

# **SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS**

A Joint Powers Authority

## **BOARD OF DIRECTORS MEETING AGENDA**

Thursday, May 30, 2013 – 10:00 a.m.

Valley Municipal Building 14410 Sylvan Street, 2nd Floor Van Nuys, California 91401

### **BOARD OF DIRECTORS MEMBERS**

Chair: Councilmember Ara Najarian, City of Glendale  
Vice-Chair: Councilmember Dennis Zine, 3rd District, City of Los Angeles  
Supervisor Zev Yaroslavsky, 3rd Supervisorial District, County of Los Angeles  
Supervisor Mike Antonovich, 5th Supervisorial District, County of Los Angeles  
Councilmember Jess Talamantes, City of Burbank  
Councilmember Paul Krekorian, 2nd District, City of Los Angeles  
Councilmember Tom LaBonge, 4th District, City of Los Angeles  
Councilmember Paul Koretz, 5th District, City of Los Angeles  
Vacant, 6th District, City of Los Angeles  
Councilmember Richard Alarcón, 7th District, City of Los Angeles  
Councilmember Mitchell Englander, 12th District, City of Los Angeles  
Councilmember Jesse H. Avila, City of San Fernando  
Councilmember Marsha McLean, City of Santa Clarita

### **STAFF**

SFVCOG Treasurer: Mark J. Saladino, Treasurer, County of Los Angeles  
SFVCOG Secretary: Robert L. Scott  
Robert L. Scott, Executive Director, San Fernando Valley COG  
Jill Jones, Deputy County Counsel, County of Los Angeles  
Arletta Maria Brimsey, Deputy City Attorney, City of Los Angeles

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## **CALL TO ORDER — San Fernando Valley Council of Governments (SFVCOG)**

1. CALL TO ORDER — Ara Najarian, Chair
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. PUBLIC COMMENTS

## **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 Board, any public comments on any of the Consent Calendar items will be heard. There will be no separate action unless members of the Board request specific items to be removed from the Consent Calendar.*

### **5. MINUTES — Review / approve Minutes of Board of Directors Meetings**

- a. March 14, 2013 Board of Directors Meeting

*Attachment 5-1: Minutes of the Meeting of March 14, 2013*

- b. April 11, 2013 Board of Directors Meeting

*Attachment 5-2: Minutes of the Meeting of April 11, 2013*

**Requested Action:** Approve Minutes of March 14, 2013 Board of Directors Meeting;  
Approve Minutes of April 11, 2013 Board of Directors Meeting

## REGULAR CALENDAR

*The Board of Directors may take action on the following items*

6. **CHAIR'S REPORT** — Ara J. Najarian, Chairman of the Board: Updates, remarks and recommendations
7. **EXECUTIVE DIRECTOR'S REPORT** — Robert L. Scott  
Report on status of activities, developments and correspondence  
Status of election of officers, appointments, work program, FY 2013-2014 calendar, and other logistics for the upcoming fiscal year
8. **TREASURER'S REPORT** — Rachelle Anema, County Auditor-Controller
  - a. **Quarterly Report**  
Requested Action: Note and File  
*To be distributed 8-1: Quarterly Financial Report*
  - b. **Annual Budget**  
Requested Action: Review and adopt Annual Budget for FY 2013-2014  
*Attached 8-2: FY 2012-2013 Budget — Sample as adopted*
  - c. **Fiscal Manual**  
Requested Action: Review and adopt revisions to Fiscal Manual  
*Attached 8-3: Proposed Fiscal Manual with Annotations of Treasurer and Executive Director*
9. **METRO Measure R Project Finance Acceleration Plan** — COG Board of Directors briefing by Metro staff, pursuant to the request by LACMTA Board of Directors  
*Attachment 9-1: Metro Staff Report — Measure R Acceleration*  
*Attachment 9-2: Letter Councilmember Paul Koretz*  
Requested Action: Note and File; or Respond to Briefing
10. **US-101 CORRIDOR IMPROVEMENTS** — Consider adoption of additional projects and priorities for San Fernando Valley Council of Governments, generally described as capacity improvements to the US-101 Corridor between the Los Angeles County line on the west, and the 101/134/170 Interchange on the east.  
*Attachment 10: Position Paper from Public Testimony, April 11, 2013*  
Requested Action: Adopt the recommended projects and priorities
11. **CALIFORNIA TRANSPORTATION COMMISSION PROTOCOLS** — Address concerns with cap-and-trade program funding that might be allocated in a general fund, or for high speed rail projects, and the California Transportation Commission's (CTC) protocol with regard to transportation projects within Los Angeles County  
Requested Action: Adoption of resolution, policy and/or communication to address the issue



**12. VOTING POLICY** — (Continued from July 12, 2012) Update on Ad Hoc Committee for JPA Amendment; Initiation of a process to amend the Joint Powers Agreement of the SFV COG to change representation and voting requirements

Attachments: 12-1.) Staff Report, 12-2.) JPA Proposed Voting Amendment Background, 12-3.) COG Comparisons in the Region, 12-4.) Joint Powers Agreement of the San Fernando Valley COG

Requested Action: Discuss recommendations for amendment of the Joint Powers Agreement of the SFV COG; instruct the Executive Director as to what the proposal(s) shall contain; request the Executive Director to bring back a proposal at the next meeting of the Board of Directors in order to adopt a recommendation to be brought back to the legislative bodies of the members

**13. REQUEST FOR PROPOSALS** - Management Services Agreement

Requested Action:

- a) Update on the release of the RFP as recommended by the Working Group;
- b) establish next steps and order a recommendation from the Evaluation Committee to be brought to the next meeting of the Board of Directors

**14. MANAGEMENT SERVICES AGREEMENT** - Annual Renewal of Management Services Agreement through June 30, 2014

Attachment 14: Current Management Services Agreement

Requested Action: Ratify extension of Management Services Agreement with the Valley Economic Alliance dba Mulholland Institute including the services of Executive Director Robert L. Scott

**15. CONTRACTING AND PROCUREMENT POLICY**—Discussion item — Establish standards for contracting and procurement to accompany the COG's Fiscal Manual

Requested Action: Instruct the Executive Director and/or working group to bring the item back when there is a proposal to vote on, like the Fiscal Manual.

discussion item and the action requested would be

Establish standards for contracting and procurement that ensures integrity in the process, and optimizes the results for the San Fernando Valley Council of Governments in contracting, subcontracting, managing and administering grants and other programs.

**16. CLOSING**

**17. ANNOUNCEMENT AND REQUESTS**

Members are invited to make announcements and suggest items for future agendas.

**18. ADJOURNMENT**

**Public Comments:** At this time members of the public can address the San Fernando Valley Council of Governments Board of Directors (Board) regarding any items within the subject matter jurisdiction of the agency that are not separately listed on this agenda, subject to time restrictions, by filling out a Public Comment Card and submitting that card to the Secretary. 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 Board in writing and only pertinent points presented orally.

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The entire agenda package and any meeting related writings or documents provided to a majority of the Board of Directors after distribution of the agenda package, unless exempt from disclosure pursuant to California Law, are also available. Email at [info@sfdcog.org](mailto:info@sfdcog.org) or phone at 818-712-9500 for accommodation.

# **SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS**

A Joint Powers Authority

## **BOARD OF DIRECTORS MEETING**

Thursday, March 14, 2013 – 10:00 a.m.

Valley Municipal Building 14410 Sylvan Street, 2nd Floor Van Nuys, California 91401

### **BOARD OF DIRECTORS MEMBERS**

Chair: Councilmember Ara Najarian, City of Glendale  
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Councilmember Marsha McLean, City of Santa Clarita

### **STAFF**

SFVCOG Treasurer: Mark J. Saladino, Treasurer, County of Los Angeles  
SFVCOG Secretary: Robert L. Scott  
Robert L. Scott, Executive Director, San Fernando Valley COG  
Jill Jones, Deputy County Counsel, County of Los Angeles  
Arletta Maria Brimsey, Deputy City Attorney, City of Los Angeles

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## **CALL TO ORDER — San Fernando Valley Council of Governments (SFVCOG)**

1. CALL TO ORDER — Ara Najarian, Chair

**The meeting was called to order by Chair Najarian at 10:15 a.m.**

2. ROLL CALL

**Quorum established (9 Members): Chair Councilmember Ara Najarian, Vice-Chair Dennis Zine, Ben Saltsman for Supervisor Zev Yaroslavsky, Jarrod DeGonia for Supervisor Michael D. Antonovich, Councilmember Jess Talamantes, Carolyn Ramsay for Councilmember Tom LaBonge, Los Angeles CD-6 Caretaker Gerry Miller, Councilmember Marsha McLean and Councilmember Jesse Avila. Supervisor Michael D. Antonovich and Councilmember Paul Krekorian joined the meeting after roll call.**

**Absent: Councilmember Paul Koretz and Councilmember Richard Alarcon, Councilmember Mitchell Englander**

### 3. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Director Talamantes.

### 4. PUBLIC COMMENTS

Leeor Alpern, South Coast Air Quality Management District (AQMD), introduced the following two programs that are sponsored by the South Coast AQMD yearly:

- The Electronic Lawn Mower Exchange Program, providing up to 50% and 75% off the cost of electric lawn mowers with the closest location for the event being the Rose Bowl on Memorial Day weekend.
- Clean Air Awards which recognizes active projects in the cities by businesses and non-profits. A nomination form will be provided to the SFVCOG within the next few weeks.

Mr. Alpern stated that Seven Thousand students were present at the Long Beach Convention Center, including students from the San Fernando Valley, Learning about air pollution and fuel alternatives.

### CONSENT CALENDAR

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#### 5. **MINUTES** — Review January 10, 2013 Board of Directors Minutes.

*Attachment 5: Draft Minutes for January 10, 2013 Board of Directors Meeting*

Requested Action: Approve Minutes

**On motion of Director Talamantes, seconded by Director Avila, and unanimously carried, the minutes of January 10, 2013 were approved.**

### REGULAR CALENDAR

*The Board of Directors may take action on the following items*

#### 6. **AMENDMENT OF MINUTES** — Amend the minutes of July 12, 2012 to delete the reference in Item 6 "...Approval of core Annual Budget 'Budget A' was approved"

*Attachment 6a: Minutes of July 12, 2012 Board of Directors Meeting*

*Attachment 6b: Budget B Adopted at July 12, 2012 Board of Directors Meeting*

Requested Action: Amend Minutes of July 12, 2012

**Chair Najarian introduced this item and reported that Deputy County Counsel Jill Jones asked that this item be continued.**

**Executive Director Robert L. Scott agreed to provide Deputy County Counsel Jill Jones with a word version of both sets of agendas for review.**

On motion of Director Avila, seconded by Vice-Chair Zine, and unanimously carried, this item was continued to the May 16, 2013 meeting.

## FINANCE AND BUDGET

7. **FINANCIAL REPORT** — Treasurer, Rachelle Anema, County Auditor-Controller  
Requested Action: Note and File

*Handout 7: Financial Report*

Rachelle Anema, Auditor-Controller, referenced figures for total receipts, total expenses and total cash balance in the Financial Report as of February 28, 2013 and reported that as of the morning of March 14, 2013, the cash balance is \$97,771 with all outstanding obligations sent to her office being paid by corresponding cities and agencies.

Executive Director Robert L. Scott reported that the Treasurer has advised him to process payments on a monthly basis.

Upon the request of Vice-Chair Zine, Ms. Anema will provide the SGVCOG with a list of all uncollected pledges from the 2012 Mobility Summit.

On motion of Director Talamantes, seconded by Director Avila, and unanimously carried, this item was noted and filed.

8. **CHAIR'S REPORT** — Ara Najarian, Chairman of the Board: Updates, remarks and recommendations

Chair Najarian praised everyone's participation at the meeting and believes the SFVCOG is moving in a positive direction. Date for special meeting in April is anticipated.

9. **VOTING POLICY** - (Continued from July 12, 2012) Initiate a process to amend the Joint Powers Agreement of the SFV COG to change the voting requirements

*Attachment 9a: Staff Report,*

*Attachment 9b: COG Comparisons in the Region*

*Attachment 9c: Joint Powers Agreement of the San Fernando Valley COG*

Requested Action: Instruct the Executive Director to circulate a proposed amendment to the Joint Powers Agreement to members

Executive Director Robert L. Scott introduced this item and referenced an idea proposed at the Steering Committee meeting with regard to changing the voting requirement to a majority instead of the unanimous vote. The voting system would consist of having 7 votes for each jurisdiction.

Chair Najarian expressed his discontent with the unanimous vote system and believes there is a general desire to move away from said system. He stated that working together we have developed a certain level of trust.

Director McLean wanted to assure that there is equity in any voting configuration.

Director Antonovich proposed one vote per member jurisdiction.

The Chair raised the question, if agreement could be reached on representation, whether the Board would be willing to reduce the vote for action a majority, or if they would demand a super-majority.

Ben Saltsman states that Supervisor Yaroslavsky agrees with the intent to have a rigorous debate to move beyond the COGs existing voting process which was a starting point, but feels that in terms of the details more needs to be worked out—don't think we are ready to start getting into fractional issues today—and the idea of giving one person a fraction of a vote raises some historical questions that we would want to avoid. The reason why we established the unanimous vote was so we knew the Valley was moving together. We weren't going to be moving forward with bare majorities and four-three splits. Dividing rather than uniting the Valley. Concerned about a voting structure that deters possibilities of one entity getting out voted or fractional splits and suggested a six-month deadline for the Steering Committee to present a consensus proposal. Right now we are not at a point where we can get past the unanimous vote.

Director McLean stated that the Steering Committee has provided an alternate voting system and disagrees with Mr. Saltsman's Six month proposal, considering upcoming RFPs that require further decision making from the COG. Mr. Saltsman didn't feel there was a proposal on the table that would garner the necessary unanimous votes today

Director Miller shared history of the formation of the SFVCOG and that the voting issue had been discussed at length. Was initially to have patterned after the MTA San Fernando Valley Transit Zone from the late 1990s. The concept in that was recognizing that nobody would participate if the City of Los Angeles could control all decisions, notwithstanding the fact that the vast majority, by all measures was the City. The City could not take action or veto actions without collaborating or getting support of at least some of the other agencies. Ultimately, Glendale City Manager Jim Starbird suggested "why don't we let the board figure this out." It was never the intent of the City of Los Angeles to propose proportional voting or that the City insist on unanimous voting. Mr Miller represents 15 city council districts—does not want the City to be left out of the decision, but also doesn't think the simple majority works.

Director Talamantes reminded the Board that "we have already had the working group discussions." He felt that the main question to be decided is whether we have unanimous consent to move forward with a restructuring of the voting. Suggest analyzing the other COGs and how they do it. They have been around since the mid-nineties and have had a majority system. If it works for them, he believes it can work for the SFVCOG.

Director Antonovich agreed with Director Talamantes and stated that the other COGs have been effective; and if it takes a majority vote, and each member has one vote "so be it...and we move forward." Member being defined as each city.

Counsel Jill Jones noted that the Board would have to sort out any kind of a proxy system. The use of deputies was further clarified. She also reminded the Board that the quorum currently requires a representative from the City and from the County of Los Angeles.

Randy Witt addressed COG and expressed his gratitude for the significant accomplishments and the effort to move into further positive directions.

James Stewart, Professional Registered Parliamentarian, addressed the COG and expressed his discontent with a unanimous voting system.

Discussion about a consensus inclination to move away from the unanimous voting system, possible alternative voting systems to analyze from other COGs, proxy systems and value for each voting entity ensued among COG Directors, County Counsel and the Executive Director.

Seating is one issue and voting threshold is another. The Chair indicated that his reading is that there is consensus on making the change away from the unanimous vote requirement. He asked for further thoughts or comments and no opposition was registered to this approach.

Director Krekorian concurred with the Chair, and felt it would be helpful to have staff research the item further to determine possible structuring alternatives. He further proposed that appropriate matters may have different requirements: unanimity, super-majority or majority; and how proxies are dealt with.

Counsel Jill Jones raised the question, if it was only six votes on the Board the quorum requirements would change, and the threshold for action might be reduced to as few as two votes. This needs to be considered in any restructuring.

The Chair proposed the creation of a working group to develop a revised voting process to be considered by the Board for inclusion as amendment(s) to the Joint



Powers agreement. The working group was appointed and includes: the office of Director Yaroslavsky, Director Miller, Director McLean, Director Talamantes, the office of Director Tom LaBonge.

The Chair amended the proposal bring the matter back to the special Board of Directors meeting being scheduled for April, and hold off meeting until after that.

Executive Director Robert L. Scott was instructed to place this item in the special meeting agenda for April, report back with different voting structures utilize by other COGs and obtain proposals discussed by those involved in forming the SFVCOG with regard to equality for a voting system.

Director Miller also asked Executive Director Robert L. Scott to determine which other COGs are sub-regions of Southern California Association of Governments has this has huge implications for the decisions made by the body.

On motion of Director Talamantes, seconded by Director Saltsman, and unanimously carried, this item was continued to the special meeting in April.

**10. CONTRACTING, PROCUREMENT POLICY, FISCAL MANUAL - Revision**

*Attachment 10: Current Fiscal Manual Adopted October 13, 2011*

Requested Action: Treasurer and Counsel, in consultation with the Executive Director, to propose revisions to the Fiscal Policy Manual

Rachelle Anema, Auditor-Controller, reported that a revised manual is soon to be completed and shared with County Counsel and the Executive Director before it is presented at the May 16, 2013 SFVCOG meeting.

On motion of Chair Najarian, and by Common Consent, there being no objection, this item was continued to May 16, 2013.

**11. EXECUTIVE DIRECTOR'S REPORT — Robert L. Scott**

Report on status of activities, developments and correspondence

Executive Director Robert L. Scott reported that he has been in discussion with Metro staff as to the disposition of the estimated \$35 million surplus from under runs on the construction of the second phase of the Orange Line BRT to Chatsworth. He suggested that this might be available to create a sub-fund for the San Fernando Valley COG subregion. This would be similar to sub funds that exist in other subregions, allocated under Measure R. These funds can be broadly applied to projects and priorities. Would need Board approval if it were a grant.

Mr. Saltsman was unclear on what is being suggested and accordingly is opposed.

The Chair and Mr. Saltsman felt that "exploring" opportunities was positive.

Mr. Scott briefed the Board and sought direction and authorization as to Valley Mobility Summit 2013; annual elections; and FY 2013-2014 Budget

Mr. Scott was reassured that the COG was committed to production of the Valley Mobility Summit

*|Attachment 11a: Summary Activity Profile – Draft*

Executive Director Robert L. Scott requested that this item be continued to the next meeting.

*Attachment 11b: Response to Report and Motion of Fiscal Committee*

Executive Director Robert L. Scott requested that this item be continued to the next meeting and replaced with item 11c.

*Attachment 11c: Proposed Substitute Directive re: Policies*

Executive Director Robert L. Scott requested that this item be continued to the next meeting.

## **12. METRO ROUND 3, "TRANSIT-ORIENTED DISTRICT" Planning Grant**

Report on selection process and outcome

*Attachment 12: Metro Planning Committee Report*

Requested Action: Note and File

Executive Director Robert L. Scott reported that although Metro did not approve the Grant for SFVCOG projects, the application process was a great experience and qualified consultants should be hired to put together future grant applications.

The official Metro Planning Committee Report sets forth the issues affecting the decision and is attached to the meeting Agenda.

Carolyn Ramsay reported that due to budget cuts, the City's planning department did not have enough budgeted staff to work on areas reflected in the application but is willing to work with Executive Director Robert L. Scott on future grant applications.

By Common Consent, there being no objection, this item was noted and filed.

## **13. METRO Subregional Transportation Needs Assessment and Strategy**

Requested Action: Approve collaboration with Metro on *Subregional Transportation Needs Assessment and Strategy* - Authorize the Executive Director to pursue additional leads for grants with Metro and SCAG, with reports to the board.

Executive Director Robert L. Scott reported that work being executed in conjunction with Metro to obtain a Needs Assessment and Strategy Plan was placed on hold by Metro and asked for further direction from SFVCOG Directors.

Director Antonovich suggested that the following recommendations, presented at the November 8, 2012 SFVCOG meeting through a letter dated January 7, 2013, be included in the SFVCOG's needs assessment and Strategy and advised that by

friendly amendment, Director Yaroslavsky would also like to add the Sepulveda Pass Corridor:

- Connect Bob Hope Airport with Rail Transit
- Upgrade Metrolink and LOSSAN Corridors
- Complete HOV Lane system
- Work to connect and coordinate transit systems

Discussion about Metro's involvement continued among the Executive Director, County Counsel, Director Saltsman and Chair Najarian. This covered how the projects and priorities would be incorporated in a framework such as the Valley Mobility Matrix, and the process for any prospective Needs Assessment and Strategy. Metro would be providing the funding and expertise to study, document and prepare the plan as dictated by the Board.

Mr. Saltsman pointed out that there are two kinds of spending: one being direct expenditure, such as by check; and the other is to take up limited funds that Metro or other organizations have available and diverting it to another use that could otherwise be used for something else (opportunity cost). He did not believe that Metro's limited funds should go to "collecting ideas."

Lan Saadatnejadi, Executive Officer for Highway Programs at Metro, reported that Metro's effort is to provide resources, assessment and a framework guided by SFVCOG's desire to develop a strategic plan. Other models from other subregions could provide a template; including what are the projects, priorities and timing. Some kind of approach would be developed. Metro has identified portions of the general funding budget that could be used.

On motion of Chair Najarian, seconded by Director Avila, and unanimously carried, the SFVCOG approved the following:

- The Valley Mobility Matrix is moving forward, and Executive Director Robert L. Scott has authority to continue to work with Metro on these and other items adopted by the Board of Directors.
- Incorporate recommendations submitted by Director Antonovich and Director Yaroslavsky into the Needs Assessment and Strategy Plan
- To be presented to Metro in its Subregional Needs Assessment and Strategy Plan as the current priorities of this Board and to be amended on future dates by any other projects that are brought before the Board by any other cities or agencies.

#### 14. CLOSING

There was no closing statement.

## 15. ANNOUNCEMENT AND REQUESTS

**Rachelle Anema, Auditor-Controller, reported that the location for the 2013 Mobility Summit has not been budgeted by the SFVCOG and asked that all related invoices be sent to her office to determine if a special fund appropriation is needed.**

16. Members are invited to make announcements and suggest items for future agendas.

**The following are requests to be placed on future agenda:**

- **Executive Director Robert L. Scott was instructed to report back with information that reflects opportunities to obtain funding from Metro without committing the SFVCOG as an official applicant.**
- **Provide the Executive Director with guidance for the 2013 Mobility Summit.**
- **Approval of usage of SFVCOG finances to cover for the deposit of the 2013 Mobility Summit location.**

## 17. ADJOURNMENT

**There being no further business to discuss, the meeting was adjourned at 12:00 p.m.**

**Public Comments:** At this time members of the public can address the San Fernando Valley Council of Governments Board of Directors (Board) regarding any items within the subject matter jurisdiction of the agency that are not separately listed on this agenda, subject to time restrictions, by filling out a Public Comment Card and submitting that card to the Secretary. 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 Board in writing and only pertinent points presented orally.

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COUNCIL OF GOVERNMENTS**

A Joint Powers Authority

**BOARD OF DIRECTORS  
SUPPLEMENTAL AGENDA**

Thursday, March 14, 2013 – 10:00 a.m.

Valley Municipal Building, Council Chambers  
14410 Sylvan Street, 2nd Floor  
Van Nuys, California 91401

AGENDA NO.      CHANGE/ADD

ADDITIONAL AGENDA ITEM

- 9A.                      Discuss and approve actions relative to preparing and releasing a Request for Proposals (RFP) for consultant services to serve as the permanent Executive Director of the SFVCOG.

*Attachments to be provided at time of meeting by County Counsel*

**Deputy County Counsel Jill Jones suggested a work group be created with delegating authority to advertise and set up the Request for Proposals (RFP) and that a special meeting be scheduled for the SFVCOG to discuss terms of the RFP.**

**[Scheduling Issue - see Item 12] Executive Director Robert L. Scott reported that Arthur T. Leahy, Chief Executive Officer for the Metro Board of Directors and Executives (Metro Board), asked all COGs for feed-back with regard to the Measure R amendment and recommended that a SFVCOG meeting be scheduled to allow further details from Metro Board staff.**

**The following members volunteered to be part of the working group:**

- **Chair Najarian**
- **Director McLean**
- **Director Miller**
- **Director Antonovich**

**Deputy County Counsel Jill Jones will report back with dates for the work group meeting and the special SFVCOG meeting.**

**On motion of Director Avila, seconded by Vice-Chair Zine, and unanimously carried, the SFVCOG approved the following actions:**

- 1. Creation of the working group comprised of Chair Najarian, Director McLean, Director Antonovich and Director Miller.**
- 2. The presentation of the RFP at a special meeting in April**
- 3. RFP Follow up at the regular May 16, 2013 SFVCOG meeting**

# **SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS**

A Joint Powers Authority

## **SPECIAL - BOARD OF DIRECTORS MEETING AGENDA**

Thursday, April 11, 2013 – 10:00 a.m.

Valley Municipal Building 14410 Sylvan Street, 2nd Floor Van Nuys, California 91401

### **BOARD OF DIRECTORS MEMBERS**

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Councilmember Marsha McLean, City of Santa Clarita

### **STAFF**

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SFVCOG Secretary: Robert L. Scott  
Robert L. Scott, Executive Director, San Fernando Valley COG  
Jill Jones, Deputy County Counsel, County of Los Angeles  
Arletta Maria Brimsey, Deputy City Attorney, City of Los Angeles

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## **CALL TO ORDER — San Fernando Valley Council of Governments (SFVCOG)**

1. CALL TO ORDER — Ara Najarian, Chair

**The meeting was called to order by Chair Najarian at 10:20 a.m.**

2. ROLL CALL

**Quorum established (7 Members): Chair Councilmember Ara Najarian, Ben Saltsman for Supervisor Zev Yaroslavsky, Jarrod DeGonia for Supervisor Michael D. Antonovich, Councilmember Jess Talamantes, L.A. CD-6 Caretaker Gerry Miller, Councilmember Jesse Avila and Councilmember Marsha McLean. Supervisor Zev Yaroslavsky and Councilmember Mitchell Englander— joined the meeting after roll call.**

**Absent: Vice Chair Councilmember Dennis Zine, Councilmember Paul Krekorian, Councilmember Paul Koretz, Councilmember Richard Alarcon and Councilmember Tom LaBonge**

3. PLEDGE OF ALLEGIANCE

**The pledge of allegiance was led by Director McLean**



#### 4. PUBLIC COMMENTS

Coby King, Valley Industry & Commerce Association (VICA), praised the SFVCOG for all of the accomplishments and believes Los Angeles County Metropolitan Transportation Authority (Metro) projects should be in sync with SFVCOG projects. Mr. King suggested that improvements to the Ventura Freeway (101) be added to the list of transportation priorities for the SFVCOG.

Chair Najarian agreed with Mr. King and instructed Executive Director Robert L. Scott to add improvements to the Ventura Freeway on a future agenda.

Executive Director Robert L. Scott reported that since the corridor is within the Third Supervisorial District, he will contact Supervisor Zev Yaroslavsky's office to gather information.

#### 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 Board, any public comments on any of the Consent Calendar items will be heard. There will be no separate action unless members of the Board request specific items to be removed from the Consent Calendar.*

No Consent Items

#### REGULAR CALENDAR

*The Board of Directors may take action on the following items*

5. **AMENDMENT OF MINUTES** — Amend the minutes of July 12, 2012 to delete the reference in Item 6 "...Approval of core Annual Budget 'Budget A' was approved"  
*Attachment 5-1: Redline Minutes of July 12, 2012 Board of Directors Meeting*  
*Attachment 5-2: Budget B Adopted at July 12, 2012 Board of Directors Meeting*

Requested Action: Amend Minutes of July 12, 2012

Deputy County Counsel Jill Jones reported that needed language was added to agenda item 6 on the July 12, 2012 agenda.

On motion of Director Yaroslavsky, seconded by Director Talamantes, and unanimously carried, the minutes of July 12, 2012 were approved.

6. **CHAIR'S REPORT** — Ara Najarian, Chairman of the Board: Updates, remarks and recommendations

Chair Najarian reported that he was re-elected to the Glendale City Council and congratulated Director Talamantes on his re-election to the Burbank City Council.

7. **VOTING POLICY** - (Continued from July 12, 2012) Initiate a process to amend the Joint Powers Agreement of the SFV COG to change the voting requirements

*Attachment 7-1: Staff Report*

*Attachment 7-2: JPA Proposed Voting Amendment Background*

*Attachment 7-3: COG Comparisons in the Region*

*Attachment 7-4: Joint Powers Agreement of the San Fernando Valley COG*

Requested Action: Instruct the Executive Director to circulate a proposed amendment to the Joint Powers Agreement to members

**Chair Najarian introduced this item. Discussion ensued regarding moving away from the unanimity requirement, considering other voting alternatives, such as, a 2/3 requirement for the passing of items, and alternatives and procedures practiced by other Council of Governments.**

**A consensus was reached to create a working group that will identify voting amendments and dues restructuring. Directors interested in joining the working group will notify Chair Najarian. As defined at the March 14, 2013 meeting, the working group was appointed and includes: the office of Director Yaroslavsky, Director Miller, Director McLean, Director Talamantes, the office of Director Tom LaBonge.**

**Deputy County Counsel Jill Jones advised that the working group cannot exceed six members.**

**On motion of Director Yaroslavsky, seconded by Director Englander, and unanimously carried, the SFVCOG took the following action:**

- Created a working group with members appointed by Chair Najarian, not to exceed six members**
- Instructed the working group to report back to the Board of Directors with voting and dues recommendations**

8. **EXECUTIVE DIRECTOR'S REPORT** — Robert L. Scott

Report on status of activities, developments and correspondence

*Attachment 8-1: Response to findings re: Metro TOD 3 RFP*

*Attachment 8-2: Metro TOD 3 RFP Funding Recommendations*

*Attachment 8-3: Response to Report and Motion of Fiscal Committee*

*Attachment 8-4: Proposed Substitute Directive re: Policies*

**Executive Director Robert L. Scott expressed his concern with the need for a more adequate fiscal and communication structure and asked that items in the Executive Director's Report be referred to the Technical Advisory Committee or the Steering Committee for discussion.**

**Chair Najarian agreed with Mr. Scott's recommendation and encouraged all members to make an effort to attend the Technical Advisory Committee and Steering Committee meetings.**

## 9. REQUEST FOR PROPOSALS - Management Services Agreement

### Requested Action:

- a) Approve the release of the RFP as recommended by the Working Group;
- b) Advertise the RFP to the public by posting it on the sfvcog website, on member jurisdictions procurement websites as practical, and as otherwise directed by the SFVCOG Directors;
- c) Appoint an evaluation team comprised of SFVCOG Directors or staff, of less than a quorum, to bring back contractor recommendations.

**Don Schultz, Vice Chair of the Van Nuys Airport Citizens Advisory Council, praised the work and the accomplishments of the SFVCOG and encouraged the Directors to vote against the RFP and said that the COG should not make significant structural changes such as management until the JPA is amended to eliminate the veto.**

**Discussion ensued regarding the RFP posting process and the various website's the RFP will be posted in; each member jurisdiction's and SCAG's website.**

**Chair Najarian stated that a posting report will be generated by the City of Glendale.**

**Deputy County Counsel Jill Jones recited the following four recommendations made by the City of Santa Clarita:**

- 1. Add "and Santa Clarita Valley areas" (page 1, first sentence under the background heading).**
- 2. Delete "as well as a Philanthropy Conference" (page 6, second sentence under the Scope of Services heading).**
- 3. Add "or their designees" after "City of Los Angeles" (page 6, first bullet under the Scope of Services heading).**
- 4. Add "the Executive Director will be expected to attend the League of California Cities meetings and California Association of Council of Governments meetings, as appropriate" (page 6, additional bullet under the Scope of Services heading).**

**Therefore, on motion of Director Yaroslavsky, seconded by Director Englander, and unanimously carried, the SFVCOG took the following action:**

- Changed the May 16, 2013 SFVCOG regular meeting to a special meeting on May 30, 2013;**

- Changed the deadline for submittal of the RFP applications from May 1, 2013 to May 24, 2013;
- Instructed the City of Glendale to report back on the status of the application process for review and consideration at the May 30, 2013 meeting.

On motion of Chair Najarian, seconded by Director Avila, and unanimously carried, the SFVCOG approved items 9a and 9b with the following amendments:

- Approved the aforementioned RFP recommendations from the City of Santa Clarita, as recited by County Counsel;
- Added the publishing of the RFP on SCAG's website and on a newspaper of general circulation; and
- Allowed a budget to be approved by the Chair, not to exceed \$500.00, for publication cost.

After further discussion, on motion of Director Yaroslavsky, seconded by Director Englander, and unanimously carried, the SFVCOG approved item 9c.

Director McLean expressed her discontent with a statement in 9c that allows alternates to serve on the evaluation team.

Therefore, on motion of Director McLean, seconded by Director Yaroslavsky, and unanimously carried, item 9c was approved as amended by Director McLean to only allow the Directors, and not their designees, to take a position at evaluation committee meetings.

#### 10. CLOSING

There was no closing statement.

#### 11. ANNOUNCEMENT AND REQUESTS

There were none.

#### 12. Members are invited to make announcements and suggest items for future agendas.

Director McLean expressed concern with cap-and-trade program funding that might be allocated in a general fund or for high speed rail projects and the California Transportation Commission's (CTC) protocol with regard to transportation projects within Los Angeles County.

Ann Kerman, Metro, stated that several items are scheduled to be presented to the Metro Board for approval.

**Chair Najarian requested that an item be placed on the next regular SFVCOG agenda to allow discussion about CTC's interaction with Metro and SCAG and the role SFVCOG members have.**

**13. ADJOURNMENT**

**There being no further business to discuss, the meeting was adjourned at 12:00 p.m.**

**Public Comments:** At this time members of the public can address the San Fernando Valley Council of Governments Board of Directors (Board) regarding any items within the subject matter jurisdiction of the agency that are not separately listed on this agenda, subject to time restrictions, by filling out a Public Comment Card and submitting that card to the Secretary. 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 Board in writing and only pertinent points presented orally.

**Notices:**

Meetings of the San Fernando Valley Council of Governments are recorded and/or videotaped by LA CityView Channel 35 and are viewable at [www.lacity.org](http://www.lacity.org)

A person with a disability may contact the San Fernando Valley Council of Governments at least 72 hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, in order to participate in the public meeting, to the extent feasible.

The entire agenda package and any meeting related writings or documents provided to a majority of the Board of Directors after distribution of the agenda package, unless exempt from disclosure pursuant to California Law, are also available. Email at [info@sfvcog.org](mailto:info@sfvcog.org) or phone at 818-712-9500 for accommodation.

**SAN FERNANDO VALLEY  
COUNCIL OF GOVERNMENTS**

A Joint Powers Authority

**SUPPLEMENTAL AGENDA**

Thursday, April 11, 2013 – 10:00 a.m.

Valley Municipal Building, Council Chambers

14410 Sylvan Street, 2nd Floor

Van Nuys, California 91401

AGENDA NO.            CHANGE/ADD

ADDITIONAL AGENDA ITEM

9.5

METRO Subregional Transportation Needs Assessment and Strategy

Requested Action: Respond to briefing; recommend possible implementation steps to enhance participation and collaboration with Metro on *Subregional Transportation Needs Assessment and Strategy*.

**Executive Director Robert L. Scott stated that the intent was for Metro to present on Measure R Acceleration and will do so at the next SFVCOG meeting.**



## Adopted

### SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS

OPERATING BUDGET - Fiscal Year 2012-2013 - Rev 1

July 1, 2012 through June 30, 2013

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<b>REVENUES</b>	<b>REVENUES</b>	<b>EXPENDITURES</b>	<b>BALANCE</b>
Member Dues	60,000		60,000
Revenues from Grants, Events, Sponsorships	40,000		100,000
<b>EXPENDITURES</b>			
<b>Wages &amp; Benefits</b>			
Executive Director, Management Services Contract		75,000	25,000
<b>General Operations</b>			
Office Lease		0	25,000
Office Expense, Postage, Stationery, etc.		2,000	23,000
Printing		5,000	18,000
Computer Supplies		500	17,500
Telephone & Communications		0	17,500
Audit Fees, Fund		2,500	15,000
Travel, Airfare & Accommodations		800	14,200
Travel Per Diem		0	14,200
Parking and Auto		250	13,950
Meeting/Event Support, Logistics, Refreshment and Expenses		5,000	8,950
Membership Dues		1,200	7,750
League of Cities		0	7,750
Data and Data Services		0	7,750
Other Miscellaneous Expenses		7,750	0
<b>Totals and Year End Balance</b>	<b>\$ 100,000</b>	<b>\$100,000</b>	<b>\$ 0</b>

**Comments from the Executive Director in red type  
These are intended as constructive recommendations  
and should not be construed as a repudiation  
of any legal requirements or of standard customs and practices**

**Comments from The Treasurer in green type**

## **SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS**



### **FISCAL MANUAL**

**May, 2013**

# **SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS**



## **FISCAL MANUAL**

### **Introduction**

The San Fernando Valley Council of Governments (SFVCOG) Fiscal Manual is a resource guide of fiscal policies, procedures, and internal controls to safeguard and manage the SFVCOG's assets. The Executive Director and the management team will use the Fiscal Manual as a day-to-day guide to manage and control fiscal operations, and meet their responsibilities to manage funds and other assets within the SFVCOG.

This Fiscal Manual will be updated and maintained by the Executive Director of the SFVCOG in accordance with procedures detailed within the Fiscal Manual. For matters not covered in this manual, please contact the Los Angeles County Auditor-Controller for guidance.

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## 1.1 Governing Regulations and Guidelines

### 1.1.1 Introduction and Summary

The San Fernando Valley Council of Governments (SFVCOG) Joint Powers Agreement (JPA Agreement) was approved in May 2010 and provides overall guidance on administrative matters.

Currently, the Los Angeles County (County) Treasurer and Tax Collector serves as the Treasurer of the SFVCOG and the County Auditor-Controller acts as the Fiscal Agent. The Treasurer is responsible for the custody and safekeeping of all the monies of the SFVCOG. The Fiscal Agent is responsible for monitoring all financial transactions, making deposits, processing payments for all SFVCOG expenditures, contracting with a certified public accountant for an annual audit of accounts and records as prescribed by the State Controller, keeping copies of supporting documentations for expenditures provided by the SFVCOG, and submitting on a quarterly basis reports to the SFVCOG Board of Directors (Board) which shows all financial transactions of the SFVCOG. The Fiscal Agent reports directly to the Board. Other duties may be assigned or requested by the SFVCOG Board.

Reporting "directly" to the Board should also include coordinating with the Executive Director so as not to limit the interaction and accountability between the Treasurer/Fiscal Agent and the Executive Director.

The interaction between the Fiscal Agent and the Executive Director is explained at length throughout this manual. Section 1.1.1 defines the specific roles of the Fiscal Agent. It needs to be stated that we are not staff to the Executive Director, but, to maintain our independence, report directly to the Board. Both positions are accountable to the Board of Directors.

### 1.1.2 Los Angeles County Fiscal Manual

The County Fiscal Manual is the primary resource guide for all fiscal matters in the County. Therefore, based on the direct connection between the SFVCOG and the County in fiscal matters cited above; the County Fiscal Manual provides the overall governing regulations and guidelines for all SFVCOG fiscal matters, incorporated herein by this reference. For all matters not covered in this manual, the County Fiscal manual shall serve as the authoritative guidance.

This appears unworkable and impractical. The county manual is 360 pages of complex procedures to accommodate, and be processed by, an agency of over 100,000 employees. The requirements need to be scaled appropriately for an agency of one to five employees, that doesn't have dedicated processing staff.

It is virtually impossible to develop a manual that will cover every conceivable issue that the SFVCOG may face in its future. Section 1.1.2 indicates that if something



comes up that is not made clear in this manual, the County fiscal manual policies of the County will prevail until such time as this manual can be updated. Because of the direct relationship between the County, as Fiscal Agent, and the SFVCOG, this statement is necessary. The fiscal agent is bound to the policies established in the County Fiscal manual. It should be noted that the policies in the County Fiscal manual are based on generally accepted standards of internal control, not exclusively specific to the County.

If the SFVCOG selects a different entity to act as fiscal agent, their policies would prevail.

### **1.1.3 California Government Code Section 6500-6536 – Joint Exercise of Powers Act**

The California Government Code Section 6500-6536, known as the Joint Exercise of Powers Act, governs Joint Power Authorities in the State of California. All fiscal matters of the SFVCOG shall be in compliance with this act.

### **1.1.4 Maintenance and Updates to the SFVCOG Fiscal Manual**

The Executive Director of the SFVCOG shall be responsible for maintaining and updating the SFVCOG Fiscal Manual in conjunction with the Fiscal Agent of the SFVCOG. All updates, including but not limited to signature and expenditure authority rules, will be submitted to the Board for approval.

## Chapter 2 —Personnel and Payroll

### 2.1 Personnel and Payroll

#### 2.1.1 Decentralization of Personnel and Payroll

To the extent that the SFVCOG does not directly and explicitly employ any particular employee(s), staff from member agencies assigned to the SFVCOG will not be considered employees of the SFVCOG, but instead such member staff will remain employees of their member agency. All payroll and personnel responsibilities will therefore be decentralized and will remain the responsibility of the staffs' member agencies.

#### 2.1.2 Authority of the Executive Director

While the SFVCOG will not technically employ the employees, the Executive Director may provide day-to-day functional supervision of the staff assigned to the SFVCOG, at the direction of the Board. The Executive Director may also, at his/her discretion, review specific administrative items, such as time records and invoices from any agencies seeking reimbursement for staff services, to ensure the accurate and appropriate accounting of SFVCOG expenditures.

#### 2.1.3 Independent Contractors

The SFVCOG may directly retain independent contractors to perform services as contract employees. The procurement procedures contained in Procurement and Contract manual, along with County procurement procedures and the County Fiscal Manual will govern the fiscal aspects, solicitation, contracting, and payment of these independent contractors. No independent contractors shall be selected without advance approval by the Board of Directors.

We do not have a Procurement and Contract manual, and should approve that in conjunction with approving this Fiscal Manual. There also needs to be a process for hiring or contracting on an incidental basis, as well as for larger scale longer term employment. This should include pre-approving employees and contractors to be in a "bench" position to assist the COG on an as-needed basis. These could include grant writers, and other professional services providers.

There is no need to hold up the adoption of this manual until those are established. Procurement and Contracting are beyond my scope of expertise and someone else will have to weigh in on these policies.

The specific concerns raised will be addressed in the Procurement and Contracting manual. It has been suggested that because of the complexity of these policies and the staffing concerns of the SFVCOG, it might be a better course of action to ask one of the member agencies to provide procurement and contracting services, in the same fashion that the County is providing fiscal and legal services. That is a decision for the Board to consider.

## Chapter 3 — Cash and Receipts

### 3.1 Cash

#### 3.1.1 Description of Cash

Cash includes the following:

- Coin and currency (paper money), and cash equivalents (bank drafts, credit card sales, money orders, government warrants, travelers' and cashiers' checks).
- Checks on hand (personal checks received over the counter, mail, etc.).
- Other liquid assets such as postage (stamps), gift cards, etc.

For purposes of handling, as referred to below, checks should not be the equivalents of cash. Postage stamps have largely been replaced by email, and the occasional and incidental use of stamps should not trigger burdensome administrative processes. Priority Mail transmission of documents, such as contracts and checks being sent to the fiscal agent, are being done using the most efficient and reliable method: Stamps.com, which provides a traceable log record of each piece. This is an example of expenditures included in an electronic (credit card) account and reimbursed to the Executive Director.

I would disagree that a distinction should be made between traditional cash and checks. The internal control procedures of cash and checks should be the same and any future audit will treat the controls of both equally.

In the event that postage is purchased in advance, the postage controls would be put into place. This manual is an attempt to cover any future needs of the SFVCOG that can reasonably be anticipated. If no postage inventory is maintained, then the postage rules will not apply.

I also believe that because we are a governmental agency, we are required to use the most cost effective methods at all times. I don't believe that stamps.com is the most cost effective way of obtaining postage. I believe they charge a service charge for the service.

#### 3.1.2 Objectives of Internal Control over Cash

Cash can easily be converted, temporarily or permanently, to personal use. The highly liquid nature of cash and equivalents requires that strict controls be established over all phases of cash handling operations to limit access to cash such that an individual cannot convert funds for personal use without immediate detection and to provide accurate cash balances for financial reporting and for monitoring cash flow and liquidity.

#### 3.1.3 Internal Controls over Cash

The following internal controls must be followed to maintain the integrity of cash operations.

- Whenever possible, all cash should be sent to the Fiscal Agent directly rather than be received by SFVCOG staff.

This diminishes the role of staff and makes accounting and the processing of payments very difficult. If all checks are sent to the county instead of the COG, staff has no certainty of being informed of their receipt, and no way of being accountable. An example of this is the collection of dues and accrual of interest; the COG currently receives no copies of invoices or records of payments and only learns of these details through quarterly reports generated by the Fiscal Agent. Thus, at any given moment, the general account balance is unknowable.

The controls are in place to maximize the security and accountability of all receipts, not to make the process convenient for staff. The government code is very clear about the accountability of funds and therefore requires a fiscal agent, separate from the JPA to be appointed. A check being sent to an independent third party such as the fiscal agent actually protects staff from the appearance of any impropriety. In a larger agency with more staff, we would require separation of duties and more detailed internal controls. In the absence of more staff, this is a practical alternative.

If you would like monthly reports to the exec director, we can accommodate this request. However, knowing the exact timing of deposits is not really necessary. The Executive Director has full knowledge of the budget and has the authority to spend up to those budgeted amounts. Our office gets Exec Director approval prior to sending out dues invoices and if dues are not received, we inform the Executive Director and the Board. The interest that is earned is minimal and is not included in the budget, so it would not effective your spending authority. At any given moment, the Executive Director can contact the fiscal agent for an up to date account balance if the need arises. The quarterly reporting is our standard practice and has been very successful for many years with all of the other JPAs that we provide services too. They have not indicated a problem with deposits being sent directly to our office.

- Procedures and controls must be established to ensure that timely, accurate and complete records are maintained of all cash transactions by SFVCOG staff.

Again, there has to be differentiation between cash defined as currency and cash as a check or other regular payment or electronic transaction. This might include accruals through an online ticket agent such as EventBrite, where payments are made by registrants electronically. They accrue and are not transmitted to the COG until after the date an event takes place.

Staff time, being the biggest portion of the budget, is the most valuable resource of the COG. Reason and common sense must prevail so that an inordinate amount of staff time is not consumed.

See response above. In an auditor's eyes, there is no distinction between cash and checks. This control describes the importance of maintaining proper controls and

records of all cash transactions. While you have pointed out on several occasions that convenience should prevail, proper internal controls are not always convenient. But proper controls and transparency are imperative.

This control does not prohibit the use of a service such as EventBrite. However, they should be instructed to send the check directly to our office. It is an important and fairly standard internal control that is required of all governmental agencies.

- Receipts must be issued whenever cash is received by SFVCOG staff. A receipt book with duplicate copies is preferable and all receipts must be accounted for. All copies of receipts must be maintained by SFVCOG staff and made available for review by the Fiscal Agent and/or auditors.

This is a responsible approach for face-to-face currency transactions and even for checks received in real time at events and the like. However, in this increasingly electronic world, face-to-face transactions are extremely rare, and the record of transactions may come in a variety of ways such as confirmation emails, etc. The notion of using a single carbon paper receipt book for all transactions seems impractical.

Again, this is an important internal control procedure that should be established to maintain accurate reporting. It is even more important in a small organization where separation of duties is impossible. For all checks received via mail or in person, a receipt should be prepared and sent to the payor. This will ensure that all transactions are accounted for. While I am not alluding to any improper activity to date, in a one man operation, the possibility of checks being improperly endorsed is a real possibility. A controlled receipt process would make this more difficult.

- All cash received by SFVCOG staff must be secured in a locked location and submitted to the Fiscal Agent within one week of receipt for deposit into the SFVCOG account.

In the case of checks, these are currently being forwarded by Priority Mail (or equivalent). The COG has yet to receive any currency cash, but sending currency by mail seems impractical, as is hand delivery to the county offices. There should be a secure means of controlling and depositing any cash currency in a local account—or refusing to accept cash currency altogether.

As discussed previously, there is no distinction, from an internal control standpoint, between currency and checks. They are currently being forwarded but were not always sent in a timely manner. The requirement is that it be stored in a locked location and submitted within 1 week of receipt. All deposits are maintained in the general fund of LA County. A local bank account in the control of the exec director is not an option that any of the other JPAs use and would not be recommended by our office.

If you prefer not to accept currency, you are free to do so.

- Cash in the form of other liquid assets (i.e., postage stamps, etc.) should be monitored centrally. All such liquid assets should be secured in safes or lockable filing cabinets and be restricted for SFVCOG business only.

See 3.3.1 above.

If this doesn't apply, please disregard until such time as it does apply.

## Chapter 3 – Cash and Receipts (con't)

### 3.2 Member Dues

#### 3.2.1 Authority for Collection of Dues

The JPA agreement is the authoritative standard regarding dues. It currently sets the member dues at \$10,000 per entity. Any change to the dues structure will require an amendment to the JPA agreement.

Note: Comparable organizations cover this in their Bylaws. This allows adjustment and future assessment by the Board of Directors. The SFV COG does not yet have Bylaws. Bylaws would need to be authorized and referenced in the JPA.

Until such time as this changes, the fiscal manual should cover what is currently the process.

#### 3.2.2 Collection and Reporting Process

All member agency dues will be billed annually by the Fiscal Agent at the beginning of the Fiscal year, which is July 1. An invoice will be sent directly to the member agency. The Executive Director shall verify and update all contact information prior to the invoices being prepared.

Payment of dues will be sent by the member agencies directly to the Fiscal Agent and deposited in the SFVCOG account upon receipt. A report of dues received will be given to the Board quarterly by the Fiscal Agent.

Follow-up invoices will be sent if dues are not received within three months of the original invoice.

When payments are being made directly to the Fiscal Agent, the executive director needs to be informed (copied) when the billings go out, aging of receivables, and when payments are received.

Concern addressed in response to item 3.1.3



## Chapter 4 – Expenditures

### 4.1 Expenditures

#### 4.1.1 General Internal Controls

Procedures and controls must be established and monitored to ensure that all expenditures are legal, duly authorized, and necessary to perform SFVCOG assigned functions. In addition, there must be assurance that disbursements are recorded accurately, reported promptly, and processed efficiently.

#### 4.1.2 Objectives of Internal Control over Expenditures

The objectives of internal controls over expenditures are to:

- Control (report) and recognize (record) expenditures in the accounting period in which they are incurred.
- Classify expenditures for financial statement reporting and grant recognition purposes.
- Ensure expenditures incurred do not exceed the approved budget without the appropriate authority.
- Ensure expenditures are made in accordance with applicable laws and established SFVCOG policies and procedures.

There should be some reference to the efficient administration and operation of the SFVCOG. Practical approaches can accomplish this without sacrificing security.

In my opinion, including a statement for the efficient administration and operation diminishes the importance of proper internal controls. Governments are not always the most efficient way to do business, but only because the safekeeping of all funds and the need for transparency outweighs the need for convenience. We have a responsibility to the citizens we serve to maintain the highest level of control over the funds.

#### 4.1.3 Budget Process

Prior to each fiscal year, the Executive Director shall develop a budget and it shall be reviewed by the Fiscal Agent. The reviewed budget will be presented to the Board at a regularly scheduled meeting for adoption. All anticipated revenue and expenditures should be included in the budget submitted to the Board. Revenues and expenditures should be budgeted by category. If any adjustments are needed during the year, the Board must approve an amended budget.

Is there a way to deal with activities that span fiscal years, such as special events that have to be planned and begin execution in one year and actually occur in another?

The budget should be adopted to account for any expense that will occur in the fiscal year. Some of these might be for events that will not take place until the next year. It is important to anticipate all expenditure needs during each year.

#### 4.1.4 Expenditure Approval Authorization

The Board is responsible for establishing appropriate limits of expenditure approval authorization. The adopted budget is the authoritative standard for expenditure limits and spending. No expenditures can be paid until a budget is adopted. Expenditures will only be paid to the extent that they are within the amounts budgeted within each category. For example, if the expenditure for office supplies exceeds the budget, the excess budget for travel cannot be used to cover the office supplies expenditure without going back to the Board and adopting an amended budget that adjusts the amounts in each budget category.

Is there a way to deal with activities that span fiscal years, such as special events? This refers to expenditures being "paid" — how does this relate to obligations being "incurred"?

Prior to obligating funds of a future fiscal year, Board approval would be necessary.

## Chapter 4 – Expenditures (con't)

### 4.1 Expenditures (con't)

#### 4.1.5 Expenditure Authorizations Limits

As approved by the Board on October 13, 2011, the expenditure authorization limits are as follows:

- a. The Executive Director is authorized to approve all purchases, invoices, and expenditures within the amounts included in the SFVCOG's adopted budget, with the exception of payments for Executive Director services or reimbursements for authorized expenses.

There should be a provision for any regular budget items (not to be confused with personal expenses) advanced by any staff, such as city staff in the case of having to advance electronic funds (credit cards). In this increasingly electronic world, the majority of all of these smaller transactions are instantaneous—and in most cases no alternative payment methods are offered.

Efficiency in costs, administration and operations requires creating some process to facilitate advancing electronic funds. This is particularly true for an organization of this size and scale. A complex vendor system needs to give way to streamlined 21st Century digital protocols that actually provide a more secure and reliable paper trail than conventional "green visor" systems.

As stated earlier, all of these controls are in place for all of the other JPAs that we



service, without any concerns. They all work with vendors that are willing to invoice for services rather than need electronic payment. They may have to sacrifice convenience to ensure that proper internal controls are in place. There is an occasional payment that they need to advance, such as registration for a conference, etc, that is approved by their Boards. And they consult our office prior to incurring the cost. But day to day operations are handled without the use of personal credit cards. If one of the agencies was providing procurement services, the need to advance funds would not be necessary.

- b. All expenditures above the budgeted amounts must be approved by the Board in advance and an amended budget must be approved.
- c. All invoices related to payment of Executive Director services or reimbursement of authorized expenses must be authorized by the Chair of the Board.

If the budget of the SFVCOG increases significantly, the Board should consider adopting specific dollar thresholds for expenditure authorization authority.

#### **4.1.6 Internal Controls over Expenditures**

All SFVCOG expenditures will be processed and paid by the Fiscal Agent upon submission of an invoice and signed authorization form from the SFVCOG Executive Director or Chair of the Board. All invoices shall be submitted as soon as received, but no later than two weeks after receipt. The Fiscal Agent will pay all invoices within two weeks of receipt.

See 4.1.5(a) above. Contract expenditures, such as for major purchases, consultants and employees, lend themselves to formalities and longer lead times. This 2-4 week turnaround should not be applied to all transactions. It suggests that open accounts and billings can be secured with all vendors of all types—and that they will extend credit without question. Given the SFVCOG's lack of financial history and assets, this is not realistic.

A brief review of the types of transactions from operations in 2012 include mostly piecemeal purchases of incidentals: donuts and bagels, Carbonite off-site backup, registration for events, Stamps.com, Vimeo video costs and video chips, laser refills, special paper, business meetings, food for working lunches, FedEx, UPS, USPS, parking, etc.

I don't understand why all invoices received cannot be submitted for payment within two weeks of receipt. Maybe I misunderstood your comments. It is a practice that has worked without issue for other agencies. Without timely submission of invoices, there is no way for the fiscal agent or the Board to know what the financial state of the SFVCOG is at any time.

While I appreciate your desire to be able to purchase items as needed, this is not realistic from an internal control standpoint. Most vendors are willing to work with an organization such as the SFVCOG.

SFVCOG expenditures shall not be paid by any other method without prior written approval by the Board. At no time shall SFVCOG expenditures be made using a personal credit card or check, except for incidental expenses as indicated in section 4.2.

See 4.1.5(a) and 4.1.6 above. It is not a privilege to have to advance regular expenditures (not to be confused with personal expenses) for COG expenses. There are times when critical decisions have to be made or when electronic transactions are the only alternative. Examples of this would be hotel and venue reservations where a credit card is required, recently placed advertising for the RFP, where a Glendale personnel credit card was used, Vistaprint printing of stationery, online acquisitions of best value or specialized merchandise such as sponsor signage, wholesale printing, table gourds, wreaths and vines, etc.

Barring this option entirely could have very negative results for the efficient administration and operation of the agency. As a practical matter, the chair and Fiscal Agent have full opportunity to question any advance expenditure at the time that reimbursement is sought.

This has been addressed in previous responses.

#### **4.1.7 Payment of Vendors**

The accounting software used by the Fiscal Agent, eCAPS, requires all vendors to have an established vendor code in the system. Before a vendor payment can be processed, the vendor must submit a tax id number so that a vendor code can be established. Prior to selection of a vendor, the Executive Director should verify with the Fiscal Agent that a vendor code already exists. If not, the Executive Director must request the proper tax id information and submit it to the Fiscal Agent so that vendor payments will not be delayed.

There has to be a differentiation between a "vendor" and a simple retailer such as a donut shop or a parking lot. That is not clear in this document. Presumably "vendors" will receive IRS Forms 1099, but the local parking attendant will not.

While the eCAPS software is the system we currently have to rely on, it may not be in the best long-term interest of the SFVCOG to conform to the complex procedures used to accommodate, and be processed by, an agency of over 100,000 employees. The requirements need to be scaled appropriately for an agency of one to five, one that lacks a dedicated processing staff. Comparable agencies have simpler, but no less reliable, systems. In virtually every case, the Executive Director has one (or two) signature check writing authority, allowing for real-time transactions of budgeted amounts.

Prior to us writing a check, a vendor code must be established. It is a system requirement. The Board of Directors has selected the County of Los Angeles to provide fiscal agent services. Until such time as a different fiscal agent is selected, the procedures in place will have to be followed. Although the County as a whole is a very large organization, not all departments and agencies that use our systems are large entities and they all manage to comply. As stated earlier, all of the other JPAs that we service operate in the manner suggested in this document and none of them has an individual checking account.

## **Chapter 4 – Expenditures (con't)**

### **4.1 Expenditures (con't)**

#### **4.1.8 Accounting and Recordkeeping**

All transactions shall be entered into the financial software used by the County and properly recorded based on generally accepted accounting principles. The Fiscal Agent will prepare financial activity reports to the Board each quarter.

The Executive Director shall keep copies of all invoices and any and all documents supporting the expenditures and shall make available on request by the Fiscal Agent, the Board or the audit firm.

### **4.2 Incidental Expenses**

#### **4.2.1 Authority and Limits**

It may be necessary for the Executive Director to incur incidental expenses related to the purchase of food and beverages for official events. However, because of the relatively small budget of the SFVCOG, these expenses should be minimized whenever possible. The Executive Director is authorized to purchase food and beverages for official functions and meetings up to \$100 per occasion with a maximum of \$250 per month. Any individual expenditure above these limits must be approved in advance by the Chair of the Board.

These amounts shall be included as part of the annual budget adopted each year.

**These limits should be increased to at least \$150 and \$500.**

These amounts can be adjusted at the Board's discretion. However, the amounts included would total \$3000 annually or 5% of the core budget annually. Increasing to \$500 per month would amount to 10% of the total core budget. This seems like a significant amount of the budget to be spent on food and entertaining.

### 4.2.2 Types of Authorized Expenses

Food and beverages may **not** be purchased for birthdays, retirements, or holiday parties. The funds appropriated for incidental expenses may be used for breakfast, luncheon, and dinner meetings, conferences and events, and other necessary expenses incidental to the conduct of SFVCOG business.

Authorized expenses include:

- Coffee, other liquid refreshments, and food items for SFVCOG meetings; meetings with individual Board members and/or their representatives, and/or other officials; and meetings of Board-appointed advisory commissions and committees; and
- Refreshments or meals when meeting with SFVCOG business clients, including individuals or organizations which directly or indirectly benefit the community and/or the main mission of the SFVCOG.

This is a very important part of the business of a young organization. We should consider a means of accommodating important "business clients," especially when we are seeking sponsorships, grants, volunteers and pro bono services. A single business meal can yield many times its cost in benefits to the SFVCOG. This is also an expense that requires real-time use of electronic funds (credit card).

I believe those types of expenditures are permitted under this section.

## Chapter 4 – Expenditures (con't)

### 4.2 Incidental Expenses (con't)

#### 4.2.3 Accounting and Record Keeping

The Executive Director shall establish a log to track incidental expenses. The log should show the itemized payments, including the date, reason, amount spent, remaining balance, and authorizing signature. Receipts must be kept and submitted on a monthly basis to the Fiscal Agent along with an approved authorization form from the Chair, for reimbursement. The Fiscal Agent will review for eligibility and reimburse the Executive Director using the pre-established protocols.

## Chapter 5 - Procurement

### 5.1 Procurement

#### 5.1.1 Procurement and Contracting Procedures

Overall SFVCOG procurement and contracting policies and procedures will be governed by County procurement policies and procedures. Exceptions may be made for specific items (such as expenditure authority limitations outlined below) as approved by the SFVCOG Board of Directors.

The County Board of Supervisors has adopted certain policies and programs that were adopted by the County Board of Supervisors to be applied to County purchase orders and service contracts. These policies are specifically excluded when they do not directly relate to the SFVCOG's procurement of goods and services, and are not applicable to SFVCOG procurement and contracting activities.

Because of the complexity of these requirements, a separate SFVCOG Procurement and Contract manual has been established.

The need for Procurement and Contracting Procedures has been raised repeatedly in the record of meetings since the inception of the SFVCOG. Without such policies, it is virtually impossible for the COG to seek expertise and assistance in achieving its goals, such as grant writing. The only alternative has been to seek volunteer and pro bono services, and this has been detrimental to our pursuits. It is recommended that, rather than the County model, models from one of the smaller member cities be used, since they are closer to the scale of the COG.

The Procurement and Contracting Procedures document should be adopted concurrently with the Fiscal Manual as the need is pressing, and their coordination essential.

I agree that the need for a Procurement and Contracting Manual is very important. However, I do not see the need to delay the fiscal manual until such time as one can be developed.

## Chapter 6 - Special Events

### 6.1 Special Events

#### 6.1.1 Definition

Special Events may be held throughout the year to pursue the mission and goals of the SFVCOG. They may be used for fund raising and networking opportunities. An example of this type of event would be the annual Mobility Summit. Internal Controls must be established to ensure the safe keeping of all assets and to ensure the integrity of the SFVCOG and its member agencies.

#### 6.1.2 Approval and Budgeting

All events must be approved in advance by the Board. In addition, a budget for each event should be established and presented to the Board for approval. Whenever possible, budgets for these events should be submitted to the Board for approval at the same time as the annual operating budget is prepared and approved. All potential funding sources and expenditures must be identified. All expenditure limitations and approval authorization requirements as described in Chapter 4 must be followed. No expenditures shall be incurred prior to the approval of the Board.

Please consider that the financial outcome of any event is somewhat fluid based on a number of factors such as content, location, sponsorship interest, issue relevance, etc. Exact expenditures will be relative to success and revenues. With the passing of time, projections and trends will emerge that will be more reliable, but cannot be exact.

Agreed. That is why the process for amending a budget is included.

#### 6.1.3 Event Support and Management

Because of the size and complexity of these events, and to ensure their success, it may be required that the Executive Director needs assistance to administer the various tasks. Each member agency should determine the feasibility of assigning staff from their agency to help with specific functions, such as registration, procurement of supplies, etc. In the absence of support from member agencies, it may be required that the Executive Director contract with individuals to assist in this function. All such arrangements must meet the requirements of Chapter 5 – Procurement and Contracting. In addition, all such costs should be included in the event budget that is approved by the Board. Selection of any support staff must be approved by the Board in advance.

Per Chapter 5, the absence of procurement and contracting procedures will continue to impair performance. While we can request assistance from the members, under the existing JPA, we have no ability to compel their participation.



#### 6.1.4 Registration and Receipt of Cash

To maintain strict accountability of all funds, the procedures in Chapter 3 – Cash, should be followed, including but not limited to the receipting and processing of cash received. It is preferable that all registration fees be sent to the Fiscal Agent directly, rather than handled by staff and forwarded to the Fiscal Agent. If this is not possible, the Executive Director must establish written policies detailing the process and explaining the safe keeping of all cash. All checks must be payable to the SFVCOG and will be deposited into the SFVCOG account maintained by the Fiscal Agent. If a tax id number is required, please contact the Fiscal Agent.

Event registration and sponsorship must be processed through the COG staff prior to deposit. It is critically important for staff to control this in the short term as a means of accommodating and arranging for the highly-detailed nature of special events. During the closing days and hours, matters become quite intense. This would not present a problem in forwarding checks to the Fiscal Agent within the week.

This section does not require that these types of receipts be sent to the Fiscal Agent directly, but suggests that it be done whenever possible. Having someone independent of the one asking for funds is an important internal control to make sure that all checks are being properly endorsed and received. I would disagree that they must be processed through COG staff. The option of sending them directly to our office should be offered. However, when received by COG staff directly, the need to use receipts is very important.

## Chapter 6 - Special Events (con't)

### 6.1 Special Events (con't)

#### 6.1.5 Expenditures

The policies and procedures related to expenditures as outlined in Chapter 4 must be followed for any special events. All expenditures shall be included in the event budget and payment must be made by the Fiscal Agent directly to all vendors. At no time shall any expenditures be made using personal credit cards or cash, unless approved in advance by the Board.

#### 6.1.6 Procurement and Contracting

The Procurement and Contracting Policies outlined in Chapter 5 apply to any and all activities related to Special Events.

See above Section 5 - Special events occur almost entirely in mission-critical real time. Success without disruption depends on the ability to manage the changing landscape on a daily, and even hourly, basis.

While this may be possible in the private sector, the use of public funds requires more detailed, planned out processes that ensure accountability of all funds and to avoid any perception of impropriety.

# Chapter 7 — Grant Management

## 7.1 GRANTS

### 7.1.1 Definition

A grant is an award of funds from a governmental unit or private entity. The award is usually made in response to an application for a specified project, but can occasionally be made for general purposes. The SFVCOG may receive grant monies in two basic ways:

- **Advance Method:** Federal and State agencies will provide advances for their programs that are operated by the SFVCOG. In some cases, funds are received in accordance with a pre-established schedule; others are received upon submission of an estimate of future costs.
- **Claim Reimbursement Method:** For many grants, grantors will reimburse the SFVCOG after the SFVCOG has submitted claims. In these cases, the SFVCOG incurs the expenditure and is then reimbursed.

### 7.1.2 Staff Responsibilities

It is the responsibility of the Executive Director to seek out grant opportunities that would be consistent with the mission and goals of the SFVCOG. Because of the complexity of the various grant compliance requirements, all potential grant documents and requirements must be reviewed by Counsel and the Fiscal Agent prior to being submitted to the Board for consideration.

It is the responsibility of the Executive Director, working in conjunction and cooperation with COG members to identify and seek out grant opportunities that are consistent with the mission and goals of the SFVCOG.

It should be noted that grant seeking will in most cases require contracting with grant writing consultants, and that their skills and compensation should be appropriate to each task, as approved by the Board of Directors. This also requires the pre-qualification of a "bench" of consultants who can be swiftly called upon to render these and other professional services.

This is not an issue for this manual, but should be covered in the procurement and contracting policies.

After review of grant requirements by staff, Counsel and the Fiscal Agent, the Executive Director shall bring all grant applications to the Board for approval prior to submitting them to the grantor agency.

Is the term "review" intended to preempt communications between the Executive Director and Board on draft proposals—or is it simply advisory? Free exchange of information, ideas and open discussion are important.

It is intended that prior to any application being submitted, it is reviewed by the



Counsel and Fiscal agent, and approved by the Board. This would not preempt communications about draft proposals.

### **7.1.3 Acceptance of Grant Awards**

The Board must formally accept all grant awards. The Executive Director does not have the authority to enter into any grant agreements without approval by the Board. Prior to acceptance of any grant award, the Board should ensure that all grant requirements have been properly reviewed and that staffing is sufficient to comply with those requirements throughout the term of the grant.

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## Chapter 7 — Grant Management (con't)

### 7.1 GRANTS (con't)

#### 7.1.4 Internal Controls

The SFVCOG must establish and continually monitor appropriate procedures and controls to ensure that:

- **Grant revenue is maximized.**
  - All potential grant sources are continually explored to ensure maximum grantor funding of SFVCOG operated programs.
  - All grant applications are coordinated with the Board, the Fiscal Agent and SFVCOG Counsel.
  - Contracts with grantors contain the best possible provisions to maximize cost reimbursement including all overheads, if applicable.
- **Expedite receipt of grant monies.**
  - Advances are preferable to cost reimbursement provisions. Electronic fund transfers (EFT) are preferable to mailed checks.
- **Grant revenues are received timely.**
  - Grant receipts must be closely tracked to ensure timely receipt in accordance with contract terms.
  - Drawdowns, whether for advances or claims submitted, should be timely.
- **Grant funds are properly accounted for.**
  - Only those grant monies which are earned are considered revenue and should be posted to eCAPS revenue accounts.
  - Unearned grant monies received must be deposited in a liability account (e.g., Advances Payable, Deferred Revenue, Estimated Third Party Payer Liability) or in an appropriate trust account until earned. The funds must be transferred timely when earned.
  - The SFVCOG should review grant agreements and, if necessary, request that interest be allocated to the trust account and used in accordance with the requirements of the grantor. Normally, interest earned on grant advances would be an offset to SFVCOG costs or used as additional program funding.

## Chapter 7 — Grant Management (con't)

### 7.1 GRANTS (con't)

#### 7.1.4 Internal Controls (con't)

- **Grant funds (receipts and disbursements) are properly reconciled.**  
To ensure proper accounting for grant funds, the SFVCOG, in conjunction with the Fiscal Agent, needs to perform the following monthly:
  - Reconcile total grant receipts by program by fiscal year to eCAPS accounting records and to departmental subsidiary ledgers.
  - Reconcile total grant funds by program by fiscal year to amounts determined to be earned revenue, amounts claimed for which reimbursement has not been received and unearned revenue held in trust.
  - Reconcile SFVCOG records of monies allocated to other agencies (subcontractors) with total grant monies.

The above reconciliations should provide management with information to account for grant utilization and, therefore, maximize the use of grant monies each year.

Most grant programs allow for the recovery of a portion or all direct and indirect (overhead) costs associated with the administration of the particular grant program. Direct costs are generally easily identified. Identification of overhead costs is more difficult. Consult the Auditor Controller, as Fiscal Agent, to determine if overhead costs can be reimbursed.

#### 7.1.5 Grant Accounting Records

The SFVCOG must retain, in an orderly manner by program and grant period, for the time period established by the grantor or until audited, the following types of records for all grant programs:

- Grant revenue ledgers, by type of grant, segregating grant periods. Amounts posted should be referenced to supporting documentation such as remittance advices, drawdown requests, reimbursement claims, etc.
- Grant expenditure ledgers by program and grant period referenced to supporting documentation such as summary time records for direct labor distributions, invoices for direct expenditures, fixed asset invoices, etc.
- Appropriate subsidiary ledgers for subcontracted portions of grants.

## **Chapter 7 — Grant Management (con't)**

### **7.1 GRANTS (con't)**

#### **7.1.5 Grant Accounting Records (con't)**

- Timekeeping records (timecards, or other such records) to support actual labor hours charged to all programs. Time record reconciliations should be built into the system to ensure a total accounting of staff labor hours.
- A grantor approved method for allocating administrative and other indirect costs to grant programs. Allocations should be supported by distribution schedules referenced to supporting documentation such as time records, invoices for direct expenditures, agency billings, indirect cost allocations, etc.
- Grantor claim forms where all entries are referenced to departmental accounting records and related documentation.
- The federal grant by Catalog Federal Domestic Assistance (CFDA) number to ensure that expenditures are spent in compliance with OMB Circular A-133 guidelines.
- Written procedures for all aspects of the grant accounting system.

#### **7.1.6 Reports**

The SVFCOG Executive Director should establish a system to ensure timely reports to:

- Meet all grantor requirements.
- Monitor total grant revenue and expense by grant period, etc.
- Monitor subcontractor expenditures by contract period.
- Ensure timely requests for expenditure reimbursement.

#### **7.1.7 Carryover Receipts**

Carryover receipts are unearned grant revenues that have been received. All such funds should be placed in a liability account or deposited in trust accounts, as applicable. The SFVCOG should follow grantor guidelines as to disposition of these monies. The options generally include using the funds for the program in the subsequent year, using the funds in another program with grantor approval, or returning the funds to the funding agency.

## **Chapter 7 — Grant Management (con't)**

### **7.1 GRANTS (con't)**

#### **7.1.8 Compliance Requirements**

The SFVCOG should determine compliance requirements for each grant program and provide for a system to monitor adherence to the requirements. Appropriate written waivers should be obtained whenever the SFVCOG cannot or does not want to adhere to compliance requirements.

#### **7.1.9 Audits**

Audits of federal grants will be performed annually by an independent accounting firm hired by the Fiscal Agent. This "Single Audit" is coordinated by the Fiscal Agent as lead agency. Audits of grant programs must be performed in accordance with grant requirements.

## Chapter 8 — Capital Asset Management

### 8.1 Capital Asset Management

#### 8.1.1 Introduction

Currently, the SFVCOG has no capital assets. However, if capital assets are acquired, it is imperative that the Board and Executive Director pay particular attention to the safeguarding, custody, replacement, documentation and accountability for all capital assets.

#### 8.1.2 Responsibility for Policies and Procedures

The Executive Director shall be responsible for establishing capital asset policies and procedures that are consistent with the County Fiscal Manual and sound management practices. Internal controls will focus on budgetary control, accurate inventory and tagging of all capital assets, and clear accountability and responsibility for SFVCOG capital assets, including their replacement.

See references to the County Fiscal Manual above.

The policies in the County Fiscal Manual are not specific to the County and can easily be adapted for this agency. When the COG has expanded and grown, and prior to the purchase of any capital assets, policies should be established.

#### 8.1.3 Acquisition of Assets

All acquisitions of capital assets shall be approved by the Board. Payment for all capital assets shall follow the expenditure requirements as detailed in Chapter 4 of this manual.

Should a definition or threshold for "capital assets" be set forth? At what level or category does an accessory or office implement become a "capital asset" for these purposes?

These have not been spelled out because the Board has some discretion in setting these limits. It is more probable that the SFVCOG would have equipment purchases and probably would not purchase land or buildings. The current county policy identifies equipment which includes major movable capital assets (e.g., vehicles, machinery, computer hardware, furniture, etc.) as a capital asset, when it has an expected useful life over one year. Equipment is currently capitalized in the county when the acquisition cost of an individual item is \$5,000 or more. However, the Board may want to lower this threshold. This chapter would be revisited when the Board approves any purchase of assets that may fall into this category.

## Chapter 9 — Travel and Training Policy

### 9.1 Travel and Training Policy

#### 9.1.1 Policy

The Executive Director shall ensure that staff assigned to the SFVCOG follow all County travel and training regulations to ensure the effective control and cost management of these expenses. The County Auditor-Controller annually prepares a memo with the most current travel policies and reimbursement rates.

See references to the County Fiscal Manual above.

As stated previously, because the fiscal agent is the County, we are bound by their policies. Their travel policies are reasonable and consistent with other agencies.

#### 9.1.2 Approval Procedures

All out-of-County travel and training shall receive prior approval of the Chair. The Chair, within the guidelines and expenditure limits established by the County, shall approve all claims for reimbursement of travel and training expenditures. Prior to any travel, please contact the Fiscal Agent for the current travel memo which outlines the limitations for reimbursable costs. Receipts documenting all travel related costs must be submitted prior to travel costs being reimbursed.

See references to the County Fiscal Manual above.

## **Chapter 10 – Annual Audits**

### **10.1 Annual Audits**

#### **10.1.1 Authoritative Guidance**

Section 6505 of the California Government code requires that the Fiscal Agent of all JPAs shall either make or contract with a certified public accountant to make an annual audit of the accounts and records of the JPA. These audits are required to be performed annually. However, at the direction of the Board the audits can be done every 2 years. The minimum requirements of the audit shall conform to the requirements of government code section 26909, and shall conform to generally accepted auditing standards. All reports must be submitted within 12 months from the end of the year under review.

#### **10.1.2 Responsibilities**

The Auditor-Controller of the County of Los Angeles, acting in its capacity as Fiscal Agent for the SFVCOG, shall hire an Accounting Firm to conduct annual audits. The Fiscal Agent shall prepare the contract and manage the audit. The Executive Director shall be required to make all records available upon request and to meet with the auditors at an agreed upon location and time to assist in the audit process.

The auditors may request to meet with specific members of the Board or other parties that may be able to assist in the process. All Board members and staff should make every effort to cooperate during the audit process.

#### **10.1.3 Communication to the Board**

The Fiscal Agent and/or the audit firm shall communicate the results of the audit to the Board. Any other issues arising during the audit process will also be communicated to the Board.

#### **10.1.4 Cost**

The SFVCOG is responsible for all costs related to the annual audit. The annual budget shall include an item for audit costs. The audit firm will submit an invoice to the Fiscal Agent who is responsible for verifying the validity of all costs and receipt of deliverables. The invoice will be submitted to the Executive Director for formal authorization.







**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

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**FINANCE BUDGET AND AUDIT COMMITTEE  
MARCH 20, 2013  
EXECUTIVE MANAGEMENT COMMITTEE  
MARCH 21, 2013**

**SUBJECT: MEASURE R PROJECT FINANCE ACCELERATION PLAN**

**ACTION: ISSUE A NOTICE TO AMEND MEASURE R**

**RECOMMENDATION**

Issue the appropriate notices to enable an amendment to the Measure R Expenditure Plan to advance "Funds Available Beginning" dates for transit corridor projects as shown in the Proposed Measure R Expenditure Plan in Attachment A.

**ISSUE**

In January 2013, we were directed to proceed with the planning and environmental analysis of all Measure R projects including those scheduled for delivery in the second and third decades, with the assumption that non-Measure J finance strategies could be secured to deliver these projects earlier than scheduled in the adopted 2009 Long Range Transportation Plan (LRTP). The LACMTA Board of Directors further directed that, before any suggested strategies are placed into action or are further articulated, we were to return to the Board in March 2013 with the following analysis as part of the financial strategy:

- A. A strategy for keeping all second and third decade projects in shelf-ready condition for federal funding on an accelerated schedule on an equal footing; including funding plans consistent with the LRTP (Attachment B, the Shelf-Ready Condition Strategy for 2nd and 3rd Decade Projects);
- B. Identification and funding requirements for state of good repair and major rehabilitation through the second and third decades (see Attachment C, a report on the Status of State of Good Repair Analysis);
- C. More detail on cash flow requirements to fund operations, state of good repair, call for projects, and other programs in an accelerated environment that includes bonding against Proposition A and Proposition C revenues (See summary information in Attachment D, the Measure R Project Finance Acceleration Plan);

- D. Detail on the proposed "financial and process paths" to pursue with the FTA on the South Bay Green Line Extension, Eastside Gold Line Phase II Extension, West Santa Ana Branch, Gold Line Foothill Extension and Airport Metro Connector (Attachment B);
- E. Develop funding plans for the remaining 12 highway initiatives that are in the planning stage or not under consideration for Public/Private Partnerships. These plans should include anticipated Master Credit Agreements and Transportation Infrastructure Finance and Innovation Act (TIFIA) programming commitments (Attachment E, the Funding Plan for Non-P3 Highway Initiatives in Planning Stages); and,
- F. Estimate of the public investment required to support Public/Private investment (environmental review, right-of-way, and other costs) (Attachment F, the Public/ Private Partnership Investment Analysis).

## **DISCUSSION**

Economic Recovery: We continue to enjoy an economic recovery, making it easier for State and Federal funding partners to keep their commitments and yielding increased sales tax receipts relative to the depths of the worldwide economic downturn. As shown in Attachments D, the actual sales tax receipts have tracked well since our last forecast update was received from UCLA in late 2011. The 2012 update to the UCLA Anderson Forecast includes a taxable retail sales component that shows an overall decrease relative to the prior Forecast, but is close enough that counter-balancing changes in interest cost assumptions for our planned borrowing can adequately address any problems presented by the lower forecast.

State of Good Repair: Our State of Good Repair study results are not yet completed, but significant progress has been made as we respond to the LACMTA Board of Directors request and a national policy effort on the part of the Federal Transit Administration to improve State of Good Repair practices by carefully studying these needs and identifying their anticipated cost and funding. As shown in Attachment C and D, we are using preliminary data from the study to insure that we have adequately provided for State of Good Repair needs going forward.

LACMTA 30/10 Policy: This report addresses the financial aspects of a funding strategy to implement second and third decade projects in the next ten years, consistent with the LRTP and the LACMTA Board of Director's 30/10 Policy. The 30/10 policy was approved at the LACMTA Board of Director's April 2010 meeting with the direction to pursue efforts to accelerate both transit and highway projects. The approved policy in support of the "30/10 Initiative" is subject to the policies and conditions in Attachment G.

The Measure R Project Finance Expenditure Plan in Attachment D meets all the policies and conditions set forth in the adopted policy in Attachment G.

Measure R Amendment: The Measure R Expenditure Plan approved by the voters precludes the accelerated expenditure of Measure R funds on certain transit projects before the dates shown in Attachment A in the "Funds Available Beginning" column of the Expenditure Plan on page 2. Those dates need to be amended to begin expending Measure R funds on those projects to complete their construction within the accelerated schedule. No changes to the Highway Capital project dates are required to permit acceleration efforts because Measure R flexibly described them as "To Be Determined". The LACMTA 30/10 policy in Attachment G requires, in part, that the LACMTA Board of Director's adopt an accelerated project delivery schedule prior to implementing any 30/10 plan. When we bring the Measure R Expenditure Plan amendment to the LACMTA Board of Director's for formal approval, we will recommend adoption of the accelerated project delivery schedules.

### **DETERMINATION OF SAFETY IMPACT**

Proper planning for both State of Good Repair investments and transportation capital project acceleration has substantial long term safety benefits. State of Good Repair investments, when implemented, prevent safety incidents related to equipment breakdowns and other unanticipated problems.

### **FINANCIAL IMPACT**

The adoption of a Measure R Project Finance Acceleration Plan, if fully implemented, will have profound financial impacts. The \$21 billion Measure R Project Finance Acceleration Plan for transportation improvements is shown Attachment D on pages 24 and 25. In addition to the Measure R projects, the Plan includes all the anticipated public investments for transportation operating and maintenance needs for the existing transportation system. The operations and maintenance costs are estimated to be valued at over \$45 billion in the first decade. In total, the Acceleration Plan will guide the investment of a \$21 billion portion of a total public transportation investment of over \$66 billion in the first decade of the LRTP. From construction and right-of-way costs to operating and maintenance costs, we have included the anticipated financial impacts in the Measure R Project Finance Acceleration Plan. Highway operating and maintenance costs are borne by Caltrans and other local agencies. Transit impacts are primarily funded by or through the LACMTA.

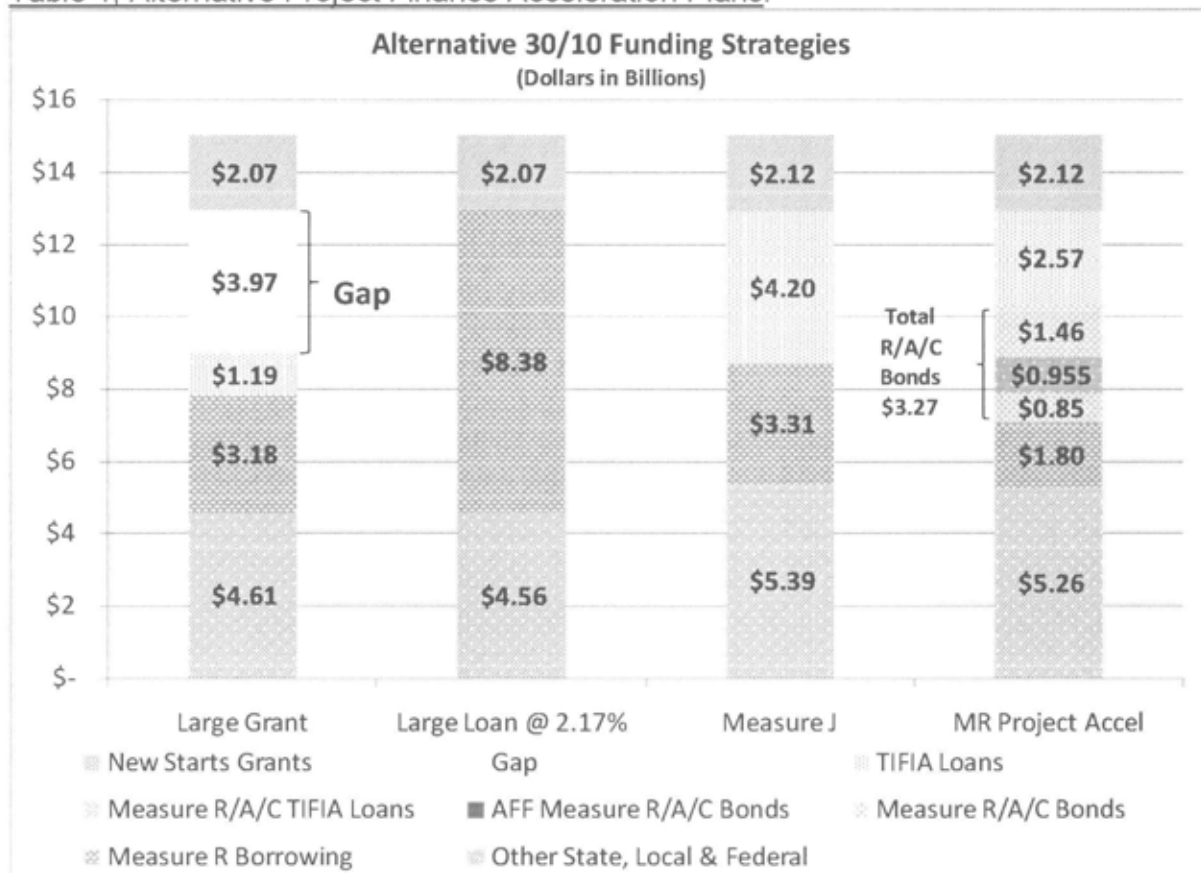
### **IMPACT TO BUS AND RAIL OPERATING AND CAPITAL**

The Measure R Project Finance Acceleration Plan has positive impacts on bus and rail capital improvements and their ongoing repair needs. It requires funding for new operating and maintenance costs for the Measure R projects that are accelerated. We show that these added costs can be met, in part, with Measure R funds in Attachment D, pages 30 and 35.

## ALTERNATIVES CONSIDERED

The LACMTA Board of Directors has considered numerous alternatives to enable acceleration of Measure R projects, as shown in Table 1. The "Large Grant" alternative identifies the funds necessary to accelerate all Measure R transit corridor projects using a single large grant (the shortfall). The "Large Loan" approach explored the availability of a Sovereign Wealth Fund loan that would close the shortfall. The Measure J approach was an extension of Measure R for 30 years coupled with longer term borrowing. The "Measure R/A/C" acceleration concept recommended in this report builds on previous work and assumes that Proposition A and Proposition C will be used to make repayments in 2040 and beyond, after the expiration of Measure R.

Table 1, Alternative Project Finance Acceleration Plans:



## NEXT STEPS

If the LACMTA Board of Directors approves the issuance of requisite notices, we will begin all necessary steps for processing an amendment to the Measure R Expenditure Plan. If the amendment is approved, we will seek to amend the pending TIFIA Transit Master Credit Agreement Letter of Interest to reflect a new total of up to \$2.05 billion for the Regional Connector and Westside Subway Extension projects.

For the Measure R highway program, we will begin work with the sub-regions to identify specific highway projects to accelerate. During this process, we will evaluate any proposals to reprogram Measure R capital project funding from highway to transit and from transit to highway. According to the Measure R Ordinance, any such proposal could not be approved prior to FY 2019.

We will also prepare a new Master Credit Agreement Letter of Interest for up to \$1.50 billion for above ground elements of Measure R transit projects and up to \$950 million for Measure R highway projects. Finally, we will begin preparing a trust indenture for bonds to be secured with Measure R, Proposition A and Proposition C revenues.

#### **ATTACHMENT(S)**

Attachment A: Proposed Measure R Expenditure Plan Amendments  
Attachment B: Self-Ready Condition Strategy for 2nd and 3rd Decade Transit Projects  
Attachment C: Report on the Status of State of Good Repair Analysis  
Attachment D: Measure R Project Finance Acceleration Plan  
Attachment E: Funding Plan for Non-P3 Highway Initiatives in Planning Stages  
Attachment F: Public/Private Partnership Investment Analysis  
Attachment G: LACMTA Board of Director's Policies and Conditions for 30/10 Initiative

Prepared by: David Yale  
Executive Officer, Countywide Planning and Programming  
213-922-2469

  
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Martha Welborne, FAIA  
Executive Director, Countywide Planning

  
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for Arthur T. Leahy  
Chief Executive Officer

One-Half Cent Sales Tax for Transportation Outline of Expenditure Categories Sunsets in 30-Years: Fiscal Year (FY ) 2010 - 2039 (millions)			ATTACHMENT A Proposed Amendment			
Subfund	Program	% of Sales Tax (net of administration)	First Year Amount	10-Year Amount	30-Year Amount	
Transit Capital	New Rail and/or Bus Rapid Transit Capital Projects - project definition depends on final environmental review process	35%	\$ 241	\$ 2,930	\$ 13,790	
Transit Capital	Metrolink Capital Improvement Projects within Los Angeles County (Operations, Maintenance, and Expansion)	3%	\$ 21	\$ 251	\$ 1,182	
Transit Capital	Metro Rail Capital - System Improvements, Rail Yards, and Rail Cars	2%	\$ 14	\$ 167	\$ 788	
Highway Capital	Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls	20%	\$ 138	\$ 1,675	\$ 7,880	
Operations	Rail Operations (New Transit Project Operations and Maintenance)	5%	\$ 34	\$ 419	\$ 1,970	
Operations	Bus Operations (Countywide Bus Service Operations, Maintenance, and Expansion. Suspend a scheduled July 1, 2009 Metro fare increase for one year and freeze all Metro Student, Senior, Disabled, and Medicare fares through June 30, 2013 by instead using Metro's Formula Allocation Procedure share of this subfund.)	20%	\$ 138	\$ 1,675	\$ 7,880	
Local Return	Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit. (Local Return to the Incorporated Cities within Los Angeles County and to Los Angeles County for the Unincorporated Area of the County on a Per Capita Basis.)	15%	\$ 103	\$ 1,256	\$ 5,910	
<b>TOTAL PROGRAMS</b>		<b>100%</b>	<b>\$ 689</b>	<b>\$ 8,373</b>	<b>\$ 39,400</b>	
1.5% for Administration			\$ 11	\$ 127	\$ 600	
<b>GRAND TOTAL</b>			<b>\$ 700</b>	<b>\$ 8,500</b>	<b>\$ 40,000</b>	

One-Half Cent Sales Tax for Transportation: Expenditure Plan

30 Years, Fiscal Year (FY) 2010 - 2039

As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008

(\$ in millions)

ATTACHMENT A  
Proposed Amendment

(\$ in millions)

for reference only - not priority order	Subfund	Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)	Cost Estimate	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
				Minimum	Additional	Total	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
1	Transit Capital Projects	Transit Projects:New Rail and/or Bus Rapid Transit Capital Projects.Could include rail improvements or exclusive bus rapid transit improvements in designated corridors.									
2			Escalated \$								
3		Eastside Light Rail Access (Gold Line)	\$ 30	\$ 30	\$ -	\$ 30	\$ -	\$ -	\$ -	FY 2010	FY 2013
4		Exposition Boulevard Light Rail Transit	\$ 1,632 <sup>a</sup>	\$ 925	\$ -	\$ 925	\$ -	\$ 353	\$ 354	FY 2010-12	FY 2013-15
5		Metro and Municipal Regional Clean Fuel Bus Capital Facilities and Rolling Stock (Metro's share to be used for clean fuel buses)	\$ 150	\$ 150	\$ -	\$ 150	\$ -	\$ -	\$ -	FY 2010	FY 2039
6		Regional Connector (links local rail lines)	\$ 1,320	\$ 160	\$ -	\$ 160	\$ 708	\$ 186	\$ 266 <sup>b</sup>	<del>FY 2014-16</del> FY 2013-16	FY 2023-25
7			Current 2008 \$								
8		Crenshaw Transit Corridor - <u>project acceleration</u>	\$ 1,470	\$ 235.5	\$ 971.5	\$ 1,207	To be determined		\$ 263 <sup>c</sup>	FY 2010-12	FY 2016-18
9		Gold Line Eastside Extension	\$ 1,310	\$ -	\$ 1,271	\$ 1,271			\$ 39	<del>FY 2022-24</del> FY 2013-24	FY 2033-35
10		Gold Line Foothill Light Rail Transit Extension	\$ 758	\$ 735	\$ -	\$ 735			\$ 23	FY 2010-12	FY 2015-17
11		Green Line Extension to Los Angeles International Airport	\$ 200	\$ -	\$ 200	\$ 200			TBD <sup>d</sup>	FY 2010-12	FY 2015-28 <sup>d</sup>
12		Green Line Extension: Redondo Beach Station to South Bay Corridor	\$ 280	\$ -	\$ 272	\$ 272			\$ 8	<del>FY 2028-30</del> FY 2013-30	FY 2033-35
13		San Fernando Valley I-405 Corridor Connection (match to total project cost)	TBD	\$ -	\$ 1,000	\$ 1,000			\$ 31	<del>FY 2030-32</del> FY 2013-32	FY 2038-39
14		San Fernando Valley North-South Rapidways (Canoga Corridor) - <u>project acceleration</u>	\$ 188	\$ 32 <sup>e</sup>	\$ 150	\$ 182			\$ 6	FY 2010-12	FY 2014-16
15		San Fernando Valley East North-South Rapidways - <u>project acceleration</u>	\$ 70	\$ 68.5 <sup>e</sup>	\$ -	\$ 68.5			\$ 2	FY 2013-15	FY 2016-18
16		West Santa Ana Branch Corridor (match to total project cost)	TBD	\$ -	\$ 240	\$ 240			\$ 7	<del>FY 2015-17*</del> FY 2013-17*	FY 2025-27*
17		Westside Subway Extension - to be opened in segments	\$ 4,200 <sup>f</sup>	\$ 900	\$ 3,174	\$ 4,074		\$ 126	FY 2013-15	FY 2034-36	
18	Capital Project Contingency (Transit)-Escalation Allowance for lines 8-17 to be based on year of construction	\$ 7,331	\$ 173	\$ 3,103	\$ 3,276	\$ 2,200	\$ 1,015	\$ 840 <sup>g</sup>	FY 2010	FY 2039	
19	Total New Rail and/or Bus Rapid Transit Capital Projects		\$ 18,939 <sup>h</sup>	\$ 3,408.5	\$ 10,381.5	\$ 13,790	\$ 2,908	\$ 1,554	\$ 1,965	FY 2010	FY 2039

Measure R Project Finance Acceleration Plan

Page 8



for reference only - not priority order	Subfund	Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)	Cost Estimate	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
				Minimum	Additional	Total	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
20	Highway Capital Projects	Highway Projects: Capital Projects - Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls									
21			Escalated \$								
22		Alameda Corridor East Grade Separations Phase II	\$ 1,123	\$ 200	\$ 200	\$ 400	\$ 200	\$ 336	\$ 187 <sup>i</sup>	As funds become available	
23		BNSF Grade Separations in Gateway Cities	\$ 35	\$ -	\$ 35	\$ 35	\$ -	\$ -	\$ -	As funds become available	
24		Countywide Soundwall Construction (Metro regional list and Monterey Park/SR-60)	\$ 250	\$ 250	\$ -	\$ 250	\$ -	\$ -	\$ -	FY 2010	FY 2039
25		High Desert Corridor (environmental)	\$ 33	\$ -	\$ 33	\$ 33	\$ -	\$ -	\$ -	As funds become available	
26		Interstate 5 / St. Route 14 Capacity Enhancement	\$ 161	\$ 90.8	\$ -	90.8	\$ 15	\$ 41	\$ 14 <sup>j</sup>	FY 2010	FY 2013-15
27		Interstate 5 Capacity Enhancement from I-605 to Orange County Line	\$ 1,240	\$ 264.8	\$ -	\$ 264.8	\$ 78	\$ 834	\$ 63 <sup>j</sup>	FY 2010	FY 2016-17
28		I-5 Capacity Enhancement from SR-134 to SR-170	\$ 610	\$ 271.5	\$ -	\$ 271.5	\$ 50	\$ 264	\$ 24 <sup>j</sup>	FY 2010	FY 2013
29		I-5 Carmenita Road Interchange Improvement	\$ 389	\$ 138	\$ -	\$ 138	\$ 97	\$ 154	\$ - <sup>j</sup>	FY 2010	FY 2015
30			Current 2008 \$								
31		Highway Operational Improvements in Arroyo Verdugo subregion	\$ 170	\$ -	\$ 170	\$ 170	To be determined			As funds become available	
32		Highway Operational Improvements in Las Virgenes/Malibu subregion	\$ 175	\$ -	\$ 175	\$ 175					
33		Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)	\$ 906	\$ -	\$ 906	\$ 906					
34		Interstate 5 North Capacity Enhancements from SR- 14 to Kern County Line (Truck Lanes)	\$ 2,800	\$ -	\$ 410	\$ 410					
35		Interstate 605 Corridor "Hot Spot" Interchanges	\$ 2,410	\$ -	\$ 590	\$ 590					
36		Interstate 710 North Gap Closure (tunnel)	\$ 3,730	\$ -	\$ 780	\$ 780					
37		Interstate 710 South and/or Early Action Projects	\$ 5,460	\$ -	\$ 590	\$ 590					
38		State Route 138 Capacity Enhancements	\$ 270	\$ -	\$ 200	\$ 200					
39		Capital Project Contingency (Highway)-Escalation Allowance for lines 31-38 to be based on year of construction	\$ 2,575	\$ -	\$ 2,575.9	\$ 2,576					
40	Total Capital Projects Highway: Carpool Lanes, Highways, Goods Movements, Grade Separations, and Soundwalls		\$ 22,337	\$ 1,215.1	\$ 6,664.9	\$ 7,880	TBD	TBD	\$ 288	FY 2010	FY 2039

for reference only - not priority order	Subfund	Operating and Capital Programs	Percent of New Sales Tax Net Revenues	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
				Minimum	Additional	Total Escalated	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
41	Ops	Bus Operations (Countywide Bus Service Operations, Maintenance, and Expansion. Suspend a scheduled July 1, 2009 Metro fare increase for one year and freeze all Metro Student, Senior, Disabled, and Medicare fares through June 30, 2013 by instead using Metro's Formula Allocation Procedure share of this subfund.)	20%	\$ -	\$ 7,880	\$ 7,880 <sup>k</sup>	Not Applicable			FY 2010	FY 2039
42	Ops	Rail Operations (New Transit Project Operations and Maintenance)	5%	\$ -	\$ 1,970	\$ 1,970 <sup>k</sup>				FY 2010	FY 2039
43	Local Return	Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit.	15% <sup>l</sup>	\$ 250	\$ 5,660	\$ 5,910 <sup>k</sup>				FY 2010	FY 2039
44	Tran. Cap.	Metro Rail Capital Projects - System Improvements, Rail Yards, and Rail Cars	2%	\$ -	\$ 788	\$ 788 <sup>k</sup>				FY 2010	FY 2039
45	Tran. Cap.	Metrolink Capital Improvement Projects within Los Angeles County (Operations, Maintenance, and Expansion)	3%	\$ 70	\$ 1,112	\$ 1,182 <sup>k</sup>				FY 2010	FY 2039
46		<b>Subtotal Transit and Highway Capital Projects</b>	<b>\$ 41,276<sup>m</sup></b>	<b>\$ 4,623.6</b>	<b>\$ 17,046</b>	<b>\$ 21,670</b>	<b>\$ 2,908</b>	<b>\$ 1,554</b>	<b>\$ 2,253</b>	FY 2010	FY 2039
47		<b>Subtotal page 4</b>		<b>\$ 320.0</b>	<b>\$ 17,410</b>	<b>\$ 17,730</b>	Not Applicable				
48		1.5% for Administration	N/A	\$ 10	\$ 590	\$ 600				FY 2010	FY 2039
49		<b>Total</b>		<b>\$ 4,953.6</b>	<b>\$ 35,046</b>	<b>\$ 40,000</b>	<b>\$ 2,908</b>	<b>\$ 1,554</b>	<b>\$ 2,253</b>	FY 2010	FY 2039

Notes:

- The Exposition Blvd Light Rail Transit project includes the following funds: Prop 1B Transit Modernization funds (\$250 M), State Transportation Improvement Program funds (\$103 M), Metro Propositions A and C funds (\$354 M).
  - Systemwide ridership forecasts indicate need for a Regional Connector downtown. This expenditure plan assumes that Metro Long Range Transportation Plan funds freed-up from the Exposition Phase II project by passage of this sales tax will be redirected to the Regional Connector project by the Metro Board.
  - Local funding for the Crenshaw Transit Corridor assumes a 3% local contribution (\$44 M) and a Metro Long Range Transportation Plan contribution (\$219 M).
  - Local funding target and project schedule to be determined due to potential LAX contribution. First segment is included in the Crenshaw project.
  - The San Fernando Valley North-South Rapidways minimum of \$100 M is divided between the East and Canoga segments.
  - Unescalated cost estimate to Westwood.
  - Assumes a 3% local contribution to the Escalation Allowance (\$225 M) and a Metro Long Range Transportation Plan contribution for project scheduling risk (\$615 M).
  - Total new rail and/or bus rapid transit capital projects cost estimate subject to change when cost estimates are developed for the San Fernando Valley I-405 Corridor Connection (line 13) and the West Santa Ana Branch Corridor (line 16).
  - The precise amounts of Federal and local funding for the Alameda Corridor East Grade Separations Phase II project are subject to change.
  - For projects funded from other sources on or before December 31, 2008, the funds freed-up by passage of this sales tax shall remain in the subregion in which the project is located for projects or programs of regional significance (per AB 2321).
  - Amounts are estimates. Actual amounts will be based on percentage of actual sales tax receipts net of administration.
  - Local Return to the incorporated cities within Los Angeles County and to Los Angeles County for the unincorporated area of the County on a per capita basis per annual California Department of Finance population data.
  - The total project cost estimate for the transit and highway capital projects of \$41.2 B includes \$12.9 B in as yet unidentified federal, state, local, and public-private partnership funds for highway projects.
- Legend: Ops = Operations; Tran. Cap. = Transit Capital; SR = State Route; I = Interstate
- \* The West Santa Ana Branch matching funds would be accelerated by utilizing Long Range Transportation Plan resources freed-up by the use of new sales tax funds on the Interstate 5 Capacity Enhancement from I-605 to Orange County Line project (line 27).

## ATTACHMENT B Part 1 (Transit)

### Measure R Project Finance Acceleration Plan:

#### Part 1: Shelf-Ready Condition Strategy for 2nd and 3rd Decade Transit Projects

Assuming FTA finds that the Measure R financial acceleration plan is seen as viable, LACMTA will continue to pursue each second and third decade project as shown below.

##### *Westside Subway*

There are three sections of the Westside Subway Extension. All three sections were included in the Final Environmental Impact Statement/Report (FEIS/R) that was certified by the Board and approved by the FTA. The first section of the project to La Cienega is moving forward toward construction. The remaining sections would be built in the second and third decades. The Transit Project Delivery Department will proceed with the procurement of a Design/Build contractor for the first section only, and with the negotiation of a Full Funding Grant Agreement (FFGA) for that section (with provisions for FFGA amendments to cover the future sections). Construction on the first section is expected to start in the spring of 2014. Since a Federal Record of Decision has been received, and per Board direction in January, 2013, the second section will proceed with Preliminary Engineering which is well underway in order to complete the Design/Build package so it is ready for advertisement when funding sources are identified.

##### *Airport Metro Connector*

The Airport Metro Connector project is a second decade project in the LRTP. However, the Measure R Expenditure Plan allows for the acceleration of this project if the Los Angeles World Airports (LAWA) provides funding. The Alternatives Analysis phase of work was completed and received by the Board in April 2012. We have not begun the draft environmental analysis due to on-going discussions with LAWA, the FTA, and the Federal Aviation Administration (FAA). In February 2013, the LAWA Board of Airport Commissioners and the City of Los Angeles Planning Commission approved the LAWA Specific Plan Amendment Study Locally Preferred Alternative which committed to using an Automated People Mover (APM). LAWA staff also identified three potential locations where the APM could connect with LACMTA's light rail system. Staff will continue to work with LAWA on the technical analysis that will become the basis of the draft environmental work. The environmental work will begin once the FTA and FAA give clearance to begin. At the December 2012 Board meeting, staff was instructed to study the possibility of using a P3 approach in order to accelerate this project. That study is being undertaken.

##### *South Bay Green Line Extension*

The Draft Environmental Impact Statement/Report (DEIS/R) for the South Bay Green Line Extension has been completed and is being reviewed by the FTA. In order to proceed with this project, we will work with FTA to get their agreement that we can

distribute the DEIS/R to the public. We will then proceed with final environmental work and initiation of Advanced Conceptual Engineering.

#### *Eastside Gold Line Phase 2 Extension*

The Eastside Gold Line Extension Phase 2 is in much the same situation as the South Bay Green Line Extension. This project is also a third decade project and its DEIS/R is being reviewed by the FTA and the Cooperating agencies. As above, once FTA allows for the distribution of the DEIS/R to the public, we will do so. This will be followed by the completion of the final environmental work and initiation of the Advanced Conceptual Engineering.

#### *West Santa Ana Branch*

The West Santa Ana Branch Corridor is the Los Angeles County portion of a 34-mile corridor that also stretches into Orange County. This project is a second decade project. SCAG led the AA work on this project because it spans two counties. The SCAG Regional Council approved the AA in February 2013. LACMTA would lead further efforts on the portion of the Corridor in Los Angeles County, and OCTA would lead any further efforts in Orange County. We will initiate work on a Technical Refinement Study on the Los Angeles portion to further evaluate technical challenges identified by the SCAG AA prior to proceeding into environmental clearance.

#### *Gold Line Foothill Extension Phase 2B*

The Metro Gold Line Foothill Extension Construction Authority (Authority) is the lead agency for the final environmental clearance for Phase 2B of the Gold Line which extends the line from Azusa to Montclair. The Authority released the FEIR for this phase on February 14, 2013 and is scheduled to certify the document on March 6, 2013. LACMTA will continue to work with the Authority to further advance the project, including the preparation of the federal EIS to qualify the project for federal funding, contingent upon sufficient funds remaining from Phase 2A.

#### *Sepulveda Pass Corridor*

The last of the twelve Measure R transit projects is the Sepulveda Pass Corridor. We completed the Systems Planning Study which was received by the Board in December 2012. The study identified the potential for new revenues from net-positive user charges or tolls. At the December 2012 Board meeting, the Board approved proceeding with testing the viability of a P3 approach through the selection of a private sector developer for the project through a Pre-Development Agreement. With private sector financing, there is the possibility that the project can be accelerated. Any private sector financing would be based on anticipated revenues generated from a toll facility that would link the San Fernando Valley to the Westside.

## ATTACHMENT B, Part 2 (Highway)

### Measure R Project Finance Acceleration Plan:

#### Part 2: Shelf-Ready Condition Strategy for 2nd and 3rd Decade Highway Projects

LACMTA's approach to complete each of the Measure R Highway Categories is described below:

1. **Alameda Corridor East Grade Separation Phase II** – Continue design, Right-of-Way acquisition, and construction of Phase II projects. Currently, the San Gabriel Trench is under construction with an estimated completion in 2017. Furthermore, grade separation projects on Puente Ave., Fairway Drive, and Fullerton Ave. (City of Industry) and Hamilton Blvd. (Pomona) are in varying stages of design and ROW acquisition.
2. **BNSF Grade Separation in Gateway Cities** – Complete on-going construction at Valley View Ave and close out project by 2014. We will work with the Gateway Cities subregion to develop and implement grade separation projects.
3. **Countywide Soundwall Construction** – Complete the on-going construction projects and continue to explore the feasibility of constructing Packages 10 and 11 as part of the bundled highway improvement projects in the Accelerated Regional Transportation Improvements (ARTI) package using P3 as a delivery mechanism.
4. **High Desert Corridor (Environmental)** – Complete the environmental document and continue to explore the feasibility to complete this strategic multi-purpose corridor using P3.
5. **I-5/St Route 14 Capacity Enhancement** – Complete construction and close out project by 2015.
6. **Interstate 5 Capacity Enhancement from I-605 to Orange County Line** – Complete the on-going construction projects on the first four segments and work with the State of California and the Gateway Cities subregion to identify funding options for completing the last segment; Complete construction and close out projects by 2017 or beyond.
7. **Interstate 5 Capacity Enhancement from SR-134 to SR-170** – Complete construction and close out project by 2018.
8. **Interstate 5/Carmenita Rd Interchange Improvement** – Complete the on-going construction project and close out the project by 2015.

9. **Highway Operational Improvements in Arroyo Verdugo** – Complete the delivery of the Board approved project list through FY 2019 and continue to develop the list of projects to be delivered from FY 2020 through the third decade.
10. **Highway Operational Improvements in Las Virgenes/Malibu** – Complete the delivery of the Board approved project list through FY 2019 and continue to develop the list of projects to be delivered in the third decade as remaining funds are only available from FY 2024 through FY 2033.
11. **Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)** – Complete the delivery of the Board approved project list through FY 2019 and continue to develop the list of projects from FY 2020 through the third decade.
12. **Interstate 5 North Capacity Enhancements from SR-14 to Kern County Line** – Complete the construction of Phase 1 (truck lanes from SR-14 to Pico Canyon), continue to explore the feasibility of delivering Phase 2a (High Occupancy/Express lanes from SR-14 to Parker Road) as part of the ARTI package using P3 as a delivery mechanism, and be responsive for directives, if any, to initiate Phase 2b (capacity enhancement from Parker Road towards Kern County Line) and continue to explore P3 opportunities to implement Phase 2b.
13. **Interstate 605 Corridor “Hot Spot” Interchanges** – Continue to work with the Gateway Cities subregion to identify, develop and deliver new projects consistent with the LRTP through the third decade.
14. **State Route 710 North Gap Closure** – Complete the environmental document consistent with the LRTP.
15. **Interstate 710 South and/or Early Action Projects** – Complete the environmental document for I-710 South and delivery of the Board approved list of I-710 Early Action Projects consistent with the LRTP; work with Gateway Cities subregion to develop the list of Early Action Projects to be delivered through the second decade.
16. **State Route 138 Capacity Enhancements** – Complete the delivery of the Board approved project list through 2022 and explore funding strategies to complete the proposed capital improvements as needed.

## Approach for Highway TIFIA Opportunities

Measure R provides less than 30% of the funds needed to complete the highway project categories approved by the voters. The remaining 70% of funding sources include Proposition C, Congestion Mitigation and Air Quality Improvement (CMAQ), State Transportation Improvement Program (STIP), Regional Surface Transportation Program (RSTP), toll revenues, and other, as yet unidentified funds. Additionally only a portion of the Measure R highway projects are defined at this point and the rest of the program can only be defined progressively over time. Though we believe the effective approach for LACMTA's highway projects may be to secure TIFIA loans for each project individually instead of collectively in a TIFIA MCA, we do not need to make that decision until more specific Measure R project lists emerge.

Currently five highway projects have been identified as primary TIFIA loan applicants for accelerated delivery. As more projects are progressively identified and developed over the course of Measure R, additional needs for a TIFIA loan will be then specified. The target time frame for Letter of Interest (LOI) submittals for the known projects is summarized in the following table:

Project	Est. Cost (\$M)	TIFIA Measure R Only (\$M)	TIFIA Non-LACMTA Funds (\$M)	Draft Env. Doc. Circulation	Target LOI Submittal	Target Financial Close Year
ARTI	700	Allocation TBD	231	Done	March 2013	Spring 2014
HDC	3,500		1,155	Fall 2013	November 2014	Fall 2014
710 South	3,500		1,155	Spring 2014	August 2014	Summer 2015
710 North	5,400		1,782	Spring 2014	August 2014	Summer 2015
605 Hot Spots	2,200		726	Spring 2015	August 2015	Summer 2016
<b>Totals</b>	<b>15,300</b>	<b>950</b>	<b>5,049</b>			



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

**ATTACHMENT C**

213.922.2000 Tel  
metro.net

**MARCH 6, 2013**

**TO:** BOARD OF DIRECTORS

**THROUGH:** ARTHUR T. LEAHY *[Signature]*  
CHIEF EXECUTIVE OFFICER

**FROM:** MARTHA WELBORNE, FAIA *[Signature]*  
EXECUTIVE DIRECTOR COUNTYWIDE PLANNING  
FRANK ALEJANDRO *[Signature]*  
CHIEF OPERATIONS OFFICER

**SUBJECT:** STATUS OF STATE OF GOOD REPAIR ANALYSIS

**ISSUE**

Per Board direction, we are in process of preparing a Short Range Transportation Plan (SRTP). The SRTP is a near-term action plan that guides our programs and projects over the next ten years, through 2023. Also per Board direction, the SRTP is charged with examining and addressing State of Good Repair (SGR) asset rehabilitation and replacement programs for our bus and rail systems, as well as operations and maintenance needs. This updates the Board on the recent and ongoing analysis of requirements to maintain Metro's assets in a SGR.

**BACKGROUND**

Over the last year, Planning and Operations with input from Transit Project Delivery, Finance, and the Office of Management and Budget (OMB) have been working on a detailed technical and resource analysis examining rehabilitation/replacement projects, workforce capacity, associated costs and available funding over the SRTP time frame.

**Analysis Approach**

Our SGR analysis (rehabilitation/replacement needs) compiles information from the databases maintained by Operations of all major assets (both bus and rail) and their conditions that are part of Metro's transit system. The analysis follows Federal Transit Administration guidance and age-based criteria to determine when assets are approaching the end of their useful life and should be replaced.



Estimated replacement costs were compared with available funding levels currently programmed over the SRTP period to identify funding shortfalls and surpluses (Attachment A). This information will be used to analyze various funding scenarios and the project delivery/workforce capacity to address the needs.

#### Findings

The 10-year SGR need is \$3.3 billion (in 2014\$). There is sufficient funding over the SRTP time frame to meet SGR project needs with \$3.8 billion provided between FY 2014 and FY 2023. However, on an annual basis, the timing and amount of funding available needs to be re-aligned. Attachment A shows that the largest need is in the first few years where the backlog exceeds funding currently programmed. In later years, funding exceeds needs and advancing these funds could address the \$806 million deficit during the first five years between FY 2014 and FY 2018.

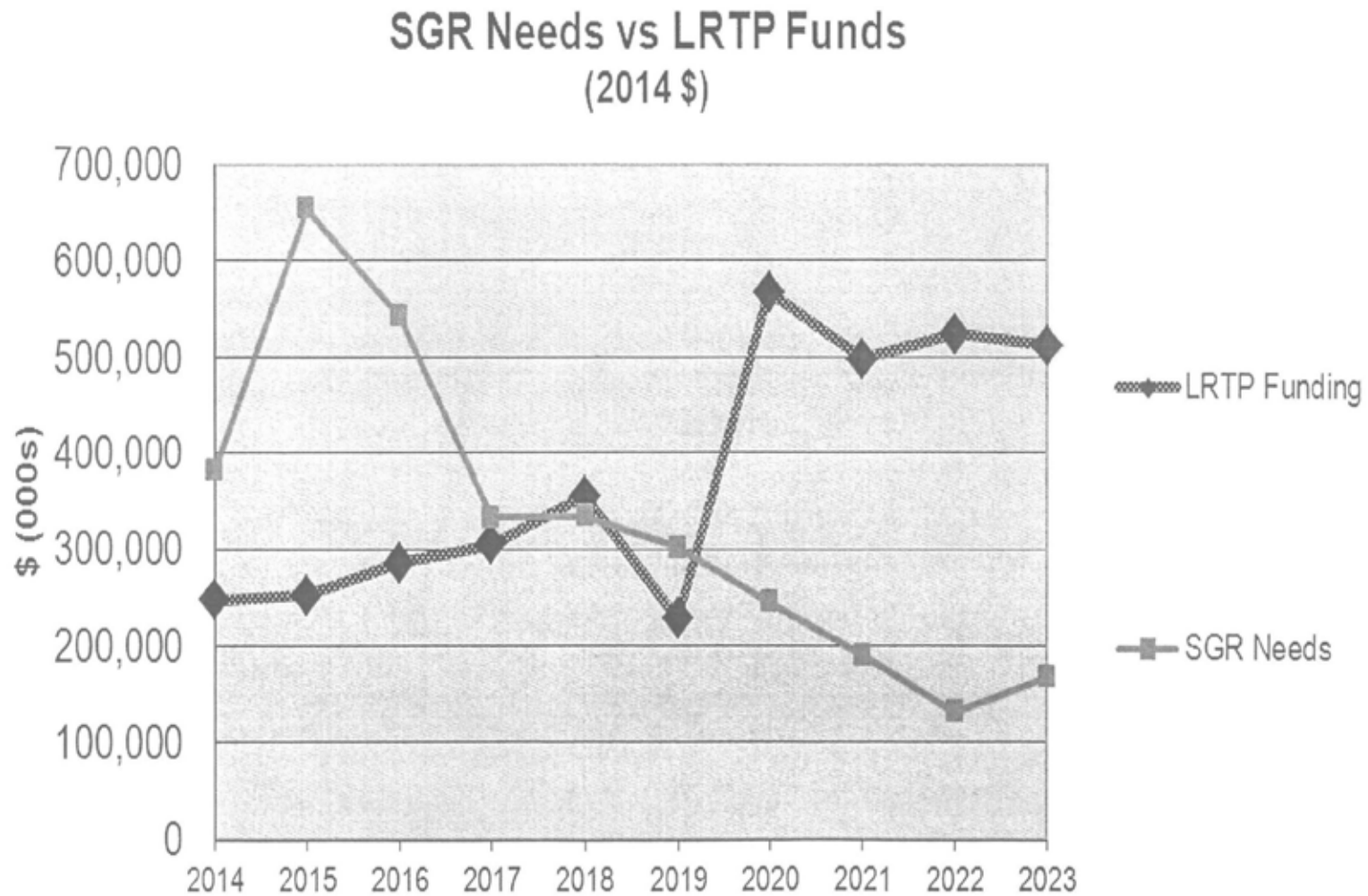
#### Continuing Analysis

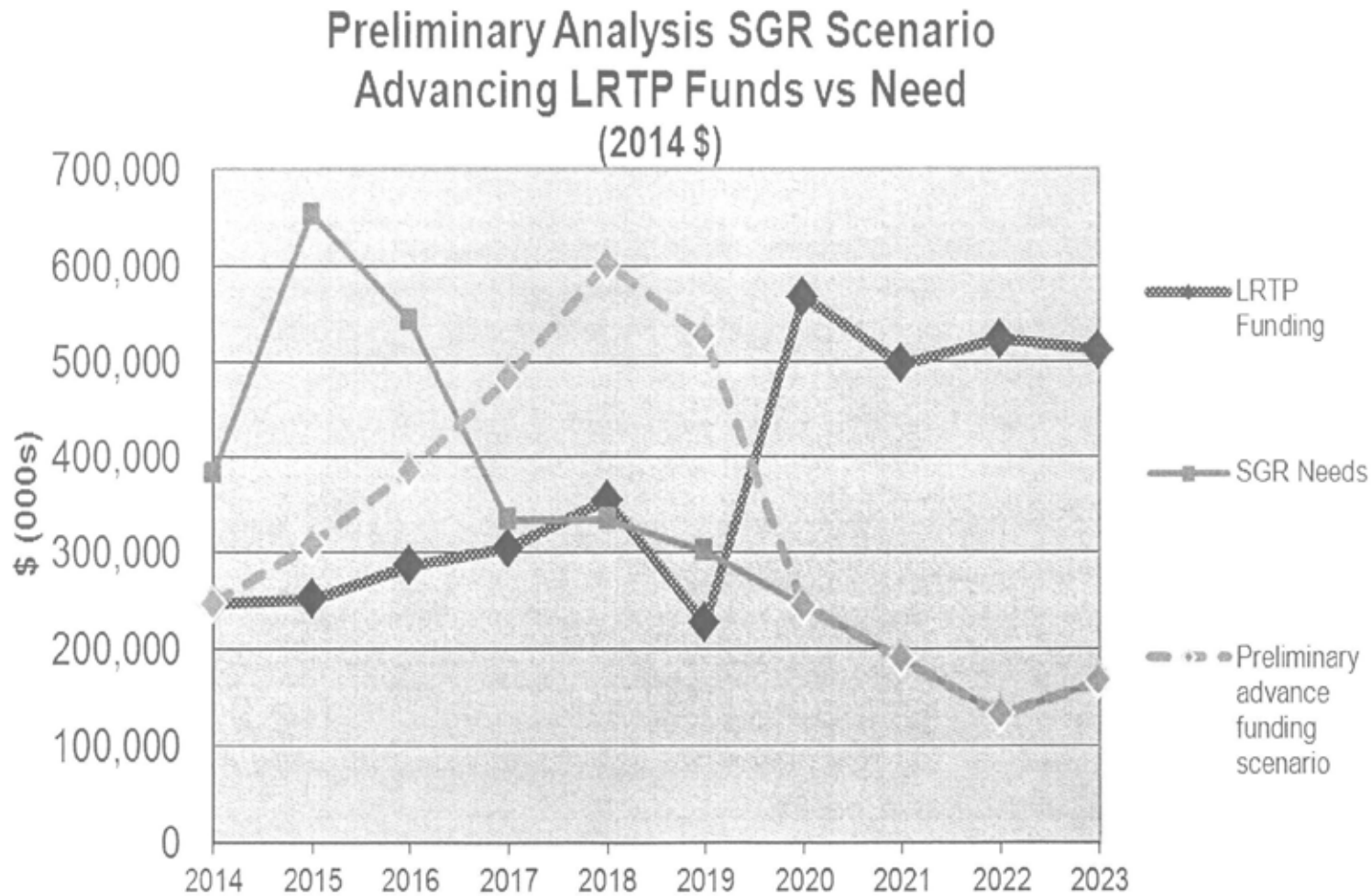
Addressing the funding shortfall requires advancement of funds, but we must also consider that workforce capacity is a constraint on delivering SGR projects. A preliminary analysis scenario (shown as the dashed line on Attachment B) considers advancing funding gradually to allow a matching growth of project management capability. An aggressive scenario that may be able to achieve this is increasing funding 25% per year in the first five years until the backlog is addressed and then reducing funding to match lower levels of need during the last five years.

Work is underway to understand the impact of the funding timing issue on the operation of the transit system. Several funding scenarios are being tested to address the impact of providing more funding in the years needed. We are also performing an analysis to determine an optimal project mix based on changing priorities and the workforce capacity needed to address SGR needs. Continuing efforts will focus on determining an appropriate funding schedule for SGR work given the extent of project backlogs and an understanding of appropriate staffing levels.

#### NEXT STEPS

The Measure R Project Finance Acceleration Plan will be presented to the Board in March, 2013. The financial assumptions used in this strategy are currently using the preliminary SGR analysis. This preliminary analysis is currently undergoing further validation. We expect this validation process to be completed by summer 2013. In the budget process, OMB will be requesting that the Board adopt a maintenance/replacement policy in compliance with Contract/Facility/Equipment vendor specifications which will ensure all facilities and equipment be maintained in a state of good repair. More details will be included in upcoming budget discussions.





Attachment D  
Finance and Budget #\_\_

Long Range Transportation Plan

**Project Finance  
Acceleration Plan**

Finance and Budget Committee  
March 20, 2013

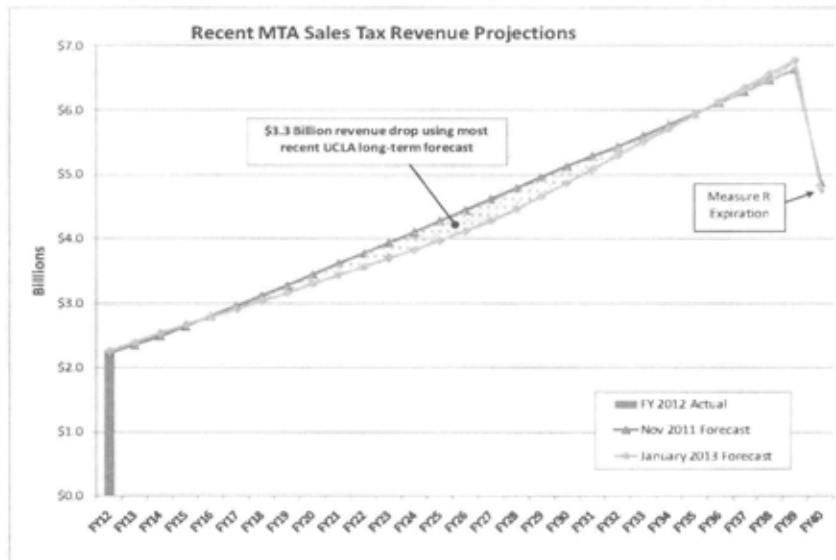


**M** Metro

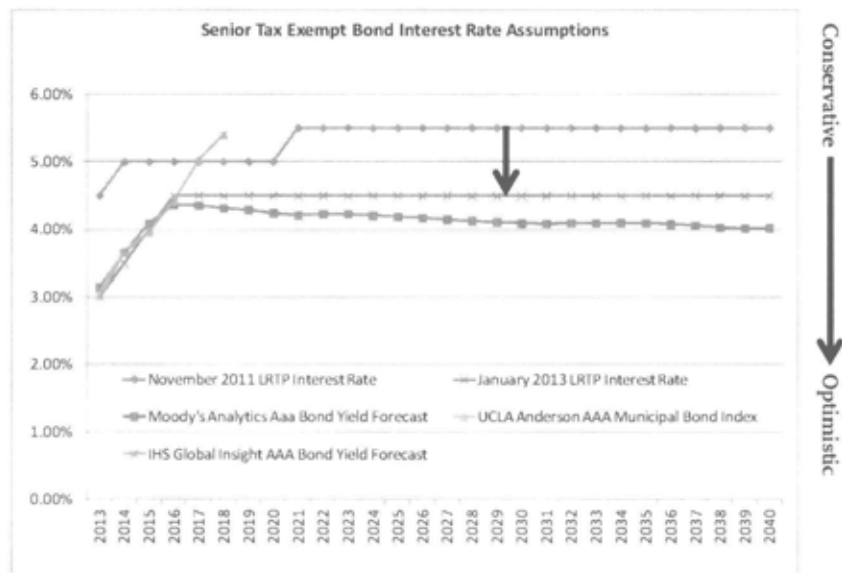
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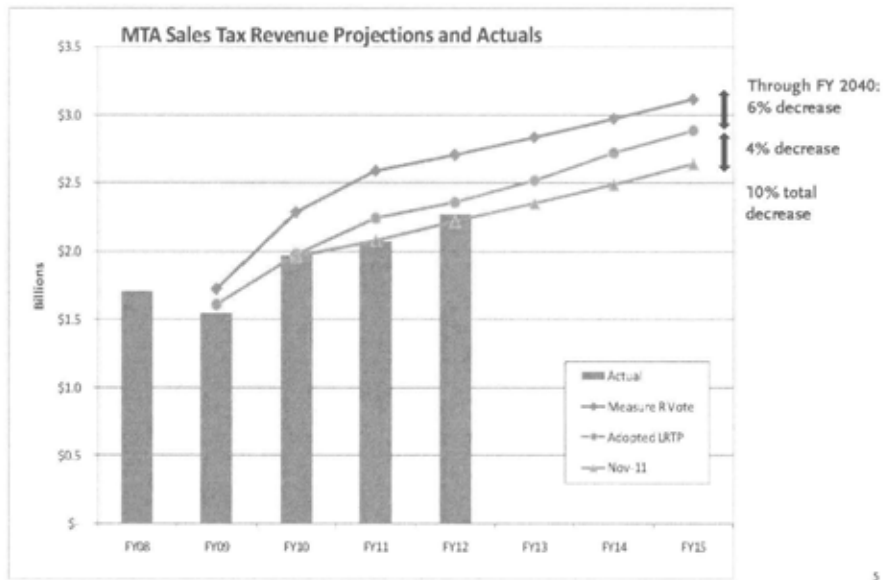
## UCLA Anderson Forecast Update



## Lower Interest Cost Assumptions



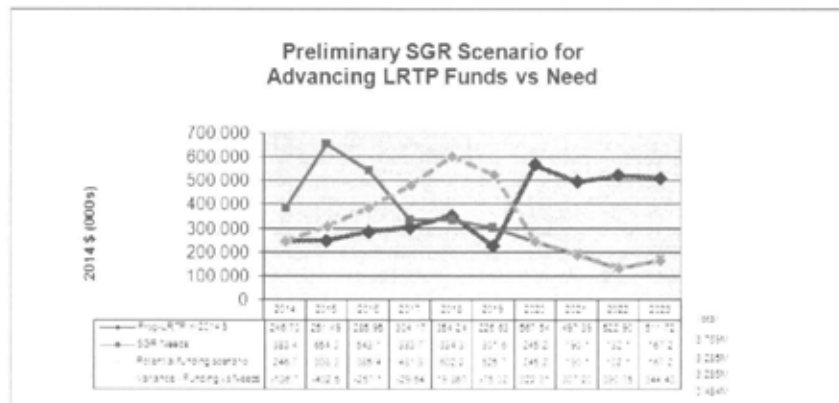
## Sales Tax Receipts Tracking UCLA Forecast



## Preliminary State of Good Repair Data

(Current \$'s in Thousands)

- State of Good Repair study to recommend accelerated spending
  - LRTTP Update will include "potential funding scenario" data in orange
  - (LRTTP shows Year of Expenditure dollars, this chart shows Current dollars)
  - Additional borrowing is necessary to meet these needs



2013 Countywide Call for Projects  
**Preliminary Modal Categories Funding Marks**  
 (Year of Expenditure \$'s in thousands)

MODAL CATEGORY	Modal Mark %	MODAL MARK
Regional Surface Transportation Improvements	19.4%	\$ 29,400
Goods Movement	17.5%	\$ 26,250
Transit Capital	10.1%	\$ 15,150
Transportation Alternatives (formerly "Enhancements")*	1.8%	\$ 2,700
Signal Synchronization & Bus Improvements	22.1%	\$ 33,150
Regional Bikeways*	15.0%	\$ 22,500
Pedestrian Improvements*	7.4%	\$ 11,100
Transportation Demand Management (TDM)	3.7%	\$ 5,550
Reserve	2.8%	\$ 4,200
Approved De-obligations (modal allocation TBD)		\$ 49,300
<b>TOTAL FUNDING MARK</b>	<b>100%</b>	<b>\$ 199,300</b>

\* Federal, state, and regional MAP-21 related legislation and policies may require the transfer of a portion of these modal funds to Caltrans and SCAG. TBD = To Be Determined

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## Transit and Highway Acceleration Benefits

- 
- The top map is a detailed view of the central area, including the San Diego River, downtown San Diego, and the San Diego International Airport. It shows various transit lines, including the San Diego Trolley, the San Diego County Transit District (SDCTD) routes, and the proposed San Diego Trolley Extension. The bottom map is a broader view of the North County area, showing the proposed San Diego Trolley Extension and the existing San Diego Trolley routes. Both maps include legends and labels for various locations and transit lines.

## Measure R Transit Project Costs and Opening Years

Project Description	LRTP Feb. 2013 Update		Accelerated Plan Feb. 2013	
	Assumed Funding (\$ in millions)	Opening Year	Assumed Funding (\$ in millions)	Opening Year
Orange Line Canoga Extension	160.1	FY 2013	160.1	FY 2013
Exposition Blvd. Light Rail Transit II	1,511.2	FY 2017	1,511.2	FY 2017
Gold Line Foothill Extension	851.1	FY 2017	851.1	FY 2017
East San Fern. Valley Transit Corridors	170.1	FY 2018	170.1	FY 2018
Crenshaw/LAX Transit Corridor	1,762.9	FY 2019	1,762.9	FY 2019
Regional Connector	1,366.1	FY 2019	1,366.1	FY 2019
Westside Subway Extension Section I	2,334.0	FY 2023	5,175.6	FY 2023-25
Westside Subway Extension Section II	1,740.8	FY 2026	Included in Westside Subway Section I	
West Santa Ana Branch Line	649.0	FY 2027	502.8	FY 2019-24
Airport Metro Connector (Green Line Extension to LAX) (b)	330.0	FY 2028	264.0	FY 2018
South Bay Green Line Extension	555.0	FY 2035	332.5	FY 2018-20
Gold Line Eastside Extension Phase II	2,490.0	FY 2035	1,529.4	FY 2020-22
Westside Subway Extension Section III	1,942.2	FY 2036	Included in Westside Subway Section I	
Sepulveda Pass Transit Corridor	2,468.0	FY 2039	1,647.6	FY 2025
<b>Total (a)</b>	<b>18,330.5</b>		<b>15,273.4</b>	

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## Measure R Highway Project Costs and Opening Years

Measure R Highway Project Cost and Opening Year Assumptions (a) (Year of expenditure (YOE) dollars in millions)					
	Project Description	LRTP Feb. 2013 Update		Accelerated Plan Feb. 2013	
		Assumed Funding (\$ in millions)	Opening Year	Assumed Funding (\$ in millions)	Opening Year
LRTP 1st Decade	Interstate 5/State Route 14 Capacity Enhancement	175.8	FY 2015	175.8	FY 2015
	High Desert Corridor (Environmental)	33.0	FY 2015	33.0	FY 2015
	Interstate 5 North Carpool Lanes from State Route 170 to State Route 136	608.2	FY 2017	608.2	FY 2017
	Interstate 5 South Carpool Lanes (including Carmentis Interchange)	1,894.2	FY 2017	1,894.2	FY 2017
	ONSF Grade Separations in Gateway Cities	35.0	FY 2018	35.0	FY 2018
	Alameda Corridor East Grade Separations Phase II	1,054.7	FY 2019	1,054.7	FY 2019
	Countywide Soundwalls	120.0	FY 2023	120.0	FY 2023
	State Route 138 Corridor Widening	243.0	FY 2022	243.0	FY 2021
	Interstate 5 North Capacity Enhancement including Truck Lanes	410.0	FY 2023	410.0	FY 2023
	Interstate 605 Corridor Hot Spot Interchanges	339.8	FY 2023	339.8	FY 2023
	Highway Operational Improvements Arroyo Verdugo Subregion	72.9	FY 2023	72.9	FY 2023
	Highway Operational Improvements Las Virgenes/Malibu Subregion	85.7	FY 2023	85.7	FY 2023
	South Bay Ramp and Interchange Improvements	328.5	FY 2023	328.5	FY 2023
	Interstate 710 South and Early Action Projects	129.7	FY 2023	129.7	FY 2023
	<b>Subtotal 1st Decade</b>	<b>5,530.5</b>		<b>5,530.5</b>	
(a) Includes prior year expenditures.					

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## Measure R Highway Project Costs and Opening Years

Measure R Highway Project Cost and Opening Year Assumptions (a)					
(Year of expenditure (YOE) dollars in millions)					
	Project Description	LRTP Feb. 2013 Update		Accelerated Plan Feb. 2013	
		Assumed Funding (\$ in millions)	Opening Year	Assumed Funding (\$ in millions)	Opening Year
LRTP 2nd & 3rd Decades	Interstate 605 Corridor Hot Spot Interchanges	473.0	FY 2032	250.2	FY 2026
	Highway Operational Improvements Arroyo Verdugo Subregion	186.7	FY 2032	97.1	FY 2026
	Highway Operational Improvements Las Virgenes/Malibu Subregion	167.6	FY 2032	89.3	FY 2026
	South Bay Ramp and Interchange Improvements	1,183.9	FY 2039	577.5	FY 2026
	Interstate 710 North Gap Closure (Tunnel)	1,103.2	FY 2036	807.1	FY 2026
	Countywide Soundwalls	821.4	FY 2039	130.0	FY 2026
	Interstate 5 North Capacity Enhancement including Truck Lanes	164.8	FY 2032	-	FY 2026
	Interstate 710 South and Early Action Projects	713.9	FY 2039	510.1	FY 2026
	Subtotal 2nd and 3rd Decades	4,814.5		2,461.3	
	TOTAL	10,345.0		7,991.8	

(a) Includes prior year expenditures.

**\$2.3 B in Matching Funds Not Accelerated**

12

**\$2.3 B in Matching Funds Not Accelerated**

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## Measure R Project Finance Acceleration Plan Summary

### • Borrowing \$10.2 B for Measure R projects:

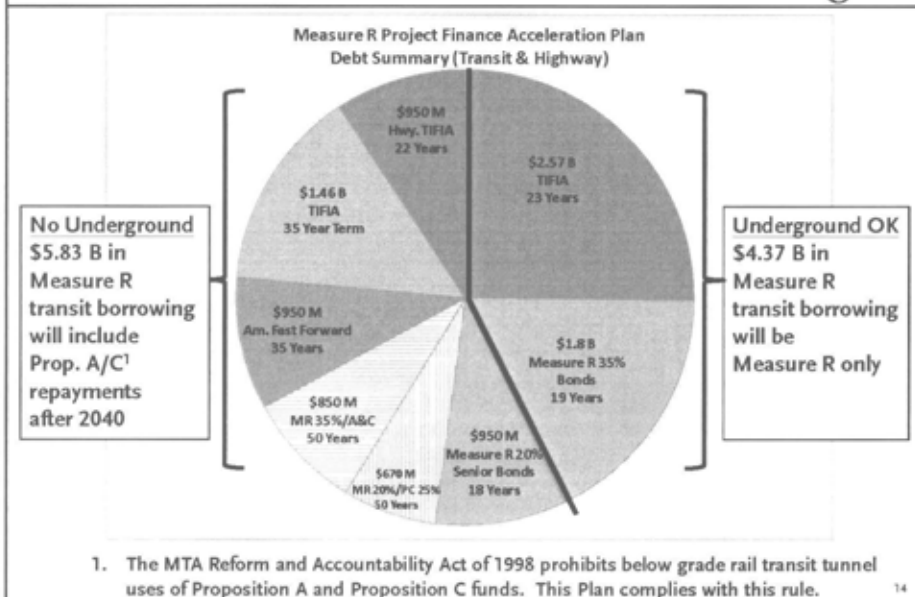
- Measure R Senior Bonds \$2.75 B
  - Repaid in 18 to 19 years:
    - \$950 M Hwy/\$1.8 B Transit
- TIFIA Measure R only \$3.52 B
  - Repaid in 22 to 23 years:
    - \$2.57 B Transit/ \$950 M Hwy.
- TIFIA Measure R w/ Prop. A/C \$1.46 B
  - Repaid in 35 years
- New Am. Fast Forward w/ Prop A/C \$0.95 B
  - Repaid in 35 years
- Taxable Measure R w/ Prop. A/C \$1.52 B
  - Repaid in 50 years: \$850 M Transit/ \$670 M Hwy.

### • Weighted average repayment under 30 years

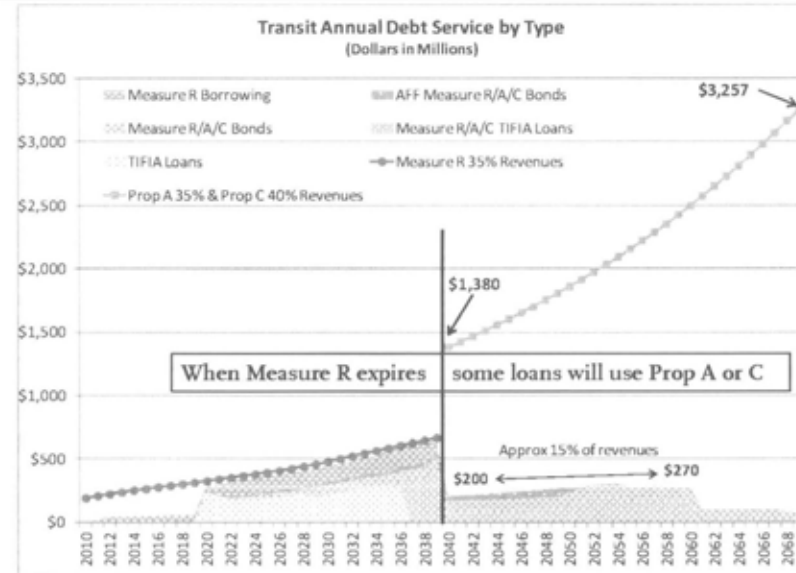
13

## Measure R Project Finance Acceleration Plan

## Sources of \$10.2 B in Planned Borrowing

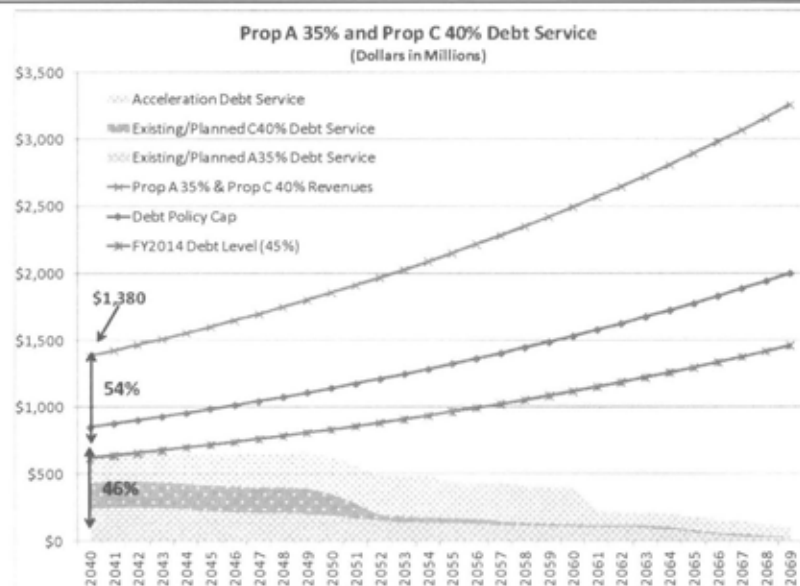


Repayment Plan for Measure R Transit Project Acceleration:  
**Some Loans Use Prop. A 35% and/or Prop. C 40%**



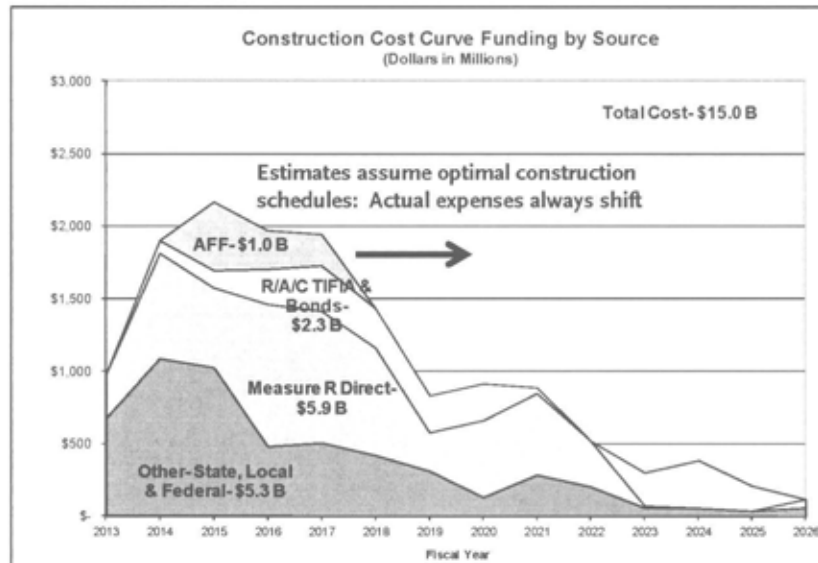
15

**Post-2040 Proposition A and Proposition C Debt Service**



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## Measure R 35% Transit Program Acceleration Plan Meets Optimal Construction Cost Needs



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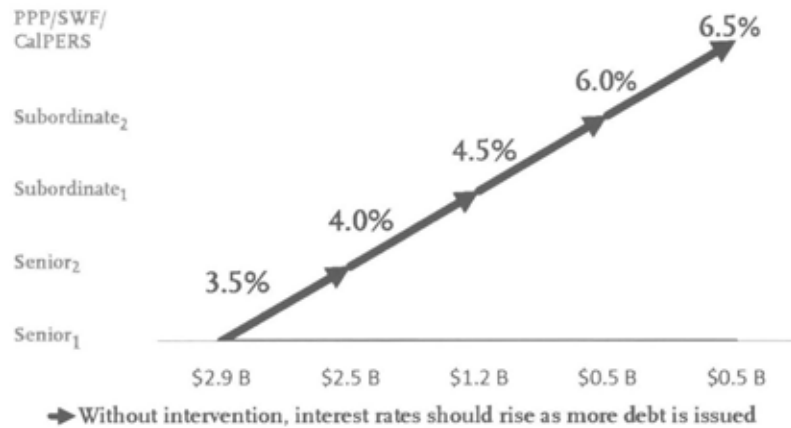
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## Additional Debt Raises Interest Rates

America Fast Forward:

Make subordinate interest rates lower through federal policy intervention



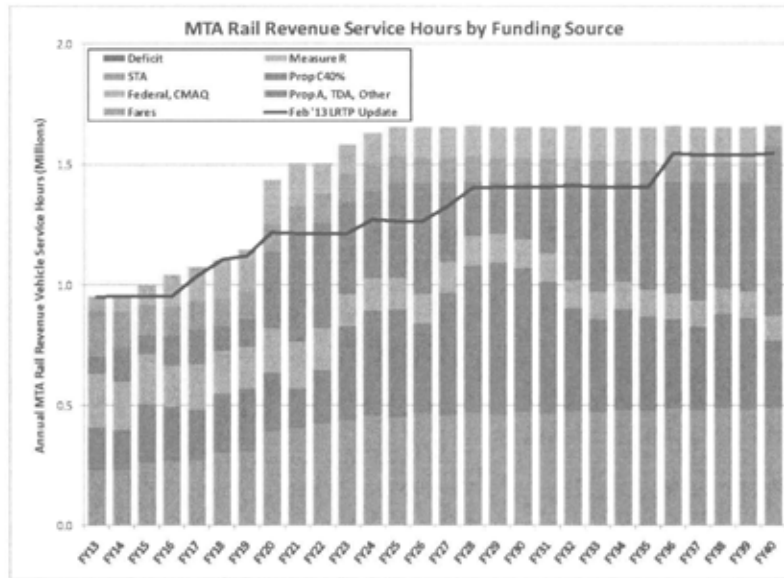
PPP/SWF = Public Private Partnership/Sovereign Wealth Fund

## LA's Three Part America Fast Forward Plan

\$'s in millions

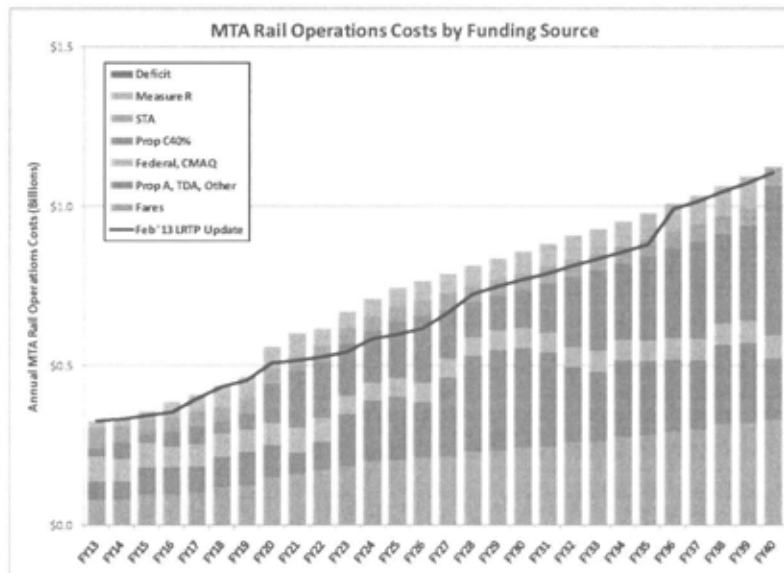
Fiscal Year		'14 & Prior	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25
Relative Seniority of Measure R 35% Borrowing (..... = Parity)	Senior	Build America Bonds	\$750 3.52% 2019										
		Measure R Senior Bond							\$550 4.5% 2018	\$305 4.5% 2018			
	Subordinate <sub>1</sub>	Am. Fast Forward (+ A&C)	\$473 0% 2049	\$265 0% 2050	\$217 0% 2051								
		Taxable No Subway (+ A&C)				\$145 6.5% 2067	\$73 6.5% 2068	\$131 6.5% 2069				\$330 6.5% 2069	\$172 6.5% 2069
		Variable Rate Com. Paper		\$193 1.45% 2018									
	Subordinate <sub>2</sub>	TIFIA No Subway (+A&C)	\$89 3.5% 2060	\$118 3.5% 2060	\$241 3.5% 2060	\$181 3.5% 2060	\$258 3.5% 2060	\$183 3.5% 2060	\$123 3.5% 2060	\$19 3.5% 2060		\$230 3.5% 2060	
		TIFIA Subway OK		\$53 3.5% 2036	\$199 3.5% 2036	\$623 3.5% 2036	\$542 3.5% 2036	\$17 3.5% 2036	\$988 3.5% 2036				
		TIFIA Crenshaw/LAX			\$137 2.43% 2034	\$209 2.43% 2034							
	3. Amend \$1.0 B TIFIA MCA Request to \$2.0 B												
	2. New TIFIA MCA \$1.5 B												
	1. Congressional Action Needed \$1.0 B												

## Funding for Accelerated Revenue Service Hours - Rail



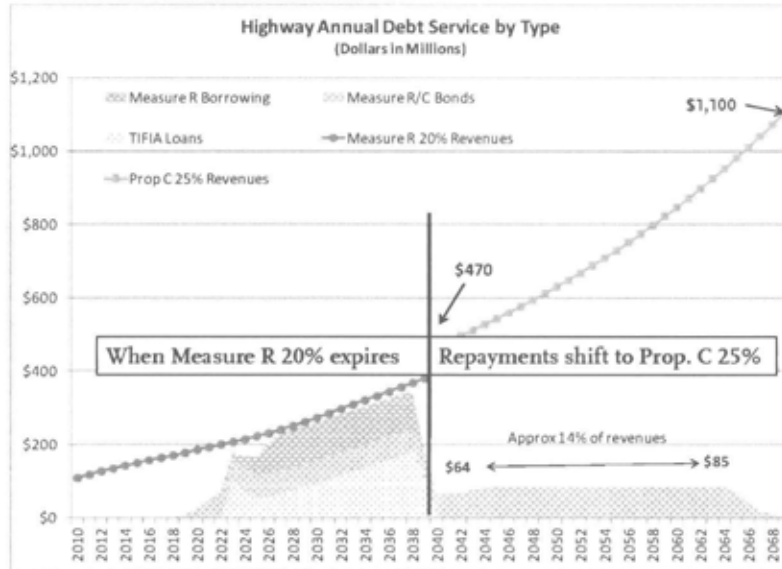
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## Funding for Accelerated Revenue Service Hours - Rail



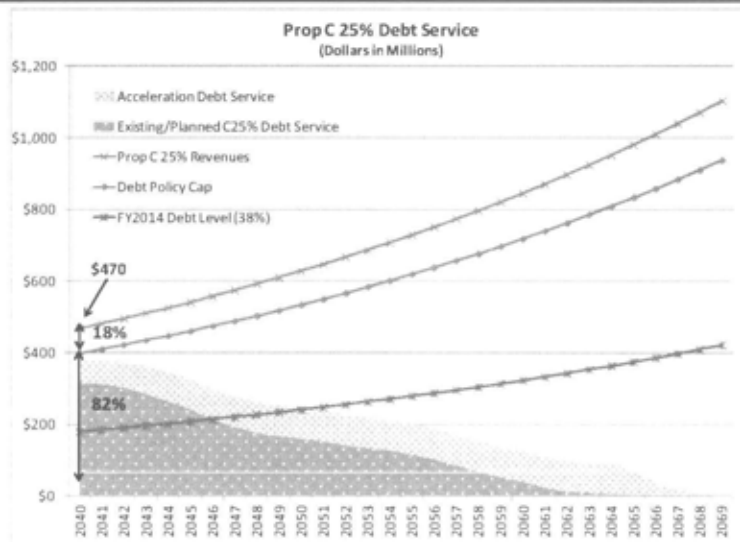
22

## Repayment Plan for Measure R Highway Project Acceleration: Some Loans Use Prop. C 25%



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## Post-2040 Proposition C 25% Debt Service

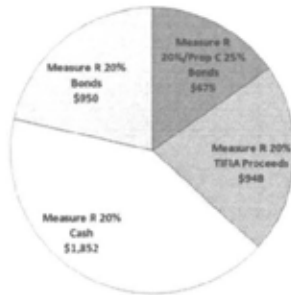


Cash commitments for Freeway Service Patrol and Rideshare in FY 2040 are projected to be \$28 M and \$22 M, respectively.

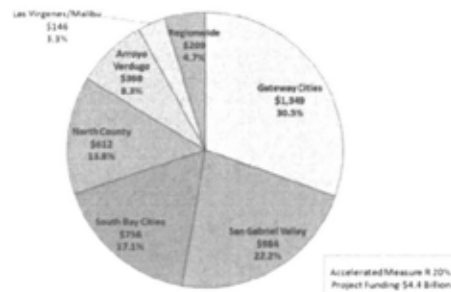
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## Sources and Uses of Measure R Highway Acceleration Funding Strategy

Sources of Measure R Highway \$4.4 Billion Acceleration Funding Strategy  
(millions)



Uses of Measure R Highway Project Acceleration Funding  
FY 2016-2026  
February 2014 (millions)



Accelerated Measure R 20%  
Project Funding \$4.4 Billion

25

## Measure R 20% Highway Program America Fast Forward Strategy

\$'s in millions

Fiscal Year			Prior/ '14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26
Relative Seniority	Senior	Measure R Senior	1. Measure R Senior \$950 M →							\$55 4.5% 2038	\$150 4.5% 2038		\$175 4.5% 2038	\$250 4.5% 2038	\$320 4.5% 2038
	Sub <sub>1</sub>	Measure R Taxable (PC 25%)	\$146 6.5% 2064	\$231 6.5% 2065	\$175 6.5% 2066	\$54 6.5% 2067		\$69 6.5% 2068	← 2. Meas. R/P C 25% \$675M						
	Sub <sub>2</sub>	TIFIA				\$947 4.5% 2019	← 3. New TIFIA MCA \$950 M								
Measure R 20% Direct (net)			\$140 Est. Prior/ \$500	\$179	\$157	\$166	\$156	\$151	\$142	\$127	\$114	\$26	\$48	\$58	\$29
Total Available			\$500	\$325	\$388	\$341	\$1,157	\$151	\$211	\$182	\$264	\$26	\$223	\$308	\$349

\$4.4 B available to accelerate Measure R Highway projects





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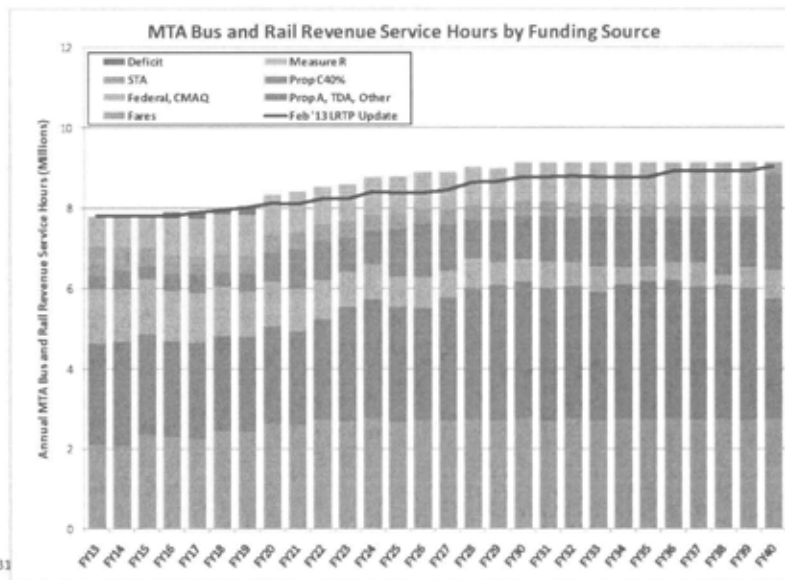
29

## **Appendix**

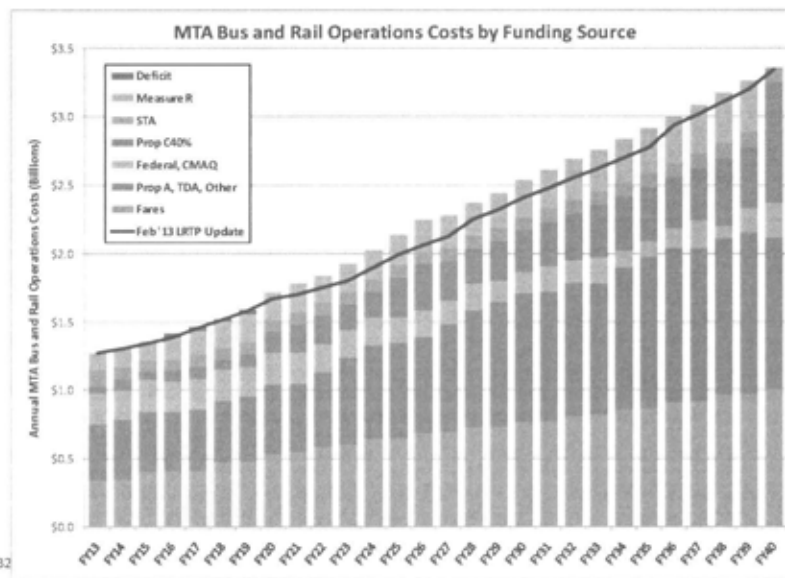
### **Measure R Project Finance Acceleration Plan**

30

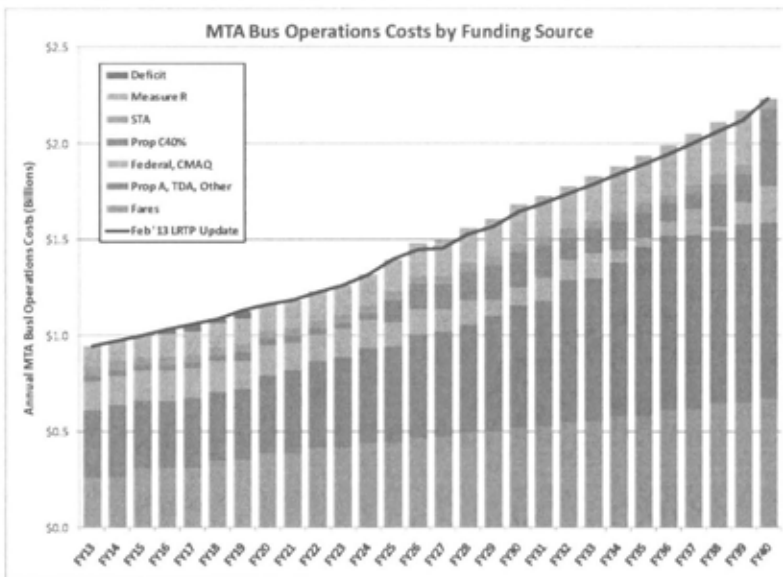
## Funding for Accelerated Revenue Service Hours



## Funding for Accelerated Revenue Service Hours

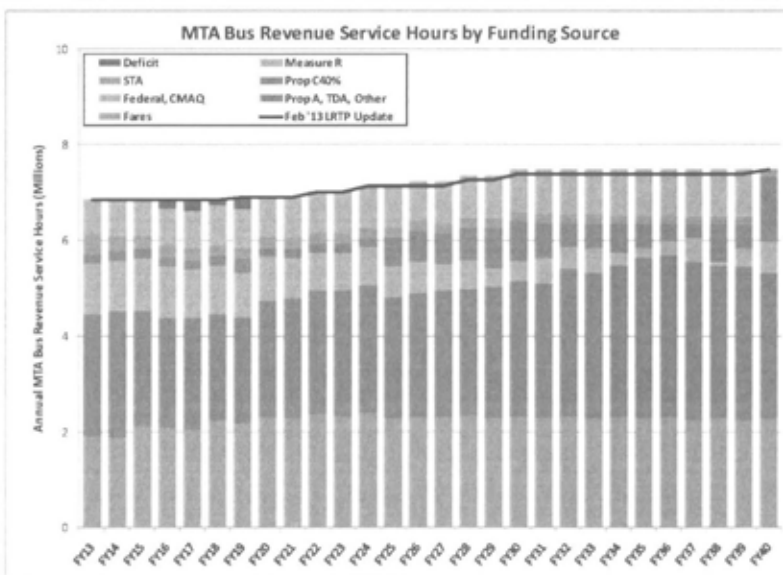


## Funding for Accelerated Revenue Service Hours - Bus



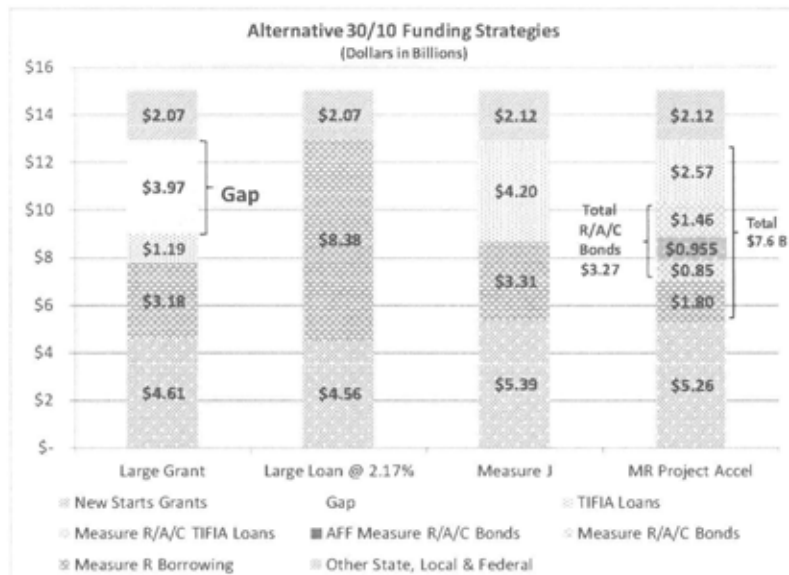
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## Funding for Accelerated Revenue Service Hours - Bus



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## Measure R Transit Program Finance Alternatives



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## Measure R Transit Program Funding Gap Alternatives

Alternatives	Selected Variable Assumptions				Conclusion
	New Starts Grants	TIFIA Loans	Measure R Borrowing	Transit Projects Optimized	
Large Grant	\$2.07 B +\$3.97 B	\$1.19 B	\$3.18 B	12 Optimal	Not Available
Large Loan @ 2.17%	\$2.07 B	--	\$8.38 B	12 Optimal	Not Available
Measure J	\$2.12 B	\$4.20 B	\$3.31 B	12 Optimal	Not Available
Measure R Project Acceleration	\$2.12 B	\$4.03 B	\$3.61 B	12 Optimal	Recommended

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### Funding Plan for Non-P3 Highway Initiatives in Planning Stages

Of the 16 highway Measure R highway projects, five are to be addressed through the P3 program: the High Desert Corridor, the 710 North, the 710 South, I-5 North from SR 14 to Kern County Line, and Countywide Soundwall Construction. Of the 11 remaining projects, six are under construction: the Alameda Corridor East, I-5/SR14 Interchange, I-5 South, I-5 South at Carmenita, I-5 North from SR 134 to SR 170, and SR 138. The remaining five projects below are in the planning stage and could benefit significantly from the Measure R Project Finance Acceleration Plan, including TIFIA MCAs. The specific funding agreements already under contract are listed after the projects.

1. **BNSF Grade Separation in Gateway Cities** – Continue to work with the Gateway Cities sub-region to select grade separation projects and potential matching funds that can utilize the accelerated Measure R 20% Highway funds.
2. **Highway Operational Improvements in Arroyo Verdugo** – Complete the delivery of the LACMTA Board approved project list through FY 2019. Convene a joint meeting of the sub-regional stakeholders (including, but not limited to, the Cities of Burbank, Glendale, and La Canada, and the County of Los Angeles) in April/May to develop a joint list of projects to be delivered with the accelerated funding through FY 2014 to FY 2026.
3. **Highway Operational Improvements in Las Virgenes/Malibu** – Complete the delivery of the Board approved project list through FY 2019. Convene a joint meeting of the stakeholders (including Las Virgenes/Malibu COG, Cities of Westlake Village, Agoura Hills, Calabasas, and Malibu, and the County of Los Angeles) in the area in April/May to develop a joint list of projects to be delivered with the accelerated funding from FY 2014 through FY 2026.
4. **Interstate 605 Corridor “Hot Spot” Interchanges** – Continue to work with the Gateway Cities sub-region stakeholders (including Gateway Cities COG, Artesia, Avalon, Bell, Bellflower, Bell Gardens, Cerritos, Commerce, Compton, Cudahy, Downey, Hawaiian Gardens, Huntington Park, La Habra Heights, La Mirada, Lakewood, Long Beach, Lynwood, Maywood, Montebello, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon, Whittier, Los Angeles County, Port of Long Beach) to identify, develop and deliver new projects using the accelerated Measure R 20% funds to be made available from FY 2014 through FY 2026.

5. **Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)** – Complete the delivery of the Board approved project list through FY 2019. Convene a joint meeting of the stakeholders (including the South Bay Cities COG, Cities of Carson, El Segundo, Gardena, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Lomita, Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Torrance, and the Harbor City/San Pedro communities of the City of Los Angeles, and County of Los Angeles) in the area in April/May to develop a joint list of projects to be delivered with the accelerated funding from FY 2014 through FY 2026.

Measure R Sub Regional Funds							
Projects with Executed Funding Agreement							
(000)							
SPONSOR	PROJECT TITLE	Total	Prior Yrs	FY 13	FY 14	FY 15	FY 16
Burbank	San Fernando Blvd and Burbank Blvd Improvements	2,325		575	1,750		
Glendale	Fairmont Avenue Grade Separation at San Fernando Road Construction	2,700	2,700				
Glendale	Fairmont Avenue Grade Separation at San Fernando Road Proj Dev	300	300				
Glendale	Grandview and Sonora Ave At-Grade Rail Crossing Improvements	1,850		1,850			
Glendale	Central Avenue Improvement Broadway to SR134	3,250		3,250			
Glendale	Verdugo Rd Signal Upgrade Construction	700	700				
Glendale	Sonora Ave At-Grade Rail Crossing Safety Upgrade	2,700		2,700			
Glendale	Traffic Signal Sync Brand Colorado San Fernando Glendale Verdugo	1,250		1,250			
La Canada Flintridge	Soundwalls on Interstate 210	4,588	151	937	3,500		
<b>Arroyo Verdugo Subregional Sub Total</b>		<b>19,663</b>	<b>3,851</b>	<b>10,562</b>	<b>5,250</b>	<b>-</b>	
Agoura Hills	Palo Camando interchange Proj Dev.	18,090	2,590		3,500	6,000	6,000
Agoura Hills	Roundabout Design Proj Dev.	5,300	125	5,000			175
Agoura Hills	Agoura Road Widening Proj Dev	17,210	2,885	5,000	4,500	4,825	
Calabasas	Lost Hills Overpass and Interchange Proj Dev & ROW	19,000	2,500	7,000	9,500		
Calabasas	Mulholland Hwy Scenic Corridor Proj Dev & ROW	2,750	250	2,000			500
Calabasas	Las Virgenes Scenic Corridor Completion Proj Dev	850	350				500
Calabasas	Parkway Calabasas US 101 SB Off Ramp Proj Dev	1,500	500				1,000
West Lake Village	Route 101 Lindero Canyon Road Interchange Proj Dev	215	215				
West Lake Village	Highway 101 Park and Ride Proj Dev	261	261				
West Lake Village	Rt 101 Lindero Canyon Rd Interchange Construction Phase 3B & 4B	3,378	3,378				
West Lake Village	Rt 101 Lindero Canyon Rd Interchange Construction	5,339	5,339				
West Lake Village	Rt 101 Park and Ride Lot Construction	2,240	2,240				
<b>Las Virgenes/Malibu Subregional Sub Total</b>		<b>76,133</b>	<b>20,633</b>	<b>19,000</b>	<b>17,500</b>	<b>10,825</b>	<b>8,175</b>

Measure R Sub Regional Funds							
Projects with Executed Funding Agreement							
(000)							
SPONSOR	PROJECT TITLE	Total	Prior Yrs	FY 13	FY 14	FY 15	FY 16
SBCCOGS	South Bay Cities COGS Hwy Implementation Plan Proj Dev	4,717	1,835	742	696	702	742
Carson	Sepulveda Boulevard Widening Broadway to ICTF Driveway	1,158	1,158				
El Segundo	Maple Ave Arterial Improvement Sepulveda Blvd to Parkview	2,500	2,500				
Gardena	Rosecrans Av Arterial Improvements Vermont Av to Crenshaw bl	5,140	300	317	4,523		
Gardena	Artesia Bl at Western Av Intersection Improvements	675	75	600			
Gardena	Vermont Av Arterial Improvements Rosecrans Av to 182nd St	2,350	150	132	2,068		
Hawthorne	Rosecrans Ave Arterial improvements I-405 SB to Isis Ave	2,100	2,100				
Hawthorne	Aviation Blvd and Marine Avenue Intersection Improvements	2,100		600			1,500
Hermosa Beach	Pacific Coast Hwy Improvements Anita and Artesia	368		368			
Inglewood	Inglewood ITS Phase IV	3,500	300	3,200			
Lawndale	Inglewood Ave widening from 156 St to I-405 SB On-Ramp	500	100	400			
Manhattan Beach	Sepulveda Blvd at Marine Ave Intersection Improvements	235	235				
Redondo Beach	Pacific Coast Highway Anita St. to Palos Verdes Bl	1,400	1,400				
Redondo Beach	Pacific Coast Highway Torrance Bl	586	59	527			
Redondo Beach	Pacific Coast Highway Palos Verdes Bl	320	32	288			
Redondo Beach	Aviation Bl at Artesia Bl	22	22				
Redondo Beach	Inglewood Ave at Manhattan Beach	30	30				
Redondo Beach	Aviation Blvd at Artesia Intersection	847	847				
Torrance	Pacific Coast Hwy Hawthorne Blvd Intersection Improvements	19,600	1,300		300	18,000	
Torrance	Maple Ave Sepulveda Intersection Improvements	600	60	540			
Torrance	Transit Park and Ride Regional Terminal Design	18,100	1,000	10,500	6,600		
	<b>South Bay Ramps and Interchanges Sub Total</b>	<b>66,848</b>	<b>13,503</b>	<b>18,214</b>	<b>14,187</b>	<b>18,702</b>	<b>2,242</b>
	<b>Grand Total</b>	<b>162,644</b>	<b>37,987</b>	<b>47,776</b>	<b>36,937</b>	<b>29,527</b>	<b>10,417</b>



**Public/Private Partnership Investment Analysis**

*Sepulveda Pass Transit Corridor*

Staff and consultants are preparing a comprehensive strategic assessment of the Sepulveda Corridor Project, evaluating the suitability of a transit and/or highway facility as a P3 project as well as a refined evaluation of use of a Pre-Development Agreement (PDA). Staff currently estimates that \$3 million will be required to complete this analysis which will include substantial "project definition" (determination of terminal points for transit connection, access points for toll lanes, tunnel configurations, operational concepts for toll and transit, refined ridership, use and refined capital cost estimates etc.). The work will also include evaluations of P3 potential for the Airport Metro Connector and an analysis of the San Fernando Valley and East San Fernando Valley Transit connection to the corridor.

Recommendations as a result of these assessments will be presented to the Board, and if approved, will proceed with steps toward procurement of a developer (RFQ/RFP) for a PDA approach to the project. Staff estimates this phase would require \$6 million to complete. Depending upon the negotiated terms with a P3 developer, the first phase of the development contract may require \$5 to \$7 million LACMTA contribution with the developer retaining significant costs through a developer contribution ("sweat equity" in the form of engineering and other analysis) to the project. LACMTA would also commence environmental clearance efforts during this phase which staff estimates would require \$60 million, depending on the scope of private investor involvement.

*I-710 South Freight Corridor*

This project is currently in the environmental clearance phase, with a revised DEIS/R anticipated to be completed by 2015. Depending on the results of the revised DEIS/R, it may be necessary to reevaluate a portion of the strategic analysis and business plan work already completed in connection with the initial P3 evaluation. This additional work would likely require approximately \$1 million to complete. If authorized to proceed as a P3, the next step would involve finalizing the business case (including refined tolling/revenue analysis, access and exit definition, operational concepts and refined capital cost estimates etc) and coordination and documentation of cooperative agreements between LACMTA and Caltrans to procure a developer and obtain CTC approval. Staff estimates that \$5 million will be required to complete this work. LACMTA's retained costs of \$750 million for pre-construction work (Right-of-Way, utility relocations, etc.) and a construction subsidy ranging from \$3 billion to \$4 billion, depending on the truck tolling scenario and the potential amount of a TIFIA loan that could be secured would also be required.

### *SR-710 North*

This project is also in the environmental clearance phase, with the Alternatives Analysis just completed. A P3 business plan for this project was completed in August, 2012 and that plan estimated a requirement of public funds for right of way, pre-development and early design of approximately \$80 to \$90 million. If authorized to proceed as a P3, work to finalize the business case, complete documentation of cooperative agreements between LACMTA and Caltrans to procure a developer and obtain CTC approval would require an estimated \$6 million to complete. A portion of the Measure R allocation of \$780 million would then be used for LACMTA's public subsidy in a P3 concession. The total construction cost in excess of the subsidy, currently estimated at +/- \$3.6 billion is estimated to be covered by toll revenue over the course of the project.

### *High Desert Multipurpose Corridor*

Also in the environmental clearance phase, if the Board determines to proceed with a P3 procurement on this project, the next steps will involve finalizing the business case, and negotiation and documentation of the cooperative agreements between LACMTA, SANBAG for San Bernardino County, and Caltrans to procure a developer and obtain CTC approval. Additionally, LACMTA will have its share of retained costs (approximately 55% of \$520 million i.e. Some \$290 million) for pre-development work, right of way acquisitions and construction monitoring in Los Angeles County. Depending upon progress of adjacent high speed rail projects (CaHSR and XpressWest), the public subsidy could range from \$0 with a Los Angeles to Las Vegas one seat ride, to \$1.5 billion if utilizing Metrolink service between Los Angeles and Palmdale.

### *Accelerated Regional Transportation Improvements ("ARTI") Project*

This project is proceeding as a P3 but is anticipated to be partially publicly funded and is discussed in detail in the main body of the Board report.

### *Public Funding Requirements Chart*

The appended chart (Attachment 1) sets for the public funding component of current P3 projects in tabular form.

**Estimate of Public Investment for Future P3 Projects**

<b><i>Project</i></b>	<b><i>Estimated Public Investment (YOE)</i></b>	<b><i>Estimated Total Capital Cost</i></b>
I-710 South Freight Corridor <sup>(1)</sup>	\$3.7 billion to \$4.7 billion	\$3.7 billion to \$4.7 billion
SR 710 North Gap Closure <sup>(2)</sup>	\$780 million	\$5.425 billion
High Desert Multipurpose Corridor <sup>(3)</sup>	\$0.5 billion to \$2.0 billion	\$4.527 billion
Sepulveda Pass Transit Corridor <sup>(4)</sup>	\$1.0 billion +/-	\$10-\$12 billion (Central Segment) \$30.754 billion to \$38.735 billion

**Notes:**

(1) This range includes LACMTA retained costs of \$750 million for pre-construction dollars and a construction subsidy ranging from \$3.0 to 4.0 billion, depending on the truck tolling scenario and TIFIA loan amount.

(2) As estimated in SR 710 North Gap Closure Business Plan dated August 2012.

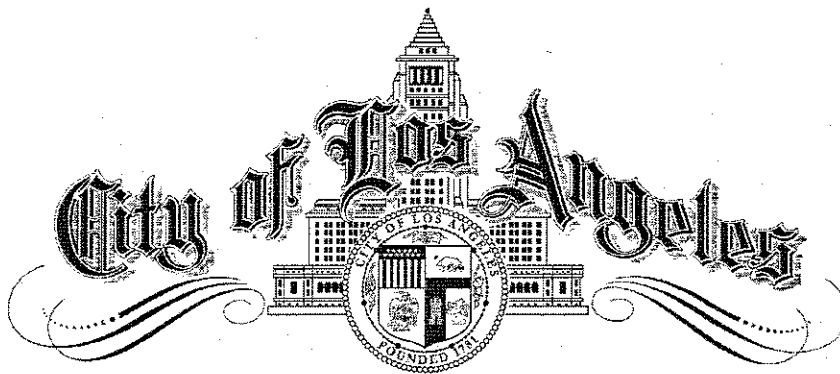
(3) This range includes LACMTA retained costs of \$500 million for Pre-Development, ROW, and construction monitoring, as well as a construction subsidy ranging from \$0 with a direct connection to CAHSR in Palmdale (LA to Las Vegas one-seat ride) to \$1.5 billion with a transfer from Metrolink to XpressWest in Palmdale.

(4) Based on amount available in Measure R in YOE dollars; assumed for initial phase; additional monies may be required; to be determined following further study and/or for completion of northerly (San Fernando Valley) and southerly (to Airport) sections of the total corridor.

**LACMTA Board of Director's Policies and Conditions for 30/10 Initiative**

1. Adopt a support position on the "30/10 Initiative" subject to these policies and conditions:
  - a. A specific MTA Board action is required to re-program highway capital project funding for use on transit capital projects as result of 30/10, unless such re-programming does not result in a net decrease to the highway capital project funding;
  - b. Likewise, a specific MTA Board action is required to re-program transit capital project funding for use on highway capital projects as result of 30/10, unless such re-programming does not result in a net decrease to the transit capital project funding;
  - c. MTA shall complete projects accelerated through 30/10 in the same sequence as the adopted 2009 Long Range Transportation Plan (LRTP);
  - d. MTA shall support any new or modified federal program that provides financial assistance that would enable MTA to accelerate its Measure R/LRTP transit projects;
  - e. MTA also shall support any new or modified federal program that provides financial assistance that would enable MTA to accelerate its Measure R/LRTP highway projects;
  - f. Adoption of an MTA support position is for securing a pledge of federal financial assistance only; adoption of an accelerated project delivery schedule shall be subject to future MTA Board approval;
  - g. Nothing in the contemplated federal assistance would compel MTA to actually accelerate its transit construction program;
  - h. MTA shall only utilize pledged federal assistance if the construction and financing costs are less than the available funds (adjusted for inflation) planned in the adopted 2009 LRTP, unless those costs are being adjusted by the minimum necessary to accomplish an operable segment for the corridor; and
  - i. MTA public-private partnership program and 30/10 shall be closely coordinated to maximize leverage afforded by both.
2. Add the "30/10 Initiative" to the MTA federal legislative platform.
3. Direct the CEO to develop the supporting analyses and materials related to travel demand benefits, economic benefits, operating and capital costs, schedule, federal mandates and organizational readiness necessary to secure federal assistance to finance the "30/10 initiative".

Website: <http://cd5.lacity.org>  
Email: [Paul.Koretz@lacity.org](mailto:Paul.Koretz@lacity.org)



**PAUL KORETZ**  
Councilmember, Fifth District

**City Hall Office:**  
200 N. Spring Street  
Room 440  
Los Angeles, CA 90012  
(213) 473-7005  
(213) 978-2250 Fax

**Valley Office:**  
15760 Ventura Blvd.  
Suite 1020  
Encino, CA 91436  
(818) 971-3088  
(818) 788-9210 Fax

**West L. A. Office:**  
822 S. Robertson Blvd.  
Suite 102  
Los Angeles, CA 90035  
(310) 289-0353  
(310) 289-0365 Fax

March 28, 2013

Mr. Robert L. Scott, Executive Director  
San Fernando Valley Council of Governments  
5121 Van Nuys Blvd. Ste 200  
Sherman Oaks CA 91403

Re: Measure R Project Finance Acceleration Plan

Dear Robert:

I am writing you in response to Metro Chief Executive Officer Art Leahy's letter regarding the Measure R Project Finance Acceleration Plan and issuing a notice of intent to amend Measure R "funds available" dates.

Measure R funded projects are of great importance to me and my constituents because there are various projects that are currently under construction or planned for construction in and around the Fifth Council District. Such projects under construction include the I-405 Sepulveda Pass Widening and The Exposition Phase 2 Light Rail. Furthermore, The Westside Subway Extension is undergoing utility clearance and The East San Fernando Valley Transit Corridor and Sepulveda Pass Transit Corridor are currently being studied as a means of linking the San Fernando Valley to LAX. These last two projects would provide a desperately needed North-South connection. On any given day, 295,000 vehicles travel through the Sepulveda Pass corridor; however this project would not be completed until 2039.

In these tough financial times, we must think outside of the box and look for alternate ways that will help fund these projects in a more expedited manner. We must also look towards innovative modes of transit that can address traffic congestion.

Personal Rapid Transit (PRT) is a viable transportation option for mitigating traffic congestion. When I first took office, I formed a PRT Task force to advise me about this transit option. PRT is a system of small, fully automated, quickly available vehicles, each of which transports people nonstop from point to desired point, using track that's usually two stories above ground level. Transit time is minimized because all trips are non-stop. Wait time is minimized by the system trying to assure that at least one vehicle is waiting to be boarded at all times. A well designed PRT system would be cost effective as well

since costs are estimated at \$15 million per mile. Ideas such as PRT should be looked at when planning for the region.

I support Mr. Leahy's recommendation and I hope that this will help advance the regional connectivity of Los Angeles within the next 10 years, and not in 30 years. I commend The San Fernando Valley Council of Governments for their efforts in planning for the region and I hope that this continues.

Thank you for your consideration of my views. I look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Koretz", written over the word "Sincerely,".

PAUL KORETZ



## U.S. Route 101 Corridor Improvements Project

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**Originating Committee:** Transportation Committee

**Date:** May 14, 2013

**Position:** The Valley Industry and Commerce Association (VICA) supports prioritization of Los Angeles Metropolitan Transportation Authority's (MTA) funding to a U.S. Route 101 (US-101) Corridor Improvements Project.

**Background:** US-101 is a north-south U.S. highway that runs through the states of California, Oregon, and Washington. The US-101 interchanges with Interstate 405 (I-405) and State Roads (SR) 170 and 134 rank among the most congested interchanges in the nation. The southern terminus of US-101 at the East Los Angeles Interchange is the world's busiest freeway interchange, handling more than 550,000 vehicles per day.

According to the Texas Transportation Institute's 2011 Congested Corridors Report, the 26.7 mile stretch of the southbound US-101 from Shoup Avenue in Woodland Hills to Vignes Street in downtown Los Angeles is the nation's No. 1 costliest congested corridor. The data in the report suggests this corridor costs \$278 million annually in travel time delay and excess fuel consumption to the Southern California region, the state, and the nation. In 2010 alone, all-day congestion on the corridor wasted over six million gallons of fuel—No. 1 in the nation—and 485,000 person hours in lost productivity—25th in the nation.

In 2002, a 30-member "US 101 Freeway Steering Committee," consisting of elected officials and representatives from transit agencies, began a three-year \$4.5 million study of the corridor. Due to a strong backlash and local opposition campaign by homeowner groups along the eastern portions of the corridor, the committee abandoned plans for widening, adding carpool lanes and other congestion relief alternatives.

In November 2008, Los Angeles County voters approved a half-cent sales tax called Measure R, which committed \$40 billion in traffic relief and transportation upgrades throughout the county for the next 30 years. Yet, no substantial funding was dedicated to this corridor.

The Los Angeles Metropolitan Transportation Authority's 2009 Long Range Transportation Plan (LRTP) – its most recent edition – included various projects to improve major highway interchanges with this corridor, but it did not identify the corridor itself in the high-priority Recommended Plan or Strategic Unfunded Plan.

**Business Nexus:** US-101 is the primary highway serving the businesses in the San Fernando Valley, particularly those in the south and west Valley. The corridor runs directly parallel to major commercial centers along Ventura Boulevard and Warner Center, and is the primary route for customers and goods to reach these businesses.

**Impacted Entities:** San Fernando Valley residents, businesses and tourists

**Discussion:** Traffic along the 27-mile stretch of the US-101 Corridor from the San Fernando Valley to downtown Los Angeles hampers our region's entire freeway system. The worsening state of the corridor impairs our regional economy through wasted time and resources and damages the environment through wasted fuel and emissions that dramatically affect air quality in the Valley.

The MTA Board of Directors must reprogram existing resources to relieve congestion along the US-101 corridor in Los Angeles County. A complete roadway improvement project for the corridor should be included in the Long Range Transportation Plan (LRTP)'s Recommended Plan section under Freeway Improvements and Gap Closures. The LRTP should also include improvements to the I-405 southbound connector to US-101, the US-101/State Road (SR) 170 Interchange and the US-101/SR-170/SR-134 Interchange.

The objectives of the project should be to improve reliability of traffic flow on freeways and arteries, reduce travel times, and improve traffic safety. Efficient flows would also reduce the stop-and-go of congestion, thereby improving air quality throughout the corridor. This can best be accomplished by meaningful outreach to the entire affected region, and by establishing practical and efficient strategies.

Our region must be better positioned to secure scarce transportation dollars to construct high priority projects along the US-101 Corridor in the San Fernando Valley. Throughout regional collaboration, MTA can address this universal need of Valley residents.

**Committee Discussion:** *Awaiting discussion in the Transportation committee.*

**Supporters:** San Fernando Valley Council of Governments

**Opponents:** No official opposition, as of 5/7/13

**Process History:**

Brought to the Transportation Committee on May 14, 2013:

\_\_\_ Pass \_\_\_ Fail \_\_\_ Tabled \_\_\_ Amended  
Vote:

Brought to the Board of Directors on May 23, 2013:

\_\_\_ Pass \_\_\_ Fail \_\_\_ Tabled \_\_\_ Amended  
Vote:





## SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS Staff Report

**DATE:** May 30, 2013  
**TO:** Board of Directors San Fernando Valley Council of Governments  
**FROM:** Robert L. Scott, Executive Director  
**SUBJECT:** **Amendment of Joint Powers Agreement - Voting - Ratio Required for Board of Directors Action**

### REQUESTED ACTION

Discuss recommendations for amendment of the Joint Powers Agreement of the SFV COG; instruct the Executive Director as to what the proposal(s) shall contain; request the Executive Director to bring back a proposal at the next meeting of the Board of Directors in order to adopt a recommendation to be brought back to the legislative bodies of the members

Recommendation: The board unanimously agreed on March 14, 2013 that future actions of the board of directors would be by less than a majority, and that the Joint Powers Agreement should be amended accordingly. The attached *JPA Proposed Voting Amendment Background* suggests that a topical split—a majority for certain matters and/or two-thirds super-majority for other matters—would be a way of accommodating the board wishes along with the intent of the formation group.

Something stronger than a simple majority would assure general unity on external issues such as policy and projects, and still allow room for some degree of dissent. Operational (internal) issues could be expedited with a simple majority, equivalent to comparable COGs in the region. The board should determine if the number of seats (delegates) remains the same or is changed to a different number such as one per member jurisdiction, which has also been proposed.

### BACKGROUND

(Continued from July 12, 2012) As discussed at the March 14, 2013 meeting, the formational group that met over several years to establish the COG, placed certain provisions in the Joint Powers Agreement that were intended to act as *temporary* safeguards while the COG board of directors was put in place and had an opportunity to refine and adopt a permanent JPA. The primary issues were member voting representation and member dues.

It was determined to give one vote to each Los Angeles County Supervisor whose district represents any portion of the San Fernando and Santa Clarita Valleys, a current total of two (2); one vote to each Los Angeles City Council Member whose district represents any portion of the San Fernando Valley, a current total of seven (7), and one (1) vote to each of the other member cities of Burbank, Glendale, San Fernando and Santa Clarita for a current total of four (4).

The current JPA also requires that representatives from the City and County of Los Angeles, and at least two of the other member jurisdictions be present in order to constitute a quorum for the conduct of business.

A the same time, as part of the startup arrangement, the initial annual dues were set at a nominal \$10,000 per jurisdiction. The intent was to avoid this being a barrier to participation and to secure support for the initial JPA.

The two latter provisions were never intended to be permanent, and there is little disagreement that they put the COG at an operational disadvantage. Few substantive issues can be addressed when every director and every alternate holds a veto. In a normal majority environment, board alternates are extremely helpful to inform the debate and assure quorums. But this can be a challenge to collaboration if they attend a meeting without the latitude to participate in the development of a compromise. Reasonable dissent can be accommodated by requiring something less than unanimity.

#### ATTACHMENTS

*Attachment 12-1: This Staff Report*

*Attachment 12-2: JPA Proposed Voting Amendment Background*

*Attachment 12-3: COG Comparisons in the Region*

*Attachment 12-4: Joint Powers Agreement of the San Fernando Valley COG*

**SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS**  
**JOINT POWERS AGREEMENT**  
**ALTERNATIVES FOR AMENDMENT**

As of March 25, 2013

Prepared by James H. Stewart, PRP  
and Robert L. Scott, Executive Director

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The Formation Committee and Board of Directors have worked since 2006 in the creation of a San Fernando Valley<sup>1</sup> Council of Governments (COG). This effort built on the prior work of creating a San Fernando Valley Transit Zone in 1998, followed by a Valley Statistical District, and SCAG and Metro Subregions.

The Board desires to honor the original principles of the COG in seeking consensus, but also has agreed to recast the current "unanimity" requirement of the Joint Powers Agreement in such a way that would encourage dissent without impeding progress.

Three scenarios are presented here for ad hoc committee consideration.

**TOPICAL SPLIT**

1. Maintain current board seating and quorum requirements
2. Two-Thirds Vote Required on *External* Matters such as legislation, projects and strategies
3. Majority Vote Required on *Internal* Matters such as operations, personnel, budget and membership

**ASSURED REPRESENTATION**

1. Maintain current board seating and quorum requirements
2. Assure that any action includes at least one vote from the City of Los Angeles
3. Assure that any action includes at least one vote from the County of Los Angeles
4. Assure that any action includes at least two votes from the remaining cities

**POPULATION-BASED REPRESENTATION**

<i>Population/Attributes</i>	<i>Board Representatives<sup>2</sup></i>	<i>Applies to</i>
1. Less than 50,000	One	San Fernando
2. 50,000-150,000	Two	Burbank
3. 150,000-500,000	Three	Glendale, Santa Clarita
4. Valley City Council Districts	Seven	Los Angeles, City
5. Valley Supervisorial Districts	Two	Los Angeles County

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<sup>1</sup> Subsequently to include Santa Clarita Valley

<sup>2</sup> May be elected or alternates

# DISCUSSION

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## TOPICAL SPLIT

1. Maintain current board seating and quorum requirements
2. Two-Thirds Vote Required on *External* Matters such as legislation, projects and strategies
3. Majority Vote Required on *Internal* Matters such as operations, personnel, budget and membership

By differentiating between internal and external matters, the JPA allows for the day to day business and internal affairs of the COG to be handled efficiently and expeditiously.

Matters that involve public affairs and policy, projects and strategies would require a two-thirds supermajority (9 votes if all are present and voting). This assures that external matters have strong support among the jurisdictions, and that the COG does not stray too far from its *regional* mission.

## ASSURED REPRESENTATION

1. Maintain current board seating and quorum requirements
2. Assure that any action includes at least one vote from the City of Los Angeles
3. Assure that any action includes at least one vote from the County of Los Angeles
4. Assure that any action includes at least one vote from the remaining cities

The JPA currently requires that a quorum includes one member each from the city and county of L.A., along with two members from the remaining cities. This has a protective effect that includes allowing the County of Los Angeles to avoid a quorum/vote with two absent members, the non-L.A. cities to do so with three absent members, and the City of Los Angeles to do so with seven absent members—or alternatively exercise its seven-vote majority.

This would extend the quorum concept to the actual vote count, keeping the checks and balances consistent.

## POPULATION-BASED REPRESENTATION

This formula would add two seats each to Glendale and Santa Clarita and one seat to Burbank. By creating a board with 18 votes, a majority would be 10, thus numerically assuring that no one jurisdiction had a majority, and would add to the influence of the non-L.A. cities. Quorum would be 10, and the current requirement for LA City, County and one other present would be maintained.

Councils of Governments in the Los Angeles Region  
**Organizational and Operating Characteristics Comparisons**  
January 2, 2013

Council of Governments	Population	Core Revenue / Dues & Intergov	Core Expenditures	Mgmt Services Agt or Public Salary	Other Staff	Supplemental /Grant Budget	Supplemental Expenditures
<b>San Fernando Valley COG</b>	<b>2,000,000</b>	<b>60,000</b>	<b>60,000</b>	<b>48,000</b>	<b>0</b>	<b>60,000</b>	<b>20,000</b>
Westside Cities 2011	700,000	120,215	120,215	90,000	6,000	18,000	18,000
San Gabriel Valley COG	2,000,000	703,096	685,533	428,033 +(207K Grnts)	5-6 in MSA + 86,500	1,130,000	1,129,000
Gateway Cities COG	2,000,000	800,000	800,000	207,397 Salary +6K auto	5+ Consultants	7,300,000	7,300,000
South Bay Cities COG	900,000	260,000	593,000	342,000	13+ Consultants	260,000	1,000,000+

Council of Governments	Dues	City of LA Dues LA County Dues	Net Assets / Surplus	Member / City Representation	Vote Required for Action	Year Founded
<b>San Fernando Valley COG</b>	<b>6 Members at \$10K</b>	<b>LA City \$10K LA Co \$10K</b>	<b>Est 30K</b>	<b>4 Ind Cities 7 LA City 2 LA Co</b>	<b>Unanimous</b>	<b>2010</b>
Westside Cities COG	6 Members at \$20K	LA City \$20K LA Co \$20K	112,032	1 Vote Per Member	Majority	c. 1995
San Gabriel Valley COG	35 Members at Avg \$20K	LA City n/a LA Co \$90K	645,033	1 Vote Per Member	Majority	c. 1994
Gateway Cities COG	31 Members	LA City n/a LA Co \$88K		1 Vote Per Member	Majority	1996
South Bay Cities COG	17 Members at \$3500-\$30K	LA City \$29K LA Co \$30K	300,000	1 Vote Per Member	Majority	1994

**SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS  
A JOINT POWERS AUTHORITY**

**JOINT POWERS AGREEMENT**

## AGREEMENT

### “SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS”

#### (A JOINT POWERS AUTHORITY)

This Agreement (“Agreement”) is made and entered into by and between the public entities (“Members”) whose names are set forth in Exhibit A, attached hereto and incorporated herein by this reference (“Eligible Public Entities”), and who have approved and executed this Agreement pursuant to Section 6500 *et seq.* of the California Government Code and other applicable law. Each entity listed on Exhibit A shall become a Member of the San Fernando Valley Council of Governments (“SFVCOG”) when confirmation that this Agreement has been approved by its governing body and the executed Agreement are received by the legal advisors for the San Fernando Valley Council of Governments.

#### WITNESSETH:

The parties hereto do agree as follows:

Section 1. Recitals. This Agreement is made and entered into with respect to the following facts:

- A. Historically, the San Fernando Valley (“Valley”) cities of Calabasas, Burbank, Glendale, Los Angeles and San Fernando, and the County of Los Angeles, have worked through The Valley Economic Alliance (“Alliance”) as informal strategic partners, involving elected officials, city managers and other staff; they share common interests with cities in north Los Angeles County, such as the City of Santa Clarita, and collectively have played a valuable role in serving as a forum for the exchange of ideas and information;
- B. However, Valley Area cities and the County of Los Angeles (“Jurisdictions”) wish to develop and implement subregional policies and plans that are unique to the greater San Fernando Valley region (“Valley Area”), and to voluntarily and cooperatively resolve differences among themselves, which requires a more formal structure;
- C. The public interest requires the establishment of an agency to jointly conduct studies and projects designed to coordinate and improve the common governmental responsibilities and services on a Valley-wide and subregional basis through the establishment of a council of governments (“COG”);

- D. The public interest requires that the COG explore areas of inter-governmental cooperation and coordination of government programs, and that it provide recommendations and solutions to problems of common and general concern to its Members;
- E. Each Member is a city or county ("Eligible Public Entities") established by law with full powers of government in administrative, legislative, financial, and other related fields;
- F. Each Member, by and through its legislative body, has determined that an agency to assist in planning and voluntary coordination, in the greater San Fernando Valley area of Los Angeles County furthers the public interest, necessity and convenience; and
- G. Each Member is listed on Exhibit A hereto as an Eligible Public Entity or has otherwise been determined by the Board of Directors to qualify for membership.

Section 2. Creation of Separate Legal Entity. It is the intention of the Members to create, by means of this Agreement, a separate legal entity within the meaning of Section 6503.5 of the Government Code. Accordingly, there is hereby created a separate legal entity, which shall exercise its powers in accordance with the provisions of this Agreement, and applicable law.

Section 3. Name. The name of the said separate legal entity shall be the San Fernando Valley Council of Governments.

Section 4. Purpose and Powers of the SFVCOG.

- A. Purpose of SFVCOG. The purpose of the creation of the SFVCOG is to enable the Members to voluntarily engage in cooperative local and regional planning and the coordination of government services and responsibilities so as to assist the Members in the conduct of their affairs; to conduct studies and projects designed to improve and coordinate the common governmental responsibilities and services on a Valley Area and regional basis; and to coordinate implementation programming.
- B. Common Powers. The SFVCOG shall have, and may exercise, the following powers:
  - 1. Serve as an advocate in representing the Members of the San Fernando Valley Council of Governments at the regional, state and federal levels on issues of importance to the greater San Fernando Valley region of Los Angeles County;



2. Serve as a forum for the review, consideration, study, development and recommendation of public policies and plans with local and regional significance;
3. Assemble information helpful in the consideration of problems of interest to the Members;
4. Utilize Member resources or other public or public/private groups to carry out its programs and projects;
5. Explore practical avenues for voluntary intergovernmental cooperation, coordination and action in the interest of the local public welfare and improving the administration of governmental services;
6. Assist in coordinating subregional planning efforts and in resolving conflicts among the Members as they work toward achieving planning goals;
7. Build a consensus among the Members to address regional and subregional issues, strategies, policies and programs;
8. Facilitate and coordinate activities for obtaining state, federal and regional grants in support of projects; and as a mechanism to assist in financing the expenditures and activities of the SFVCOG;
9. Make and enter into contracts, including contracts for the services of public/private organizations, managers, researchers, planners, engineers, attorneys and other consultants;
10. Employ agents, officers and employees;
11. Apply for, receive and administer grants, gifts, contributions and donations of property, funds, services and other forms of financial assistance from persons, firms, corporations and any federal, state or local governmental entity;
12. Acquire, construct, lease, manage, maintain, own and operate any buildings, works or improvements;
13. Delegate some or all of its powers to an Executive Director as hereinafter provided;
14. Incur debts, liabilities and obligations and/or issue bonds;
15. Exercise any implied power necessary to implement the express powers provided for in this Section 4; and
16. Sue and be sued.

- C. Exercise of Powers. The SFVCOG shall, in addition, have all implied powers necessary to perform its functions. It shall exercise its powers only in a manner consistent with the provisions of applicable law, and this Agreement. For the purpose of determining the powers of, and the restrictions to be imposed on the SFVCOG in its manner of exercising its powers pursuant to Government Code Section 6509, it is understood and agreed by the Members that the SFVCOG shall have any powers and observe any restrictions imposed upon the City of Los Angeles, a charter city, in the exercise of similar powers, provided however, that if the City of Los Angeles shall cease to be a member, then the SFVCOG shall be restricted in the exercise of its power in the same manner as the City of Glendale, a charter city, or the next most populous Member city.
- D. Reserved Powers. The SFVCOG shall not possess the authority to compel any of its members to conduct any activities or implement any plans or strategies that they do not wish to undertake (except for the payment of dues). The goal and intent of the SFVCOG is one of voluntary cooperation among the Members for the collective benefit of the San Fernando Valley area of Los Angeles County.

#### Section 5. Members.

- A. Admitting New Members. New Members may be admitted to the SFVCOG upon an unanimous vote of the Board and execution of this agreement, provided that such a proposed new Member is a city whose jurisdiction, or part thereof, lies within or immediately adjacent to any jurisdiction that is a Member of SFVCOG, or that is deemed by the Board of Directors to share common interests with the SFVCOG.
- B. Withdrawal. A Member may withdraw from the SFVCOG by filing written notice of withdrawal with the Chair of the Board.
- C. Dues of Members. The Members of the SFVCOG shall be responsible for the payment to the SFVCOG, annually, of dues. Initial annual dues shall be \$10,000 per Member.
- D. Non-Payment of Dues. If a Member fails to pay dues in a timely fashion, the Member shall be deemed to be suspended from this Agreement and the SFVCOG.
- E. Admission. Admission shall be subject to such terms and conditions as the Board may deem appropriate.

Section 6. Creation of Board of Directors. There is hereby created a Board of Directors for the SFVCOG ("Board") to conduct the affairs of the SFVCOG. The Board shall be constituted as follows:

A. Designation of Board Representatives.

The Members of the SFVCOG shall designate representatives to the Board ("Board Representatives") as follows:

1. The City Council of the City of Los Angeles shall designate one Board Representative from each council district that is located entirely or partially in the San Fernando Valley.
2. The Board of Supervisors of the County of Los Angeles shall designate one Board Representative from each supervisorial district that is located entirely or partially in the San Fernando Valley.
3. The other Members shall each designate one Board Representative from their city council.

B. Designation of Alternate Board Representatives. For each Board Representative designated, one or more of their council/board members or full time staff members of the Member cities or the County Board of Supervisors shall be designated as alternate representative(s) to the SFVCOG Board of Directors ("Alternate Board Representative") pursuant to the Member's own procedures.

C. Eligibility. No person shall be eligible to serve as a Board Representative unless that person is, at all times during the tenure of that person as a Board Representative, a member of the legislative body of one of the appointing Member Jurisdictions; or in the case of an Alternate Board Representative a member of the legislative body or full-time staff member of one of the appointing Member Jurisdictions. The designation of a Board Representative and Alternate Board Representative shall be evidenced in writing to the Chair of the SFVCOG. Should any person serving on the Board fail to maintain the status as required by this section, that person's position on the Board shall be deemed vacated as of the date such person ceases to qualify pursuant to the provisions of this section and the Member shall be entitled to appoint a qualified replacement.

D. Compensation. Board Representatives and Alternative Board Representatives shall receive no compensation in connection with their service on the SFVCOG.

E. Representation. Notwithstanding the above provisions of this section, the legislative body of each Member may establish a procedure to provide for its representation at a Board meeting by an elected member of its legislative

body in the event that neither the Board Representative nor the Alternate Board Representative are available to attend.

- F. Term. Board Representatives and Alternate Board Representatives shall serve for a period determined by each Member's own procedures.
- G. Board Powers. The Board shall be deemed, for all purposes, the policy making body of the SFVCOG. All of the powers of the SFVCOG, except as may be expressly delegated to others pursuant to the provisions of applicable law, this Agreement, or by direction of the Board, shall be exercised by and through the Board.

Section 7. Use of Public Funds and Property. The SFVCOG shall be empowered to utilize for its purposes, public and private funds, property and other resources received from the Members and from other sources. Subject to the approval of the Board of the SFVCOG, the Members shall participate in the funding of the SFVCOG in such a manner as the Board shall prescribe.

Section 8. Board Actions – Meetings. Except as otherwise specifically provided in this Agreement, all actions of the Board shall require unanimity of the Board Members present. There shall be no proxy voting.

- A. Meetings. Regular meetings of the Board shall be held not less than four times a year. Special meetings of the Board may be called by the Chair. The Board shall establish the dates and times of regular meetings of the Board. The location of each such meeting shall be as directed by the Board. All meetings of the SFVCOG shall be called and conducted, and an agenda posted, in accordance with the Ralph M. Brown Act, as applicable, Government Code Section 54950 et seq., as it now exists or may hereafter be amended.
- B. Quorum. A quorum shall consist of the presence of a majority of the Board Representatives, representing a majority of the Members, including at least one Board Representative each from the City of Los Angeles, the County of Los Angeles, and two of the other Member Jurisdictions in good standing with the SFVCOG.
- C. First Meeting. At the first scheduled meeting of the Board, a Board Representative shall be elected to the position of Chair by the Board, and a different Board Representative shall be elected to the position of Vice Chair of the Board. The terms of office of the Chair and Vice Chair elected at the first scheduled meeting of the Board shall continue through the first July 1st of their terms and expire on the second July 1st. Elections to determine their successors shall not be held until the first regular meeting in May preceding the second July 1st. If, during this initial period, there is a vacancy, for any

reason, in the position of Chairperson or Vice-Chairperson, the Board shall forthwith conduct an election and fill such vacancy for the unexpired term of such prior incumbent.

Section 9. Designation and Duties of Treasurer. The Treasurer of one of the Members shall serve as Treasurer of the SFVCOG for a term of three (3) years. Upon expiration or earlier termination of the term, the Treasurer of the Member whose Board Representative then serves as the Chair of the Board shall serve as the Treasurer for the SFVCOG. Should that person have just served as Treasurer, or otherwise not be available, then the Treasurer of the Member whose Board Representative then serves as Vice Chair shall serve as the Treasurer. The Treasurer shall have charge of the depositing and custody of all funds held by the SFVCOG. The Treasurer shall perform those duties performed by treasurers of Joint Powers Authorities as described in section 6505.5 of the Government Code and such other duties as may be imposed by provisions of applicable law, and such duties as may be required by this Memorandum, or at the direction of the Board.

Section 10. Designation and Duties of Secretary. The Board shall designate a Secretary. The Secretary shall keep a record of all proceedings and perform the usual duties of such office, including compliance with all notice and agenda posting requirements of the Ralph M. Brown Act (Government Code section 54950, et seq.), as it now exists or may hereafter be amended

Section 11. Designation of Other Officers. The Board may appoint such other officers as it deems appropriate and necessary to conduct the affairs of the SFVCOG.

Section 12. Legal Advisors. The offices of the Los Angeles County Counsel and Los Angeles City Attorney shall serve jointly as the legal advisors to the SFVCOG. Each Member's City Attorney and the County Counsel will continue to represent their own jurisdictions on all legal matters within their purview; provided, however, in the event of a potential or actual conflict of interest between the County or the City of Los Angeles on the one hand and the SFVCOG on the other, then the County Counsel or the Los Angeles City Attorney (whichever has the conflict) shall create an ethical wall within its office, and the attorney(s) advising the Member and its Board Representative(s) shall be different than the attorney(s) advising the SFVCOG. Such ethical wall shall include procedures or methods to ensure there are no communications between the walled off attorneys related to confidential communications and matters giving rise to the conflict.

Section 13. Obligations of SFVCOG. The debts, liabilities and obligations of the SFVCOG ("SFVCOG Obligations") shall be the debts, liabilities or obligations of the SFVCOG alone. The Obligations shall not constitute debts, liabilities or obligations of the Members and the Members shall have no liability therefore.

Section 14. Implementation Agreements. When authorized by the Board, affected Members may execute special/supplemental Implementation Agreements (or Joint Powers Agreements pursuant to Government Code section 6500 et seq.) for the purpose of authorizing the SFVCOG to implement, manage and administer specific area-wide and regional programs in the interest of the local public welfare. The costs and liabilities incurred by the SFVCOG in implementing a program, including indirect costs, shall be assessed only to those Members who are parties to that Implementation Agreement. Nothing in this Agreement shall be construed so as to prevent any of the Members from entering into memoranda of understanding or joint powers agreements with each other or with third parties, outside of the SFVCOG.

Section 15. Term. The SFVCOG created pursuant to this Agreement shall continue in existence until such time as this Agreement is terminated or as otherwise provided by law. This Agreement may not be terminated except by an affirmative vote of a majority of the legislative bodies of the then Members of the SFVCOG.

Section 16. Application of Laws to SFVCOG Functions. The SFVCOG shall comply with all applicable laws in the conduct of its affairs, including, but not limited to, the Ralph M. Brown Act to the extent applicable. (Section 54950 et seq. of the Government Code.)

Section 17. Members - Interference with Function of Members. The Board shall not take any action which constitutes an interference with the exercise of lawful powers by a Member of the SFVCOG.

Section 18. Disposition of Assets. Upon the winding up and dissolution of the SFVCOG, after paying or adequately providing for the debts and obligations of the SFVCOG, the remaining assets of the SFVCOG shall be distributed to the parties to this Agreement in proportion to their contributions to the SFVCOG during its existence, pursuant to Government Code section 6512. If for any reason the parties to the Agreement are unable or unwilling to accept the assets of the SFVCOG, said assets will be distributed to the State of California or any local government for public purposes.

Section 19. Amendment. This Agreement may be amended at any time with the unanimous consent of the Member Jurisdictions.

Section 20. Effective Date. The Effective Date ("Effective Date") of this Agreement shall be the date of approval and execution by the last of the following: the City of Los Angeles, the County of Los Angeles, and two of the other cities listed in Exhibit A. Upon approval and execution, each party shall deliver an original executed signature page to the Los Angeles City Attorney and Los Angeles County Counsel, in their capacity as legal advisors to the SFVCOG. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Members, respectively. None of the Members may

assign any right or obligation hereunder without the written consent of the other Members.

Section 21. Bonding Requirement. The officers or persons who have charge of, handle, or have access to any property of the SFVCOG shall be persons designated as such by the Board. Each such designated officer or person shall be required to file an official bond with the Board, at the expense of the Board, in an amount which shall be established by the Board. Should the existing bond or bonds of any such officers be extended to cover the obligations provided herein, said bond shall be the official bond required herein. The premiums of any such bonds attributable to the coverage required herein shall be appropriate expenses of the SFVCOG

Section 22. Indemnification. The Members agree that the SFVCOG shall indemnify, defend and hold harmless each of the respective Members, and their elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the SFVCOG's acts and/or omissions arising from and/or relating to this Agreement or any act and/or omission performed by a Member on behalf of SFVCOG or at the request of the SFVCOG. However, the SFVCOG shall not be required to indemnify, defend and hold harmless any Member or their respective elected and appointed officers, employees, and agents arising from or connected with that Member's willful misconduct or active negligence. Pursuant to Government Code section 895.4, this indemnification provision is expressly intended to supersede the provisions of Government Code section 895.2, providing for joint and several liability of public entities entering into agreements.

Section 23. Budget and Disbursements. The Board shall adopt a budget annually prior to July 1st of each calendar year. The Board may at any time amend the budget to incorporate additional income and disbursements that might become available to the SFVCOG for its purposes during a fiscal year.

- A. Fiscal Year. The SFVCOG shall be operated on a fiscal year basis beginning on July 1st of each year and continuing until the following June 30th. All funds shall be placed in appropriate accounts and the receipt, transfer, or disbursement of such funds shall be accounted for in accordance with generally accepted accounting principles applicable to governmental entities and pursuant to applicable laws. There shall be strict accountability of all funds. All revenues and expenditures shall be reported to the Board.
- B. Expenditures. All expenditures shall be made within the approved annual budget. No expenditures in excess of those budgeted shall be made without the approval of the Board.

- C. Audit. The records and accounts of the SFVCOG shall be audited annually by an independent certified public accountant, or public accountant, in compliance with applicable laws, and copies of such audit report shall be filed with the State Controller, the Los Angeles County Auditor and each party to the SFVCOG no later than fifteen (15) days after receipt of said audit by the Board.
- D. Reimbursement of Funds. Grant funds received by the SFVCOG from any federal, state, regional or local agency to pay for budgeted expenditures for which the SFVCOG has received all or a portion of said funds from the parties hereto shall be used as determined by the Board.

#### Section 24. General Provisions.

- A. Law. This Agreement shall be deemed to have been made, and shall be construed and interpreted, in accordance with the laws of the State of California.
- B. Notices. Any notice required hereunder must be in writing and shall be considered received upon delivery to the city or county clerk of the party to be notified, or two (2) business days after deposit in the United States mail, postage prepaid and properly addressed to such city or county clerk.
- C. Execution in Counterparts. This Agreement may be executed on behalf of the respective Members in one or more counterparts, all of which shall collectively constitute one agreement.
- D. Severability. If any section, subsection, sentence, clause, phrase, or portion of this Agreement is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining sections, subsections, sentences, clauses, phrases, or portions of this Agreement shall nonetheless remain in full force and effect. The governing body of each of the Members hereby declares that it would have adopted each section, subsection, sentence, clause, phrase, or portion of this Agreement, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions of this Agreement be declared invalid or unenforceable.
- E. No Third Party Beneficiaries. This Agreement is intended solely for the benefit of the SFVCOG and the parties to this Agreement, and no third party shall be deemed to be a beneficiary or to have any rights hereunder against the Authority or any of its Members.

The Parties to this Joint Powers Agreement have caused this Agreement to be executed on their behalf as of the dates specified below, respectively, as follows:



Attest:

By: Margarita Campos  
Margarita Campos, City Clerk

Date: 12/15/09

Approved as to Form:

By: Mary F. Riley  
Mary F. Riley, Senior Assistant  
City Attorney

Date: 12/14/09

City of Burbank


By: Gary Bric  
Gary Bric, Mayor

Date: 12/15/09

By: Michael S. Flad  
Michael S. Flad, City Manager


Date: 12/15/09

Attest:

By:   
Aardashes Kassakhian  
City Clerk


Date: 12/29/09

City of Glendale

By:   
Frank Quintero  
Mayor

Date: December 15, 2009

Approved as to Form:

By:   
Michael J. Garcia  
Chief Assistant City Attorney

Date: 12/15/09

By:   
James E. Starbird  
City Manager

Date: 12-15-09



Attest:

By: Etta Amador  
Deputy, City Clerk

Date: 3/24/10  
Approved as to Form: C-117039

By: Walter H. [Signature]  
Deputy, City Attorney

Date: March 17, 2010

City of Los Angeles

By: Eric Garcetti  
ECG, Mayor

Date: March 24, 2010

By: \_\_\_\_\_

Date: \_\_\_\_\_

Attest:

By: Elena G Chávez  
Elena G Chávez, City Clerk

Date: 1/27/2010

Approved as to Form:

By: Michael Estrada  
Michael Estrada, City Attorney

Date: 2/1/2010

City of San Fernando

By: Steven Veres  
Steven Veres, Mayor

Date: 1/26/2010

By: Robert R. Ordelt heide  
Robert R. Ordelt heide, City Manager

Date: 1/27/2010

Attest:

By: Sandra PO

City of Santa Clarita, City Clerk

Date: 3/10/10

Approved as to Form:

By: B. A. PO

City of Santa Clarita, City Attorney

Date: 3-11-10

City of Santa Clarita

By: \_\_\_\_\_

Lauren Weste, Mayor

Date: 3-9-2010

By: K. Stigli

City of Santa Clarita, City Manager

Date: 3/9/10

Attest:

Sachi A Hamai  
Executive Officer of the  
Board of Supervisors



County of Los Angeles

By: *[Signature]*

Deputy

By: *[Signature]*

Chair, Board of Supervisors

Date: MAY 25 2010

Approved as to Form:  
ANDREA SHERIDAN ORDIN  
County Counsel

By: *[Signature]*

Deputy County Counsel

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#17 MAY 25 2010

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Joint Powers Agreement  
Rev. 10.0

17

San Fernando Valley  
Council of Governments

**EXHIBIT A**  
**ELIGIBLE PUBLIC ENTITIES**

County of Los Angeles, a political subdivision of the State of California  
City of Burbank, a municipal corporation in the State of California  
City of Calabasas, a municipal corporation in the State of California  
City of Glendale, a municipal corporation in the State of California  
City of Hidden Hills, a municipal corporation in the State of California  
City of Los Angeles, a municipal corporation in the State of California  
City of San Fernando, a municipal corporation in the State of California  
City of Santa Clarita, a municipal corporation in the State of California

**FIRST AMENDMENT TO MANAGEMENT SERVICES AGREEMENT  
BETWEEN THE SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS,  
and the VALLEY ECONOMIC ALLIANCE**

THIS FIRST AMENDMENT to the Management Services Agreement ("Agreement") is made and entered into by and between SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS ("SFVCOG"), a California Joint Powers Authority, and the VALLEY ECONOMIC ALLIANCE ("Contractor"), on January 10, 2013, or upon the execution of both parties, whichever is later.

**RECITALS**

WHEREAS, SFVCOG and Contractor entered into the Agreement on April 14, 2011; and

WHEREAS, on April 12, 2012, the SFVCOG Board of Directors ("Board") exercised its option to extend the Agreement through February 28, 2013; and

WHEREAS, on July 12, 2012, the SFVCOG Board made a motion indicating its intent to extend the Agreement term so that it be coterminous with the fiscal year; and

WHEREAS, the Agreement provides, among other matters, for the provision of services for the Executive Director and management services; and

WHEREAS, the SFVCOG now wishes to expand the services provided by the Agreement to include coordination and organization of the Mobility Summit and other Valley conferences when so directed by the SFVCOG Board; and

WHEREAS, the Contractor is willing and able to provide such additional services; and

WHEREAS, on July 12, 2012 the SFVCOG made a motion indicating its intent to increase the compensation pursuant to the Agreement so as to compensate such additional services;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and adequacy of which are expressly acknowledged, the parties agree to amend the Agreement as follows:

1. Paragraph 1., Term of Agreement, shall be deleted and replaced as follows, while retaining paragraph 1.1 in its entirety:

Term of Agreement. This Agreement shall terminate on the earlier of: (i) June 30, 2013 or (ii) as set forth in paragraph 1.1, unless extended as provided herein. The Agreement may be extended on an annual basis through June 30, 2016 upon approval by the SFVCOG Board.



2. The following sentence shall be added to Paragraph 2. "Additionally, the Executive Director shall coordinate and organize networking conferences at the direction of the SFVCOG Board."
3. Paragraph 3 **Compensation**, of the Agreement shall be deleted and replaced with the following:

3.1 **Amount**. Compensation under this Agreement for performance shall not exceed \$19,750.00 for the month of January 2013. Thereafter, and for any extensions of this Agreement, compensation for performance of services pursuant to this Agreement shall not exceed \$6,250.00 per month. Additional services may be performed, only if approved by the SFVCOG Board in advance, and shall be compensated as the rate of \$150.00 per hour for the Executive Director, and \$75.00 per hour for clerical work.

3.2 **Payment**. Payment shall be made per monthly invoice from Contractor as approved by the Chair of the SFVCOG Board.

3.3 **Expenses**. Reimbursement to Contractor for expenses incurred in the performance of services under this Agreement shall not exceed \$750 per month for the term of this Agreement, and any extension thereof, without prior written approval of the SFVCOG Board. These expenses will only be reimbursed if proper documentation is submitted, including invoices and/or receipts. All expenses related to use of vehicle, office use, general office supplies, cell phone and office equipment, including computers, software and printers and the maintenance of such, for SFVCOG business are part of the Scope of Services as set forth in Exhibit A and are not reimbursable pursuant to this Agreement. Expenses for travel outside of the Los Angeles metropolitan area must be approved in advance by the SFVCOG Board. Expenses shall be enumerated in Contractor's monthly invoices.

4. Except as herein amended, all other terms and conditions of the Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have caused this FIRST AMENDMENT to Agreement to be executed by their respective officers, duly authorized, on the respective dates indicated below.

THE VALLEY ECONOMIC ALLIANCE

By:\_\_\_\_\_ Date:\_\_\_\_\_

SAN FERNANDO VALLEY COUNCIL OF  
GOVERNMENTS

By:\_\_\_\_\_ Date:\_\_\_\_\_

APPROVED AS TO FORM FOR THE COUNTY:

JOHN F. KRATTLI  
County Counsel

By:\_\_\_\_\_ Date:\_\_\_\_\_  
Deputy County Counsel

## **AGREEMENT**

THIS AGREEMENT is made this 14<sup>th</sup> day of April 2011, by and between the SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS, a California Joint Powers Authority ("SFVCOG"), and THE VALLEY ECONOMIC ALLIANCE doing business as THE MULHOLLAND INSTITUTE ("CONTRACTOR").

## **RECITALS**

The following recitals are a substantive part of this Agreement:

A. SFVCOG is desirous of obtaining services necessary to professionally manage the activities and programs of the organization as its Executive Director; and

B. CONTRACTOR represents that CONTRACTOR possesses the expertise, qualifications and knowledge to provide the required services in a cost effective manner.

NOW, THEREFORE, in consideration of the foregoing and the terms and conditions hereinafter set forth, the parties mutually agree as follows:

1. **Term of Agreement.** This Agreement shall commence on March 1, 2011 and shall terminate on the earlier of: (i) February 29, 2012 or (ii) as set forth in paragraph 1.1, unless extended as provided herein. This Agreement may be extended on an annual basis through February 29, 2016 upon annual approval by the SFVCOG Board of Directors ("Board").

1.1 **Termination.** SFVCOG shall have the right to terminate this Agreement, with or without cause, by giving CONTRACTOR thirty (30) days' written notice of termination. CONTRACTOR shall have the right to terminate this Agreement, with or without cause, by giving SFVCOG one hundred twenty (120) days' written notice of termination. Upon receipt of a termination notice, CONTRACTOR shall: (1) promptly discontinue all services on the termination date (unless the notice directs otherwise); and (2) promptly deliver to SFVCOG all documents, files, data, reports, and such other information and materials as may have been accumulated by CONTRACTOR in performing the Agreement, whether completed or in progress. CONTRACTOR shall be entitled to reasonable compensation for the services it performs up to the date of termination.

2. **Services to be Provided.** The services to be provided hereunder shall be as set forth in Exhibit A attached hereto and incorporated herein by reference. The services to be performed pursuant to this Agreement shall be performed at the direction of the SFVCOG Board, and CONTRACTOR shall take no action or position on behalf of SFVCOG without prior consultation with the SFVCOG Board.

3. **Compensation.** CONTRACTOR shall be compensated as follows:

3.1 **Amount.** Compensation under this Agreement for performance of those services described in Exhibit A shall not exceed \$ 4,000.00 per month for the term of this Agreement, and any extensions thereof. Additional services shall be performed only if approved



by the SFVCOG Board in advance and shall be compensated at the rate of \$150.00 per hour for the Executive Director and \$75.00 per hour for clerical work.

3.2 **Payment.** Payment shall be made per monthly invoice from CONTRACTOR.

3.3 **Expenses.** Reimbursement to CONTRACTOR for expenses incurred in the performance of services under this Agreement shall not exceed \$750 per month for the term of this Agreement, and any extension thereof, without prior written approval of the SFVCOG Board. Expenses shall be reimbursed without mark-up. Expenses for vehicle, office, cell phone, computer and software for SFVCOG business are a part of the Scope of Services as set forth in Exhibit A and are not reimbursable pursuant to this Agreement. Expenses for travel outside the Los Angeles metropolitan area must be approved in advance by SFVCOG. Expenses shall be enumerated in CONTRACTOR's monthly invoices.

4. **Professional Standards.** CONTRACTOR shall maintain or exceed the level of competency presently maintained by other similar practitioners in the State of California, for professional and technical soundness, accuracy and adequacy of all work, advice, and materials furnished under this Agreement.

5. **Time of Performance.** CONTRACTOR shall complete all services required hereunder as and when directed by SFVCOG. SFVCOG in its sole discretion may extend the time for performance of any task or service.

6. **Employees and Subcontractors.** CONTRACTOR may, at CONTRACTOR's sole cost and expense, employ or subcontract with such other persons as may, in the opinion of CONTRACTOR, be needed to comply with the terms of this Agreement, if such persons possess the necessary qualifications to perform such services. If such persons are employed to perform a portion of the scope of work, the engagement of such persons shall be subject to the prior approval of SFVCOG.

7. **Insurance Requirements.**

7.1 **Commencement of Work.** CONTRACTOR shall not commence work under this Agreement until it has obtained SFVCOG-approved insurance. Before beginning work hereunder, during the entire period of this Agreement, for any extensions hereto, and for periods after the end of this Agreement as indicated below, CONTRACTOR must have and maintain in place all of the insurance coverages required in this Section 7. CONTRACTOR's insurance shall comply with all items specified by this Agreement. Any subcontractors shall be subject to all of the requirements of this Section 7 and CONTRACTOR shall be responsible to obtain evidence of insurance from each subcontractor and provide it to SFVCOG before the subcontractor commences work.

All insurance policies used to satisfy the requirements imposed hereunder shall be issued by insurers authorized to do business in the State of California. Insurers shall have a current A.M. Best's rating of not less than A-:VII unless otherwise approved by SFVCOG.



## 7.2 Coverages, Limits and Policy Requirements.

CONTRACTOR shall maintain the types of coverages and limits indicated below:

- A. Liability Insurance. Such insurance shall be endorsed naming SFVCOG, the County of Los Angeles, the Cities of Los Angeles, Glendale, Burbank, San Fernando, and Santa Clarita, any other public agency to later join the SFVCOG ("Members"), and any and all sub-contractors, as additional insureds and shall include:
- (1) General liability insurance written on a commercial general liability form or on a comprehensive general liability form covering the hazards of premises/operations, contractual, independent contractors, advertising, products/completed operations, broad form property damage and personal injury with a combined single limit of not less than \$1,000,000 per occurrence. If written with an annual aggregate limit, the aggregate limit shall be not less than two (2) times the required occurrence limit. If written on a claims-made form, CONTRACTOR shall be required to provide an extended two-year reporting period commencing upon termination or cancellation of the Agreement.
  - (2) Comprehensive auto liability insurance endorsed for all owned, non-owned and hired vehicles with a combined single limit of not less than \$1,000,000 per occurrence.
- B. Workers' Compensation Insurance. Workers' compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability, with a \$1,000,000 limit covering all persons CONTRACTOR is required to cover. The policy shall contain or be endorsed to include a waiver of subrogation in favor of SFVCOG, and its Members. The requirement for Workers' Compensation insurance shall only apply if CONTRACTOR hires employees during the term of this Agreement for the purpose of carrying out this Agreement.

CONTRACTOR shall provide SFVCOG notice of any cancellation, non-renewal or material change in coverage not less than 72 hours after receiving notice of same from the insurer.

7.3 Additional Requirements. The procuring of such required policies of insurance shall not be construed to limit CONTRACTOR's liability hereunder nor to fulfill the indemnification provisions and requirements of this Agreement. There shall be no recourse against SFVCOG for payment of premiums or other amounts with respect thereto. SFVCOG shall notify CONTRACTOR in writing of changes in the insurance requirements. If CONTRACTOR does not deposit copies of acceptable insurance policies with SFVCOG incorporating such changes within sixty (60) days of receipt of such notice CONTRACTOR shall be deemed in default hereunder.

Any deductibles or self-insured retentions must be declared to and approved by SFVCOG. Any deductible exceeding an amount acceptable to SFVCOG shall be subject to the



following changes: either the insurer shall eliminate or reduce such deductibles or self-insured retentions with respect to SFVCOG and its officials, employees and agents (with additional premium, if any, to be paid by CONTRACTOR); or CONTRACTOR shall provide satisfactory financial guarantee for payment of losses and related investigations, claim administration and defense expenses.

7.4 Verification of Compliance. CONTRACTOR shall furnish SFVCOG with original endorsements effecting coverage required by this Agreement. The endorsements are to be signed by a person authorized by the insurer to bind coverage on its behalf. All endorsements are to be received and approved by SFVCOG before work commences. Not less than fifteen (15) days prior to the expiration date of any policy of insurance required by this Agreement, CONTRACTOR shall deliver to SFVCOG a binder or certificate of insurance with respect to each renewal policy, bearing a notation evidencing payment of the premium therefor, or accompanied by other proof of payment satisfactory to SFVCOG.

8. Non-Liability of Officials and Employees of the SFVCOG and its Members. No official or employee of SFVCOG or its Members shall be personally liable for any default or liability under this Agreement.

9. Non-Discrimination. CONTRACTOR covenants there shall be no discrimination based upon race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry, in any activity of CONTRACTOR pursuant to this Agreement.

10. Independent Contractor. CONTRACTOR shall at all times be acting as an independent contractor. This Agreement is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture or association as between SFVCOG and CONTRACTOR. CONTRACTOR understands and agrees that all of CONTRACTOR's personnel who furnish services to SFVCOG under this Agreement are employees solely of CONTRACTOR and not of SFVCOG for purposes of workers' compensation liability. CONTRACTOR shall bear the sole responsibility and liability for furnishing workers' compensation benefits to CONTRACTOR's personnel for injuries arising from or connected with the performance of this Agreement. CONTRACTOR shall comply with all federal, state, and local statutes, laws, and ordinances related to the payment of employer, income, disability, or other tax which may be due by virtue of any compensation received by CONTRACTOR under this Agreement.

11. Compliance with Law. CONTRACTOR shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.

12. Work Product.

12.1 Ownership. All materials, data and other information of any kind obtained from SFVCOG and all materials, data, work product, reports, and other information of any kind developed by CONTRACTOR under this Agreement are the property of SFVCOG, and CONTRACTOR agrees to take all necessary measures to protect the security and confidentiality of all such materials, data, work product, reports, and other information. CONTRACTOR shall not distribute any such materials, data, work product, reports, or other information, in whole or in



part, during or after the Agreement term, to anyone, without the prior written approval of the SFVCOG. The provisions of this Section shall survive the expiration or other termination of this Agreement.

12.2 **Contractor to Maintain Files.** CONTRACTOR shall maintain copies of files and documents relating its work performed under this Agreement, including supporting and backup data, and shall promptly make the files and documents available for SFVCOG's inspection or shall deliver copies to SFVCOG, upon request. SFVCOG may require that some or all of CONTRACTOR's work product be provided in electronic format. CONTRACTOR shall turn over to SFVCOG all original data, in either hard copy or electronic format, at the completion of this Agreement, upon request.

13. **Record Retention and Inspection.** SFVCOG or any duly authorized representative of SFVCOG shall have the right to examine, audit, excerpt, copy or transcribe any transaction, activity, time card, cost accounting record, financial record, data or other record pertaining to this Agreement or the services performed thereunder. Unless otherwise directed by SFVCOG, CONTRACTOR shall keep all such material for five (5) years after the completion or termination of this Agreement or until all audits are complete, whichever is later. If any such records are located outside the County of Los Angeles, CONTRACTOR shall pay SFVCOG for travel and per diem costs connected with any inspection or audit.

14. **Audit Settlement.** If, at any time during the term of the Agreement or at any time within five (5) years after the expiration or termination of the Agreement, authorized representatives of SFVCOG conduct an audit of CONTRACTOR regarding performance of this Agreement, and if such audit finds that SFVCOG's obligation for the payment of compensation is less than the payments made by SFVCOG to CONTRACTOR, then CONTRACTOR agrees that the difference shall be either repaid forthwith by CONTRACTOR, or at SFVCOG's option, credited to SFVCOG against any future compensation payments. If such audit finds that SFVCOG's obligation for the payment of compensation is more than the payments made by SFVCOG to CONTRACTOR, then the difference shall be paid to CONTRACTOR by SFVCOG, provided that in no event shall SFVCOG's maximum obligation under this Agreement be exceeded.

15. **Conflict of Interest and Reporting.** CONTRACTOR affirms that CONTRACTOR presently has no interest and shall not have any interest, direct or indirect, that would conflict in any manner with the performance of the services contemplated by this Agreement. No person having any such interest shall be employed or subcontracted by CONTRACTOR. CONTRACTOR shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

16. **Notices.** All notices shall be personally delivered or mailed to the CONTRACTOR and the SFVCOG at the respective addresses listed below and shall be considered received upon personal delivery or deposit in the mail. These addresses shall be used for delivery of service of process.



- a. Address of CONTRACTOR is as follows:

The Valley Economic Alliance dba the Mulholland Institute  
5121 Van Nuys Boulevard, 2<sup>nd</sup> Floor  
Sherman Oaks, CA 91403  
Attn: Robert L. Scott, Director/Chairman

- b. Address of SFVCOG is as follows:

Office of the Los Angeles City Attorney  
City Hall East  
200 N. Main Street  
Room 700  
Los Angeles, CA 90012  
Attn: Arletta Maria Brimsey  
Deputy City Attorney  
General Counsel Practice Group

Office of the Los Angeles County Counsel  
653 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012  
Attn: Thomas J. Faughnan  
Principal Deputy County Counsel  
Property Division

17. **Licenses, Permits, and Fees.** CONTRACTOR shall obtain all permits and licenses as may be required by this Agreement.

18. **Limitations Upon Subcontracting and Assignment.** Neither this Agreement nor any portion shall be assigned by CONTRACTOR without prior written consent of SFVCOG.

19. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.

20. **Indemnification.** CONTRACTOR agrees to indemnify, defend, and hold harmless SFVCOG and its Members, and their respective elective or appointive officials, boards, officers, agents, attorneys and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees arising out of, or in any way connected with negligent or wrongful conduct by CONTRACTOR, CONTRACTOR's agents, officers, employees, subcontractors, or independent contractors hired by CONTRACTOR excepting only liability arising from the sole negligent or wrongful conduct of SFVCOG. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONTRACTOR.



21. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the appropriate branch of the Los Angeles County Superior Court.

22. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties.

23. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

24. **Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that no representations, by any party which are not embodied herein and that no other agreement, statement or promise not contained in this Agreement shall be valid and binding. Any modification of this Agreement will be effective only if it is in writing signed by the parties. Any issue with respect to the interpretation or construction of this Agreement is to be resolved without resorting to the presumption that ambiguities should be construed against the drafter.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS THEREOF, the parties hereto have executed this Agreement on the day and year first shown above.

**CONTRACTOR**

By: 

THE VALLEY ECONOMIC  
ALLIANCE DBA THE MULHOLLAND  
INSTITUTE

**SAN FERNANDO VALLEY COUNCIL OF  
GOVERNMENTS**

By: 

ZEV YAROSLAVSKY,  
SFVCOG Chair ('10-'11)

**APPROVED AS TO FORM:**

ANDREA SHERIDAN ORDIN  
County Counsel

By: 

THOMAS J. FAUGHNAN  
Principal Deputy County Counsel

**APPROVED AS TO FORM:**

CARMEN A. TRUTANICH  
City Attorney

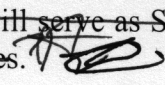
By: 

ARILETTA MARIA BRIMSBY  
Deputy City Attorney



**EXHIBIT A**  
**SCOPE OF SERVICES**

The purpose of the creation of the SFVCOG is to enable the Members to voluntarily engage in cooperative local and regional planning and the coordination of government services and responsibilities so as to assist the Members in the conduct of their affairs; to conduct studies and projects designed to improve and coordinate the common governmental responsibilities and services on a Valley Area and regional basis; and to coordinate implementation programming.

The CONTRACTOR shall serve as the Executive Director and will function as staff to the Board of Directors in fulfilling these goals. ~~The Los Angeles City Clerk's Office will serve as Secretary to the Board and work with the Executive Director to fulfill clerical responsibilities.~~ 

Specifically, the Executive Director will have the following responsibilities:

- work with City Managers and executive staff representatives of the City of Los Angeles and County of Los Angeles to develop and present proposed SFVCOG programs and priorities for Board approval;
- lead the implementation effort for SFVCOG programs and priorities;
- facilitate development of Annual Work Program; develop and coordinate efforts to achieve work program projects/activity priorities as approved by the Board of Directors;
- lead an effort to seek grants and other revenue to implement the program and priorities of the SFVCOG;
- serve as SFVCOG liaison to the Southern California Association of Governments;
- act as principal SFVCOG liaison to federal, state, other regional, and local agencies and staff to further established SFVCOG programs and priorities;
- provide assistance/guidance to the Chair of the Board of Directors, any Committee Chairpersons and committees/working groups as necessary to ensure that the various committee activities are coordinated and completed;
- oversee development and operation of SFVCOG communications, including a web page;
- attend annual League of California Cities COG meeting in Sacramento, California; and
- utilize his/her own vehicle, office, cell phone, computer and software for SFVCOG business.
- carry out the functions and duties of the SFVCOG Secretary, if so designated by the SFVCOG Board, including compliance with all notice and agenda posting requirements of the Ralph M. Brown Act (Government Code section 54950, et seq.), as it now exists or may hereafter be amended.

# **SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS**

A Joint Powers Authority

## **BOARD OF DIRECTORS MEETING AGENDA**

Thursday, May 30, 2013 – 10:00 a.m.

Valley Municipal Building 14410 Sylvan Street, 2nd Floor Van Nuys, California 91401

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### **Additional Handouts and Attachments**

<b><u>Agenda Item</u></b>	<b><u>Description</u></b>
008-1	Attachment 8-1x - Financial Report FY2012-2013, Q3 and Q4
008-2	Attachment 8-2x - Draft Budget for Discussion
008-3	Attachment 8-3x - Proposed Revised Fiscal Manual w/o Annotation

**SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS  
JOINT POWERS AUTHORITY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
JANUARY 1 THROUGH MARCH 31, 2013**

				<b>Fund V54/Org 55665</b>
				<hr/>
<b>Cash Balance, January 1, 2013</b>				<b>\$ 92,224.79</b>
				<hr/>
<b>Receipts:</b>				
<b>Interest Earnings</b>				
Interest Earnings	1/1/2013	38.93		
Interest Earnings	2/1/2013	38.53		
Interest Earnings	3/1/2013	25.79		
<b>Total Interest Earnings</b>				<b>\$ 103.25</b>
<b>Mobility Summit Receipts</b>				
<b>Total Mobility Summit Receipts</b>				<b>11,700.00</b>
<b>Annual Dues</b>				
Membership Dues - City of San Fernando	1/14/2013	10,000.00		
Membership Dues - City of Burbank	3/12/2013	20,000.00		
<b>Total Annual Dues</b>				<b>30,000.00</b>
<b>Total Receipts</b>				<b>\$ 41,803.25</b>
<b>Total Beginning Cash Balance and Receipts</b>				<b>\$ 134,028.04</b>
				<hr/>
<b>Disbursements:</b>				
<b>Mobility Summit Expenses</b>				
Randy Witt	1/2/2013	800.00		
Valley Economic Alliance Reimbursement	1/10/2013	4,606.46		
<b>Total Mobility Summit Expenses</b>				<b>\$ 5,406.46</b>
<b>Executive Director Services</b>				
The Valley Economic Alliance	1/10/2013	4,000.00		
The Valley Economic Alliance	2/24/2013	19,750.00		
The Valley Economic Alliance	3/7/2013	6,250.00		
<b>Total Executive Director Services</b>				<b>30,000.00</b>
<b>Misc Expenses</b>				
The Valley Economic Alliance	1/10/2013	824.43		
<b>Total Misc Expenses</b>				<b>824.43</b>
<b>Total Disbursements</b>				<b>\$ 36,230.89</b>
<b>Cash Balance, March 31, 2013</b>				<b>\$ 97,797.15</b>
				<hr/>

**SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS  
JOINT POWERS AUTHORITY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
APRIL 1 THROUGH MAY 30, 2013**

				<u>Fund V54/Org 55665</u>
<b>Cash Balance, April 1, 2013</b>				<u>\$ 97,797.15</u>
<b>Receipts:</b>				
<b>Interest Earnings</b>				
Interest Earnings	4/1/2013	38.49		
Interest Earnings	5/1/2013			
Interest Earnings	6/1/2013			
<b>Total Interest Earnings</b>				<u>\$ 38.49</u>
<b>Mobility Summit Receipts</b>				
<b>Total Mobility Summit Receipts</b>				5,500.00
<b>Total Receipts</b>				<u>\$ 5,538.49</u>
<b>Total Beginning Cash Balance and Receipts</b>				<u>\$ 103,335.64</u>
<b>Disbursements:</b>				
<b>2013 Mobility Summit Expenses</b>				
LA MARRIOTT BURBANK AIRPORT HOTEL	5/1/2013	3,000.00		
<b>Total Mobility Summit Expenses</b>				<u>\$ 3,000.00</u>
<b>Executive Director Services</b>				
The Valley Economic Alliance	4/9/2013	6,250.00		
The Valley Economic Alliance	5/13/2013	6,250.00		
<b>Total Executive Director Services</b>				<u>12,500.00</u>
<b>Misc Expenses</b>				
<b>Total Misc Expenses</b>				<u>-</u>
<b>Total Disbursements</b>				<u>\$ 15,500.00</u>
<b>Cash Balance, May 30, 2013</b>				<u>\$ 87,835.64</u>

## PROPOSED

### SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS

OPERATING BUDGET - Fiscal Year 2013-2014 - Rev 1

July 1, 2013 through June 30, 2014

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REVENUES	REVENUES	EXPENDITURES	BALANCE
Member Dues	60,000		60,000
Revenues from Grants, Events, Sponsorships	40,000		100,000
<b>EXPENDITURES</b>			
<b>Wages &amp; Benefits</b>			
Executive Director, Management Services Contract		75,000	25,000
<b>General Operations</b>			
Office Lease		0	25,000
Office Expense, Postage, Stationery, etc.		2,000	23,000
Printing		5,000	18,000
Computer Supplies		500	17,500
Telephone & Communications		0	17,500
Audit Fees, Fund		2,500	15,000
Travel, Airfare & Accommodations		800	14,200
Travel Per Diem		0	14,200
Parking and Auto		250	13,950
Meeting/Event Support, Logistics, Refreshment and Expenses		5,000	8,950
Membership Dues		1,200	7,750
League of Cities		0	7,750
Data and Data Services		0	7,750
Other Miscellaneous Expenses		7,750	0
<b>Totals and Year End Balance</b>	<b>\$ 100,000</b>	<b>\$100,000</b>	<b>\$ 0</b>

# **SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS**



## **FISCAL MANUAL**

**May, 2013**



# **SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS**



## **FISCAL MANUAL**

### **Introduction**

The San Fernando Valley Council of Governments (SFVCOG) Fiscal Manual is a resource guide of fiscal policies, procedures, and internal controls to safeguard and manage the SFVCOG's assets. The Executive Director and the management team will use the Fiscal Manual as a day-to-day guide to manage and control fiscal operations, and meet their responsibilities to manage funds and other assets within the SFVCOG.

This Fiscal Manual will be updated and maintained by the Executive Director of the SFVCOG in accordance with procedures detailed within the Fiscal Manual. For matters not covered in this manual, please contact the Los Angeles County Auditor-Controller for guidance.

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## **1.1 Governing Regulations and Guidelines**

### **1.1.1 Introduction and Summary**

The San Fernando Valley Council of Governments (SFVCOG) Joint Powers Agreement (JPA Agreement) was approved in May 2010 and provides overall guidance on administrative matters.

Currently, the Los Angeles County (County) Treasurer and Tax Collector serves as the Treasurer of the SFVCOG and the County Auditor-Controller acts as the Fiscal Agent. The Treasurer is responsible for the custody and safekeeping of all the monies of the SFVCOG. The Fiscal Agent is responsible for monitoring all financial transactions, making deposits, processing payments for all SFVCOG expenditures, contracting with a certified public accountant for an annual audit of accounts and records as prescribed by the State Controller, keeping copies of supporting documentations for expenditures provided by the SFVCOG, and submitting on a quarterly basis reports to the SFVCOG Board of Directors (Board) which shows all financial transactions of the SFVCOG. The Fiscal Agent reports directly to the Board. Other duties may be assigned or requested by the SFVCOG Board.

### **1.1.2 Los Angeles County Fiscal Manual**

The County Fiscal Manual is the primary resource guide for all fiscal matters in the County. Therefore, based on the direct connection between the SFVCOG and the County in fiscal matters cited above; the County Fiscal Manual provides the overall governing regulations and guidelines for all SFVCOG fiscal matters, incorporated herein by this reference. For all matters not covered in this manual, the County Fiscal manual shall serve as the authoritative guidance.

### **1.1.3 California Government Code Section 6500-6536 – Joint Exercise of Powers Act**

The California Government Code Section 6500-6536, known as the Joint Exercise of Powers Act, governs Joint Power Authorities in the State of California. All fiscal matters of the SFVCOG shall be in compliance with this act.

### **1.1.4 Maintenance and Updates to the SFVCOG Fiscal Manual**

The Executive Director of the SFVCOG shall be responsible for maintaining and updating the SFVCOG Fiscal Manual in conjunction with the Fiscal Agent of the SFVCOG. All updates, including but not limited to signature and expenditure authority rules, will be submitted to the Board for approval.

## **Chapter 2 —Personnel and Payroll**

### **2.1 Personnel and Payroll**

#### **2.1.1 Decentralization of Personnel and Payroll**

To the extent that the SFVCOG does not directly and explicitly employ any particular employee(s), staff from member agencies assigned to the SFVCOG will not be considered employees of the SFVCOG, but instead such member staff will remain employees of their member agency. All payroll and personnel responsibilities will therefore be decentralized and will remain the responsibility of the staffs' member agencies.

#### **2.1.2 Authority of the Executive Director**

While the SFVCOG will not technically employ the employees, the Executive Director may provide day-to-day functional supervision of the staff assigned to the SFVCOG, at the direction of the Board. The Executive Director may also, at his/her discretion, review specific administrative items, such as time records and invoices from any agencies seeking reimbursement for staff services, to ensure the accurate and appropriate accounting of SFVCOG expenditures.

#### **2.1.3 Independent Contractors**

The SFVCOG may directly retain independent contractors to perform services as contract employees. The procurement procedures contained in Procurement and Contract manual, along with County procurement procedures and the County Fiscal Manual will govern the fiscal aspects, solicitation, contracting, and payment of these independent contractors. No independent contractors shall be selected without advance approval by the Board of Directors.

## Chapter 3 — Cash and Receipts

### 3.1 Cash

#### 3.1.1 Description of Cash

Cash includes the following:

- Coin and currency (paper money), and cash equivalents (bank drafts, credit card sales, money orders, government warrants, travelers' and cashiers' checks).
- Checks on hand (personal checks received over the counter, mail, etc.).
- Other liquid assets such as postage (stamps), gift cards, etc.

#### 3.1.2 Objectives of Internal Control over Cash

Cash can easily be converted, temporarily or permanently, to personal use. The highly liquid nature of cash and equivalents requires that strict controls be established over all phases of cash handling operations to limit access to cash such that an individual cannot convert funds for personal use without immediate detection and to provide accurate cash balances for financial reporting and for monitoring cash flow and liquidity.

#### 3.1.3 Internal Controls over Cash

The following internal controls must be followed to maintain the integrity of cash operations.

- Whenever possible, all cash should be sent to the Fiscal Agent directly rather than be received by SFVCOG staff.
- Procedures and controls must be established to ensure that timely, accurate and complete records are maintained of all cash transactions by SFVCOG staff.
- Receipts must be issued whenever cash is received by SFVCOG staff. A receipt book with duplicate copies is preferable and all receipts must be accounted for. All copies of receipts must be maintained by SFVCOG staff and made available for review by the Fiscal Agent and/or auditors.
- All cash received by SFVCOG staff must be secured in a locked location and submitted to the Fiscal Agent within one week of receipt for deposit into the SFVCOG account.
- Cash in the form of other liquid assets (i.e., postage stamps, etc.) should be monitored centrally. All such liquid assets should be secured in safes or lockable filing cabinets and be restricted for SFVCOG business only.

## **Chapter 3 – Cash and Receipts (con't)**

### **3.2 Member Dues**

#### **3.2.1 Authority for Collection of Dues**

The JPA agreement is the authoritative standard regarding dues. It currently sets the member dues at \$10,000 per entity. Any change to the dues structure will require an amendment to the JPA agreement.

#### **3.2.2 Collection and Reporting Process**

All member agency dues will be billed annually by the Fiscal Agent at the beginning of the Fiscal year, which is July 1. An invoice will be sent directly to the member agency. The Executive Director shall verify and update all contact information prior to the invoices being prepared.

Payment of dues will be sent by the member agencies directly to the Fiscal Agent and deposited in the SFVCOG account upon receipt. A report of dues received will be given to the Board quarterly by the Fiscal Agent.

Follow-up invoices will be sent if dues are not received within three months of the original invoice.



## **Chapter 4 – Expenditures**

### **4.1 Expenditures**

#### **4.1.1 General Internal Controls**

Procedures and controls must be established and monitored to ensure that all expenditures are legal, duly authorized, and necessary to perform SFVCOG assigned functions. In addition, there must be assurance that disbursements are recorded accurately, reported promptly, and processed efficiently.

#### **4.1.2 Objectives of Internal Control over Expenditures**

The objectives of internal controls over expenditures are to:

- Control (report) and recognize (record) expenditures in the accounting period in which they are incurred.
- Classify expenditures for financial statement reporting and grant recognition purposes.
- Ensure expenditures incurred do not exceed the approved budget without the appropriate authority.
- Ensure expenditures are made in accordance with applicable laws and established SFVCOG policies and procedures.

#### **4.1.3 Budget Process**

Prior to each fiscal year, the Executive Director shall develop a budget and it shall be reviewed by the Fiscal Agent. The reviewed budget will be presented to the Board at a regularly scheduled meeting for adoption. All anticipated revenue and expenditures should be included in the budget submitted to the Board. Revenues and expenditures should be budgeted by category. If any adjustments are needed during the year, the Board must approve an amended budget.

#### **4.1.4 Expenditure Approval Authorization**

The Board is responsible for establishing appropriate limits of expenditure approval authorization. The adopted budget is the authoritative standard for expenditure limits and spending. No expenditures can be paid until a budget is adopted. Expenditures will only be paid to the extent that they are within the amounts budgeted within each category. For example, if the expenditure for office supplies exceeds the budget, the excess budget for travel cannot be used to cover the office supplies expenditure without going back to the Board and adopting an amended budget that adjusts the amounts in each budget category.

## **Chapter 4 – Expenditures (con't)**

### **4.1 Expenditures (con't)**

#### **4.1.5 Expenditure Authorizations Limits**

As approved by the Board on October 13, 2011, the expenditure authorization limits are as follows:

- a. The Executive Director is authorized to approve all purchases, invoices, and expenditures within the amounts included in the SFVCOG's adopted budget, with the exception of payments for Executive Director services or reimbursements for authorized expenses.
- b. All expenditures above the budgeted amounts must be approved by the Board in advance and an amended budget must be approved.
- c. All invoices related to payment of Executive Director services or reimbursement of authorized expenses must be authorized by the Chair of the Board.

If the budget of the SFVCOG increases significantly, the Board should consider adopting specific dollar thresholds for expenditure authorization authority.

#### **4.1.6 Internal Controls over Expenditures**

All SFVCOG expenditures will be processed and paid by the Fiscal Agent upon submission of an invoice and signed authorization form from the SFVCOG Executive Director or Chair of the Board. All invoices shall be submitted as soon as received, but no later than two weeks after receipt. The Fiscal Agent will pay all invoices within two weeks of receipt.

SFVCOG expenditures shall not be paid by any other method without prior written approval by the Board. At no time shall SFVCOG expenditures be made using a personal credit card or check, except for incidental expenses as indicated in section 4.2.

#### **4.1.7 Payment of Vendors**

The accounting software used by the Fiscal Agent, eCAPS, requires all vendors to have an established vendor code in the system. Before a vendor payment can be processed, the vendor must submit a tax id number so that a vendor code can be established. Prior to selection of a vendor, the Executive Director should verify with the Fiscal Agent that a vendor code already exists. If not, the Executive Director must request the proper tax id information and submit it to the Fiscal Agent so that vendor payments will not be delayed.

## Chapter 4 – Expenditures (con't)

### 4.1 Expenditures (con't)

#### 4.1.8 Accounting and Recordkeeping

All transactions shall be entered into the financial software used by the County and properly recorded based on generally accepted accounting principles. The Fiscal Agent will prepare financial activity reports to the Board each quarter.

The Executive Director shall keep copies of all invoices and any and all documents supporting the expenditures and shall make available on request by the Fiscal Agent, the Board or the audit firm.

### 4.2 Incidental Expenses

#### 4.2.1 Authority and Limits

It may be necessary for the Executive Director to incur incidental expenses related to the purchase of food and beverages for official events. However, because of the relatively small budget of the SFVCOG, these expenses should be minimized whenever possible. The Executive Director is authorized to purchase food and beverages for official functions and meetings up to \$100 per occasion with a maximum of \$250 per month. Any individual expenditure above these limits must be approved in advance by the Chair of the Board.

These amounts shall be included as part of the annual budget adopted each year.

#### 4.2.2 Types of Authorized Expenses

Food and beverages may **not** be purchased for birthdays, retirements, or holiday parties. The funds appropriated for incidental expenses may be used for breakfast, luncheon, and dinner meetings, conferences and events, and other necessary expenses incidental to the conduct of SFVCOG business.

Authorized expenses include:

- Coffee, other liquid refreshments, and food items for SFVCOG meetings; meetings with individual Board members and/or their representatives, and/or other officials; and meetings of Board-appointed advisory commissions and committees; and
- Refreshments or meals when meeting with SFVCOG business clients, including individuals or organizations which directly or indirectly benefit the community and/or the main mission of the SFVCOG.

## Chapter 4 – Expenditures (con't)

### 4.2 Incidental Expenses (con't)

#### 4.2.3 Accounting and Record Keeping

The Executive Director shall establish a log to track incidental expenses. The log should show the itemized payments, including the date, reason, amount spent, remaining balance, and authorizing signature. Receipts must be kept and submitted on a monthly basis to the Fiscal Agent along with an approved authorization form from the Chair, for reimbursement. The Fiscal Agent will review for eligibility and reimburse the Executive Director using the pre-established protocols.

## Chapter 5 - Procurement

### 5.1 Procurement

#### 5.1.1 Procurement and Contracting Procedures

Overall SFVCOG procurement and contracting policies and procedures will be governed by County procurement policies and procedures. Exceptions may be made for specific items (such as expenditure authority limitations outlined below) as approved by the SFVCOG Board of Directors.

The County Board of Supervisors has adopted certain policies and programs that were adopted by the County Board of Supervisors to be applied to County purchase orders and service contracts. These policies are specifically excluded when they do not directly relate to the SFVCOG's procurement of goods and services, and are not applicable to SFVCOG procurement and contracting activities.

Because of the complexity of these requirements, a separate SFVCOG Procurement and Contract manual has been established.

## **Chapter 6 - Special Events**

### **6.1 Special Events**

#### **6.1.1 Definition**

Special Events may be held throughout the year to pursue the mission and goals of the SFVCOG. They may be used for fund raising and networking opportunities. An example of this type of event would be the annual Mobility Summit. Internal Controls must be established to ensure the safe keeping of all assets and to ensure the integrity of the SFVCOG and its member agencies.

#### **6.1.2 Approval and Budgeting**

All events must be approved in advance by the Board. In addition, a budget for each event should be established and presented to the Board for approval. Whenever possible, budgets for these events should be submitted to the Board for approval at the same time as the annual operating budget is prepared and approved. All potential funding sources and expenditures must be identified. All expenditure limitations and approval authorization requirements as described in Chapter 4 must be followed. No expenditures shall be incurred prior to the approval of the Board.

#### **6.1.3 Event Support and Management**

Because of the size and complexity of these events, and to ensure their success, it may be required that the Executive Director needs assistance to administer the various tasks. Each member agency should determine the feasibility of assigning staff from their agency to help with specific functions, such as registration, procurement of supplies, etc. In the absence of support from member agencies, it may be required that the Executive Director contract with individuals to assist in this function. All such arrangements must meet the requirements of Chapter 5 – Procurement and Contracting. In addition, all such costs should be included in the event budget that is approved by the Board. Selection of any support staff must be approved by the Board in advance.

#### **6.1.4 Registration and Receipt of Cash**

To maintain strict accountability of all funds, the procedures in Chapter 3 – Cash, should be followed, including but not limited to the receipting and processing of cash received. It is preferable that all registration fees be sent to the Fiscal Agent directly, rather than handled by staff and forwarded to the Fiscal Agent. If this is not possible, the Executive Director must establish written policies detailing the process and explaining the safe keeping of all cash. All checks must be payable to the SFVCOG and will be deposited into the SFVCOG account maintained by the Fiscal Agent. If a tax id number is required, please contact the Fiscal Agent.

## **Chapter 6 - Special Events (con't)**

### **6.1 Special Events (con't)**

#### **6.1.5 Expenditures**

The policies and procedures related to expenditures as outlined in Chapter 4 must be followed for any special events. All expenditures shall be included in the event budget and payment must be made by the Fiscal Agent directly to all vendors. At no time shall any expenditures be made using personal credit cards or cash, unless approved in advance by the Board.

#### **6.1.6 Procurement and Contracting**

The Procurement and Contracting Policies outlined in Chapter 5 apply to any and all activities related to Special Events.



## Chapter 7 — Grant Management

### 7.1 GRANTS

#### 7.1.1 Definition

A grant is an award of funds from a governmental unit or private entity. The award is usually made in response to an application for a specified project, but can occasionally be made for general purposes. The SFVCOG may receive grant monies in two basic ways:

- **Advance Method:** Federal and State agencies will provide advances for their programs that are operated by the SFVCOG. In some cases, funds are received in accordance with a pre-established schedule; others are received upon submission of an estimate of future costs.
- **Claim Reimbursement Method:** For many grants, grantors will reimburse the SFVCOG after the SFVCOG has submitted claims. In these cases, the SFVCOG incurs the expenditure and is then reimbursed.

#### 7.1.2 Staff Responsibilities

It is the responsibility of the Executive Director, working in conjunction with SFVCOG members, to identify and seek out grant opportunities that would be consistent with the mission and goals of the SFVCOG. Because of the complexity of the various grant compliance requirements, all potential grant documents and requirements must be reviewed by Counsel and the Fiscal Agent prior to being submitted to the Board for consideration.

After review of grant requirements by staff, Counsel and the Fiscal Agent, the Executive Director shall bring all grant applications to the Board for approval prior to submitting them to the grantor agency.

#### 7.1.3 Acceptance of Grant Awards

The Board must formally accept all grant awards. The Executive Director does not have the authority to enter into any grant agreements without approval by the Board. Prior to acceptance of any grant award, the Board should ensure that all grant requirements have been properly reviewed and that staffing is sufficient to comply with those requirements throughout the term of the grant.



## Chapter 7 — Grant Management (con't)

### 7.1 GRANTS (con't)

#### 7.1.4 Internal Controls

The SFVCOG must establish and continually monitor appropriate procedures and controls to ensure that:

- **Grant revenue is maximized.**
  - All potential grant sources are continually explored to ensure maximum grantor funding of SFVCOG operated programs.
  - All grant applications are coordinated with the Board, the Fiscal Agent and SFVCOG Counsel.
  - Contracts with grantors contain the best possible provisions to maximize cost reimbursement including all overheads, if applicable.
- **Expedite receipt of grant monies.**
  - Advances are preferable to cost reimbursement provisions. Electronic fund transfers (EFT) are preferable to mailed checks.
- **Grant revenues are received timely.**
  - Grant receipts must be closely tracked to ensure timely receipt in accordance with contract terms.
  - Drawdowns, whether for advances or claims submitted, should be timely.
- **Grant funds are properly accounted for.**
  - Only those grant monies which are earned are considered revenue and should be posted to eCAPS revenue accounts.
  - Unearned grant monies received must be deposited in a liability account (e.g., Advances Payable, Deferred Revenue, Estimated Third Party Payer Liability) or in an appropriate trust account until earned. The funds must be transferred timely when earned.
  - The SFVCOG should review grant agreements and, if necessary, request that interest be allocated to the trust account and used in accordance with the requirements of the grantor. Normally, interest earned on grant advances would be an offset to SFVCOG costs or used as additional program funding.

## Chapter 7 — Grant Management (con't)

### 7.1 GRANTS (con't)

#### 7.1.4 Internal Controls (con't)

- **Grant funds (receipts and disbursements) are properly reconciled.**  
To ensure proper accounting for grant funds, the SFVCOG, in conjunction with the Fiscal Agent, needs to perform the following monthly:
  - Reconcile total grant receipts by program by fiscal year to eCAPS accounting records and to departmental subsidiary ledgers.
  - Reconcile total grant funds by program by fiscal year to amounts determined to be earned revenue, amounts claimed for which reimbursement has not been received and unearned revenue held in trust.
  - Reconcile SFVCOG records of monies allocated to other agencies (subcontractors) with total grant monies.

The above reconciliations should provide management with information to account for grant utilization and, therefore, maximize the use of grant monies each year.

Most grant programs allow for the recovery of a portion or all direct and indirect (overhead) costs associated with the administration of the particular grant program. Direct costs are generally easily identified. Identification of overhead costs is more difficult. Consult the Auditor Controller, as Fiscal Agent, to determine if overhead costs can be reimbursed.

#### 7.1.5 Grant Accounting Records

The SFVCOG must retain, in an orderly manner by program and grant period, for the time period established by the grantor or until audited, the following types of records for all grant programs:

- Grant revenue ledgers, by type of grant, segregating grant periods. Amounts posted should be referenced to supporting documentation such as remittance advices, drawdown requests, reimbursement claims, etc.
- Grant expenditure ledgers by program and grant period referenced to supporting documentation such as summary time records for direct labor distributions, invoices for direct expenditures, fixed asset invoices, etc.
- Appropriate subsidiary ledgers for subcontracted portions of grants.

## **Chapter 7 — Grant Management (con't)**

### **7.1 GRANTS (con't)**

#### **7.1.5 Grant Accounting Records (con't)**

- Timekeeping records (timecards, or other such records) to support actual labor hours charged to all programs. Time record reconciliations should be built into the system to ensure a total accounting of staff labor hours.
- A grantor approved method for allocating administrative and other indirect costs to grant programs. Allocations should be supported by distribution schedules referenced to supporting documentation such as time records, invoices for direct expenditures, agency billings, indirect cost allocations, etc.
- Grantor claim forms where all entries are referenced to departmental accounting records and related documentation.
- The federal grant by Catalog Federal Domestic Assistance (CFDA) number to ensure that expenditures are spent in compliance with OMB Circular A-133 guidelines.
- Written procedures for all aspects of the grant accounting system.

#### **7.1.6 Reports**

The SVFCOG Executive Director should establish a system to ensure timely reports to:

- Meet all grantor requirements.
- Monitor total grant revenue and expense by grant period, etc.
- Monitor subcontractor expenditures by contract period.
- Ensure timely requests for expenditure reimbursement.

#### **7.1.7 Carryover Receipts**

Carryover receipts are unearned grant revenues that have been received. All such funds should be placed in a liability account or deposited in trust accounts, as applicable. The SFVCOG should follow grantor guidelines as to disposition of these monies. The options generally include using the funds for the program in the subsequent year, using the funds in another program with grantor approval, or returning the funds to the funding agency.

## **Chapter 7 — Grant Management (con't)**

### **7.1 GRANTS (con't)**

#### **7.1.8 Compliance Requirements**

The SFVCOG should determine compliance requirements for each grant program and provide for a system to monitor adherence to the requirements. Appropriate written waivers should be obtained whenever the SFVCOG cannot or does not want to adhere to compliance requirements.

#### **7.1.9 Audits**

Audits of federal grants will be performed annually by an independent accounting firm hired by the Fiscal Agent. This "Single Audit" is coordinated by the Fiscal Agent as lead agency. Audits of grant programs must be performed in accordance with grant requirements.

## **Chapter 8 — Capital Asset Management**

### **8.1 Capital Asset Management**

#### **8.1.1 Introduction**

Currently, the SFVCOG has no capital assets. However, if capital assets are acquired, it is imperative that the Board and Executive Director pay particular attention to the safeguarding, custody, replacement, documentation and accountability for all capital assets.

#### **8.1.2 Responsibility for Policies and Procedures**

The Executive Director shall be responsible for establishing capital asset policies and procedures that are consistent with the County Fiscal Manual and sound management practices. Internal controls will focus on budgetary control, accurate inventory and tagging of all capital assets, and clear accountability and responsibility for SFVCOG capital assets, including their replacement.

#### **8.1.3 Acquisition of Assets**

All acquisitions of capital assets shall be approved by the Board. Payment for all capital assets shall follow the expenditure requirements as detailed in Chapter 4 of this manual.

## **Chapter 9 — Travel and Training Policy**

### **9.1 Travel and Training Policy**

#### **9.1.1 Policy**

The Executive Director shall ensure that staff assigned to the SFVCOG follow all County travel and training regulations to ensure the effective control and cost management of these expenses. The County Auditor-Controller annually prepares a memo with the most current travel policies and reimbursement rates.

#### **9.1.2 Approval Procedures**

All out-of-County travel and training shall receive prior approval of the Chair. The Chair, within the guidelines and expenditure limits established by the County, shall approve all claims for reimbursement of travel and training expenditures. Prior to any travel, please contact the Fiscal Agent for the current travel memo which outlines the limitations for reimbursable costs. Receipts documenting all travel related costs must be submitted prior to travel costs being reimbursed.

## **Chapter 10 – Annual Audits**

### **10.1 Annual Audits**

#### **10.1.1 Authoritative Guidance**

Section 6505 of the California Government code requires that the Fiscal Agent of all JPAs shall either make or contract with a certified public accountant to make an annual audit of the accounts and records of the JPA. These audits are required to be performed annually. However, at the direction of the Board the audits can be done every 2 years. The minimum requirements of the audit shall conform to the requirements of government code section 26909, and shall conform to generally accepted auditing standards. All reports must be submitted within 12 months from the end of the year under review.

#### **10.1.2 Responsibilities**

The Auditor-Controller of the County of Los Angeles, acting in its capacity as Fiscal Agent for the SFVCOG, shall hire an Accounting Firm to conduct annual audits. The Fiscal Agent shall prepare the contract and manage the audit. The Executive Director shall be required to make all records available upon request and to meet with the auditors at an agreed upon location and time to assist in the audit process.

The auditors may request to meet with specific members of the Board or other parties that may be able to assist in the process. All Board members and staff should make every effort to cooperate during the audit process.

#### **10.1.3 Communication to the Board**

The Fiscal Agent and/or the audit firm shall communicate the results of the audit to the Board. Any other issues arising during the audit process will also be communicated to the Board.

#### **10.1.4 Cost**

The SFVCOG is responsible for all costs related to the annual audit. The annual budget shall include an item for audit costs. The audit firm will submit an invoice to the Fiscal Agent who is responsible for verifying the validity of all costs and receipt of deliverables. The invoice will be submitted to the Executive Director for formal authorization.

