February 19, 2019.

Additional Commercial PACE Providers Under WRCOG's PACE Umbrella

On June 6, 2016, the Executive Committee established the Additional PACE Provider Ad Hoc Committee to review and complete the vetting process and provide recommendations on the possible inclusion of additional PACE Providers under the WRCOG PACE Program. The Ad Hoc Committee consists of representation from the Cities of Lake Elsinore, Murrieta, Perris, and Wildomar with assistance from WRCOG staff and WRCOG's Bond Counsel (Best & Krieger).

The PACE Ad Hoc Committee has recommended the following new Commercial Providers to operate in WRCOG's statewide umbrella: Lord Capital, Twain Financial Partners, and Lever Energy Capital, and has also recommended CleanFund and Ygrene to operate in cities within the WRCOG subregion.

Once the Executive Committee approves a Provider, staff works to finalize policies, documents, and procedures. Once the Executive Committee approves each Provider's Administration Agreements and Program Documents, the Provider will be authorized to operate in WRCOG's Program.

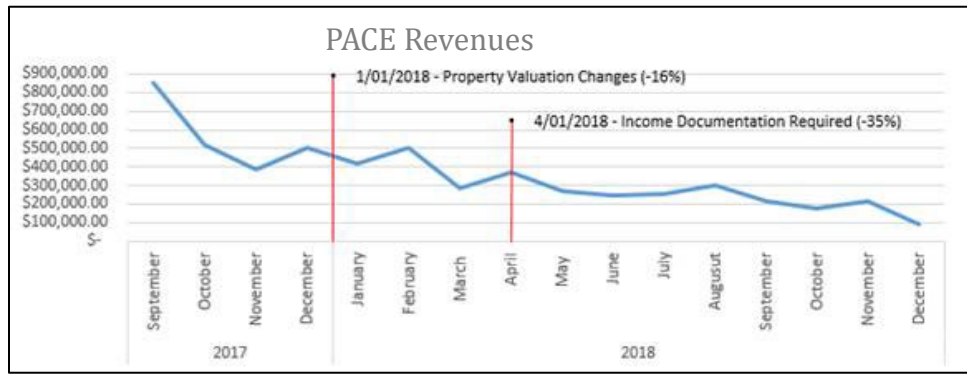
When the Executive Committee adopts an additional Provider, that Provider will automatically be able to operate in each member jurisdiction, unless a jurisdiction acts to prohibit its inclusion. If a jurisdiction desires NOT to include a specific Provider, it must adopt a resolution to opt-out of the Program. WRCOG will continue to provide outreach with the adoption of each additional PACE Program and provide each member jurisdiction with the opt-out resolution upon request.

PACE Activities Levels Update

As Committee members may be aware, WRCOG's PACE revenues have experienced significant decline over the past 18 months. There are likely several reasons for the decline in PACE activity, including increased competition from new PACE providers, additional legislation aimed at protecting PACE participants, market saturation, and property owners having better access to other types of capital that they didn't have in the past.

Staff will provide a presentation to the Committee members on the impacts to WRCOG's agency budget and programs at a future meeting. The following charts show WRCOG's PACE assessments against specific points in time where legislation went into effect.





Prior Actions:

February 13, 2019: The Administration & Finance Committee recommended that the Executive Committee authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Lever Energy Capital under WRCOG's Commercial PACE umbrella.

February 4, 2019: The Executive Committee 1) accepted the Cities of Santa Barbara and Alameda as Associate Members of the Western Riverside Council of Governments; 2) adopted WRCOG Resolution Number 02-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments Declaring Its Intention to Modify the California HERO Program Report so as to Increase the Program Area within Which Contractual Assessments may be Offered and Setting a Public Hearing Thereon; 3) authorized staff to implement a \$15,000.00 deposit for all new Commercial PACE Providers to work within the WRCOG Program; 4) supported the Administration & Finance Committee's recommendation to direct and authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Lever Energy Capital, LLC, under WRCOG's statewide PACE umbrella; and 5) supported the Ad Hoc Committee's recommendation to direct and authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Twain Financial Partners Holding, LLC, under WRCOG's PACE umbrella.

Fiscal Impact:

The \$75,000 consultant expense will be covered by the PACE Consulting line item in the budget.

Attachment:

None.

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Western Riverside Council of Governments

Technical Advisory Committee

Staff Report

Subject: 2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019

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

Date: February 21, 2019

The purpose of this item is to request approval of WRCOG's 2nd 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 2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019.

Administration Department

Administration Program expenditures exceeded the budgeted amount by \$7,040, primarily due to costs associated with a workers' compensation audit. These expenditures will be offset by a decrease in expenditures in event support. Administration Program revenues exceeded the budgeted amount by \$31,496. WRCOG now has its reserves in CAMP, where it is generating interest revenue.

Net Revenue increase to the Administration Department: \$31,496

Transportation & Planning Department

Transportation & Planning Department expenditures exceeded the budgeted amount by \$50,798, primarily due to costs associated with the Active Transportation Plan (ATP) and RIVTAM Programs. The ATP Program incurred its final expenses related to the ATP through CalTrans; these costs will be reimbursed by CalTrans. Additionally, expenses were incurred with the RIVTAM update and will be reimbursed back to the Agency.

Net Expenditure increase to Transportation & Planning Department: \$50,798

Energy Department

Energy Department expenditures exceeded the budgeted amount by \$28,438, primarily due to costs associated with PACE provider SAMAS Capital, in the amount of \$12,576. Additionally, costs associated with the WREP Holiday Light exchange in the amount of \$5,000 were incurred but was approved for reimbursement by the WREP Partnership. Also, loan origination fees related to the loans issued to the jurisdictions for the Streetlight Program were incurred in the amount of \$1,665.

Energy Department revenues are being reduced by \$675K. The PACE Programs have continued to experience a decline in revenues and volumes in FY 2018/2019. WRCOG anticipates a continued decrease in Program volumes and currently has budgeted \$3.6M in revenues and will reduce WRCOG HERO revenues by \$100k and CA HERO (statewide) revenues by \$750k. WRCOG has also received additional

revenues through the CA HERO Program, primarily due to the selling of delinquencies, and is now processing refunds in-house for additional revenue streams. The HERO Program revenues have corresponding expenditures based on the volumes, and WRCOG was able to balance the HERO Program's budget by a reduction of expenditures corresponding to the decreased revenues. Additionally, PACE providers PACE Funding and Greenworks exceeded their budgeted revenue amounts by \$20k and \$4k respectively.

Net Revenue increase to the Energy Department: \$238

Environmental Department

Environmental Department expenditures exceeded the budgeted amount by \$9,838, primarily due costs associated with the Used Oil Program in the amount of \$8,475. 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 expenditures.

Net Expenditure increase to the Environment Department: \$0

Prior Actions:

February 13, 2019: The Administration & Finance Committee recommended that the Executive Committee approve the 2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019.

January 24, 2019: The Finance Directors Committee recommended that the Executive Committee approve the 2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019.

Fiscal Impact:

For the 2nd Quarter of Fiscal Year 2018/2019, there is a net total agency increase in expenditures of \$19,064 related to the ATP and RIVTAM update, which will be paid back to WRCOG.

Attachment:

1. Fiscal Year 2018/2019 2nd Quarter Draft Budget amendment.

Item 6.G

2nd Quarter Draft Budget
Amendment for Fiscal Year
2018/2019

Attachment 1

Fiscal Year 2018/2019 2nd 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 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Revenues

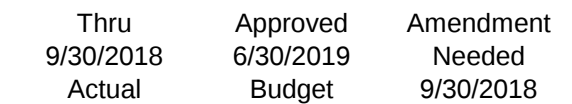
Interest Revenue	31,496	0	31,496
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Expenditures

Insurance - Gen/Business Liab/Auto	77040	70000	(7,040)
Event Support	29110	65000	7,040

Total net (increase)/decrease			31,496
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Department: Planning



Salaries & Wages	120,738	542,280	1,120
General Legal Services	5,035	4,083	(952)
Parking Validations	560	220	(340)

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

Department: Government Relations (BEYOND - 4600)



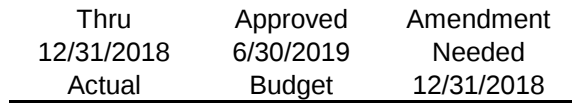
Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Expenditures

BEYOND Salaries & Wages	2,373	1,510	(863)
General Legal Services	1,202	5,000	878
Parking Validations	15	-	(15)

Total net (increase)/decrease	-
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Department: Government Relations (Fellowship - 4700)



Salaries & Wages	114,077	538,483	3,984
General Legal Services	5,035	4,083	(952)
Parking Validations	560	220	(340)
General Supplies	588	500	(88)
Postage	4	-	(4)
Consulting Labor	2,600	-	(2,600)

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

Department: Planning (Experience - 4900)



Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Expenditures

Salaries and Wages	4,288	2,287	(2,001)
Parking Validations	943	-	(943)
Meeting Support Services	243	-	(243)

Total net (increase)/decrease	(3,187)
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Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019

Department: Transportation



Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Expenditures

Computer Software	1,124	13	(1,111)
Postage	24	3	(21)
Printing Services	1,670	1,500	(170)
Other Incidentals	675	500	175
Meals	473	2,500	1,045
Parking Validations	30	1,000	500
Seminars/Conferences	350	-	(350)
Travel - Ground Transportation	53	-	(53)
Lodging	640	-	(640)
Supplies/Materials	-	1,000	625
Salaries	10,906	-	(10,906)
Fringe Benefits	4,838	-	(4,838)
Consulting Expense	35,054	-	(35,054)

Total net (increase)/decrease (50,798)

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

Department: Transportation (Transportation Planning)



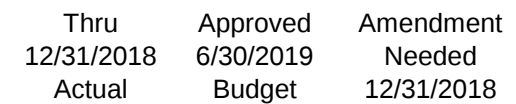
Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Expenditures

Parking Validations	30	1,000	500
Postage	7	-	(7)
Seminars/Conferences	350		(350)
Travel - Ground Transportation	53	-	(53)
Lodging	640	-	(640)
Meals	75	-	(75)
Supplies/Materials	-	1,000	625

Total net (increase)/decrease			-
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Department: Transportation (TUMF - 1148)



Computer Software	1,124	13	(1,111)
Postage	17	3	(14)
Printing Services	1,670	1,500	(170)
Other Incidentals	675	500	175
Meals	398	2,500	1,120

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

Department: Transportation (ATP - 2030)



Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Expenditures

Salaries	10,906	-	(10,906)
Fringe Benefits	4,838	-	(4,838)
Consulting Expense	3,354	-	(3,354)

Total net (increase)/decrease			(19,098)
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**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Transportation (RivTam - 2039)



Expenditures

Consulting Labor

Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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31,700

-

(31,700)

Total net (increase)/decrease

(31,700)

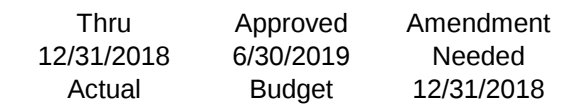
**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy



	Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
Revenues			
WRCOG HERO Sponsor Revenue	116,160	500,000	(100,000)
Pace Funding Sponsor Revenue	30,573	10,000	20,573
Greenworks Sponsor Revenue	24,078	20,000	4,078
CA HERO Other Revenue	149,833	-	149,833
CA HERO Sponsor Revenue	648,204	2,400,000	(750,000)
Expenditures			
Salaries & Wages	202,000	642,897	122,000
Fringe Benefits	107,870	256,221	31,000
PACE Residential Recording	162,192	710,000	247,000
Consulting Expense	163,045	1,071,464	293,332
Event Support	12,831	7,665	(5,166)
General Supplies	-	250	133
Parking Validations	15	-	(15)
Meeting Support Services	396	782	(66)
Bank Fees	3,378	1,713	(1,665)
Postage	157	85	(72)
Seminars/Conferences	87	-	(87)
Meals	26	6	(20)
General Legal	21,838	14,262	(10,621)
Total net (increase)/decrease			238

Department: Energy (WRCOG HERO - 2006)
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WRCOG HERO Sponsor Revenue	116,160	500,000	(100,000)
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Salaries & Wages	27,380	93,743	22,000
Fringe Benefits	14,464	36,415	6,000
PACE Residential Recording	23,242	110,000	22,000
Consulting Expense	26,791	178,827	50,000

90

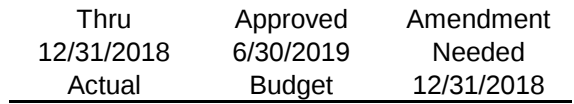
**Western Riverside Council of Governments
Annual Budget
For the Year Ending June 30, 2019**

Department: Energy (WREP - 2010)



	Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
Event Support	5,133		(5,133)
General Supplies	-	250	133
Total net (increase)/decrease			(5,000)

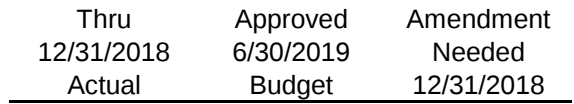
Department: Energy (Gas Co. Partnership - 2020)



Parking Validations	15	-	(15)
Event Support	7,698	7,665	(33)
Meeting Support Services	-	500	48

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Department: Energy (Streetlights - 2026)



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

Department: Energy (Spruce - 2102)



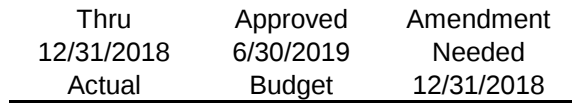
Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Expenditures

Consulting Labor	875	-	(875)
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Total net (increase)/decrease			(875)
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Department: Energy (California First - 2103)



General Legal	-	5,000	1,955
Consulting Labor	1,955	-	(1,955)
Total net (increase)/decrease			-

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

Department: Energy (PACE Funding - 2104)



Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Revenues

Pace Funding Sponsor Revenue	30,573	10,000	20,573
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Expenditures

Parking Validations	45	-	(45)
Meeting Support Services	396	282	(114)
Consulting Labor	5,848	-	(5,848)

Total net (increase)/decrease	14,610
--------------------------------------	---------------

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

Department: Energy (Greenworks - 2105)



Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Revenues

Greenworks Sponsor Revenue	24,078	20,000	4,078
Total net (increase)/decrease			4,078

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

Department: Energy (SAMAS - 2106)

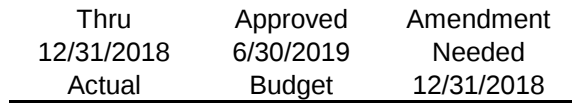


Thru 12/31/2018 Actual	Approved 6/30/2019 Budget	Amendment Needed 12/31/2018
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Revenues

General Legal Services	21,838	9,262	(12,576)
Total net (increase)/decrease			(12,576)

Department: Energy (California HERO - 5000)

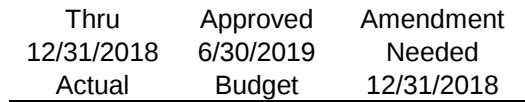


CA HERO Other Revenue	149,833	-	149,833
CA HERO Sponsor Revenue	648,204	2,400,000	(750,000)

Salaries & Wages	174,620	549,153	100,000
Fringe Benefits	93,406	219,807	25,000
PACE Residential Recording	138,950	600,000	225,000
Consulting Expense	125,714	794,440	250,167

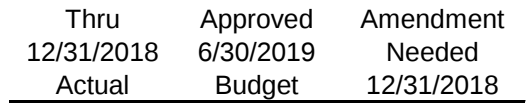
99

Department: Environmental



Meeting Support Services	174	100	(74)
Travel - Ground Transportation	95	-	(95)
Meals	180	-	(180)
Supplies/Materials	1,750	3,942	523
Salaries & Wages	10,370	41,144	840
Parking Validations	225	53	(172)
Event Support	31,752	23,072	(8,680)
Subscriptions/Publications	324	-	(324)
Other Expenses	286	61	(225)
Advertisement - Radio & TV	12,120	45,000	8,475
Travel - Mileage Reimbursement	188	100	(88)

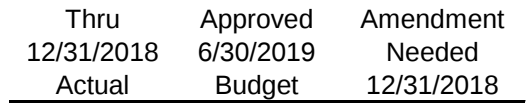
Department: Environmental (Clean Cities - 1010)



Meeting Support Services	174	100	(74)
Travel - Ground Transportation	95		(95)
Meals	180		(180)
Supplies/Materials	-	1,000	349

101

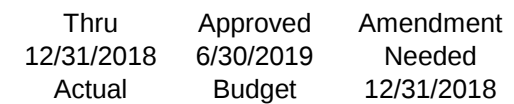
Department: Environmental (Solid Waste - 1038)
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Salaries & Wages	10,370	41,144	840
Parking Validations	225	53	(172)
Event Support	133	14	(119)
Subscriptions/Publications	324		(324)
Other Expenses	286	61	(225)

102

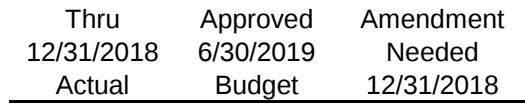
Department: Environmental (Statewide UO - 2051)



Event Support	28,475	20,000	(8,475)
Advertisement - Radio & TV	12,120	45,000	8,475

103

Department: Environmental (Riverside UO - 2052)



Event Support	3,144	3,058	(86)
Travel - Mileage Reimbursement	188	100	(88)
Supplies/Materials	1,750	2,942	174

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Western Riverside Council of Governments

Technical Advisory Committee

Staff Report

Subject: Fiscal Year 2017/2018 Comprehensive Annual Financial Report (CAFR)

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

Date: February 21, 2019

The purpose of this item is to provide WRCOG's Fiscal Year (FY) 2017/2018 financial audit and Comprehensive Annual Financial Report (CAFR).

Requested Action:

1. Receive and file.

WRCOG engaged Rogers, Anderson, Malody & Scott (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 FY 2017/2018 Report will also produce this distinguished award. The award recognizes that the Agency is transparent, has provided full disclosure of the 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 2017/2018 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 increased by 609%, or \$26.4 million, during FY 2017/2018 compared to the prior year's decrease of \$31.6 million. The increase in net position was mostly due to an increase in cash due to the TUMF revenue collections. Total liabilities decreased 14%, or \$11.2 million, during FY 2017/2018 compared to the prior year, mostly due to the increase in TUMF revenues over what was anticipated. TUMF project liabilities are programmed according to the anticipated revenue on the Transportation Improvement Program (TIP). As such, the TIP assumed less projects to be programmed in the current fiscal year.

Current assets increased from \$83.6 million in FY 2016/2017 to \$99.4 million, or 19%. This increase in current assets is attributable to the difference in TUMF revenues received over projects completed and paid out.

Net investment in Capital Assets represents 1.3%, or \$413,000 of WRCOG's total net position for FY 2017/2018 compared to 2.2%, or \$94,000, for FY 2016/2017. The increase is attributable to the purchase of new capitalized items, including the office move construction, computers, and other equipment.

Restricted net position accounts for 72.2%, or \$22.2 million, of WRCOG's total net position for FY 2017/2018 compared to 0.3%, or \$11,700 for FY 2016/2017. 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 Program's Administration Plan requires that WRCOG hold the funds until a Zone has an opportunity to claim use of the funds through the TIP. The jurisdiction located within that particular Zone must demonstrate it has expended its own funds, is requesting reimbursement, and has provided the appropriate supporting documentation.

Unrestricted net position accounts for 26.4%, or \$8.1 million, of WRCOG's total net position for FY 2017/2018 compared to 97.6% or \$4.2 million for FY 2016/2017. 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 Auditing Partner, can be reached at (909) 889-0871 or terry@ramscpa.net.

Prior Actions:

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

January 24, 2019: The Finance Directors Committee received and filed.

Fiscal Impact:

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

Attachments:

1. FY 2017/2018 Comprehensive Annual Financial Report.
2. FY 2017/2018 Statement on Auditing Standards 114 Report.
3. FY 2017/2018 Internal Standards Report.

Item 6.H

Fiscal Year 2017/2018
Comprehensive Annual Financial
Report (CAFR)

Attachment 1

FY 2017/2018 Comprehensive
Annual Financial Report

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Fiscal Year 2017 / 2018

Comprehensive Annual Financial Report

Submitted by:
Fiscal Department
Western Riverside Council of Governments

WESTERN RIVERSIDE COUNTY | CALIFORNIA



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2018

Submitted by:
Fiscal Department
Western Riverside Council of Governments

WESTERN RIVERSIDE COUNTY | CALIFORNIA

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Submitted by:
Fiscal Department
Western Riverside Council of Governments

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**JUNE 30, 2018
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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**JUNE 30, 2018
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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



INLAND NEWS GROUP

November 5, 2018

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, 2018 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, 2018. 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, 2017. 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 improve more than 3,000 lane miles, improve 47 interchanges, construct 39 bridges and 10 railroad grade separations, provide more than \$43 million for regional transit improvements, and nearly \$92 million for acquisition of sensitive habitat.

To date, WRCOG has received more than \$780 million in TUMF revenue since program inception in 2003. 98 TUMF-funded projects have been completed; 58 projects are currently underway and are receiving TUMF funding, including 4 bridges, 5 grade separations, 14 interchanges, 24 roadway improvements, and 11 transit projects. The TUMF Program has funded and delivered more than \$320 million in transportation projects since it began in 2003.

Property Assessed Clean Energy (PACE) Program: In 2011, WRCOG launched the 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. The Program is the largest of its kind in the U.S.; for the fiscal year 2017/2018, more than \$1.2 billion in applications was approved and over 13,500 residential projects, representing nearly \$318 million in funding, were completed. Over the lifetime of the products, these projects are estimated to save over 2 billion kwh of electricity, more than 1 billion gallons of water, and remove an estimated 554,000 tons of greenhouse gas (GHG) emissions. Since implementation of the program, more than \$9 billion in applications was approved and over 86,000 residential projects, representing nearly \$1.8 billion in funding, were completed. Over the lifetime of the products, these projects are estimated to save over 12 billion kwh of electricity, more than 7 billion gallons of water, and remove an estimated 3.2 million tons of greenhouse gas (GHG) emissions.

Program participants simply 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. The Program is a win-win at numerous levels. 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 PACE Program has been so successful that it has now expanded statewide; over 380 jurisdictions throughout California have joined the Program as of the end of the fiscal year.

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 12 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 allocated \$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.ca.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, 2017. This was the fifth 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.

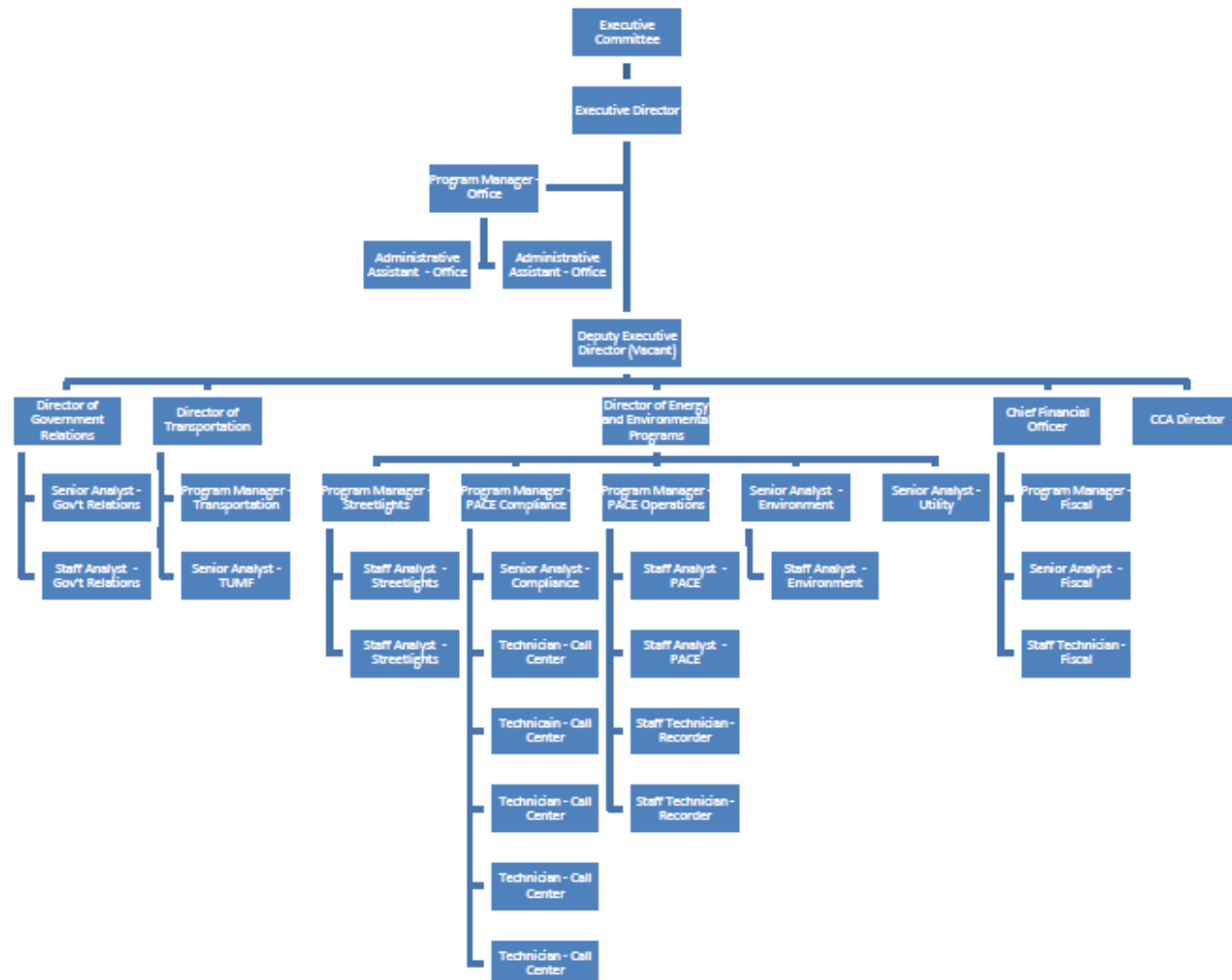
Sincerely,

A handwritten signature in blue ink, appearing to read 'AR', with a stylized flourish extending from the end.

Andrew Ruiz
Interim Chief Financial Officer



Western Riverside Council of Governments Organizational Chart 2018



Western Riverside Council of Governments

List of Principal Officials As of June 30, 2018

Executive Committee Members

Name and Position	Title	Agency
Chuck Washington	Chair	County of Riverside, District 3
Bonnie Wright	Vice Chair	City of Hemet
Laura Roughton	2 nd Vice Chair	City of Jurupa Valley
Debbie Franklin	Member	City of Banning
Jeff Hewitt	Member	City of Calimesa
Jordan Ehrenkranz	Member	City of Canyon Lake
Eugene Montanez	Member	City of Corona
Adam Rush	Member	City of Eastvale
Brian Tisdale	Member	City of Lake Elsinore
John Denver	Member	City of Menifee
Yxstian Gutierrez	Member	City of Moreno Valley
Kelly Seyarto	Member	City of Murrieta
Kevin Bash	Member	City of Norco
Rita Rogers	Member	City of Perris
Rusty Bailey	Member	City of Riverside
Crystal Ruiz	Member	City of San Jacinto
Maryann Edwards	Member	City of Temecula
Ben Benoit	Member	City of Wildomar
Kevin Jeffries	Member	County of Riverside, District 1
John Tavaglione	Member	County of Riverside, District 2
Marion Ashley	Member	County of Riverside, District 5
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
Casey Dailey, Director of Energy and Environmental Programs
Chris Gray, Director of Transportation
Andrew Ruiz, Interim Chief Financial Officer
Barbara Spoonhour, Director of Community Choice Aggregation Development



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, 2017

Christopher P. Morrell

Executive Director/CEO



Financial Section

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

INDEPENDENT AUDITOR'S REPORT

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA
Samuel Singery, CPA
Jing Wu, CPA

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, 2018, 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.



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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, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 1 of the financial statements, the Western Riverside Council of Governments adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). Our opinion is not modified with respect to this matter.

The cumulative effects of applying the provisions of GASB Statement No. 75 have been reported as a restatement of beginning net position for the year ended June 30, 2018 in accordance with the Statement.

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 November 5, 2018, 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
November 5, 2018

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**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

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, 2018. 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
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Management's Discussion and Analysis
For the Year Ended June 30, 2018

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 government-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 \$30.7 million and consisted of net investment in capital assets of \$413 thousand, restricted net position of \$22.2 million, and unrestricted net position of \$8.1 million.
- At June 30, 2018, WRCOG's assets of \$99.4 million plus deferred outflows of resources of \$1.4 million exceeded its liability of \$69.1 million and deferred inflows of resources of \$1 million resulting in a net position of \$30.7 million.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Management's Discussion and Analysis
For the Year Ended June 30, 2018

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 \$30.7 million.

Net pension liability is the amount needed to fully fund WRCOG's defined benefit plan. The net pension liability at June 30, 2017 was \$2.3 million and increased to \$2.7 million at June 30, 2018.

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, 2018, as compared to the prior year:

Statement of Net Position
As of June 30

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 99,035,034	\$ 83,485,828
Capital assets being depreciated	<u>413,343</u>	<u>93,875</u>
Total Assets	<u>99,448,377</u>	<u>83,579,703</u>
Deferred Outflows of Resources	<u>1,428,977</u>	<u>1,197,115</u>
Current and other liabilities	49,598,809	60,958,537
Long-term obligations	<u>19,506,926</u>	<u>19,370,537</u>
Total Liabilities	<u>69,105,735</u>	<u>80,329,074</u>
Total Deferred Inflows or Resources	<u>1,015,899</u>	<u>109,364</u>
Net Position:		
Net investment in capital assets	413,343	93,875
Restricted	22,211,582	11,702
Unrestricted	<u>8,130,795</u>	<u>4,232,803</u>
Total Net Position	<u><u>\$ 30,755,720</u></u>	<u><u>\$ 4,338,380</u></u>

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

WRCOG's total net position increased by 609%, or \$26.4 million, during fiscal year 2017-2018 compared to the prior year's decrease of \$31.6 million. The increase in net position was mostly due to an increase in cash due to the TUMF revenue collections. Total liabilities decreased 14%, or \$11.2 million, during fiscal year 2017-2018 compared to the prior year, mostly due to the increase in TUMF revenues over what was anticipated. TUMF project liabilities are programmed according to the anticipated revenue on the Transportation Improvement Plan (TIP). As such, the TIP assumed less projects to be programmed in the current fiscal year. Current assets increased from \$83.6 million in FY 2016/2017 to \$99.4 million, or 19%. This increase 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 1.3%, or \$413 thousand of WRCOG's total net position for fiscal year 2017-2018 compared to 2.2%, or \$94 thousand, for fiscal year 2016-2017. The decrease is attributable to the depreciation of existing capital assets.
- **Restricted net position** accounts for 72.2%, or \$22.2 million, of WRCOG's total net position for fiscal year 2017-2018 compared to 0.3%, or \$11.7 thousand, for fiscal year 2016-2017. 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 Process (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 26.4%, or \$8.1 million, of WRCOG's total net position for fiscal year 2017-2018 compared to 97.6% or \$4.2 million for fiscal year 2016-2017. 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 \$(13) thousand to \$274 thousand 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)**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

- Operating grants and contributions increased by \$24.8 million, or 56.6%, from \$43.7 million in fiscal year 2016-2017 to \$68.6 million in the current fiscal year. This increase was due to more TUMF revenues collected during the Fiscal Year. Total expenses decreased from \$84.7 million to \$47.3 million due to a decreased amount of PACE expenses and 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 \$51.3 million recognized during the year, as compared to \$42.2 million for fiscal year 2016-2017, which represents an increase of 21% or \$9 million.

Expenses: Total program expenses for governmental activities were \$47.3 million for the current fiscal year, a decrease of 44.2%, or \$37.4 million compared to prior fiscal year of \$84.7 million. The decrease in expenses is mostly attributable to a lesser 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 2017-2018, as compared to the prior year:

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30**

	2018	Percent of Total	2017	Increase (Decrease) From 2017	Percent Increase (Decrease)
Revenues					
Program revenues:					
Charges for services	\$ 6,003,534	8.0%	\$ 9,316,452	\$ (3,312,918)	-35.6%
Operating grants and contributions	68,566,122	91.6%	43,773,262	24,792,860	56.6%
General revenues:					
Other revenues	-	0.0%	-	-	0.0%
Investment earnings	273,559	0.4%	(12,645)	286,204	-2263.4%
Total revenues	<u>74,843,215</u>	<u>100.0%</u>	<u>53,077,069</u>	<u>21,766,146</u>	41.0%
Expenses					
General government	5,416,418	11.5%	4,028,482	\$ 1,387,936	34.5%
Transportation	34,971,790	73.9%	74,542,061	(39,570,271)	-53.1%
Energy	6,333,946	13.4%	5,622,980	710,966	12.6%
Environmental	570,687	1.2%	513,137	57,550	11.2%
Total expenses	<u>47,292,841</u>	<u>100.0%</u>	<u>84,706,660</u>	<u>(37,413,819)</u>	-44.2%
Change in Net Position	27,550,374		(31,629,591)	59,179,965	
Net Position, Beginning of Year	<u>3,205,346</u>		<u>35,967,971</u>	<u>(32,762,625)</u>	
Net Position, End of Year	<u>\$ 30,755,720</u>		<u>\$ 4,338,380</u>	<u>\$ 26,417,340</u>	608.9%

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

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 \$11.3 million, as compared to \$12.6 million for the prior fiscal year. The decrease of \$1.3 million, or (10%), 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 2017/2018 due to market saturation and other PACE providers entering the market. WRCOG is also funding its Streetlight Program and CCA Program out of its General Fund, which is expected to be paid back once the programs become 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 \$44 thousand; the assigned portion was \$3,048,598, which included the BEYOND Program of \$2,533,866 and the Fellowship Program of \$514,732, and the unassigned portion at \$8.2 million. The current year's unassigned fund balance is 72% of the total general fund expenditures of \$11.4 million, as compared to 89% of the total general fund expenditures for fiscal year 2016-2017. The total fund balance of the General fund for the current year is 101% of the total general fund expenditures as compared to 125% for the prior year.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

GENERAL FUND FINANCIAL ANALYSIS

Revenues for the General Fund, including comparative amounts from the preceding year are shown in the following tabulation:

	2018	Percent of Total	2017	Increase (Decrease) From 2017	Percent Increase (Decrease)
Revenues					
Intergovernmental	\$ 931,500	9.2%	\$ 1,145,570	\$ (214,070)	-18.7%
TUMF mitigation fees	2,056,285	20.3%	1,689,574	366,711	21.7%
PACE fees	5,684,817	56.0%	9,028,003	(3,343,186)	-37.0%
Other revenues	1,448,287	14.3%	894,488	553,799	61.9%
Investment income	22,819	0.2%	261	22,558	8642.9%
Total revenues	<u>\$ 10,143,708</u>	<u>100%</u>	<u>\$ 12,757,896</u>	<u>\$ (2,614,188)</u>	<u>-20.5%</u>

The decrease in intergovernmental revenue was mainly due to a decrease in funds received from WRCOG's Used Oil Program. 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:

	2018	Percent of Total	2017	Increase (Decrease) From 2017	Percent Increase (Decrease)
Expenditures					
General government	\$ 4,493,570	39.4%	\$ 3,965,880	\$ 527,690	13.3%
Energy	6,336,292	55.6%	5,632,488	703,804	12.5%
Environmental	570,687	5.0%	513,137	57,550	11.2%
Total expenditures	<u>\$ 11,400,549</u>	<u>100.0%</u>	<u>\$ 10,111,505</u>	<u>\$ 1,289,044</u>	<u>12.7%</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. Expenditures in Energy increased primarily due to increased funding of projects such as the Streetlight Program and Community Choice Aggregation (CCA) Program. In addition, the PACE program expenditures increased since the program has gone statewide, but have since dropped during the fiscal year due to market saturation. Lastly, The Environmental Program experienced an increase in expenditures mostly due to an increase in employees for this department.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

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 \$9.9 million; however, the actual amount was only \$10.1 million, leaving a variance of \$238 thousand.

On the expenditure side for the General Fund, it was anticipated expenditures would be \$18.1 million; however, actual expenditures were only \$11.4 million, leaving a variance of \$6.7 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, 2018, WRCOG had capital assets of \$413,343, 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 increased from \$20 million in FY 2016/2017, to \$19.5 million in FY 2017/2018, or an increase of 0.66%. The increase in long-term liabilities can mostly be attributed to an increase in pension 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 22, 2018 WRCOG adopted the fiscal year 2018/2019 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 2017/2018. 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, 2018**

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, 2018

	Governmental Activities
ASSETS	
Cash and investments	\$ 92,386,043
Receivables:	
Grants	880,095
Interest	4,707
Mitigation fees receivable	5,718,550
Due from other governments	1,780
Prepaid items	43,859
Capital assets, net of accumulated depreciation	413,343
Total Assets	<u>99,448,377</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	1,192,341
Deferred amounts related to OPEB	236,636
Total Deferred Outflows of Resources	<u>1,428,977</u>
LIABILITIES	
Accounts payable	2,954,909
Due to other governments	46,333,735
Accrued wages and benefits	89,286
Unearned revenue	220,879
Non-current liabilities:	
Due within one year	25,240
Due in more than one year:	
Compensated absences	227,162
TUMF liabilities	15,898,755
Net pension liability	2,689,185
Net OPEB liability	666,584
Total Liabilities	<u>69,105,735</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	83,799
Deferred amounts related to OPEB	932,100
Total Deferred Inflows of Resources	<u>1,015,899</u>
NET POSITION	
Net investment in capital assets	413,343
Restricted for:	
Transportation Uniform Mitigation Fee Program	22,199,849
Foundation	11,733
Unrestricted	<u>8,130,795</u>
Total Net Position	<u><u>\$ 30,755,720</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, 2018**

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	\$ 5,416,418	\$ -	\$ 567,640	\$ (4,848,778)
Transportation	34,971,790	-	67,483,341	32,511,551
Energy	6,333,946	6,003,534	-	(330,412)
Environmental	570,687	-	515,141	(55,546)
Total Governmental Activities	<u>\$ 47,292,841</u>	<u>\$ 6,003,534</u>	<u>\$ 68,566,122</u>	<u>\$ 27,276,815</u>
General Revenues:				
Investment income				<u>273,559</u>
Total General Revenues				<u>273,559</u>
Change in Net Position				27,550,374
Net Position, Beginning of Year, as restated (Note 16)				<u>3,205,346</u>
Net Position, End of Year				<u>\$ 30,755,720</u>

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, 2018**

	Major Funds		Non Major Fund WRCOG Foundation	Total Governmental Funds
	General Fund	Special Revenue TUMF		
ASSETS				
Cash and investments	\$ 12,695,327	\$ 79,678,983	\$ 11,733	\$ 92,386,043
Receivables:				
Grants	880,095	-	-	880,095
Interest	9	4,698	-	4,707
Mitigation fees receivable	-	5,718,550	-	5,718,550
Due from other governments	1,780	-	-	1,780
Prepaid items	43,859	-	-	43,859
Advances to other funds	-	777,687	-	777,687
Total Assets	<u>\$ 13,621,070</u>	<u>\$ 86,179,918</u>	<u>\$ 11,733</u>	<u>\$ 99,812,721</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,207,330	\$ 1,747,579	\$ -	\$ 2,954,909
Due to other governments	-	46,333,735	-	46,333,735
Accrued wages and benefits	89,286	-	-	89,286
Unearned revenue	220,879	-	-	220,879
Advances from other funds	777,687	-	-	777,687
Total Liabilities	<u>2,295,182</u>	<u>48,081,314</u>	<u>-</u>	<u>50,376,496</u>
Fund Balances				
Nonspendable:				
Prepaid items	43,859	-	-	43,859
Restricted:				
Transportation projects	-	38,098,604	-	38,098,604
Foundation	-	-	11,733	11,733
Assigned:				
BEYOND Program	2,533,866	-	-	2,533,866
Fellowship Program	514,732	-	-	514,732
Unassigned	8,233,431	-	-	8,233,431
Total Fund Balances	<u>11,325,888</u>	<u>38,098,604</u>	<u>11,733</u>	<u>49,436,225</u>
Total Liabilities and Fund Balances	<u>\$ 13,621,070</u>	<u>\$ 86,179,918</u>	<u>\$ 11,733</u>	<u>\$ 99,812,721</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, 2018**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - Governmental Funds	\$ 49,436,225
Capital assets, net of accumulated depreciation used in governmental activities, are not current financial resources and therefore are not reported in the funds.	413,343
Non-current liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(252,402)
TUMF liabilities	(15,898,755)
Net pension liability	(2,689,185)
Net OPEB liability	(666,584)
Deferred outflows and inflows of resources are not reported in the governmental funds:	
Deferred amounts related to pensions	1,108,542
Deferred amounts related to OPEB	<u>(695,464)</u>
Net Position of Governmental Activities	<u><u>\$ 30,755,720</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, 2018

	Major Funds		Non Major Fund WRCOG Foundation	Total Governmental Funds
	General Fund	Special Revenue TUMF		
REVENUES				
Intergovernmental	\$ 931,500	\$ -	\$ -	\$ 931,500
TUMF mitigation fees	2,056,285	49,248,746	-	51,305,031
PACE fees	5,684,817	-	-	5,684,817
Other revenues	1,448,287	15,200,000	20	16,648,307
Investment income (loss)	22,819	250,730	11	273,560
Total Revenues	<u>10,143,708</u>	<u>64,699,476</u>	<u>31</u>	<u>74,843,215</u>
EXPENDITURES				
Current:				
General government	4,493,570	-	-	4,493,570
Transportation	-	35,974,673	-	35,974,673
Energy	6,336,292	-	-	6,336,292
Environmental	570,687	-	-	570,687
Total Expenditures	<u>11,400,549</u>	<u>35,974,673</u>	<u>-</u>	<u>47,375,222</u>
Net Change in Fund Balances	(1,256,841)	28,724,803	31	27,467,993
Fund Balances, Beginning of Year	<u>12,582,729</u>	<u>9,373,801</u>	<u>11,702</u>	<u>21,968,232</u>
Fund Balances, End of Year	<u>\$ 11,325,888</u>	<u>\$ 38,098,604</u>	<u>\$ 11,733</u>	<u>\$ 49,436,225</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, 2018**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 27,467,993
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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	406,618
Depreciation expense	(87,150)

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.	1,000,000
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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	(77,668)
Increase in net OPEB liability	(788,073)
Pension expense net adjustment	<u>(371,346)</u>

Change in Net Position of Governmental Activities	<u><u>\$ 27,550,374</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, 2018**

	<u>Agency Fund</u>
ASSETS	
Cash and investments	<u>\$ 1,833,961</u>
LIABILITIES	
Deposits payable	<u>\$ 1,833,961</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, 2018**

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.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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.

(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 \$1,000 and an estimated useful life of more than one year. 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.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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 in excess of 240 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
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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

Information about the fiduciary net position of WRCOG's California Public Employees Retirement System (CalPERS) Plan and additions to/deductions in the Plan's fiduciary net position have been determined on the same basis as reported by CalPERS. This includes the measurement of pension expense and the net pension liability and deferred outflows/inflows of resources related to pensions. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(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.

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, 2017

Measurement Period: June 30, 2016 to June 30, 2017

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Financial Statement Elements, Continued

(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.

(10) Implementation of New Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for other postemployment benefits. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2018, are classified in the accompanying financial statements as follows:

Cash and investments as of June 30, 2018, consist of the following:

Deposits and petty cash	\$ 17,879,443
Investments	76,340,561
Total Cash and Investments	<u>\$ 94,220,004</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
State of California Obligations	5 years	15%	None
Local Agency Obligations	5 years	15%	None
Repurchase Agreements	7 days	25%	20%
Commercial Paper	270 days	25%	10%
Banker's Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	None
Time Certificates of Deposit	5 years	2%	None
Negotiable Certificates of Deposit	5 years	25%	None
Money Market Mutual Funds	N/A	20%	10%
Riverside County Treasurer's Pooled Investment	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65 million **

** Limit set by LAIF governing Board, not California Government Code

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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
LAIF	\$ 801,348	\$ 801,348	\$ -	\$ -
Supranational	2,159,417	-	421,452	1,737,965
Local Agency Obligations	531,464	531,464	-	-
Medium Term Notes	9,816,924	502,129	5,310,035	4,004,760
U.S. Treasury Obligations	240,421	-	-	240,421
U.S. Agency Securities	15,134,450	492,666	4,415,936	10,225,848
Negotiable CDs	5,054,095	190,083	3,252,250	1,611,762
Commercial Paper	2,679,193	2,679,193	-	-
CAMP	39,801,653	39,801,653	-	-
Money Market Account	121,596	121,596	-	-
Total	<u>\$ 76,340,561</u>	<u>\$ 45,120,132</u>	<u>\$ 13,399,673</u>	<u>\$ 17,820,756</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 categorized as Level 2 are valued using market approach using quoted market prices.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

C. Fair Value Classifications, Continued

Fair value measurements for investments are as follows as of June 30, 2018:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 240,421	\$ -	\$ 240,421	\$ -
U.S. Agency Securities	15,134,450	-	15,134,450	-
Local Agency Obligations	531,464	-	531,464	-
Supranational	2,159,417		2,159,417	
Negotiable CDs	5,054,095		5,054,095	
Commercial Paper	2,679,193	-	2,679,193	-
Medium Term Notes	9,816,924	-	9,816,924	-
Total Leveled Investments	35,615,964	<u>\$ -</u>	<u>\$ 35,615,964</u>	<u>\$ -</u>

Investments not Subject to Hierarchy:

LAIF	801,348
CAMP	39,801,653
Money Market Account	121,596
	<u>\$ 76,340,561</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	Not Rated
LAIF	\$ 801,348	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 801,348
Supranational	2,159,416	N/A	2,159,416	-	-	-	-	-	-	-	-
Local Agency Obligations	531,464	N/A	-	-	531,464	-	-	-	-	-	-
U.S. Treasury Obligations	240,421	N/A	-	240,421	-	-	-	-	-	-	-
U.S. Agency Securities	15,134,451	N/A	5,472,435	9,662,016	-	-	-	-	-	-	-
Negotiable CDs	5,054,095	N/A	-	-	-	1,969,863	1,817,364	1,076,785	-	190,083	-
Commercial Paper	2,679,193	N/A	-	-	-	-	-	-	-	2,679,193	-
Medium Term Notes	9,816,924	A	-	689,150	352,705	1,072,286	3,058,995	3,502,932	1,140,856	-	-
CAMP	39,801,653	N/A	-	-	-	-	-	-	-	-	39,801,653
Money Market Account	121,596	N/A	-	-	-	-	-	-	-	-	121,596
	<u>\$ 76,340,561</u>		<u>\$ 7,631,851</u>	<u>\$ 10,591,587</u>	<u>\$ 884,169</u>	<u>\$ 3,042,149</u>	<u>\$ 4,876,359</u>	<u>\$ 4,579,717</u>	<u>\$ 1,140,856</u>	<u>\$ 2,869,276</u>	<u>\$ 40,724,597</u>

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

E. Concentration of Credit Risk

At June 30, 2018 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, \$18,471,985 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
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
TUMF	General	\$ 777,687

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018, 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	\$ 422,785	\$ 406,618	-	\$ 829,403
Other Capital Assets	33,037	-	-	33,037
Total Depreciable Capital Assets	<u>455,822</u>	<u>406,618</u>	<u>-</u>	<u>862,440</u>
Less Accumulated Depreciation for:				
Furniture and Computer Equipment	(355,340)	(87,150)		(442,490)
Other Capital Assets	(6,607)	-	-	(6,607)
Total Accumulated Depreciation	<u>(361,947)</u>	<u>(87,150)</u>	<u>-</u>	<u>(449,097)</u>
Capital Assets net of Accumulated Depreciation	<u>\$ 93,875</u>	<u>\$ 319,468</u>	<u>\$ -</u>	<u>\$ 413,343</u>

Depreciation expense of \$87,150 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, 2018, 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	\$ 174,734	\$ 159,960	\$ (82,292)	\$ 252,402	\$ 25,240
Refund Liability	8,745,255	-	-	8,745,255	-
City of Moreno Valley Agreement	6,493,500	-	(1,000,000)	5,493,500	-
City of Riverside Agreement	1,660,000	-	-	1,660,000	-
Net Pension Liability	2,297,048	715,337	(323,200)	2,689,185	-
OPEB Obligation	659,580	7,004	-	666,584	-
Total Long-term Liabilities	<u>\$ 20,030,117</u>	<u>\$ 882,301</u>	<u>\$ (1,405,492)</u>	<u>\$ 19,506,926</u>	<u>\$ 25,240</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, 2018**

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 Plan (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, 2018, the remaining amount to be reimbursed to the City is \$5,493,500. 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, 2018, the remaining amount to be reimbursed to the City is \$1,660,000. The liability will be liquidated from the TUMF Fund.

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
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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 2018, 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
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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, 2018, are summarized as follows:

	Miscellaneous	
	Classic	New Members
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% at 55	2% 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	12.81%	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, 2018, were \$345,428. The actual employer payments of \$323,200 made to CalPERS by the WRCOG during the measurement period ended June 30, 2017, differed from the WRCOG's proportionate share of the employer's contributions of \$294,580 by \$28,620, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Net Pension Liability

WRCOG's net pension liability for the cost-sharing plan covered by miscellaneous risk pools 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, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, 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, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
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 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Change in Assumptions

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. Deferred outflows of resources for changes of assumptions presented in the Schedule of Collective Pension Amounts represent the unamortized portion of this assumption change.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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**Notes to the Financial Statements
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NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees’ Retirement System (CalPERS), Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website, at www.calpers.ca.gov.

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 (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	Current Target Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	80.00%	2.27%
Inflation Sensitive	6%	60.00%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-40%	-90%
Total	100%		

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

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: 6/30/2016 (VD)	\$ 8,945,076	\$ 6,648,028	\$ 2,297,048
Balance at: 6/30/2017 (MD)	\$ 10,474,822	\$ 7,785,637	\$ 2,689,185
Net changes during 2016-2017	\$ 1,529,746	\$ 1,137,609	\$ 392,137

Valuation Date (VD), Measurement Date (MD)

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, 2017, 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, 2016, rolled forward to June 30, 2017, 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.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Proportionate Share of Net Pension Liability, Continued

WRCOG's proportionate share of the net pension liability for the Plan as of the June 30, 2016 and 2017 measurement dates was as follows:

Proportion - June 30, 2016	0.0265%
Proportion - June 30, 2017	0.0271%
Change - Increase	<u>0.0006%</u>

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	\$ 4,129,964	\$ 2,689,185	\$ 1,495,905

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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**Notes to the Financial Statements
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NOTE 7 – EMPLOYEE BENEFITS, (Continued)

California Public Employees' Retirement System (CalPERS), Continued

Recognition of Gains and Losses

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 the Plan for the 2016-17 measurement period is 3.8 years, which was obtained by dividing the total service years of 490,088 (the sum of remaining service lifetimes of the active employees) by 130,595 (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, 2016), WRCOG's net pension liability was \$2,297,048. For the measurement period ending June 30, 2017 (the measurement date), WRCOG incurred a pension expense of \$716,086.

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Notes to the Financial Statements
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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, 2018, 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	\$ 3,523	\$ 50,470
Changes in assumptions	437,092	33,329
Differences between projected and actual investment	98,852	-
Differences between employer's contributions and proportionate share of contributions	64,378	-
Change in employers proportion	243,068	-
Pension contributions subsequent to the measurement date	345,428	-
	<u>\$ 1,192,341</u>	<u>\$ 83,799</u>

The amount of \$345,428 reported as deferred outflows of resources resulting from WRCOG's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	\$ 304,072
2020	320,902
2022	196,830
2023	(58,690)
	<u>\$ 763,114</u>

Payable to the Pension Plan

At June 30, 2018, WRCOG reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

WRCOG provides post-retirement health care benefits for retired employees and their dependents. Benefits are as follows:

<u>Tier</u>	<u>Date of Hire</u>	<u>Benefit</u>
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	37
Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u><u>40</u></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, 2018**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

Net OPEB Liability

WRCOG'S net OPEB liability was measured as of June 30, 2017 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, 2016 that was rolled forward to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2017 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	RP2000 Group Annuity Mortality Table with Scale AA for future mortality improvement to 2004. Blended tables for males and females (50% / 50%).
Salary increases	3.00%
Medical Trend	4.0% for 2018, 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

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**Notes to the Financial Statements
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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)	(a) - (b) = (c)
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017 (6/30/16 measurement date)	\$ 2,443,082	\$ 1,783,502	\$ 659,580
Changes recognized for the measurement period:			
Service cost	108,879	-	108,879
Interest	159,498	-	159,498
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	-	-
Net investment income	-	104,450	(104,450)
Benefit payments	(113,278)	(85,605)	(27,673)
Administrative expense	-	(7,361)	7,361
Transfers	-	(20,311)	20,311
Actuarial Losses for 2017/18	(156,922)	-	(156,922)
Net changes	(1,823)	(8,827)	7,004
Balance at June 30, 2018 (6/30/17 measurement date)	\$ 2,441,259	\$ 1,774,675	\$ 666,584

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, 2017:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 813,300	\$ 666,584	\$ 546,600

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**Notes to the Financial Statements
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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, 2017:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 566,600	\$ 666,584	\$ 793,200

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, 2018, the WRCOG recognized OPEB expense of \$345,292. As of fiscal year ended June 30, 2018, the WRCOG reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 51,561	\$ 932,100
Contributions to OPEB plan subsequent to the measurement date	185,075	-
Total	<u>\$ 236,636</u>	<u>\$ 932,100</u>

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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB, Continued

The \$185,075 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability (asset) during the fiscal year ending June 30, 2019. Other 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
2019	\$ (62,807)
2020	(62,807)
2021	(62,807)
2022	(62,807)
2023	(62,807)
Thereafter	<u>(566,504)</u>
	<u><u>\$ (880,539)</u></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 \$135,409 and are included as expenditures in the General Fund.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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 \$40 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 17/18, Program revenue totaled \$4,666,279, while Recording revenue totaled \$1,108,745. 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
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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 \$593,223 from BEYOND Round I funding, and \$186,330 for Round II were reimbursed. The remaining \$2,533,866 is assigned within the General Fund for the BEYOND program.

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, 2018, a total of \$1.1 million was allocated to the Fellowship Program. During the year, reimbursements to various member agencies for hired interns approved by WRCOG totaled \$585,268. The remaining \$514,732 is assigned within the General Fund for the Fellowship Program.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

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, 2018, 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 \$100,000 personal property.
- 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.

In each of the past three fiscal years, WRCOG had no settlements that exceeded insurance coverage.

NOTE 15 – SUBSEQUENT EVENTS

WRCOG has collected approximately \$15 million related to Settlement between WRCOG and the City of Beaumont. WRCOG anticipates that they may collect additional funds within the next three to five years. The amount of any additional collections is unknown at this time.

WRCOG will be dispersing these funds to its member agencies and partner agencies, based on direction from the Executive Committee. The Settlement Agreement also allows WRCOG to use funds recovered via this process to reimburse itself for legal costs related to their collection. As such, WRCOG will be seeking reimbursement from these funds for legal costs associated with their collection.

NOTE 16 – PRIOR PERIOD RESTATEMENT

Change in Accounting Principle

As discussed in Note 1, 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 of resources, and deferred inflows of resources, and expenses. WRCOG's net OPEB liability was not previously recorded on the statement of net position. GASB 75 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 16 – PRIOR PERIOD RESTATEMENT, (Continued)

The cumulative effects of applying the provisions of GASB 75 have been reported as a restatement of beginning net position for the year ended June 30, 2018 in accordance with the Statement as follows:

Government-Wide Statements

Statement of Activities - Governmental Activities

Net position, beginning of year, prior to restatement	\$ 4,338,380
Elimination of OPEB asset as calculated under GASB 45	(559,059)
Recording of initial OPEB liability as calculated under GASB 75	(659,580)
Recording of initial OPEB related deferred amounts as calculated under GASB 75	85,605
Restatement due to change in accounting principle	<u>(1,133,034)</u>
Net position, beginning of year, as restated	<u><u>\$ 3,205,346</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 886,600	\$ 886,600	\$ 931,500	\$ 44,900
TUMF mitigation fees	1,644,663	1,644,663	2,056,285	411,622
PACE fees	10,524,077	5,712,131	5,684,817	(27,314)
Other revenues	1,708,145	1,662,463	1,448,287	(214,176)
Investment income	-	-	22,819	22,819
Total revenues	<u>14,763,485</u>	<u>9,905,857</u>	<u>10,143,708</u>	<u>237,851</u>
Expenditures:				
Current:				
General government	10,878,209	10,906,529	4,493,570	6,412,959
Energy	7,570,120	6,563,317	6,336,292	227,025
Environmental	635,262	632,284	570,687	61,597
Total Expenditures	<u>19,083,591</u>	<u>18,102,130</u>	<u>11,400,549</u>	<u>6,701,581</u>
Net change in fund balance	<u>\$ (4,320,106)</u>	<u>\$ (8,196,273)</u>	<u>(1,256,841)</u>	<u>\$ 6,939,432</u>
Fund balance:				
Balance, beginning of year,			12,582,729	
Balance, end of year			<u>\$ 11,325,888</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, 2018**

<u>Measurement Date</u>	<u>Employer's Proportion of the Collective Net Pension Liability¹</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll</u>	<u>Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
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%

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, 2018**

<u>Fiscal Year</u>	<u>Contractually Determined Contributions</u>	<u>Contributions in Relation to the Contractually Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's 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%

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: For measurement date 6/30/2017, the discount rate was changed from 7.65 percent (net of administrative expenses) to 7.15 percent. For measurement date 6/30/2015, the discount rate was changed from 7.5 percent (net of administrative expenses) to 7.65 percent.

* 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, 2018

Fiscal Year Measurement Period	<u>2017-18</u> <u>2016-17</u>
Total OPEB Liability	
Service cost	\$ 108,879
Interest	159,498
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(113,278)
Actuarial Losses for 2017/18	(156,922)
Net change in total OPEB liability	(1,823)
Total OPEB liability - beginning	2,443,082
Total OPEB liability - ending (a)	<u>2,441,259</u>
Plan Fiduciary Net Position	
Contributions – employer	-
Net investment income	104,450
Benefit payments	(85,605)
Transfers	(20,311)
Administrative expense	(7,361)
Net change in plan fiduciary net position	(8,827)
Plan fiduciary net position - beginning	1,783,502
Plan fiduciary net position - ending (b)	<u>1,774,675</u>
 Net OPEB liability - ending (a) - (b)	 <u><u>\$ 666,584</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 72.7%
 Covered-employee payroll	 \$ 2,211,299
 Net OPEB liability as a percentage of covered payroll	 30.1%

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.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Schedule of OPEB Plan Contributions – Last Ten Years*
For the Year Ended June 30, 2018**

Fiscal Year	<u>2017-18</u>
Contractually Determined Contribution (CDC)	\$ 185,075
Contributions in relation to the CDC	<u>(185,075)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 2,211,299
Contributions as a percentage of covered-employee payroll	8.4%

Methods and Assumptions for 2017-18 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	4.0% for 2018, decreasing to an ultimate rate of 5.0% in 2022 and later years
Mortality	RP2000 Group Annuity Mortality Table with Scale AA for future mortality improvement to 2004. 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 2018, 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.

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, 2018**

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Cash and investments	\$ 506,005	\$ 32,098,819	\$ 30,770,863	\$ 1,833,961
Total assets	<u>\$ 506,005</u>	<u>\$ 32,098,819</u>	<u>\$ 30,770,863</u>	<u>\$ 1,833,961</u>
Liabilities				
Deposits	\$ 506,005	\$ 32,507,905	\$ 31,179,949	\$ 1,833,961
Total liabilities	<u>\$ 506,005</u>	<u>\$ 32,507,905</u>	<u>\$ 31,179,949</u>	<u>\$ 1,833,961</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, 2018**

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.

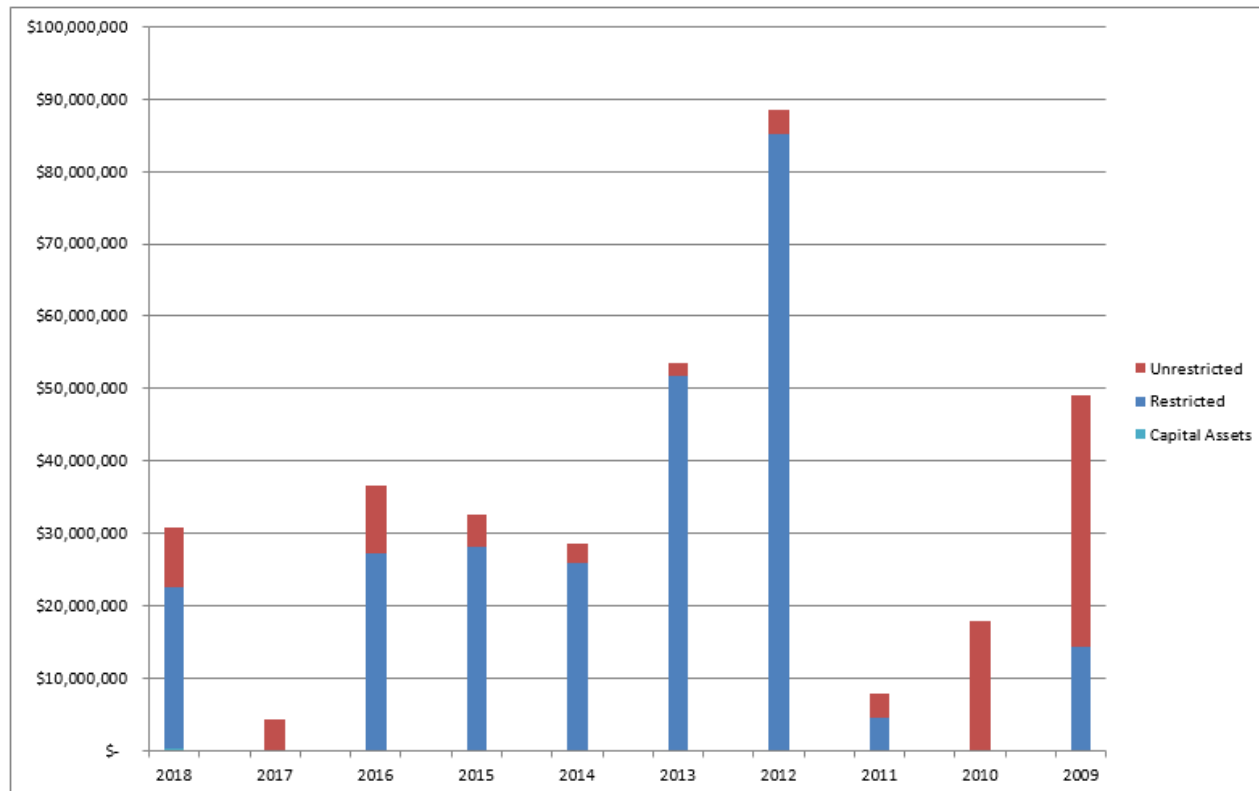
Full-time Equivalent Employees by Function/Program

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in										
Capital Assets	\$ 413,343	\$ 93,875	\$ 100,296	\$ 54,038	\$ 30,021	\$ 20,735	\$ 32,918	\$ 47,304	\$ 60,690	\$ 62,883
Restricted	22,211,582	11,702	27,079,334	28,033,173	25,869,263	51,733,864	85,054,212	4,632,048	-	14,389,308
Unrestricted	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	34,711,008
Total governmental activities net position	<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>	<u>\$ 49,163,199</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,									
	<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>	<u>2009</u>
Expenses										
Governmental activities:										
General government	\$ 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	\$ 2,021,169
Transportation	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	35,250,572
Energy	6,333,946	5,622,980	5,629,560	4,926,278	2,445,533	1,608,694	476,844	20,033	22,812	25,522
Environmental	570,687	513,137	423,667	531,945	647,781	576,600	520,748	-	-	-
Total primary government expenses	<u>47,292,841</u>	<u>84,706,660</u>	<u>50,205,703</u>	<u>40,603,760</u>	<u>60,118,397</u>	<u>54,774,127</u>	<u>25,585,465</u>	<u>20,978,334</u>	<u>45,216,358</u>	<u>37,297,263</u>
Program Revenues										
Governmental activities:										
General government	567,640	512,876	513,188	349,268	420,810	528,756	63,102	1,515,581	1,495,290	1,256,051
Transportation	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	13,145,887
Energy	6,003,534	9,316,452	9,779,134	7,473,816	3,198,814	1,482,940	190,142	-	-	-
Environmental	515,141	528,775	464,885	620,836	618,415	619,388	712,040	-	-	-
Total primary government program revenues	<u>74,569,656</u>	<u>53,089,714</u>	<u>54,266,095</u>	<u>45,874,033</u>	<u>29,143,112</u>	<u>28,597,484</u>	<u>15,088,280</u>	<u>9,637,338</u>	<u>12,328,278</u>	<u>14,401,938</u>
Net (Expense)/Revenue										
Total primary government net expense	<u>27,276,815</u>	<u>(31,616,946)</u>	<u>4,060,392</u>	<u>5,270,273</u>	<u>(30,975,285)</u>	<u>(26,176,643)</u>	<u>(10,497,185)</u>	<u>(11,340,996)</u>	<u>(32,888,080)</u>	<u>(22,895,325)</u>
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	516,688
Investment income	273,559	(12,645)	509,228	552,021	706,876	(285,642)	806,546	638,791	1,310,611	4,798,161
Special Item	-	-	-	-	-	-	-	-	-	73,713,976
Total primary government	<u>273,559</u>	<u>(12,645)</u>	<u>545,340</u>	<u>793,784</u>	<u>966,225</u>	<u>22,652</u>	<u>1,659,298</u>	<u>1,286,492</u>	<u>1,738,703</u>	<u>79,028,825</u>
Changes in Net Position										
Total primary government	<u>\$ 27,550,374</u>	<u>\$ (31,629,591)</u>	<u>\$ 4,605,732</u>	<u>\$ 6,064,057</u>	<u>\$ (30,009,060)</u>	<u>\$ (26,153,991)</u>	<u>\$ (8,837,887)</u>	<u>\$ (10,054,504)</u>	<u>\$ (31,149,377)</u>	<u>\$ 56,133,500</u>

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									
		<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>	<u>2009</u>
<u>GENERAL FUND</u>											
General fund:											
Nonspendable											
Prepaid Expenses	\$	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		2,533,866	3,305,419	1,556,763	-	-	-	-	-		
Fellowship Program		514,732	121,272	400,000	-	-	-	-	-		
Unassigned		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>\$ 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	3,882,403
Undesignated										1,042,934	1,390,576
										<u>\$ 4,120,009</u>	<u>\$ 5,272,979</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>											
All other governmental funds:											
Committed											
TUMF	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,530,712		
Restricted											
Transportation		38,098,604	9,373,801	51,540,293	53,379,614	49,094,887	65,104,205	95,670,753	-		
Foundation		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>\$ 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	\$ 126,416,225
Undesignated										30,555,061	29,287,019
Total all other governmental funds										<u>\$ 123,523,443</u>	<u>\$ 155,703,244</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									
	<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>	<u>2009</u>
Revenues										
Intergovernmental, net	\$ 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	\$ 1,256,051
TUMF Mitigation fees	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	12,787,664
HERO fees	5,684,817	9,028,003	9,562,139	7,159,144	2,197,585	-	-	-	-	-
Other revenues	16,648,307	894,488	848,957	986,914	1,547,307	1,714,271	852,752	647,701	428,092	516,688
Investment income (loss)	273,560	(12,645)	509,229	552,021	420,526	(285,642)	806,546	638,791	1,310,611	4,798,161
Total revenues	<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>	<u>19,358,564</u>
Expenditures										
Current:										
General Government	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	3,638,627
Programs:										
Transportation	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	33,605,661
Energy	6,336,292	5,632,488	5,647,563	4,929,398	2,431,687	1,589,887	675,950	-	-	-
Environmental	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	6,893
Total expenditures	<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>	<u>37,251,181</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>(17,892,617)</u>
Other financing sources (uses):										
Loan proceeds	-	-	-	-	-	1,500,000	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	1,500,000	-	-	-	-
Net change in fund balances	<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>	<u>\$ (17,892,617)</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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL FUND:										
Member dues:										
Banning	\$ 3,941	\$ 3,941	\$ 3,941	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 5,361
Beaumont	-	-	-	5,255	5,255	5,255	5,255	5,255	5,255	2,486
Calimesa	1,049	1,049	1,049	1,102	1,102	1,102	1,102	1,102	1,102	1,739
Canyon Lake	1,406	1,406	1,406	2,256	2,256	2,256	2,256	2,256	2,256	3,410
Corona	20,290	20,290	20,290	25,886	25,886	25,886	25,886	25,886	25,886	35,226
Eastvale	7,171	7,171	7,171	-	-	-	-	-	-	-
Hemet	9,797	9,797	9,797	10,386	10,386	10,386	10,386	10,386	10,386	13,158
Jurupa Valley	12,710	12,710	12,710	-	-	-	-	-	-	-
Lake Elsinore	6,933	6,933	6,933	7,904	7,904	7,904	7,904	7,904	7,904	7,160
Menifee	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	25,413	25,413	25,413	25,413	25,413	25,413	30,749
Murrieta	13,794	13,794	13,794	17,954	17,954	17,954	17,954	17,954	17,954	12,880
Norco	3,573	3,573	3,573	4,482	4,482	4,482	4,482	4,482	4,482	6,058
Perris	9,215	9,215	9,215	8,173	8,173	8,173	8,173	8,173	8,173	7,624
Riverside	40,512	40,512	40,512	42,894	42,894	42,894	42,894	42,894	42,894	62,876
San Jacinto	5,889	5,889	5,889	5,504	5,504	5,504	5,504	5,504	5,504	5,111
Temecula	13,424	13,424	13,424	18,714	18,714	18,714	18,714	18,714	18,714	17,854
Wildomar	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	43,520	43,520	43,520	43,520	43,520	43,520	68,788
County of Riverside - Office of Superintendent	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	20,000
Western Municipal Water District	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	20,000
Morongo Band of Mission Indians	17,000	17,000	9,500	10,000	10,000	-	-	-	-	-
Total Member dues	\$ 306,410	\$ 306,410	\$ 298,910	\$ 299,410	\$ 299,410	\$ 289,410	\$ 289,410	\$ 272,410	\$ 272,410	\$ 320,480
ALL OTHER GOVERNMENTAL FUNDS										
Transportation Uniform Mitigation Fee (TUMF):										
Banning	\$ 16,040	\$ 40,930	\$ 6,326	\$ 54,738	\$ 4,116	\$ -	\$ 89,603	\$ 2,057	\$ 36,319	\$ 12,606
Beaumont	514,351	-	-	-	-	-	-	-	-	-
Calimesa	4,055	103,835	10,359	133,217	65,387	1,310	1,144	22,963	154,051	-
Canyon Lake	38,832	18,525	20,583	27,055	22,642	4,117	1,028	6,169	2,259	2,313
Corona	140,921	1,153,262	2,743,488	1,989,728	114,644	104,773	1,272,328	215,876	109,292	422,457
Eastvale	1,735,201	1,249,621	1,705,338	1,241,685	1,438,152	1,478,348	665,522	434,531	-	-
Hemet	217,626	52,392	351,010	545,597	736,612	531,470	194,078	145,284	1,026,097	536,448
Jurupa Valley	995,072	2,400,109	2,302,649	1,738,387	242,216	112,044	32,901	-	-	-
Lake Elsinore	56,629	800,725	969,533	898,098	868,004	646,241	259,098	263,885	115,607	392,960
March JPA	1,668,406	765,627	222,482	239,874	-	227,695	-	-	156	-
Menifee	1,944,365	1,374,603	1,203,549	909,230	1,665,304	821,673	628,138	1,108,611	1,136,869	4,430,855
Moreno Valley	300,521	883,562	1,356,327	2,343,895	1,138,394	693,588	29,612	425,411	413,086	641,423
Murrieta	2,585,547	884,391	1,452,155	1,496,315	70,944	81,192	64,386	702,612	360,959	152,991
Norco	1,867,070	304,411	100,355	101,444	11,288	8,232	-	65,000	5,764	83,055
Perris	918,236	1,235,325	1,167,113	1,069,887	1,498,823	320,608	124,896	187,814	107,272	412,229
Riverside	1,484,544	3,113,205	1,852,839	1,461,429	594,363	1,365,025	955,549	837,989	299,033	1,000,099
San Jacinto	3,212,024	843,818	698,893	259,021	200,630	70,674	90,480	123,462	235,158	355,874
Temecula	1,448,548	810,938	809,664	679,386	227,028	1,772,534	944,090	1,288,039	940,530	1,746,599
Wildomar	87,114	826,659	384,865	83,178	219,722	1,032,017	16,451	30,063	310,670	4,625
County - Northwest	272,790	569,203	414,258	216,343	183,616	189,161	248,635	685,058	1,545,271	2,352,587
County - Southwest	1,643,915	863,473	636,493	1,529,926	1,288,379	1,622,276	598,885	367,429	639,407	2,575,582
County - Central	1,125,077	911,716	1,040,489	593,671	46,173	434,159	37,570	127,594	144,747	833,937
County - Pass	815,242	12,349	20,581	16,502	4,116	431,198	2,181	3,347	23,962	31,344
County - Hemet/San Jacinto	538,808	376,151	299,821	91,090	82,324	30,103	15,701	6,316	33,120	169,059
Regional Transit Authority	1,203,022	692,725	698,889	314,621	367,630	423,339	194,423	185,257	341,681	563,184
Riverside County Transportation Commission	23,630,935	19,594,830	19,769,172	17,480,991	10,899,357	11,978,440	5,494,327	5,438,916	6,603,169	10,548,866
WRCOG	2,056,290	1,689,574	1,704,607	2,076,008	974,049	1,027,871	505,866	544,408	663,267	2,453,241
MSHCP	783,850	667,382	673,319	602,662	369,011	407,929	191,743	194,668	223,217	358,564
Total TUMF	\$ 51,305,031	\$ 42,239,340	\$ 42,615,159	\$ 38,193,977	\$ 23,332,924	\$ 25,816,019	\$ 12,658,634	\$ 13,412,759	\$ 15,470,963	\$ 30,080,898

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>
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%
2009	2,077,183	64,503,728	31,053	8.50%

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

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
(A Joint Powers Authority)**

**Employment Statistics by Industry for Riverside County
Calendar Years 2017 and Nine Calendar Years**

Industry Type	2017	% of Total Employment	2008	% of Total Employment
Agricultural service, forestry, fishing and other	133,200	18.0%	115,100	19.4%
Mining	400	0.1%	500	0.1%
Construction	64,400	8.7%	47,800	8.1%
Manufacturing	42,700	5.8%	44,200	7.5%
Transportation, warehousing, and public utilities	45,800	6.2%	20,900	3.5%
Wholesale trade	24,700	3.3%	19,800	3.3%
Retail trade	98,300	13.3%	87,200	14.7%
Professional & business services	69,700	9.4%	56,400	9.5%
Education & health services	109,500	14.8%	70,900	12.0%
Other services	23,000	3.1%	17,800	3.0%
Federal government, civilian	7,200	1.0%	6,800	1.1%
State government	19,300	2.6%	16,000	2.7%
Local government	101,600	13.7%	88,400	14.9%
Total	739,800	100.0%	591,800	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>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>	<u>2009</u>
Management services and administration	7.0	9.0	7.8	7.2	5.5	5.9	6.0	6.5	7.3	5.1
Transportation	4.0	3.5	5.5	4.9	4.9	5.8	5.0	6.3	6.5	7.7
Energy	14.0	15.3	8.3	7.2	4.6	3.1	2.2	3.2	3.2	3.2
Environmental	4.5	2.3	1.3	3.4	3.0	3.0	2.0	3.0	3.0	3.0
Total full time equivalents	29.5	30.1	22.8	22.7	18.0	17.8	15.2	19.0	20.0	19.0

Source: Fiscal Department

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Fiscal Year 2017/2018
Comprehensive Annual Financial
Report (CAFR)

Attachment 2

FY 2017/2018 Statement on Auditing
Standards 114 Report

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

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

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA
Samuel Singery, CPA
Jing Wu, CPA

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, 2018, and the related notes to the financial statements, which collectively comprise WRCOG's basic financial statements, and have issued our report thereon dated November 05, 2018.

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.



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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, Malachy & Scott, LLP.

San Bernardino, California
November 05, 2018

Item 6.H

Fiscal Year 2017/2018
Comprehensive Annual Financial
Report (CAFR)

Attachment 3

FY 2017/2018 Internal Standards
Report

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
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To the Executive Committee
Western Riverside Council of Governments

We have audited the financial statements of Western Riverside Council of Governments (WRCOG) as of and for the year ended June 30, 2018, and have issued our report thereon dated November 05, 2018. 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 May 9, 2018, 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 entity'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. As described in Note 1 to the financial statements, during the year, WRCOG changed its method of accounting for Other Postemployment Benefits (OPEB) by adopting Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities. 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 November 05, 2018.

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, Malachy & Scott, LLP.

San Bernardino, California
November 05, 2018



Western Riverside Council of Governments

County of Riverside • City of Bonning • City of Beaumont • City of Colimeso • 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 Bond of Mission
Indians • Riverside County Superintendent of Schools

November 05, 2018



INLAND NEWS GROUP

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, 2018 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 November 05, 2018.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 9, 2018 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.

- Special items and extraordinary items 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.

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

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Western Riverside Council of Governments

Technical Advisory Committee

Staff Report

Subject: Environmental Department Activities Update

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

Date: February 21, 2019

The purpose of this item is to provide the status 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.

Background

WRCOG's Environment Department assists member jurisdictions with addressing state mandates which requires education and outreach programs that reduce greenhouse gases. The Environment Department houses three programs to meet California's goals: 1) The 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 technology.

Solid Waste Cooperative

WRCOG's Solid Waste Cooperative (Cooperative) is formed of 18 WRCOG member agencies, local waste haulers, California Department of Resources Recycling and Recovery (CalRecycle), and other guests of interest. The Cooperative was formed to help the subregion discuss issues of importance and learn challenges and successes of recycling programs invoked.

In October 2018, staff held one-on-one meetings with members of the Cooperative and was asked to focus on recently-chaptered legislation SB 1383, Short-Lived Climate Pollutants (SLCP): Organic Waste Methane Emissions Reduction. SB 1383 aims to achieve a 50% reduction in statewide greenhouse gas emissions from organic waste disposal by the year 2020.

On February 20, 2019, from 1:00 p.m. to 3:00 p.m., WRCOG will host a workshop on SB 1383. CalRecycle will be presenting general information on the legislation as well as answer any questions or concerns. The workshop will be in Citrus Towers Suite 450, Riverside, CA. Access to a live webinar will be available through uberconference.com/WRCOG, dial in number (951) 407 – 0430. Staff will continue to work with the Cooperative to clearly define what activities it can undertake to assist member agencies comply with this bill.

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 recycling of used motor oil, oil filters, and HHW. Used oil and filter exchange events help

educate and facilitate the proper recycling of used motor oil and used oil filters. WRCOG provides this outreach on behalf of the 18-member jurisdictions that participate in the Program. The primary objective is to teach “Do It Yourself” (DIY) individuals who change their oil how to properly dispose of their used oil and oil filters; therefore, an auto parts store is an excellent venue for events. During oil events, every individual that brings in their used oil filter will be provided with a brand new, equal or lesser price filter at no cost. In addition to promoting used oil and oil filter recycling, staff provides information about future County-wide HHW Collection Programs, which allows residents to drop-off other automotive and hazardous household products for free. WRCOG staff utilizes an electronic survey on an iPad to interact with residents at these events and collect information to help better inform community members of future opportunities to recycle used oil. In 2019, the first two events advertised on social media reached 97,000 users through Facebook promotion alone.

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

Date	Event	Location	Oil Filters
1/12/2019	Oil & Filter Event	Hemet	26
1/26/2019	Oil & Filter Event	Riverside	127
2/2/2019	Oil & Filter Event	Eastvale	75

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

Date	Event	Location	Time
2/16/2019	Oil & Filter Event	Riverside	9:00 a.m. – 1:00 p.m.
2/23/2019	Oil & Filter Event	Murrieta	9:00 a.m. – 12:00 p.m.
3/23/2019	Oil & Filter Event	Lake Elsinore	9:00 a.m. – 12:00 p.m.
3/30/2019	Community Event	Perris	8:00 a.m. – 12:00 p.m.
4/6/2019	Oil & Filter Event	Riverside	9:00 a.m. – 1:00 p.m.
4/6/2019	Community Event	Canyon Lake	9:00 a.m. – 12:00 p.m.

Clean Cities Coalition

The WRCOG Clean Cities Coalition seeks to integrate technology with alternative fuels and infrastructure. Clean Cities Coalitions work with the Department of Energy (DOE) to improve efficiency, increase domestic energy security, and improve operating costs for consumers and business. Transportation is a large part of our Energy Economy; 70% of total U.S. petroleum usage is for transportation. Clean Cities National Network will track and report fuel pricing, openings and closings of fuel stations, vehicle and station costs equipment 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 Clean Cities Coalitions, DOE funds additional activities designed to help advance the AFV market in the subregion. WRCOG selected four activities:

- Fuel and technology feedback listening sessions
 - *The Coalition will organize and facilitate fuel and technology-specific listening sessions with fleets and other stakeholders to identify technology gaps and critical research needs to improve vehicle / infrastructure performance and usability in the subregion.*
- AFV infrastructure development and corridor planning
 - *The Coalition will organize and facilitate alternative fuel infrastructure planning activities, alternative fuel corridor development (including support of the FAST Act Section 1413, Alternative Fuel Corridor Designation initiative activities), research and preparation of alternative fueling readiness plans, and planning for future fueling infrastructure development where current corridor gaps exist in the subregion.*

- *The Coalition will continue development and build out of its GIS planning tool and will work to nominate State Route 91 corridor as a FAST-ACT corridor for electric vehicle charging.*
- Fuel / technology outreach and demonstration events
 - *The Coalition will organize and facilitate fuel and technology specific end-user workshops and outreach event(s) including (but not limited to) hands-on ride & drives, demonstrations, educational showcases of alternative fuel and advanced technology vehicles, and refueling / charging systems. The Coalition will be assisting with the planning of an AltCar Expo being held within the Inland Empire area.*
- Targeted coaching and technical assistance
 - *The Coalition will continue to provide direct technical assistance and coaching to its member's fleets, end-users, and other appropriate stakeholders. Examples include assisting with project planning, aggregate purchasing initiatives, reviewing equipment specifications, coordinating performance testing of new fueling stations, orientation training for end-users receiving new AFVs or fueling equipment, problem-solving, etc.*

Prior Action:

January 7, 2019 The WRCOG Executive Committee received and filed.

Fiscal Impact:

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

Attachment:

None.

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Western Riverside Council of Governments Technical Advisory 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: February 21, 2019

The purpose of this item is to provide an update of activities undertaken by the League of California Cities.

Requested Action:

1. Receive and file.

This item is reserved for a presentation from the League of California Cities Regional Public Affairs Manager for Riverside County.

Prior Action:

February 4, 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

Technical Advisory Committee

Staff Report

Subject: Census Update – Report from UCR and Riverside County

Contact: Sono Shah, UCR, sshah018@ucr.edu, and Jason Farin, Riverside County Executive Office, JFarin@RIVCO.ORG, (951) 955-1124

Date: February 21, 2019

The purpose of this item is to provide an update on current efforts by Riverside County and the University of California, Riverside (UCR) on initial 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.

To ensure that the 2020 Census accurately records all the residents of Riverside County, the County of Riverside and the UCR Center for Social Innovation have partnered on a joint effort to develop a framework to facilitate this process. The County of San Bernardino is also participating in this effort.

Much of this initial work is related to the establishment of a Complete Count Committee for the Inland Empire, which will include representatives of Riverside County, San Bernardino County, non-profits, and other interested parties. The Complete Count Committee will primarily be responsible for outreach and coordination activities.

Staff from UCR (Sono Shah) and the Riverside County's Executive Office (Jason Farin) will be providing a presentation on these and other initial efforts related to the 2020 Census. This update is anticipated to be the first in a series of updates over the remainder of 2019 and 2020 as needed.

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

Technical Advisory Committee

Staff Report

Subject: Presentation on Riverside County Efforts to Address Homelessness

Contact: Natalie Profant Komuro, Deputy County Executive Officer – Homelessness Solutions
nkomuro@rivco.org, (951) 955-1145

Date: February 21, 2019

The purpose of this item is to provide an update on Riverside County's on-going efforts related to homelessness.

Requested Action:

1. Receive and file.

Homelessness is a critical issue for Riverside County, which touches on all government agencies in the WRCOG subregion. What is particularly challenging regarding homelessness is that it is simultaneously a national and local issue, requiring significant coordination between multiple agencies, departments and even private parties, such as non-profits to address.

In 2018, Riverside County created a new staff position, Deputy County Executive Officer – Homelessness Solutions, and hired Natalie Profant Komuro for the role to oversee the issue of homelessness within the County. Ms. Profant Komuro began working in homeless services in 1987. Prior to coming to Riverside County, she led planning at the Los Angeles Homeless Services Authority for ten years and then spent eleven years as the Executive Director of a comprehensive non-profit working with homeless families and individuals in Glendale.

Ms. Profant Komuro will provide an update on the County's current efforts regarding homelessness. Staff anticipates that this update will be the first of recurring updates on this key issue.

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

Technical Advisory Committee

Staff Report

Subject: Options for Potential WRCOG Assistance for Regional Housing Needs Assessment Update

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

Date: February 21, 2019

The purpose of this item is to provide an update on potential approaches to assist WRCOG member jurisdictions for the upcoming development of the Sixth Cycle Regional Housing Needs Assessment (RHNA).

Requested Action:

1. Discuss and provide input.

Background

The state-wide housing crisis is creating challenges locally in housing the subregion's growing population, complying with changing legislation, meeting RHNA targets, and avoiding growing risks of non-compliance. New bills are likely to continue to emerge in a variety of areas aimed at increasing housing production. For example, greater attention is being given at the state-level to impact fees, perhaps indicating interest in imposing a cap on fees. There have also been discussions within the legislature regarding the withholding of gas tax funds or other transportation funds from agencies which are not meeting their RHNA targets.

Newly elected Governor Gavin Newsom's campaign platform centered on a plan to solve California's housing crisis and a proposal to construct 3.5 million new units across the State in the next six years. Consistent with this plan, the Governor's 2019-2020 Budget provides significant funding for Housing. Governor Newsom recently took a bold stance behind this platform by bringing a lawsuit against the City of Huntington Beach, accusing the City of deliberately blocking affordable housing.

The new legislation and the Governor's actions may be contributing to an adversarial relationship between the State and local cities, though cities likely recognize the great need to address the housing crisis. A report, [The Cost of Not Housing](#), synthesizes some of the most pertinent issues that stem from the housing shortage, and makes it clear that many local jurisdictions would likely agree that housing is a top priority, though there is significant disagreement in how to best provide housing needs on a regional basis. Additionally, much of the efforts at the statewide level are oriented towards the imposition of "one size fits all requirements" rather than developing incentive-based programs or developing more nuanced solutions.

WRCOG's Planning Directors Committee met on February 14, 2019, and discussed potential solutions and long-term changes to the RHNA process. Based on a request from multiple member agencies, staff is currently developing a White Paper regarding housing issues in the WRCOG subregion which also touches on potential changes to RHNA. However, it is unlikely that there will be any significant changes to RHNA in time to substantively impact the next RHNA cycle.

RHNA Cycle 6 Assistance Options

Information provided by SCAG indicates that the next cycle of RHNA updates will commence in the fall of 2019 for incorporation into the SCAG 2020 RTP/SCS. Staff expects that this cycle will proceed using a similar process to previous updates, in which local agencies will be provided with their targets. As in previous cycles, local agencies will have opportunities to review and comment on their targets. Staff has identified three potential options for how WRCOG can best assist member agencies during the upcoming RHNA process.

First, as with many issues, WRCOG could facilitate information sharing within its member agencies. This process might include scheduling presentations by SCAG staff, facilitating discussions, etc. This approach is one which WRCOG has taken previously during previous RHNA update cycles. This approach would likely use WRCOG's existing staff and Committee structure to implement and would not likely require additional funds.

As a second option, WRCOG and our consultants could provide technical assistance to member agencies to facilitate their review of RHNA data. In the fall of 2018, WRCOG offered this type of assistance to members to review SCAG's initial growth projections. Seven member agencies requested this assistance. Providing more direct technical assistance would likely require some level of cost sharing with member agencies.

The third and final option involves more direct assistance through the Subregional Delegation process. Under the Subregional Delegation Process, WRCOG would utilize consultant services to allocate the SCAG assigned housing targets in participating member agencies, rather than the traditional practice of SCAG leading the allocation. SCAG has allocated \$1,500 per jurisdiction which elects to participate in the Subregional Delegation process, which is likely insufficient to cover all associated costs, meaning that some type of cost sharing process would be required for any agency wishing to participate in this process. Both the City of Riverside and the County of Riverside have requested that staff consider the SCAG RHNA Delegation process. Staff is currently reviewing the draft guidelines for Subregional Delegation and seeking additional information from others who have exercised this option in the past. There are significant questions regarding the likely cost of an effort and legal implications that need to be addressed. WRCOG will need to formally notify SCAG of any decision regarding the Subregional Delegation process by June 2019.

Staff is evaluating each of the options above and will report back to member agencies in the March/April timeframe with a recommendation on how to proceed for their review and approval.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.