



# San Gabriel Valley Council of Governments

## NOTICE OF THE **SPECIAL MEETING OF THE CITY MANAGERS' STEERING COMMITTEE**

**Date: Wednesday, May 2, 2018 – 12 noon**

**Location: Upper San Gabriel Valley Municipal Water District Office  
602 E. Huntington Drive, Suite B, Monrovia, California 91016**

*Chair*  
**Dominic Lazzaretto**  
Arcadia

*Vice-Chair*  
**Bob Russi**  
La Verne

*Immediate Past-Chair*  
**Chris Jeffers**  
Glendora

*Northeast Representatives*  
**Blaine Michaelis**  
San Dimas

*Southeast Representatives*  
**Brian Saeki**  
Covina  
**Linda Lowry**  
Pomona

*Central Representatives*  
**Shannon Yauchzee**  
Baldwin Park  
**Chris Freeland**  
West Covina

*Southwest Representatives*  
**Jessica Binnquist**  
Alhambra  
**Bryan Cook**  
Temple City

*Northwest Representatives*  
**Darrell George**  
Duarte  
**Oliver Chi**  
Monrovia

*At-Large*  
**Mark Alexander**  
La Canada Flintridge

Thank you for participating in the City Managers' Steering Committee meeting. The City Managers' Steering Committee encourages public participation and invites you to share your views on agenda items.

**MEETINGS:** *Regular Meetings of the City Managers' Steering Committee are held on the first Wednesday of each month at 12:00 noon at the Foothill Transit Office (100 S. Vincent Ave., Suite 200 West Covina, CA 91790.* The City Managers' Steering Committee 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 Committee 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.

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

**TO ADDRESS THE CITY MANAGERS' STEERING COMMITTEE:** At a regular meeting, the public may comment on any matter within the jurisdiction of the Committee 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. If several persons wish to address the Committee on a single item, the Chair may impose a time limit on individual remarks at the beginning of discussion. **The City Managers' Steering Committee may not discuss or vote on items not on the agenda.**

**AGENDA ITEMS:** The Agenda contains the regular order of business of the City Managers' Steering Committee. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the City Managers' Steering Committee 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 Committee 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 Committee.



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.



**PRELIMINARY BUSINESS**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Comment (*If necessary, the Chair 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

**CONSENT CALENDAR**

6. City Managers' Steering Committee Minutes - Page 1  
*Recommended Action: Approve City Managers' Steering Committee Minutes.*

**PRESENTATIONS**

7. Los Angeles County 2020 Census Planning and Outreach – Jason Tajima, Chief Executive Office, County of Los Angeles  
*Recommended Action: For information only.*

**ACTION ITEMS.**

8. Draft Accounting and Financial Policies Procedures Manual - Page 3  
*Recommended Action: Recommend Governing Board approve updates to the SGVCOG Accounting and Financial Policies Procedures Manual*

**DISCUSSION ITEMS**

9. FY 18-19 Draft Capital & Construction Projects Budget - Page 29  
*Recommended Action: For Information only.*
10. Municipal Compliance Issues with the LA County Fire Department  
*Recommended Action: For information only.*

**UPDATE ITEMS**

11. Capital & Construction Project Update  
*Recommended Action: For information only.*
12. Executive Director's Monthly Report – Oral Report  
*Recommended Action: For information only.*

**COMMITTEE MEMBER ITEMS**

**ANNOUNCEMENTS**

**CLOSED SESSION**

13. CONFERENCE WITH LABOR NEGOTIATORS: Agency designated representatives: Marisa Creter, Kimberly Hall Barlow, Richard D. Jones, Dominic Lazzaretto, Bob Russi, Brian Saeki, and Chris Jeffers; Unrepresented employees: All unrepresented employees pursuant to California Government Code section 54957.6.  
*Recommended Action: Discuss and provide direction.*

**ADJOURN**



**SGVCOG City Managers' Steering Committee Unapproved Minutes**  
**April 4, 2018**  
**12:00 Noon**  
**Foothill Transit**

1. Call to order. The meeting was called to order at 12:05 PM.
2. Pledge of Allegiance.
3. Roll Call

**Members Present:**

Alhambra, J. Binnquist  
 Arcadia, D. Lazzaretto  
 Baldwin Park, S. Yauchzee  
 Glendora, C. Jeffers  
 La Canada Flintridge, M. Alexander  
 Pomona, L. Lowry  
 San Dimas, B. Michaelis  
 Temple City, B. Cook  
 West Covina, C. Freeland

**Members Absent:**

Covina  
 Duarte  
 La Verne  
 Monrovia

**SGVCOG Staff/Guests:**

M. Creter, Executive Director  
 K. Ward, SGVCOG Staff  
 K. Barlow, Jones & Mayer  
 M. Flad, South Gate  
 R. Barbosa, South El Monte  
 K. Kearney, Bradbury

4. Public Comment.  
 There were no public comments.
5. Changes to Agenda Order.  
 There were no changes to the agenda.

**CONSENT CALENDAR**

6. City Managers' Steering Committee Minutes  
**There was a motion to approve the consent calendar (M/S: C. Freeland/C. Jeffers).**

**[MOTION PASSED]**

<b>AYES:</b>	Alhambra, Arcadia, Baldwin Park, La Verne, Glendora, Pomona, La Canada Flintridge, San Dimas, Temple City, West Covina
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Covina, Monrovia, La Verne, Duarte

**PRESENTATIONS**

7. Service Delivery/Cost Comparison Study  
 Mike Flad, City Manager, City of South Gate presented on this item. There was interest to

explore the opportunity to conduct a similar study by forming a sub-committee the following cities: Temple City, Alhambra, La Canada Flintridge, Arcadia, Glendora, South El Monte. The SGVCOG will follow-up to coordinate a group conference call to discuss next steps.

**ACTION ITEMS**

8. Draft Employee Handbook

There was a recommendation to add a provision that specifies donating sick leave will give up this portion of the service credit to CALPERS. There was a request to clarify vacation time. Members requested that the voluntary sick leave program be removed from the employee handbook at this time. If the voluntary sick leave program is reconsidered at a future date, there was a suggestion to consider the voluntary sick leave program be altered to reflect a donation pot, where employees would be able to donate to sick leave pool on a voluntary basis.

**There was a motion to recommend the Governing Board authorize Board approve updates to the SGVCOG employee handbook (M/S: C. Jeffers/ J. Binnquist).**

**[MOTION PASSED]**

<b>AYES:</b>	Alhambra, Arcadia, Baldwin Park, La Verne, Glendora, Pomona, La Canada Flintridge, San Dimas, Temple City, West Covina
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Covina, Monrovia, La Verne, Duarte

**DISCUSSION ITEMS**

9. FY 2018-19 Draft Budget

M. Creter reported on this item. There was a recommendation to list all SGVCOG/ACE employees on cover page of the budget.

**UPDATE ITEMS**

10. Update on ACE/COG Integration

M. Creter reported on this item.

11. Executive Director’s Monthly Report

No additional items to report.

**CLOSED SESSION**

**COMMITTEE MEMBER ITEMS**

**ANNOUNCEMENTS**

**ADJOURN**

The meeting adjourned at 1:35 p.m.

# REPORT

DATE: May 31, 2018

TO: Executive Committee  
City Managers' Steering Committee  
Governing Board

FROM: Marisa Creter, Executive Director

RE: **UPDATED FINANCIAL AND ACCOUNTING POLICIES AND PROCEDURES**

## **RECOMMENDED ACTION**


Recommend the Governing Board approve updated SGVCOG financial and accounting policies manual.

## **BACKGROUND**

Attached is the consolidated draft accounting and financial policies and procedures manual. The draft manual was reviewed by the Ad Hoc Integration Committee. There were no requested changes. The significant updates include the following:

- **Consolidation of Positions:** The positions and associated accounting/finance duties have been consolidated to reflect the newly integrated organization. This includes the addition of the Chief Engineer position to replace duties previously associated with the ACE CEO and the removal of accounting/finance duties from the Assistant Executive Director position. A Program Manager position has also been added specific to Capital Projects.
- **Clarification of Roles:** General duties (e.g. compiling paid invoices) of the Project Assistant are now assigned to the general area of accounting/finance staff.
- **Signature Authorization:** Signers of checks have been consolidated to include the Executive Director, Finance Director, Chief Engineer, SGVCOG President, and SGVCOG First Vice President.
- **Authorization Limits:** Check authorization amounts have been updated to reflect the current ACE procedure, with amounts of \$5,000 or less requiring one authorized signature and amounts over \$5,001 and above requiring two authorized signatures.
- **Accounts Payable:** Two separate processes have been added to distinguish between construction/capital projects and non-construction/capital projects.

Prepared by: \_\_\_\_\_



Katie Ward  
Senior Management Analyst

Approved by: \_\_\_\_\_



Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A– Draft Financial and Accounting Policies and Procedures Manual



**SAN GABRIEL VALLEY  
COUNCIL OF GOVERNMENTS**

**ACCOUNTING AND  
FINANCIAL POLICIES  
AND PROCEDURES**

## **INTRODUCTION**

The San Gabriel Valley Council of Governments (SGVCOG) Accounting and Financial Policies and Procedures Manual is intended to provide an overview of established guidelines for the financial management of the SGVCOG. This document formalizes accounting and financial procedures for staff and document internal controls. Furthermore, policies will example efforts toward transparency, separation of duty as well as protecting the overall integrity of processes.

## **ROLES & RESPONSIBILITIES**

### **THE GOVERNING BOARD & COMMITTEES**

The SGVCOG Governing Board meets monthly to review, discuss and approve staff recommendations relevant to the mission of the SGVCOG. These monthly meetings also provide an opportunity for staff to report or address financial information including monthly warrant registers. Quarterly the Board is presented quarterly with financial reports detailing fiscal year budget status, expenditures by project and grant reimbursement information. Capital construction project reports will also include schedule and construction progress status. Annually the Governing Board will review and approve a fiscal year budget.

The Board has also delegated Committees to assist in fulfilling financial oversight. They include:

- Capital Projects and Construction Committee
- City Managers Steering Committee
- Executive Committee

### **STAFF**

In order to ensure efficiency various levels of approvals and reviews are necessary. The finance department is responsible for keeping accurate records of receivables, grant billing reimbursements, budgeting and investments. An accounting system shall be used for processing invoices, creating reimbursement invoices and documenting history of each transaction. Below is the responsibilities of staff with regard to the finance and accounting duties of the SGVCOG:

#### **Executive Director**

- Provides day-to day management and implementation of SGVCOG policies
- Reviews final financial reports (budget, monthly/quarterly & bank transaction reports)
- Executes contracts and agreements
- Authorization of bank transactions
- Approves invoices

#### **Director of Finance**

- Prepares annual budget
- Prepares annual Indirect Cost Allocation Plan (ICAP)
- Prepares monthly and quarterly financial reports
- Ensures compliance with SGVCOG investment policy



- Authorization of bank transactions

### **Senior Accountant**

- Reviews and posts account payables, journal entries
- Prepares check batch
- Prepares warrant register
- Reviews bank reconciliation
- Initiator of electronic fund transfers

### **Accountant(s)**

- Tracks accounts receivable
- Reconciles account balance sheets
- Prepares and records journal entries
- Prepares bank reconciliation
- Prepares grant billing
- Prints checks

### **Project Assistant**

- Processes invoices for non-capital projects
- Reconciles credit card billing statements
- Maintains and accounts for petty cash

### **Administrative Services Manager**

- As Human Resources agent, administers employee payroll and benefits
- Oversees processing of quarterly Governing Board stipend payments & year end W-2s
- Prepares annual State Controller's Compensation Report

### **Administrative Assistant/HR**

- Assists with employee payroll and benefits processing
- Serves as Filing Officer for Governing Board Statements of Economic Interest Filings
- Processes quarterly Governing Board stipend payments

### **Project Managers/Non-Capital Projects** *(PM refers to staff member assigned to overseeing a project)*

- Tracks grant budgets
- Ensures compliance with grant requirements
- Manages procurement processes for contracts related to projects
- Review and process contractor invoices

### **Chief Engineer**

- Manage construction project budgets
- Manage schedules for construction projects
- Executes construction-related/capital project contracts and agreements
- Approve capital project contractor invoices
- Authorization of bank transactions

### **Grants Manager/Capital Projects**

- Manage grant funding and application/restrictions
- Assist with preparation of grant applications
- Tracks grant budgets

### **Project Managers (Capital Projects)**

- Management of construction projects and budgets
- Review and approve contractor invoices

### **Program Manager (Capital Projects)**

- Tracks capital project budgets and schedules
- Second/final approval of progress payment invoices

## **ANNUAL BUDGET**

In accordance with SGVCOG bylaws, the Governing Board adopts an annual budget prior to the start of the fiscal year (July 1<sup>st</sup>). The annual fiscal year budget includes proposed programs and expenditures for the upcoming fiscal year. The budget may be amended periodically by the Governing Board to reflect variations (increases or decreases) in income or expenses during the year. In addition, it presents a fiscal year end snapshot of the projected expenses categorized by type of expenses and by program for the prior year.

The budget preparation process begins in February when the Governing Board engages in a Strategic Planning exercise to identify and evaluate desired goals and/or projects for the upcoming fiscal year. Tasks identified in the strategic plan often have identified funding resources.

At a minimum, the annual budget shall include the following information:

- ✓ Projected income
- ✓ Projected total expenditures
- ✓ Staffing levels
- ✓ Construction project cost estimates to date
- ✓ Construction project funding status
- ✓ Status of construction budget and schedules
- ✓ Status of prior fiscal year goals
- ✓ Proposed new fiscal year goals

In an effort to adhere to the public's trust and need for transparency, the final board-adopted budget shall be posted on the SGVCOG's website [sgvcog.org](http://sgvcog.org).

SGVCOG staff is responsible for operating within the financial perimeters set by the approved budget and available funding. The Executive Director shall meet at least monthly with key staff to review and update project budgets and schedules where applicable.

## REPORTING

Regular financial reporting provides valuable information on the ongoing financial condition of the SGVCOG and assures transparency

### Monthly Reports

Monthly reports, provided to the Executive Committee and SGVCOG Governing Board contain statement of balance information and monthly warrant registers.

### Quarterly Reports

Quarterly reports, presented to the SGVCOG Executive Committee and City Managers' Steering Committee and reflect a more comprehensive status of investment status, grant billing, budget forecast, project expenditures and schedules. The quarterly reports will capture the quarterly financial condition of the overall agency, with an emphasis on flagging potential risks of a project generating a deficit. The quarterly reports will include the following:

- Grants receivable aging
- Budget status
- Revenue by source status
- Trial balance
- Project funding by source
- Investment status and compliance
- Construction project allocations vs. estimated completion
- Construction expenditure forecast
- Construction project schedules
- Audit Finding Information (construction)

Applicable construction reports will also be presented to the Capital Projects & Construction Committee.

Quarterly progress and expenditure reports are also submitted, as required by METRO under the terms of a Memorandum of Understanding agreement for ACE Projects.

### Annual Financial Audit

The SGVCOG is required to perform a financial and compliance audit each fiscal year. The independent audit entails a comprehensive evaluation and opinion to confirm the statements fairly present the agency's financial position. The professional audit services will be procured to provide these services at least every five years in accordance with best management practices. The ACE Project is required by the federal government to monitor compliance with regulations governing the use of federal funds.

The annual financial and compliance audit is posted on the SGVCOG and the ACE Project websites.

## ANNUAL STATE CONTROLLERS REPORT

In accordance with Assembly Bill 341 (Government Code Section 53891), cities, counties and special districts are required to submit compensation reports to the State Controller's office annually. The request for compensation information is initiated electronically from the State Controller's office. The Human Resources agent is responsible for submitting the Compensation Report that includes employee salary and benefits information as well as compensation provided to the Board members. CalPERS also requires position salary range information to be available on the SGVCOG website.

A Planning Agency Financial Transactions Report is also provided to the State Controller's Office. This annual report, due in October is prepared by the SGVCOG contracted financial auditors with balance sheet, revenue and expenses statements obtained from the Finance Director.

## **BANKING**

The SGVCOG maintains operating and investment bank accounts with access limited to key management and Governing Board Officers.

### **Signature Authorization**

All checks issued will require one or more signatures. The following are signers on the SGVCOG bank accounts:

- Executive Director
- Finance Director
- Chief Engineer
- Governing Board President
- Governing Board First Vice President

### **Access to SGVCOG Bank Accounts**

The following have on-line access to SGVCOG bank account(s):

- Executive Director
- Finance Director
- Chief Engineer

If changes occur resulting in separation from the SGVCOG of an authorized position either of staff or Board officer, access to SGVCOG bank accounts will be immediately terminated by way of notification to the bank by either the Executive Director or Finance Director of the SGVCOG.

## **AUTHORIZATION LIMITS**

Checks in the amount of five thousand dollars (\$5,000) or less require one (1) signature from an authorized signer. Two signatures are required for checks \$5,001 and above. Check warrant registers are provided monthly to the Governing Board.

## **ACH & ONLINE WIRE TRANSFERS**

Checks, Automated Clearing House (ACH) and online wire transfers will only be issued for approved expenditures. Examples of current approved expenditures include: payment of salaries and expense reimbursements to employees, board member stipend and expense reimbursements, vendor invoices, right-of-way acquisition, construction utility and agency reimbursements.

Authorization limits for ACH and On-Line Wire Transfers carries a maximum limit that may be authorized within a 24-hour period and is as follows: \$5 million – Executive Director and Chief Engineer; \$2 million – Finance Director. Larger amounts <\$500,000 *almost always* will be attributable to construction related activities.

## Procedure

**ACH Payments:** The SGVCOG's bank is Citizens Business Bank. On-line transactions are permitted through a tiered process to ensure integrity. The process begins with accounting staff reviewing documentation for adequate approvals and supporting documentation. Thereafter a payment processing report is provided to the Senior Accountant to initiate the process of ACH. CBB has issued electronic devices with associated codes to approved personnel unique to each authorized user in which to process transactions. After verification of totals the Senior Accountant utilizes the on-line access to initiate the ACH payment request. This does not initiate the payment but rather the payment request.

As a means to authenticate each electronic transaction, CB has issued electronic devices (tokens) in which to process transactions. The token is issued to specific approved personnel unique to each authorized user. Once the on-line payments are created an electronic authentication number will be sent to the token for the user to input in order to continue the transaction. The level of access is determined by the Executive Director and the token can only be used by the assigned personnel and is immediately deactivated should the employee separate employment with the SGVCOG or access privilege be discontinued.

**Wire Transfers:** On-line wire transfers are rarely used but are typically used for property acquisition transactions and made to the title company handling the transaction. As with ACH payments, the Senior Accountant will initiate the on-line wire transfer after all approvals and documentation is in order. The final step to complete a wire transfer shall be performed by one of the three authorized persons listed earlier (Executive Director, Chief Engineer or Finance Director). Thereafter, CBB shall verify the transaction via a phone call to the Senior Accountant.

Internal audits are performed periodically by agency auditors on ACH and wire transfers in accordance with internal audit policies and procedures.

## BANK RECONCILIATION

Regular bank reconciliation assures the balance on SGVCOG accounting records equal the corresponding information on a bank statement. The information on the bank statement is the bank's record of all transactions impacting the account during the past month. A summary of bank activity will be reflected in the monthly warrant register presented to the SGVCOG Governing Board.

### Procedure

A **daily bank activity report** is generated by the Finance Director accessing operating accounts via on-line banking. The daily activity report is reviewed and compared against bank statements by the Accountant. If a transaction requires correction or reclassification, a journal entry is created by the Accountant to include in the bank reconciliation process. The bank reconciliation report will be also be reviewed by the Senior Accountant and in final, approved by the Finance Director.

The bank reconciliation worksheet will be updated with transactions such as:

- Check or electronic deposits or wire transfers;
- Inter-account transfers;

- Interest income earned on investments; and
- Payroll activities such as payroll checks and tax liabilities, EFT payments.



**Monthly bank reconciliation reports** are prepared by the Accountant by cross-referencing the accounting system logs with bank statements received from the Finance Director. Bank statements will show all checks that have cleared with outstanding checks verified by the Contracts Auditor. The final report shall be completed no later than five working days after the end of the month and approved by the Finance Director. A copy of the report given to the Executive Director.

The final report and corresponding documentation are kept both electronically and hard copy in the accounting department files.

## JOURNAL ENTRIES

A Journal Entry is an accounting log that is used to record a transaction in the general ledger from non-interfacing modules (i.e. accounts payable and recordkeeping applications). There are two types of general journal entries used in the Microsoft Dynamics GP financial system that can be categorized by:

- General Journal Recurring Entry – A journal voucher that occurs to record grant reimbursement receipts, write off of prepaid expense, interest revenue, and payroll charges on a regular basis (e.g., monthly or quarterly)
- Correcting Journal Entry – A journal voucher used to correct or reclassify transactions that were identified during routine analysis.

The SGVCOG shall minimize the need for adjusting entries. If a journal entry is necessary, staff will ensure justification is sufficiently documented.

### Procedure

Journal entries are entered in the general ledger through a journal voucher. The journal voucher is the physical document that identifies journal entry type, date, debit/credit amount(s), and purpose for the journal entry.

1. The Accountant receives a request for a journal entry with supporting documentation.
2. The Accountant enters a journal voucher for each item to be posted in the general ledger. Entries in the general ledger are reviewed by the Senior Accountant before receiving final approval of the Finance Director. All supporting documentation must be attached to the journal voucher for approval.

3. Upon approval by the Finance Director, the Senior Accountant posts the journal voucher into the general ledger.
4. Supporting documentation is returned to the Accountant for filing. An electronic copy and a hard copy are kept in the accounting department files. Journal vouchers are filed in batch sequence.

## **PETTY CASH**

While the SGVCOG does not seek to receive or use cash for normal business transactions, a petty cash fund is available to provide a systematic method for paying and recording cash payment(s) deemed too small to be made by check. It is the intent of the SGVCOG that petty cash be used sparingly.

SGVCOG maintains a maximum of four hundred dollars (\$400.00) petty cash in a secured location. These funds are replenished as needed. A designated project manager maintains control of and responsibility for payments disbursed from this fund. Total disbursement amount per occurrence shall not exceed one hundred dollars (\$100.00). Disbursements require adequate documentation to justify their use and/or reimbursement. Receipts for all cash transactions must be submitted no more than three (3) business days after request.

## **ACCOUNTS RECEIVABLE**

In addition to annual membership dues, the SGVCOG relies on grant funding for projects. While each grantor may have specific grant process and/or invoicing requirements, general grant tracking procedures are in place to ensure all grant expenses meet the requirements of the granting agency.

### **Procedure**

The following is an overview of non-capital projects grant management:

1. All grant billable time with description of work is inputted by staff daily on their timesheets.
2. Project expenses and mileage are tracked on a separate expense form.
3. The Project Manager reviews for accuracy all timesheets to ensure grant coding, hours and expenses are eligible.
4. Within the first 5 days of the month, the Project Manager prepares a monthly grant summary report that details billable hours, by grant.
5. For each grant, within the first 5 days of the month accounting/finance compiles all paid invoices, approved and paid employee reimbursement request forms, and other approved expenses, along with appropriate documentation, and submits to Project Manager.
6. Project Manager reviews all timesheet and expense documentation to ensure there are no errors.
7. Project Manager inputs labor and other expenses into monthly invoice tracking sheet.



8. Project Manager submits invoice information to accounting/finance staff to be entered into general ledger.
9. Project Manager submits final invoice package to Grant Manager at granting agency by the 15th of each month.
10. Project Manager updates budget tracking sheet to reflect invoice.
11. Monthly, accounting/finance staff prepares aging report and alerts Project Manager to follow up on any unpaid invoices that are more than 30 past due.

## **ANNUAL MEMBER DUES**

Revenue from membership dues is the primary source of income to support the SGVCOG's day-to-day staffing and operations. The Governing Board and City Managers' Steering Committee have created a structure for agency-membership dues.

Annual membership dues are calculated on an annual fiscal year cycle. The membership fee includes a base rate, which is applicable to all membership agencies, and a per capita rate. The SGVCOG has established a cap for membership dues. Membership fees are re-evaluated and adopted annually.

### **Procedure**

Rates are reviewed annually by the City Managers' Steering Committee, and thereafter presented to the Governing Board for adoption. Once annual rates are approved and adopted, the Assistant Executive Director and supporting staff prepares the dues schedule for the coming fiscal year. The Accounting Technician invoices member agencies the first week of July and follows up on payments not received within 90 days.

## **General Accounting**

### **Cash and Check Receipts**

Checks received by the SGVCOG are recorded and every attempt is made to deposit checks within (3) business days of receipt. Checks shall be securely filed in a locked cabinet until ready for deposit. The employee responsible for depositing checks cannot be the same employee responsible for logging checks for deposit(s).

### **Procedure**

1. The Accountant creates a receipt journal entry in the general ledger. The journal entry includes: the invoice number associated with the deposit, check amount, payer, and total amount of the deposit if there are more than one checks.
2. Checks received shall be restrictively endorsed ("For Deposit Only") with the appropriate bank account information and logged into the Bank Deposit Log by the Accountant. A copy of the check shall be attached to the printed Bank Deposit Log. Should the rare occurrence of cash be received as payment, cash should be counted and verified by an additional staff person upon receipt. It should be noted that it is not agency practice to accept cash as payment.

3. The Accountant shall prepare a bank deposit slip(s) with corresponding checks to be deposited by a member of the Administrative Services team.
4. The staff making a deposit must provide the receipt to the accounting department. If deposits are made after hours via the bank drop box which do not result in a deposit slip, this information should be noted in the Bank Deposits ledger.

## **ACCOUNTS PAYABLE**

### **Invoices**

The SGVCOG understands the importance of fulfilling its financial obligations and staff shall make every effort to process invoices in an efficient manner to assure the SGVCOG remains in good standing with its vendors at all times. General administrative reoccurring invoices such as rent require less reviews, however consulting contract and project related invoices shall require multiple reviews and handled as follows:

#### ***Procedure – Non Capital Project***

The Project Assistant receives the invoice, prepares a Purchase Request form and routes it with supporting documentation for approval authorization.

Project Managers are responsible to review invoices for assigned projects to ensure adequate supporting documentation is included, hours and budget is accurate. Once approved, the Project Assistant routes the invoice to accounting for payment. Below is a summary of the check process.

Approval limits for non-capital project invoices are as follows:

- Project Manager – review/request for approval of invoices less than \$1000 and up to \$5,000
- Executive Director – approval of invoices greater than \$5,000

#### ***Procedure – Capital Projects***

The ACE Project construction invoices have a net 30 payment clause. Therefore staff is required to process each invoice expeditiously while also ensuring supporting documentation will justify the payment amount.

Construction contractor invoices shall be subject to a 10% retention hold and funds deposited into a jointly held escrow account. Funds shall be released upon approval from the Senior Project Manager at their discretion.

The procedure for capital project construction invoices is:

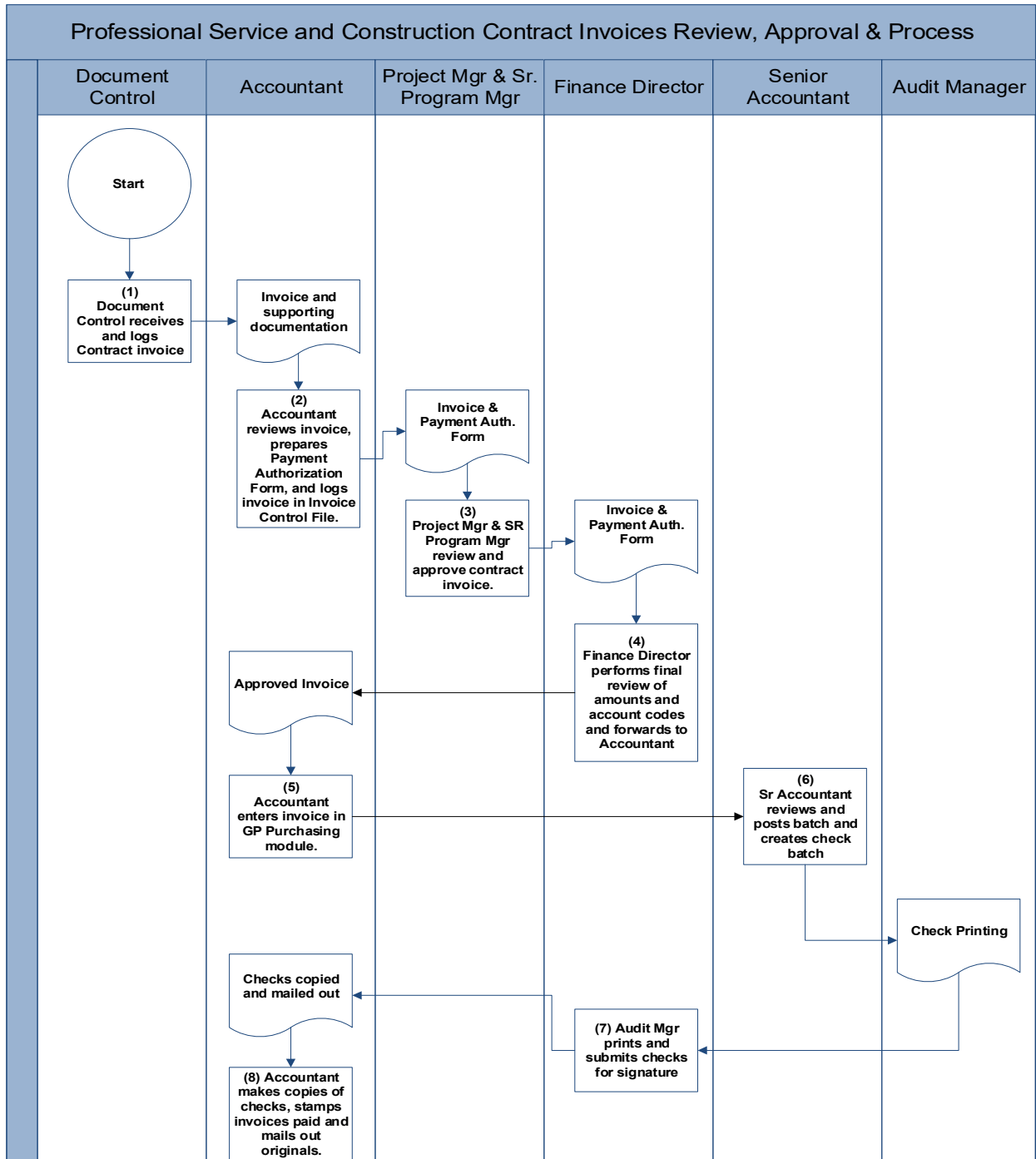
1. The Accountant receives the invoice, reviews it to confirm the billed costs are authorized and properly supported.
2. A progress payment estimate report, that is supported by a schedule of values, is prepared that includes:
  - Contract number, contractors name and project name
  - Pay estimate and billing period

- Contract award value, approved changed orders and change notices
  - Previous and current period earnings, retention and payments
  - Signature by authorized contractor representative certifying under penalty of law to the correctness and accuracy of the estimate, the completion of working being billed, and the subcontractors and/or suppliers have been paid their share of previous payments.
  - Construction manager (if applicable) acknowledgement of review and approval.
3. The schedule of values shall contain:
- Payment item number and description;
  - Billing unit, contract quantity, unit rate and contract value;
  - Completed quantity and earned value for the current period; and
  - Cumulative balances for completed quantities and earned values.

Prior to approving the invoice, the Project/Program Manager shall verify the following:

- All conditional and unconditional releases are in order;
- Certified payrolls are in order;
- Updated project schedule is acceptable;
- Billed work has been completed in a satisfactory manner; and
- Billed quantities are in order.

The approval process is shown below:



## APPROVAL AUTHORIZATIONS – CAPITAL PROJECTS

The following invoices related to capital projects require the following approvals:

Invoice Type	Required Approval(s)
Professional Services (Design)	Senior Project Manager & Program Manager, Chief Engineer*
Professional Services (Program Management)	Program Manager & Chief Engineer
Construction Services	Senior Project Manager & Program Manager
Construction (Fullerton Road project)	Program Manager & Chief Engineer
Construction Management	Senior Project Manager & Program Manager
Railroad	Program Manager, Chief Engineer & Senior PM
Right of Way	Program Manager, Chief Engineer & Senior PM
Third Party Invoice Review	Senior Project Manager & Program Manager
Legal Services	Project Manager, Chief Engineer & Senior PM
Insurance (brokerage)	Contracts Manager & Chief Engineer
Insurance policies	Administrative Services Mgr. & Chief Engineer
State & Federal Representation Services	Dir. Gov/Comm Relations & Chief Engineer

\*Chief Engineer is required if cost will exceed 75% of the task order budget.

## EMPLOYEE EXPENSE REIMBURSEMENTS

All employee reimbursement requests must be approved by the employee's direct supervisor prior to incurring the expense. Supporting receipts shall be submitted with a detailed report of expenses.

Reimbursements sought from the Executive Director must be approved by either the SGVCOG Governing Board President or the Governing Board Vice President.

### Procedure

Prior to expense the employee must submit an expense request via the SGVCOG electronic *Unanet* system. Once the expense has been incurred the employee will also use the *Unanet* system to request reimbursement documenting transaction details, project allocation and supporting documents such as receipts will be required to be electronically attached. The employee's direct supervisor will review and approve or deny the request. Once approved a reimbursement will be issued within twenty (20) business days.

### Credit Card Purchases

The SGVCOG maintains a credit card for the use of purchases deemed appropriate and necessary for company business. The Executive Director will approve in writing the issuance of a company credit card to employees who are required to frequently purchase goods or services for the SGVCOG. Examples include office supplies, meeting catering and supplies, event material, etc. Use of credit card payment for business expenditures will require prior approval in writing from the Executive Director or appropriate designee. The employee must submit proper, completed request forms, with all documentation including receipt(s) of all transaction(s) to the designated Project Manager for review.

## Procedure

1. Employees shall submit a request to use the credit card with an explanation of intended purchases. The Executive Director or designee will approve the request before any purchases can be made.
2. A completed form of transaction details and receipts must be submitted for review and approval to the Executive Director or designee no more than three (3) business days after use.
  - Additional documentation is required if employee is unable to produce receipts.
  - Amounts less than five hundred dollars (\$500.00) require approval of a designated Project Manager.
  - Amounts exceeding five hundred dollars (\$500.00) will require review of the Executive Director's designee and final approval from the Executive Director.
3. Supporting documentation will be submitted to the finance department for recording and reconciliation.

## PAYROLL AND BENEFITS PROCESSING

### Board Member Stipend Payments

The SGVCOG Governing Board members are entitled to a stipend of \$75 for attendance of each Governing Board meeting with a limit of twelve (12) meetings per fiscal calendar year. Committee meeting attendance is ineligible for stipend payments. If the Governing Board finds it necessary to meet in excess of twelve (12) meetings, approval prior to the additional meeting(s) is required by the Governing Board. Stipend payments are made quarterly.

### Procedure

All new Governing Board members are provided with pertinent forms necessary for enrollment in direct deposit. Payment of stipends are processed through payroll. Staff submits Governing Board sign-in sheets to Human Resources monthly for payments to be processed quarterly. Those members without direct deposits shall have checks issued by the payroll service provider and mailed to them.

### Payroll

The SGVCOG Governing Board shall adopt a salary and classification resolution for each position once a new position is developed. All approved positions and salary ranges are adopted annually in the SGVCOG's budget and posted on the SGVCOG's website.

Employees are paid every other Friday with earnings paid through that pay period. Personnel Action Forms, signed by the Executive Director, add new employees to payroll, set or adjust rates of pay, and remove employees from payroll after separation.

### Procedure

The SGVCOG uses a third party payroll service provider for its payroll reporting and submission of applicable taxes. The Administrative Services Manager, HR Administrative

Assistant and the Director of Finance shall have access to payroll reporting system. During payroll processing each will have a role to ensure accuracy of payment of employee earnings, withholdings and deductions.

Salaried employees are assumed paid at their normal rate unless otherwise noticed. Hourly employees' timesheet summaries are submitted to Human Resources no later than Wednesday morning of the ending pay period. Any other relevant information which may cause a change in pay must be submitted to the Human Resources as soon as possible (i.e. leaves of absence, separations, etc.). The HR Administrative Assistant will input all relevant information and prepare payroll for submission. The HR Administrative Assistant will submit a pre-processing reporting journal to the ASM for approval. The report will reflect employee earning, deductions, part time employee hours and another additional compensation due.

Adjustments to salaries must be approved in writing by the Executive Director via a Personnel Action Form and are provided to the Administrative Services Manager as soon as possible.

The Administrative Services Manager electronically submits the payroll for processing. Once submitted, the Director of Finance will electronically receive a notice of submission. The Director of Finance shall review the payroll information for accuracy. The payroll service will calculate and withhold and submit applicable taxes. Check stubs will be available to the SGVCOG employees to download.

Net pay and withholdings are automatically debited from the agency's operating account and subsequently forwarded to the designated employee banking institutions and applicable federal and state tax entities.

## Timekeeping

A timesheet is used to determine earnings and accurately report project distribution for each pay period for both full-time and part-time employees. Project distribution will be used for grant billing. Employees are required to complete a bi-weekly timesheet through an electronic timesheet/expense report system (Unanet), allocating hours to assigned projects along with descriptions of work performed. Vacation and sick time accumulated and used is tracked through the Unanet system. Staff is encouraged to log time daily to ensure accuracy of project and grant coding on timesheets.

## Procedure

Employees utilize an electronic timekeeping system. Employees shall record hours for a two week period with allocation of task hours by project assignment or specific job responsibilities. Once complete, the employee will electronically submit his/her timesheet to their supervisor for review and approval. Supervisors are responsible for expeditiously approving timesheets for accuracy.

## **RETIREMENT CONTRIBUTION SUBMISSIONS**

### **CalPERS**

All full time and eligible part-time employees will be enrolled in California Public Employees Retirement System (CalPERS). If applicable, employee contributions will be deducted from the employees pay.

#### **Procedure**

The Human Resources Department is responsible for payroll reporting to CalPERS. The CalPERS system requires reporting employee earnings each payroll and contribution submissions for all employees. A member summary contributions report is generated through the CalPERS payroll reporting system that defines all contribution information or adjustments and serves as supporting documentation for submissions. Payroll reporting of hours is required for CalPERS retired annuitants under the contract with CalPERS. No additional contributions are required for retired annuitants.

### **ICMA**

Employees may participate in an optional employee-sponsored retirement plan with ICMA.

#### **Procedure**

Employees' designated retirement contributions are deducted from their pay with each payroll and contributions transmitted via ACH within three business days. Contribution submission reports are prepared on-line by the HR Administrative Assistant, contribution transmitted by the ASM and request for contribution submissions are Administrative Services Manager. A contribution summary reflecting employee contributions serves as a check request back up for the Finance Department to electronically transmit necessary funds to ICMA.

## **YEAR END REPORTING**

The Finance Department is responsible for issuing annual Form 1099s for payments exceeding \$600 in a calendar year. Form 1099s will be issued on or before January 31<sup>st</sup> for the prior calendar year.

The Human Resources Department is responsible for issuance of year-end W2 forms to each employee and Governing Board member/delegate on or before January 31<sup>st</sup> for the prior calendar year.



# APPENDICIES



## Professional Services Invoice Review Form

### Invoice Review

Contractor: \_\_\_\_\_

Invoice Amount: \_\_\_\_\_

Project Title: \_\_\_\_\_

Project Manager: \_\_\_\_\_

Signature: \_\_\_\_\_

- |  |   |  |   |
|--|---|--|---|
| <input type="checkbox"/> Within scope              | <input type="checkbox"/> Rates approved     | <input type="checkbox"/> Expenses approved/<br>eligible    | <input type="checkbox"/> Cost calculations<br>confirmed |
| <input type="checkbox"/> Work products<br>approved | <input type="checkbox"/> Positions approved | <input type="checkbox"/> Invoice documentation<br>provided |   |

Project Assistant: \_\_\_\_\_

Signature: \_\_\_\_\_

- |  |  |
|--|--|
| <input type="checkbox"/> Contract active | <input type="checkbox"/> Insurance active / meets requirements |
|--|--|

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

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

Reviewed by: \_\_\_\_\_  
(>\$500)

Approved by: \_\_\_\_\_  
(>\$5,000)

### Payment Authorization

Vendor ID: \_\_\_\_\_

Invoice #: \_\_\_\_\_

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

Requested by: \_\_\_\_\_

Reviewed by: \_\_\_\_\_

Approved by: \_\_\_\_\_

- |  |
|--|
| <input type="checkbox"/> Copy: Bill to grant<br><input type="checkbox"/> Entered into GP |
|--|



**INVOICE / RECEIPT TRACKING FORM**  
*TO BE COMPLETED BY AUTHORIZED PERSONNEL ONLY*

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

Vendor: \_\_\_\_\_ Amount: \_\_\_\_\_

Vendor Address: \_\_\_\_\_  
\_\_\_\_\_

Description: *(Attach all supporting documentation and original receipts)*

**Grant to be Charged:** *(If Applicable)*

SGV Energy Wise       Other: \_\_\_\_\_

**Method of Payment:**

- Invoice *(To be paid)*
- SGVCOG Credit Card
- Petty Cash

Reviewed By: \_\_\_\_\_ N / A   
*Amounts Exceeding \$500.00 Require Additional Review*

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

**FOR INTERNAL USE ONLY**

Vendor ID :	<input type="checkbox"/> Copy: Bill to Grant
Invoice Date :	<input type="checkbox"/> Entered Into GP
Account Title :	
Account Code :	



**INVOICE**

**Date** 07/01/2016  
**Invoice #**  
**Terms** Net 45 Days  
**Due Date**

**Bill To:**  
«Name1»  
«Address\_Line\_1»  
«Address\_Line\_2»  
«City», «State» «Zip\_Code»

**Mail To:**  
San Gabriel Valley Council of Governments  
Attn: Finance Department  
1000 S. Fremont Ave., Unit 42  
Alhambra, CA 91803

Description	Amount
FY 20XX-20XX Annual Membership Dues	«Amount»
<i>Please Indicate the Funding Source for our Dues:</i>	
General Fund \$ _____	
Prop A & C, Transportation Funds \$ _____	
Other _____ \$ _____	

Total «Amount»

Payment/Credit

Balance Due «Amount»

*Thank you for your continued membership and support!*



**CREDIT CARD PURCHASE REQUEST**  
*PLEASE PRINT TO COMPLETE*

**Requested By:** \_\_\_\_\_

**Intended Purchase:**  
\_\_\_\_\_

**Purchase Amount:**  
*(Anticipated)* \_\_\_\_\_

**Approved By:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**CREDIT CARD PROOF OF TRANSACTIONS**

*Receipts must be submitted with this completed form no more than three (3) business days after use*

**Reason for Purchase:**  
\_\_\_\_\_

**Merchant/Payee Name:** \_\_\_\_\_ **Amount:** \$ \_\_\_\_\_

**Receipt Provided:** Y / N *(Additional form required if unable to provide receipt)*

**Account to be Charged:** *(If Applicable)*  
 SGV Energy Wise  Other: \_\_\_\_\_

*By signing, I am certifying that the above items are appropriate and necessary expenses incurred by me, for the San Gabriel Valley Council of Governments.*

**Employee Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Reviewed By:** \_\_\_\_\_ **N / A**   
*Amounts Exceeding \$500.00 Require Additional Review*

**Approved By:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**FOR INTERNAL USE ONLY**

Vendor ID : \_\_\_\_\_  Copy: Bill to Grant  
Invoice Date : \_\_\_\_\_  Entered Into GP  
Account Title : \_\_\_\_\_  
Account Code : \_\_\_\_\_



**MISSING RECEIPT AFFIDAVIT**  
*PLEASE PRINT TO COMPLETE*

Employee Name: \_\_\_\_\_ Date of Request: \_\_\_\_\_

I am missing a receipt for:

I Incurred This Expense At:  
*(Merchant/Payee Name)* \_\_\_\_\_

Date of Transaction: \_\_\_\_\_ Amount: \_\_\_\_\_

I UNDERSTAND THAT A MISSING RECEIPT AFFIDAVIT SHOULD BE USED ON RARE OCCASIONS AND MAY NOT BE USED ON A ROUTINE BASIS. I FURTHER UNDERSTAND THAT EXCESSIVE USE OF A MISSING RECEIPT AFFIDAVIT MAY REVOKE THE PRIVILEGE OF USING A COMPANY CREDIT CARD. I CERTIFY THAT THE AMOUNT SHOWN IS THE AMOUNT I ACTUALLY PAID; THAT I HAVE NOT AND WILL NOT SUBMIT A DUPLICATE CLAIM; AND THAT I HAVE NOT AND WILL NOT SEEK A CLAIM FOR THESE EXPENSES FROM ANY OTHER.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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

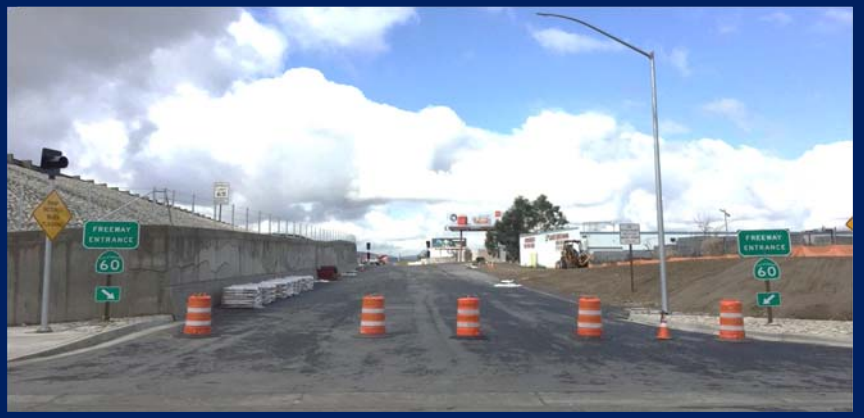
**FOR INTERNAL USE ONLY**

Vendor ID :	<input type="checkbox"/> Copy: Bill to Grant
Invoice Date :	<input type="checkbox"/> Entered Into GP
Account Title :	
Account Code :	





# Capital & Construction Projects



## At-Grade Safety Improvements

- Durfee Avenue
- Fairway Drive
- Fullerton Road

## Montebello Corridor

- Turnbull Canyon Road
- San Gabriel Trench
- Rio Hondo LRS

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# Capital Projects Budget Message

The following is an update on the SGVCOG's capital and construction projects:

## **In Construction**

The *Fullerton Road grade separation* project in the City of Industry is well under construction with excavation under way on Fullerton Road, utility relocations completed, and improvements adjacent to the State Route 60 Freeway making progress. As with all projects, staff is working closely with local businesses to mitigate the construction and traffic impacts.

The *San Gabriel Trench* project progressed well in FY18 and full train service in the trench was initiated. The temporary tracks have been removed allowing for final walls to be constructed as well as project landscaping. Full completion is expected in Fiscal Year 2019.

The *Temple Avenue train diversion* project is experiencing final track and signal work installation by the Union Pacific Railroad. This project, in the Cal Poly Pomona area is expected to be complete in Fiscal Year 2019.

The *Fairway Drive grade separation* project is progressing and the construction of on and off ramps at Lemon Avenue on the State Route 60 freeway will be completed in Fiscal Year 2018.

The *Puente Avenue grade separation* project was completed and opened to traffic.

## **In Design**

The *Durfee Avenue grade separation* project in the City of Pico Rivera is in final design and expected to begin construction late 2018.

The *Montebello Corridor* project, a long awaited project for the City is moving towards final design. Two build alternatives have been under consideration with opportunity for public comment. A notice of Intent to Adopt a Negative Declaration was issued for public comments and a public hearing scheduled on June 25, 2018.

The *At-Grade Safety Improvement* project, a series of much needed safety improvements in Pomona is also into final design.

The *Turnbull Canyon Road grade separation* project in the City of Industry has completed preliminary design and will also be moving into the final design phase. While we do not have construction funding for this project yet, staff has applied for various state and federal grants and is optimistic that funding for this project, ACE's final grade separation project, will be available when the design is completed.

## **New Project**

The *Rio Hondo Load Reduction Strategy* project was officially assigned to the SGVCOG and is our first non-ACE capital improvement project. The Rio Hondo Load Reduction Strategy Project

is a storm water quality project being funded by 8 SGVCOG members and will go into design later this year.

### **Looking Ahead**

The FY '19 capital projects budget provides a very ambitious work plan as we have in prior years. With regard to ACE Project expenditures, we anticipate that project expenditures will match or even exceed those of Fiscal Year 2018 and SGVCOG will be one step closer to its goal of completing all of the adopted projects in the ACE Program while at the same time we hope to be planning for new projects for many SGVCOG member cities.

With the reorganization of the former ACE into the SGVCOG, the SGVCOG Governing Board can now offer member agencies a multitude of valuable services, including implementation of capital projects design and construction formerly restricted to safety improvement/grade separations as with the ACE Project. The Governing Board will adopt a five year plan for the Capital Projects group to move forward and we are excited to have the opportunity to do so. Fiscal Year 2019 promises to be an exciting year for the SGVCOG staff and the Capital Projects and Construction Committee.

Mark Christoffels  
Chief Engineer

## Background

The San Gabriel Valley Council of Governments created the Alameda Corridor-East Construction Authority in the late 1990s to address the safety and mobility issues caused by anticipated increased train volume traveling through the San Gabriel Valley. The resulting ACE Project was a comprehensive list of safety improvements to be constructed by the ACE Construction Authority on the most heavily traveled roadway/railway crossings through safety improvements or grade separations. The ACE Project, over time became a \$1.735 billion effort whose reputation from Washington to Sacramento was stellar. The original intent of the SGVCOG was to sunset the authority upon completion of the ACE projects.

As the number of remaining projects to be completed became few, the SGVCOG Governing Board revisited the idea of maintaining the construction authority. In late 2017 the Governing Board amended its bylaws to maintain ACE in concept as a capital and construction unit. The SGVCOG is extending these services to the member cities of the SGVCOG.

The following capital budget information will make reference to ACE throughout because the construction of the remaining ACE Projects is under way. The ACE Projects have funding independent from the one other identified capital project (Rio Hondo Project) while at the same time additional funding for completing ACE Projects is continuing to be sought.

## ACE Project Status

The following is a summary of the status of the active capital projects:

**Nogales Street Grade Separation (LA subdivision):** The Nogales Street grade separation opened to traffic in June 2017. Close out of this project is expected by the end of this fiscal year.

**San Gabriel Trench:** Train operations commenced in the 1.2-mile, 65-foot-wide and 30-foot-deep San Gabriel railroad trench on July 24, 2017. The temporary tracks have been removed allowing for final walls to be constructed as well as project landscaping. Full completion is expected in October 2018.

**Puente Avenue Grade Separation:** The Puente Avenue grade separation opened to traffic in April, 2018. Construction for this project began in 2014 and completion at an estimated to be within the estimated project budget of \$97.4 million. There were no significant construction or contractor issues with this project. The project required purchase of property north of Valley at Puente that consists of commercial buildings currently housing eight tenants. The property will be declared surplus and offered for sale. Proceeds from the sale will be used for other projects in the ACE Program.

**Fullerton Road Grade Separation:** Fullerton Road from Gale Avenue on the north and the eastbound State Route 60 freeway off-ramp on the south has been widened to three lanes in each direction, improving traffic flow and reducing congestion at the bottleneck, traversed by over 23,000 vehicles daily. The widening has allowed for the full closure and construction of a six-lane roadway underpass and railroad bridge on Fullerton Road in the City of Industry and unincorporated community of Rowland Heights. Completion of the grade separation and reopening of the roadway is anticipated in summer 2020.

**Fairway Drive Grade Separation:** Construction is underway of a roadway underpass and railroad bridge on Fairway Drive. Crews completed construction of on and off ramps on State Route 60 at Lemon Avenue in the Cities of Diamond Bar and Industry that will be used as a detour for motorists as a mitigation measure for the Fairway Drive grade

separation construction. Subsequent completion of the grade separation is anticipated in Fall 2020.

**Temple Avenue:** This project was completed as expected and close out activities underway.

**Montebello Corridor:** The Montebello Corridor Grade Separation Project calls for constructing a roadway underpass, sidewalks, bike lanes and railroad bridge at the railroad crossing on Montebello Boulevard. Safety improvements will include quad crossing gates at the crossings on Maple, Greenwood and Vail Avenues. A pedestrian overcrossing is also planned for the Maple Avenue crossing due to significant numbers of pedestrians and cyclists. The environmental review process is moving forward as staff continues to coordinate with the City and other stakeholders during the preliminary design phase. The project is expected to begin construction in early 2020.

**Durfee Avenue Grade Separation:** Final design work and property acquisition is taking place on the Durfee Avenue Grade separation project. This project will lower Durfee Avenue between Beverly Road and Whittier Boulevard in the City of Pico Rivera and construct a new railroad bridge for freight and Metrolink passenger trains. Staff is addressing design revisions requested by project stakeholders and finalizing right-of-way acquisitions and utility coordination issues. Bids for construction of the underpass are scheduled to be solicited this fall with groundbreaking slated for late 2018.

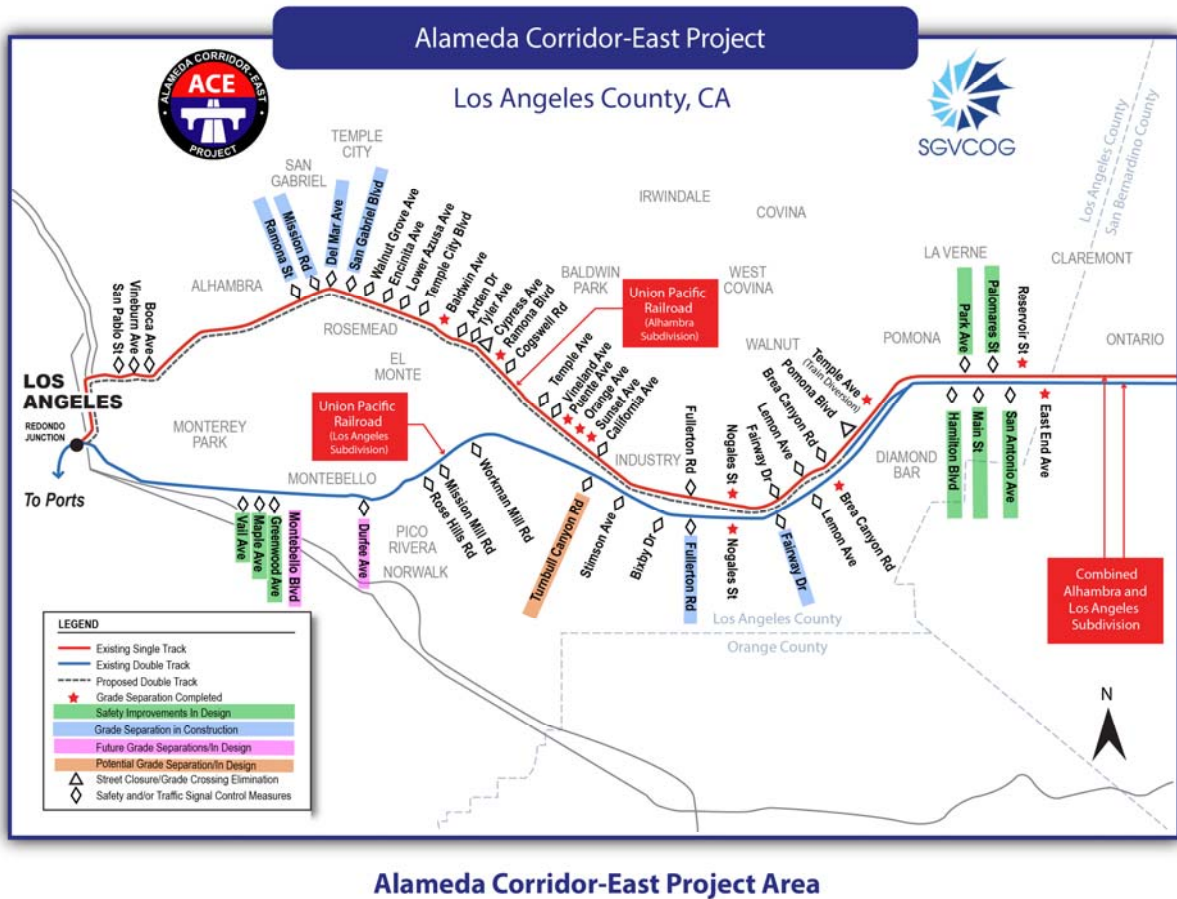
**At-Grade Safety Improvements:** The proposed crossing safety improvement project in Pomona includes features such as pedestrian channelization, roadway modifications, updated signage and striping and traffic signal improvements at five at-grade railroad crossings near the downtown area at Hamilton Boulevard, Park Avenue, Main Street, Palomares Street and San Antonio Avenue. The project will address safety issues at the crossings, where five fatalities of pedestrians and a cyclist have been recorded at four of the crossings over the last 10 years, with one motorist injured when a vehicle was stuck on the tracks at the fifth crossing. Project design plans have reached the 35 percent preliminary engineering stage and staff continues to coordinate with stakeholders,

utilities and other agencies. The current schedule calls for construction to start in summer 2019.

**Turnbull Canyon Road Grade Separation:** Plans for a grade separation project on Turnbull Canyon Road in the City of Industry and unincorporated community of Hacienda Heights are moving on to the preliminary design phase. The City of Industry Council voted last year to approve construction of a two-lane overpass structure. The overpass concept was recommended due to potential property impacts, utility conflicts, groundwater concerns, coordination with Union Pacific Railroad and estimated project costs for an underpass. Preliminary design and engineering is anticipated to be completed by early 2019.

## ACE PROJECT MAP

The ACE Project area map depicts completed projects to date and updated activities for the projects in construction and in design.





**Puente Avenue** – Opened to traffic April 2018



**San Gabriel Trench** – Bridge deck construction





**Fairway Drive – Storm Drain construction**



**Lemon Avenue – 57/60 Freeway on and off ramps construction**



**Fullerton Road – Retaining wall excavation**



**Durfee Avenue – Project rendering**



**Montebello Corridor – Project rendering**



**Montebello Pedestrian Bridge – Project rendering**

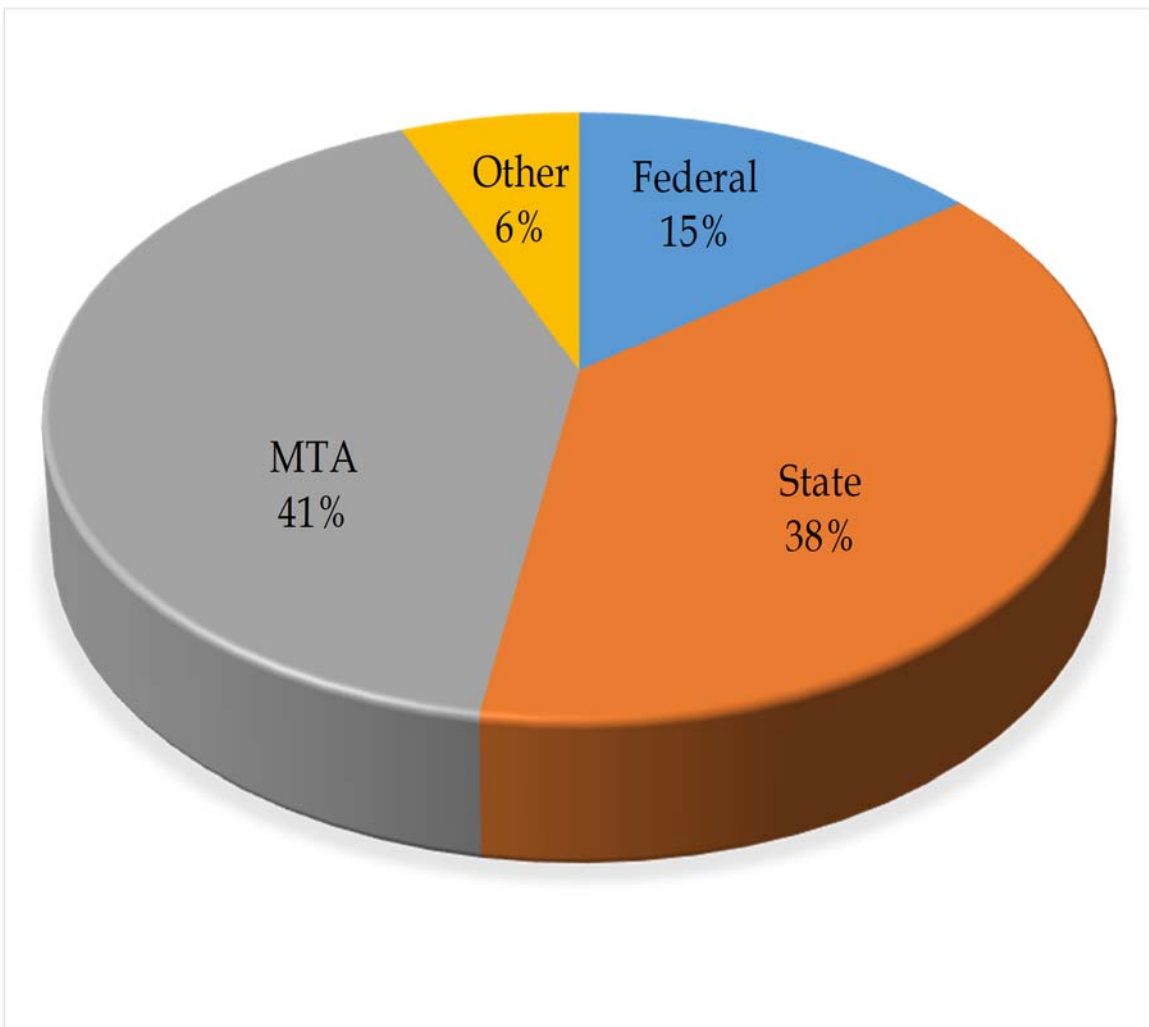
## Capital Project Cost Estimates

The current cost estimate for all completed and currently active ACE Program projects is as follows:

PROJECT	COST <i>(in millions)</i>
<u>Completed Projects</u>	
Safety Crossings/IRRIS	\$ 34.141
Nogales Street (Alh) (West Covina/Industry)	49.798
East End Avenue/Reservoir Street (Pomona)	79.000
Brea Canyon Road (Diamond Bar/Industry)	73.903
Ramona Boulevard (El Monte)	53.091
Sunset Avenue (Industry)	93.862
Baldwin Avenue (El Monte)	70.365
Puente Avenue (Industry)	97.377
<u>Active Projects</u>	
Nogales Street (LA sub) Industry/Unincorporated LA Co.)	121.088
San Gabriel Trench (San Gabriel)	293.671
Fairway Drive (Industry)	178.916
Fullerton Road (Industry)	152.383
Temple Avenue Train Diversion (Pomona)	94.826
Durfee Avenue (Pico Rivera)	91.143
At-Grade Improvements (Pomona)	22.916
Montebello Corridor (Montebello)	160.0
Turnbull Canyon Road (Industry/Unincorporated LA) (design only)	10.106
<b>Total</b>	<b>\$ 1,676,586</b>

## FY 2019 Funding Status

The total funding sources and commitments to the ACE program since its inception is \$1.697.1 billion. Matching these funding commitments against the projects expenditures of \$1.663 billion plus \$21.436 million in startup and administrative costs shows that the ACE program currently has \$12 million in funding available for the one remaining project in the adopted ACE program that is not fully funded (Turnbull Canyon Road grade separation). Design of this project was initiated this fiscal year however whether this project moves into right of way acquisition or construction activities will be dependent upon SGVCOG securing additional grant funding. Included in *other* are the funds for the Rio Hondo project.



# Committed Funding & Sources

(\$ in millions)

FEDERAL	
Federal TEA-21 Highway Demonstration Earmark (FY 1999-2003)	\$132.557
FY 2001 FHWA Highway Fund Transportation Appropriation	1.497
FY 2000 FHWA Discretionary Sec. 1118(c) Trade Corridor Funds	1.240
FY 2001 FHWA Discretionary Sec. 1118(c) Trade Corridor Funds	2.397
FY 2002 FHWA Highway Fund Transportation Appropriation	3.884
FY 2003 FHWA Highway Fund Transportation Appropriation	1.485
FY 2004 FHWA Highway Fund Transportation Appropriation	1.881
FY 2006 FHWA Highway Fund Transportation Appropriation	4.158
FY 2009 Surface Transportation Program	0.570
FY 2010 Surface Transportation Program	0.500
AAA FY 2010	1.349
Federal SAFETEA-LU (FY 2005-2009)	66.885
FY 2009 FRA Grade Crossing Program	2.544
PUC (Section 130)	10.000
Intermodal Surface Transportation Efficiency Act Funds	6.936
Congestion Mitigation and Air Quality Improvement Funds	6.347
<b>Total Federal Funding: \$244.230</b>	
STATE	
1998 State ITIP Discretionary Funds (FY 2000- 2004)	\$38.982
State Transportation Congestion Relief Program Funds	130.300
Section 190 PUC Funds	10.000
Prop. 1B Trade Corridor Improvement Funds	422.196
Prop. 1B Highway-Rail Crossing Safety Account	46.612
<b>Total State Funding: \$648.089</b>	
MTA	
MTA 17% Local Match Commitment	\$269.870
MTA Call for Projects Funding (2007)	28.849
MTA Measure R*	400.000
<b>Total MTA Funding: \$698.719</b>	
OTHER	
City/County/MWD Funds	\$12.123
Railroad contribution to active projects	36.368
Betterments	54.528
Property Sales	3.001
<b>Total Other Funding: \$106.020</b>	

Total Funds Committed \$1,697.059

# FY 2018 ACE Project Budget Status

The following will depict the status of the ACE Project budget which was adopted by the ACE Board of Directors for Fiscal Year 2018 in June 2017.

As in the past, ACE's adopted 2018 budget was broken down into two categories - indirect project expense and direct project expense.

## Indirect Project Expense

Indirect expenses (such as salaries, rent, office supplies, etc.) that cannot easily be charged to specific project activities are billed to grants based on an annual indirect rate plan approved by Caltrans. The FY 2018 rate for the ACE Program was approved by Caltrans and included adjustments for over or under spending in prior years. Staff anticipates indirect expenses for FY 2018 will be \$52,000 over the budgeted amount of \$4.073 million (approximately 1.3%) for the purchase of additional excess liability insurance previously not included in the budget.

## Direct Project Expense

Direct expenses are those than can be readily associated with specific projects such as staff or program management time, engineering or construction management contracts, property acquisition, construction, and miscellaneous support costs. For FY 2018 direct costs will be \$62.470 million below the budgeted amount of \$143.928 million (43%). These projected under expenditures, unfortunately, are not project savings, but rather expected expenditures that did not occur this year and will most likely happen in FY 2019. Delayed expenditures are primarily a result of construction activities not progressing as we anticipated. Some were weather related, others third party, and some were simply unavoidable circumstances during construction. These delays result in lower monthly billings from contractors. These funds will be carried over and re-budgeted in the proposed FY 2019 budget.

# FY 2018 Budget vs. Estimated Actual

(\$ in thousands)

<b>Expenditures</b>	<b>Year End Estimate</b>	<b>FY 2018 Budget</b>	<b>Under/ (Over)</b>
<b>Indirect</b>			
<b>Personnel</b>			
Salaries and Wages	\$ 1,662	\$ 1,547	\$ (115)
Fringe Benefits	1,419	1,334	(85)
<b>Board/ Employee Expense</b>			
Auto/Travel	27	24	(3)
Training/Memberships	33	34	1
Board Expense	7	17	10
<b>Professional Services</b>			
Auditing/Accounting	42	42	-
Community Outreach Program	1	5	4
Legal-Agency Support	25	25	-
Program Management	13	18	5
State/Federal Advisory Services	242	242	-
Risk Management	49	52	3
<b>Insurance</b>	171	250	79
<b>Equipment Expense</b>	131	174	43
<b>Office Expense</b>	251	251	-
<b>Office Operations</b>	47	51	4
<b>Other</b>	6	7	1
<b>Total Indirect</b>	<u>4,126</u>	<u>4,073</u>	<u>(53)</u>
<b>Direct</b>			
Salaries and Wages	1,214	1,485	271
Fringe Benefits	468	573	104
Auto Allowance Allocated to Projects	21	27	7
Program Management	2,345	3,895	1,550
Legal	836	1,590	754
Design	4,571	8,556	3,985
ROW Acquisition	2,140	3,835	1,695
Utility Relocation	2,306	3,866	1,561
Construction Mgt	6,876	9,187	2,311
Railroad	3,064	8,760	5,696
Construction	56,853	101,250	44,397
UPRR Invoice Review	10	29	20
Third Party Review	586	832	246
Utilities (Site)	17	30	13
Advertising	0.2	13	13
<b>Total Direct</b>	<u>81,308</u>	<u>143,928</u>	<u>62,620</u>
<b>Total Expenditures</b>	<u>\$ 85,434</u>	<u>\$ 148,001</u>	<u>\$ 62,567</u>



## FY 2018 ACE Project Goals Status

Within each annual budget, goals are established based on best estimates at the time of budget preparation. The following represents how SGVCOG's ACE Project met or expects to meet each goal in the areas of project implementation, funding/finance and outreach by June 30, 2018.

### Project Implementation

PROJECT	GOAL	STATUS
At-Grade Safety Improvements	Design at 35% & completion of environmental clearance	Will meet this goal
Durfee Avenue Grade Separation	100% design complete/advertise for construction	Expect design to be complete in October; advertise for construction in November
Fairway Drive Grade Separation	Construction 40% complete	Anticipate 35% completion
Fullerton Road Grade Separation	Construction 20% complete	Anticipate 12% completion
Montebello Corridor	Design 35% complete & completion of environmental clearance	Will meet this goal
Puente Avenue Grade Separation	Construction 70% complete	Will meet this goal
San Gabriel Trench	Construction 90% complete	Will meet this goal
Temple Avenue Train Diversion	Complete project	Project expected to be complete in September 2018
Turnbull Canyon Grade Separation	Design 25% complete	Expect design at 35% by the end of calendar year 2018

## Funding/Financial Administration

GOAL	STATUS
Ensure ACE's interests are represented in Federal National Freight Programs	Accomplished. Grade separations are eligible for new Federal freight funding programs; construction authorities are eligible grant applicants.
Pursue additional funding for remaining grade separation project or potential shortfall on existing projects	Accomplished. \$35M state bond funding reallocated from Baldwin to Fullerton. Two Federal freight grant fund applications submitted/under consideration.
Timely completion of "clean" financial and single audits	Accomplished.
Maintain at least 25% of borrowed funds invested	Accomplished.
Complete 18 professional services contract audits	Accomplished.
Complete four quality control/quality assurance audits	Accomplished.

## Community Outreach

GOAL	STATUS
Conduct dedication ceremonies for the San Gabriel Trench and potentially the Temple Avenue project	Construction not complete within FY '18. Both projects will have events in FY'19.
Conduct community open house/public meetings for the Montebello Corridor, Turnbull Canyon and At-Grade Safety Improvement projects	Outreach efforts, though not community open houses, were ongoing in FY '18.
Conduct environmental, community and school outreach effort for five projects in construction (San Gabriel Trench, Puente Ave., Fairway Dr., Fullerton Rd., and Durfee Ave)	Extensive outreach efforts continued for projects in heavy construction (Fairway Drive, Lemon Avenue, San Gabriel Trench, Puente Avenue and Fullerton Road). Early construction outreach activities held for Durfee Ave project.
Conduct groundbreaking ceremony for the Durfee Avenue Project	Not accomplished. Durfee Ave project groundbreaking will be held in FY '19.

# FY 2019 Proposed Capital Projects Budget

SGVCOG has developed and implemented budgeting, accounting and project control systems that meet generally accepted accounting standards with the goal of delivering a project that accomplishes its intended purposes as expeditious and cost effective as possible. The capital projects budget for FY 2019 (July 1, 2018 through June 30, 2019) was developed in two parts: anticipated project related direct expenses and general indirect expenses.

## Indirect Budget

The proposed FY 2019 indirect expense budget was developed by line item, based on past expenditures and anticipated cost changes such as liability insurance, rent, utility costs, salaries, benefits, legal support, office supplies, and IT support. The ratio of all indirect costs to anticipated direct labor and fringe benefit cost is used to calculate the Indirect Cost Allocation Plan (ICAP) which is submitted to Caltrans for approval, and becomes the basis for billing indirect costs in FY 2019.

## Direct Budget

The proposed FY 2019 direct expense budget assumes two projects in major construction (Fairway and Fullerton), one project beginning construction (Durfee) and four projects in design (At-grade safety improvements, Turnbull Canyon, Montebello and Rio Hondo). For the active construction projects staff used the construction schedules to determine the rate of construction and determine the anticipated contractor expenditures. For the four projects in design staff included in the project budget the final design as well as the current estimated cost of land acquisition if applicable to the project. It should be noted that the pace and cost of land acquisition is the most speculative part of the budget estimates and may change if cost settlements require court action.

## FY 2019 PROPOSED BUDGET

(\$ in thousands)

<b>Expenditures</b>	<b>Grade Separations</b>	<b>Rio Hondo Load Reduction</b>	<b>FY 2019 Proposed</b>
<b>Indirect</b>			
<b>Personnel</b>			
Salaries and Wages	\$ 1,602	\$ -	\$ 1,602
Fringe Benefits	1,360	-	1,360
<b>Board/ Employee Expense</b>			
Auto/Travel	32	-	32
Training/Memberships	38	-	38
Board Expense	-	-	-
<b>Professional Services</b>			
Auditing/Accounting	42	-	42
Community Outreach Program	1	-	1
Legal-Agency Support	25	-	25
Program Management	13	-	13
State/Federal Advisory Services	242	-	242
Risk Management	65	-	65
<b>Insurance</b>	171	-	171
<b>Equipment Expense</b>	125	-	125
<b>Office Expense</b>	256	-	256
<b>Office Operations</b>	48	-	48
<b>Other</b>	6	-	6
<b>Total Indirect</b>	<u>4,027</u>	<u>-</u>	<u>4,027</u>
<b>Direct</b>			
Salaries and Wages	1,277	18	1,295
Fringe Benefits	511	7	518
Auto Allowance Allocated to Projects	22	-	22
Program Management	5,406	10	5,416
Legal	1,892	-	1,892
Design	8,640	1,500	10,140
ROW Acquisition	18,317	-	18,317
Utility Relocation	1,080	-	1,080
Construction Mgt	6,770	-	6,770
Railroad	2,897	-	2,897
Construction	69,250	-	69,250
UPRR Invoice Review	74	-	74
Third Party Review	745	-	745
Utilities (Site)	20	-	20
Advertising	13	-	13
<b>Total Direct</b>	<u>116,914</u>	<u>1,535</u>	<u>118,449</u>
<b>Total Expenditures</b>	<u>\$ 120,941</u>	<u>\$ 1,535</u>	<u>\$ 122,476</u>

## FY 2019 DIRECT COSTS BY PROJECT

(\$ in thousands)

Expenditures	FY 2019		Puente		Fairway		Montebello		Maple Ave	At-Grade	Rio Hondo		
	Proposed	SG Trench	Avenue	Drive	Fullerton	Durfee	Corridor	Pedestrian Overhead Structure	Crossing Safety Improvements	Turnbull Canyon	AT-Grade Crossing	Load Reduction	Nogales (LA)
<b>Direct</b>													
Salaries and Wages	\$ 1,295	\$ 158	\$ 64	\$ 275	\$ 276	\$ 171	\$ 100	\$ 51	\$ 27	\$ 101	\$ 53	\$ 18	\$ -
Fringe Benefits	518	63	26	110	110	68	40	20	11	40	21	7	-
Auto Allowance	22	1	1	4	7	3	2	2	1	1	1	-	-
Program Management	5,416	335	238	716	917	519	1,134	146	49	1,029	101	10	222
Legal	1,892	70	12	490	155	412	235	50	-	35	10	-	424
Design	10,140	150	200	200	180	480	3,250	1,000	480	1,500	1,200	1,500	-
ROW Acquisition	18,317	-	-	-	160	902	14,300	1,100	-	300	-	-	1,555
Utility Relocation	1,080	-	40	-	-	730	-	300	-	10	-	-	-
Construction Mgt	6,770	1,500	250	1,800	2,400	745	25	15	15	-	20	-	-
Railroad	2,897	700	200	360	36	1,506	25	20	10	20	20	-	-
Construction	69,250	4,000	2,000	25,250	30,000	8,000	-	-	-	-	-	-	-
UPRR Invoice Review	74	5	1	-	1	1	1	35	25	5	1	-	-
Third Party Review	745	40	200	120	100	75	70	35	5	50	50	-	-
Utilities (Site)	20	-	-	-	-	20	-	-	-	-	-	-	-
Advertising	13	-	-	-	-	5	-	2	3	-	3	-	-
<b>Total Direct</b>	<b>\$ 118,449</b>	<b>\$ 7,022</b>	<b>\$ 3,232</b>	<b>\$ 29,325</b>	<b>\$ 34,342</b>	<b>\$ 13,637</b>	<b>\$ 19,183</b>	<b>\$ 2,777</b>	<b>\$ 626</b>	<b>\$ 3,091</b>	<b>\$ 1,481</b>	<b>\$ 1,535</b>	<b>\$ 2,200</b>

# FY 2019 Proposed Revenue & Expenditure Budget

(\$ in thousands)

<b>Expenditures</b>	<b>FY 2019 Proposed</b>
<b>Revenues</b>	
Federal	\$ 12,259
State	46,503
Local	55,056
Betterment/Other	8,659
<b>Total Revenue</b>	122,476
 <b>Operating Expenditures</b>	
<b>Direct</b>	
Design	11,293
ROW Acquisition	23,884
Construction	69,796
Construction Mgt	10,585
Betterment	1,587
Lemon Ave Betterment	1,304
<b>Total Direct</b>	118,449
<b>Indirect</b>	
Personnel	2,962
Board/Employee Expense	70
Professional Services	388
Insurance	171
Equipment Expense	125
Office Expense	256
Office Operations	48
Other	6
<b>Total Indirect</b>	4,027
<b>Total Operating Expenditures</b>	122,476
 <b>Excess of Revenue over Expenditures before Financing</b>	-
 <b>Financing Income</b>	
Investment Revenue	652
Financing Expense	(714)
<b>Net Financing Income/Expense</b>	(62)
<b>Excess of revenues over expenditures/change in net position</b>	(62)
 <b>Net position at FY 2017 year's end</b>	14,008
<b>Estimated net position at FY 2019 year's end</b>	\$ 13,946

## FY 2018/19 Expenditure Comparison

The following addresses significant line item changes proposed for FY 2019 compared to the FY 2018 budgeted (greater than 10%). The total anticipated expenditures in FY 2019 will be down from what was budgeted in FY 2018 as construction expenses (our largest budget item) is decreased to reflect the construction activity anticipated.

### Indirect Expenditures

Insurance (\$79,000 decrease) - This reflects the premium for the prepaid excess liability insurance required when we begin construction on a project. The decrease this fiscal year reflects completed paid premiums for projects already under way.

Equipment Expense (\$49,000 decrease) - In FY '2018 we upgraded office and computer equipment and therefore do not anticipate additional expenses in this area.

Board Expenses - (\$17,000 decrease) - This expense is eliminated due to the stipend payments removed as a result of the merger. The former ACE Board was formally dissolved and became the Capital Projects and Construction Committee of the SGVCOG. Committee attendance does not qualify for stipend payments.

Personnel: Salary & Wages/Fringe Benefits - (\$55,00 Increase) The FY 2019 proposed budget assumes one reduction in staffing levels from 23 to 22 ACE project assigned positions. The budget does provide for a 3% merit pool to be allocated based on performance evaluations. There is no CPI or fixed percentage salary adjustments included in the budget.

## Organization

A salary and classification study is underway and expected to be presented to the Governing Board by the end of the calendar year. The results of the study may also recommend position classifications and/or salary range changes. However, at this time the following positions and salary ranges have been approved by the SGVCOG Governing Board:

Full Time Positions	Monthly Salary (\$ <small>ROUNDED</small> )	
	Minimum	Maximum
Executive Director*		\$14,583
Accountant (2)	\$4,170	\$6,339
Administrative Assistant (2)	\$5,103	\$7,570
Administrative Services Manager	\$6,465	\$11,637
Assistant Executive Director	\$7,277	\$9,190
Chief Engineer	\$16,757	\$19,928
Contracts Auditor	\$5,302	\$8,727
Contracts Manager	\$9,535	\$13,628
Labor Compliance/Procurement Administrator	\$5,426	\$8,315
Director of Finance	\$11,637	\$16,769
Director of Government/Community Relations	\$12,674	\$19,307
Manager of Audits/Grants	\$6,814	\$12,265
Management Analyst (#)	\$4,167	\$5,487
Manager of Information Technologies	\$5,534	\$8,481
Program Manager	\$12,219	\$17,607
Regional Homelessness Coordinator	\$7,083	\$9,167
Secretary/Document Control	\$4,312	\$6,470
Senior Accountant	\$5,357	\$8,009
Senior Contracts Auditor	\$5,606	\$9,164
Senior Contracts Administrator	\$7,120	\$10,887
Senior Project Manager (3)	\$11,637	\$16,769
Senior Management Analyst	\$5,487	\$7,097
Utility Coordinator	\$7,487	\$11,229
Part Time Positions		Hourly Rate
Project Assistant		\$25
Office Assistant		\$18
Intern (Graduate Student)		\$18
Intern (Undergraduate Student)		\$16

\*The salary for this position is set by the SGVCOG Governing Board.



## Direct Expenditures

Program Management (\$1.5M increase) – This increase in contracted consultant support is related to the expected increase in right of way acquisition services for the Montebello project.

Right of Way Acquisition (\$14.482M increase) – Planned acquisitions for properties on Montebello for FY 2019 resulted in this increase.

Utility Relocations (\$2.786M decrease) – With most utility relocations being completed on Fullerton and Fairway, utility relocation costs are expected to slightly decrease.

Construction (\$32M decrease) – Completion of the San Gabriel Trench and Puente Ave projects, and a late fiscal year start for the Durfee Ave project, construction billing is expected to be at a rate less than it was anticipated in FY 2018.

Railroad (\$5.863M decrease) – Union Pacific Railroad billings are expected to be less because mainline construction will have been completed on the San Gabriel Trench and Puente Avenue projects.

The pace of active projects is the major factor in the annual budget projection. For FY 2019 we have made the following assumptions about the projects having the biggest impact on our spending estimates:

- San Gabriel Trench (San Gabriel) – Construction 100% complete.
- Fairway Drive (Industry/LA County) – Construction 50% complete.
- Durfee Avenue (Pico Rivera) – Construction will begin.
- Fullerton Road (Industry) – Construction 35% complete.
- At-Grade Safety Improvements (Pomona) – Design 80% complete.
- Montebello Corridor (Montebello) – Design 60% complete.
- Turnbull Canyon Road – Design 50% complete
- Rio Hondo LRS – Design 50% complete

# FY 2018 Budget vs. FY 2019 Proposed

(\$ in thousands)

<b>Expenditures</b>	<b>FY 2018 Budget</b>	<b>FY 2019 Proposed</b>	<b>Incr/ (Decr)</b>
<b>Indirect</b>			
<b>Personnel</b>			
Salaries and Wages	\$ 1,547	\$ 1,602	\$ 55
Fringe Benefits	1,334	1,360	26
<b>Board/ Employee Expense</b>			
Auto/Travel	24	32	8
Training/Memberships	34	38	4
Board Expense	17	-	(17)
<b>Professional Services</b>			
Auditing/Accounting	42	42	-
Community Outreach Program	5	1	(4)
Legal-Agency Support	25	25	-
Program Management	18	13	(5)
State/Federal Advisory Services	242	242	-
Risk Management	52	65	13
<b>Insurance</b>	250	171	(79)
<b>Equipment Expense</b>	174	125	(49)
<b>Office Expense</b>	251	256	5
<b>Office Operations</b>	51	48	(3)
<b>Other</b>	7	6	(1)
<b>Total Indirect</b>	<u>4,073</u>	<u>4,027</u>	<u>(47)</u>
<b>Direct</b>			
Salaries and Wages	1,485	1,295	(190)
Fringe Benefits	573	518	(55)
Auto Allowance Allocated to Projects	27	22	(5)
Program Management	3,895	5,416	1,521
Legal	1,590	1,892	302
Design	8,556	10,140	1,584
ROW Acquisition	3,835	18,317	14,482
Utility Relocation	3,866	1,080	(2,786)
Construction Mgt	9,187	6,770	(2,417)
Railroad	8,760	2,897	(5,863)
Construction	101,250	69,250	(32,000)
UPRR Invoice Review	29	74	45
Third Party Review	832	745	(87)
Utilities (Site)	30	20	(10)
Advertising	13	13	-
<b>Total Direct</b>	<u>143,928</u>	<u>118,449</u>	<u>(25,479)</u>
<b>Total Expenditures</b>	<u>\$ 148,001</u>	<u>\$ 122,476</u>	<u>\$ (25,526)</u>

# FY 2018 Estimated Actuals vs. FY 2019 Proposed

(\$ in thousands)

<b>Expenditures</b>	<b>FY 2018 Estimate</b>	<b>FY 2019 Proposed</b>	<b>Incr/ (Decr)</b>
<b>Indirect</b>			
<b>Personnel</b>			
Salaries and Wages	\$ 1,662	\$ 1,602	\$ (60)
Fringe Benefits	1,419	1,360	(59)
<b>Board/Employee Expense</b>			
Auto/Travel	27	32	5
Training/Memberships	33	38	5
Board Expense	7	-	(7)
<b>Professional Services</b>			
Auditing/Accounting	42	42	-
Community Outreach Program	1	1	-
Legal-Agency Support	25	25	-
Program Management	13	13	-
State/Federal Advisory Services	242	242	-
Risk Management	49	65	16
<b>Insurance</b>	171	171	-
<b>Equipment Expense</b>	131	125	(6)
<b>Office Expense</b>	251	256	5
<b>Office Operations</b>	47	48	1
<b>Other</b>	6	6	-
<b>Total Indirect</b>	<u>4,126</u>	<u>4,027</u>	<u>(100)</u>
<b>Direct</b>			
Salaries and Wages	1,214	1,295	81
Fringe Benefits	468	518	50
Auto Allowance Allocated to Projects	21	22	1
Program Management	2,345	5,416	3,071
Legal	836	1,892	1,056
Design	4,571	10,140	5,569
ROW Acquisition	2,140	18,317	16,177
Utility Relocation	2,306	1,080	(1,226)
Construction Mgt	6,876	6,770	(106)
Railroad	3,064	2,897	(167)
Construction	56,853	69,250	12,397
UPRR Invoice Review	10	74	65
Third Party Review	586	745	159
Utilities (Site)	17	20	3
Advertising	0.2	13	13
<b>Total Direct</b>	<u>81,308</u>	<u>118,449</u>	<u>37,143</u>
<b>Total Expenditures</b>	<u>\$ 85,434</u>	<u>\$ 122,476</u>	<u>\$ 37,043</u>

# FY 2019 Capital Project Goals

Staff proposes to accomplish the following by June 30, 2019 (unless otherwise noted):

## Project Implementation

PROJECT	GOAL
At-Grade Safety Improvements	Design 100% complete
Durfee Avenue	Construction to begin October 2018
Fairway Drive	60% complete/Lemon Ave complete
Fullerton Road	35% complete
Montebello Corridor	65% design complete, right of way activity and final design underway
Puente Avenue	100% complete
San Gabriel Trench	100% complete
Temple Avenue	100% complete
Turnbull Canyon	Design 35% complete
Rio Hondo Load Reduction Strategy Project	Design 50% complete

## Funding/Financial Administration

GOAL
Pursue additional funding and establish funding opportunities for remaining grade separation project or potential shortfall on existing projects
Timely completion of “clean” financial and single audits
Maintain at least 25% of borrowed funds invested
Complete 16 professional services contract audits
Complete five quality control/quality assurance audits (All active construction projects)

## Community Outreach

GOAL
Conduct environmental, community and school outreach effort for three projects in construction (Durfee Avenue, Fairway Drive, and Fullerton Road).
Conduct community open house/public meetings as needed for the Montebello Corridor, Turnbull Canyon and At-Grade Safety Improvements projects.
Conduct groundbreaking ceremony for Durfee Avenue and At Grade Safety Improvement projects.
Conduct dedication ceremony for Temple Avenue project.
Conduct dedication ceremony for San Gabriel Trench project.

## Project Financing

Financing of the ACE Program will continue to utilize the funds from a \$45 million working capital loan from the Los Angeles County Metropolitan Transportation Authority (Metro) to maintain cash flows and bridge the timing gap between project expenditures and reimbursements from our granting agencies. Based on the projected cash flow, we will be able to fund the interest expenses on the working capital loan from the proceeds of short term investments. Investments continue to generate interest income in excess of interest expense.

Because the SGVCOG has no meaningful sources of revenue to advance projects other than grants and contributions from funding agencies, staff continues to make every effort to ensure that all other expenditures are reimbursable by federal, state or local grants. Staff uses this Budget submittal to annually advise the Board of the cumulative exposure of unreimbursed costs. As of this date, the ACE Program has incurred the following unreimbursed or unreimbursable expenses, dating back to the beginning of the ACE Construction Authority:

FY 1998	\$ 71,185	Expenses incurred by SGVCOG prior to 6/30/98 not reimbursed by MTA
FY 2000	11,298	Net interest cost of loan from City of Industry
FY 2001	2,738	Net interest cost of loan from City of Industry
FY 2006	105,529	Payment to SGVCOG for claimed unreimbursed expenses
	\$ 190,750	Estimated total - project-life-to-date

Available funds from railroad contributions to the program have been allocated to pay for these cumulative unreimbursed expenses.

# Budget Glossary

## INDIRECT EXPENSES

### **Personnel**

- Salaries and Wages: Salaries for employees (charged both as indirect and direct expenses).
- Fringe Benefits: Employee benefits such as health insurance, life insurance and pension.

### **Board/Employee Expenses**

- Auto/Travel: Employee travel for business purposes. Includes registration fees and local mileage reimbursement or auto allowance.
- Training/Memberships: Authority and professional memberships; ongoing professional training.
- Board or Committee Related Expenses: Board stipends, travel.

### **Professional Services**

- Auditing/Accounting: Financial auditing and accounting services.
- Legal - Agency Support: General Counsel, construction legal and any other legal services not directly chargeable to specific construction projects.
- Program Management: Contracted project administration support which cannot be charged to specific projects. Consists primarily of special studies, community relations, and those activities of our support contractors which address general agency needs.
- State/Federal Advisory Services: State & Federal legislation research, monitoring and funding application services.
- Risk Management: Administrative fee for analyzing insurance requirements, reviewing ACE and contractor policies and obtaining insurance.
- Insurance: Annual insurance premiums
- Equipment Expense: Purchase/lease and maintenance of office equipment such as copiers, printers and computers.
- Office Expense: Rent on ACE office space, including maintenance and miscellaneous expense.
- Office Operations: Office supplies, postage, printing/copying and telephones.
- Other: General advertising, subscriptions, payroll service fees, etc.

## DIRECT EXPENSES

- Betterments: City funded work that City desires to have ACE construct concurrently with project (e.g. street modifications, beautifications)
- Program Management: The portion of overall program management expenses which can be directly charged to projects; consists primarily of design and utility relocation support, land acquisition related services and office support.
- Legal: Legal expenses which can be directly charged to specific projects for land acquisition activities.
- Design: Preparation of project plans, specifications and estimates and support during construction.
- Right of Way Acquisition: Property acquisition costs, closing costs, appraisals, surveys, miscellaneous acquisition support costs.
- Utility Relocation: Costs of relocating utilities, including design.
- Construction Management: Field oversight of construction.
- Railroad: Railroad (UPRR and Metro link) charges to projects for project support, design, procurement and construction.
- Construction: Payment to construction contractors.
- Third Party Review: Payment to outside agencies (e.g., UPRR, Cities, LA County) for their costs to review and approve project designs and submittals.
- UPRR Invoice Review: Use of an outside contractor to review UPRR billings for errors, mischarges, questionable costs, etc.
- Advertising: Cost of advertising construction contracts.
- Utilities (Site): Cost of utilities service to construction sites.