



AGENDA AND NOTICE OF THE MEETING OF THE  
SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS GOVERNING BOARD  
**THURSDAY, SEPTEMBER 17, 2020 - 4:00 P.M.\***  
**Teleconference Meeting**

**Livestream Available at: <https://youtu.be/glmivEvaNSw>**

**SGVCOG Officers**

President  
Cynthia Sternquist

1<sup>st</sup> Vice President  
Margaret Clark

2<sup>nd</sup> Vice President  
Becky Shevlin

3<sup>rd</sup> Vice President  
Tim Hepburn

**Members**

Alhambra

Arcadia

Azusa

Baldwin Park

Bradbury

Claremont

Covina

Diamond Bar

Duarte

El Monte

Glendora

Industry

Irwindale

La Cañada Flintridge

La Puente

La Verne

Monrovia

Montebello

Monterey Park

Pomona

Rosemead

San Dimas

San Gabriel

San Marino

Sierra Madre

South El Monte

South Pasadena

Temple City

Walnut

West Covina

First District, LA County  
Unincorporated Communities

Fourth District, LA County  
Unincorporated Communities

Fifth District, LA County  
Unincorporated Communities

SGV Water Districts

Thank you for participating in tonight's meeting. The Governing Board encourages public participation and invites you to share your views on agenda items.

**MEETINGS:** *Regular Meetings of the Governing Board are held on the third Thursday of each month at 4:00 PM at the Foothill Transit Office (100 South Vincent Avenue, West Covina, CA 91790).* The Governing Board agenda packet is available at the San Gabriel Valley Council of Government's (SGVCOG) Office, 1000 South Fremont Avenue, Suite 10210, Alhambra, CA, and on the website, [www.sgvkog.org](http://www.sgvkog.org). Copies are available via email upon request ([sgv@sgvcog.org](mailto:sgv@sgvcog.org)). Documents distributed to a majority of the Board after the posting will be available for review in the SGVCOG office and on the SGVCOG website. Your attendance at this public meeting may result in the recording of your voice.

**PUBLIC PARTICIPATION:** Your participation is welcomed and invited at all Governing Board meetings. Time is reserved at each regular meeting for those who wish to address the Board. SGVCOG requests that persons addressing the meeting refrain from making personal, slanderous, profane or disruptive remarks.

**TO ADDRESS THE GOVERNING BOARD:** At a regular meeting, the public may comment on any matter within the jurisdiction of the Board during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. There is a three-minute limit on all public comments. Proxies are not permitted, and individuals may not cede their comment time to other members of the public. **The Governing Board may not discuss or vote on items not on the agenda.**

**AGENDA ITEMS:** The Agenda contains the regular order of business of the Governing Board. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Governing Board can be fully informed about a matter before making its decision.

**CONSENT CALENDAR:** Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Board member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Governing Board.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.



**\*MEETING MODIFICATIONS DUE TO THE STATE AND LOCAL STATE OF EMERGENCY RESULTING FROM THE THREAT OF COVID-19:** On March 17, 2020, Governor Gavin Newsom issued Executive Order N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically to promote social distancing due to the state and local State of Emergency resulting from the threat of the Novel Coronavirus (COVID-19).

To follow the new Order issued by the Governor and ensure the safety of Board Members and staff for the purpose of limiting the risk of COVID-19, in-person public participation at the Governing Board meeting scheduled for September 17, 2020 at 4:00 p.m. will not be allowed. Members of the public may view the meeting live on the SGVCOG's website. To access the meeting video, please see the link on the front page of the agenda.

Submission of Public Comments: For those wishing to make public comments on agenda and non-agenda items you may submit comments via email or by phone.

- Email: Please submit via email your public comment to Katie Ward ([kward@sgvcog.org](mailto:kward@sgvcog.org)) at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." Emailed public comments will be part of the recorded meeting minutes but will not be read aloud. A copy of all public comments will be forwarded to the Board.
- Phone: Please email your name and phone number to Katie Ward ([kward@sgvcog.org](mailto:kward@sgvcog.org)) at least 1 hour prior to the scheduled meeting time for the specific agenda item you wish to provide public comment on. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT." You will be called on the phone number provided at the appropriate time, either during general public comment or specific agenda item. Wait to be called upon by staff, and then you may provide verbal comments for up to 3 minutes.

Any member of the public requiring a reasonable accommodation to participate in this meeting should contact Katie Ward at least 48 hours prior to the meeting at (626) 457-1800 or at [kward@sgvcog.org](mailto:kward@sgvcog.org).

**PRELIMINARY BUSINESS**

**5 MINUTES**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Comment (*If necessary, the President may place reasonable time limits on all comments*)
5. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting

**LIAISON REPORTS**

6. Gold Line Foothill Extension Construction Authority
7. Foothill Transit – Page 1
8. Los Angeles County Metropolitan Transportation Authority
9. San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy
10. San Gabriel Valley Mosquito & Vector Control District
11. Southern California Association of Governments – Page 3
12. League of California Cities – Page 9
13. San Gabriel Valley Economic Partnership – Page 13
14. South Coast Air Quality Management District – Page 17

**PRESIDENT'S REPORT**

**5 MINUTES**

**EXECUTIVE DIRECTOR'S REPORT**

**10 MINUTES**

**GENERAL COUNSEL'S REPORT**

**5 MINUTES**

**COMMITTEE/BOARD REPORTS**

**10 MINUTES**

15. Transportation Committee – Page 19
16. Homelessness Committee – Page 21
17. San Gabriel Valley Regional Housing Trust Board – Page 23
18. Energy, Environment and Natural Resources Committee – Page 25
19. Water Committee – Page 27
20. Capital Projects and Construction Committee – Page 29

**CONSENT CALENDAR**

**5 MINUTES**

*(It is anticipated that the SGVCOG Governing Board may take action on the following matters)*

21. Governing Board Meeting Minutes – Page 31  
*Recommended Action: Adopt Governing Board minutes.*
22. Monthly Cash Disbursements/Balances/Transfers – Page 39  
*Recommended Action: Approve Monthly Cash Disbursements/Balances/Transfers.*
23. Committee/TAC/Governing Board Attendance – Page 45  
*Recommended Action: Receive and file.*
24. Approve an Advance/Loan for MSP Funding for the I-605/Valley Boulevard Interchange Improvement Project and Assignment of the Project to the Capital Projects and Construction Committee – Page 55  
*Recommended Action: Approve an advance/loan of future Measure M Subregional Programs (MSP) funding for the I-605/Valley Boulevard Interchange Project and assign this project to the Capital Projects and Construction Committee.*
25. Regional Early Action Planning (REAP) Application – Page 65  
*Recommended Action: Authorize the Executive Director to submit an application to SCAG for the REAP program.*
26. SGVCOG Zero Waste Policy – Page 67  
*Recommended Action: Adopt Resolution 20-17 adopting the SGVCOG Zero Waste Policy.*

27. SB 1120 – Subdivisions: Tentative Maps – Page 73  
*Recommended Action: Oppose in principle legislation that would require cities to approve multi-unit developments in neighborhoods zoned as single-family residential and direct staff to continue to work with the League of California Cities and San Gabriel Valley legislators on initiatives to increase the supply of housing while upholding local control.*
28. Letters Supporting Federal COVID-19 Aid for Cities – Page 91  
*Recommended Action: Approve sending letters to the San Gabriel Valley representatives in the U.S. House of Representatives and California’s U.S. Senators expressing support for providing \$500 billion in direct and flexible federal assistance to local governments of all sizes.*

**ACTION ITEMS**

**30 MINUTES**

29. Approval of Section 115 Trust Account with the California Public Employees’ Retirement System – Page 97  
*Recommended Actions: Approve the following:*
- (1) An Agreement with the California Public Employment Retirement System (CalPERS) to participate in the California Employers’ Pension Prefunding Trust (CEPPT) Fund; and*
  - (2) The Delegation of Authority to Request Disbursements to the Executive Director; the Director of Finance and the Administrative Services Manager; and*
  - (3) Authorize the Executive Director to sign the agreement and all associated documents; and*
  - (4) To make an initial deposit of \$1,227,257 into the Trust account from unrestricted Union Pacific Railroad contributions and make pre-payments in the amount of \$43,076 annually for employer contributions over the next five years from SGVCOG general fund/other non-capital program funds into the Trust account; and*
  - (5) To select CEPPT Asset Allocation Strategy 2.*
30. FY 20-21 Board Officer Election – Page 179  
*Recommended Actions:*
- (1) Appoint the following officers for FY 20-21 (effective October 1, 2020):*
    - President: Margaret Clark*
    - 1st Vice President: Becky Shevlin*
    - 2nd Vice President: Tim Hepburn*
  - (2) Hold an election for the office of 3rd Vice President and upon a candidate receiving a majority of votes cast, appoint the 3rd Vice President (effective October 1, 2020).*

**PRESENTATION**

**15 MINUTES**

31. SGVCOG Legislative Program Update Presentation: Tim Egan, SGVCOG Legislative Consultant, Capital Representation Group; Paul Hubler, Director of Government and Community Relations, SGVCOG – Page 183  
*Recommended Action: Direct staff to report to the Executive Committee on a regular or as-needed basis on state and federal legislation not currently overseen by the existing COG policy committees.*

**ADJOURN**



## **Foothill Transit**

**To: San Gabriel Valley Council of Governments Governing Board**  
**Date: September 8, 2020**  
**Re: September 2020 Foothill Transit Liaison Report**

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### **COVID-19 UPDATE**

Safety continues to remain Foothill Transit's number one priority. All public health safety and social distancing practices continue to be in effect in buses and at bus stops. We continue to monitor the developments surrounding COVID-19 and work in partnership with the Los Angeles County Department of Public Health to respond quickly according to public health guidelines. Updates continue to be available as they occur on [foothilltransit.org](http://foothilltransit.org) and social media channels where appropriate.

### **Service Change and Resumption of Fare Collection:**

Foothill Transit's regularly scheduled service change, scheduled for Sunday, October 18, will continue at approximately 99 percent of pre-COVID-19 levels, with all Express Service and local lines in operation except those that primarily service middle and high schools. In past months, average weekday ridership has been relatively flat at approximately 61 percent of the ridership levels in the months prior to the Safer-At-Home Executive Order. A Southern California Association of Governments report issued last month entitled "Snapshot of COVID-19 Transportation Impacts in the SCAG Region" shows that Foothill Transit had the lowest drop in ridership among transit operators in the SCAG region during the months of April and May, the last months analyzed in the report.

In anticipation of permanent barriers being installed in buses to keep bus operators safe, the resumption of fare collection is scheduled for Sunday, October 18, which coincides with the date of Foothill Transit's service change. The installation of barriers will allow customers to resume boarding at the front of buses and interact with the farebox while maintaining a safe environment for operators.

### **Customer Communication Activities:**

Communication remains at the forefront of keeping Foothill Transit customers and the community informed of service impacts, agency initiatives, and health advisories. In addition to daily service advisories, communications campaigns focused on revised bus boarding practices, social distancing efforts, utilizing service for essential trips, face coverings, and overall health practices have been developed and are disseminated through a variety of communications methods. On-board and building signage is being maintained and replaced as needed to ensure that all visitors and customers are practicing physical distancing and wearing face coverings before boarding or entering buildings. New detailed pandemic protocol signage has been developed according to Los Angeles County Department of Public Health guidelines and has been installed at all publicly accessible building sites. With school starting and all campuses converting to distance learning for the fall semester, Class Pass campaigns have been adjusted to focus on safe riding protocols and maintaining public trust. Quality, customized, and safety tested face masks have been distributed

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**MEMBER CITIES** Arcadia, Azusa, Baldwin Park, Bradbury, Claremont, Covina, Diamond Bar, Duarte, El Monte, Glendora, Industry, Irwindale, La Puente, La Verne, Monrovia, Pasadena, Pomona, San Dimas, South El Monte, Temple City, Walnut, West Covina and Los Angeles County **A PUBLIC AGENCY**

to all bus operators, front line teams, customer service representatives, and administrative team members. Customer surveys have been deployed to gauge customer sentiment regarding perceived safety and communications efficacy on board buses. Analysis of those surveys will inform the direction of future messaging through the fall and winter months.

### **Transit Store Operations:**

Customer Service Representatives have continued to provide Foothill Transit customers with service, routing, and payment information through the decentralized call center since the Transit Stores closed to walk-in traffic on March 23. In preparation for the resumption of fare enforcement on October 18, a reopening plan is being developed for Transit Stores to address which stores can be reopened to walk-in traffic, any need for modified store hours, and support for customers needing in-person options to purchase fare media. Sneeze guards at counters, floor markings designating customer waiting/standing areas, and hand-sanitizer dispensers are in place to facilitate the safe reopening of Transit Stores.



SOUTHERN CALIFORNIA  
ASSOCIATION OF GOVERNMENTS  
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Subject: September 2020 Report

From: Sarah Patterson- SCAG Los Angeles County Regional Affairs Officer

213-236-1904, patterson@scag.ca.gov

**ACTION ITEMS FROM SEPTEMBER REGIONAL COUNCIL MEETING**

**REGIONAL COUNCIL VOTES TO ADOPT CONNECT SOCIAL**

**REGIONAL COUNCIL OFFICERS**

- President  
**Rex Richardson, Long Beach**
- First Vice President  
**Clint Lorimore, Eastvale**
- Second Vice President  
**Jan C. Harnik, Riverside County  
Transportation Commission**
- Immediate Past President  
**Bill Jahn, Big Bear Lake**

**COMMITTEE CHAIRS**

- Executive/Administration  
**Rex Richardson, Long Beach**
- Community, Economic &  
Human Development  
**Jorge Marquez, Covina**
- Energy & Environment  
**David Pollock, Moorpark**
- Transportation  
**Cheryl Viegas-Walker, El Centro**



The Regional Council approved and fully adopted Connect SoCal (the 2020-2045 Regional Transportation Plan/Sustainable Communities Strategy). The approved plan outlines more than \$638 billion in regional investments and will support more than 4,000 projects, project funding and the creation of hundreds of thousands of jobs and billions of dollars of economic activity. In addition, the Regional Council also adopted an addendum to the Connect SoCal Program Environmental Impact Report (PEIR) to address comments relating to the environmental setting, environmental impacts and consideration of other mitigation measures.

This concludes more than three years of development and extensive coordination with SCAG’s local jurisdictions, the county transportation commissions, partner agencies, as well as significant public outreach. Following the Regional Council action in May to delay approval of the plan, SCAG staff conducted outreach to jurisdictions to seek input on the impacts of

the novel coronavirus (COVID-19) pandemic on the plan and its implementation and identify and to confirm general plan and entitlement information.

SCAG has benefited greatly from listening to the many needs and concerns of our stakeholders over the course of this process and will continue to address emerging regional issues and build greater consensus on the region's vision for a brighter future.

### **What's Next**

The plan has already been approved by the Federal Highway Administration and Federal Transit Administration and fully achieves state greenhouse gas reduction benchmarks. This timely adoption of Connect SoCal in its entirety allows SCAG to submit the plan to the California Air Resources Board and to begin distribution of the draft Regional Housing Needs Assessment (RHNA) allocations to local jurisdictions. Approval of Connect SoCal also enables staff to proceed with implementing activities designed to support pandemic recovery efforts as further outlined in the Connect SoCal Implementation Strategy.

For more updates on Connect SoCal, please visit [connectsocial.org](http://connectsocial.org).

### **REGIONAL COUNCIL APPROVES SUBREGIONAL PARTNERSHIP PROGRAM GUIDELINES**

The Subregional Partnership Program was approved by the Regional Council to make available \$23 million in funding for projects that would accelerate home and apartment production and help local jurisdictions meet their immediate and longer-term housing needs.

The funding for this program is through SCAG's share of the state's Regional Early Action Program (REAP), designed to help cities, counties and regions address the critical housing shortage across California. The Subregional Partnership Program will support projects and activities including, for example, preparing and implementing 6th cycle housing elements, temporary staffing to assist with housing elements, zoning ordinances to accommodate additional housing, and establishing regional housing trust funds.

The first date for subregions to file applications is Sept. 17, and applications are due by Dec. 1. SCAG will review all applications to determine eligibility and assess alignment with regional priorities. Funds that are not applied for by subregions by the final deadline will be used by SCAG for other REAP programs. All projects must conclude by June 30, 2023.

### **REGIONAL COUNCIL APPROVES 2020/2021 SUSTAINABLE COMMUNITIES PROGRAM GUIDELINES**

The Regional Council approved the release of guidelines for SCAG's 2020 Sustainable Communities Program. The program includes a multi-year funding commitment of \$15 million, which will fund projects that support and implement the policies and initiatives of Connect SoCal including active transportation and safety; housing and sustainability; smart cities, mobility innovation and



Transportation Demand Management; and green region. All SCAG-member jurisdictions, including cities, counties and Councils of Governments are encouraged to apply.

Program guidelines and application materials will be made available online on Tuesday, Sept. 8. Active Transportation & Safety applications will be due to SCAG by 5 p.m. on Nov. 13, 2020. Two webinars for potential applicants will be held on Oct. 7 and Oct. 21. More details and guidelines for subsequent calls for applications will be released as they become available. After reviewing and ranking applications, staff will seek Regional Council approval for funding recommendations in May 2021. For more details regarding the Sustainable Communities Program visit [scag.ca.gov/scp](http://scag.ca.gov/scp).

#### **LIEUTENANT GOVERNOR OF CALIFORNIA ELENI KOUNALAKIS ADDRESSES THE REGIONAL COUNCIL**



Lieutenant Governor Eleni Kounalakis provided updates on key issues facing the state to the Regional Council.

#### **NEWS FROM THE PRESIDENT**

##### **FRAMEWORK FOR RECOVERING AND REIMAGINING A RESILIENT REGION: 2020-2021 WORK PLAN**

President Rex Richardson introduced his comprehensive work plan for the next year, a “Framework for Recovering and Reimagining a Resilient Region.” Intended to be a collaborative and inclusive process, this framework consists of opportunity areas focused on the implementation of Connect SoCal, promoting housing production, data and information services, and legislative efforts.

In order to accomplish this vision, the President has established a three-phased process that includes a listening tour across the six-county region, the launch of the Special Committee on Equity and Social Justice and Speaker’s Bureau, and the development of recommendations and strategies to provide a strong foundation for continued implementation of regional planning and policies. To kick-off the first phase of the plan, the President met with key leaders and stakeholders from the County of Imperial on

Friday, Aug. 28 to discuss the work plan and priorities. For more information about upcoming listening sessions, please contact Javiera Cartagena at [cartagena@scag.ca.gov](mailto:cartagena@scag.ca.gov).

Find more information about the opportunity areas and phases in the full work plan now available at [scag.ca.gov](http://scag.ca.gov).

## **NEWS FROM THE EXECUTIVE DIRECTOR**

### **SCAG HOSTS TWO-DAY, VIRTUAL WORKSHOP IN SUPPORT OF LOCAL HOUSING ELEMENT UPDATES**

SCAG hosted a two-day virtual workshop—one session on Aug. 20 and the other on Aug. 27—that provided local governments and other stakeholders in the SCAG region with information and resources to support their 6th Cycle RHNA housing element updates. The workshop served as a steppingstone to begin the conversation, as well as emphasize SCAG’s role as a resource for housing element updates supported in part by the Regional Early Action Planning program. SCAG was joined by staff from both the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research to present new legislation relating to housing element compliance and the safety elements and environmental justice components of general plan updates.

Speakers from HCD and SCAG provided an in-depth summary of the available and planned technical assistance for housing element updates. The workshop also featured information on determining accessory dwelling unit capacity and affordability, site inventory strategies, best practices, and lessons learned from veterans preparing past housing element updates. With over 300 attendees, many key stakeholders were engaged in the briefings of legislative and technical requirements of the housing element updates. Attendees included representatives of local government, consultants, housing advocates, and residents. Please visit [scag.ca.gov/housing](http://scag.ca.gov/housing) for more information and resources.

### **SCAG TO PARTNER WITH MSRC FOR LAST MILE FREIGHT PROJECT COMMERCIAL DEPLOYMENT**

At the Aug. 20 Mobile Source Air Pollution Reduction Review Committee (MSRC) Board meeting, the MSRC Board unanimously approved a statement of work contract proposed by SCAG for \$10 million in grant funds to implement Phase 1 of the Last Mile Freight Project Commercial Deployment. SCAG will partner with the MSRC, serving as the implementor of the Last Mile Freight Project Commercial Deployment through a sole-source contract. SCAG has developed a two-phased approach for the Last Mile Freight Project Commercial Deployment:

- Phase 1: Establish a call-for-projects process, focusing on the procurement and commercial deployment of zero-emission (ZE) or near-zero emission (NZE) heavy- and/or medium-duty on-road trucks (can include ZE/NZE equipment and supporting infrastructure).
- Phase 2: Conduct robust outreach to expand Phase 1 projects and coordinate with both public and private sector stakeholders to deploy broader innovative technologies currently being demonstrated by leading last mile delivery companies, particularly in e-commerce use-cases.

The project’s Phase 1 commercial deployment will align with Connect SoCal’s key connections including accelerated electrification through ZE vehicles, equipment, and supporting infrastructure. The last mile

component is a crucial and growing area of focus with the increasing purchase of goods by consumers through e-commerce, especially as e-commerce growth has accelerated from COVID-19-related impacts. As part of the initial step of this project, SCAG will develop and present the program guidelines for approval in the upcoming months.

## **UPCOMING MEETINGS**

### **September**

- 7th Labor Day Holiday
- 15th Legislative/Communications & Membership Committee
- 17th Technical Working Group
- 22nd Transportation Conformity Working Group
- 22nd Toolbox Training: Hydrogen Permitting Guidebook and SunLine Transit
- 23rd Modeling Task Force
- 24th Joint Meeting: Environmental Justice & Public Health Working Groups
- 30th Regional Transit Technical Advisory Committee

### **October**

- 1st Regional Council & Policy Committees
- 7th Sustainable Communities Program Application Webinar
- 15th Technical Working Group
- 20th Legislative/Communications & Membership Committee
- 21st Sustainable Communities Program Application Webinar
- 27th Transportation Conformity Working Group



September 8, 2020

To: Governing Board, San Gabriel Valley Council of Governments  
From: Jennifer Quan, League of California Cities  
Re: Liaison Report

### **Events and Programs**

**Los Angeles County Division Meeting during Annual Conference & Expo:** October 7, 11:45 a.m. – 12:45 p.m. Paul Mitchell, Owner, Redistricting Partners and Vice President of Political Data Inc. will provide a November 2020 election preview, talk about what voting trends he is seeing here in California, with some focus on Los Angeles County, and how it may impact turnout and results. Register at <http://www.lacties.org>

**Annual Conference & Expo:** October 7-9. The annual meeting promises to be an unparalleled educational and networking event, providing opportunities for attendees to gain perspectives and knowledge on current issues challenging cities, while deepening relationships with others in similar fields. The virtual event will include general and breakout sessions, exciting networking opportunities, and an interactive Expo! Register at <https://events.cacities.org/register.aspx>

*Please note that the League is closely monitoring the Coronavirus/COVID-19 pandemic, and the safety of our members, employees, and partners are the top priority. The League will continue to monitor the situation, and will keep you updated on any future schedule changes or cancellations. We appreciate your patience and flexibility as we take the time needed to make these decisions in a thoughtful and responsible way that protects everyone and ensures we can continue to serve as a high-quality resource for our members and partners.*

### **COVID-19 Resources for City Officials**

The League has continued to send frequent updates to city officials and have created [www.CACities.org/coronavirus](http://www.CACities.org/coronavirus) as a resource for information of particular interest to local governments.

### **Legislation and Advocacy**

The Legislature wrapped up the legislative session in the early hours on Tuesday, September 1. It was a year influenced by the COVID-19 pandemic, with legislators being asked to limit their bill load and unexpected recesses during the session. The end of session was marked by inter-house conflicts, Republican Senators voting remotely and the clock running out of time for legislators to act on several high profile bills.

This year, the League will submit 9 requests for signatures and 5 requests for vetoes. Governor Gavin Newsom has until September 30 to take action on bills that made it to his desk. Cities are

encouraged to review the bills and send letters. All sample letters can be found at <http://www.cacities.org/billsearch>.

**Request Signature - SB 1044 (Allen) Firefighting Equipment And Foam. Pfas Chemicals.**

This measure would prohibit the manufacture, sale, distribution, and use of class B firefighting foam containing per- and polyfluoroalkyl substances (PFAS chemicals) by January 1, 2022. Would also requires notification of the presence of PFAS in the protective equipment of firefighters.

**Request Veto - SB 1159 (Hill) Workers' Compensation. Covid-19. Critical Workers.**

This measure would (1) require a study to be done on the impact COVID-19 claims have had on the workers' compensation (WC) system; (2) codify the Governor's executive order on WC; (3) create a rebuttable presumption for public safety and healthcare workers who contract COVID-19; and (4) create a cluster based approach to outbreaks of COVID-19 for WC purposes.

**Request Veto - SB 1383 (Jackson) Unlawful Employment Practice. Family Leave.**

This measure would require any employer with five or more employees to provide 12 weeks of job protected leave to run concurrently with FMLA leave. It would make it an unlawful employment practice to interfere with the exercise of this leave.

**Request Signature - SB 1441 (McGuire) Local Prepaid Mobile Telephony Services Collection Act.**

This measure would extend until January 1, 2026 the Local Prepaid Mobile Telephony Services Collections Act. This Act would support local governments' ability to collect Utility User Taxes (UUTs) from retail sales of prepaid wireless telecommunication products and services and would assist the California Department of Tax and Fee Administration (CDTFA) with administration of the program.

**Request Signature - AB 434 (Daly) Housing Financing Programs. Uniform Procedures.**

This measure would align six rental housing programs with the Multifamily Housing Program (MHP), to enable the state Department of Housing and Community Development (HCD) to implement a single application and scoring system for making awards under all seven programs, starting on January 1, 2022.

**Request Veto - AB 685 (Reyes) Occupational Safety. Covid-19 Exposure. Notification.**

This measure would require employers to provide notice within one business day to all qualified employees if they or an exclusive employee representative is notified of an exposure to COVID-19.

**Request Signature - SB 865 (Hill) Excavations. Subsurface Installations.**

This measure would strengthen safe excavation practices by increasing collaboration between excavators and operators, requiring data sharing amongst key stakeholders, and moving the Dig Safe Board to the Office of Energy Infrastructure Safety.

**Request Signature - SB 970 (Umberg) Primary Election Date.**

This measure would change the date of the statewide direct primary to the first Tuesday after the first Monday in June in even-numbered years in which there is no presidential primary.

**Request Signature - AB 992 (Mullin) Local Agencies. Social Media.**

This measure would update the Brown Act to clarify that correspondences between local elected officials and their constituents via social media is permitted.

**Request Signature - AB 1286 (Muratsuchi) Shared Mobility Devices. Agreements.**

This measure would require shared mobility device providers to obtain a permit or agreement with the city or county it seeks to operate in and comply with all local operation, parking, maintenance, and safety rules. Additionally, this measure would require shared mobility device providers to maintain minimum commercial general liability insurance.

**Request Signature - AB 1775 (Jones-Sawyer) False Reports and Harassment.**

This measure would make it a misdemeanor to knowingly use the 911 system to harass another person based on a perceived characteristic of a protected class. This measure would also allow for civil action against persons who make false police reports or claims, regardless of discriminatory motive, and classifies blatantly false reports to law enforcement as a form of intimidation.

**Request Veto - AB 1947 (Kalra) Employment Violation Complaints. Requirements. Time.**

This measure would authorize the courts to award one-sided attorney fees to a plaintiff who brings a successful action for a violation of Labor Code Section 1102.5 (whistleblower protections).

**Request Signature - AB 2617 (Gabriel) Firearms. Gun Violence Restraining Orders.**

This measure would make it an offense to possess a firearm in violation of a protective order issued by another state. Any violation of this provision would result in a five year ban on purchasing or possessing firearms or ammunition.

**Request Veto - AB 2967 (O'Donnell) Public Employees' Retirement System. Contracting Agencies. Exclusion from Membership.**

This measure would prohibit agencies from excluding CalPERS membership to any class of employee through the contract amendment process.

**November 2020 Ballot Measures**

The League has reviewed certain ballot measures appearing on the November 3 ballot. Additional positions are forthcoming.

**County Measure J - Community Investment and Alternatives to Incarceration Minimum County Budget Allocation.**

Addressing social justice and equity in Los Angeles County is a laudable goal and worth the attention of every local government in the county. However, the League's Los Angeles County

Division [opposes](#) Measure J due to the foregoing concerns: (1) The development of Measure J was rushed, and lacked transparency and stakeholder engagement; (2) The Board of Supervisors has existing authority to prioritize its unrestricted funds; (3) Measure J's fiscal implications have not been analyzed.

**Proposition 20 - Restricts Parole for Certain Offenses Currently Considered to be Nonviolent. Authorizes felony sentences for certain offenses currently treated as only misdemeanors.**

The League initially reviewed this measure in 2018 and voted to Support. At that time, the measure did not meet the deadline for inclusion on the November 2018 ballot and had to wait until the next statewide general election ballot.

**HEALS Act – Latest Federal Stimulus Package**

Congress is scheduled to return from their summer recess in early September. The federal fiscal year ends on September 30, so there will be a flurry of activity to avert a government shutdown.

At the end of July, the U.S. Senate released an initial \$1 Trillion proposal (HEALS Act) for the next round of federal coronavirus relief. The package currently does not have additional funds for states or local governments but does propose flexibility for money from the Coronavirus Relief Fund from CARES Act to be used to backfill revenue losses. The League and the National League of Cities continues to advocate for direct funding to local governments in any new federal package.

Cities are encouraged to:

1. **Send a [letter](#) expressing support** for direct and flexible federal assistance to local governments of all sizes to sustain core services for our residents and to support public health and economic recovery in our communities;
2. **Call your U.S. Senators and Congress Member expressing support** for direct and flexible federal assistance to local governments of all sizes to sustain core services for our residents and to support public health and economic recovery in our communities.

For additional information on these items, please contact Jennifer Quan at 626-786-5142 or [jquan@cacities.org](mailto:jquan@cacities.org)





## San Gabriel Valley Economic Partnership Calendar of Events, Spring through Fall 2020 [www.sgvppartnership.org/events](http://www.sgvppartnership.org/events)

### **2020 Economic Forecast Update**

Wed, March 04, 2020  
8:00 AM - 12:00 PM  
Cooper Auditorium, City of Hope, Duarte CA

### **Legislative Breakfast with Asm. Chris Holden**

Fri, March 06, 2020  
8:00 AM - 9:30 AM  
Abraham Campus Center, University of La Verne, La Verne CA

### **PowerLunch - All You Wanted to Know about Tax Law in 2020**

Thu, March 19, 2020  
11:30 AM - 1:00 PM  
Online

### **CARES Act Meeting with the Small Business Administration**

With the Office of Senator Diane Feinstein  
Mon, April 06, 2020  
10:00 AM - 11:00 AM  
Online

### **Assemblymember Blanca Rubio Meets with SGV Partnership (SGVEP Board Members only)**

Wed, April 08, 2020  
8:30 AM - 9:30 AM  
Online

### **Back to the Workplace After COVID-19: an HR Perspective with AALRR**

Wed, May 13, 2020  
11:00 AM - 12:30 PM  
Online

### **Congresswoman Norma Torres Meets with SGV Partnership**

Fri, June 05, 2020  
9:00 AM - 10:00 AM  
Online

### **The Science of COVID-19: Restarting the Workforce with Kaiser Permanente**

Thu, June 11, 2020  
12:30 PM - 2:00 PM  
Online

### **Supervisor Kathryn Barger Meets with SGV Partnership & PAN**

Thu, July 16, 2020  
1:00 PM - 2:00 PM  
Online

### **Representative Adam Schiff Meets with SGV Partnership & PAN**

Tue, August 04, 2020  
12:00 PM - 1:00 PM  
Online

### **Chris Thornberg, Beacon Economics, Discusses COVID and the Economy**

Wed, August 12, 2020  
8:30 AM - 10:00 AM  
Online

### **Representative Judy Chu Meets with SGV Partnership**

Thu, August 27, 2020  
10:00 AM - 11:00 AM  
Online

### **2020 Economic Forecast Update**

Tue, September 15, 2020  
9:00 AM - 11:00 AM  
Online

### **LA County Assessor Jeffrey Prang Meets with SGV Partnership**

Wed, September 30, 2020  
10:00 AM - 11:00 AM  
Online



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A Professional Law Corporation

2020 Economic Update:

# COVID-19 AFTER SHOCKS

Brought to you by  
Citrus Valley Association  
of Realtors

September 15, 2020 9-11 am  
Online



## 2020 Election Forecast

Dr. Henry Olsen  
Columnist, Washington Post



## Economic Forecast Update

Dr. Robert Kleinhenz  
Executive Fellow, Cal Poly Pomona  
Principal Economist, Kleinhenz Economics

Host: Dr. Laura Pohopien  
Professor of Business, Cal Poly Pomona

Register:

[sgvpartnership.org/SGVEconUpdate](http://sgvpartnership.org/SGVEconUpdate)  
[info@sgvpartnership.org](mailto:info@sgvpartnership.org) (626) 856-3400



*An exclusive chance for SGV Partnership members to hear from*

L.A. COUNTY ASSESSOR

**JEFFREY  
PRANG**

Topics:

- Prop 15: Split Roll Measure
- Impact on County Assessor offices
- LA County's annual assessment data

**September 30, 2020**

10:00 - 11:00 am, Online

Register:

**[sgvpartnership.org/events](http://sgvpartnership.org/events)**



Sponsored By **Charter**  
COMMUNICATIONS



# Wildfires and Your Health

## How can wildfire smoke affect my health?



• Irritated Eyes



• Chest pain • Inflammation  
• Irregular heartbeat • Heart failure



• Difficulty breathing • Bronchitis  
• Wheezing • Cough

## Who is most sensitive to wildfire smoke?

Pregnant Women

People with  
Heart Disease

Older Adults

People with Asthma  
or Other Lung Diseases

Children

## How can I protect myself and my family?

### LIMIT HOW MUCH SMOKE YOU INHALE

- Remain indoors with windows and doors closed, or seek alternate shelter if possible.
- **Avoid intense physical activity.**
- Run your air conditioner if you have one. Make sure it has a clean filter and that it's set on "recirculate" mode.
- Use an air purifier.
- **Avoid using a whole house fan/swamp cooler to prevent bringing additional smoke inside.**

## How can I get air quality updates?



Download the South Coast AQMD app for real time air quality information in your area



Follow South Coast AQMD air quality advisories at [aqmd.gov/advisory](http://aqmd.gov/advisory)



Check current air quality conditions at [aqmd.gov/aqimap](http://aqmd.gov/aqimap) or sign up for air quality alerts at [airalerts.org](http://airalerts.org)

**AirAlerts.org**

**\*Do not rely on dust masks for protection:** People who must be outside for extended periods of time in smoky air may benefit from using a **N95** or **P100** filtering facepiece to help reduce their exposure. More information on how to select and use a proper respirator from the California Department of Public Health.



# REPORT

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**DATE:** September 17, 2020  
**TO:** Governing Board Delegates and Alternates  
**FROM:** John Fasana, Chair, Transportation Committee  
**RE: MONTHLY REPORT**

## **SEPTEMBER MEETING RECAP**

On Thursday, September 17, 2020, the SGVCOG Transportation Committee held a Zoom teleconference for its September meeting. The committee received a thorough presentation from the Los Angeles County Metropolitan Transportation Authority (Metro) regarding its FY 2021 Budget and received updates on Metro's internal task force to study options for a fare-free system.

The committee is expected to reconvene on Thursday, October 15, 2020 to review the Metro Traffic Reduction Study and receive updates on the Gold Line Foothill Extension.





# REPORT

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**DATE:** September 17, 2020

**TO:** Governing Board Delegates and Alternates

**FROM:** Becky Shevlin, Chair, Homelessness Committee

**RE:** MONTHLY REPORT

## SEPTEMBER MEETING RECAP

At its September meeting, the Homelessness Committee heard the following presentations and updates:

- **Eugene, Oregon’s CAHOOTS Program:** CAHOOTS is a mobile crisis intervention service that provides first response to people experiencing mental health, substance use, and homelessness related crises in Eugene, Oregon. CAHOOTS staff presented several aspects of the effectiveness of the program for those it serves and highlighted the program’s advantages over other specialized crisis response models. The program works alongside the Eugene Police Department (EPD) and handles eight to ten percent of all calls to the EPD. CAHOOTS staff provided an estimated cost per resident per year of \$17 to implement the services across the San Gabriel Valley, compared to the cost of cities’ police departments of up to \$422 per resident per year. The Committee indicated interest in exploring implementing this model in the San Gabriel Valley.
- **LA County Department of Health Service’s Housing for Health (HFH):** HFH staff highlighted the broad array of services that HFH provides through contracted community-based organizations as well as the work they are doing to lead to the COVID-19 response across the homeless services system. HFH staff offered a willingness to partner with cities to bring more services, such as a sobering center or recuperative care, to the San Gabriel Valley, but stated they had no available funding of their own to expand the services at this time.
- **Project Roomkey:** SGVCOG staff provided an update on claims that Project Roomkey discriminates against people with disabilities. In a letter sent to LAHSA in early August, the Los Angeles Aging Advocacy Coalition (LAAAC), an advocacy group for elderly and disabled residents, maintains that LAHSA is violating federal and state laws in its selection of Project Roomkey residents and exclusion of those who are unable to manage self-care because of physical disabilities. The letter cites a written policy of LAHSA’s that requires PRK residents to be able to complete their ADLs (Activities of Daily Living) independently. LAAAC calls on LAHSA to end this policy and integrate personal care services that other counties have implemented in order to house people with disabilities.
- **LAHSA’s COVID-19 Recovery Plan:** SGVCOG staff provided an update on the County Chief Executive Office’s (CEO’s) status report to the Board of Supervisors on the Funding Plan to support the COVID-19 Recovery Plan related to people experiencing homelessness.

The July 2, 2020 Funding Plan had proposed allocations from the following four County-administered funding sources totaling \$308.6 million: 1) Coronavirus Relief Funds (CRF); 2) Emergency Solutions Grant (ESG-CV); 3) Measure H; and 4) Medicaid (federal reimbursement). The August 6, 2020 status report provides updates on the strategic planning and utilization of these funding sources.

- **The Homeless Initiative Technology Innovation Challenge:** SGVCOG staff provided an update on the Homeless Initiative’s Technology Innovation Challenge, which was created to invest in technology to modernize homeless services and create positive outcomes for people experiencing homelessness. On July 30, LA County announced the Technology Innovation Challenge winners. The winners will split \$1.375 million in funding, with each firm receiving \$200,000 to \$500,000, to create innovative solutions to improve homeless services in four solution areas.
- **LA Alliance for Human Rights et. al. v. City of Los Angeles et. al.:** SGVCOG staff provided an update on this lawsuit filed in March by a group of business owners and residents called the LA Alliance for Human Rights. An agreement must be reached by the City and County to find alternate shelter for nearly 7,000 people living near freeways and under freeway overpasses in the City of Los Angeles and in unincorporated areas of the County. On August 7, U.S. District Judge David O. Carter convened a hearing in the Los Angeles City Council chambers. Having identified encampments in June and July, City Council members provided updates on their Districts’ plans to move anyone living near a freeway into housing. While some Council members demonstrated progress, notably in North Hollywood where tiny homes known as “pallet shelters” with 264 beds are to be constructed in two parks, other Council members, like those who represent West Los Angeles and the northwest San Fernando Valley, were unable to identify projects.

The Committee agreed to postpone elections until May, with Becky Shevlin to remain as Chair and Margaret Clark as Vice Chair.

# REPORT

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DATE: September 17, 2020

TO: SGVCOG Governing Board

FROM: San Gabriel Valley Regional Housing Trust

**RE: SAN GABRIEL VALLEY REGIONAL HOUSING TRUST BOARD**

## **RECOMMENDED ACTION**

For information only.

## **MONTHLY REPORT**

The San Gabriel Valley Regional Housing Trust (SGVRHT) was created on February 19, 2020 by a Joint Exercise of Powers Agreement which included a 6 month opt-in period to join SGVRHT without a joining fee. A letter was sent out in earlier this month to remind cities of the impending deadline to join without a joining fee, and three additional cities joined as a result: La Cañada Flintridge, Montebello, and San Gabriel. The SGVRHT now boasts 20 member cities of the possible 30. The list of member cities is as follows: Alhambra, Arcadia, Azusa, Baldwin Park, Claremont, Covina, Diamond Bar, Duarte, El Monte, Glendora, Irwindale, La Cañada Flintridge, La Verne, Monrovia, Montebello, Pomona, San Gabriel, South El Monte, South Pasadena, and West Covina.

The SGVRHT hosted an Outreach and Marketing training for the Board of Directors on August 26, 2020 via zoom webinar. The training provided the Board of Directors with resources to promote awareness of the SGVRHT including a fact sheet, flyer, project pipeline, and PowerPoint. During the meeting, Board members identified companies and organizations they would reach out to about partnering with SGVRHT and potential funding opportunities. The SGVRHT is able to receive and leverage public and private sources to fund the planning and construction of homeless housing and extremely low, very low, and low-income housing projects. Staff is also applying to conferences to provide presentations and increase awareness of SGVRHT. The staff and Board of Directors efforts are part of a larger Outreach and Marketing strategy to ensure the long-term success of the SGVRHT. The next Board of Directors meeting is November 4, 2020.



# REPORT

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**DATE:** September 17, 2020  
**TO:** Governing Board Delegates and Alternates  
**FROM:** Denis Bertone, Chair, EENR Committee  
**RE:** **MONTHLY REPORT**

## **SEPTEMBER MEETING RECAP**

On Wednesday, September 16, 2020, the SGVCOG Energy, Environment, and Natural Resources (EENR) Committee held a Zoom teleconference for its September meeting. The committee received a presentation on existing zero waste policies and regulations and an update presentation on the Southern California Regional Energy Network (SoCalREN) programs and projects. Additionally, the committee received updates on the 2020 San Gabriel Valley Energy Champion Awards and elected its FY 2020-2021 Committee Chair and Vice Chair.

Last month, the committee discussed actions, goals, and objectives that would formulate a Zero Waste Policy for the SGVCOG as directed by the Governing Board under the 2020 Legislative Priorities. The proposed Zero Waste Policy states that the SGVCOG acknowledges that negative impacts of waste generation and the importance of conserving natural resources and protecting the environment. After a thorough discussion, the committee voted to recommend the Governing Board to adopt the SGVCOG Zero Waste Policy. The Policy will be presented to the Governing Board for review and consideration at this meeting.

The upcoming regular meeting for the EENR Committee is scheduled for Wednesday, October 21, 2020 at 1:00pm.



# REPORT

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DATE: September 17, 2020

TO: Governing Board Members & Alternates

FROM: Water Policy Committee/Water TAC

RE: **MONTHLY REPORT**

## **SEPTEMBER MEETING RECAP**

On Tuesday, September 8, the Water Policy Committee and Water TAC convened its monthly meeting via Zoom teleconference. The Water Policy Committee voted to elect Gloria Crudgington as Chair and Diana Mahmud as Vice Chair of the Committee.

The meeting featured a presentation on an Upper Los Angeles River (ULAR) and Rio Hondo Watershed Area Fire Effects Study to be submitted to the Safe, Clean Water Program by the SGVCOG on behalf of the ULAR Watershed Management Group (WMG). The study will examine the effects of wildfires on contaminants, particularly metals, nutrients, and sediment, in subsequent surface water runoff. This research will be used to promote scientifically sound regulations and develop strategies for addressing metals and nutrients in the ULAR.

The Committees discussed the State Water Resources Control Board's second proposed Draft Order concerning the approval of Watershed Management Programs (WMPs) and an Enhanced Watershed Management Program (EWMP) and discussed the 2020 Municipal Separate Storm Sewer System (MS4) Draft Permit. The Draft Permit was released on August 24 for a public comment period until October 23. SGVCOG staff and Water TAC members, along with technical support, will work to negotiate with the Regional Water Quality Control Board on better integrating the Safe, Clean Water Program into the Draft Permit and will develop comments on the Permit. Further discussion of those comments will take place during the next meeting of the Committees in October.

## **SAFE CLEAN WATER PROGRAM UPDATE**

On July 20, the Regional Oversight Committee (ROC) approved the revised Upper San Gabriel River Watershed Area Steering Committee (WASC) Stormwater Investment Plan (SIP). All 9 Watershed Area SIPs have now been reviewed and advanced to the Board of Supervisors by the ROC. The Board of Supervisors is expected to approve all SIPs on September 29, 2020.

Watershed Coordinator solicitation closed on August 5, 2020. LA County Public Works is evaluating each Statement of Qualification (SOQ) based on experience, work plan, price, performance history, and references. Proposers that receive a qualifying score will be placed on a Qualified Proposer List for that Watershed Area. The proposers on the Qualified Proposer List will be invited to provide a presentation to the applicable WASC who will conduct an interview at a public meeting. WASCs will begin interviewing candidates in late October or early November and the contracts are expected to be executed in January 2021.

To receive their local return, municipalities must execute a fund transfer agreement with the LA

## REPORT

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County Flood Control District. All municipalities received the template transfer agreement and instructions for execution in late June or early July. Four municipal transfer agreements have been executed to date (Calabasas, Gardena, Hawthorne, and Malibu) and LA County Public Works is waiting for those cities to submit their annual plans (Exhibit A of the Transfer Agreement). All annual plans will be posted online.



# REPORT

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DATE: September 17, 2020  
TO: Governing Board Members & Alternates  
FROM: Capital Projects and Construction Committee  
RE: **MONTHLY REPORT**

## **MONTHLY REPORT**

The Capital Projects and Construction Committee did not meet in the month of August. The Capital Projects and Construction Committee is expected to reconvene on Monday, September 28, 2020 at 12:00pm.





**SGVCOG Governing Board Unapproved Minutes**

Date: August 20, 2020  
Time: 4:00 PM  
Location: Zoom Virtual Meeting

**PRELIMINARY BUSINESS**

1. Call to Order  
SGVCOG President Cynthia Sternquist called the meeting to order at 4:01pm.
2. Pledge of Allegiance  
D. Mahmud led the Governing Board in the Pledge of Allegiance.
3. Roll Call  
**A quorum was in attendance.**

**Governing Board Members Present**

Alhambra	David Mejia
Arcadia	April Verlatto
Azusa	Robert Gonzales
Bradbury	Richard Barakat
Claremont	Ed Reece
Covina	Patricia Cortez
Diamond Bar	Nancy Lyons
Duarte	John Fasana
El Monte	Jerry Velasco
Glendora	Michael Allowos
Industry	Catherine Marcucci
Irwindale	Albert Ambriz
La Cañada Flintridge	Keith Eich
La Puente	Dan Holloway
La Verne	Tim Hepburn
Monrovia	Becky Shevlin
Montebello	Jack Hadjinian
Monterey Park	Peter Chan
Pomona	Tim Sandoval
Rosemead	Margaret Clark
San Dimas	Denis Bertone
San Gabriel	Jason Pu
San Marino	Susan Jakubowski
Sierra Madre	John Capoccia
South Pasadena	Diana Mahmud
Temple City	Cynthia Sternquist
Walnut	Allen Wu
West Covina	Tony Wu
L.A. County District #1	Florencio Briones

**Absent**

Baldwin Park  
South El Monte

**SGVCOG Staff**

M. Creter, Exec. Director  
P. Hubler, Staff  
C. Sims, Staff  
M. Ponce, Staff  
T. Tignino, Staff  
K. Ward, Staff  
A. Fung, Staff  
S. Matthews, Staff  
S. Hernandez, Staff  
A. Bordallo, Staff

L.A. County District #4 Lauren Yokomizo  
L.A. County District #5 Sandra Maravilla  
SGV Water Districts Steven Placido

4. Public Comment  
J. Lyons, former Claremont Mayor and City Councilmember, provided a public comment with a request for the Governing Board to consider postponing Item 28, Housing Navigation Services.
5. Changes to Agenda Order  
There was a request to move Item 32, Officer Electronic Survey Process and Schedule, and Item 30, Approval of Selection and Award of On-Call Consulting Support Services for Enhanced Watershed Management Program (EWMP) Contracts, before Liaison Reports.

#### **LIAISON REPORTS**

6. Gold Line Foothill Extension Construction Authority  
A written report was provided.
7. Foothill Transit  
A written report was provided.
8. Los Angeles County Metropolitan Transportation Authority  
No report was given.
9. San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC)  
A written report was provided.
10. San Gabriel Valley Mosquito & Vector Control District (SGVMVCD)  
No report was given.
11. Southern California Association of Governments  
A written report was provided.
12. League of California Cities  
A written report was provided.
13. San Gabriel Valley Economic Partnership (SGVEP)  
No report was given.
14. South Coast Air Quality Management District (AQMD)  
A written report was provided.

#### **PRESIDENT'S REPORT**

SGVCOG President, Cynthia Sternquist, encouraged Governing Board members that are interested in running for Executive Officer positions to consider the time

commitment of serving on the Executive Board.

### **EXECUTIVE DIRECTOR'S REPORT**

**15. SGVCOG Project Updates**

SGVCOG staff provided a presentation on the progress of current SGVCOG programs and initiatives, including the San Gabriel Valley Regional Housing Trust, the Upper Los Angeles River Watershed Management Group, the GoSGV Regional Bikeshare Program, the San Gabriel Valley Regional VMT Analysis Model, the San Gabriel Valley Energy Champion Awards, the Southern California Regional Energy Network Public Agency Programs, and the Neighborhood Coyote Program. Additionally, SGVCOG staff provided updates on existing homelessness programs, regional water resiliency projects, and outreach and marketing activities.

### **GENERAL COUNSEL'S REPORT**

There were no reports from the SGVCOG General Counsel.

### **COMMITTEE REPORTS**

**16. Transportation Committee**

A written report was provided.

**17. Homelessness Committee**

A written report was provided.

**18. San Gabriel Valley Regional Housing Trust Board**

A written report was provided.

**19. Energy, Environment and Natural Resources (EENR) Committee**

A written report was provided.

**20. Water Committee**

A written report was provided.

**21. Capital Projects and Construction Committee**

A written report was provided.

### **CONSENT CALENDAR**

**22. Governing Board Meeting Minutes**

*Recommended Action: Adopt Governing Board minutes.*

**23. Monthly Cash Disbursements/Balances/Transfers**

*Recommended Action: Approve Monthly Cash Disbursements/Balances/Transfers.*

**24. Committee/TAC/Governing Board Attendance**

*Recommended Action: Receive and file.*

25. 3rd Quarter Financial and Treasurer Reports  
*Recommended Action: Receive and file.*
  
26. H.R. 2 (DeFazio) – INVEST in America Act/Moving Forward Act  
*Recommended Action: Adopt Resolution 20-15 to support H.R. 2 (DeFazio) INVEST in America or Moving Forward Act.*
  
27. Updated Salary Resolution  
*Recommended Action: Adopt Resolution 20-16 updating the SGVCOG Salary Resolution.*
  
28. Housing Navigation Services  
*Recommended Action: Authorize the Executive Director to execute an agreement with Union Station Homeless Services for an amount not to exceed \$630,000 to provide housing navigation services for participating cities.*
  
29. Assignment of Housing Funds  
*Recommended Actions: Authorize Executive Director to execute Assignment of Housing Funds with the San Gabriel Valley Housing Trust.*
  
30. Approval of Selection and Award of On-Call Consulting Support Services for Enhanced Watershed Management Program (EWMP) Contracts  
*Recommended Action: Approve the selection of the listed firms/disciplines, award “on-call” contracts for consulting support services for the Upper Los Angeles River (ULAR) Water Management Group’s (WMG) Enhanced Watershed Management Program (EWMP) and authorize the Executive Director to negotiate, execute contracts, and issue Task Orders within her authority to the following firms:*

<b>Discipline (s)</b>	<b>NPDES Compliance Reporting</b>	<b>Special Studies</b>	<b>Watershed Planning</b>	<b>Feasibility Studies</b>	<b>Stormwater Capture Project Design</b>	<b>Stormwater and Non-Stormwater Monitoring</b>
<b>Firms</b>						
Tetra Tech, Inc.	X	X	X	X	X	X
Craftwater Engineering, Inc	X	X	X	X	X	
Wood Environment & Infrastructure Solutions, Inc	X	X				X
CWE	X			X	X	X
John L. Hunter and Associates, Inc.	X	X				
FMF Pandion						X
Stantec Consulting Services, Inc				X	X	
Geosyntec Consultants, Inc			X	X	X	
Paradigm Environmental, Inc		X	X			

**There was a motion to approve consent calendar items 22 to 29. (M/S: D. Bertone/D. Mahmud)**

**[Motion Passed]**

<b>AYES:</b>	Alhambra, Arcadia, Azusa, Bradbury, Claremont, Covina, Diamond Bar, Duarte, El Monte, Glendora, Industry, Irwindale, La Cañada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pomona, Rosemead, San Dimas, San Marino, Sierra Madre, South Pasadena, Temple City, Walnut, West Covina, L.A. County District #4, L.A. County District #5, San Gabriel Valley Water Districts
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>NO VOTE RECORDED:</b>	Montebello, San Gabriel, L.A. County District #1
<b>ABSENT:</b>	Baldwin Park, South El Monte

**Discussion on Item 30: Approval of Selection and Award of On-Call Consulting Support Services for Enhanced Watershed Management Program (EWMP) Contracts**

- SGVCOG Contracts Manager, Memo Ponce, provided a presentation on this item.
- Larry Walker Associates (LWA) Vice President, Chris Minton, provided a comment on the background and reasoning of submitting a bid contest and requested the SGVCOG to evaluate the potential of possible bias of evaluators during the consultant selection process of this contract.
- SGVCOG General Counsel, David DeBerry, explained that the Governing Board to consider to accept the staff recommendation, place LWA on one or more disciplines that the firm had applied for, or restart the procurement process; however, restarting the procurement process is not recommended by SGVCOG staff due to delays of 90 to 120 days in the project timeline.

**There was a motion to approve consent calendar item 30. (M/S: D. Mahmud/A. Verlato)**

**[Motion Passed]**

<b>AYES:</b>	Alhambra, Arcadia, Azusa, Claremont, Covina, Diamond Bar, Duarte, El Monte, Glendora, Industry, Irwindale, La Cañada Flintridge, La Verne, Monrovia, Monterey Park, Pomona, Rosemead, San Dimas, San Gabriel, Sierra Madre, South Pasadena, Temple City, Walnut, West Covina, L.A. County District #4, San Gabriel Valley Water Districts
<b>NOES:</b>	
<b>ABSTAIN:</b>	Bradbury, La Puente, San Marino
<b>NO VOTE RECORDED:</b>	Montebello, L.A. County District #5
<b>ABSENT:</b>	Baldwin Park, South El Monte

**PRESENTATION**

- 31.** State and Federal Legislative Update Presentation: Tim Egan, SGVCOG Legislative Consultant, Capital Representation Group; Paul Hubler, Director of

Government and Community Relations, SGVCOG

*Recommended Action: Provide direction to staff regarding the formation of a Legislative Policy Committee.*

*This item was postponed until the next Governing Board meeting.*

**ACTION ITEM**

- 32. Officer Electronic Survey Process and Schedule**  
SGVCOG Senior Management Analyst, Katie Ward, provided a presentation on this item.

Questions/Discussions:

- A Governing Board member inquired about the process for Governing Board members to receive election voting materials. SGVCOG staff responded that Governing Board delegates will first receive the election voting materials. If no responses are received, the respective cities' Governing Board alternates will receive the voting materials, with the cities' city managers included in the correspondence as a reference.
- Another Governing Board member inquired about the possibility of sending out the electronic survey during a Governing Board meeting. SGVCOG staff responded that this could be done.
- Several Governing Board members expressed verbal support for the option that allows candidates to run for only one position instead of multiple positions at the next Governing Board meeting.

**There was a motion to use electronic surveys (Survey Monkey) as part of the voting procedure for the FY 2020-2021 Governing Board Officer Elections that will take place at the September 17, 2020 Governing Board meeting. (M/S: J. Capoccia/P. Cortez)**

**[Motion Passed]**

<b>AYES:</b>	Alhambra, Arcadia, Azusa, Bradbury, Claremont, Covina, Diamond Bar, Duarte, El Monte, Glendora, Industry, Irwindale, La Cañada Flintridge, La Puente, La Verne, Monrovia, Montebello, Monterey Park, Pomona, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South Pasadena, Temple City, Walnut, West Covina, L.A. County District #1, L.A. County District #4, L.A. County District #5, San Gabriel Valley Water Districts
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>NO VOTE RECORDED:</b>	
<b>ABSENT:</b>	Baldwin Park, South El Monte

**There was another motion to approve the option that only allows Governing Board members to run for one Executive Officer position in the FY 2020-2021 Governing Board Officer Elections. (M/S: R. Barakat/J. Hadjinian)**



**[Motion Passed]**

<b>AYES:</b>	Alhambra, Arcadia, Azusa, Bradbury, Claremont, Covina, Diamond Bar, Duarte, El Monte, Glendora, Industry, Irwindale, La Cañada Flintridge, La Puente, La Verne, Monrovia, Montebello, Monterey Park, Pomona, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South Pasadena, Temple City, Walnut, West Covina, L.A. County District #1, L.A. County District #4, San Gabriel Valley Water Districts
<b>NOES:</b>	
<b>ABSTAIN:</b>	L.A. County District #5
<b>NO VOTE RECORDED:</b>	
<b>ABSENT:</b>	Baldwin Park, South El Monte

**ADJOURN**

SGVCOG President Cynthia Sternquist adjourned the Governing Board meeting at 6:02pm.



**SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS**  
**Selected Asset Account Balances**  
**As of August 31, 2020**

Account Number	Description	Balance 7/31/2020	Increase	Decrease	Net Change	Balance 8/31/20
000-000-000-1010	CBB - 242-118-669 Checking	\$ 2,371,664	\$ 640,493	\$ 328,662	\$ 311,831	\$ 2,683,496
000-000-000-1020	CBB- 242-034-325 CD	\$ 123,165	\$ -	\$ -	\$ -	\$ 123,165
000-000-000-1030	CBB - 2766 Savings	\$ 1,592	\$ -	\$ -	\$ -	\$ 1,592
000-000-000-1040	CBB -242-034-953 CD	\$ 54,961	\$ -	\$ -	\$ -	\$ 54,961
000-000-000-1052	CBB-242-300-597 MM (Homelessness Trust)	\$ 5,604,745	\$ -	\$ -	\$ -	\$ 5,604,745
000-000-000-1090	Petty Cash	\$ 400	\$ -	\$ -	\$ -	\$ 400
000-000-000-1100	LAIF 40-19-038	\$ 243,421	\$ -	\$ -	\$ -	\$ 243,421
000-000-000-1101	LAIF Maket Value	\$ 86	\$ -	\$ -	\$ -	\$ 86
000-000-000-1210	Member Receivable	\$ 52,780	\$ -	\$ -	\$ -	\$ 52,780
000-000-000-1220	Grants/Contracts Receivable	\$ 1,330,909	\$ -	\$ 575,347	\$ (575,347)	\$ 755,562
000-000-000-1225	Sponsorships Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
000-000-000-1232	Rental Deposits Receivable	\$ 5,489	\$ -	\$ -	\$ -	\$ 5,489
000-000-000-1291	Receivables - Other	\$ 807	\$ -	\$ -	\$ -	\$ 807
		<b>\$ 9,790,020</b>	<b>\$ 640,493</b>	<b>\$ 904,009</b>	<b>\$ (263,516)</b>	<b>\$ 9,526,504</b>

**SGVCOG - ACE**  
**Selected Asset Account Balances**  
**As of August 31,2020**

Account Number	Description	Balance 7/31/2020	Increase	Decrease	Net Change	Balance 8/31/20
000-000-000-1110	CBB General Checking Account <b>NEW</b>	\$ 2,733,676	\$ 3,663,603	\$ 37,701,814	\$ (34,038,211)	\$ (31,304,535)
000-000-000-1111	Checking (CBB)	\$ 1,501,450	\$ 272,300	\$ -	\$ 272,300	\$ 1,773,750
000-000-000-1112	Sweep (CBB - Mutual Fund)	\$ 1	\$ -	\$ -	\$ -	\$ 1
000-000-000-1121	LAIF Operating (40 19 044)	\$ 344,752	\$ -	\$ -	\$ -	\$ 344,752
000-000-000-1122	LAIF - Debt (11 19 031)	\$ 1,342,951	\$ -	\$ -	\$ -	\$ 1,342,951
000-000-000-1123	Sweep (CBB - Mutual Fund) <b>NEW</b>	\$ 7,361,329	\$ 30,709,935	\$ 2,467,592	\$ 28,242,343	\$ 35,603,671
000-000-000-1124	UPPR Contribution Funds (CBB-MM) <b>NEW</b>	\$ 1,769,714	\$ -	\$ -	\$ -	\$ 1,769,714
000-000-000-1125	MTA Loan Interest Reimb (CBB) <b>NEW</b>	\$ 1,722,941	\$ -	\$ -	\$ -	\$ 1,722,941
000-000-000-1131	Grants Receivable	\$ 490,829	\$ -	\$ -	\$ -	\$ 490,829
000-000-000-1135	Retention Receivable - MTA	\$ 2,582,393	\$ -	\$ -	\$ -	\$ 2,582,393
		<b>\$ 19,850,035</b>	<b>\$ 34,645,838</b>	<b>\$ 40,169,406</b>	<b>\$ (5,523,568)</b>	<b>\$ 14,326,467</b>

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS  
Disbursements Report  
AUGUST 2020

Transaction Date	Number/Reference	Vendor Name	Description	Amount
8/5/2020	ACH-ELITE	Elite-TRC Alhambra	Office Rent-Aug'20	\$6,680.51
8/5/2020	ACH-Focus	Focus Strategies	Homeless Plan Development-Jun'20	\$2,740.00
8/12/2020	ACH-Craftwater	Craftwater Engineering, Inc.	ULAR-LRS Project Jul'20	\$32,427.00
8/12/2020		Management Partners	Service Delivery Study Jul'20	\$7,900.00
8/12/2020		Rival Creative, LLC	ULAR CIMP Consultant	\$7,500.00
8/12/2020		Community Partners fbo ActiveSGV	Bike Share Marketing May-June 2020	\$1,300.00
8/13/2020	10124	City of South El Monte	Refund of overpayment on Member Dues FY21	\$3.00
8/13/2020	10125	Mary Lou Echternach	Transportation Consulting-Mar'20	\$11,417.00
8/13/2020	10126	CliftonLarsonAllen	Treasurer for Quarter Ending Mar'20	\$3,500.00
8/13/2020	10127	Mary Lou Echternach	Transportation Consulting-Aprr'20	\$11,417.00
8/13/2020	10128	Mary Lou Echternach	Transportation Consulting-May'20	\$11,417.00
8/13/2020	10129	Mary Lou Echternach	Transportation Consulting-Jun'20	\$11,417.00
8/13/2020	CITIBNKPYMTAUG20	Citi Card	Citi Card Payment	\$4,463.89
8/14/2020	EFT	Paychex	Payroll Ending PE 08.14.20	\$26,098.80
8/14/2020	EFT	Paychex	Payroll Processing Fees	\$134.00
8/14/2020	ACH-CAP REP	Capital Representation	Legislative Consultant	\$6,700.00
8/14/2020	ACH-FEHR-MAR-JUN20	FEHR& PEERS	SB743 Implementation Mar-Jun'20	\$221,785.80
8/14/2020	DEBIT-ICMA PE081420	ICMA-RC	Employee Contribution PE 08.14.20	\$642.31
8/20/2020	ACH-Gotcha	Gotcha	Bike Share Hub	\$184,337.02
8/25/2020	EFT-Hartford	The Hartford	Worker's Comp Insurance	\$3,387.00
8/27/2020	ACH-Elite	Elite-TRC	Office Rent-Sep'20	\$6,680.51
8/28/2020	DEBIT-ICMA PE082820	ICMA-RC	Employee Contribution PE 08.28.20	\$642.31
8/28/2020	EFT	Paychex	Payroll Ending PE 08.28.20	\$25,593.55
8/28/2020	EFT	Charter Communication	Internet Provider	\$130.00
<b>Total AUGUST 2020 Disbursements</b>				<b>\$588,313.70</b>

ACE CONSTRUCTION AUTHORITY  
Disbursements Report  
August 2020

Transaction				
Date	Check Number	Vendor Name	Description	Amount
8/4/2020	ACH-PRINCE A-1	Prince Global Solutions, LLC	A-147(110)JUN20	\$14,500.00
8/4/2020	ACH-EDISON INV	Edison Carrier Solutions	10127	\$996.00
8/4/2020	ACH-YANIN-VCH	Yanin Rivera	VCH#1590	\$155.89
8/4/2020	ACH BIGG (333)	Biggs Cardosa Associates Inc.	2012237D-74(33)APR	\$438,662.54
8/11/2020	EFT-SCE D/BAR	Southern California Edison	2405671546_JUL20	\$309.00
8/12/2020	ACH-REY A VCH1	Reynaldo P. Alimoren	VCH#1594	\$68.44
8/12/2020	ACH-RAMIREZ V	Andres Ramirez	VCH#1595	\$52.53
8/12/2020	ACH-CSD LA 225	County Sanitation District of	PERMIT#22539 FY19-2	\$41,631.17
8/13/2020	1085	Montebello Land & Water Compan	12-5600_JUN20	\$230.57
8/13/2020	1061	Montebello Land & Water Compan	APN209AA-METER	\$87.55
8/13/2020	1086	AllyHealth	20200801-093273	\$10.00
8/13/2020	1087	Industry Public Utilities	503889_JUN20	\$530.43
8/13/2020	1102	Lee Andrews Group, Inc.	2020135(JUN)RETN	\$2,071.05
8/13/2020	1103	David Lang & Associates	G-207-170(JUN)RTN	\$217.84
8/13/2020	1088	Aflac	696694	\$580.38
8/13/2020	1058	Office Depot	106849498001	\$113.49
8/13/2020	1058	Office Depot	111345092001	\$67.36
8/13/2020	1089	Office Depot Credit Plan	09391614_JUN20	\$47.19
8/13/2020	1104	Paragon Partners Ltd.	019777-IN(83)RETN	\$99.72
8/13/2020	1104	Paragon Partners Ltd.	19863-IN(JUN)RETN	\$796.92
8/13/2020	1104	Paragon Partners Ltd.	19864-IN(JUN)RETN	\$121.05
8/13/2020	1104	Paragon Partners Ltd.	19866-IN(JUN)RETN	\$144.95
8/13/2020	1104	Paragon Partners Ltd.	19867-IN(JUN)RETN	\$113.01
8/13/2020	1104	Paragon Partners Ltd.	19868-IN(JUN)RETN	\$440.93
8/13/2020	1090	PLANETBIDS, INC.	820273	\$15,426.00
8/13/2020	1091	Southern California Edison	2412668360_JUL31	\$18.19
8/13/2020	1091	Southern California Edison	2412668592_JUL20	\$19.43
8/13/2020	1092	San Gabriel Valley Water Compa	FEE01	\$20.00
8/13/2020	1059	SHRED-IT USA LLC	8129911489	\$144.18
8/13/2020	1093	TPx Communications	132510931-0	\$766.55
8/13/2020	1094	Union Pacific Railroad Company	FOLDER#0322557	\$3,055.00
8/13/2020	1095	South Montebello Irrigation Di	561800.02_JUL20	\$73.75
8/13/2020	1105	Woodruff, Spradlin & Smart	65811(31)JUN20	\$6,600.00
8/13/2020	1105	Woodruff, Spradlin & Smart	65813(33)JUN20	\$2,847.50
8/13/2020	1105	Woodruff, Spradlin & Smart	65814(34)JUN20	\$6,130.50

Transaction					
Date	Check Number	Vendor Name	Description	Amount	
8/13/2020	1105	Woodruff, Spradlin & Smart	65816(36)JUN20	\$2,956.50	
8/13/2020	1105	Woodruff, Spradlin & Smart	65812(32)JUN20	\$266.65	
8/13/2020	1105	Woodruff, Spradlin & Smart	65815(35)JUN	\$1,072.00	
8/13/2020	1060	Walnut Valley Water District	PROJ#20-3649	\$176,327.00	
8/13/2020	1096	Daily Journal - CNSB	B3379526	\$236.33	
8/13/2020	1098	County Sanitation District of	PERMIT#22539_SUP	\$122.77	
8/13/2020	1062	County Sanitation District of	8940378066-002	\$1,782.00	
8/13/2020	1099	Center for Education&Employment	7294648	\$144.95	
8/13/2020	1100	California State Treasury	APN210S_768 TURNBUL	\$80,300.00	
8/13/2020	1101	Dell Business Credit	FEE02	\$29.00	
8/13/2020	1063	Federal Express	7-037-41904	\$59.73	
8/13/2020	1064	Horizons Construction Company	RETN_REL(APR-JUN)	\$3,831.56	
8/14/2020	ACH-PRE.SEC (1	PreScience Corporation	ACE1702-TO2-017(JUN	\$140,942.95	
8/14/2020	ACH-AECOM JUN/	AECOM - Technical Services, In	20-COG-217	\$145,031.50	
8/14/2020	ACH-AECOM JUN/	AECOM - Technical Services, In	2000381392(3)JUN	\$5,792.53	
8/14/2020	ACH-L.ANDREWS#	Lee Andrews Group, Inc.	2020135(143)JUN	\$39,349.99	
8/14/2020	ACH-D.LANG JUN	David Lang & Associates	G-207-170(144)JUN	\$4,138.91	
8/14/2020	ACH-LSA VARIES	LSA Associates, Inc.	172870(39)JUN20	\$3,125.21	
8/14/2020	ACH-LSA VARIES	LSA Associates, Inc.	172924(57)JUN20	\$1,525.82	
8/14/2020	ACH-LSA VARIES	LSA Associates, Inc.	173022(29)JUN	\$1,688.99	
8/14/2020	ACH-LUBKA#1409	LUBKA & WHITE LLP	14096(168)MAYJUN	\$13,309.75	
8/14/2020	ACH-MN JUNE IN	Moffatt & Nichol	751482(74)MAY20	\$8,977.78	
8/14/2020	ACH-MN JUNE IN	Moffatt & Nichol	752167(75)JUN20	\$3,311.98	
8/14/2020	ACH-MN JUNE IN	Moffatt & Nichol	752204(85)JUN20	\$177,270.00	
8/14/2020	ACH-MN PUENTE	Moffatt & Nichol	751482(MAY)RETN	\$472.52	
8/14/2020	ACH-MN PUENTE	Moffatt & Nichol	752167(JUN)RETN	\$174.32	
8/14/2020	ACH-MN MONTE R	Moffatt & Nichol	752204(JUN)RETN	\$9,330.00	
8/14/2020	ACH-STANTEC (1	Stantec (FKA MWH Americas Inc	1657863(136)APR	\$40,777.19	
8/14/2020	ACH-OSM(13)-(1	Oliver, Sandifer & Murphy Law	6000-117(111)JUN	\$6,978.75	
8/14/2020	ACH-OSM(13)-(1	Oliver, Sandifer & Murphy Law	6002-13(13)JUN20	\$13,306.73	
8/14/2020	ACH-PARAGON JU	Paragon Partners Ltd.	0019777-IN(83)MAY	\$1,894.76	
8/14/2020	ACH-PARAGON JU	Paragon Partners Ltd.	0019863-IN(146)JUN	\$15,141.44	
8/14/2020	ACH-PARAGON JU	Paragon Partners Ltd.	0019864-IN(84)JUN	\$2,299.98	
8/14/2020	ACH-PARAGON JU	Paragon Partners Ltd.	0019866-IN(86)JUN	\$2,753.97	
8/14/2020	ACH-PARAGON JU	Paragon Partners Ltd.	0019867-IN(82)JUN	\$2,147.23	
8/14/2020	ACH-PARAGON JU	Paragon Partners Ltd.	0019868-IN(4)JUN	\$8,377.58	
8/14/2020	ACH-PARAGON JU	Paragon Partners Ltd.	19865-IN(JUN)RETN	\$950.93	
8/14/2020	ACH-JACOBS 108	Jacobs Project Management Comp	W9X15202-092(108)JU	\$5,976.80	
8/14/2020	ACH BWS (132)	Burke, Williams & Sorensen, LL	255631(132)MAY20	\$54,135.35	

Transaction					
Date	Check Number	Vendor Name	Description		Amount
8/14/2020	ACH-UPRR JUN'2	Union Pacific Railroad Company	90096792_WO52330		\$3,526.62
8/14/2020	ACH-UPRR JUN'2	Union Pacific Railroad Company	90096819_WO10392		\$48,456.99
8/14/2020	ACH-UPRR JUN'2	Union Pacific Railroad Company	90096820_WO17756		\$8,027.43
8/14/2020	ACH-UPRR JUN'2	Union Pacific Railroad Company	90096821_WO31791		\$325.45
8/14/2020	ACH-UPRR JUN'2	Union Pacific Railroad Company	90096822_WO36216		\$22,711.40
8/14/2020	ACH-UPRR JUN'2	Union Pacific Railroad Company	90096823_WO49520		\$20,919.34
8/14/2020	ACH-JJ-IT-15_J	Jason Johnson	15-Jul-20		\$562.50
8/14/2020	ACH PP.576843O	PowerPlus	576843OC		\$6,900.00
8/14/2020	ACH-CWE RIO (6	CWE	20191(6)FEBJUN		\$29,348.27
8/14/2020	ACH-RIVERSIDE#	Riverside Construction Company	15_JUN20		\$713,588.74
8/14/2020	ACH-RIVERSIDE#	Riverside Construction Company	15(JUN)RETN		\$79,287.64
8/14/2020	ACH IND LLC J	Industry Realty Holdings, LLC	APN207F-AUG-RENT		\$11,000.00
8/14/2020	ACH-CBRE-AUG'2	CB Richard Ellis, Inc	8_2020		\$22,717.32
8/14/2020	ACH CAP. REP(1	Capital Representation Group	20-001(112)JUN20		\$6,700.00
8/14/2020	ACH-CH2M MAY-J	CH2M HILL INC	421561CH021(45)MAY		\$2,809.95
8/14/2020	ACH-CH2M MAY-J	CH2M HILL INC	421561CH022(46)JUN		\$9,189.90
8/14/2020	ACH-CH2M HILL	CH2M HILL INC	421561CH021(45)RETN		\$147.89
8/14/2020	ACH-CH2M HILL	CH2M HILL INC	421561CH022(46)RETN		\$483.68
8/14/2020	ACH HNTB (21)	HNTB Corporation	2165194-DS-002(21)		\$95,960.10
8/14/2020	DEBIT-ICMA PE0	ICMA Retirement Trust - 457	ICMA_PE081420		\$5,067.53
8/17/2020	ACH LACMTA JUN	LACMTA - Metropolitan Transpor	800077984		\$19,648.29
8/17/2020	ACH EDISON 605	Edison Carrier Solutions	60546		\$996.00
8/17/2020	ACH PP281802P0	PowerPlus	281802P0720		\$55.00
8/17/2020	ACH EPIC(128-1	Epic Land Solution, Inc	0520-002281(128)MAY		\$449.08
8/17/2020	ACH EPIC(128-1	Epic Land Solution, Inc	0620-00228(129)JUN		\$407.65
8/17/2020	ACH OHL 63 JUN	OHL USA, Inc.	63_JUN20		\$1,349,880.09
8/17/2020	ACH OHL 63(RET	OHL USA, Inc.	63(RETN)JUN20		\$149,986.68
8/17/2020	1106	Durfee/Stephens, LLC	APN208L-JUDGMENT		\$1,085,600.00
8/17/2020	ACH HDR3ARETE	HDR Engineering, Inc.	3A-RETENTION		\$44.97
8/17/2020	ACH KEN(59-63)	Ken Spiker and Associates, Inc	273(60)MAR20		\$3,336.00
8/17/2020	ACH KEN(59-63)	Ken Spiker and Associates, Inc	274(61)APR20		\$3,633.00
8/17/2020	ACH KEN(59-63)	Ken Spiker and Associates, Inc	275(63)JUN20		\$3,498.00
8/17/2020	ACH KEN(59-63)	Ken Spiker and Associates, Inc	276(59)FEB20		\$3,327.00
8/17/2020	ACH KEN(59-63)	Ken Spiker and Associates, Inc	277(62)MAY20		\$3,417.00
8/20/2020	ACH-OSM-FAIRWA	Oliver, Sandifer & Murphy Law	6001-85(85)JUN20		\$5,502.00
8/20/2020	ACH-PARAGON-DU	Paragon Partners Ltd.	0019865-IN(87)JUN		\$18,067.75
8/20/2020	EFT-CHOICEBUIL	Choice Builder	622638		\$2,633.58
8/20/2020	EFT-CALPERS ME	CALPERS	1800_HEALTH_SEP20		\$25,944.84
8/20/2020	ACH-BERG#52 JU	Berg & Associates Inc.	48067(52)JUN		\$210,648.10

Transaction				
Date	Check Number	Vendor Name	Description	Amount
8/24/2020	EFT-STANDARD-S	Standard Insurance Company	165466-SEP20	\$1,524.87
8/25/2020	WIRE-COMMON-AP	Commonwealth Land Title Compan	APM2100P-ALLFAST	\$210,601.00
8/27/2020	1107	Office Depot	113819168001	\$139.96
8/27/2020	1115	Paragon Partners Ltd.	19865-IN(JUN)RETN	\$950.93
8/27/2020	1117	San Gabriel Valley Water Compa	APN202A_137_JUL20	\$259.81
8/27/2020	1117	San Gabriel Valley Water Compa	APN202A_201_JUL20	\$802.80
8/27/2020	1117	San Gabriel Valley Water Compa	APN202A_137_JUL14	\$116.79
8/27/2020	1117	San Gabriel Valley Water Compa	APN202A_201_JUL14	\$715.40
8/27/2020	1110	SHRED-IT USA LLC	8180280448	\$140.62
8/27/2020	1108	Daily Journal - CNSB	B3379522	\$438.64
8/27/2020	1108	Daily Journal - CNSB	B3379524	\$464.33
8/27/2020	1108	Daily Journal - CNSB	B3379525	\$441.25
8/27/2020	EFT-CALPERS GA	CALPERS	1E+14	\$700.00
8/27/2020	EFT-CALPERS PE	CALPERS	1827_PE082820	\$17,702.53
8/27/2020	EFT-CALPERS PE	CALPERS	1827_PE08.14.20	\$17,566.94
8/27/2020	1113	Simplex Business Solutions	110437	\$509.26
8/27/2020	1112	Accountemps	56199281	\$1,064.38
8/27/2020	1112	Accountemps	56208114	\$2,437.50
8/27/2020	1111	Western NGR, Inc.	NRGQ67731	\$1,103.00
8/27/2020	1114	Chocaholics dba. 1-800-GOT-JUN	2812324	\$477.00
8/27/2020	1116	Dell Business Credit	DELL-AUG20	\$3,286.09
8/27/2020	1109	Federal Express	7-093-79290	\$139.34
8/28/2020	DEBIT-ICMA PE0	ICMA Retirement Trust - 457	ICMA_PE08.28.20	\$5,067.53
<b>Total AUGUST 2020 Disbursements</b>				<b>\$5,754,916.31</b>



**Governing Board Attendance**

	2020						2021					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra		D										
Arcadia		D										
Azusa		D										
Baldwin Park												
Bradbury		D										
Claremont		D										
Covina		D										
Diamond Bar		D										
Duarte		D										
El Monte		D										
Glendora		D										
Industry		A										
Irwindale		D										
La Cañada Flintridge		D										
La Puente		D										
La Verne		D										
Monrovia		D										
Montebello		D										
Monterey Park		D										
Pomona		D										
Rosemead		D										
San Dimas		D										
San Gabriel		D										
San Marino		D										
Sierra Madre		D										
South El Monte												
South Pasadena		D										
Temple City		D										
Walnut		D										
West Covina		D										
LA County District 1		D										
LA County District 4		D										
LA County District 5		D										
SGV Water Agencies		D										

**Major Action Items and Presentations**

*July (Dark)*

*August*

- Officer Electronic Survey Process and Schedule
- Assignment of Housing Funds
- Housing Navigation Services
- Approval of Selection and Award of On-Call Consulting Su

## EENR Attendance

	2020						2021					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Claremont		✓										
Covina												
Duarte		✓										
Rosemead		✓										
San Dimas		✓										
San Gabriel												
Sierra Madre		✓										
Temple City (Ex-officio)		✓										
West Covina		✓										

### Agenda Topics

#### *July (Dark)*

#### *August*

SGVCOG Zero Waste Policy

COVID-19 Updates and Flu Season Preparation

## Water

	2020						2021					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Claremont	✓											
Glendora	✓											
Monrovia	✓											
Rosemead	✓											
Sierra Madre												
South Pasadena	✓											
LAC #1												

### Agenda Topics

#### *July (Joint Meeting with Water TAC)*

H.R. 2 Invest in America Act

SoCalREN Public Agency Programs

S.B. 205 (Hertzberg) implementation

MS4 Permit Regional Coordination

#### *August (Dark)*

## Transportation

	2020						2021					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Claremont		✓										
Diamond Bar		✓										
Duarte		✓										
Glendora		✓										
Industry		✓										
La Cañada Flintridge		✓										
L.A. County District 1		✓										
L.A. County District 5		✓										
Monterey Park		✓										
Pomona												
San Gabriel		✓										
South El Monte												
South Pasadena		✓										
Temple City		✓										
Walnut		✓										

### Agenda Topics

#### *July (Dark)*

#### *August*

SR-710 North Corridor Mobility Improvements

Appointment of SGVCOG Representatives to the LAX Community Noise Roundtable

Recommendation for Governing Board to Advance/Loan MSP Funds

## Water TAC

	2020						2021					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra	✓											
Arcadia												
Bradbury	✓											
Covina	✓											
Duarte	✓											
Glendora												
Monrovia	✓											
Pomona	✓											
Sierra Madre	✓											
LA County DPW	✓											
San Gabriel Valley Municipal Water District	✓											
Upper San Gabriel Valley Municipal Water District	✓											
<i>Ex-Officio</i>												
LA County Sanitation Districts	✓											
Main San Gabriel Basin Watermaster	✓											

### Agenda Topics

#### *July (Joint Meeting with Water Committee)*

H.R. 2 Invest in America Act

SoCalREN Public Agency Programs

S.B. 205 (Hertzberg) implementation

MS4 Permit Regional Coordination

#### *August (Dark)*

**CMS**

	2020						2021					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Arcadia	✓											
Alhambra												
Azusa	✓											
Baldwin Park	✓											
Bradbury												
Diamond Bar	✓											
El Monte												
Glendora	✓											
La Canada Flintridge												
La Verne	✓											
Montebello												
Monterey Park	✓											
Rosemead												
San Marino	✓											
Temple City	✓											

**Agenda Topics**

***July***

FY 20-21 Subregional Representatives to City Managers' Steering Committee

***August (Dark)***

***September (Dark)***

## Homelessness

	2020						2021					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Arcadia		✓	✓									
Baldwin Park		✓	✓									
Claremont		✓	✓									
Duarte			✓									
Glendora		✓	✓									
Irwindale		✓	✓									
Monrovia		✓	✓									
Pomona		✓	✓									
Rosemead		✓	✓									
West Covina												
LA County Dist 1		✓										

### Agenda Topics

#### *July (Dark)*

#### *August*

- 2020 Greater Los Angeles PIT Homeless Count
- SGVCOG Regional Coordination Program
- Measure H FY20-21 Funding Recommendations
- LAHSA COVID-19 Recovery and Funding Plans

#### *September*

- CAHOOTS (Crisis Assistance Helping Out On The Streets) Program
- DHS Housing for Health Program
- Project Roomkey
- Committee election postponement to May

**Planners TAC**

	2020						2021					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra												
Arcadia	✓											
Azusa	✓											
Baldwin Park	✓											
Claremont	✓											
Covina												
Diamond Bar												
Duarte	✓											
El Monte												
Glendora	✓											
Irwindale	✓											
La Verne	✓											
Monrovia	✓											
Montebello	✓											
Monterey Park												
Rosemead	✓											
San Dimas	✓											
San Gabriel	✓											
Sierra Madre	✓											
South El Monte	✓											
South Pasadena	✓											
Temple City	✓											
West Covina												
L.A. County DRP	✓											

**Agenda Topics**

**July**

- Regional Early Action Program (REAP) Projects Discussion
- 2020 San Gabriel Valley Energy Champion Awards
- Los Angeles County Department of Regional Planning FY 2020-2021 Priorities



## Public Works TAC

	2020						2021					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Arcadia												
Azusa	✓											
Baldwin Park	✓											
Claremont												
Diamond Bar	✓											
El Monte	✓											
Glendora	✓											
Industry	✓											
Irwindale	✓											
La Verne	✓											
Monrovia												
Monterey Park	✓											
Pomona												
Rosemead	✓											
San Dimas	✓											
San Gabriel												
San Marino	✓											
South El Monte												
South Pasadena												
Temple City	✓											
Walnut	✓											
West Covina												
LA County DPW	✓											

### Agenda Topics

#### July

- GoSGV Bikeshare Program Launch
- Recommendation for Governing Board to Advance/Loan MSP Funds
- 2020 San Gabriel Valley Energy Champion Awards Progress Report



DATE: September 17, 2020

TO: Governing Board Delegates and Alternates

FROM: Marisa Creter, Executive Director

**RE: RECOMMENDATION TO THE GOVERNING BOARD TO APPROVE AN ADVANCE/LOAN FOR MSP FUNDING FOR THE I-605/VALLEY BOULEVARD INTERCHANGE IMPROVEMENT PROJECT AND ASSIGNMENT OF THE PROJECT TO THE CAPITAL PROJECTS AND CONSTRUCTION COMMITTEE**

## **RECOMMENDED ACTIONS**

Approve an advance/loan of future Measure M Subregional Programs (MSP) funding for the I-605/Valley Boulevard Interchange Project and assign this project to the Capital Projects and Construction Committee.

## **SUMMARY**

The Los Angeles County Metropolitan Transportation Authority (Metro) is currently preparing the plans and specifications for high priority projects identified in the I-605 hot spot study to improve the I-605/Valley Boulevard interchange. One project will be ready to begin construction in 2022; however, construction funding included in the San Gabriel Valley Measure M MSP Highway Efficiency Program is not available until 2048. To allow this project to begin construction in a timely manner, SGVCOG and Metro staff are recommending a loan agreement with Metro of Measure M funding in 2022 to be paid back over the following seven years with future San Gabriel Valley Subregional Measure M MSP fund allocations.

## **BACKGROUND**

As part of the I-605 hot spot study funded under Measure R, several early action projects were identified several years ago. Two of those fell within the SGVCOG's jurisdiction: The I-605/Valley Boulevard Interchange Project and the SR-60/7<sup>th</sup> Avenue Interchange Project. The Gateway Cities Council of Governments included funding for the environmental clearance and design of these two projects under their Measure R I-605 hotspot program. Metro was designated the lead agency for this effort and has awarded consultant contracts for the design of both projects. For its part, the SGVCOG included funding in San Gabriel Valley Measure M MSP under the "Highway Efficiency Program" to fund the construction of these projects.

The proposed improvements can be found in Attachment A. For the I-605/Valley Boulevard Interchange Project, the southbound ramps will be re-located, a new signal installed, the RR crossing will be upgraded, and the intersection of Valley Boulevard and Temple Avenue will be improved. For the SR-60/7<sup>th</sup> Avenue Interchange Project, the westbound 7<sup>th</sup> Avenue on-ramp will be modified to increase ramp storage capacity to alleviate the traffic impacts to the local streets

and the other ramps will have the geometrics modified horizontally and vertically to alleviate high accidents for these ramps.

The design of these two projects will be completed next year; however, funding availability under the San Gabriel Valley Measure M MSP under the Highway Efficiency Program will not be available until 2048. These projects were ranked as high priority under the I-605 hotspot study and the report indicated significant safety and level of service benefits if these projects could be completed earlier. The SGVCOG and Metro staff have been discussing various options on how to accelerate the construction of these projects in lieu of waiting for funding availability in 2048.

Metro is proposing a potential alternative that involves the ability to borrow against future MSP revenues. Attachment B contains two borrowing scenarios, one where the SGVCOG obligates all of the subregion's upcoming MSP sources (all of our MSP programs) and pays back the debt over four years. The other scenario is paying the debt over a longer period (seven years), thus keeping some of the subregion's MSP funds for programming for local projects.

Note that the SGVCOG will be borrowing funds intended for the Active Transportation, First and Last Mile/Complete Streets, Bus System Improvements, and Highway Demand programs since these are the only SGVCOG MSP programs receiving MSP funding in the first 20 years of Measure M. Depending on the borrowing option chosen, the SGVCOG will have a reduced ability to allocate funding under these programs to our member agencies under a future call for projects. Eventually, these borrowed funds from these programs would be paid back in 2048 when the Highway Efficiency MSP program finally receives funding.

To maintain future call for project funding, yet also able to accelerate this essential highway improvement, SGVCOG staff is recommending that the SGVCOG proceed with the longer term borrowing proposal (identified as the minimum payment option in the attachment) for only the I-605/Valley Boulevard Interchange Project at this time. This option allows this crucial project to proceed in a timely manner, yet retains MSP funding to allow the SGVCOG to conduct future call for projects. SGVCOG staff believes this project has greater motorist safety and traffic congestion relief benefits.

Metro has indicated that the SGVCOG would be the agency to deliver this project and will be entering into a project agreement similar to the one executed for the 57/60 Confluence Project.

## **BUDGET IMPACT**


To advance the proposed I-605/Valley Boulevard Interchange Project, the SGVCOG will borrow \$36.9 million in MSP funds in Fiscal Year 2022 and repay the principal over the next seven years with an interest expense of \$4,214,250. Funds will be borrowed from the Active Transportation, First and Last Mile/Complete Streets, Bus System Improvements, and Highway Demand MSP program. Those funds will be reimbursed in full by the Highway Efficiency Program MSP in 2048.

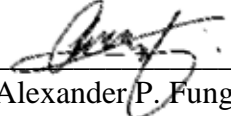
This project was previously reviewed at the Public Works Technical Advisory Committee meeting on July 20, 2020 and Transportation Committee meeting on August 20, 2020. After thorough discussions, both committees voted to recommend the Governing Board to approve an


# REPORT

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advance/loan of future Measure M Subregional Programs (MSP) funding for the I-605/Valley Boulevard Interchange Project and assign this project to the Capital Projects and Construction Committee. This item is now being presented to the Governing Board for consideration and approval.

Prepared by:   
Mark Christoffels  
Chief Engineer

  
Alexander P. Fung  
Management Analyst

Approved by:   
Marisa Creter  
Executive Director

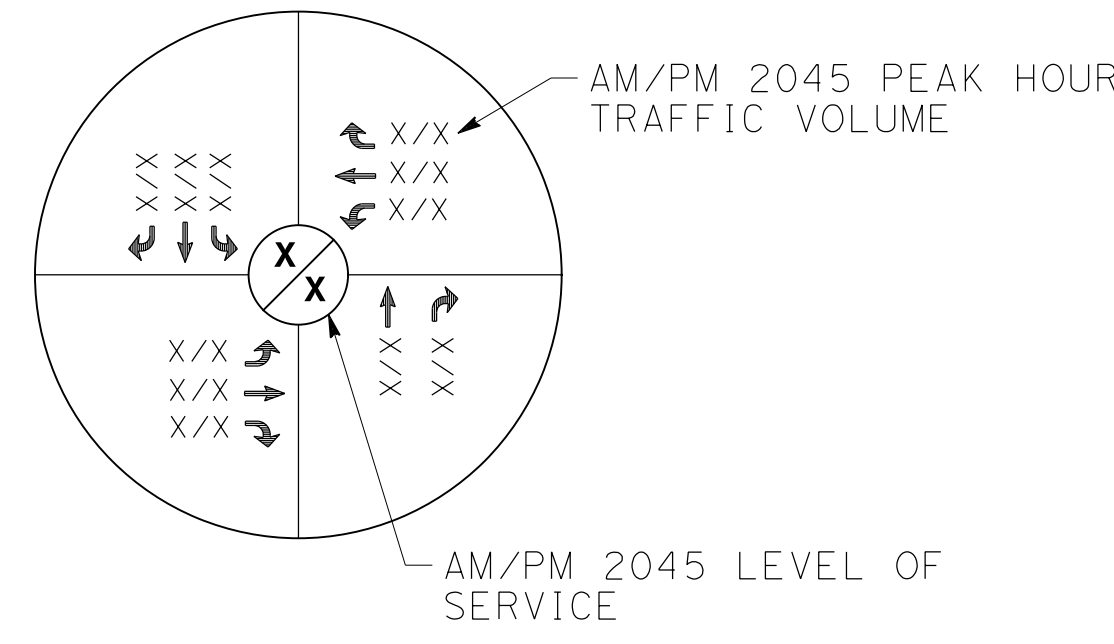
## **ATTACHMENTS**

Attachment A – Proposed Improvements for the I-605/Valley Blvd Interchange Project

Attachment B – Scenarios for the SGVCOG to Borrow Against Future MSP Revenues

**NOTE:**  
FOR ACCURATE RIGHT OF WAY DATA, CONTACT  
RIGHT OF WAY ENGINEERING AT THE DISTRICT OFFICE.

- LEGEND:**
- EXISTING R/W
  - PROPOSED TCE
  - STANDARD LINE OF SIGHT (S)
  - PROPOSED LINE OF SIGHT (S)
  - CONTRASTING SURFACE TREATMENT
  - XXXX AM  
XXXX PM 2045 PEAK HOUR TRAFFIC VOLUME



**DESIGN DESIGNATION**

ROUTE	DESIGN SPEED	% TRUCKS
SR 60	70 MPH	10%-18%
7TH Ave	45 MPH	-
GALE Ave	45 MPH	-

**B1- 504.8 ACCESS CONTROL**

STANDARD	EXISTING	PROPOSED
50'	42'	38'

**B2- 203.2 MINIMUM RADII**

STANDARD	EXISTING	PROPOSED
272' (35 MPH)	200' (30 MPH)	200' (30 MPH)

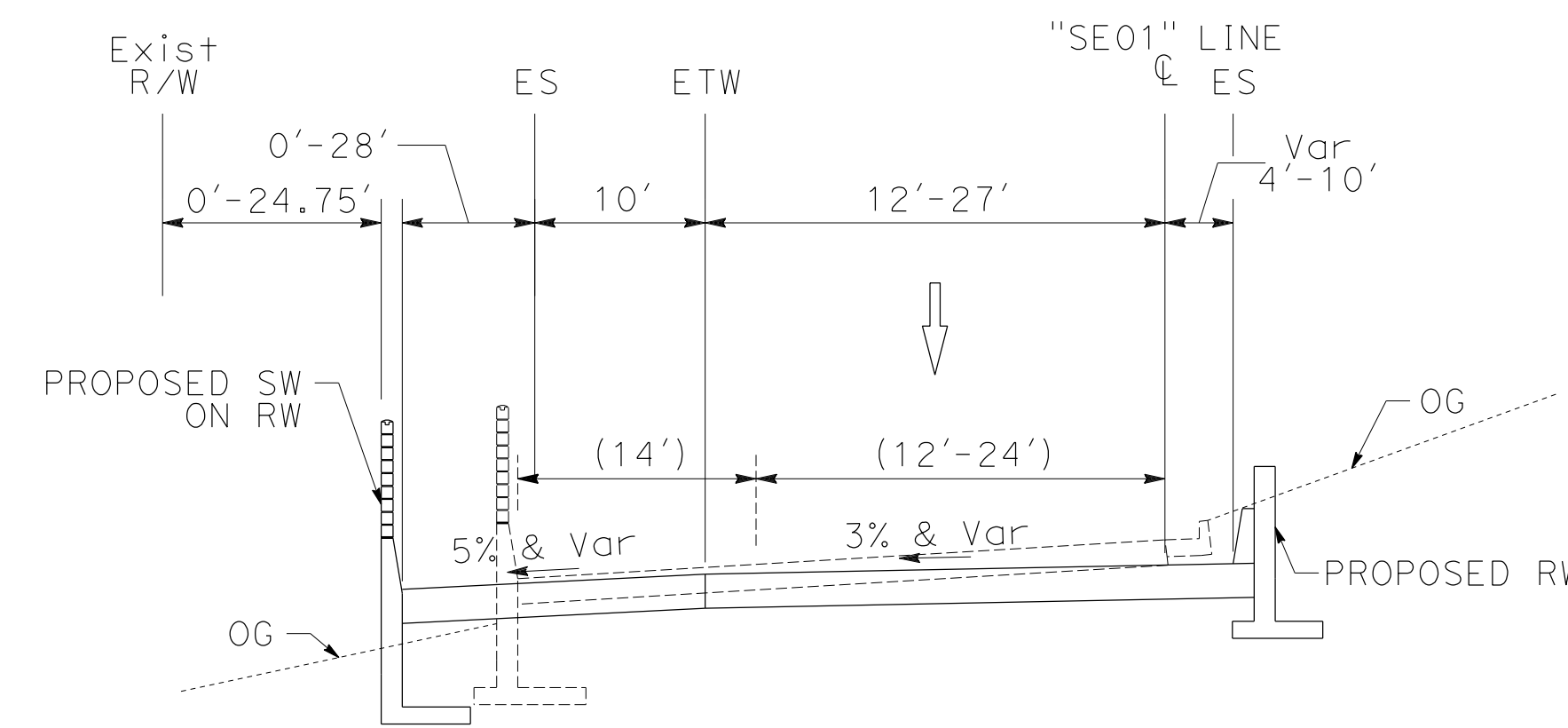
**U3- 504.2(2) FREEWAY ENTRANCES AND EXITS**

STANDARD	EXISTING	PROPOSED
4°52'08"	4°09'03"	4°00'00"

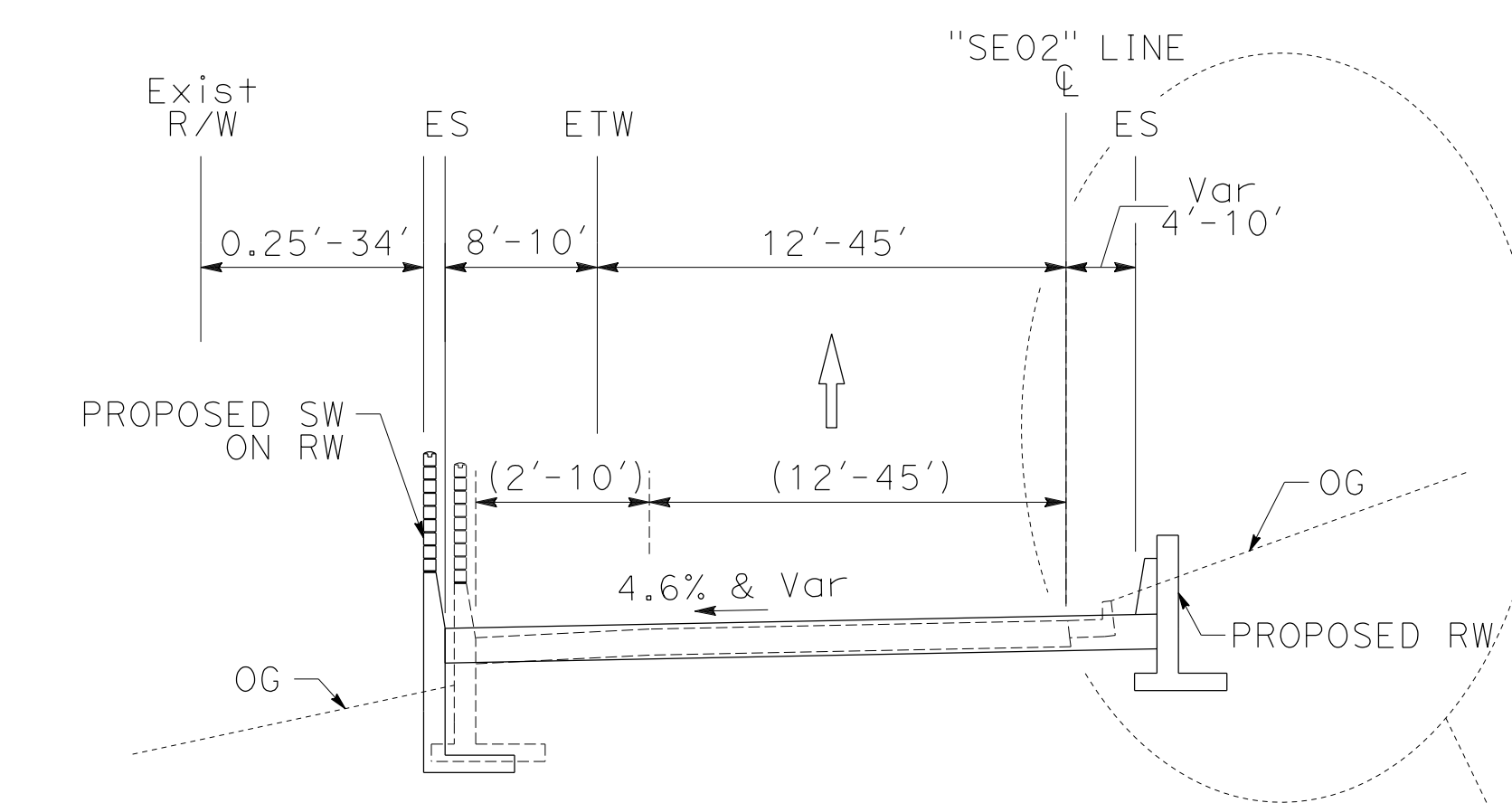
**U4- 405.1(B) INTERSECTION DESIGN STANDARDS**

STANDARD	EXISTING	PROPOSED
150' (25 MPH)	140' (23 MPH)	117' (17 MPH)

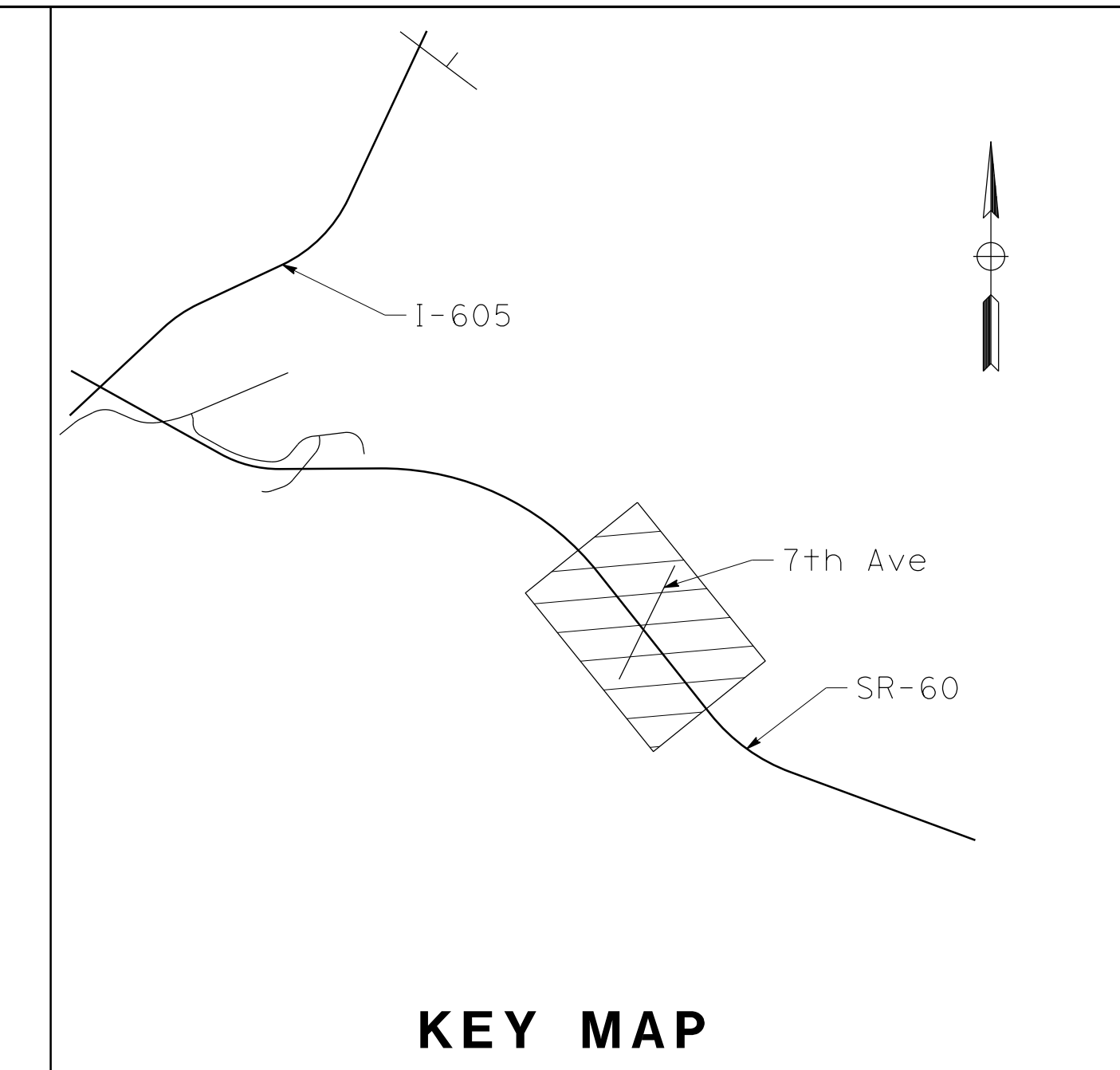
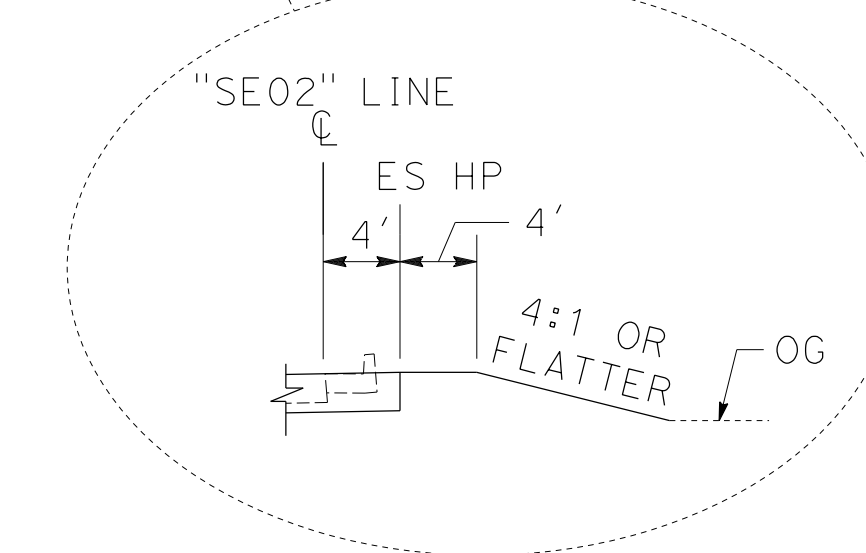
# Attachment A



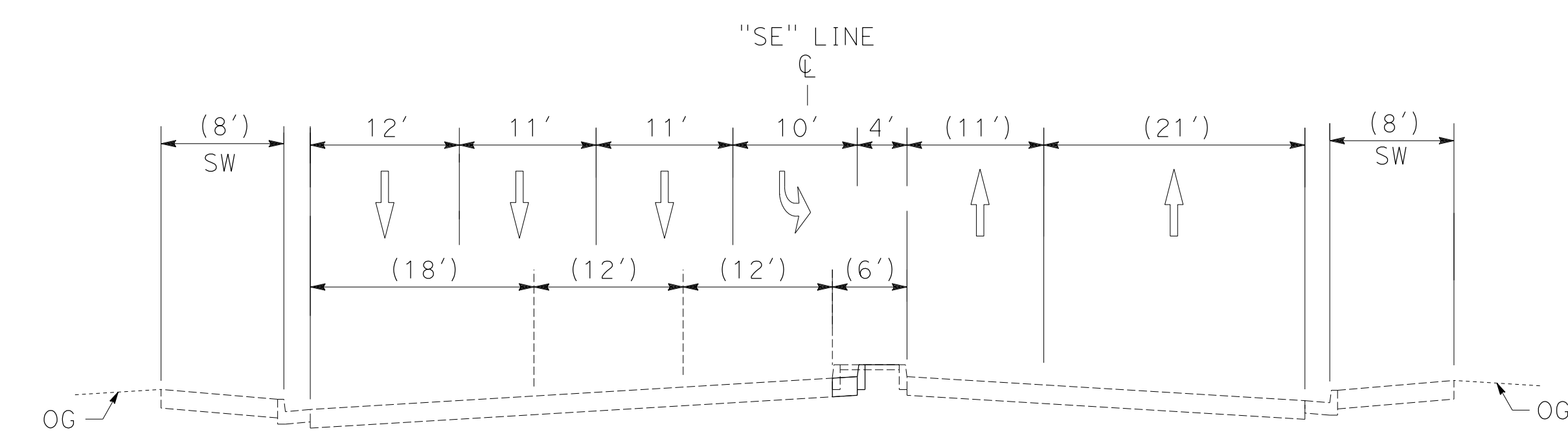
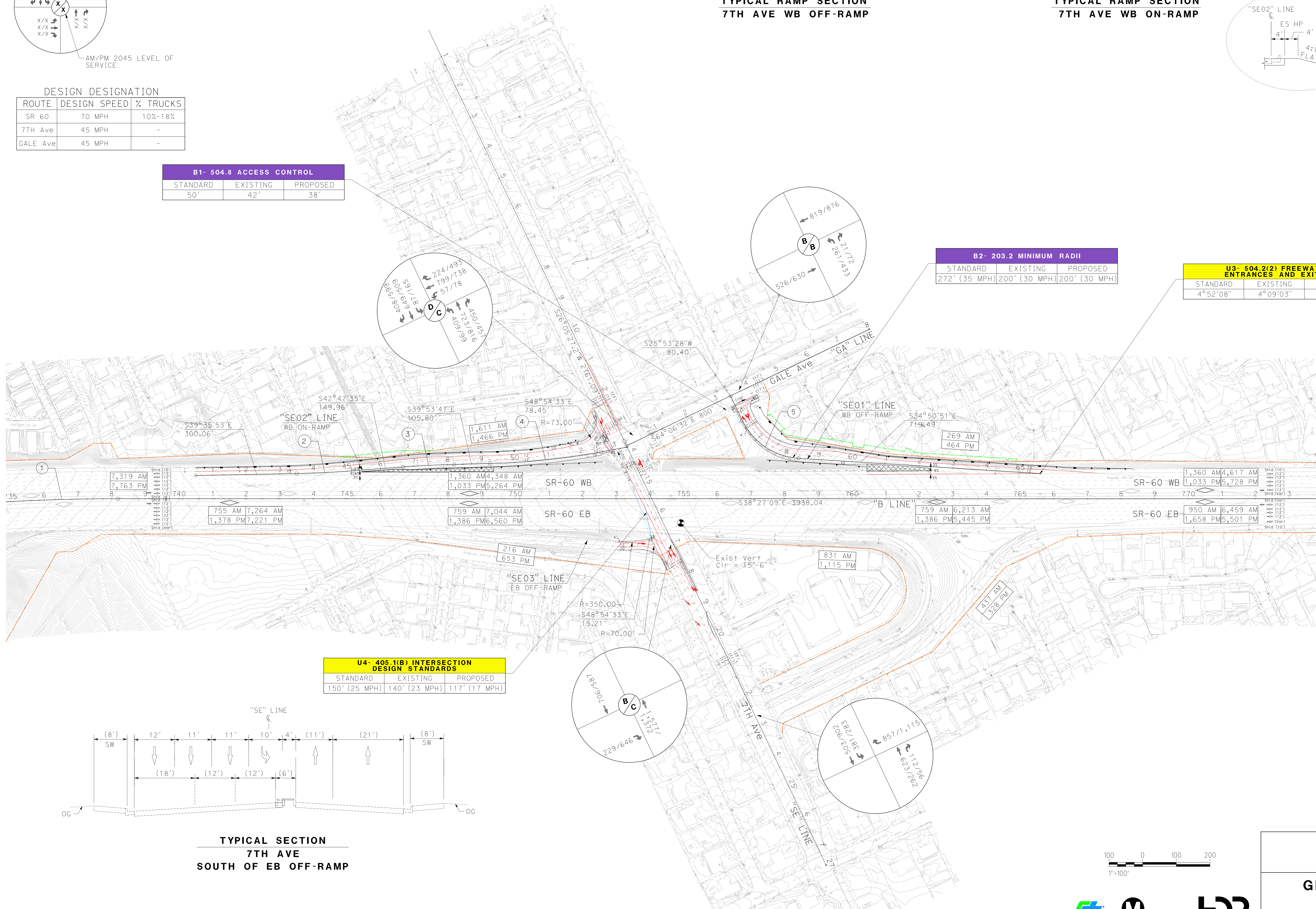
**TYPICAL RAMP SECTION  
7TH AVE WB OFF-RAMP**



**TYPICAL RAMP SECTION  
7TH AVE WB ON-RAMP**



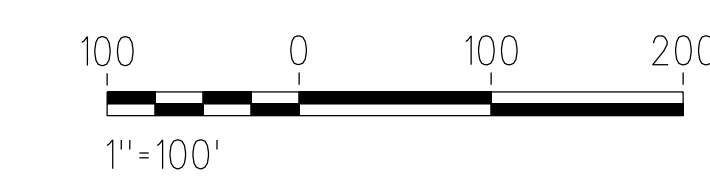
**KEY MAP**



**TYPICAL SECTION  
7TH AVE  
SOUTH OF EB OFF-RAMP**

**CURVE DATA**

No. (X)	R	Δ	T	L
1	6000.00'	51°51'35"	2917.30'	5430.72'
2	3000.00'	03°11'41"	83.66'	167.28'
3	3000.00'	02°53'48"	75.85'	151.66'
4	2120.00'	09°00'46"	167.08'	333.48'
5	200.00'	60°44'19"	117.20'	212.02'

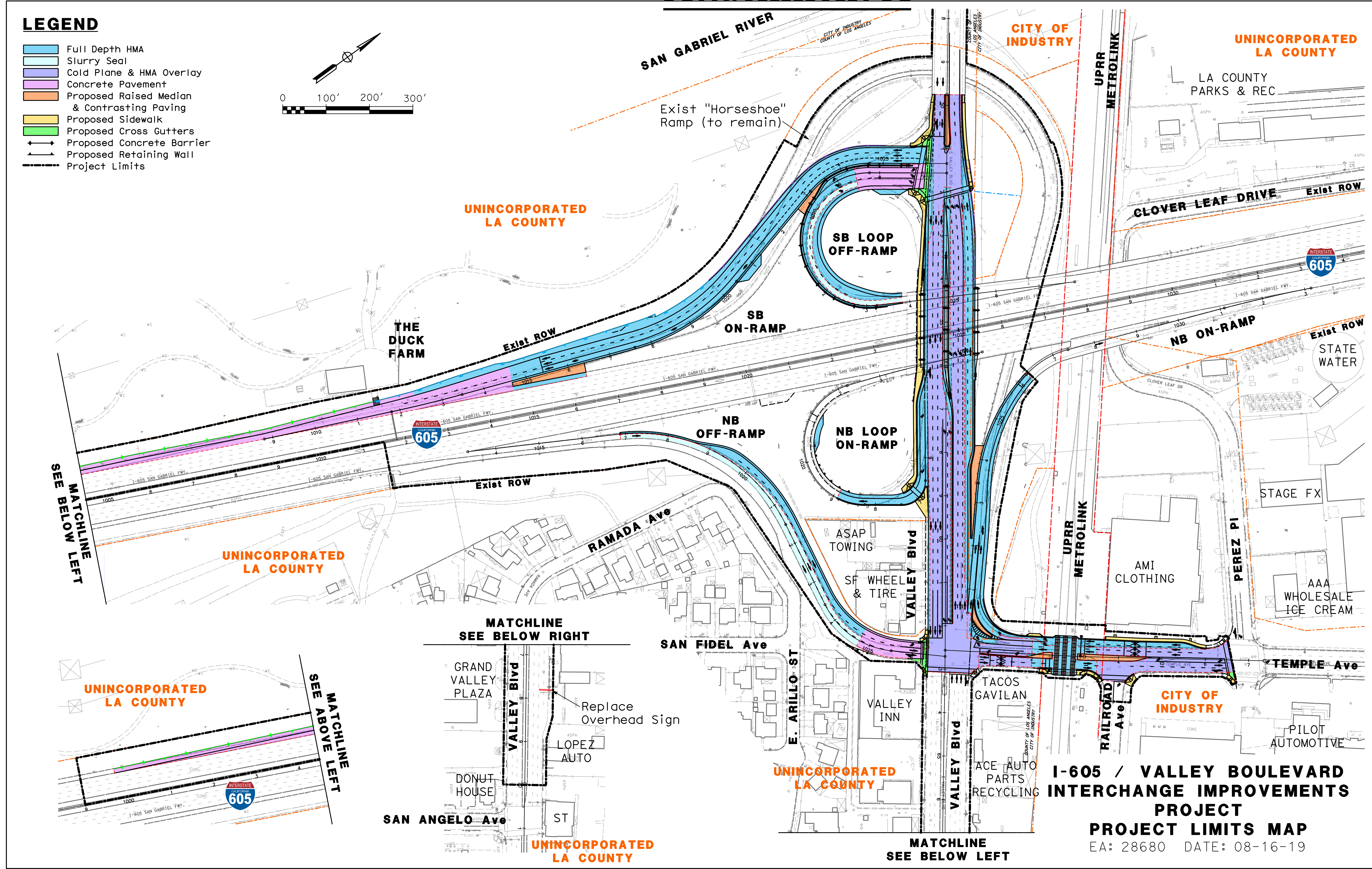
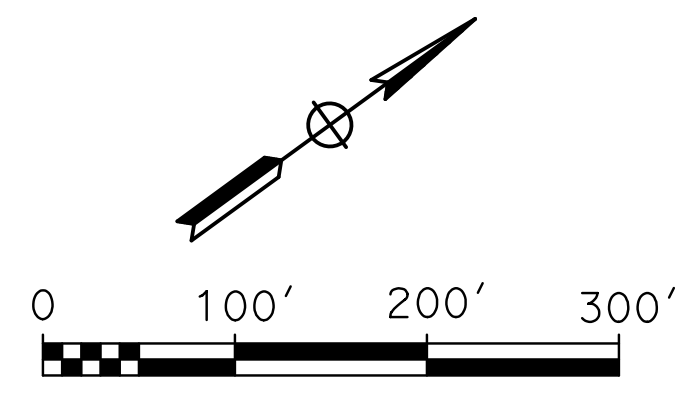


**SR-60/ 7TH AVE  
IMPROVEMENTS PROJECT  
PA&ED/ PS&E  
GEOMETRIC REVIEW DRAWING  
GRD-01**

# Attachment A

## LEGEND

- Full Depth HMA
- Slurry Seal
- Cold Plane & HMA Overlay
- Concrete Pavement
- Proposed Raised Median & Contrasting Paving
- Proposed Sidewalk
- Proposed Cross Gutters
- Proposed Concrete Barrier
- Proposed Retaining Wall
- Project Limits



**I-605 / VALLEY BOULEVARD INTERCHANGE IMPROVEMENTS PROJECT**  
**PROJECT LIMITS MAP**  
 EA: 28680 DATE: 08-16-19

## Attachment B

### Estimated Debt Service

### MSP Tax-Exempt Bonds for I-605/Valley Boulevard IC Improvements Project

Minimum Payments

Year	Amount Borrowed	Debt Service			Available MSP Funding	Debt Service Coverage
		Principal	Interest @ 2.25%	Total		
2022	36,900,000	-	-	-	-	
2023		3,100,000	830,250	3,930,250	8,121,943	2.07
2024		3,100,000	760,500	3,860,500	8,329,053	2.16
2025		3,100,000	690,750	3,790,750	8,537,279	2.25
2026		3,100,000	621,000	3,721,000	8,754,126	2.35
2027		3,100,000	551,250	3,651,250	8,980,858	2.46
2028		9,000,000	481,500	9,481,500	27,643,080	2.92
2029		12,400,000	279,000	12,679,000	28,472,373	2.25
2030			-	-	29,326,544	
2031		-	-	-	30,206,340	
2032		-	-	-	31,112,530	
2033		-	-	-	32,045,906	
<b>Total</b>		<b>\$ 36,900,000</b>	<b>\$ 4,214,250</b>	<b>\$ 41,114,250</b>		



## Attachment B

### Estimated Debt Service

### MSP Tax-Exempt Bonds for I-605/Valley Boulevard IC Improvements Project

Planned Payments

Year	Amount Borrowed	Debt Service			Available MSP Funding	Debt Service Coverage
		Principal	Interest @ 2.25%	Total		
2022	36,900,000		-	-	-	
2023		7,000,000	830,250	7,830,250	8,121,943	1.04
2024		7,200,000	672,750	7,872,750	8,329,053	1.06
2025		7,400,000	510,750	7,910,750	8,537,279	1.08
2026		7,600,000	344,250	7,944,250	8,754,126	1.10
2027		7,600,000	173,250	7,773,250	8,980,858	1.16
2028		100,000	2,250	102,250	27,643,080	270.35
2029		-	-	-	28,472,373	
2030		-	-	-	29,326,544	
2031		-	-	-	30,206,340	
2032		-	-	-	31,112,530	
2033		-	-	-	32,045,906	
<b>Total</b>		<b>\$ 36,900,000</b>	<b>\$ 2,533,500</b>	<b>\$ 39,433,500</b>		

## Attachment B

### Estimated Debt Service

### MSP Tax-Exempt Bonds for SR-60/7th Avenue IC Improvements Project

Minimum Payments

Year	Amount Borrowed	Debt Service			Available MSP Funding	Debt Service Coverage
		Principal	Interest @ 2.25%	Total		
2022	24,825,000	-	-	-	-	
2023		3,400,000	558,563	3,958,563	8,121,943	2.05
2024		3,400,000	482,063	3,882,063	8,329,053	2.15
2025		3,400,000	405,563	3,805,563	8,537,279	2.24
2026		3,400,000	329,063	3,729,063	8,754,126	2.35
2027		3,400,000	252,563	3,652,563	8,980,858	2.46
2028		7,825,000	176,063	8,001,063	27,643,080	3.45
2029			-	-	28,472,373	
2030			-	-	29,326,544	
2031		-	-	-	30,206,340	
2032		-	-	-	31,112,530	
2033		-	-	-	32,045,906	
<b>Total</b>		<b>\$ 24,825,000</b>	<b>\$ 2,203,875</b>	<b>\$ 27,028,875</b>		

## Attachment B

### Estimated Debt Service

### MSP Tax-Exempt Bonds for SR-60/7th Avenue IC Improvements Project

Planned Payments

Year	Amount Borrowed	Debt Service			Available MSP Funding	Debt Service Coverage
		Principal	Interest @ 2.25%	Total		
2022	24,825,000		-	-	-	
2023		7,000,000	558,563	7,558,563	8,121,943	1.07
2024		7,000,000	401,063	7,401,063	8,329,053	1.13
2025		7,000,000	243,563	7,243,563	8,537,279	1.18
2026		3,825,000	86,063	3,911,063	8,754,126	2.24
2027		-	-	-	8,980,858	
2028		-	-	-	27,643,080	
2029		-	-	-	28,472,373	
2030		-	-	-	29,326,544	
2031		-	-	-	30,206,340	
2032		-	-	-	31,112,530	
2033		-	-	-	32,045,906	
<b>Total</b>		<b>\$ 24,825,000</b>	<b>\$ 1,289,250</b>	<b>\$ 26,114,250</b>		



DATE: September 17, 2020

TO: Governing Board Delegates and Alternates

FROM: Marisa Creter, Executive Director

RE: **REGIONAL EARLY ACTION PLANNING (REAP) APPLICATION**

## **RECOMMENDED ACTION**

Authorize the Executive Director to submit an application to SCAG for the REAP Program.

## **BACKGROUND**

AB 101 – the FY 2020 budget trailer bill related to housing and homelessness – makes \$250 million available to regions, cities, and counties for planning activities to accelerate housing production and facilitate implementation of the Regional Housing Needs Allocation (RHNA). Half of this funding will be allocated to the State’s metropolitan planning organizations (MPOs) to support activities that will increase housing planning and facilitate local housing production. In southern California, the Southern California Association of Governments (SCAG) will receive approximately \$50 million through the program.

In March 2020, the SCAG Regional Council approved an approach to utilize 50% of the Regional Early Action Planning (REAP) funds – equal to \$23,735,000 – to 1) incentivize and support local partnerships implementing eligible activities, leveraging SB 2 Planning Grants and Local Early Action Planning (LEAP) funds where appropriate; and 2) make funds available to each subregion based on the subregion’s share of regional housing need, as determined by the adopted RHNA allocation. San Gabriel Valley’s initial anticipated RHNA share is 6.7%, which would make the SGVCOG eligible for approximately \$1,582,000 of REAP funds. REAP funding can be used for planning activities that accelerate housing production.

On September 3, 2020, the SCAG Regional Council adopted the Connect SoCal Plan, which includes a long-range vision that builds upon and expands land use and transportation strategies established over several planning cycles to increase mobility options and achieve a more sustainable growth pattern. The adoption of the Connect SoCal Plan triggers the release of RHNA allocation numbers of their respective municipalities and initiates a 45-day period in which municipalities have opportunities to appeal their RHNA numbers. Currently, the San Gabriel Valley’s anticipated RHNA share remains unchanged at 6.7%, which equates to approximately \$1,582,000 of REAP funds for the SGVCOG member cities. The region’s final RHNA share will be confirmed after SCAG reviews the appeals that will be submitted by municipalities that plan on petitioning their RHNA numbers.


The SCAG Regional Council also approved the REAP Sub-regional Partnership Guidelines and released the application to eligible councils of governments (COGs). COGs can submit REAP funding applications to SCAG as early as September 17, 2020 and must submit an application or an intent to apply for funding by September 30, 2020.


Earlier this year, SGVCOG staff prepared a preliminary application for its REAP funding identifying its potential projects. SGVCOG staff invited planning staff from interested cities to participate in calls to share potential regional project ideas. As a result, SGVCOG staff held phone calls with 8 cities, including the Cities of Baldwin Park, El Monte, La Puente, Montebello, Pomona, Rosemead, South El Monte, and Walnut.

Based on these conversations and other SGVCOG priorities, the SGVCOG submitted a preliminary application including the following activities:

- Completion of regional site inventories to identify potential affordable housing and homeless housing opportunities, which could also be used to support the preparation of housing elements;
- Planning work to support long-term success of the SGVRHT, including developing a long-term funding strategy and approach and completing a regional needs assessment to determine potential programs;
- Development of targeted funding and financing programs to increase and/or maintain the supply of affordable housing in the region (e.g. development of a naturally-occurring affordable housing (NOAH) program); and,
- Feasibility studies for tax-increment financing and other tools to provide additional funding resources for affordable housing.

SGVCOG staff is currently preparing the REAP Program Application based on the guidelines that were approved by the SCAG Regional Council. The application process requires that an application or a letter of intent be submitted by September 30, 2020. To that end, staff recommends the Governing Board to authorize the Executive Director to submit the application to SCAG.

Prepared by:   
Caitlin Sims  
Principal Management Analyst

Approved by:   
Marisa Creter  
Executive Director

DATE: September 17, 2020  
TO: Governing Board Delegates and Alternates  
FROM: Marisa Creter, Executive Director  
RE: **SGVCOG ZERO WASTE POLICY**

## **RECOMMENDED ACTION**

Adopt Resolution 20-17 adopting the SGVCOG Zero Waste Policy.

## **BACKGROUND**

Earlier this year, the Governing Board voted to adopt the 2020 SGVCOG Legislative Priorities, which directed the Energy, Environment, and Natural Resources (EENR) Committee to develop a Zero Waste Policy and provide support for cities to reduce single-use plastics in the San Gabriel Valley. On August 19, 2020, the EENR Committee convened and discussed actions, goals, and objectives that would formulate a Zero Waste Policy for the SGVCOG. After a thorough discussion, the EENR Committee voted to recommend the Governing Board to adopt the proposed SGVCOG Zero Waste Policy.

The proposed Zero Waste Policy states that the SGVCOG acknowledges the negative impacts of waste generation and the importance of conserving natural resources and protecting the environment. Aside from minimizing pollutants and mitigating the harmful nature of single-use plastics, the SGVCOG would also lead the San Gabriel Valley region in supporting and implementing zero waste policies. While the SGVCOG cannot exert direct control over cities' purchasing decisions and diversion goals, the policy directs the SGVCOG to support legislation and policies that drive producers to minimize environmental impacts and efforts to implement laws that promote zero waste objectives.

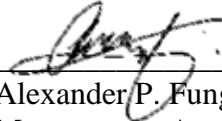
Other important policy points include reducing the amount of waste generated and disposed by SGVCOG employees and committees to the extent practicable, encouraging employees, cities, and external stakeholders to reuse and recycle materials, reducing food waste by purchasing only the amounts that can be reasonably consumed, incorporating into existing educational materials and program messages that encourage residents to use their buying power to demonstrate a preference for less-toxic, durable, reusable, recycled, or composted products and materials, encouraging member agencies to adopt zero waste policies, and working locally and regionally to assist with zero waste planning and implementation.


The SGVCOG Zero Waste Policy will serve as a long-term guide for the agency's commitment to reducing and eliminating waste and provide a framework for San Gabriel Valley cities. It is expected that there will be no direct fiscal impact associated with the adoption of the SGVCOG Zero Waste Policy; however, the policy does presume that future actions will be taken by the agency to further reduce waste generation. The costs and benefits of such actions will be evaluated at the time these specific programs are proposed.

# REPORT

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At the recommendation of the EENR Committee, SGVCOG staff recommends the Governing Board to adopt Resolution 20-17 to formally adopt the SGVCOG Zero Waste Policy.

Prepared by:   
Alexander P. Fung  
Management Analyst

Approved by:   
Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A – Resolution 20-17



**RESOLUTION NO. 20-17**

**RESOLUTION OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS  
(SGVCOG) ADOPTING THE SGVCOG ZERO WASTE POLICY**

**WHEREAS**, the Governing Board voted to adopt the 2020 SGVCOG Legislative Priorities and directed the Energy, Environment, and Natural Resources (EENR) Committee to develop a Zero Waste Policy and provide support for cities to reduce single-use plastics in the San Gabriel Valley; and

**WHEREAS**, the EENR Committee convened and discussed actions, goals, and objectives that would formulate a Zero Waste Policy for the SGVCOG on August 19, 2020 and voted to recommend the Governing Board to adopt the SGVCOG Zero Waste Policy; and

**WHEREAS**, the Zero Waste Policy states that the SGVCOG acknowledges the negative impacts of waste generation and the importance of conserving natural resources and protecting the environment; and

**WHEREAS**, the Zero Waste Policy directs the SGVCOG to lead the San Gabriel Valley region in supporting and implementing zero waste policies and mitigates the harmful nature of single-use plastics.

**WHEREAS**, the Zero Waste Policy serves as a long-term guide for the SGVCOG's commitment to reducing and eliminating waste and providing a framework for San Gabriel Valley cities.

**NOW, THEREFORE, BE IT RESOLVED** that the Governing Board of the SGVCOG adopts the SGVCOG Zero Waste Policy as shown in Exhibit A.

**PASSED AND ADOPTED** by the Governing Board of San Gabriel Valley Council of Governments, in the County of Los Angeles, State of California, on the 17th day of September 2020.

San Gabriel Valley Council of Governments

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Cynthia Sternquist, President

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the Governing Board held on the 17th day of September 2020, by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

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Marisa Creter, Secretary

## Exhibit A

### **San Gabriel Valley Council of Governments Zero Waste Policy**

The San Gabriel Valley Council of Governments (SGVCOG) acknowledges that waste generation negatively impacts the health of residents. Placement of waste materials in waste disposal facilities can lead to a transfer of liabilities to future generations. Additionally, waste that is not properly contained or responsibly disposed can lead to blight and unsanitary conditions in the community.

The purpose of the SGVCOG Zero Waste Policy is to:

- Conserve natural resources and protect the environment.
- Minimize pollutants from entering the air, land, and water.
- Mitigate the harmful nature of single-use plastics to the marine environment.
- Lead the San Gabriel Valley region in supporting and implementing zero waste policies.
- Preserve the environment in the San Gabriel Valley for future generations.
- Create a more sustainable and efficient economy.

#### **Policy Statement:**

It is the policy of the SGVCOG that the agency will work to:

1. Work to reduce the amount of waste being generated and disposed of by SGVCOG employees and committees to the extent practicable.
2. Encourage employees, cities, residents, and partners to reuse and recycle materials judiciously and pursue source reduction by selecting products or processes that use fewer natural resources, are minimally packaged, and minimize or eliminate the use of toxic materials.
3. Reduce food waste by purchasing only what can reasonably be consumed. Divert recovered food waste to its highest and best use following the U.S. Environmental Protection Agency (EPA) Food Recovery Hierarchy.
4. Incorporate into existing educational materials and programs messages that encourage residents to use their buying power to demonstrate a preference for less-toxic, durable, reusable, recycled, or composted products and materials over unsustainable, toxic, disposable, or single-use products.
5. Reduce the proliferation of unnecessary plastic reusable food service ware and packaging in daily commerce to the extent practicable.
6. Support legislation and policy that drives producers to minimize environmental impacts through improved product design.
7. Support regional, state, and federal efforts to implement laws, policies, and regulations that promote zero waste objectives.
8. Encourage member agencies to adopt zero waste policies and policies that favor environmental and economically sustainable practices in their local jurisdictions.
9. Work locally and regionally to assist in zero waste planning and implementation.



DATE: September 17, 2020

TO: Governing Board Delegates and Alternates

FROM: Marisa Creter, Executive Director

RE: **SB 1120 – SUBDIVISIONS: TENTATIVE MAPS**

## **RECOMMENDED ACTION**

Oppose in principle legislation that would require cities to approve multi-unit developments in neighborhoods zoned as single-family residential and direct staff to continue to work with the League of California Cities and San Gabriel Valley legislators on initiatives to increase the supply of housing while upholding local control.

## **BACKGROUND**

On February 19, 2020, Senators Atkins, Caballero, Rubio, and Wiener collectively introduced SB 1120 to address California’s housing shortage. The bill would require ministerial approval of housing developments with two units, known as duplexes, and subdivision maps that meet certain conditions.

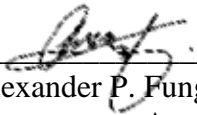
Specifically, SB 1120 would require cities and counties to ministerially approve a proposed housing development project containing two residential units on parcels zoned for single-family residential development if certain conditions related to the parcel and the development are met. Additionally, cities and counties must ministerially approve a parcel map on a parcel that meets specified conditions. The bill also allows cities and counties to adopt an ordinance to implement the provisions of this bill and provides that such an ordinance is not a project under the California Environmental Quality Act (CEQA). Furthermore, SB 1120 allows local jurisdictions to extend the life of subdivision maps by 12 additional months.

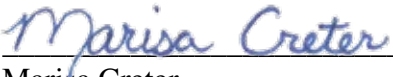
The SGVCOG acknowledges and supports efforts to address California’s housing crisis through individual and collaborative efforts, including supporting the League of California Cities in working with the author of SB 1120 on amendments to improve the legislative intent while preserving local control. Our requested amendments include the following provisions:

- Clarify that a property owner using SB 1120 is limited to constructing a duplex and not a duplex and additional ADUs on the same parcel.
- Prohibit the recordation of a lot split until construction of the housing unit on the new lot is complete, so that speculators do not sell lots and never build homes.
- Allow local governments to require adequate access for police, fire, and other public safety vehicles and equipment.
- Allow local governments to continue to determine parking standards.
- Prohibit developers from using SB 1120 in very high fire severity zones.

SB 1120 was first passed by the Senate in June and subsequently passed the Assembly floor with amendments on August 31, 2020; however, the bill failed to proceed to the Governor's desk for signature given that the Senate did not receive an opportunity to approve the Assembly amendments before the legislative deadline. On August 31, 2020, the Executive Committee convened and voted to recommend the Governing Board oppose SB 1120.

While the legislation has failed to proceed this year, it is expected that the initiative will be revived in the near future given the strong bipartisan support behind this bill. Based on the direction provided by the Executive Committee, it is recommended that the Governing Board oppose the legislation in principle.

Prepared by:   
Alexander P. Fung  
Management Analyst

Approved by:   
Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A – SB 1120 Bill Analysis  
Attachment B – SB 1120 Bill Language

Attachment A

AMENDED IN ASSEMBLY AUGUST 12, 2020

AMENDED IN ASSEMBLY JULY 27, 2020

AMENDED IN SENATE JUNE 18, 2020

AMENDED IN SENATE MAY 20, 2020

**SENATE BILL**

**No. 1120**

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**Introduced by Senators Atkins, Caballero, Rubio, and Wiener  
(Principal coauthor: Senator McGuire)  
(Coauthors: Senators Lena Gonzalez, Hill, and Roth)**

February 19, 2020

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An act to amend Section 66452.6 of, and to add Sections 65852.21 and 66411.7 to, the Government Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

SB 1120, as amended, Atkins. Subdivisions: tentative maps.

The Planning and Zoning Law provides for the creation of accessory dwelling units by local ordinance, or, if a local agency has not adopted an ordinance, by ministerial approval, in accordance with specified standards and conditions.

This bill, among other things, would require a proposed housing development containing 2 residential units *within a single-family residential zone* to be considered ministerially, without discretionary review or hearing, ~~within a single-family residential zone~~, if the proposed housing development meets certain requirements, including, but not limited to, that the proposed housing development would not require demolition or alteration of housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income, that the proposed housing development does not allow for the demolition of

more than 25% of the existing exterior structural walls, except as provided, and that the development is not located within a historic district, is not included on the State Historic Resources Inventory, or is not within a site that is legally designated or listed as a city or county landmark or historic property or district.

The bill would set forth what a local agency can and cannot require in approving the construction of 2 residential units, including, but not limited to, authorizing a city or county to impose objective zoning standards, objective subdivision standards, and objective design standards, as defined, unless those standards would have the effect of physically precluding the construction of up to 2 units, prohibiting the imposition of setback requirements under certain circumstances, and setting maximum setback requirements under all other circumstances.

The Subdivision Map Act vests the authority to regulate and control the design and improvement of subdivisions in the legislative body of a local agency and sets forth procedures governing the local agency's processing, approval, conditional approval or disapproval, and filing of tentative, final, and parcel maps, and the modification of those maps. Under the Subdivision Map Act, an approved or conditionally approved tentative map expires 24 months after its approval or conditional approval or after any additional period of time as prescribed by local ordinance, not to exceed an additional 12 months, except as provided.

This bill, among other things, would require a city or county to ministerially approve a parcel map or tentative and final map for an urban lot split that meets certain requirements, including, but not limited to, that the urban lot split would not require the demolition or alteration of housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income, that the parcel is located within a residential zone, and that the parcel is not located within a historic district, is not included on the State Historic Resources Inventory, or is not within a site that is legally designated or listed as a city or county landmark or historic property or district.

The bill would set forth what a local agency can and cannot require in approving an urban lot split, including, but not limited to, authorizing a city or county to impose objective zoning standards, objective subdivision standards, and objective design standards, as defined, unless those standards would have the effect of physically precluding the construction of 2 units on either of the resulting parcels, prohibiting the



imposition of setback requirements under certain circumstances, and setting maximum setback requirements under all other circumstances.

The bill would also extend the limit on the additional period that may be provided by ordinance, as described above, from 12 months to 24 months and would make other conforming or nonsubstantive changes.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment. CEQA does not apply to the approval of ministerial projects.

This bill, by establishing the ministerial review processes described above, would thereby exempt the approval of projects subject to those processes from CEQA.

By increasing the duties of local agencies with respect to land use regulations, the bill would impose a state-mandated local program.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 65852.21 is added to the Government  
2 Code, to read:  
3 65852.21. (a) A proposed housing development containing  
4 two residential units *within a single-family residential zone* shall  
5 be considered ministerially, without discretionary review or a  
6 hearing, ~~within a single-family residential zone~~, if the proposed  
7 housing development meets all of the following requirements:  
8 (1) The parcel subject to the proposed housing development is  
9 located within a city the boundaries of which include some portion  
10 of either an urbanized area or urban cluster, as designated by the  
11 United States Census Bureau, or, for unincorporated areas, a legal

1 parcel wholly within the boundaries of an urbanized area or urban  
2 cluster, as designated by the United States Census Bureau.

3 (2) The parcel satisfies the requirements specified in  
4 subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision  
5 (a) of Section 65913.4.

6 (3) Notwithstanding any provision of this section or any local  
7 law, the proposed housing development would not require  
8 demolition or alteration of any of the following types of housing:

9 (A) Housing that is subject to a recorded covenant, ordinance,  
10 or law that restricts rents to levels affordable to persons and  
11 families of moderate, low, or very low income.

12 (B) Housing that is subject to any form of rent or price control  
13 through a public entity's valid exercise of its police power.

14 ~~(C) A parcel on which an owner of residential real property has  
15 exercised the owner's rights under Chapter 12.75 (commencing  
16 with Section 7060) of Division 7 of Title 1 to withdraw  
17 accommodations from rent or lease within 15 years before the date  
18 that the development proponent submits an application pursuant  
19 to Section 65913.4.~~

20 ~~(D)~~

21 (C) Housing that has been occupied by a tenant in the last three  
22 years.

23 *(4) The parcel subject to the proposed housing development is  
24 not a parcel on which an owner of residential real property has  
25 exercised the owner's rights under Chapter 12.75 (commencing  
26 with Section 7060) of Division 7 of Title 1 to withdraw  
27 accommodations from rent or lease within 15 years before the  
28 date that the development proponent submits an application.*

29 ~~(4)~~

30 (5) The proposed housing development does not allow the  
31 demolition of more than 25 percent of the existing exterior  
32 structural walls, unless the housing development meets at least  
33 one of the following conditions:

34 (A) If a local ordinance so allows.

35 (B) The site has not been occupied by a tenant in the last three  
36 years.

37 ~~(5)~~

38 (6) The development is not located within a historic district or  
39 property included on the State Historic Resources Inventory, as  
40 defined in Section 5020.1 of the Public Resources Code, or within

1 a site that is designated or listed as a city or county landmark or  
2 historic property or district pursuant to a city or county ordinance.

3 (b) (1) Notwithstanding any local law and except as provided  
4 in paragraph (2), a city or county may impose objective zoning  
5 standards, objective subdivision standards, and objective design  
6 review standards that do not conflict with this section.

7 (2) (A) The city or county shall not impose objective zoning  
8 standards, objective subdivision standards, and objective design  
9 standards that would have the effect of physically precluding the  
10 construction of up to two units.

11 (B) (i) Notwithstanding subparagraph (A), no setback shall be  
12 required for an existing structure or a structure constructed in the  
13 same location and to the same dimensions as an existing structure.

14 (ii) Notwithstanding subparagraph (A), in all other circumstances  
15 not described in clause (i), a local government may require a  
16 setback of up to four feet from the side and rear lot lines.

17 (c) In addition to any conditions established in accordance with  
18 subdivision (b), a local agency may require any of the following  
19 conditions when considering an application for two residential  
20 units as provided for in this section:

21 (1) Off-street parking of up to one space per unit, except that a  
22 local agency shall not impose parking requirements in either of  
23 the following instances:

24 (A) The parcel is located within one-half mile walking distance  
25 of either a high-quality transit corridor, as defined in subdivision  
26 (b) of Section 21155 of the Public Resources Code, or a major  
27 transit stop, as defined in Section 21064.3 of the Public Resources  
28 Code.

29 (B) There is a car share vehicle located within one block of the  
30 parcel.

31 (2) For residential units connected to an onsite wastewater  
32 treatment system, a percolation test completed within the last five  
33 years, or, if the percolation test has been recertified, within the last  
34 10 years.

35 (d) A local agency shall require that a rental of any unit created  
36 pursuant to this section be for a term longer than 30 days.

37 (e) Notwithstanding Section 65852.2, a local agency shall not  
38 be required to permit an accessory dwelling unit on parcels that  
39 use both the authority contained within this section and the  
40 authority contained in Section 66411.7.

1 (f) Notwithstanding subparagraph (B) of paragraph (2) of  
2 subdivision (b), an application shall not be rejected solely because  
3 it proposes adjacent or connected structures *provided that the*  
4 *structures* meet building code safety standards and are sufficient  
5 to allow separate conveyance.

6 (g) Local agencies shall include units constructed pursuant to  
7 this section in the annual housing element report as required by  
8 subparagraph (I) of paragraph (2) of subdivision (a) of Section  
9 65400.

10 (h) For purposes of this section, all of the following apply:

11 (1) A housing development contains two residential units if the  
12 development proposes two new units or if it proposes to add one  
13 new unit to an existing unit.

14 (2) The terms “objective zoning standards,” “objective  
15 subdivision standards,” and “objective design review standards”  
16 mean standards that involve no personal or subjective judgment  
17 by a public official and are uniformly verifiable by reference to  
18 an external and uniform benchmark or criterion available and  
19 knowable by both the development applicant or proponent and the  
20 public official prior to submittal. These standards may be embodied  
21 in alternative objective land use specifications adopted by a city  
22 or county, and may include, but are not limited to, housing overlay  
23 zones, specific plans, inclusionary zoning ordinances, and density  
24 bonus ordinances.

25 (i) A local agency may adopt an ordinance to implement the  
26 provisions of this section. An ordinance adopted to implement this  
27 section shall not be considered a project under Division 13  
28 (commencing with Section 21000) of the Public Resources Code.

29 SEC. 2. Section 66411.7 is added to the Government Code, to  
30 read:

31 66411.7. (a) Notwithstanding any other provision of this  
32 division and any local law, a city or county shall ministerially  
33 approve, as set forth in this section, a parcel map or tentative and  
34 final map for an urban lot split that meets all the following  
35 requirements:

36 (1) The parcel map *or tentative and final map* subdivides an  
37 existing parcel to create two new parcels of equal size.

38 (2) (A) Except as provided in subparagraph (B), both newly  
39 created parcels are no smaller than 1,200 square feet.

- 1 (B) A local agency may by ordinance adopt a smaller minimum
- 2 lot size subject to ministerial approval under this subdivision.
- 3 (3) The parcel being subdivided meets all the following
- 4 requirements:
- 5 (A) The parcel is located within a residential zone.
- 6 (B) The parcel subject to the proposed urban lot split is located
- 7 within a city the boundaries of which include some portion of
- 8 either an urbanized area or urban cluster, as designated by the
- 9 United States Census Bureau, or, for unincorporated areas, a legal
- 10 parcel wholly within the boundaries of an urbanized area or urban
- 11 cluster, as designated by the United States Census Bureau.
- 12 (C) The parcel satisfies the requirements specified in
- 13 subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision
- 14 (a) of Section 65913.4.
- 15 (D) The proposed urban lot split would not require demolition
- 16 or alteration of any of the following types of housing:
- 17 (i) Housing that is subject to a recorded covenant, ordinance,
- 18 or law that restricts rents to levels affordable to persons and
- 19 families of moderate, low, or very low income.
- 20 (ii) Housing that is subject to any form of rent or price control
- 21 through a public entity's valid exercise of its police power.
- 22 (iii) A parcel or parcels on which an owner of residential real
- 23 property has exercised the owner's rights under Chapter 12.75
- 24 (commencing with Section 7060) of Division 7 of Title 1 to
- 25 withdraw accommodations from rent or lease within 15 years
- 26 before the date that the development proponent submits an
- 27 ~~application pursuant to Section 65913.4.~~ *application.*
- 28 (iv) Housing that has been occupied by a tenant in the last three
- 29 years.
- 30 (E) The parcel is not located within a historic district or property
- 31 included on the State Historic Resources Inventory, as defined in
- 32 Section 5020.1 of the Public Resources Code, or within a site that
- 33 is designated or listed as a city or county landmark or historic
- 34 property or district pursuant to a city or county ordinance.
- 35 (F) The parcel has not been established through prior exercise
- 36 of an urban lot split as provided for in this section.
- 37 (G) Neither the owner of the parcel being subdivided nor any
- 38 person acting in concert with the owner has previously subdivided
- 39 an adjacent parcel using an urban lot split as provided for in this
- 40 section.

1 (b) An application for an urban lot split shall be approved in  
2 accordance with the following requirements:

3 (1) A local agency shall approve or deny an application for an  
4 urban lot split ministerially without discretionary review.

5 (2) A local agency shall approve an urban lot split only if it  
6 conforms to all applicable objective requirements of the  
7 Subdivision Map Act (Division 2 (commencing with Section  
8 66410)), except as otherwise expressly provided in this section.

9 (3) Notwithstanding Section 66411.1, a local agency shall not  
10 impose regulations that require dedications of rights-of-way or the  
11 construction of offsite improvements for the parcels being created  
12 as a condition of issuing a parcel map or tentative and final map  
13 for an urban lot split.

14 (c) (1) Except as provided in paragraph (2), notwithstanding  
15 any local law, a city or county may impose objective zoning  
16 standards, objective subdivision standards, and objective design  
17 review standards applicable to a parcel created by an urban lot  
18 split that do not conflict with this section.

19 (2) A local agency shall not impose objective zoning standards,  
20 objective subdivision standards, and objective design review  
21 standards that would have the effect of physically precluding the  
22 construction of two units on either of the resulting parcels.

23 (3) (A) Notwithstanding paragraph (2), no setback shall be  
24 required for an existing structure or a structure constructed in the  
25 same location and to the same dimensions as an existing structure.

26 (B) Notwithstanding paragraph (2), in all other circumstances  
27 not described in subparagraph (A), a local government may require  
28 a setback of up to four feet from the side and rear lot lines.

29 (d) In addition to any conditions established in accordance with  
30 subdivision (c), a local agency may require any of the following  
31 conditions when considering an application for an urban lot split:

32 (1) Easements required for the provision of public services and  
33 facilities.

34 (2) A requirement that the parcels have access to, provide access  
35 to, or adjoin the public right-of-way.

36 (3) Off-street parking of up to one space per unit, except that a  
37 local agency shall not impose parking requirements in either of  
38 the following instances:

39 (A) The parcel is located within one-half mile walking distance  
40 of either a high-quality transit corridor as defined in subdivision

1 (b) of Section 21155 of the Public Resources Code, or a major  
2 transit stop as defined in Section 21064.3 of the Public Resources  
3 Code.

4 (B) There is a car share vehicle located within one block of the  
5 parcel.

6 (e) A local agency shall require that the uses allowed on a lot  
7 created by this section be limited to residential uses.

8 (f) A local agency shall require that a rental of any unit created  
9 pursuant to this section be for a term longer than 30 days.

10 (g) A local agency shall not require, as a condition for ministerial  
11 approval of a permit application for the creation of an urban lot  
12 split, the correction of nonconforming zoning conditions.

13 (h) Notwithstanding Section 65852.2, a local agency shall not  
14 be required to permit an accessory dwelling unit on parcels that  
15 use both the authority contained within this section and the  
16 authority contained in Section 65852.21.

17 (i) Notwithstanding paragraph (3) of subdivision (c), an  
18 application shall not be rejected solely because it proposes adjacent  
19 or connected structures *provided that the structures* meet building  
20 code safety standards and are sufficient to allow separate  
21 conveyance.

22 (j) Local agencies shall include the number of applications for  
23 urban lot splits pursuant to this section in the annual housing  
24 element report as required by subparagraph (I) of paragraph (2)  
25 of subdivision (a) of Section 65400.

26 (k) For purposes of this section, the terms “objective zoning  
27 standards,” “objective subdivision standards,” and “objective  
28 design review standards” mean standards that involve no personal  
29 or subjective judgment by a public official and are uniformly  
30 verifiable by reference to an external and uniform benchmark or  
31 criterion available and knowable by both the development applicant  
32 or proponent and the public official prior to submittal. These  
33 standards may be embodied in alternative objective land use  
34 specifications adopted by a city or county, and may include, but  
35 are not limited to, housing overlay zones, specific plans,  
36 inclusionary zoning ordinances, and density bonus ordinances.

37 (l) A local agency may adopt an ordinance to implement the  
38 provisions of this section. An ordinance adopted to implement this  
39 section shall not be considered a project under Division 13  
40 (commencing with Section 21000) of the Public Resources Code.

1 SEC. 3. Section 66452.6 of the Government Code is amended  
2 to read:

3 66452.6. (a) (1) An approved or conditionally approved  
4 tentative map shall expire 24 months after its approval or  
5 conditional approval, or after any additional period of time as may  
6 be prescribed by local ordinance, not to exceed an additional 24  
7 months. However, if the subdivider is required to expend two  
8 hundred thirty-six thousand seven hundred ninety dollars  
9 (\$236,790) or more to construct, improve, or finance the  
10 construction or improvement of public improvements outside the  
11 property boundaries of the tentative map, excluding improvements  
12 of public rights-of-way which abut the boundary of the property  
13 to be subdivided and which are reasonably related to the  
14 development of that property, each filing of a final map authorized  
15 by Section 66456.1 shall extend the expiration of the approved or  
16 conditionally approved tentative map by 48 months from the date  
17 of its expiration, as provided in this section, or the date of the  
18 previously filed final map, whichever is later. The extensions shall  
19 not extend the tentative map more than 10 years from its approval  
20 or conditional approval. However, a tentative map on property  
21 subject to a development agreement authorized by Article 2.5  
22 (commencing with Section 65864) of Chapter 4 of Division 1 may  
23 be extended for the period of time provided for in the agreement,  
24 but not beyond the duration of the agreement. The number of  
25 phased final maps that may be filed shall be determined by the  
26 advisory agency at the time of the approval or conditional approval  
27 of the tentative map.

28 (2) Commencing January 1, 2012, and each calendar year  
29 thereafter, the amount of two hundred thirty-six thousand seven  
30 hundred ninety dollars (\$236,790) shall be annually increased by  
31 operation of law according to the adjustment for inflation set forth  
32 in the statewide cost index for class B construction, as determined  
33 by the State Allocation Board at its January meeting. The effective  
34 date of each annual adjustment shall be March 1. The adjusted  
35 amount shall apply to tentative and vesting tentative maps whose  
36 applications were received after the effective date of the  
37 adjustment.

38 (3) "Public improvements," as used in this subdivision, include  
39 traffic controls, streets, roads, highways, freeways, bridges,



1 overcrossings, street interchanges, flood control or storm drain  
2 facilities, sewer facilities, water facilities, and lighting facilities.

3 (b) (1) The period of time specified in subdivision (a), including  
4 any extension thereof granted pursuant to subdivision (e), shall  
5 not include any period of time during which a development  
6 moratorium, imposed after approval of the tentative map, is in  
7 existence. However, the length of the moratorium shall not exceed  
8 five years.

9 (2) The length of time specified in paragraph (1) shall be  
10 extended for up to three years, but in no event beyond January 1,  
11 1992, during the pendency of any lawsuit in which the subdivider  
12 asserts, and the local agency which approved or conditionally  
13 approved the tentative map denies, the existence or application of  
14 a development moratorium to the tentative map.

15 (3) Once a development moratorium is terminated, the map  
16 shall be valid for the same period of time as was left to run on the  
17 map at the time that the moratorium was imposed. However, if the  
18 remaining time is less than 120 days, the map shall be valid for  
19 120 days following the termination of the moratorium.

20 (c) The period of time specified in subdivision (a), including  
21 any extension thereof granted pursuant to subdivision (e), shall  
22 not include the period of time during which a lawsuit involving  
23 the approval or conditional approval of the tentative map is or was  
24 pending in a court of competent jurisdiction, if the stay of the time  
25 period is approved by the local agency pursuant to this section.  
26 After service of the initial petition or complaint in the lawsuit upon  
27 the local agency, the subdivider may apply to the local agency for  
28 a stay pursuant to the local agency's adopted procedures. Within  
29 40 days after receiving the application, the local agency shall either  
30 stay the time period for up to five years or deny the requested stay.  
31 The local agency may, by ordinance, establish procedures for  
32 reviewing the requests, including, but not limited to, notice and  
33 hearing requirements, appeal procedures, and other administrative  
34 requirements.

35 (d) The expiration of the approved or conditionally approved  
36 tentative map shall terminate all proceedings and no final map or  
37 parcel map of all or any portion of the real property included within  
38 the tentative map shall be filed with the legislative body without  
39 first processing a new tentative map. Once a timely filing is made,  
40 subsequent actions of the local agency, including, but not limited

1 to, processing, approving, and recording, may lawfully occur after  
2 the date of expiration of the tentative map. Delivery to the county  
3 surveyor or city engineer shall be deemed a timely filing for  
4 purposes of this section.

5 (e) Upon application of the subdivider filed before the expiration  
6 of the approved or conditionally approved tentative map, the time  
7 at which the map expires pursuant to subdivision (a) may be  
8 extended by the legislative body or by an advisory agency  
9 authorized to approve or conditionally approve tentative maps for  
10 a period or periods not exceeding a total of six years. The period  
11 of extension specified in this subdivision shall be in addition to  
12 the period of time provided by subdivision (a). Before the  
13 expiration of an approved or conditionally approved tentative map,  
14 upon an application by the subdivider to extend that map, the map  
15 shall automatically be extended for 60 days or until the application  
16 for the extension is approved, conditionally approved, or denied,  
17 whichever occurs first. If the advisory agency denies a subdivider's  
18 application for an extension, the subdivider may appeal to the  
19 legislative body within 15 days after the advisory agency has  
20 denied the extension.

21 (f) For purposes of this section, a development moratorium  
22 includes a water or sewer moratorium, or a water and sewer  
23 moratorium, as well as other actions of public agencies which  
24 regulate land use, development, or the provision of services to the  
25 land, including the public agency with the authority to approve or  
26 conditionally approve the tentative map, which thereafter prevents,  
27 prohibits, or delays the approval of a final or parcel map. A  
28 development moratorium shall also be deemed to exist for purposes  
29 of this section for any period of time during which a condition  
30 imposed by the city or county could not be satisfied because of  
31 either of the following:

32 (1) The condition was one that, by its nature, necessitated action  
33 by the city or county, and the city or county either did not take the  
34 necessary action or by its own action or inaction was prevented or  
35 delayed in taking the necessary action before expiration of the  
36 tentative map.

37 (2) The condition necessitates acquisition of real property or  
38 any interest in real property from a public agency, other than the  
39 city or county that approved or conditionally approved the tentative  
40 map, and that other public agency fails or refuses to convey the

1 property interest necessary to satisfy the condition. However,  
 2 nothing in this subdivision shall be construed to require any public  
 3 agency to convey any interest in real property owned by it. A  
 4 development moratorium specified in this paragraph shall be  
 5 deemed to have been imposed either on the date of approval or  
 6 conditional approval of the tentative map, if evidence was included  
 7 in the public record that the public agency which owns or controls  
 8 the real property or any interest therein may refuse to convey that  
 9 property or interest, or on the date that the public agency which  
 10 owns or controls the real property or any interest therein receives  
 11 an offer by the subdivider to purchase that property or interest for  
 12 fair market value, whichever is later. A development moratorium  
 13 specified in this paragraph shall extend the tentative map up to the  
 14 maximum period as set forth in subdivision (b), but not later than  
 15 January 1, 1992, so long as the public agency which owns or  
 16 controls the real property or any interest therein fails or refuses to  
 17 convey the necessary property interest, regardless of the reason  
 18 for the failure or refusal, except that the development moratorium  
 19 shall be deemed to terminate 60 days after the public agency has  
 20 officially made, and communicated to the subdivider, a written  
 21 offer or commitment binding on the agency to convey the necessary  
 22 property interest for a fair market value, paid in a reasonable time  
 23 and manner.

24 SEC. 4. The Legislature finds and declares that ensuring access  
 25 to affordable housing is a matter of statewide concern and not a  
 26 municipal affair as that term is used in Section 5 of Article XI of  
 27 the California Constitution. Therefore, Sections 1 and 2 of this act  
 28 adding Sections 65852.21 and 66411.7 to the Government Code  
 29 and Section 3 of this act amending Section 66452.6 of the  
 30 Government Code apply to all cities, including charter cities.

31 SEC. 5. No reimbursement is required by this act pursuant to  
 32 Section 6 of Article XIII B of the California Constitution because  
 33 a local agency or school district has the authority to levy service  
 34 charges, fees, or assessments sufficient to pay for the program or  
 35 level of service mandated by this act, within the meaning of Section  
 36 17556 of the Government Code.

O

SENATE THIRD READING  
SB 1120 (Atkins, et al.)  
As Amended August 12, 2020  
Majority vote

**SUMMARY:**

Requires ministerial approval of housing developments with two units (duplexes) and subdivision maps that meet certain conditions, and increases the length of time that cities and counties can extend the validity of existing subdivision maps

**Major Provisions**

- 1) Requires cities and counties to ministerially approve a proposed housing development project containing two residential units on parcels zoned for single-family residential development if certain conditions related to the parcel and the development are met.
- 2) Requires cities and counties to ministerially approve a parcel map, or a tentative and final map for an "urban lot split," on a parcel that meets specified conditions.
- 3) Allows cities and counties to adopt an ordinance to implement the provisions of this bill allowing for ministerial approval of two unit residential housing developments and urban lot splits, and specifies that the action to adopt the ordinance is not subject to the California Environmental Quality Act (CEQA).
- 4) Allows cities and counties to extend the life of subdivision maps by an additional 12 months.

**COMMENTS:**

This bill requires cities and counties to ministerially approve subdivisions of specific types of parcels called urban lot splits, and specific types of housing developments of up to two units (duplexes). Under this bill, a property owner could independently seek ministerial approval for an urban lot split, a duplex, or the owner could seek approval for both an urban lot split and a duplex. Urban lot splits and duplexes are only eligible for ministerial approval if the project meets the applicable objective standards specified in the bill.

The bill allows a local agency to adopt an ordinance to implement the provisions of the bill and provides that such an ordinance is not a project under CEQA. Finally, the bill also increases the length of time a local government can extend the life of a subdivision map.

This bill creates opportunities for greater infill housing density by allowing ministerial approval for urban lot splits and the development of duplexes in existing urban residential zones that are predominated by single-family housing.

**According to the Author:**

According to the author, "SB 1120 promotes small-scale neighborhood residential development by streamlining the process for a homeowner to create a duplex or subdivide an existing lot in all residential areas. This policy builds upon existing prior successful housing policies such as the state's Accessory Dwelling Unit (ADU) law, which led to a 63% increase in ADU permit requests statewide in the first two years alone. Additionally, the policy leverages valuable but previously untapped resources, such as developed but underutilized land, while building valuable

equity for homeowners. The bill also respects the priorities of local governments in local land use decisions: such applications must meet a specific list of qualifications that ensure protection of local zoning and design standards, historic districts, environmental quality, and existing tenants vulnerable to displacement."

**Arguments in Support:**

The Turner Center for Housing Innovation writes in support, "The majority of Californians cannot afford a median priced home, and single family-only zoning also prevents the creation of affordable housing in oftentimes high opportunity communities. It should also be noted that our structure of single family zoning has historically been used to reinforce segregation by effectively keeping People of Color out of affluent, White neighborhoods. SB 1120 takes a measured approach to addressing this issue by building off of the success of recent Accessory Dwelling Unit (ADU) reforms, which have resulted in tens of thousands of new units in recent years."

**Arguments in Opposition:**

Citizens Preserving Venice writes in opposition, "We have serious concerns about the elimination of single-family zoning that this bill will cause statewide. The bill would allow four market-rate homes to replace one single-family home. Those four units could become eight units in areas that allow "accessory dwelling units" (ADUs). There is no affordable housing requirement despite this egregious increase in density. Clearly the people of California who are facing dire economic times are in need of affordable housing."

**FISCAL COMMENTS:**

According to the Assembly Appropriations Committee:

- 1) HCD estimates costs of \$105,000 (General Fund (GF)) in the first year and \$99,000 (GF) annually thereafter for 0.5 personnel year of staff time to provide technical assistance and outreach education to local agencies and affordable housing developers.
- 2) The state Coastal Commission (Commission) estimates potentially significant costs (GF) for potential litigation due to the bill's disregard for the unique state regulatory, planning and oversight role the Commission plays in local land use approvals subject to the Coastal Act. According to the Commission, this bill raises unintended procedural and regulatory complexities in the coastal zone that will most certainly result in costs, confusion, litigation and uncertainty at the local level with respect to Local Coastal Program (LCP) policies and appeals to the Commission.
- 3) Unknown state-mandated local costs to establish streamlined project review processes for proposed duplex housing developments and tentative maps for urban lot splits, and to conduct expedited design reviews of these proposals. These costs are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates.

**VOTES:**

**SENATE FLOOR: 39-0-1**

**YES:** Allen, Archuleta, Atkins, Bates, Beall, Borgeas, Bradford, Caballero, Chang, Dahle, Dodd, Durazo, Galgiani, Glazer, Lena Gonzalez, Grove, Hertzberg, Hill, Hueso, Hurtado, Jackson, Jones, Leyva, McGuire, Melendez, Mitchell, Monning, Moorlach, Morrell, Nielsen, Pan, Portantino, Roth, Rubio, Skinner, Umberg, Wieckowski, Wiener, Wilk

**ABS, ABST OR NV:** Stern

**ASM LOCAL GOVERNMENT: 5-1-2**

**YES:** Aguiar-Curry, Ramos, Luz Rivas, Robert Rivas, Voepel

**NO:** Lackey

**ABS, ABST OR NV:** Bloom, Boerner Horvath

**ASM APPROPRIATIONS: 11-3-4**

**YES:** Gonzalez, Bonta, Calderon, Carrillo, Chau, Megan Dahle, Eggman, Gabriel, Eduardo Garcia, Quirk, Robert Rivas

**NO:** Bigelow, Diep, Voepel

**ABS, ABST OR NV:** Bauer-Kahan, Bloom, Fong, Petrie-Norris

**UPDATED:**

VERSION: August 12, 2020

CONSULTANT: Hank Brady / L. GOV. / (916) 319-3958

FN: 0003292

# REPORT

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DATE: September 17, 2020

TO: Governing Board

FROM: Marisa Creter, Executive Director

RE: **LETTERS SUPPORTING FEDERAL COVID-19 AID FOR CITIES**

## **RECOMMENDED ACTION**

Approve sending letters to the San Gabriel Valley representatives in the U.S. House of Representatives and California's U.S. Senators expressing support for providing \$500 billion in direct and flexible federal assistance to local governments of all sizes.

## **BACKGROUND**

As Congress considers new COVID-19 relief legislation, the League of California Cities and local government coalitions in Washington, DC are requesting support for advocacy efforts to urge additional and flexible pandemic relief assistance to cities and counties. Funding assistance is needed to sustain core services for residents and to support public health and economic recovery in our communities and is consistent with previous SGVCOG advocacy efforts on this issue.

The bipartisan CARES Act passed in March provided \$150 billion in financial assistance to state and local governments but included two key restrictions: 1. direct assistance was not available to localities of less than 500,000 in population and, 2. sharp revenue losses resulting from the economic shutdown were not reimbursable.

In May, SGVCOG sent letters to our Congressional representatives supporting the HEROES Act to provide \$375 billion in assistance to local governments and allow reimbursement for revenue losses. If enacted, San Gabriel Valley cities would be eligible for \$630 million in assistance in FY 2020 and \$315 million in FY 2021. The bill passed the House of Representatives but is being held in the Senate. Senate majority leadership in July and September introduced alternate COVID relief packages. However, both packages omitted direct aid to states and local governments.

In June, SGVCOG joined the League of California Cities in sending letters to our state representatives urging an increase in the state's proposed share of CARES Act funding to be passed through to smaller cities and a floor amount of \$50,000 per city. The funding was subsequently increased by \$50 million to \$500 million, which resulted in the share made available to SGVCOG member cities increasing from \$14.1 million to \$17.3 million. However, the funding provided through the CARES Act is insufficient to stabilize local budgets in order to fund ongoing pandemic response efforts, important local services and economic recovery.

In addition, SGVCOG sent a letter in May requesting that Los Angeles County share with San Gabriel Valley cities a population-based portion of its \$1 billion apportionment in CARES Act funds. A response to that letter has not been received.

# REPORT

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Given the Congressional impasse on the request for direct federal aid to local governments, staff believes aligning with the League's most recent advocacy effort is warranted and has prepared draft letters addressed to our Congressional representatives. Attachment A contains the draft letter to the U.S. House of Representatives located in the SGV and Attachment B contains the draft letter to CA's U.S. Senators. Both letters express support for providing \$500 billion in direct and flexible federal assistance to local governments of all sizes.

Prepared by: Paul R. Hubler  
Paul Hubler  
Director of Government and Community Relations

Approved by: Marisa Creter  
Marisa Creter  
Executive Director

## ATTACHMENTS

Attachment A – Draft Letter to SGV U.S. House of Representatives  
Attachment B – Draft Letter to CA U.S. Senators





DRAFT

September 18, 2020

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- Sierra Madre
- South El Monte
- South Pasadena
- Temple City
- Walnut
- West Covina

- First District, LA County  
Unincorporated Communities
- Fourth District, LA County  
Unincorporated Communities
- Fifth District, LA County  
Unincorporated Communities
- SGV Water Districts

Congresswoman Judy Chu  
2423 Rayburn House Office Building  
Washington, DC 20515  
(via email to becky.cheng@mail.house.gov)

Congresswoman Grace Napolitano  
1610 Longworth House Office Bldg  
Washington, DC 20515  
(via email to perla.hernandez@mail.house.gov)

Congressman Adam Schiff  
2269 Rayburn House Office Building  
Washington, DC 20515  
(via email to ann.peifer@mail.house.gov)

Congressman Gil Cisneros  
431 Cannon House Office Building  
Washington, DC 20515  
(via email to martin.medrano@mail.house.gov)

Congresswoman Linda Sanchez  
2329 Rayburn House Office Building  
Washington, DC 20515  
(via email to yvette.shahinian@mail.house.gov)

Congresswoman Norma Torres  
1713 Longworth House Office Building  
Washington, DC 20515  
(via email to daniel.enz@mail.house.gov)

Dear San Gabriel Valley Representatives,

As Congress takes up a new COVID-19 relief legislation, the San Gabriel Valley Council of Governments (SGVCOG) urges your support for \$500 billion in direct and flexible federal assistance to local governments of all sizes to sustain core services for our residents and to support public health and economic recovery in our communities.

The COVID-19 pandemic has impacted municipal budgets in the San Gabriel Valley and across the country in ways that local governments could not have foreseen. Cities have stepped up to the front lines of pandemic response by enacting emergency orders, setting up testing, protecting residents, supporting vulnerable populations, and helping local businesses stay afloat. These actions have saved lives, but they have come at a cost. This unprecedented and multifaceted COVID-19 response, including the shutdown of our local economies, has left California cities facing a nearly \$7 billion revenue shortfall over the next two years. This shortfall continues to grow by billions of dollars as modified stay-at-home orders have extended into the summer months. At the same time, California cities have incurred significant unplanned expenditures.

Cities are required to balance their budgets every year and, without significant new federal resources, will have no choice but to reduce or eliminate critical public services and layoff or furlough city employees. In a recent survey by the League of California Cities, 90 percent of cities say they will have to cut staff or decrease city services to residents, and nearly 75 percent of cities report they may have to take both actions.

Cities need Congress to deliver this assistance with no minimum population threshold so all communities are eligible for assistance. We cannot afford to wait. The funding provided through the CARES Act was not enough to ensure that all local governments have the resources to stabilize local budgets and continue delivering local services, fighting this pandemic and supporting local recovery. We support the approach in the HEROES Act (H.R. 6800) which permits sharp revenue losses sustained by local governments to be eligible for reimbursement from the \$375 billion in federal aid authorized for cities and counties. With your support, the HEROES Act passed the House in May but has not been taken up in the Senate.

Recovery from this unprecedented crisis will only be realized at the local level with strong support from the federal government. We appreciate your past support and urge you to continue to fight for this assistance to our cities, so we can recover from the public health and economic challenges of COVID-19.

Questions regarding this matter may be directed to SGVCOG Government and Community Relations Director Paul Hubler at [phubler@sgvcog.org](mailto:phubler@sgvcog.org) or (626) 379-4937.

Sincerely

Cynthia Sternquist  
President, SGVCOG

cc: Senate Majority Leader Mitch McConnell (via email to [Katelyn\\_Bunning@mcconnell.senate.gov](mailto:Katelyn_Bunning@mcconnell.senate.gov), [Stefanie\\_Muchow@mcconnell.senate.gov](mailto:Stefanie_Muchow@mcconnell.senate.gov), [Scott\\_Raab@mcconnell.senate.gov](mailto:Scott_Raab@mcconnell.senate.gov), [Sharon\\_Soderstrom@mcconnell.senate.gov](mailto:Sharon_Soderstrom@mcconnell.senate.gov))  
Senate Minority Leader Chuck Schumer (via email to [Mike\\_Lynch@schumer.senate.gov](mailto:Mike_Lynch@schumer.senate.gov), [Erin\\_Sager@schumer.senate.gov](mailto:Erin_Sager@schumer.senate.gov), [Meghan\\_Taira@schumer.senate.gov](mailto:Meghan_Taira@schumer.senate.gov))  
House Speaker Nancy Pelosi (via email to [Dan.Bernal@mail.house.gov](mailto:Dan.Bernal@mail.house.gov), [Diane.Dewhirst@mail.house.gov](mailto:Diane.Dewhirst@mail.house.gov), [Robert.Edmonson@mail.house.gov](mailto:Robert.Edmonson@mail.house.gov), [Drew.Hammill@mail.house.gov](mailto:Drew.Hammill@mail.house.gov), [George.Kundanis@mail.house.gov](mailto:George.Kundanis@mail.house.gov), [Terri.McCullough@mail.house.gov](mailto:Terri.McCullough@mail.house.gov))  
House Minority Leader Kevin McCarthy (via email to [Will.Dunham@mail.house.gov](mailto:Will.Dunham@mail.house.gov), [Robin.Lake-Foster@mail.house.gov](mailto:Robin.Lake-Foster@mail.house.gov), [Kyle.Lombardi@mail.house.gov](mailto:Kyle.Lombardi@mail.house.gov), [Daniel.Meyer@mail.house.gov](mailto:Daniel.Meyer@mail.house.gov), [James.Min@mail.house.gov](mailto:James.Min@mail.house.gov))



DRAFT

September 18, 2020

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Sierra Madre
South El Monte
South Pasadena
Temple City
Walnut
West Covina
First District, LA County
Unincorporated Communities
Fourth District, LA County
Unincorporated Communities
Fifth District, LA County
Unincorporated Communities
SGV Water Districts

Senator Dianne Feinstein
331 Hart Senate Office Building
Washington, DC 20510
(via email to
Peter\_Muller@feinstein.senate.gov)

Senator Kamala Harris
112 Hart Senate Office Building
Washington, DC 20510
(via email to
Heather\_Hutt@harris.senate.gov)

Dear Senators Feinstein and Harris,

As Congress takes up a new COVID-19 relief legislation, the San Gabriel Valley Council of Governments (SGVCOG) urges your support for \$500 billion in direct and flexible federal assistance to local governments of all sizes to sustain core services for our residents and to support public health and economic recovery in our communities.

The COVID-19 pandemic has impacted municipal budgets in the San Gabriel Valley and across the country in ways that local governments could not have foreseen. Cities have stepped up to the front lines of pandemic response by enacting emergency orders, setting up testing, protecting residents, supporting vulnerable populations, and helping local businesses stay afloat. These actions have saved lives, but they have come at a cost. This unprecedented and multifaceted COVID-19 response, including the shutdown of our local economies, has left California cities facing a nearly \$7 billion revenue shortfall over the next two years. This shortfall continues to grow by billions of dollars as modified stay-at-home orders have extended into the summer months. At the same time, California cities have incurred significant unplanned expenditures.

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Cities need Congress to deliver this assistance with no minimum population threshold so all communities are eligible for assistance. We cannot afford to wait. The funding provided through the CARES Act was not enough to ensure that all local governments have the resources to stabilize local budgets and continue delivering local services, fighting this pandemic and supporting local recovery. We support the approach in the HEROES Act (H.R. 6800) which permits sharp revenue losses sustained by local governments to be eligible for reimbursement from the \$375 billion in federal aid authorized for cities and counties. As you know, the HEROES Act passed the House in May but has not been taken up in the Senate.

Recovery from this unprecedented crisis will only be realized at the local level with strong support from the federal government. We appreciate your past support and urge you to continue to fight for this assistance to our cities, so we can recover from the public health and economic challenges of COVID-19.

Questions regarding this matter may be directed to SGVCOG Government and Community Relations Director Paul Hubler at [phubler@sgvcog.org](mailto:phubler@sgvcog.org) or (626) 379-4937.

Sincerely

Cynthia Sternquist  
President, SGVCOG

cc: Senate Majority Leader Mitch McConnell (via email to [Katelyn\\_Bunning@mcconnell.senate.gov](mailto:Katelyn_Bunning@mcconnell.senate.gov), [Stefanie\\_Muchow@mcconnell.senate.gov](mailto:Stefanie_Muchow@mcconnell.senate.gov), [Scott\\_Raab@mcconnell.senate.gov](mailto:Scott_Raab@mcconnell.senate.gov), [Sharon\\_Soderstrom@mcconnell.senate.gov](mailto:Sharon_Soderstrom@mcconnell.senate.gov))  
Senate Minority Leader Chuck Schumer (via email to [Mike\\_Lynch@schumer.senate.gov](mailto:Mike_Lynch@schumer.senate.gov), [Erin\\_Sager@schumer.senate.gov](mailto:Erin_Sager@schumer.senate.gov), [Meghan\\_Taira@schumer.senate.gov](mailto:Meghan_Taira@schumer.senate.gov))  
House Speaker Nancy Pelosi (via email to [Dan.Bernal@mail.house.gov](mailto:Dan.Bernal@mail.house.gov), [Diane.Dewhirst@mail.house.gov](mailto:Diane.Dewhirst@mail.house.gov), [Robert.Edmonson@mail.house.gov](mailto:Robert.Edmonson@mail.house.gov), [Drew.Hammill@mail.house.gov](mailto:Drew.Hammill@mail.house.gov), [George.Kundanis@mail.house.gov](mailto:George.Kundanis@mail.house.gov), [Terri.McCullough@mail.house.gov](mailto:Terri.McCullough@mail.house.gov))  
House Minority Leader Kevin McCarthy (via email to [Will.Dunham@mail.house.gov](mailto:Will.Dunham@mail.house.gov), [Robin.Lake-Foster@mail.house.gov](mailto:Robin.Lake-Foster@mail.house.gov), [Kyle.Lombardi@mail.house.gov](mailto:Kyle.Lombardi@mail.house.gov), [Daniel.Meyer@mail.house.gov](mailto:Daniel.Meyer@mail.house.gov), [James.Min@mail.house.gov](mailto:James.Min@mail.house.gov))

# REPORT

DATE: September 17, 2020  
TO: Governing Board  
FROM: Marisa Creter, Executive Director  
RE: **APPROVAL OF SECTION 115 TRUST ACCOUNT WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

## **RECOMMENDED ACTIONS**

Approve the following:

- (1) An Agreement with the California Public Employment Retirement System (CalPERS) to participate in the California Employers' Pension Prefunding Trust (CEPPT) Fund; and
- (2) The Delegation of Authority to Request Disbursements to the Executive Director; the Director of Finance and the Administrative Services Manager; and
- (3) Authorize the Executive Director to sign the agreement and all associated documents; and
- (4) To make an initial deposit of \$1,227,257 into the Trust account from unrestricted Union Pacific Railroad contributions and make pre-payments in the amount of \$43,076 annually for employer contributions over the next five years from SGVCOG general fund/other non-capital program funds into the Trust account; and
- (5) To select CEPPT Asset Allocation Strategy 2.

## **BACKGROUND**

In March 2019, the Governing Board approved several recommendations as a result of a comprehensive retirement benefits study. The key recommendation approved by the Governing Board was direction to authorize the Executive Director to establish a Section 115 trust with CalPERS and place in the trust an amount of funding, from grants and other project funding sources (e.g. railroad contributions), to cover potential future costs associated with employees that have worked on the ACE Project. Additionally, as a result of the Board's direction, a payment to CalPERS of \$30,105 was made in November 2019 to cover the Unfunded Accrued Liability (UAL) for the SGVCOG's PEPR plan. The UAL is the market value of assets minus the discounted value of future liability. Table 1 provides a summary of the SGVCOG's current funded status and UAL. See Attachment A for the complete Classic and PEPR CalPERS Annual Valuation Report as of June 30, 2019.

	<b>Classic (Miscellaneous)<sup>1</sup></b>	<b>PEPRA</b>
Discount Rate	7%	7%
Funded Status	101.3%	92.6%
UAL	\$ (150,517)	\$31,209 <sup>2</sup>

**Table 1. SGVCOG Funded Status and UAL (2019)**

<sup>1</sup> The SGVCOG currently offers two CalPERS retirement benefits, 2% @ 55 for Classic CalPERS members and 2% @ 62 (PEPRA) for employees hired after January 1, 2013 that did not already have Classic status.

<sup>2</sup> As the PERPA UAL payment was made in November 2019, it was not reflected in the most recent CalPERS valuation report, as it includes data through June 30, 2019.

It is important to note that the SGVCOG is unique in being one of the few CalPERS members that does not currently have a significant UAL. This is because of the SGVCOG making additional discretionary payments to reduce the UAL several years ago, specifically for the Classic plan. Since the Classic Plan makeup is entirely ACE Project assigned staff, the additional payments were recovered by its funding sources.

While the UAL is not an issue at this time, there is potential for the UAL to increase, either due to reduction in staff size due to the completion of the ACE project, which would reduce normal payments, or potential economic issues, such as a recession or depression, which would reduce the value of the portfolio. Due to these issues and the Board's prior direction, staff is currently working with CALPERS to establish a Section 115 trust to secure funding for potential future costs. A Section 115 trust is a special irrevocable trust fund and has the advantage that funds deposited may be invested in higher-yielding instruments than the SGVCOG Investment Policy allows. Once funds are deposited into the irrevocable trust account, they may not be withdrawn for any purpose other than funding the costs of employer's retiree benefits. Funds can be used to prefund normal cost contributions, make additional discretionary payments or as a contingency fund for future volatility.

While other financial institutions offer tools similar to CalPERS Section 115 trust, staff is recommending setting the trust up with CalPERS. This is based on the recommendation of the firm that prepared the SGVCOG retirements benefits study and discussions with CalPERS staff. Some of the advantages of the CalPERS trust include ease of administration and relatively low administrative costs. Most importantly, CalPERS staff has familiarity with the issues associated with the closure of the ACE Project and have indicated that they would be able to assist SGVCOG staff in preparing appropriate documentation to allow for the lump sum payment to be made at the completion of the ACE Project in a manner that would allow for these costs to be included as closeout costs, and thus, reimbursable by Caltrans and Metro. Additionally, more than 550 California public employers use CalPERS to manage their trust fund.

CalPERS offers two diversified strategic asset allocation options with low and moderate risk levels as follows:

- **Strategy 1:** has a 10-year expected rate of return of 5% with an expected volatility of 8.2%
- **Strategy 2:** has a 10-year expected rate of return of 4% with an expected volatility rate of 5.2%.

Staff recommends Strategy 2, which is the more conservative approach. The SGVCOG would need to enter into an agreement and adopt a resolution in order to participate in the Section 115 trust, see Attachment B and Attachment C respectively. Additionally, a certificate of funding policy will need to be submitted to CalPERS to memorialize the selected investment strategy, see Attachment D. The program will be managed by CalPERS and plan balances will be included in quarterly reporting to the Governing Board. Attachment E contains an overview of the asset allocation of the CERBT Strategy 2 portfolio managed by CalPERS.

## FISCAL IMPACT

The current employer contributions (as a percent of salaries) for the SGVCOG's two plans are as follows:

- Classic: 10.484%
- PEPRA: 7.732%.

Staff is recommending establishing a financial goal of having funds invested into the Section 115 trust equal to five years of employer contributions. Based on current staffing levels and salaries, staff has calculated that amount to be \$1,442,635. Of the total, \$1,227,257 (85%) of these costs are associated with staff working on the ACE project. The remaining \$215,378 (15%) reflects costs associated with staff working on the overall operations of the SGVCOG and other non-capital projects and programs.

Staff is recommending two different strategies for investing funds into the Section 115 trust to reflect both the operating and capital functions of the SGVCOG, as follows:

- **Capital Projects and Construction:** Staff is recommending making an initial deposit of \$1,227,257 million from unrestricted Union Pacific Railroad contributions from the ACE Project. When the ACE Project is closed out, which is anticipated to occur in 3-5 years, the SGVCOG can request an actuarial analysis to determine the financial obligation for all ACE Project assigned employees through that date, and this amount will be invoiced to funding agencies as part of project close out costs and deposited into the Section 115 trust. This amount is currently estimated at \$7.3 - \$9.6 million.
- **Operations:** For staff working on the SGVCOG operations and non-capital projects and programs, staff is recommending spreading the 5-year pre-payment of employer contributions over the next five years. This anticipated cost of \$43,076 would be made annually from the SGVCOG's general fund and other non-capital program funds incorporated into the annual budget. The amount paid by each source will be calculated based on labor allocation and in compliance with funding guidelines.

Prepared by: Deanna Stanley  
Deanna R. Stanley  
Administrative Services Manager

Prepared by: Reynaldo Alimoren  
Reynaldo Alimoren  
Director of Finance

Approved by: Marisa Creter  
Marisa Creter  
Executive Director

**ATTACHMENTS:**

Attachment A - Classic and PEPRAs CalPERS Annual Valuation Report as of June 30, 2019

Attachment B - Agreement and Election to Prefund Employer Contributions to Defined Benefit Pension Plan

Attachment C - Delegation of Authority to Request Disbursements

Attachment D - Certification of Funding Policy

Attachment E - CERBT Strategy 2 Overview





**California Public Employees' Retirement System**

**Actuarial Office**

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**888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | [www.calpers.ca.gov](http://www.calpers.ca.gov)**

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July 2020

Miscellaneous Plan of the San Gabriel Valley Council of Governments  
(CalPERS ID: 1385958960)  
Annual Valuation Report as of June 30, 2019

Dear Employer,

Attached to this letter, you will find the June 30, 2019 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2021-22. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2019.

Section 2 can be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2019 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 1, 2020.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

**Required Contribution**

The exhibit below displays the minimum employer contributions, before any cost sharing, for fiscal year 2021-22 along with estimates of the required contributions for fiscal year 2022-23. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2021-22	10.34%	\$0
<i>Projected Results</i>		
2022-23	10.3%	\$0

## Attachment A

Miscellaneous Plan of the San Gabriel Valley Council of Governments  
(CalPERS ID: 1385958960)  
Annual Valuation Report as of June 30, 2019  
Page 2

The actual investment return for fiscal year 2019-20 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2019-20 differs from 7.00%, the actual contribution requirements for fiscal year 2022-23 will differ from those shown above.* For additional details regarding the assumptions and **methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section.** This section also contains projected required contributions through fiscal year 2026-27.

### Changes from Previous **Year's Valuation**

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption and method changes and non-investment gains/losses. The new policy does not utilize a 5-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Actuarial Methods and Assumptions." The effects of the changes on the required contributions are included in the "Reconciliation of Required Employer Contributions" section.

### Questions

We understand that you might have some questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 1, 2020 to contact us with actuarial questions. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,



SCOTT TERANDO  
Chief Actuary



Actuarial Valuation  
as of June 30, 2019

for the  
Miscellaneous Plan  
of the  
San Gabriel Valley Council of Governments  
(CalPERS ID: 1385958960)

Required Contributions  
for Fiscal Year  
July 1, 2021 - June 30, 2022

# Attachment A

## Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

# Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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Plan Specific Information  
for the  
Miscellaneous Plan  
of the  
San Gabriel Valley Council of  
Governments

(CalPERS ID: 1385958960)  
(Valuation Rate Plan ID: 3634)

# Attachment A

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## Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2019 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2019 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public **Employees' Retirement Law**.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2019 and employer contribution as of July 1, 2021 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



ALEX GRUNDER, ASA, MAAA  
Associate Pension Actuary, CalPERS

## Attachment A

### Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded Status**
- Projected Employer Contributions
- Cost
- Changes Since the Prior Year's **V**aluation
- Subsequent Events



## Introduction

This report presents the results of the June 30, 2019 actuarial valuation of the Miscellaneous Plan of the San Gabriel Valley Council of Governments **of the California Public Employees' Retirement System (CalPERS)**. This actuarial valuation sets the required employer contributions for fiscal year 2021-22.

## Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the San Gabriel Valley Council of Governments of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2019;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2021 through June 30, 2022; and
- Provide actuarial information as of June 30, 2019 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

### Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A **"Scenario Test,"** projecting future results under different investment income returns.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

## Required Employer Contributions

	Fiscal Year
Required Employer Contributions	2021-22
Employer Normal Cost Rate	10.34%
<i>Plus, Either</i>	
1) Monthly Employer Dollar UAL Payment	\$0.00
<i>Or</i>	
2) Annual UAL Prepayment Option*	\$0
<i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).</i>	
<i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31). Any prepayment totaling over \$5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.</i>	
<b><i>In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.</i></b>	

	Fiscal Year 2020-21	Fiscal Year 2021-22
Development of Normal Cost as a Percentage of Payroll <sup>1</sup>		
Base Total Normal Cost for Formula	17.392%	17.25%
Surcharge for Class 1 Benefits <sup>2</sup>		
None	0.000%	0.00%
Phase out of Normal Cost Difference <sup>3</sup>	0.000%	0.00%
<b>Plan's Total Normal Cost</b>	17.392%	17.25%
Formula's Expected Employee Contribution Rate	6.908%	6.91%
Employer Normal Cost Rate	10.484%	10.34%
 Projected Payroll for the Contribution Fiscal Year	 \$2,869,675	 \$2,082,760
 Estimated Employer Contributions Based on Projected Payroll		
<b>Plan's Estimated Employer Normal Cost</b>	\$300,857	\$215,357
<b>Plan's Payment on Amortization Bases<sup>4</sup></b>	0	0
% of Projected Payroll (illustrative only)	0.000%	0.00%
 Estimated Total Employer Contribution	 \$300,857	 \$215,357
% of Projected Payroll (illustrative only)	10.484%	10.34%

<sup>1</sup> The results shown for fiscal year 2020-21 reflect the prior year valuation and may not take into account any lump sum payment, side fund payoff, or rate adjustment made after April 30, 2019.

<sup>2</sup> Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

<sup>3</sup> The normal cost difference is phased out over a five-year period. The phase out of normal cost difference is 100% for the first year of pooling and is incrementally reduced by 20% of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

<sup>4</sup> See Schedule of Plan's Amortization Bases.

## Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2021-22 fiscal year is \$0. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2021-22 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the **"Amortization Schedule and Alternatives"** section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

### Minimum Required Employer Contribution for Fiscal Year 2021-22

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$215,357	\$0	\$0	\$0	\$215,357

### Alternative Fiscal Year 2021-22 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP <sup>1</sup>	Total UAL Contribution	Estimated Total Contribution
5 years	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2021 as determined in the June 30, 2019 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

## Plan's Funded Status

	June 30, 2018	June 30, 2019
1. Present Value of Projected Benefits (PVB)	\$14,390,743	\$14,005,434
2. Entry Age Normal Accrued Liability (AL)	10,819,030	11,430,968
3. <b>Plan's Market Value of Assets (MVA)</b>	11,081,365	11,581,485
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	(262,335)	(150,517)
5. Funded Ratio [(3) / (2)]	102.4%	101.3%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover **estimated termination liabilities**, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

## Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. As of the preparation date of this report, the year to date return for the 2019-20 fiscal year was well below the 7% assumed return. Actual contribution rates during this projection period could be significantly higher than the projection shown below.

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2019-20)				
		2021-22	2022-23	2023-24	2024-25	2025-26
Normal Cost %	10.34%	10.3%	10.3%	10.3%	10.3%	10.3%
UAL Payment	\$0	\$0	\$0	\$0	\$0	\$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

## Cost

### Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- The Normal Cost, expressed as a percentage of total active payroll
- The Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to FY 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component will continue to be expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

**These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature.**

We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.8% over the 20 years ending June 30, 2019, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

## Changes Since the Prior **Year's** Valuation

### Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to **the "Plan's Major Benefit Options" and Appendix B** for a summary of the plan provisions used in this valuation. The effect of any mandated benefit changes or plan amendments on the unfunded liability is shown **in the "(Gain)/Loss Analysis" and the effect on the employer contribution is shown in the "Reconciliation of Required Employer Contributions."** **It should be noted that no change in liability or contribution is shown for any plan changes which were already included in the prior year's valuation.**

### Actuarial Methods and Assumptions

The CalPERS Board of Administration adopted a new amortization policy effective with this actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on UAL bases attributable to assumption and method changes and non-investment gains/losses. The new policy also does not utilize a 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

For inactive employers, the new amortization policy imposes a maximum amortization period of 15 years for all unfunded accrued liabilities effective June 30, 2017. Furthermore, the plan actuary has the ability to shorten the amortization period on any valuation date based on the life expectancy of plan members and projected cash flow needs to the plan.

## Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2019. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2019-20 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2020. Any subsequent changes or actions are not reflected.

## Assets and Liabilities

- Breakdown of Entry Age Normal Accrued Liability
- **Allocation of Plan's Share of Pool's** Experience/Assumption Change
- **Development of Plan's Share of Pool's** Market Value of Assets
- **Schedule of Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

## Breakdown of Entry Age Normal Accrued Liability

Active Members	\$4,801,985
Transferred Members	389,768
Terminated Members	905,466
Members and Beneficiaries Receiving Payments	<u>5,333,749</u>
<b>Total</b>	<b>\$11,430,968</b>

## Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. <b>Plan's Accrued Liability</b>	\$11,430,968
2. Projected UAL balance at 6/30/2019	(251,456)
3. <b>Pool's Accrued Liability<sup>1</sup></b>	18,394,114,919
4. <b>Sum of Pool's Individual Plan UAL Balances at 6/30/2019<sup>1</sup></b>	4,268,374,183
5. <b>Pool's 2018/19 Investment (Gain)/Loss<sup>1</sup></b>	68,711,010
6. <b>Pool's 2018/19 Non-Investment (Gain)/Loss<sup>1</sup></b>	70,985,020
7. <b>Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)</b>	56,826
8. <b>Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)</b>	44,113
9. <b>Plan's New (Gain)/Loss as of 6/30/2019: (7) + (8)</b>	100,940
10. Other Changes in the UAL <sup>2</sup>	0

<sup>1</sup> Does not include plans that transferred to Pool on the valuation date.

<sup>2</sup> May include Golden Handshakes, Service Purchases, etc. See Schedule of Plan's Amortization Bases for details.

## Development of the **Plan's Share of Pool's** Market Value of Assets

11. <b>Plan's UAL: (2) + (9) + (10)</b>	(\$150,517)
12. <b>Plan's Share of Pool's MVA: (1) - (11)</b>	\$11,581,485



## Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2019.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2021-22.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2021-22	Ramp Shape	Escala- tion Rate	Amort. Period	Balance 6/30/19	Expected Payment 2019-20	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Minimum Required Payment 2021-22
Fresh Start	6/30/19	No Ramp		0.00%	N/A	(150,517)	(20,451)	(139,899)	0	(149,691)	0
Total						(150,517)	(20,451)	(139,899)	0	(149,691)	0

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

## Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative **"fresh start"** amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing **the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.**

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

## Amortization Schedule and Alternatives

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	N/A Year Amortization		N/A Year Amortization	
	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2021	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2022						
6/30/2023						
6/30/2024						
6/30/2025						
6/30/2026						
6/30/2027						
6/30/2028						
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6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
Total		N/A		N/A		N/A
Interest Paid		N/A		N/A		N/A
Estimated Savings				N/A		N/A

## Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)
2016 - 17	8.377%	\$29,857
2017 - 18	8.418%	28,959
2018 - 19	8.892%	13,568
2019 - 20	9.680%	0
2020 - 21	10.484%	0
2021 - 22	10.34%	0

## Funding History

The funding history below shows the **plan's actuarial accrued liability**, **share of the pool's market value of assets**, **share of the pool's unfunded liability**, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2011	\$4,081,296	\$3,339,706	\$741,590	81.8%	\$2,294,319
06/30/2012	4,639,428	3,580,566	1,058,862	77.2%	2,414,903
06/30/2013	5,532,529	4,496,264	1,036,265	81.3%	2,684,185
06/30/2014	6,493,620	5,640,185	853,435	86.9%	2,755,091
06/30/2015	7,199,658	6,252,569	947,089	86.8%	2,668,019
06/30/2016	8,092,320	6,841,382	1,250,938	84.5%	2,759,465
06/30/2017	9,305,151	8,987,356	317,795	96.6%	2,860,788
06/30/2018	10,819,030	11,081,365	(262,335)	102.4%	2,645,375
06/30/2019	11,430,968	11,581,485	(150,517)	101.3%	1,919,967

## Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

## Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2019-20, 2020-21, 2021-22 and 2022-23). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2019-20, 2020-21, 2021-22, and 2022-23, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2023. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup>, and 95<sup>th</sup> percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2019-20 through 2022-23	Projected Employer Contributions			
	2022-23	2023-24	2024-25	2025-26
1.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	\$14,000	\$45,000	\$94,000	\$161,000
4.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	\$5,200	\$19,000	\$43,000	\$76,000
7.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	\$0	\$0	\$0	\$0
9.0%				
Normal Cost	10.6%	10.8%	11.0%	11.2%
UAL Contribution	\$0	\$0	\$0	\$0
12.0%				
Normal Cost	10.6%	10.8%	11.0%	11.2%
UAL Contribution	\$0	\$0	\$0	\$0

These projections reflect the impact of the CalPERS risk mitigation policy, which reduces the discount rate when investment returns exceed specified trigger points.

## Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2019 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

### Sensitivity to the Real Rate of Return Assumption

As of June 30, 2019	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	21.50%	17.25%	14.00%
b) Accrued Liability	\$12,989,818	\$11,430,968	\$10,138,673
c) Market Value of Assets	\$11,581,485	\$11,581,485	\$11,581,485
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$1,408,333	(\$150,517)	(\$1,442,812)
e) Funded Status	89.2%	101.3%	114.2%

### Sensitivity to the Price Inflation Assumption

As of June 30, 2019	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	18.39%	17.25%	15.89%
b) Accrued Liability	\$12,130,069	\$11,430,968	\$10,529,722
c) Market Value of Assets	\$11,581,485	\$11,581,485	\$11,581,485
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$548,584	(\$150,517)	(\$1,051,763)
e) Funded Status	95.5%	101.3%	110.0%

## Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2019 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2019	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	17.55%	17.25%	16.97%
b) Accrued Liability	\$11,664,870	\$11,430,968	\$11,214,988
c) Market Value of Assets	\$11,581,485	\$11,581,485	\$11,581,485
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$83,385	(\$150,517)	(\$366,497)
e) Funded Status	99.3%	101.3%	103.3%

## Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. One way **to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability**. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2018	June 30, 2019
1. Retired Accrued Liability	3,876,636	5,333,749
2. Total Accrued Liability	10,819,030	11,430,968
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.36	0.47

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2018	June 30, 2019
1. Number of Actives	21	16
2. Number of Retirees	8	11
3. Support Ratio [(1) / (2)]	2.63	1.45



## Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

### Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

### Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2018	June 30, 2019
1. Market Value of Assets	\$11,081,365	\$11,581,485
2. Payroll	2,645,375	1,919,967
3. Asset Volatility Ratio (AVR) [(1) / (2)]	4.2	6.0
4. Accrued Liability	\$10,819,030	\$11,430,968
5. Liability Volatility Ratio (LVR) [(4) / (2)]	4.1	6.0

## Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.31	3.67	3.1	3.3
06/30/2018	0.36	2.63	4.2	4.1
06/30/2019	0.47	1.45	6.0	6.0

## Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2019. The plan liability on a termination basis is calculated differently **compared to the plan's ongoing funding liability**. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability <sup>1,2</sup> @ 1.75%	Funded Status	Unfunded Termination Liability @ 1.75%	Hypothetical Termination Liability <sup>1,2</sup> @ 3.25%	Funded Status	Unfunded Termination Liability @ 3.25%
\$11,581,485	\$23,095,041	50.2%	\$11,513,556	\$18,489,825	62.6%	\$6,908,340

<sup>1</sup> The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

<sup>2</sup> The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.31% on June 30, 2019, and was 1.83% on January 31, 2020.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

## Attachment A

CALPERS ACTUARIAL VALUATION - June 30, 2019  
Miscellaneous Plan of the San Gabriel Valley Council of Governments  
CalPERS ID: 1385958960

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### Participant Data

The table below shows a summary of **your plan's** member data upon which this valuation is based:

	June 30, 2018	June 30, 2019
Reported Payroll	\$2,645,375	\$1,919,967
Projected Payroll for Contribution Purposes	\$2,869,675	\$2,082,760
Number of Members		
Active	21	16
Transferred	3	3
Separated	4	6
Retired	8	11

### List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

## Attachment A

CALPERS ACTUARIAL VALUATION - June 30, 2019  
 Miscellaneous Plan of the San Gabriel Valley Council of Governments  
 CalPERS ID: 1385958960

### Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

**Attachment A**

## Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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### Risk Pool Actuarial Valuation Information

**Section 2 may be found on the CalPERS website  
([www.calpers.ca.gov](http://www.calpers.ca.gov)) in the Forms and  
Publications section**



**California Public Employees' Retirement System**

**Actuarial Office**

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

**888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | [www.calpers.ca.gov](http://www.calpers.ca.gov)**

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July 2020

PEPRA Miscellaneous Plan of the San Gabriel Valley Council of Governments  
(CalPERS ID: 1385958960)  
Annual Valuation Report as of June 30, 2019

Dear Employer,

Attached to this letter, you will find the June 30, 2019 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2021-22. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2019.

Section 2 can be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)). From the home page, go to *"Forms & Publications"* and select *"View All"*. In the search box, enter *"Risk Pool"* and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2019 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 1, 2020.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

**Required Contribution**

The exhibit below displays the minimum employer contributions, before any cost sharing, for fiscal year 2021-22 along with estimates of the required contributions for fiscal year 2022-23. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Employee Rate
2021-22	7.59%	\$958	6.75%
<i>Projected Results</i>			
2022-23	7.6%	\$960	TBD

## Attachment A

PEPRA Miscellaneous Plan of the San Gabriel Valley Council of Governments  
(CalPERS ID: 1385958960)  
Annual Valuation Report as of June 30, 2019  
Page 2

The actual investment return for fiscal year 2019-20 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2019-20 differs from 7.00%, the actual contribution requirements for fiscal year 2022-23 will differ from those shown above.* For additional details regarding the assumptions and **methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section.** This section also contains projected required contributions through fiscal year 2026-27.

### Changes from Previous **Year's Valuation**

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption and method changes and non-investment gains/losses. The new policy does not utilize a 5-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Further descriptions of general changes are included **in the "Highlights and Executive Summary" section and in Appendix A, "Actuarial Methods and Assumptions."** The effects of the changes on the required contributions are included in the **"Reconciliation of Required Employer Contributions" section.**

### Questions

We understand that you might have some questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 1, 2020 to contact us with actuarial questions. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,



SCOTT TERANDO  
Chief Actuary



Actuarial Valuation  
as of June 30, 2019

for the  
PEPRA Miscellaneous Plan  
of the  
San Gabriel Valley Council of Governments  
(CalPERS ID: 1385958960)

Required Contributions  
for Fiscal Year  
July 1, 2021 - June 30, 2022



# Attachment A

## Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

# Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

---

Plan Specific Information  
for the  
PEPRA Miscellaneous Plan  
of the  
San Gabriel Valley Council of  
Governments

(CalPERS ID: 1385958960)  
(Valuation Rate Plan ID: 26703)

# Attachment A

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## Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2019 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2019 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your PEPRA Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the **California Public Employees' Retirement Law**.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2019 and employer contribution as of July 1, 2021 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



ALEX GRUNDER, ASA, MAAA  
Associate Pension Actuary, CalPERS

## Attachment A

### Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded Status**
- Projected Employer Contributions
- Cost
- Changes Since the Prior Year's **V**aluation
- Subsequent Events

## Introduction

This report presents the results of the June 30, 2019 actuarial valuation of the PEPRA Miscellaneous Plan of the San Gabriel Valley Council of Governments **of the California Public Employees' Retirement System (CalPERS)**. This actuarial valuation sets the required employer contributions for fiscal year 2021-22.

## Purpose of Section 1

This Section 1 report for the PEPRA Miscellaneous Plan of the San Gabriel Valley Council of Governments of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2019;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2021 through June 30, 2022; and
- Provide actuarial information as of June 30, 2019 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

### Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A **"Scenario Test,"** projecting future results under different investment income returns.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

## Required Employer Contributions

	Fiscal Year
Required Employer Contributions	2021-22
Employer Normal Cost Rate	7.59%
<i>Plus, Either</i>	
1) Monthly Employer Dollar UAL Payment	\$79.83
<i>Or</i>	
2) Annual UAL Prepayment Option*	\$926
<i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).</i>	
<i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31). Any prepayment totaling over \$5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.</i>	
<i>In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.</i>	

	Fiscal Year	Fiscal Year
	2020-21	2021-22
Development of Normal Cost as a Percentage of Payroll <sup>1</sup>		
Base Total Normal Cost for Formula	14.482%	14.34%
Surcharge for Class 1 Benefits <sup>2</sup>		
None	0.000%	0.00%
Phase out of Normal Cost Difference <sup>3</sup>	0.000%	0.00%
<b>Plan's Total Normal Cost</b>	14.482%	14.34%
Plan's Employee Contribution Rate <sup>4</sup>	6.750%	6.75%
Employer Normal Cost Rate	7.732%	7.59%
Projected Payroll for the Contribution Fiscal Year	\$626,819	\$1,017,709
Estimated Employer Contributions Based on Projected Payroll		
<b>Plan's Estimated Employer Normal Cost</b>	\$48,466	\$77,244
<b>Plan's Payment on Amortization Bases<sup>5</sup></b>	3,273	958
% of Projected Payroll (illustrative only)	0.522%	0.09%
Estimated Total Employer Contribution	\$51,739	\$78,202
% of Projected Payroll (illustrative only)	8.254%	7.68%

<sup>1</sup> The results shown for fiscal year 2020-21 reflect the prior year valuation and may not take into account any lump sum payment, side fund payoff, or rate adjustment made after April 30, 2019.

<sup>2</sup> Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

<sup>3</sup> The normal cost difference is phased out over a five-year period. The phase out of normal cost difference is 100% for the first year of pooling and is incrementally reduced by 20% of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

<sup>4</sup> For detail regarding the determination of the required PEPRA employee contribution rate see Section on PEPRA Member Contribution Rates.

<sup>5</sup> See Schedule of Plan's Amortization Bases.

## Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2021-22 fiscal year is \$958. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2021-22 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the **"Amortization Schedule and Alternatives"** section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

### Minimum Required Employer Contribution for Fiscal Year 2021-22

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$77,244	\$958	\$0	\$958	\$78,202

### Alternative Fiscal Year 2021-22 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP <sup>1</sup>	Total UAL Contribution	Estimated Total Contribution
5 years	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2021 as determined in the June 30, 2019 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.



## Plan's Funded Status

	June 30, 2018	June 30, 2019
1. Present Value of Projected Benefits (PVB)	\$1,102,588	\$1,726,112
2. Entry Age Normal Accrued Liability (AL)	330,011	422,460
3. <b>Plan's Market Value of Assets (MVA)</b>	309,737	391,251
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	20,274	31,209
5. Funded Ratio [(3) / (2)]	93.9%	92.6%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

## Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. As of the preparation date of this report, the year to date return for the 2019-20 fiscal year was well below the 7% assumed return. Actual contribution rates during this projection period could be significantly higher than the projection shown below.

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2019-20)				
		2021-22	2022-23	2023-24	2024-25	2025-26
Normal Cost %	7.59%	7.6%	7.6%	7.6%	7.6%	7.6%
UAL Payment	\$958	\$960	\$960	\$960	\$960	\$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

## Cost

### Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- The Normal Cost, expressed as a percentage of total active payroll
- The Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to FY 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component will continue to be expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

**These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature.**

We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.8% over the 20 years ending June 30, 2019, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

## Changes Since the Prior **Year's** Valuation

### Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to **the "Plan's Major Benefit Options" and Appendix B** for a summary of the plan provisions used in this valuation. The effect of any mandated benefit changes or plan amendments on the unfunded liability is shown **in the "(Gain)/Loss Analysis" and the effect on the employer contribution is shown in the "Reconciliation of Required Employer Contributions."** **It should be noted that no change in liability or contribution is shown for any plan changes which were already included in the prior year's valuation.**

### Actuarial Methods and Assumptions

The CalPERS Board of Administration adopted a new amortization policy effective with this actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on UAL bases attributable to assumption and method changes and non-investment gains/losses. The new policy also does not utilize a 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

For inactive employers, the new amortization policy imposes a maximum amortization period of 15 years for all unfunded accrued liabilities effective June 30, 2017. Furthermore, the plan actuary has the ability to shorten the amortization period on any valuation date based on the life expectancy of plan members and projected cash flow needs to the plan.

## Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2019. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2019-20 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2020. Any subsequent changes or actions are not reflected.

## Assets and Liabilities

- Breakdown of Entry Age Normal Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- **Schedule of Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

## Breakdown of Entry Age Normal Accrued Liability

Active Members	\$333,559
Transferred Members	0
Terminated Members	8,600
Members and Beneficiaries Receiving Payments	<u>80,301</u>
<b>Total</b>	<b>\$422,460</b>

## Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. <b>Plan's Accrued Liability</b>	\$422,460
2. Projected UAL balance at 6/30/2019	27,659
3. <b>Pool's Accrued Liability<sup>1</sup></b>	18,394,114,919
4. <b>Sum of Pool's Individual Plan UAL Balances at 6/30/2019<sup>1</sup></b>	4,268,374,183
5. <b>Pool's 2018/19 Investment (Gain)/Loss<sup>1</sup></b>	68,711,010
6. <b>Pool's 2018/19 Non-Investment (Gain)/Loss<sup>1</sup></b>	70,985,020
7. <b>Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)</b>	1,920
8. <b>Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)</b>	1,630
9. <b>Plan's New (Gain)/Loss as of 6/30/2019: (7) + (8)</b>	3,551
10. Other Changes in the UAL <sup>2</sup>	0

<sup>1</sup> Does not include plans that transferred to Pool on the valuation date.

<sup>2</sup> May include Golden Handshakes, Service Purchases, etc. See Schedule of Plan's Amortization Bases for details.

## Development of the **Plan's Share of Pool's** Market Value of Assets

11. <b>Plan's UAL: (2) + (9) + (10)</b>	\$31,209
12. <b>Plan's Share of Pool's MVA: (1) - (11)</b>	\$391,251

## Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2019.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2021-22.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2021-22	Ramp Shape	Escala- tion Rate	Amort. Period	Balance 6/30/19	Expected Payment 2019-20	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Minimum Required Payment 2021-22
Fresh Start	6/30/19	No Ramp		0.00%	5	31,209	28,611	3,798	0	4,064	958
Total						31,209	28,611	3,798	0	4,064	958

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

## Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative **"fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule.**

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing **the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.**

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

## Amortization Schedule and Alternatives

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	0 Year Amortization		0 Year Amortization	
	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2021	4,064	958	N/A	N/A	N/A	N/A
6/30/2022	3,358	958				
6/30/2023	2,602	959				
6/30/2024	1,792	958				
6/30/2025	926	958				
6/30/2026						
6/30/2027						
6/30/2028						
6/30/2029						
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6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
Total		4,791		N/A		N/A
Interest Paid		727		N/A		N/A
Estimated Savings				N/A		N/A



## Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)
2016 - 17	6.555%	\$0
2017 - 18	6.533%	316
2018 - 19	6.842%	2,535
2019 - 20	6.985%	2,719
2020 - 21	7.732%	3,273
2021 - 22	7.59%	958

## Funding History

The funding history below shows the **plan's actuarial accrued liability, share of the pool's market value of assets, share of the pool's unfunded liability, funded ratio, and annual covered payroll.**

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2013	\$3,681	\$4,939	(\$1,258)	134.2%	\$171,600
06/30/2014	20,769	23,164	(2,395)	111.5%	179,630
06/30/2015	39,389	39,052	337	99.1%	138,839
06/30/2016	78,222	71,199	7,023	91.0%	360,447
06/30/2017	209,272	203,884	5,388	97.4%	515,762
06/30/2018	330,011	309,737	20,274	93.9%	577,825
06/30/2019	422,460	391,251	31,209	92.6%	938,163

## Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

## Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2019-20, 2020-21, 2021-22 and 2022-23). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2019-20, 2020-21, 2021-22, and 2022-23, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2023. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup>, and 95<sup>th</sup> percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2019-20 through 2022-23	Projected Employer Contributions			
	2022-23	2023-24	2024-25	2025-26
1.0%				
Normal Cost	7.6%	7.6%	7.6%	7.6%
UAL Contribution	\$1,500	\$2,700	\$4,500	\$6,900
4.0%				
Normal Cost	7.6%	7.6%	7.6%	7.6%
UAL Contribution	\$1,300	\$1,900	\$2,800	\$4,000
7.0%				
Normal Cost	7.6%	7.6%	7.6%	7.6%
UAL Contribution	\$960	\$960	\$960	\$960
9.0%				
Normal Cost	7.8%	7.9%	7.4%	7.5%
UAL Contribution	\$0	\$0	\$0	\$0
12.0%				
Normal Cost	7.8%	7.9%	7.4%	7.5%
UAL Contribution	\$0	\$0	\$0	\$0

These projections reflect the impact of the CalPERS risk mitigation policy, which reduces the discount rate when investment returns exceed specified trigger points.

## Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2019 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

### Sensitivity to the Real Rate of Return Assumption

As of June 30, 2019	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	17.78%	14.34%	11.71%
b) Accrued Liability	\$528,287	\$422,460	\$340,632
c) Market Value of Assets	\$391,251	\$391,251	\$391,251
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$137,036	\$31,209	(\$50,619)
e) Funded Status	74.1%	92.6%	114.9%

### Sensitivity to the Price Inflation Assumption

As of June 30, 2019	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	15.33%	14.34%	13.16%
b) Accrued Liability	\$451,118	\$422,460	\$387,225
c) Market Value of Assets	\$391,251	\$391,251	\$391,251
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$59,867	\$31,209	(\$4,026)
e) Funded Status	86.7%	92.6%	101.0%

## Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2019 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2019	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	14.61%	14.34%	14.09%
b) Accrued Liability	\$430,806	\$422,460	\$414,724
c) Market Value of Assets	\$391,251	\$391,251	\$391,251
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$39,555	\$31,209	\$23,473
e) Funded Status	90.8%	92.6%	94.3%

## Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. One way **to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability**. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2018	June 30, 2019
1. Retired Accrued Liability	81,003	80,301
2. Total Accrued Liability	330,011	422,460
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.25	0.19

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2018	June 30, 2019
1. Number of Actives	8	10
2. Number of Retirees	1	1
3. Support Ratio [(1) / (2)]	8.00	10.00

## Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

### Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

### Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2018	June 30, 2019
1. Market Value of Assets	\$309,737	\$391,251
2. Payroll	577,825	938,163
3. Asset Volatility Ratio (AVR) [(1) / (2)]	0.5	0.4
4. Accrued Liability	\$330,011	\$422,460
5. Liability Volatility Ratio (LVR) [(4) / (2)]	0.6	0.5

## Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	0.4	0.4
06/30/2018	0.25	8.00	0.5	0.6
06/30/2019	0.19	10.00	0.4	0.5

## Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2019. The plan liability on a termination basis is calculated differently **compared to the plan's ongoing funding liability**. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability <sup>1,2</sup> @ 1.75%	Funded Status	Unfunded Termination Liability @ 1.75%	Hypothetical Termination Liability <sup>1,2</sup> @ 3.25%	Funded Status	Unfunded Termination Liability @ 3.25%
\$391,251	\$837,324	46.7%	\$446,073	\$539,417	72.5%	\$148,166

<sup>1</sup> The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

<sup>2</sup> The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.31% on June 30, 2019, and was 1.83% on January 31, 2020.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

## Attachment A

CALPERS ACTUARIAL VALUATION - June 30, 2019  
PEPRA Miscellaneous Plan of the San Gabriel Valley Council of Governments  
CalPERS ID: 1385958960

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### Participant Data

The table below shows a summary of **your plan's** member data upon which this valuation is based:

	June 30, 2018	June 30, 2019
Reported Payroll	\$577,825	\$938,163
Projected Payroll for Contribution Purposes	\$626,819	\$1,017,709
Number of Members		
Active	8	10
Transferred	1	0
Separated	2	3
Retired	1	1

### List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None



## Attachment A

CALPERS ACTUARIAL VALUATION - June 30, 2019  
 PEPRM Miscellaneous Plan of the San Gabriel Valley Council of Governments  
 CalPERS ID: 1385958960

### Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	6.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

## Attachment A

CALPERS ACTUARIAL VALUATION - June 30, 2019  
PEPRA Miscellaneous Plan of the San Gabriel Valley Council of Governments  
CalPERS ID: 1385958960

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### PEPRA Member Contribution Rates

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members ... shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate is dependent on the plan of retirement benefits, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate change by more than 1% from the base total normal cost rate, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2021, based on 50% of the total normal cost rate as of the June 30, 2019 valuation.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2021			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
26703	Miscellaneous PEPRA Level	13.735%	6.75%	14.34%	0.605%	No	6.75%

## Attachment A

CALPERS ACTUARIAL VALUATION - June 30, 2019  
PEPRA Miscellaneous Plan of the San Gabriel Valley Council of Governments  
CalPERS ID: 1385958960

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# Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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## Risk Pool Actuarial Valuation Information

**Section 2 may be found on the CalPERS website  
([www.calpers.ca.gov](http://www.calpers.ca.gov)) in the Forms and  
Publications section**

**CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST PROGRAM**

**AGREEMENT AND ELECTION  
OF**

---

(NAME OF EMPLOYER)

**to Prefund Employer Contributions to a Defined Benefit  
Pension Plan**

WHEREAS (1) Government Code (GC) Section 21711(a) establishes in the State Treasury the California Employers' Pension Prefunding Trust Fund (CEPPT), a special trust fund for the purpose of allowing eligible employers to prefund their required pension contributions to a defined benefit pension plan (each an Employer Pension Plan) by receiving and holding in the CEPPT amounts that are intended to be contributed to an Employer Pension Plan at a later date; and

WHEREAS (2) GC Section 21711(b) provides that the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control of the administration and investment of the CEPPT, the purposes of which include, but are not limited to (i) receiving contributions from participating employers; (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds; and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the CEPPT and to deposit employer contributions into Employer Pension Plans in accordance with their terms; and

WHEREAS (3) \_\_\_\_\_  
(NAME OF EMPLOYER)

(Employer) desires to participate in the CEPPT upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the CEPPT upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Employer Contributions to a Defined Benefit Pension Plan (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The CEPPT is a trust fund that is intended to perform an essential governmental function (that is, the investment of funds by a State, political subdivision or 115 entity) within the meaning of Internal Revenue Code (Code) Section 115 and Internal Revenue Service Revenue Ruling 77-261, and as an Investment Trust Fund, as defined in Governmental Accounting Standards Board (GASB) Statement No. 84, Paragraph 16, for accounting and financial reporting of fiduciary activities from the

## Attachment B

external portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in Paragraph 11c(1).

WHEREAS (6) The CEPPT is not a Code Section 401(a) qualified trust and the assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a).

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

### A. Employer Representation and Warranty

Employer hereby represents and warrants that it is the State of California or a political subdivision thereof, or an entity whose income is excluded from gross income under Code Section 115(1).

### B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the CEPPT by adopting this Agreement and filing with the Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to:        CalPERS  
   CEPPT  
   P.O. Box 1494  
   Sacramento, CA 95812-1494

Filing in person, deliver to: CalPERS Mailroom  
   CEPPT  
   400 Q Street  
   Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement. Employer shall provide the Board such other documents as the Board may request, including, but not limited to a certified copy of the resolution(s) of the governing body of Employer authorizing the adoption of the Agreement and documentation naming Employer's successor entity in the event that Employer ceases to exist prior to termination of this Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both the Board and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

## Attachment B

(4) The Board shall institute such procedures and processes as it deems necessary to administer the CEPPT, to carry out the purposes of this Agreement, and to maintain the tax-exempt status of the CEPPT. Employer agrees to follow such procedures and processes.

### C. Employer Reports Provided for the Board's Use in Trust Administration and Financial Reporting and Employer Contributions

(1) Employer shall provide to the Board a defined benefit pension plan cost report on the basis of the actuarial assumptions and methods prescribed by Actuarial Standards of Practice (ASOP) or prescribed by GASB. Such report shall be for the Board's use in trust administration and financial reporting and shall be prepared at least as often as the minimum frequency required by applicable GASB Standards. This defined benefit pension plan cost report may be prepared as an actuarial valuation report or as a GASB compliant financial report. Such report shall be:

- 1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
- 2) prepared in accordance with ASOP or with GASB; and
- 3) provided to the Board prior to the Board's acceptance of contributions for the reporting period or as otherwise required by the Board.

(2) In the event that the Board determines, in its sole discretion, that Employer's cost report is not suitable for the Board's purposes and use or if Employer fails to provide a required report, the Board may obtain, at Employer's expense, a report that meets the Board's trust administration and financial reporting needs. At the Board's option, the Board may recover the costs of obtaining the report either by billing and collecting such amount from Employer or through a deduction from Employer's Prefunding Account (as defined in Paragraph D(2) below).

(3) Employer shall notify the Board in writing of the amount and timing of contributions to the CEPPT, which contributions shall be made in the manner established by the Board and in accordance with the terms of this Agreement and any procedures adopted by the Board.

(4) The Board may limit Employer's contributions to the CEPPT to the amount necessary to fully fund the actuarial present value of total projected benefit payments not otherwise prefunded through the applicable Employer Pension Plan (Unfunded PVFB), as set forth in Employer's cost report for the applicable period. If Employer's contribution would cause the assets in Employer's Prefunding Account to exceed the Unfunded PVFB, the Board may refuse to accept the contribution. If Employer's cost report for the applicable period does not set forth the Unfunded PVFB, the Board may

## Attachment B

refuse to accept a contribution from Employer if the contribution would cause the assets in Employer's Prefunding Account to exceed Employer's total pension liability, as set forth in Employer's cost report.

(5) No contributions are required. Contributions can be made at any time following the effective date of this Agreement if Employer has first complied with the requirements of this Agreement, including Paragraph C.

(6) Employer acknowledges and agrees that assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a), and will not become assets of such a plan unless and until such time as they are distributed from the CEPPT and deposited into an Employer Pension Plan.

### D. Administration of Accounts; Investments; Allocation of Income

(1) The Board has established the CEPPT as a trust fund consisting of an aggregation of separate single-employer accounts, with pooled administrative and investment functions.

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the CEPPT (Employer's Prefunding Account). Assets in Employer's Prefunding Account will be held for the exclusive purpose of funding Employer's contributions to its Employer Pension Plan(s) and defraying the administrative expenses of the CEPPT.

(3) The assets in Employer's Prefunding Account may be aggregated with the assets of other participating employers and may be co-invested by the Board in any asset classes appropriate for a Code Section 115 trust, subject to any additional requirements set forth in applicable law, including, but not limited to, subdivision (d) of GC Section 21711. Employer shall select between available investment strategies in accordance with applicable Board procedures.

(4) The Board may deduct the costs of administration of the CEPPT from the investment income of the CEPPT or from Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income earned shall be allocated among participating employers and posted to Employer's Prefunding Account daily Monday through Friday, except on holidays, when the allocation will be posted the following business day.

(6) If, at the Board's sole discretion and in compliance with accounting and legal requirements applicable to an Investment Trust Fund and to a Code Section 115 compliant trust, the Board determines to its satisfaction that all obligations to pay defined benefit pension plan benefits in accordance with the applicable Employer Pension Plan terms have been satisfied by payment or by defeasance with no remaining risk regarding the amounts to be paid or the value of assets held in the

## Attachment B

CEPPT, then the residual Employer assets held in Employer's Prefunding Account may be returned to Employer.

### E. Reports and Statements

- (1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.
- (2) The Board, at its discretion but at least annually, shall prepare and provide a statement of Employer's Prefunding Account reflecting the balance in Employer's Prefunding Account, contributions made during the period covered by the statement, investment income allocated during such period, and such other information as the Board may determine.

### F. Disbursements

- (1) Employer may receive disbursements from the CEPPT not to exceed, on an annual basis, the amount of the total annual Employer contributions to Employer's Pension Plan for such year.
- (2) Employer shall notify the Board in writing in the manner specified by the Board of the persons authorized to request disbursements from the CEPPT on behalf of Employer.
- (3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board, and the Board may rely conclusively upon such writing. The Board may, but is not required to, require that Employer certify or otherwise demonstrate that amounts disbursed from Employer's Prefunding Account will be used solely for the purposes of the CEPPT. However, in no event shall the Board have any responsibility regarding the application of distributions from Employer's Prefunding Account.
- (4) No disbursement shall be made from the CEPPT which exceeds the balance in Employer's Prefunding Account.
- (5) Requests for disbursements that satisfy the above requirements will be processed on at least a monthly basis.
- (6) The Board shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements, and is under no duty to make any investigation or inquiry about the correctness of such instruction. In the event of any other erroneous disbursement, the extent of the Board's liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.



## Attachment B

### G. Costs of Administration

Employer shall pay its share of the costs of administration of the CEPPT, as determined by the Board and in accordance with Paragraph D.

### H. Termination of Employer's Participation in the CEPPT

(1) The Board may terminate Employer's participation in the CEPPT if:

- (a) Employer's governing body gives written notice to the Board of its election to terminate; or
- (b) The Board determines, in its sole discretion, that Employer has failed to satisfy the terms and conditions of applicable law, this Agreement or the Board's rules, regulations or procedures.

(2) If Employer's participation in the CEPPT terminates for either of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the CEPPT, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D, and Employer shall remain subject to the terms of this Agreement with respect to such assets.

(3) After Employer's participation in the CEPPT terminates, Employer may not make further contributions to the CEPPT.

(4) After Employer's participation in the CEPPT terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After Employer's participation in the CEPPT terminates, the governing body of Employer may request either:

- (a) A trustee to trustee transfer of the assets in Employer's Prefunding Account to a trust dedicated to prefunding Employer's required pension contributions; provided that the Board shall have no obligation to make such transfer unless the Board determines that the transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties. If the Board determines that the transfer will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the transfer. The amount to be transferred shall be the amount in Employer's Prefunding Account as of the date of the transfer (the "transfer date") and shall include investment earnings up to an investment earnings allocation date preceding the transfer date. In no event shall the investment earnings allocation date precede the transfer date by more than 150 days.

## Attachment B

- (b) A disbursement of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such disbursement unless the Board determines that, in compliance with the Code, other law and accounting standards, and the Board's fiduciary duties, all of Employer's obligations for payment of defined benefit pension plan benefits and reasonable administrative costs of the Board have been satisfied. If the Board determines that the disbursement will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the disbursement. The amount to be disbursed shall be the amount in Employer's Prefunding Account as of the date of the disbursement (the "disbursement date") and shall include investment earnings up to an investment earnings allocation date preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement date by more than 150 days.

(6) After Employer's participation in the CEPPT terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate. To the extent that assets remain in Employer's Prefunding Account, this Agreement shall remain in full force and effect.

(7) If, for any reason, the Board terminates the CEPPT, the assets in Employer's Prefunding Account shall be paid to Employer to the extent permitted by law and Code Section 115 after retention of (i) an amount sufficient to pay the Unfunded PVFB as set forth in a current defined benefit pension plan(s) cost report prepared in compliance with ASOP and the requirements of Paragraph C(1), and (ii) amounts sufficient to pay reasonable administrative costs of the Board. Amounts retained by the Board to pay the Unfunded PVFB shall be transferred to (i) another Code Section 115 trust dedicated to prefunding Employer's required pension contributions, subject to the Board's determination that such transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties or (ii) Employer's Pension Plan, subject to acceptance by Employer's Pension Plan.

(8) If Employer ceases to exist but Employer's Prefunding Account continues to exist, and if no provision has been made to the Board's satisfaction by Employer with respect to Employer's Prefunding Account, the Board shall be permitted to identify and appoint a successor to Employer under this Agreement, provided that the Board first determines, in its sole discretion, that there is a reasonable basis upon which to identify and appoint such a successor and provided further that such successor agrees in writing to be bound by the terms of this Agreement. If the Board is unable to identify or appoint a successor as provided in the preceding sentence, then the Board is authorized to appoint a third-party administrator or other successor to act on behalf of Employer under this Agreement and to otherwise carry out the intent of this Agreement with respect to Employer's Prefunding Account. Any and all costs associated with such appointment shall be paid from the assets attributable to Employer's Prefunding Account. At the Board's option, and subject to acceptance by Employer's Pension Plan,

## Attachment B

the Board may instead transfer the assets in Employer's Prefunding Account to Employer's Pension Plan and terminate this Agreement.

(9) If the Board determines, in its sole discretion, that Employer has breached the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the CEPPT.

### I. Indemnification

Employer shall indemnify, defend, and hold harmless CalPERS, the Board, the CEPPT, and all of the officers, trustees, agents and employees of the foregoing from and against any loss, liability, claims, causes of action, suits, or expense (including reasonable attorneys' fees and defense costs, lien fees, judgments, fines, penalties, expert witness fees, appeals, and claims for damages of any nature whatsoever) not charged to the CEPPT and imposed as a result of, arising out of, related to or in connection with (1) the performance of the Board's duties or responsibilities under this Agreement, except to the extent that such loss, liability, suit or expense results or arises from the Board's own gross negligence, willful misconduct or material breach of this Agreement, or (2) without limiting the scope of Paragraph F(6) of this Agreement, any acts taken or transactions effected in accordance with written directions from Employer or any of its authorized representatives or any failure of the Board to act in the absence of such written directions to the extent the Board is authorized to act only at the direction of Employer.

### J. General Provisions

#### (1) Books and Records

Employer shall keep accurate books and records connected with the performance of this Agreement. Such books and records shall be kept in a secure location at Employer's office(s) and shall be available for inspection and copying by the Board and its representatives.

#### (2) Notice

(a) Any notice or other written communication pursuant to this Agreement will be deemed effective immediately upon personal delivery, or if mailed, three (3) days after the date of mailing, or if delivered by express mail or e-mail, immediately upon the date of confirmed delivery, to the following:

For the Board:

Filing by mail, send to:  
CalPERS  
CEPPT  
P.O. Box 1494  
Sacramento, CA 95812-1494

## Attachment B

Filing in person, deliver to:  
CalPERS Mailroom  
CEPPT  
400 Q Street  
Sacramento, CA 95811

For Employer:

(b) Either party to this Agreement may, from time to time by notice in writing served upon the other, designate a different mailing address to which, or a different person to whom, all such notices thereafter are to be addressed.

### (3) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of this Agreement shall survive the termination of this Agreement.

### (4) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

### (5) Necessary Acts; Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

### (6) Incorporation of Amendments to Applicable Laws and Accounting Standards

Any references to sections of federal or state statutes or regulations or accounting standards shall be deemed to include a reference to any amendments thereof and any successor provisions thereto.

Attachment B

(7) Days

Wherever in this Agreement a set number of days is stated or allowed for a particular event to occur, the days are understood to include all calendar days, including weekends and holidays, unless otherwise stated.

(8) No Third Party Beneficiaries

Except as expressly provided herein, this Agreement is for the sole benefit of the parties hereto and their permitted successors and assignees, and nothing herein, expressed or implied, will give or be construed to give any other person any legal or equitable rights hereunder. Notwithstanding the foregoing, CalPERS, the CEPPT, and all of the officers, trustees, agents and employees of CalPERS, the CEPPT and the Board shall be considered third party beneficiaries of this Agreement with respect to Paragraph I above.

(9) Counterparts

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

A majority vote of Employer's Governing Body at a public meeting held on the \_\_\_\_\_ day of the month of \_\_\_\_\_ in the year \_\_\_\_\_, authorized entering into this Agreement.

Signature of the Presiding Officer: \_\_\_\_\_

Printed Name of the Presiding Officer: \_\_\_\_\_

Name of Governing Body: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

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

Attachment B

BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_

ARNITA PAIGE  
DIVISION CHIEF, PENSION CONTRACT AND PREFUNDING PROGRAMS  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS

The effective date of this Agreement is: \_\_\_\_\_



California Public Employees' Retirement System  
California Employers' Pension Prefunding Trust (CEPPT)  
400 Q Street, Sacramento, CA 95811  
www.calpers.ca.gov

Delegation of Authority to Request Disbursements  
California Employers' Pension Prefunding Trust  
(CEPPT)

RESOLUTION  
OF THE

\_\_\_\_\_  
(GOVERNING BODY)

OF THE

\_\_\_\_\_  
(NAME OF EMPLOYER)

The \_\_\_\_\_ delegates to the incumbents  
(GOVERNING BODY)

in the positions of \_\_\_\_\_ and  
(TITLE)

\_\_\_\_\_, and/or  
(TITLE)

\_\_\_\_\_ authority to request on behalf of the  
(TITLE)

Employer disbursements from the Pension Prefunding Trust and to certify as to the purpose  
for which the disbursed funds will be used.

By \_\_\_\_\_

Title \_\_\_\_\_

Witness \_\_\_\_\_

Date \_\_\_\_\_



California Public Employees' Retirement System  
 California Employers' Pension Prefunding Trust (CEPPT)  
 400 Q Street, Sacramento, CA 95811  
 www.calpers.ca.gov

**California Employers' Pension Prefunding Trust (CEPPT)  
 CERTIFICATION OF FUNDING POLICY**

**EMPLOYER NAME:** \_\_\_\_\_

**SECTION I: CEPPT Asset Allocation Strategy Selection**

As the employer, I certify that my agency chooses the following CEPPT asset allocation strategy (select one):

CEPPT Asset Allocation Strategy	10 Year Expected Rate of Return	Expected Volatility (Standard Deviation)
<b>Strategy 1</b>	5.0%	8.2%
<b>Strategy 2</b>	4.0%	5.2%
<b>Concurrent Enrollment</b>	-	-

**SECTION II: Contributions and Reimbursements**

As the employer, I certify that we intend to make CEPPT contributions and request eligible reimbursements in the following manner:

**Contributions:**

We intend to make an initial contribution of \$ \_\_\_\_\_ on or around \_\_\_\_\_.  
(MM/YYYY)

For fiscal year ending June 30, \_\_\_\_\_ we intend to contribute the estimated following amount(s) in:  
(YYYY)

Strategy 1: \$ \_\_\_\_\_ and/or

Strategy 2: \$ \_\_\_\_\_

For fiscal year ending June 30, \_\_\_\_\_ we intend to contribute the estimated following amount(s) in:  
(YYYY)

Strategy 1: \$ \_\_\_\_\_ and/or

Strategy 2: \$ \_\_\_\_\_





California Public Employees' Retirement System  
California Employers' Pension Prefunding Trust (CEPPT)  
400 Q Street, Sacramento, CA 95811  
www.calpers.ca.gov

**California Employers' Pension Prefunding Trust (CEPPT)  
CERTIFICATION OF FUNDING POLICY**

**Reimbursements:**

During the two years period identified above, do you intend to seek a reimbursement?

Yes

No

If you answered yes:

For fiscal year ending June 30, \_\_\_\_\_ we intend to seek an approximate reimbursement of \$ \_\_\_\_\_.  
(YYYY)

For fiscal year ending June 30, \_\_\_\_\_ we intend to seek an approximate reimbursement of \$ \_\_\_\_\_.  
(YYYY)

**COMMENTS:**

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California Public Employees' Retirement System  
California Employers' Pension Prefunding Trust  
(CEPPT)  
400 Q Street, Sacramento, CA 95811  
www.calpers.ca.gov

**California Employers' Pension Prefunding Trust (CEPPT)  
CERTIFICATION OF FUNDING POLICY**

We understand we will be asked to provide information to CalPERS as required to facilitate compliance with Governmental Accounting Standards Board (GASB) reporting requirements and we agree to provide this information to CalPERS on a timely basis.

We understand that CEPPT will be reported in aggregate as a fiduciary fund for CalPERS reporting. CEPPT assets will not be reported under GASB 67/68.

We understand that the cash flow information provided in Section II are estimated amounts and is being used for CEPPT asset management purposes. There is no implied commitment to contribute or reimburse.

\_\_\_\_\_  
Employer Name

\_\_\_\_\_  
Printed Name of Person Signing the Form

\_\_\_\_\_  
Title of Person Signing the Form

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Designated Employer Contact Name

\_\_\_\_\_  
Title of Designated Employer Contact

\_\_\_\_\_  
Phone #

\_\_\_\_\_  
Email Address



California Public Employees' Retirement System  
California Employers' Pension Prefunding Trust  
(CEPPT)  
400 Q Street, Sacramento, CA 95811  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

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## **California Employers' Pension Prefunding Trust (CEPPT) CERTIFICATION OF FUNDING POLICY**

**This page provides instructions to complete each section of the Certification of Pension Funding Policy.**

### **SECTION I: CEPPT Asset Allocation Strategy Selection**

Your CEPPT assets will be invested using the asset allocation strategy checked here. Each strategy has a different assumed 10 year expected rate of return and risk profile.

### **SECTION II: Contributions and Reimbursements**

Here we ask you to indicate how you expect to make contributions to, and seek reimbursement from, the trust. All contributions are voluntary and never required. This section is for informational purpose. There is no implied commitment to contribute or reimburse. Information provided is intended for investment forecast and asset management purposes.

# CERBT Strategy 2



## Objective

The CERBT Strategy 2 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

## Strategy

The CERBT Strategy 2 portfolio is invested in various asset classes. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CERBT Strategy 1 and Strategy 3, this portfolio has a moderate allocation to equities, bonds and other assets. Historically, equities have displayed greater price volatility and therefore, this portfolio may experience comparatively less fluctuation of value compared to CERBT Strategy 1 but more fluctuation of value compared to CERBT Strategy 3. Employers that seek a moderate approach to investing may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

## Assets Under Management

As of the specified reporting month-end:

CERBT Strategy 2	Annual Expense Ratio
\$1,494,292,795	0.10%

## Composition

### Asset Class Allocations and Benchmarks

The CERBT Strategy 2 portfolio consists of the following asset classes and corresponding benchmarks:

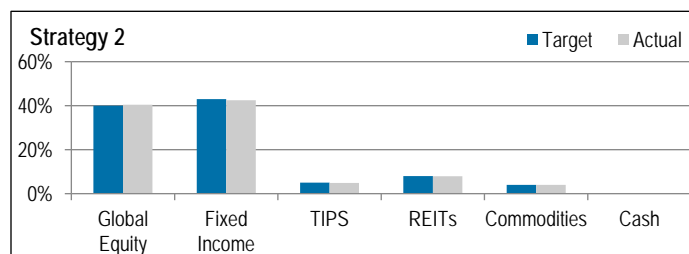
Asset Class	Target Allocation <sup>1</sup>	Target Range	Benchmark
Global Equity	40%	± 5%	MSCI All Country World Index IMI (net)
Fixed Income	43%	± 5%	Bloomberg Barclays Long Liability Index
Treasury Inflation-Protected Securities ("TIPS")	5%	± 3%	Bloomberg Barclays US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	8%	± 5%	FTSE EPRA/NAREIT Developed Index (net)
Commodities	4%	± 3%	S&P GSCI Total Return Index
Cash	-	+ 2%	91 Day Treasury Bill

## Portfolio Benchmark

The CERBT Strategy 2 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

## Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation for a particular asset class based on market, economic, or other considerations.



CERBT Strategy 2 Performance as of July 31, 2020							
	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	Since Inception* (October 1, 2011)
Gross Return <sup>1,3</sup>	3.83%	8.91%	3.83%	9.10%	7.03%	6.46%	7.61%
Net Return <sup>2,3</sup>	3.82%	8.89%	3.82%	9.01%	6.94%	6.37%	7.50%
Benchmark Returns	3.81%	8.79%	3.81%	8.79%	6.75%	6.09%	7.30%
Standard Deviation <sup>4</sup>	-	-	-	-	8.93%	7.99%	7.61%

Performance quoted represents past performance, which is no guarantee of future results that may be achieved by the fund.

\* Returns for periods greater than one year are annualized.

<sup>1</sup> Gross performance figures are provided net of SSGA operating expenses.

<sup>2</sup> Net Performance figures deduct all expenses to the fund, including investment management, administrative and recordkeeping fees.

<sup>3</sup> See the Expense section of this document.

<sup>4</sup> Standard Deviation is based on gross returns.

# CERBT Strategy 2



## General Information

### Information Accessibility

The CERBT Strategy 2 portfolio consists of assets managed internally by CalPERS and/or by external managers. Since it is not a mutual fund, a prospectus is not available and daily holdings are not published. CalPERS provides a quarterly statement of the employer's account and other information about the CERBT. For total market value, detailed asset allocation, investment policy and current performance information, please visit our website at: [www.calpers.ca.gov](http://www.calpers.ca.gov).

### Portfolio Manager Information

The CalPERS Board, through its Investment Committee directs the CERBT investment strategy based on policies approved by the Board of Administration. State Street Global Advisors (SSGA) manages all underlying investments for CERBT, which includes: Global Equity, Fixed Income, Real Estate Investment Trusts, Treasury Inflation-Protected Securities, and Commodities.<sup>1</sup>

### Custodian and Record Keeper

State Street Bank serves as custodian for the CERBT. Northeast Retirement Services serves as recordkeeper.

### Expenses

CERBT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the expenses, the greater the reduction of investment return. Currently, CERBT expense ratios are 0.10% which consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to SSGA to manage all asset classes, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per unit. The expense ratio is subject to change at any time and without prior notification due to factors such as changes to average fund assets or market conditions. CalPERS reviews the operating expenses annually and changes may be made as appropriate. Even if the portfolio loses money during a period, the expenses will still be charged.

## What Employers Own

Each employer invested in CERBT Strategy 2 owns units of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

## Price

The value of the portfolio changes daily based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

## Principal Risks of the Portfolio

The CalPERS CERBT Fund provides California government employers with a trust through which they may prefund retiree medical costs and other post-employment benefits (OPEB). CERBT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives or provide sufficient funding to meet employer obligations. Further, CalPERS will not make up the difference between an employer's CERBT assets and the actual cost of OPEB provided to an employer's plan members.

An investment in the portfolio is not a bank deposit, nor is it insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CERBT Principal Investment Risks" located at [www.calpers.ca.gov](http://www.calpers.ca.gov).

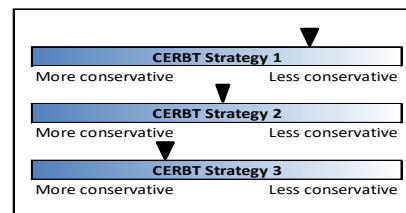
## Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit [www.calpers.ca.gov](http://www.calpers.ca.gov) and follow the links to California Employers' Retiree Benefit Trust.

## CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Projected risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations	Strategy 1	Strategy 2	Strategy 3
Global Equity	59%	40%	22%
Fixed Income	25%	43%	49%
Treasury Inflation-Protected Securities	5%	5%	16%
Real Estate Investment Trusts	8%	8%	8%
Commodities	3%	4%	5%



<sup>1</sup> Since June 2018 SSGA has passively managed all CERBT asset classes. Previously Fixed Income, TIPS and Commodity asset classes were managed internally by CalPERS.



# REPORT

DATE: September 17, 2020  
TO: Governing Board  
FROM: Marisa Creter, Executive Director  
RE: **FY 20-21 BOARD OFFICER ELECTION**

## **RECOMMENDED ACTIONS**

1. Appoint the following officers for FY 20-21 (effective October 1, 2020):
  - President: Margaret Clark
  - 1<sup>st</sup> Vice President: Becky Shevlin
  - 2<sup>nd</sup> Vice President: Tim Hepburn
2. Hold an election for the office of 3rd Vice President and upon a candidate receiving a majority of votes cast, appoint the 3<sup>rd</sup> Vice President (effective October 1, 2020).

## **BACKGROUND**

At the August 20 Governing Board meeting, an action was approved to hold the FY 20-21 Board Officer elections using an electronic survey via SurveyMonkey and to have this election take place during the September 17 Governing Board Meeting.

To be eligible for an office, nominations were required to be submitted in writing to the SGVCOG via email by August 31. The following nominations were received by the nomination deadline:

Nominee	Officer Position			
	President	1st VP	2nd VP	3rd VP
Margaret Clark (Rosemead)	X			
Becky Shevlin (Monrovia)		X		
Tim Hepburn (La Verne)			X	
Ed Reece (Claremont)				X
Diana Mahmud (South Pasadena)				X
<b>Total Candidates:</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>

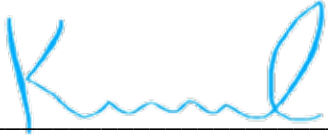
## **ELECTRONIC SURVEY ELECTION/VOTING PROCEDURES**


The election process will be as follows:

- **Election Official:** The SGVCOG General Counsel will serve as the SGVCOG's election parliamentarian. Any concerns or questions should be directed to him.

- **Election of President, 1st, and 2nd Vice-President:** Given that there was only one nomination received for the President, 1st and 2nd Vice Presidents, these candidates will be presented to the Board for appointment to their respective offices with an effective date of office beginning October 1, 2020. Additional nominations from the floor will not be accepted.
- **Election of 3<sup>rd</sup> Vice-President:** Given that there were two nominations received for the 3<sup>rd</sup> Vice-President position, an election will be held via an electronic survey. Additional nominations from the floor will not be accepted. The election will be conducted as follows:
  1. Each candidate will be given three minutes to address the Governing Board to present their experience and qualifications for the position. Candidates for each position will speak in alphabetical order based on city / member agency name. In addition, candidates were given an opportunity to submit written statements of qualification. Statements that were submitted are included as attachments to this staff report.
  2. After each candidate has made their presentations, staff will distribute one electronic survey via SurveyMonkey to each Board Member (or the designated alternate if the regular Board Member is not present) in attendance at the meeting through email. The meeting will be recessed by the President for 10 minutes to provide Board Members with the opportunity to cast their vote. To be considered in the final tally, Board Members must select only one candidate for 3<sup>rd</sup> Vice-President, date their survey, and write the name of the agency they represent on the survey. Prior to tallying the surveys, staff will confirm that all surveys are identified and completed by the Board Member or the designated alternate. If a survey is incomplete or cannot be identified, staff will make a reasonable attempt to identify who completed the survey and notify that person that the survey was not completed or completed incorrectly and provide an opportunity to rectify the mistake. If a survey is not ultimately completed in accordance with this paragraph by a person authorized to vote, it will not be counted.
  3. Staff will tally the survey results and provide those results to General Counsel. Upon being apprised of the results, General Counsel will notify the President and announce the final results in open session. In the event of a tie, the tie will be announced in open session and staff will redistribute the survey link. Successive ballots will be cast until the tie is broken or the Board determines to hold the election for 3<sup>rd</sup> Vice President on a different date.
  4. Once a candidate receives a majority of the votes cast, the Governing Board would affirm the election results and appoint that candidate as the 3<sup>rd</sup> Vice President via motion.
- **Survey Results:** Pursuant to the Brown Act and SGVCOG Bylaws, the individual Survey of each Board Member is a public record and available for Board Member and public review.
- **Term of Office:** Newly elected officers will begin their term on October 1, 2020.



Prepared by:   
Katie Ward  
Senior Management Analyst

Approved by:   
Marisa Creter  
Executive Director

**ATTACHMENTS**

Attachment A - Diana Mahmud (South Pasadena) Submitted Candidate Statement

## Attachment A

### **Diana Mahmud Candidate Statement**

September 15, 2020

I strongly support the mission of the SGVCOG, and wish to continue to participate in a policy-making role on the Executive Committee. Having spent my entire legal career in local government, I am uniquely qualified to serve as Third Vice President.

As Chair of the COG Water Policy I have served on the Executive Committee for almost five years, except when I persuaded another Committee member to serve as Chair. I believe the Committee is strengthened when others can serve in a leadership role, particularly because of the steep learning curve regarding the technical and legal issues considered by the Committee. I have again stepped aside so another can serve as Chair, to enhance the COG's ability to advocate for its members. I am proud to say the COG is a recognized regional leader on water issues, due to the cumulative strength of its leadership and its very capable staff.

# REPORT

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DATE: September 17, 2020

TO: Governing Board

FROM: Marisa Creter, Executive Director

**RE: SGVCOG LEGISLATIVE PROGRAM UPDATE PRESENTATION**

## **RECOMMENDED ACTION**

Direct staff to report to the Executive Committee on a regular or as-needed basis on state and federal legislation not currently overseen by the existing COG policy committees.

## **BACKGROUND**

SGVCOG annually adopts a legislative program of objectives in the core regional policy areas of water, transportation, homelessness, energy and the environment, aligning closely with the adopted Strategic Plan. An oral update presentation was thought to be desirable at this time because the legislative objectives and funding needs of SGVCOG member agencies have evolved in response to the COVID-19 pandemic and economic downturn.

In addition, although oversight of legislative matters is incorporated in the existing SGVCOG policy committee structure, there are legislative matters important to member agencies that fall outside these policy areas. These legislative matters include COVID-19 response, economic recovery, housing and local control. The action recommended by staff will ensure that SGVCOG can take timely action on matters of importance to its member-agencies and in response to often fast-moving legislative developments in Sacramento and Washington, D.C. If approved by the Governing Board, staff and SGVCOG's lobbyist in Sacramento, Mr. Tim Egan, would be asked to report on state and federal matters at the next meeting of the Executive Committee in October.

Prepared by: Paul R. Hubler  
Paul Hubler  
Director of Government and Community Relations

Approved by: Marisa Creter  
Marisa Creter  
Executive Director