

**EXECUTIVE COMMITTEE MEMBERS WILL RECEIVE A UNIQUE PANELIST LINK BY EMAIL.
PLEASE USE THIS LINK TO PARTICIPATE IN THIS MEETING.**



EXECUTIVE COMMITTEE AGENDA

**MONDAY, FEBRUARY 27, 2023
4:30 p.m.**

Pursuant to Assembly Bill 361 and the findings made by CVAG, this meeting will only be conducted via video/teleconferencing.

INSTRUCTIONS FOR PUBLIC PARTICIPATION

Members of the public may use the following link:

<https://us02web.zoom.us/j/86759505983?pwd=b09TREN1UndDbnhnL1ozN21SaVIVZz09>
Password: 740581

One Tap Mobile: +16699009128,,86759505983#

Dial In: +1 669 900 9128

Webinar ID: 867 5950 5983

Password: 740581

***This will provide listening access and ability to address the
Executive Committee when called upon.***

IF YOU ARE UNABLE TO CONNECT VIA DIAL IN OPTION, PLEASE CALL 760-346-1127.

Public Comment is encouraged to be emailed to the Executive Committee prior to the Meeting at cvag@cvag.org by 5:00 p.m. on the day prior to the committee meeting. Comments intended to be read aloud should be no more than 300 characters.

**THIS MEETING IS HANDICAPPED ACCESSIBLE.
ACTION MAY RESULT ON ANY ITEMS ON THIS AGENDA.**

1. **CALL TO ORDER** – Chair Steven Hernandez, Mayor, City of Coachella

2. **ROLL CALL**

A. **Member Roster**

P5

3. **PLEDGE OF ALLEGIANCE**

4. **AGENDA MODIFICATIONS (IF ANY)**

5. **PUBLIC COMMENTS ON AGENDA ITEMS**

This is the time and place for members of the public to address the Executive Committee on agenda items. At the discretion of the Chair, comments may be taken at the time items are presented. Please limit comments to three (3) minutes.

6. **CHAIR / EXECUTIVE DIRECTOR ANNOUNCEMENTS**

7. **CONSENT CALENDAR**

A. **Approve the December 5, 2022 Executive Committee Meeting Minutes**

P6

B. **Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of CVAG committees**

P15

C. **Approve CVAG's existing Investment Policy as CVAG Policy No. 23-01**

P16

D. **Authorize the CVAG Chair and Executive Director to execute a Memorandum of Understanding with Riverside County Transportation Commission (RCTC) in order to ensure fair distribution of current and future funding sources**

P21

E. **Authorize the Executive Director to execute Amendment No. 1 to the Memorandum of Understanding with the Imperial Irrigation District, extending the term until December 31, 2023 with an option to extend for an additional year, to assist its Coachella Valley Energy Commission and to help achieve a local collaborative governance and electrical service solution post-2033**

P56

F. **Endorse a regional urban tree planting and shade initiative to increase shading, build climate resilience and reduce the impacts of increased heat**

P71

7.1 **ITEM(S) HELD OVER FROM CONSENT CALENDAR**

8. **DISCUSSION / ACTION**

A. **CVAG's Audit for Fiscal Year 2021/22 and Related Reports – Claude Kilgore**

P74

Recommendation: Receive and file the Audited Financial Statements for the fiscal year ended June 30, 2022, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance, and the Single Audit on Federal Awards

B. Update on the Looming Closure of Chuckawalla Valley State Prison – Erica Felci [P160](#)

Public Safety Committee's Recommendation: Direct the Executive Director to assist the City of Blythe in its request to reexamine and reconsider the closure of Chuckawalla Valley State Prison and, if that closure appears to move forward, that CVAG advocate for the repurposing of the facility and meaningful mitigation measures

C. CV Housing First: 2022 Year in Review and 2023 Preview – Erica Felci and Ivan Tenorio [P164](#)

Recommendation: Receive and file the quarterly report for the CV Housing First program, representing clients served through calendar year 2022

D. Amendment to Advantec's CV Sync – Phase II Contract to Provide for Construction Support Services – Eric Cowle [P169](#)

Recommendation: Authorize the Executive Director to execute Amendment No. 4 with Advantec Consulting Engineers, Inc. for an amount not-to-exceed \$1,000,000 for construction support services for the CV Sync Phase II project and extending the contract end date to March 31, 2025

9. INFORMATION

- a) Executive Committee Attendance [P174](#)
- b) CVAG Regional Arterial Program – Project Status Report [P175](#)
- c) Bicycle/Pedestrian Safety Program – Project Status Report [P176](#)
- d) Status of I-10 Interchange Projects [P177](#)
- e) Update on California Association of Councils of Governments [P178](#)
- f) REAP 2.0 County Transportation Commission Partnership Program Funding Opportunities [P179](#)
- g) State's third-party agreement for Middle Mile Broadband in the Coachella Valley [P180](#)
- h) Electric Vehicle Charging Station Guidance [P182](#)
- i) Update on Inland Regional Energy Network Agreements, Programs, and Governance [P189](#)
- j) Update on Property Assessed Clean Energy (PACE) Program [P195](#)
- k) Update on Senate Bill 379 and Automated Solar Permitting [P198](#)
- l) California Public Utilities Commission NEM 3.0 and Net Billing Tariff Decision [P203](#)
- m) Heat Mitigation Opportunities [P205](#)

- n) Partnership with Inland Counties Legal Services P207
- o) Riverside County's Coordinated Response to Asylum Seekers P209
- p) Alan Seman Bus Pass Program 2022 Annual Report P210
- q) Update on the State's Community Assistance, Recovery and Empowerment (CARE) Court P213
- r) Selection of Enterprise Resource Planning (ERP) Software to upgrade CVAG's financial systems P214

10. LEGISLATIVE ITEMS –

- a) Update on Federal and State Advocacy Efforts – Emmanuel Martinez P217
- b) Update from the League of California Cities – Erin Sasse

11. PUBLIC COMMENTS ON NON-AGENDA ITEMS

This is the time and place for members of the public to address the Executive Committee on items of general interest within the purview of this committee. Please limit comments to two (2) minutes.

12. ANNOUNCEMENTS

The next meeting of the **Executive Committee** will be held on Monday, April 24, 2023, at 4:30 p.m. with additional meeting logistics to be announced.

13. ADJOURNMENT

ITEM 2A**EXECUTIVE COMMITTEE
2022-2023 ROSTER**

Jurisdiction	Members
City of Palm Springs, Past Chair	Grace Garner Mayor
City of Indio	Waymond Fermon Councilmember
Twenty-Nine Palms Band of Mission Indians	Darrell Mike Tribal Chair
Torres Martinez Desert Cahuilla Indians	Joseph Mirelez Tribal Vice Chair
Cabazon Band of Cahuilla Indians	Brenda Soulliere Tribal Member
Agua Caliente Band of Cahuilla Indians	Reid Milanovich Chairman
City of Indian Wells	Donna Griffith Mayor
City of Cathedral City	Rita Lamb Mayor
City of Palm Desert	Kathleen Kelly Mayor
City of La Quinta	Linda Evans Mayor
City of Blythe	Joseph DeConinck Mayor
County of Riverside	Kevin Jeffries , 1st District Supervisor Karen Spiegel , 2 nd District Supervisor Chuck Washington , 3 rd District Supervisor V. Manuel Perez , 4 th District Supervisor Yxstian Guterrez , 5 th District Supervisor
City of Rancho Mirage	Ted Weill Councilmember
City of Desert Hot Springs, Vice Chair	Scott Matas Mayor
City of Coachella, Chair	Steven Hernandez Mayor

ITEM 7A

EXECUTIVE COMMITTEE MINUTES OF MEETING DECEMBER 5, 2022



The audio file for this committee meeting can be found at: <http://www.cvag.org/audio.htm>
Any handouts distributed during the meeting will be placed in the meeting file.

1. CALL TO ORDER

The Executive Committee meeting was called to order by Chair Steven Hernandez, Mayor, City of Coachella, at 4:30 p.m. via a Zoom webinar, which was pursuant to Assembly Bill 361 and the findings made by CVAG, this meeting will only be conducted via video/teleconferencing.

2. ROLL CALL

A roll call was taken, and it was determined that a quorum was present. Those in attendance were as follows:

MEMBERS PRESENT

Mayor Lisa Middleton
Tribal Member Brenda Soulliere
Tribal Chair Reid Milanovich
Mayor Pro Tem Donna Griffith
Mayor Ernesto Gutierrez
Councilmember Kathleen Kelly
Mayor Linda Evans
Vice Mayor Joseph DeConinck
Supervisor V. Manuel Perez
Supervisor Jeff Hewitt
Councilmember Ted Weill
Mayor Scott Matas
Mayor Steven Hernandez

MEMBERS NOT PRESENT

Mayor Waymond Fermon
Tribal Chair Darrell Mike
Tribal Vice Chair Joseph Mirelez
Supervisor Kevin Jeffries
Supervisor Karen Spiegel
Supervisor Chuck Washington

AGENCY

City of Palm Springs (*Arrived for Items 9-12*)
Cabazon Band of Mission Indians
Agua Caliente Band of Cahuilla Indians
City of Indian Wells
City of Cathedral City
City of Palm Desert
City of La Quinta
City of Blythe
County of Riverside 4th District
County of Riverside 5th District (*Arrived for Item 13*)
City of Rancho Mirage
City of Desert Hot Springs
City of Coachella

AGENCY

City of Indio
Twenty-Nine Palms Band of Mission Indians
Torres Martinez Desert Cahuilla Indians
County of Riverside 1st District
County of Riverside 2nd District
County of Riverside 3rd District

3. PLEDGE OF ALLEGIANCE

Mayor Linda Evans led the Executive Committee in the Pledge of Allegiance.

4. AGENDA MODIFICATIONS (IF ANY)

None.

5. PUBLIC COMMENTS ON AGENDA ITEMS

None.

6. CHAIR / EXECUTIVE DIRECTOR ANNOUNCEMENTS

Chair Hernandez stated that California's Infrastructure Advisor Antonio Villaraigosa is coming to the desert on Wednesday, December 7 to tour project sites and discuss funding opportunities.

Executive Director Tom Kirk highlighted the grand opening of the Ofelia Bringas Memorial Bridge Project in the City of Cathedral City. Mayor Ernesto Gutierrez provided additional project details and on Ms. Bringas' connection to the community. Mr. Kirk also highlighted the grand opening of the Grapefruit Boulevard project in the City of Coachella, which included urban greening and transportation improvements. Chair Hernandez provided additional details on the City's project.

Mr. Kirk reminded members of the separate Zoom link for the closed session at the end of the meeting.

7. CONSENT CALENDAR

IT WAS MOVED BY COUNCILMEMBER KELLY AND SECONDED BY COUNCILMEMBER WEILL TO APPROVE THE CONSENT CALENDAR.

- A. Approve the September 26, 2022 Executive Committee Meeting Minutes**
- B. Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of CVAG committees**
- C. Receive and file the quarterly report for the CV Housing First program, representing clients served in the third quarter of 2022**
- D. Authorize the Executive Director to take the necessary steps to apply for the Southern California Association of Governments' Regional Early Action Planning (REAP) 2.0 program for a project that assess public right of way availability for affordable housing and a micro-housing pilot project**
- E. Adopt Policy 22-01, formalizing Transportation Uniform Mitigation Fee program compliance requirements**
- F. Adopt the 2023 State and Federal Legislative Platform**

THE MOTION TO CARRIED WITH 10 AYES, 8 MEMBERS ABSENT AND 1 ABSTENTION ON ITEM 7A, AND WITH 11 AYES AND 8 MEMBERS ABSENT ON ITEMS 7B-F.

**MAYOR MIDDLETON
MAYOR FERMON**

**ABSENT
ABSENT**

TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT
TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	AYE
MAYOR PRO TEM GRIFFITH	ABSTAIN ON 7A/ AYE ON 7B-F
MAYOR GUTIERREZ	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
VICE MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR HEWITT	ABSENT
COUNCILMEMBER WEILL	AYE
MAYOR MATAS	AYE
MAYOR HERNANDEZ	AYE

7.1 ITEM(S) HELD OVER FROM CONSENT CALENDAR

None.

8. DISCUSSION / ACTION

A. Contract for the Regional PM10 Street Sweeping Program – Emmanuel Martinez

Senior Programs Manager Emmanuel Martinez presented the staff report.

IT WAS MOVED BY MAYOR EVANS AND SECONDED BY MAYOR GUTIERREZ TO AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE A SERVICES CONTRACT WITH CLEANSTREET FOR REGIONAL STREET SWEEPING SERVICES THROUGH 2025, WITH AN OPTION FOR TWO, ONE-YEAR EXTENSIONS, FOR A NOT-TO-EXCEED ANNUAL AMOUNT OF \$763,573.96

THE MOTION TO CARRIED WITH 11 AYES AND 8 MEMBERS ABSENT.

MAYOR MIDDLETON	ABSENT
MAYOR FERMON	ABSENT
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT
TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	AYE
MAYOR PRO TEM GRIFFITH	AYE
MAYOR GUTIERREZ	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
VICE MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR HEWITT	ABSENT

**COUNCILMEMBER WEILL
MAYOR MATAS
MAYOR HERNANDEZ**

**AYE
AYE
AYE**

B. Next Steps for the Arts and Music Line – Jonathan Hoy

Transportation Director Jonathan Hoy presented the staff report, noting the upcoming vote by the California Transportation Commission and how well the valley did in ATP Cycle 6. Chair Hernandez applauded the success.

IT WAS MOVED BY MAYOR GUTIERREZ AND SECONDED BY CHAIR MILANOVICH TO AUTHORIZE THE CHAIR AND/OR EXECUTIVE DIRECTOR TO:

- 1. TAKE THE NECESSARY STEPS ACCEPT \$36.483 MILLION IN ACTIVE TRANSPORTATION PROGRAM FUNDING, CONDITIONAL ON APPROVAL BY THE CALIFORNIA TRANSPORTATION COMMISSION; AND**
- 2. EXECUTE AMENDMENT NO. 2 TO THE AGREEMENT WITH ALBERT A. WEBB ASSOCIATES FOR A NOT TO EXCEED AMOUNT OF \$1,060,000, INCLUDING 10 PERCENT CONTINGENCY; AND AUTHORIZE THE EXECUTIVE DIRECTOR AND/OR LEGAL COUNSEL TO MAKE CLARIFYING CHANGES/REVISIONS BEFORE EXECUTION; AND**
- 3. EXECUTE AMENDMENTS TO EXISTING REIMBURSEMENT AGREEMENTS WITH THE CITIES OF COACHELLA, INDIO AND LA QUINTA TO ADJUST THE LOCAL SHARE OF PRE-CONSTRUCTION SERVICES**

THE MOTION TO CARRIED WITH 11 AYES AND 8 MEMBERS ABSENT.

MAYOR MIDDLETON	ABSENT
MAYOR FERMON	ABSENT
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT
TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	AYE
MAYOR PRO TEM GRIFFITH	AYE
MAYOR GUTIERREZ	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
VICE MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR HEWITT	ABSENT
COUNCILMEMBER WEILL	AYE
MAYOR MATAS	AYE
MAYOR HERNANDEZ	AYE

C. Formula Funding Distribution with Riverside County Transportation Commission – Jonathan Hoy

Mr. Hoy presented the staff report. Brief member discussion ensued about the partnership with RCTC and memorializing the region's fair share.

IT WAS MOVED BY COUNCILMEMBER KELLY AND SECONDED BY MAYOR EVANS TO AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE A MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN RIVERSIDE COUNTY TRANSPORTATION COMMISSION (RCTC) AND THE COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS (CVAG) TO OUTLINE CERTAIN FORMULA FUNDING DISTRIBUTIONS BETWEEN RCTC AND CVAG AS FOLLOWS:

MEASURE A

- 1) DISTRIBUTE MEASURE A FUNDS AS DIRECTED IN THE MEASURE A ORDINANCE AND EXPENDITURE PLAN APPROVED BY RIVERSIDE COUNTY VOTERS IN 2002;

LOCAL TRANSPORTATION FUND PLANNING

- 2) DISTRIBUTE LOCAL TRANSPORTATION FUND (LTF) PLANNING FUNDS TO CVAG FOLLOWING THE RCTC-ADOPTED DISTRIBUTION FORMULA;

STATE TRANSPORTATION IMPROVEMENT PROGRAM

- 3) DISTRIBUTE STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) FUNDS CONSISTENT WITH THE 1998 MEMORANDUM OF UNDERSTANDING (MOU) WITH WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (WRCOG) AND CVAG;
- 4) REVISE STIP PLANNING, PROGRAMMING, AND MONITORING (PPM) DISTRIBUTION TO CVAG FROM A SET DOLLAR AMOUNT TO THE COACHELLA VALLEY PERCENTAGE SHARE OF TAXABLE SALES APPLIED TO ANNUAL STIP PPM ALLOCATION AMOUNTS FOLLOWING THE PROCEDURES CONTAINED HEREIN;

LOCAL PARTNERSHIP PROGRAM FORMULA

- 5) DISTRIBUTE LOCAL PARTNERSHIP PROGRAM (LPP) FORMULA FUNDS TO CVAG FOR THE EASTERN COUNTY SHARE OF TAXABLE SALES; AND
- 6) COORDINATE WITH CVAG LEADING UP TO EACH LPP FORMULA CYCLE TO COMMUNICATE THE EASTERN COUNTY LPP FORMULA SHARE BALANCE AND DETERMINE IF THERE IS AN ELIGIBLE EASTERN COUNTY PROJECT ON WHICH TO PROGRAM THE FUNDS

THE MOTION TO CARRIED WITH 11 AYES AND 8 MEMBERS ABSENT.

MAYOR MIDDLETON	ABSENT
MAYOR FERMON	ABSENT
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT
TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	AYE
MAYOR PRO TEM GRIFFITH	AYE
MAYOR GUTIERREZ	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
VICE MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR HEWITT	ABSENT
COUNCILMEMBER WEILL	AYE
MAYOR MATAS	AYE
MAYOR HERNANDEZ	AYE

D. Next Steps for the Interstate 10/ Monroe Street Interchange Project – Jonathan Hoy

Mr. Hoy presented the staff report. Member discussion ensued about the local share and how interchanges' share is divided among jurisdictions based on trip generations data.

IT WAS MOVED BY COUNCILMEMBER WEILL AND SECONDED BY SUPERVISOR PEREZ TO AUTHORIZE CVAG REGIONAL TRANSPORTATION FUNDING IN THE AMOUNT OF \$30,847,500 FOR THE INTERSTATE 10/ MONROE STREET INTERCHANGE PROJECT IN ORDER TO UNLOCK ADDITIONAL FUNDING SOURCES AND DIRECT THE EXECUTIVE DIRECTOR TO WORK WITH THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION (RCTC) TO ALLOCATE ADDITIONAL LOCAL PARTNERSHIP PROGRAM (LPP) FORMULA FUNDS AND SURFACE TRANSPORTATION BLOCK GRANT (STBG) FUNDING FOR THE PROJECT

THE MOTION TO CARRIED WITH 11 AYES AND 8 MEMBERS ABSENT.

MAYOR MIDDLETON	ABSENT
MAYOR FERMON	ABSENT
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT
TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	AYE
MAYOR PRO TEM GRIFFITH	AYE
MAYOR GUTIERREZ	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
VICE MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR HEWITT	ABSENT
COUNCILMEMBER WEILL	AYE
MAYOR MATAS	AYE
MAYOR HERNANDEZ	AYE

E. Reimbursement Agreement for Jefferson Street Widening (Avenue 38 to Sun City Boulevard) – Eric Cowle

Transportation Engineer Eric Cowle presented the staff report.

IT WAS MOVED BY MAYOR EVANS AND SECONDED BY CHAIR MILANOVICH TO APPROVE THE REIMBURSEMENT AGREEMENT WITH THE CITY OF INDIO FOR THE JEFFERSON STREET WIDENING PROJECT (AVENUE 38 - SUN CITY BOULEVARD), PROVIDING A NOT-TO-EXCEED AMOUNT OF \$225,000 IN REGIONAL FUNDING FOR THE PRELIMINARY DESIGN AND ENVIRONMENTAL STUDIES (PS&E) PHASE

THE MOTION TO CARRIED WITH 11 AYES AND 8 MEMBERS ABSENT.

MAYOR MIDDLETON	ABSENT
MAYOR FERMON	ABSENT
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT

TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	AYE
MAYOR PRO TEM GRIFFITH	AYE
MAYOR GUTIERREZ	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
VICE MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR HEWITT	ABSENT
COUNCILMEMBER WEILL	AYE
MAYOR MATAS	AYE
MAYOR HERNANDEZ	AYE

F. Construction Contract for CV Sync – Phase II – Eric Cowle

Mr. Cowle presented the staff report, including an update on Phase I construction and the next steps with Phase II. Member discussion ensued, with members noting the significance of the regional project.

IT WAS MOVED BY SUPERVISOR PEREZ AND SECONDED BY COUNCILMEMBER KELLY TO AUTHORIZE THE EXECUTIVE DIRECTOR TO:

- 1. EXECUTE A CONSTRUCTION CONTRACT WITH CROSSTOWN ELECTRICAL & DATA, INC., FOR A NOT-TO-EXCEED AMOUNT \$86,704,608.80 FOR PHASE II OF CV SYNC, AND AUTHORIZE THE EXECUTIVE DIRECTOR AND/OR LEGAL COUNSEL TO MAKE CLARIFYING CHANGES TO THE CONTRACT BEFORE EXECUTION; AND**
- 2. WORK WITH THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION TO ALLOCATE ADDITIONAL FEDERAL CONGESTION MANAGEMENT AND AIR QUALITY (CMAQ) FUNDS TO PHASE II OF THE REGIONAL TRAFFIC SIGNAL SYNCHRONIZATION PROJECT (CV SYNC)**

THE MOTION TO CARRIED WITH 11 AYES AND 8 MEMBERS ABSENT.

MAYOR MIDDLETON	ABSENT
MAYOR FERMON	ABSENT
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT
TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	AYE
MAYOR PRO TEM GRIFFITH	AYE
MAYOR GUTIERREZ	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
VICE MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR HEWITT	ABSENT

COUNCILMEMBER WEILL
MAYOR MATAS
MAYOR HERNANDEZ

AYE
AYE
AYE

9. **INFORMATION**

- a) Executive Committee Attendance
- b) CVAG Regional Arterial Program – Project Status Report
- c) Bicycle/Pedestrian Safety Program – Project Status Report
- d) Status of I-10 Interchange Projects
- e) SB 535 and California Climate Investments - Tribal Designation
- f) Imperial Irrigation District's Growth and Economic Development Proposal
- g) Opportunities for Sustainable Urban Greening and Heat Mitigation Initiatives
- h) Update on Property Assessed Clean Energy (PACE) Program
- i) Used Oil Recycling Program Event Schedule for 2023
- j) Waste Tire Amnesty Cycle 5 (TA5) Final Report
- k) Recent News Coverage of the Salton Sea
- l) Update on Inland Regional Energy Network Agreements, Programs, and Governance
- m) Utility Box Art Wrap Programs
- n) Launch of Countywide "Faces of Fentanyl" Campaign
- o) Community Education Efforts by the Coachella Valley Disaster Preparedness Network

These items were placed in the agenda packet for members' information.

10. **LEGISLATIVE ITEMS –**

- a) Update from the League of California Cities

This item was placed in the agenda packet for members' information. Mayor Lisa Middleton made note of the upcoming visit with Infrastructure Advisor Villaraigosa.

11. **PUBLIC COMMENTS ON NON-AGENDA ITEMS**

None.

12. ANNOUNCEMENTS

The next meeting of the **Executive Committee** will be held on Monday, January 30, 2023, at 4:30 p.m. via Zoom webinar.

13. CLOSED SESSION

Pursuant to the provisions of Government Code Section 54956.8, the Executive Committee adjourned to Closed Session at 5:27 p.m.

CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Property: Assessor Parcel Number Assessor Parcel Numbers 687-050-018, and a portion of 687-050-003

CVAG Negotiator: Tom Kirk, Executive Director

Negotiating Party: Allottee 97E, United States of America in Trust of Debrah Purnel

Under Negotiation: Price and Terms of Payment for acquisition of easements for CV Link

CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Property: 73-710 Fred Waring Dr, Suite 200 and various suites, and 74199 Highway 111, Suites W100 and E102, 73733 Fred Waring Drive, and 43100 Cook Street, City of Palm Desert;

CVAG Negotiator: Tom Kirk, Executive Director

Negotiating Parties: City of Palm Desert, Ocean Properties Development Corp., Shah Management and Baxley Properties

Under Negotiation: Price and Terms of Payment

The Executive Committee ended the closed session and returned to regular session at 5:55 p.m.

14. ADJOURNMENT

On behalf of the Chair, Assistant Executive Director Erica Felci stated there was no reportable action and adjourned the meeting at 5:56 p.m.

Respectfully submitted,

Erica Felci

CVAG Assistant Executive Director

ITEM 7B

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: Remote Teleconference/Virtual Meetings Pursuant to Assembly Bill 361

Contact: Erica Felci, Assistant Executive Director (efelci@cvag.org)

Recommendation: Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of CVAG committees

Background: All meetings of CVAG's standing committees are subject to the Ralph M. Brown Act (Gov. Code §§ 54950 *et seq.*), and must be open and public so that any member of the public may attend and participate in the meetings.

Starting in March 2020, Governor Newsom issued a series of executive orders aimed at preventing the spread of COVID-19, as it was determined that social distancing was an important factor addressing the pandemic. Among these were Executive Orders N-25-20, N-29-20 and N-35-20 (collectively, the "Brown Act Orders") that waived the teleconferencing requirements of the Brown Act to allow legislative bodies to meet virtually.

On June 11, 2021, the Governor issued Executive Order N-08-21 to begin winding down some of the prior measures that were adopted to respond to COVID-19. Notably, this order rescinds the Brown Act Orders, effective September 30, 2021. On September 16, 2021, Governor Newsom signed Assembly Bill 361 (AB 361), which effective October 1, 2021, allows legislative bodies to meet virtually provided the legislative body makes specific findings.

Specific Findings Required under AB 361:

The CVAG Executive Committee has previously made the following findings pursuant to AB 361:

1. A statewide state of emergency is currently in place;
2. State or local officials have imposed or recommended measures to promote social distancing in connection with COVID-19; and
3. Meeting in person would present imminent risks to the health or safety of attendees.

Although the emergency order related to COVID is nearing an end, AB 361 continues until January 2024. There has also been additional legislation related to the Brown Act and CVAG staff is working with Legal Counsel on how to address future meetings, which are likely to occur in person pending future clarifications to the Brown Act. With this item, staff is recommending the CVAG Executive Committee confirm these findings still exist and continue remote/ virtual meetings, pursuant to AB 361.

Fiscal Analysis: There are no additional costs to CVAG hosting virtual meetings. Committee members are paid the same stipends as they would in person.

ITEM 7C

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



Staff Report

Subject: Annual Review of CVAG's Investment Policy

Contact: Claude T. Kilgore, Director of Finance/Administration (ckilgore@cvag.org)

Recommendation: Approve CVAG's existing Investment Policy as CVAG Policy No. 23-01

Finance Committee: This item will be reviewed when the Finance Committee meets on February 27, 2023, prior to the Executive Committee meeting.

Background: Pursuant to California Government Code Section 53646(a)(2), local agencies (other than counties) "may annually render to his/her legislative body and any oversight committee an investment policy". While not explicitly required by statute, CVAG staff has long maintained that an investment policy should always be in place and provided to the Executive Committee for annual review.

This review is a continuation of CVAG's commitment to uphold the best interest of its member jurisdictions and to ensure shared fiduciary responsibility, increased authority and legitimacy of the investment policy, as well as transparency and disclosure to CVAG members.

CVAG staff has reviewed the existing investment policy and finds that it is sufficient. Staff recommends that the policy be approved as CVAG Policy No. 23-01.

Fiscal Analysis: There is no financial cost to passing the resolution.

Attachment: CVAG Policy No. 23-01

CVAG POLICY NUMBER: 23-01

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS (CVAG) INVESTMENT POLICY FOR CVAG FUNDS

It is the policy of Coachella Valley Association of Governments (CVAG) to invest public funds in accordance with the requirements of State law to achieve a market rate of return while minimizing the potential for losses, to meet daily cash flow needs of CVAG and to comply with all laws of the State of California regarding the investment of public funds. The ultimate goal is to enhance CVAG's financial condition while protecting its financial assets.

This investment policy is intended to provide guidelines for the prudent investment of CVAG's temporarily idle cash and to identify CVAG's policies regarding the investment process. Investments of public funds shall be made in accordance with the following policy.

1. Investment Objectives:
 - Safety - preservation of the public's funds so that necessary public projects and programs can be constructed and managed;
 - Liquidity - assurance of liquidity to meet daily cash flow needs; and
 - Yield - obtaining the maximum investment yield consistent with the above.
2. Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for the herein defined individual security's credit risk or market price changes, provided deviations from expectations are reported in the herein defined timely fashion and appropriate action is taken to control adverse developments.

3. The Executive Director, and designee, the Director of Finance/Administration, are responsible for establishing and maintaining an internal control structure designed to ensure the safety of the assets of CVAG and that CVAG assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance

recognizes that (a) the cost of a control should not exceed the benefits likely to be derived; and, (b) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Executive Director, and designee, the Director of Finance/Administration, shall maintain an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

4. All security transactions entered into by the Coachella Valley Association of Governments shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Director of Finance/Administration and evidenced by safekeeping receipts. Funds invested with the Riverside County Pooled Investment Fund are exempt from this paragraph.
5. Pursuant to CVAG's policies and prior direction, the Executive Director and designee, the Director of Finance/Administration, are hereby delegated the authority to implement the investment policy set forth herein.
6. Except for those funds necessary to assure maintenance of ongoing CVAG operations, CVAG investment may include:
 - United States Treasury Bonds, Treasury Notes or Treasury Bills
 - Certificates of Deposit, placed with commercial banks and savings and loan companies (not to exceed the FDIC guarantee of \$250,000 per financial institution unless collateralized per Section 7)
 - State of California Local Agency Investment Fund (LAIF)
 - AAA-rated Money Market Funds investing in US Treasury investments
 - Riverside County Pooled Investment Fund

The County of Riverside (County) serves as CVAG's treasurer. The County's Pool is professionally managed and maintains liquidity and diversification so as to minimize risk to the public agencies whose funds are held by the Pool. CVAG Staff reviews the County Treasurer's Investment Portfolio monthly, as well as providing a quarterly investment report to CVAG's Executive Committee (see section 13).

7. Collateralization will be required on demand deposits, certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, a minimum collateralization level is required.

Surplus funds can only be deposited in state or federal commercial banks and savings associations, state or federal credit unions, State of California Local Agency Investment Fund (LAIF) or the Riverside County Pooled Investment Fund within the State of California. The deposits cannot exceed the amount of the bank's or savings and loan's paid-up capital and surplus. The bank or savings and loan must secure public funds deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits.

The Executive Director or Director of Finance/Administration may waive security for that

portion of a deposit which is insured pursuant to Federal law. Currently, the first \$250,000 of a deposit is federally insured. Deposits in excess of \$250,000 are required to be collateralized as previously indicated.

8. CVAG, to ensure the safety of its investment portfolio, will diversify its investments by security type and institution. No more than 55% of CVAG's total investment portfolio shall be placed with any single financial institution, with the exception of LAIF, whereby CVAG has the option of investing up to the maximum allowable by LAIF.
9. The Director of Finance/Administration shall develop and maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

No public deposit shall be made except in a qualified public depository as established by state laws. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Director of Finance/Administration with the following: audited financial statements, proof of National Association of Security Dealers' certification, and proof of State of California registration. A current (for the fiscal year most recently ended) audited financial statement is required to be on file for each financial institution and broker/dealer in which CVAG invests.

10. The list of permissible investments in Section 6 is intentionally more limited than those set forth in California Government Code Sections 53601 and 53635.
11. Unless further restricted by state law, all investments hereunder shall be limited to a maximum maturity date of three years from date of purchase. A minimum of fifty percent (50%) of CVAG's invested funds must be invested in securities with maturities of one year or less. A minimum of seventy five percent (75%) of CVAG's invested funds must be invested in securities with maturities of two years or less.
12. Excluded from this resolution are investments of employee deferred compensation, employee cafeteria plan and retirement plan funds.
13. This investment policy shall be reviewed at least annually by the Executive Committee and Executive Director in accordance with California Government Code Section 53646 requirements.
14. Under provisions of the California Government Code Section 53646, there shall be a report, at least quarterly, to the Executive Committee on the status of all CVAG investments. This quarterly report will include the following information: Amount on Deposit, Market Value, Source for Market Values, Yield (rate of interest), Type of Investment and Institution. In addition, quarterly report shall:

1. State compliance of the portfolio to CVAG's investment policy or manner in

which the portfolio is not in compliance; and

2. Include a statement denoting the ability of CVAG to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.
15. The Executive Director, designee, or an Executive Committee member, shall suggest such amendments to this policy as he or she, from time to time, deems necessary or prudent.

ADOPTED this 27th day of February 2023.

Steven Hernandez, Chair
Coachella Valley Association of Governments

ATTEST:

Tom Kirk
Executive Director

ITEM 7D

**Coachella Valley Association of Governments
Executive Committee
February 27, 2022**



STAFF REPORT

Subject: **Formula Funding Distribution with Riverside County Transportation Commission**

Contact: Jonathan Hoy, Director of Transportation (jhoy@cvag.org)

Recommendation: Authorize the CVAG Chair and Executive Director to execute a Memorandum of Understanding with Riverside County Transportation Commission (RCTC) in order to ensure fair distribution of current and future funding sources

Background: CVAG and the Riverside County Transportation Commission have had a longstanding and productive partnership to improve the regional arterial network. This partnership has included a number of agreements over the years. However, not all funding sources have been formalized. CVAG and RCTC staffs have coordinated to address that moving forward in order to formalize an updated memorandum of understanding between agencies.

At its December 2022 meeting, the CVAG Executive Committee, based on a recommendation by the Transportation Committee, authorized the Executive Director to negotiate a Memorandum of Understanding with RCTC outlines the following formula funding distributions:

- Distribute Measure A funds as directed in the Measure A Ordinance and Expenditure Plan approved by Riverside County voters in 2002;
- Distribute Local Transportation Fund (LTF) Planning funds to CVAG following the RCTC-adopted distribution formula;
- Distribute State Transportation Improvement Program (STIP) funds consistent with the 1998 Memorandum of Understanding (MOU) with Western Riverside Council of Governments (WRCOG) and CVAG;
- Revise STIP Planning, Programming, and Monitoring (PPM) distribution to CVAG from a set dollar amount to the Coachella Valley percentage share of taxable sales applied to annual STIP PPM allocation amounts following the procedures contained herein;
- Distribute Local Partnership Program (LPP) Formula funds to CVAG for the eastern county share of taxable sales; and
- Coordinate with CVAG leading up to each LPP Formula cycle to communicate the eastern county LPP Formula share balance and determine if there is an eligible eastern county project on which to program the funds.

As detailed at the December 2022 meeting, CVAG and RCTC staff have worked together extensively to reach a consensus on a breakdown of funding sources to ensure equitable share for the Coachella Valley. Based on the Committee's authorization, CVAG staff then worked with RCTC staff to finalize the terms of the MOU. The MOU achieves the distribution formulas previously discussed and approved by CVAG's committees. The MOU has also been reviewed

by both agencies' legal counsels. It will be brought to the RCTC Budget and Implementation Committee on February 27, 2023 and then to the Commission for approval on March 8, 2023.

The MOU is slated to be signed by both agencies' Chairs in addition to their Executive Directors. However, in finalizing the execution of the MOU, CVAG staff noted that the authorization provided in December 2022 did not explicitly state that the CVAG Chair would be a signatory. As such, CVAG staff is providing this staff report and recommending signature authorization. This item would also provide authority to the Executive Director to work with Legal Counsel to make any minor or clarifying changes as the MOU is finalized by both agencies.

Fiscal Analysis: The proposed MOU would ensure equitable share of various funding sources to the Coachella Valley.

Attachment: MOU between RCTC and CVAG

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
RIVERSIDE COUNTY TRANSPORTATION COMMISSION AND THE
COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

THIS Memorandum of Understanding ("MOU") is made and entered into this ____ day of _____ by and between Riverside County Transportation Commission ("RCTC") and the Coachella Valley Association of Governments ("CVAG"). RCTC and CVAG are sometimes individually referred to as "Party" and collectively as the "Parties".

RECITALS

WHEREAS, RCTC and CVAG entered into an agreement on June 26, 1989 which outlined the responsibilities, services and compensation with respect to CVAG's functions regarding transportation planning and programming in the Coachella Valley ("1989 MOU"); and

WHEREAS, RCTC and CVAG entered into an addendum to the 1989 MOU on January 17, 1990 which outlined the equitable distribution of Measure A, state, and federal funds between Western County and Coachella Valley areas; and

WHEREAS, RCTC and CVAG entered into an additional addendum to the 1989 MOU on December 12, 1990, which further outlined the equitable distribution of Measure A, state, and federal funds between Western County and Coachella Valley areas; and

WHEREAS, RCTC and CVAG entered into an agreement on June 23, 1999 which outlined the process by which RCTC distributes State Transportation Improvement Program ("STIP") Planning Programming and Monitoring (PPM) funding to CVAG for use on transportation related projects; and

WHEREAS, RCTC and CVAG wish to consolidate these agreements into a single document to reflect oral understandings and agreements that have been reached by RCTC and CVAG with regard to the distribution of Measure A, PPM, and LPP formula Funds;

NOW, THEREFORE, the parties hereto agree as follows:

AGREEMENT

1. Measure A

a) Termination of Previous Agreement

- i. The 1989 MOU, as amended in January 1990 and December 1990, shall be terminated immediately and replaced with this MOU.

b) Distribution of Measure A Funds

- i. RCTC will continue to distribute Measure A funds as directed in the Measure A Ordinance and Expenditure Plan approved by Riverside County voters in 2002 ("2002 Ordinance"), attached hereto as Exhibit "A" and incorporated herein by this reference.

c) Use of Measure A Funds

- i. CVAG will continue to utilize Measure A funds as provided in the Riverside County Transportation Improvement Plan, as further described in Exhibit "A".
- ii. Expenses charged by CVAG for work performed by CVAG staff or by its consultants must be for the development of the Measure A Program or a specific Measure A-funded project as outlined in the Riverside County Transportation Improvement Plan.
- iii. As outlined in the 2002 Ordinance and the Riverside County Transportation Improvement Plan, all expenses are to be verified by audits performed by RCTC or its agents. CVAG must reimburse the Measure A Fund for any expenses which are determined to be ineligible.

d) Interest on Accumulated Measure A Funds

- i. Measure A funds allocated to the Coachella Valley and held by RCTC will accrue interest. The interest to be accrued to the Coachella Valley account will be that proportion of interest earned which is equal to the proportion of Coachella Valley funds held to the total Measure A funds held by RCTC.

2. Local Transportation Fund (LTF) Planning

- a) RCTC will continue to distribute LTF Planning funds to CVAG and Western Riverside Council of Governments (WRCOG) following RCTC-adopted distribution formula, as follows:

<u>Planning Agency</u>	<u>Percentage</u>
RCTC	15
WRCOG	55
CVAG	30
Total	100

3. State Transportation Improvement Program (STIP)

- a) RCTC will continue to distribute STIP funds consistent with the 1998 MOU, as amended, with WRCOG and CVAG. A copy of the 1998 MOU and amendment is attached hereto as Exhibit "B," and incorporated herein by this reference.

4. STIP PPM distribution

- a) Every February, Commission Planning and Programming staff communicate to CVAG staff the amount of STIP PPM RCTC will request allocation from the CTC in the upcoming fiscal year. CVAG staff will determine how much STIP PPM it anticipates the agency will need depending on CVAG activities planned in the upcoming fiscal year. If an amount less than the Coachella Valley's percentage share of taxable sales is requested, the balance will be tracked and carried forward to the next fiscal year. In the event CVAG is carrying a balance and there is no STIP PPM to allocate in any given fiscal year, the balance will be

carried forward until the STIP is positive again and there are PPM funds to set aside.

5. Local Partnership Program (LPP) Formula funds

- a) Following the precedent set by the 1998 MOU, RCTC shall distribute LPP Formula funds to CVAG and the Palo Verde Valley based on the share of taxable sales in eastern county in the fiscal year for which LPP Formula funds are made available.
- b) Leading up to each LPP Formula cycle, RCTC and CVAG staff shall coordinate on how to program the funds in the upcoming cycle. It is of note that LPP Formula shares in the CTC's program cannot roll over or be combined outside of a cycle. As such, if CVAG proposes to program LPP Formula funds on a project, CVAG (or other designated lead agency) will submit its draft project nomination for the upcoming cycle to RCTC no less than three months before the upcoming cycle begins. RCTC will review the draft project nomination prior to consenting to CVAG (or other designated lead agency) submitting the nomination directly to the CTC for programming. In each LPP Formula programming cycle, CVAG (or other designated lead agency) must demonstrate the intention to allocate the programmed LPP Formula funds by December of the first programming year. If LPP Formula funds must be reprogrammed to avoid loss of funding, the CVAG share originally programmed will be tracked for potential programming in the next LPP Formula cycle.

6. Future State and Federal Formula Funding

- a) RCTC and CVAG shall program future distribution of state and federal funding using an agreed upon criteria that ensures the equitable distribution of funds between the Western County and Coachella Valley.

7. Subsequent Agreements.

- a) It is the intention of both parties that this MOU will be constantly updated when future agreements are reached. Subsequent CVAG-RCTC agreements will be automatically incorporated into this MOU at such time as those agreements have been reduced to writing and that writing has been approved by the governing boards of the parties.

8. Attorneys' Fees.

- a) If any action at law or equity including an action for declaratory relief is brought to enforce or interpret the provisions of this MOU, the prevailing party will be entitled to reasonable attorneys' fees which may be set by the court in the same action or in a separate action brought for that purpose in addition to any other relief to which that party may be entitled. It is the intention of both parties that this MOU will be constantly updated when future agreements are reached.

9. Severability.

- a) If any provision of this MOU is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

The parties hereto have caused this MEMORANDUM OF UNDERSTANDING to be executed by their duly authorized representatives on the above-reference date.

ATTEST

**RIVERSIDE COUNTY
TRANSPORTATION COMMISSION**

By: _____
Anne Mayer, Executive Director

By: _____
Robert "Bob" Magee, RCTC Chair

ATTEST

**COACHELLA VALLEY
ASSOCIATION OF GOVERNMENTS**

By: _____
Tom Kirk, CVAG Executive Director

By: _____
Steven Hernandez, CVAG Chair

EXHIBIT A
2002 MEASURE A ORDINANCE
AND EXPENDITURE PLAN
[ATTACHED]

ORDINANCE NO 02-001

RIVERSIDE COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION EXPENDITURE PLAN
AND RETAIL TRANSACTION AND USE TAX ORDINANCE

PREAMBLE

The transportation system in Riverside County is rapidly deteriorating and our population and economy are growing rapidly. Maintenance and repairs of existing roadways and improvements to relieve congestion cannot be accomplished with available funds. Without additional funds, the system will bog down and pavement will crumble into permanent disrepair. State highway funds are inadequate and competition for funds is increasing. Projects in areas where local sales tax funds are available have been and will continue to be viewed much more favorably in the selection process of the California Transportation Commission. Local governments must either generate revenues to expand our system and maintain our investments or watch the system collapse and endanger the health, welfare and safety of all Riverside County residents.

Continuation of our one-half percent sales tax for transportation to supplement traditional revenues and revenues to be generated through locally-adopted developer fees and assessment districts for transportation improvements is the only way local governments can be sure the transportation system will serve the current and future travel needs of Riverside County. Collection of the one-half percent sales tax will commence upon the expiration of the existing tax.

The Riverside County Transportation Commission will continue to seek maximum funding for transportation improvements through State and federal programs. The Commission will not provide sales tax revenues to any city or to the County unless revenues currently used by that agency for transportation are continued to be used for transportation purposes.

The Riverside County Transportation Commission ordains as follows:

SECTION 1 SUMMARY This Ordinance provides for the imposition of a retail transaction and use tax of one-half percent for a period of thirty (30) years, the authority to issue bonds secured by such taxes, and the administration of the tax proceeds and a county transportation expenditure plan.

SECTION II DEFINITIONS The following definitions shall apply in this ordinance:

- A. **Expenditure Plan** "The Expenditure Plan" means the Riverside County Transportation Commission Expenditure Plan (attached as Exhibit B) and adopted as part of this Ordinance including any future amendments thereto.
- B. **"County"** means the County of Riverside.

- C "Commission" means the Riverside County Transportation Commission s set forth in Sections 130053, 130053 5 and 130053 7 of the Public Utilities Code
- D "TUMF" means Transportation Uniform Mitigation Fee This fee is charged on new development by local governments to assist with the building and improvement of regional arterials
- E "MSHCP" means the Multiple Species Habitat Conservation Plan currently under development by the County of Riverside
- F "Existing Tax" means the ½ % retail transactions and use tax adopted pursuant to Ordinance No 88-01

SECTION III AUTHORITY This Ordinance is enacted, in part, pursuant to the provisions of Division 25 (commencing with Section 240000) of the Public Utilities Code, and Section 7252 22 of the Revenue and Taxation Code

SECTION IV IMPOSITION OF RETAIL TRANSACTIONS AND USE TAX Subject to voter approval of the same, the Commission shall impose, in the incorporated and unincorporated territory of the County of Riverside, a retail transactions and use tax (referred to as the Measure "A" fund tax) at a zero percent (0%) rate until the expiration of the Existing Tax Thereafter, a tax shall be collected for a thirty (30) year period at the rate of one-half of one percent (0 5%) This tax shall be in addition to any other taxes authorized by law including any existing or future state or local sales tax or transactions and use tax

SECTION V PURPOSES Measure "A" funds may only be used for transportation purposes including the administration of Division 25, including legal actions related thereto, the construction, capital, acquisition, maintenance, and operation of streets, roads, highways, including state highways and public transit systems and for related purposes These purposes include expenditures for the planning, environmental reviews, engineering and design costs, and related right-of-way acquisition

SECTION VI BONDING AUTHORITY Upon voter approval of Measure "A" , the Commission shall have the power to sell or issue, from time to time, on or before the collection of taxes, bonds, or other evidence of indebtedness, including, but not limited to, capital appreciation bonds, in the aggregate principal amount at any one time outstanding of not to exceed \$500 million, and to secure such indebtedness solely by way of future collection of taxes, for capital outlay expenditure for the purposes set forth in Section V hereof, including to carry out the transportation projects described in the Expenditure Plan

SECTION VII MAINTENANCE OF EFFORT The Commission, by the enactment of this Ordinance, intends the additional funds provided government agencies by this Chapter to supplement existing local revenues and required developer improvements being used for transportation purposes The government agencies shall maintain their existing commitment of local funds for street, highway and public transit purposes pursuant to this Ordinance, and the Commission shall enforce this Section by appropriate actions including fiscal audits of the local agencies

1

The local cities and the County shall annually submit to the Commission a list of the proposed uses for these funds and a certification that the maintenance of effort requirement is being met. If in any fiscal year the maintenance of effort requirement is not met, the agency shall not be eligible for any Measure "A" funds in the following fiscal year. Such funds shall be distributed to the remaining local governments using the formula for the area.

SECTION VIII RETURN TO SOURCE Funds for transportation purposes shall be allocated to the Western County, Coachella Valley, and Palo Verde Valley areas proportionate to the Measure "A" funds generated within these areas.

SECTION IX ADMINISTRATION OF PLANS The Commission shall impose and collect Measure "A" funds, shall allocate revenues derived, and shall administer the Expenditure Plan consistent with the authority cited herein.

SECTION X ADMINISTRATIVE COSTS The Commission shall expend only that amount of the funds generated from Measure "A" for staff support, audit, administrative expenses, and contract services that are necessary and reasonable to carry out its responsibilities pursuant to Division 25, and in no case shall the funds expended for salaries and benefits exceed one percent (1%) of the annual net amount of revenue raised by Measure "A".

SECTION XI ANNUAL APPROPRIATIONS LIMIT The annual appropriations limit has been established pursuant to Ordinance 88-01 pursuant to Article XIII B of the California Constitution and Section 240308(b) of the Public Utilities Code. The appropriations limit has and shall be subject to adjustment as provided by law.

SECTION XII EFFECTIVE AND OPERATIVE DATES Subject to voter approval, this Ordinance shall take effect at the close of the polls on November 5, 2002.

SECTION XIII ELECTION The Commission requests the Board of Supervisors to call an election for voter approval of Measure "A" (Exhibit A), which election shall be held on November 5, 2002. The election shall be called and conducted in the same manner as provided by law for the conduct of elections by a county. Pursuant to Section 240308 of the Public Utilities Code, the sample ballot to be mailed to the voters shall be the full proposition as set forth in the Ordinance, and the voter information handbook shall include the entire Expenditure Plan. Approval of the attached proposition, and the imposition of the Measure "A" retail sales and use tax described herein, shall require the affirmative vote of 2/3rds of the electors voting on the attached proposition at the election described in this section.

SECTION XIV EXPENDITURE PLAN AMENDMENTS The Expenditure Plan for Measure "A" funds may only be amended, if required, in accordance with Public Utilities Code section 240302, as amended. This section currently provides the following process for amendment: (1) initiation of the amendment by the Commission reciting findings of necessity, (2) approval by the Board of Supervisors, and, (3) approval by a majority of the cities constituting a majority of the incorporated population, unless such process is amended in a manner consistent with State legislation.

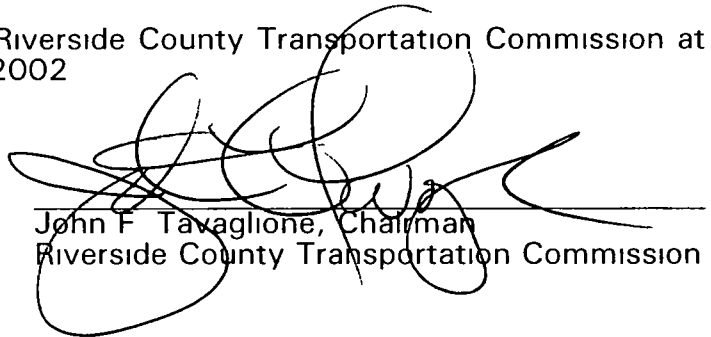
Commencing in 2019 and at least every ten years thereafter, the Commission shall review and, where necessary propose revisions to the Expenditure Plan. Such revisions shall be submitted for approval according to the procedures set forth in this Section XIV. Until approved, the then existing Expenditure Plan shall remain in full force and effect.

SECTION XV SEVERABILITY If any tax or provision of this ordinance is for any reason held invalid or unenforceable by a court of competent jurisdiction, that holding shall not affect the validity or enforceability of the remaining Measure "A" funds or provisions, and the Commission declares that it would have passed each part of this ordinance irrespective of the validity of any other part.

SECTION XVI THE EXISTING TAX Nothing in the ordinance is intended to modify, repeal, alter or increase the Existing Tax. The provisions of this ordinance shall apply solely to the retail transactions and use tax adopted herein, and not to the collection or administration of the Existing Tax.

APPROVED AND ADOPTED by the Riverside County Transportation Commission at its meeting on Wednesday, May 8, 2002

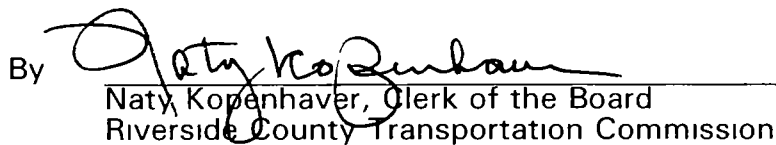
By



John F. Tavaglione, Chairman
Riverside County Transportation Commission

ATTESTED

By



Naty Kopenhaver, Clerk of the Board
Riverside County Transportation Commission

Riverside County Transportation Improvement Plan

GOALS AND OBJECTIVES

MAINTAIN AND IMPROVE THE QUALITY OF LIFE IN RIVERSIDE COUNTY BY SUPPLEMENTING EXISTING FUNDS FOR TRANSPORTATION

Reduce current congestion and provide adequate transportation facilities to accommodate reasonable growth in the future

Provide funding for the adequate maintenance and improvement of local streets and roads in the cities and unincorporated areas

Enhance Riverside County's ability to secure state and federal funding for transportation by offering local matching funds

PROVIDE FOR ACCOUNTABILITY IN THE EXPENDITURE OF TAX PAYER FUNDS

Provides for mandatory dedication of sales tax funds only for the transportation improvements and programs identified in the Expenditure Plan and no other purpose

Provides for a mandatory, annual financial audit of program expenditures to insure that all funds are spent in accordance with this voter adopted Plan and associated legal ordinance

Provides for a Maintenance of Effort requirement in funds made available to city and county governments for local street and road programs to insure the new money for this purpose is adding to current funding levels

Provides for the strict limitation of administrative staff costs in implementing this Plan, by limiting, in law, funds expended for salaries and benefits to no more than one (1) percent of the annual net amount of revenues raised by Measure "A"

Provides for the Plan to be updated every 10 years for the period it is in effect to insure that the changing needs and priorities of the county are met

Provides for the mandatory termination of the tax in 2039, requiring additional voter approval for extension at a County General Election according to state law

PROVIDE FOR EQUITY IN THE DISTRIBUTION OF MEASURE A REVENUES

Return funds to the Western County, Coachella Valley and Palo Verde Valley proportionate to the funds generated in those areas

Adopt a Transportation Improvement Plan, which address the unique needs of each of the areas of the county

Provide a reasonable balance between competing highway, commuter rail, transit, and local streets and roads needs

PROVIDE FOR LOCAL CONTROL OF THE TRANSPORTATION IMPROVEMENT PROGRAM

Provide for cost effective, local administration of the program through the existing Riverside County Transportation Commission. No new agency would be required to administer these funds

Delegates appropriate administrative responsibility to the cities and the county and other local agencies for local programs

This TRANSPORTATION IMPROVEMENT PLAN, which shall act as the County's Expenditure Plan, was prepared by the Riverside County Transportation Commission for the purpose of extending the current ½ cent local transaction and use tax for transportation to be collected for an additional 30 years, if approved by the voters on November 5, 2002 – Measure "A". This is proposed by the Commission as a means to fill the funding shortfall to implement necessary highway, commuter rail, and transit projects, secure new transportation corridors through environmental clearance and right of way purchases, provide adequate maintenance and improvements on the local street and road system, promote economic growth throughout the county, and provide specialized programs to meet the needs of commuters and the specialized needs of the growing senior and disabled population

TAXPAYER ACCOUNTABILITY SAFEGUARDS

LEGAL DEDICATION OF FUNDS

Measure "A" funds may only be used for transportation purposes and described in the local ordinance governing this program, including the construction, environmental mitigation of transportation projects, capital activities, acquisition, maintenance, and operation of streets, roads, highways, including state highways and public transit systems and for related purposes. These purposes include but are not limited to expenditures for the planning, environmental reviews, engineering and design costs, related right-of-way acquisition, and construction, engineering and administration.

MANDATORY ANNUAL FISCAL AUDIT

No less than annually, the RCTC shall conduct an independent fiscal audit of the expenditure of all sales tax funds raised by this measure. The audit, which shall be made available to the public, shall report on evidence that the expenditure of funds is in accordance with the Riverside County Transportation Improvement Plan as adopted by the voters in approving the sales tax measure on November 5, 2002. In addition, the audit shall determine that Maintenance of Effort requirements, other requirements regarding local government participation in Transportation Uniform Mitigation Fee Programs, as well as requirements described in Section 5 of the Plan entitled "Local Streets and Roads" have been complied with. The audit shall also insure that no more than 1 (one) percent of total sales tax expenditures are used for administrative staff salaries and benefits in implementing this Plan.

MANDATORY PLAN UPDATE AND TERMINATION OF SALES TAX

This Plan shall be updated by RCTC every 10 years that the sales tax is in effect to reflect current and changing priorities and needs in the County, as defined by the duly elected local government representatives on the RCTC Board. Any changes to this Plan must be adopted in accordance with current law in effect at the time of the update and must be based on findings of necessity for change by the Commission. The sales tax authorized to be collected by the voters shall be terminated on March 31, 2039, unless reauthorized by the voters to extend the sales tax prior to the termination date as required under state law in effect at the time of the vote for extension.

SPECIFIC TRANSPORTATION PROJECTS TO BE FUNDED

WESTERN RIVERSIDE COUNTY

The Expenditure Plan Map illustrates the Western and Coachella Valley areas. The Western County area includes the cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Moreno Valley, Riverside, Murrieta, Norco, Perris, San Jacinto, and Temecula. It also includes the unincorporated communities of Jurupa, Mira Loma, Menifee, Wildomar, and Sun City and other more sparsely populated areas, and the reservations of the Pechanga Band of Mission Indians, the Soboba Band of Mission Indians, the Cahuilla Band of Mission Indians, the Ramona Band of Cahuilla Indians, and the Morongo Band of Indians.

1 STATE HIGHWAYS

Many more state highway improvement projects are needed to deal with congestion and safety problems than existing state and federal revenues can fund. Projected formula funds from these sources over the 30 years is estimated to be \$640 million and will fund less than ½ of the improvements needed and identified in the Expenditure Plan, which are estimated to cost \$1.66 billion in current dollars. Measure "A" funds will supplement those funding sources by an estimated \$1.02 billion and will cover the remaining costs estimated to accomplish these improvements.

The Highway projects to be implemented with funding returned to the Western County Area by extending the Measure "A" Program are as follows:

ROUTE	LIMITS	PROJECT	EST COST
91 60 I 15 & I-215		Reducing congestion on these routes will require that new transportation corridors are constructed	See Section 2
Rte 91	Pierce Street to Orange County Line	Add 1 lane each direction	\$ 161
91/I 15	Interchange	Add new Connector from I 15 North to 91 West	\$ 243
91/71	Interchange	Improve Interchange	\$ 26
Rte 71	Rte 91 to San Bernardino County Line	Widen to 3 lanes each direction	\$ 68
I 215	60/91/215 to San Bernardino County Line	Add 2 lanes each direction	\$ 231
I-215	Eucalyptus Ave to I 15	Add 1 lane each direction	\$ 210
I 15	Rte 60 to San Diego County Line	Add 1 lane each direction	\$ 359
I-10	San Bernardino County Line to Banning	Add eastbound truck climbing lane	\$ 75
I 10/60	Interchange	Construct new interchange	\$ 129
Rte 60	Badlands area east of Moreno Valley	Add truck climbing lane	\$ 26
Rte 79	Ramona Expressway to Domenigoni Parkway	Realign highway	\$ 132
SUBTOTAL	Measure A Funding		\$1 02 Billion
	State & Federal Formula Funds		\$0 64 Billion
TOTAL			\$1 66 Billion

The Commission may add additional State Highway projects, should additional Measure "A" revenue become available

An estimated 5% of the total cost for these highway projects (\$83 million) will be used for environmental purposes to mitigate the cumulative and indirect impacts associated with construction of these projects

2 DEVELOPMENT OF NEW TRANSPORTATION CORRIDORS

State Routes 91 and 60 and Interstate Routes 15 and 215 cannot cost effectively be widened enough to provide for the traffic expected as Riverside County continues to grow. In addition to the specific highway improvements listed in Section 1 above, congestion relief for these highways will require that new north-south and east-west transportation corridors will have to be developed to provide mobility within Riverside County and between Riverside County and its neighboring Orange and San Bernardino Counties.

Four new Transportation Corridors have been identified as necessary through the Community Environmental Transportation Approval Process (CETAP) currently underway. An estimated \$370 million in Measure "A" matching funds to leverage local, state and federal funding will be made available for environmental clearance, right of way, and construction of these new corridors. An estimated \$70 million of these funds will be used to mitigate the cumulative and indirect impacts associated with construction of these projects.

3 PUBLIC TRANSIT

The Transportation Improvement Plan will provide an estimated \$390 million to expand commuter rail, implement intercity bus services and to continue and expand programs to assist the elderly, disabled and commuters.

A Discount Fares and Transit Services for Seniors and Disabled Persons

Seniors and disabled persons are becoming an increasing percentage of the population each year. They are currently charged a fare on fixed route transit services that is one-half the normal fare for service within the Western County area. In addition a number of specialized transportation programs have been implemented which meet specialized needs for transportation to medical services, social service agencies and programs, shopping and other purposes that cannot be met by conventional transit. A minimum of \$85 million in Measure "A" funds will be used to guarantee these services.

B Commuter Rail and Intercity Bus Service

Metrolink has provided a viable alternative to the automobile for thousands of daily commuters to Orange and Los Angeles counties and reduces the demand on our freeways. The current service level needs to double in the future and expansion of the system to Moreno Valley and Perris is needed to relieve congestion on I-215. In addition, an intercity express bus service that feeds the Metrolink service and provides a reasonable alternative to the automobile for daily commuters who travel within the region is needed. Measure "A" funds will be made available for operations of these services and to match federal funds for capital.

C Commuter Services Ridesharing Vanpools, Buspools, Park-N-Ride

Commuter traffic created by Riverside County residents traveling to jobs in neighboring Orange, Los Angeles, and San Bernardino counties adds significantly to the peak hour congestion on the freeway and highway system. A number of programs have been implemented to assist commuters to share rides, reduce congestion, and take advantage of travel in the "carpool" lanes. These programs include, rideshare matching services, incentive programs, vanpool "seed money", buspool subsidies, and park-n-ride lot leasing. These programs will become even more necessary in the future as traffic increases. A minimum of \$50 million in Measure "A" funds will be used for this purpose.

4 REGIONAL ARTERIAL SYSTEM

The freeway and state highway system can no longer be expected to handle the traffic demands for travel between and through the cities of the Western County area, with the development projected for the future. A system of regional arterials (major local roadways) with limited access, freeway interchanges, grade separations, and coordinated traffic signals are needed to supplement the highway backbone system. The Western Riverside Council of Governments (WRCOG), in conjunction with the cities and the County, has developed this system of roadways to meet this need. This roadway system will be periodically updated by the Commission, or the Western Riverside Council of Governments, to reflect actual development trends.

Funding to widen existing roads and construct new roads on this system will be funded by an estimated \$300 million in revenues generated by Measure "A" and by matching revenues to be generated by the cities and County implementing a Transportation Uniform Mitigation Fee (TUMF) administered by the Commission or the Western Riverside Council of Governments (WRCOG)

Examples of the roadways on the regional arterial system that may be eligible to receive Measure "A" and TUMF funding for widening and other improvements to increase capacity and traffic flow are

- Van Buren Boulevard from I-215 to State Route 60
- Alessandro Boulevard from I-215 westerly to Central Avenue
- Central Avenue from Alessandro Blvd to Van Buren Boulevard
- Arlington Avenue from Central Avenue to Van Buren Boulevard
- Green River Road from Dominguez Ranch Rd to State Route 91
- Foothill Parkway from Lincoln Ave to Green River Road
- Scott Road from State Route 79 to I-215
- Clinton Keith Road from State Route 79 to I-215
- Date Street from State Route 79 to I-15
- State Route 79/I-10 Interchange Improvements and possible bypass to I-10
- Ramsey Street from Banning City Limits to Field Road
- Ramona Expressway from San Jacinto to I-215
- Cajalco Road from I-215 to I-15
- Perris Boulevard from State Route 74 to San Bernardino Co Line
- Pyrite Street from San Bernardino County Line to State Route 60
- Schleisman Road from San Bernardino County Line to I-15 and Arlington Avenue
- Domenigoni Parkway from State Street to I-215
- Railroad Canyon/Newport Road from I-215 to I-15

The final scope and project limits of all improvements proposed for the regional arterial system will be determined through noticed public hearings environmental clearance process, and agreement with affected agencies

5 LOCAL STREETS AND ROADS

The local street and road system is critical to the every day movement of people within the cities and the county. This system is reaching "middle age", with potholes and is in need of continued maintenance and rehabilitation. New local roads adjacent to new residential and business developments will continue to be constructed and paid for by the developers.

Current resources, without the extension of the existing sales tax revenues for transportation, cannot provide adequate funding to maintain the local street and road system at the level necessary to adequately serve the public

The Transportation Improvement Plan will provide an estimated \$970 million specifically for this purpose. The funds made available in the Western County area will be distributed to the cities and the county by a formula based 75% on proportionate population and 25% on revenues generated by Measure "A". In order to be eligible for these funds, each agency will be required to 1) File a Five-Year Capital Improvement Program, updated annually, with the Commission, 2) Participate in a Transportation Uniform Mitigation Fee (TUMF) Program to be developed and administered by the Commission or the Western Riverside Council of Governments (WRCOG), and, 3) Participate in the Multi-Species Habitat Conservation Plan (MSHCP) currently under development by the County of Riverside by endorsing the Permit Application and signing the Implementation Agreement.

The TUMF Program shall be adopted according to all applicable laws and shall provide that the first \$400 million of TUMF revenues will be made available to the Commission to fund equally the 1) Regional Arterial System, as described above, and, 2) Development of New Corridors ("CETAP") described above.

6 ECONOMIC DEVELOPMENT INCENTIVES PROGRAM

The need to attract new commercial and industrial development and jobs to Riverside County to reduce the need for long commutes to Orange and Los Angeles counties is important to the economic vitality and quality of life of Western Riverside County. A greater jobs – housing balance is needed immediately.

The Transportation Improvement Plan will provide an estimated \$40 million for this purpose. These funds will be used to create an Infrastructure Improvement Bank to improve existing interchanges, construct new interchanges, provide public transit linkages or stations, and make other improvements to the transportation system. Given the limited amount of funds available, the RCTC shall develop a program of competitive incentives to attract commercial and industrial development and jobs to locate within the Western Riverside County area.

In particular, the highest priority for these funds shall be for use in attracting key industrial development. For example, Western Riverside County through the provision of a needed interchange or transit service as a part of an overall package of incentives, could attract industrial development, which may have otherwise located elsewhere in California, in the United States or internationally.

7 BOND FINANCING

Construction of the highway and rail projects and implementation of the local streets and roads and other programs identified in the Transportation Improvement Plan are needed as soon as possible. In order to accomplish this, some level of borrowing will be required. The Commission will determine the extent of borrowing that is reasonable as the program is implemented. Up to \$270 million, 8% of the revenues expected to be generated, will be made available for this purpose.

COACHELLA VALLEY AREA

The Coachella Valley area is located in the central part of Riverside County and includes the cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage. It also includes the unincorporated areas, and the reservations of the Agua Caliente Band of Cahuilla Indians, the Cabazon Band of Mission Indians, and the Torres Martinez Desert Cahuilla Indians. The Transportation Improvement Plan is designed to give flexibility to adjust to changing circumstances and to

- Improve Traffic Flow and Reduce Congestion on Highway 111
- Add/Improve Interchanges on Highway 86 and I-10
- Provide funding for Local Streets and Roads Improvements
- Improve Safety and Visibility at Major Intersections and Arterial Roads
- Reduce Congestion by Improving Major Roadways Identified as Important by Local Governments in the Coachella Valley
- Provide Express East-West Transit Routes in the Coachella Valley
- Improve and Expand Public and Specialty Transit Service

1 STATE HIGHWAYS AND MAJOR REGIONAL ROAD PROJECT

Fifty percent (50%) of the Measure "A" revenues will be used for State highways and regional road improvements. The Transportation Project Prioritization Study (TPPS), developed through the Coachella Valley Association of Governments (CVAG), will function as the Plan for future needs. Preventive maintenance of these Measure "A" funded arterials will be allowed, if a majority of the Coachella Valley local governments give approval.

The system improvements will be accomplished with a mix of Measure "A" funds, state and federal highway funds, and the existing Transportation Uniform Mitigation Fee (TUMF) on new development.

This segment of the Measure "A" Expenditure Plan will be implemented through the Coachella Valley Association of Governments.

2 LOCAL STREETS AND ROADS

Thirty-five percent (35%) of the Measure "A" revenues will be returned to the cities and the county in the Coachella Valley and shall be used to assist with the funding local street and road improvements. These funds will supplement existing federal, state, and local funds. Local street improvements adjacent to new residential and business developments will continue to be paid for by the developers.

Cities and the county in the Coachella Valley must participate in the Transportation Uniform Mitigation Fee (TUMF) program to assist in the financing of the priority regional arterial system in order to receive these funds. If a city or the county chooses not to levy the TUMF, the funds they would otherwise receive for local streets and roads will be added to the Measure "A" funds for the Regional Arterial Program.

Allocations of funds to the cities and the county will be based on a formula weighted 50% on proportionate dwelling units and 50% on Measure "A" revenues generated within each jurisdiction. A Five-Year Capital Improvement Program for the use of these funds will be prepared and annually updated with public participation by each city and the county.

3 PUBLIC TRANSIT

Fifteen percent (15%) of the Measure “A” revenues will be used to improve and expand public transit and specialized transportation services

A Discount Fares and Expanded Transportation Services for Seniors and Persons with Disabilities

For Seniors (age 60 and older) and persons with disabilities, access to healthcare, social services, shopping, and recreation is a key to quality of life. Sunline Transit Agency offers a full array of public transit and specialized transportation services at reduced prices to individuals in these special groups. Measure “A” funds will guarantee discounts continue for the next 30 years. Funds will also be used to expand services to meet future needs of the growing population of the valley.

B Specialized Transportation Services

In addition to providing SunBus public transit service, SunDial paratransit service, and SunLink express commuter service to Riverside, the Sunline Transit Agency offers specialized transportation services to Coachella Valley residents and visitors. These services include the Vets Express that provides free transportation to the Veterans Hospital in Loma Linda, SunTrip, that enables those beyond Sunline’s fixed route service area to receive reimbursement they can pay to volunteer drivers, and SunRide that coordinates the transportation services offered by many non-profit social service organizations. All of Sunline’s vehicles operate on clean, alternative fuels thereby preserving the environment and creating a healthier community while increasing access. Measure “A” funds will assist these and other types of specialized transportation services which may be implemented.

C Bus Replacement and More Frequent Service

Public bus transportation offers communities many benefits – reduced traffic congestion, reduced wear and tear on roads, reduced parking demand, and lower emissions. By providing access to schools, jobs and shopping, it is also a vital force in economic development. This is especially true in the Coachella Valley where nearly 75% of the 4 million annual SunBus riders take a bus to work and/or school. Public

transit buses have a 12-year life. Passage of Measure "A" will enable Sunline's fleet to be replaced as needed. Funds will also be used to increase frequency of service, which is the single most important factor in use of public transportation.

PALO VERDE VALLEY AREA

The Palo Verde Valley area is located in the far eastern part of Riverside County. It is geographically separated from the Western and Coachella Valley areas. The population within the area is relatively small, and significant growth over the next 30 years is not anticipated.

The Palo Verde Valley is served by Interstate 10 which provides adequate connections to the more westerly portions of Riverside County and easterly to Arizona. Increasing transit needs can be adequately met using existing revenue sources available for that purpose. The greatest need for the Palo Verde Valley is additional funding to adequately maintain and rehabilitate local streets and roads.

All of the funding generated by Measure "A" returned to the Palo Verde Valley is to be used for local streets and roads. Funds shall be distributed to the City of Blythe and the County of Riverside by formula. The formula distribution is based 75% on proportionate population and 25% on sales tax revenues generated in each area.

MEASURE 'A' REVENUE ALLOCATIONS

(\$ millions)

Western County Area

Highway Improvements	\$1,020
New Corridors	\$ 370
Commuter Rail / Intercity Bus/ Specialized Transit/ Commuter Services	\$ 390
Regional Arterial Projects	\$ 300
Local Streets and Road Improvements	\$ 970
Bond Finance	\$ 270
Economic Development Projects	\$ 40
TOTAL	\$3,360

Coachella Valley

Highways and Regional Arterials	\$ 628
Local Streets and Roads	\$ 439
Specialized and Public Transit	\$ 188
TOTAL	\$1,255

Palo Verde Valley Area

Local Street and Road Improvements	\$ 47
TOTAL	\$ 47

GENERAL PROVISIONS OF THE TRANSPORTATION IMPROVEMENT PLAN

1 BASIS FOR REVENUE ESTIMATES

Federal and state participation for highways, commuter rail, new corridors, and major non-highway roadway improvements is assumed to be \$40 million per year allocated biannually by the California Transportation Commission through the State Transportation Improvement Program (STIP) process. The Riverside County Transportation Commission currently programs 24.2% of these funds on a discretionary basis for projects. This practice will be continued in order to fund major improvements that will arise and have not been anticipated by this Transportation Improvement Plan.

Measure "A" revenue estimates have not been adjusted to reflect inflation. It is assumed that inflation revenue increases will be offset by inflation costs to deliver the projects. "Real Growth" is assumed to parallel countywide population growth. Based upon these factors, Measure "A" revenues over the 30-year period are assumed to be about \$4.665 billion.

2 BASIS FOR COST ESTIMATES

All cost estimates for highway projects were developed by Caltrans based on a specific scope of improvements and are based on 2001 values. Future costs may increase due to inflation or other factors beyond the control of the Commission. The 2001 cost estimates are to be used to determine the proportionate distribution of funds to the categories of projects and programs identified in the transportation program.

3 STATE HIGHWAY AND MAJOR ARTERIAL PROGRAMS

A Eligible state highway project costs include preliminary engineering, environmental clearances, design engineering, project management, right of way acquisition and long-term leases and construction. Measure "A" funds are intended to supplement and not replace existing federal and state sources. If it is determined by the Commission that Riverside County is not receiving its fair share of existing funds, sales tax funds may be directed to other types of transportation needs.

- B** The actual scope of the highway, and major arterial projects to be implemented is to be determined through a prioritization process, required environmental analysis, and full consideration of reasonable alternatives. Public participation during the environmental analysis process is required.
- C** The Commission shall establish a "State Highway Account" for funding capital expenditures for state highway improvements.

4 PUBLIC TRANSIT

- A** Eligible programs include special discount fares for the elderly and persons with disabilities, funding for computer assisted rideshare programs, commuter incentive programs, "seed" programs to encourage the creation of vanpools and buspools, bus capital replacement and additional bus service in the Coachella Valley, and capital and operating assistance for commuter rail expansion and intercity bus service implementation in the Western County area.
- B** Western County area commuter rail services are anticipated to continue to be operated by Metrolink on existing rail lines to Los Angeles, Orange and San Bernardino counties. Increasing the level of services will require negotiation of the appropriate agreements with the railroads and appropriate cost sharing between the counties served. Extension of service to the Moreno Valley area and the City of Perris is anticipated to be along the San Jacinto Branch Line owned by the Commission. Measure "A" funds will be used for operating costs and to match federal and state funds for capital improvements.
- C** Western County area intercity bus express services to be implemented are intended to specifically target commuters and provide a viable connection to the Metrolink service and transportation between and to key employment centers within the region.
- D** The Commission shall establish a "Public Transit Account" for funding these programs. The Commission shall determine which public transportation or specialized transportation services operators, and carpool/vanpool facilitating agencies, shall receive funding assistance. The Commission may directly provide or operate these services and programs if it is determined that they are the most appropriate agency to do so in the Western County area. In the Coachella Valley area, the services will be provided by the SunLine Transit Agency. Based on 30 year funding estimates, the amount of funds should be \$340 million for the Western County and \$188 million for the Coachella Valley area.

5 LOCAL STREETS AND ROADS PROJECTS

- A** Eligible local street and road project costs include any environmental review and mitigation, engineering, right of way acquisition and, capital or maintenance cost. Decisions on projects are to be made by local jurisdictions, but subject to capital improvement requirements
- B** Annual population estimates used for the distribution formula for the Western County and Palo Verde Valley areas shall be from the State Department of Finance. Dwelling unit estimates used for the distribution formula in the Coachella Valley shall be from the Riverside County Planning Department. Actual State Board of Equalization retail sales transactions shall be used for the formula in all three areas. The County Planning Department shall estimate the share for each of the unincorporated areas for the three areas, from the total retail sales transactions for the total unincorporated area
- C** The Commission shall assure the cities and the County are in compliance with maintenance of effort requirements before allocating funds for local streets and roads. Further, the Commission shall not allocate funds to an individual city or the County for local streets and roads within the Western County and Coachella Valley areas unless the local agency is certified by the Coachella Valley Association of Governments or in the Western County Area by the Commission or the Western Riverside County Association of Governments as applicable, to be a participant in the Transportation Uniform Mitigation Fee (TUMF) program necessary for the implementation of the Regional Arterial Program in their area. The cities and the county in the Western County Area must participate in the Multi Species Habitat Conservation Plan (MSHCP) by endorsing the Permit Allocation and executing the Implementation Agreement with the resources agencies in order to be eligible to receive local streets and roads funds
- D** Funding which is not allocated to a city or the county because it is not a participant in the TUMF program in the Coachella Valley area and the TUMF and the MSHCP in the Western County area shall be allocated to the Regional Arterial Program in the geographic area in which the city or portion of the county is located

6 FUNDING FLEXIBILITY AND BONDING TO EXPEDITE PROJECTS

The Commission may make maximum use of available funds by temporarily shifting allocations between geographic areas and transportation purposes. However, the proportionate shares for areas and purposes over the 30-year period may not be changed without an amendment of the Transportation Improvement Plan as required by law. Shifts may not be made without previous consultation with the affected agencies and two-thirds majority approval of the Board of Commissioners.

The Commission may also use bonds to speed implementation of some projects. Bonding will not be used without first determining that the benefits of an accelerated program outweigh the additional cost of interest on borrowing funds.

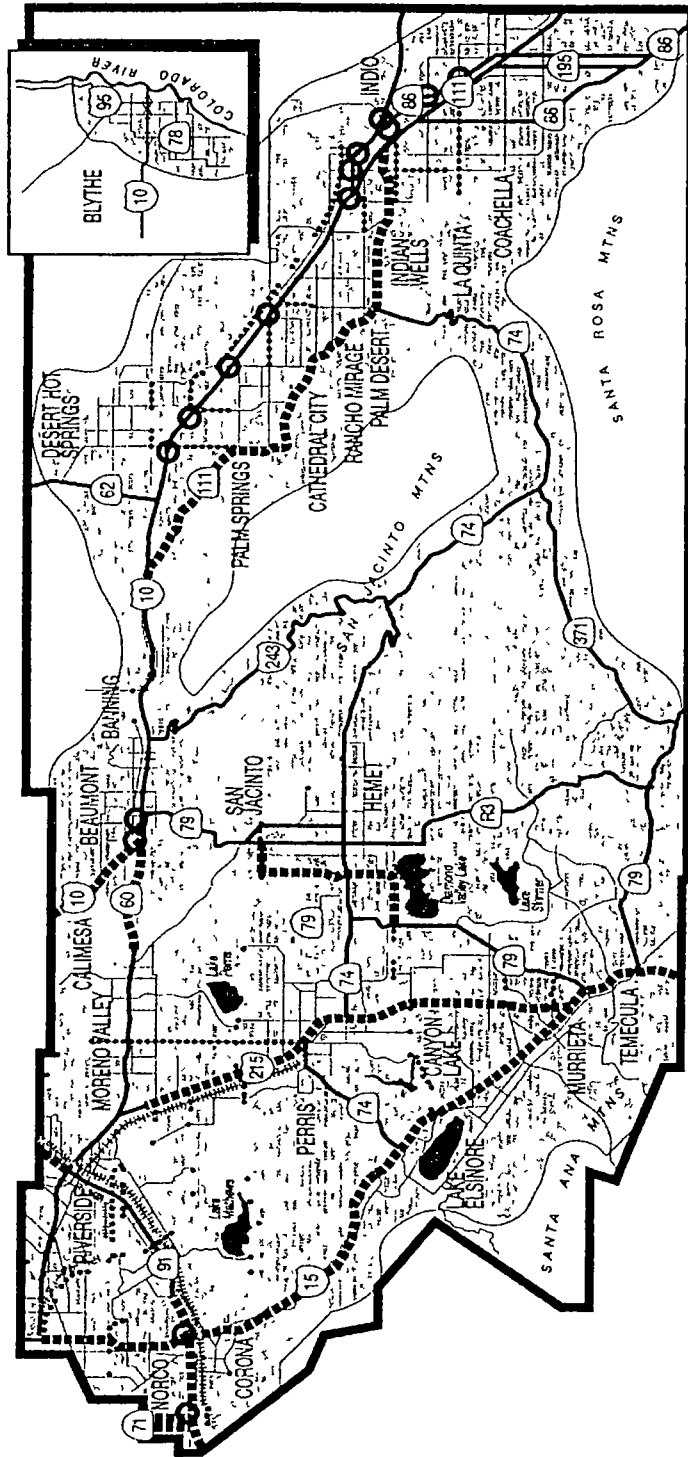
7 INFORMING THE PUBLIC OF LOCAL FUNDING SUPPORT

All state highway, commuter rail, and regional arterial projects using \$1 million or more of sales tax revenues shall be signed to inform the public that local voter approved revenues are being used to support the project.

8 SEVERANCE PROVISIONS

If any provision of this Transportation Improvement Plan is for any reason held invalid and unenforceable by a court of competent jurisdiction, that holding shall not effect the validity or enforceability of the remaining provisions, and the Commission declares that it would have passed each part of the Plan irrespective of the validity of any other part.

Major Highway and Commuter Rail Projects Under the New Measure A Transportation Improvement Plan



- INTERCHANGE
- +++++ COMMUTER RAIL
- MAJOR ARTERIALS
- ===== FREEWAYS/HIGHWAYS

EXHIBIT B

1998 STIP MOU

First Amendment to 1998 STIP MOU

[ATTACHED]



**Riverside County
Transportation Commission**

RECEIVED

DEC 16 2002

BY: Riverside County Regional Complex

4080 Lemon Street, 3rd Floor • Riverside, California

Mailing Address: Post Office Box 12008 • Riverside, California 92502-2208

Phone (909) 787-7141 • Fax (909) 787-7920 • www.rctc.org

December 10, 2002

Coachella Valley Association Governments
73-710 Fred Waring Drive, Suite 200
Palm Desert, CA 92260

Attention: Mr. Dick Kelly, Chairman

Subject: Transmittal of Fully Executed Memorandum of Understanding M21-013
Among the Riverside County Transportation Commission, Western
Riverside Council of Governments and the Coachella Valley Association
of Governments regarding the Allocation of SB 45 Funds in Riverside
County

Dear Mr. Kelly:

Enclosed, please find one fully executed MOU as listed above. This original document
has been returned for your records. If you have any questions, please feel free to
contact Shirley Medina at (909) 787-7141

Sincerely,

Naty Kopenhaver, Director of Administrative Services
Riverside County Transportation Commission

NK/jb

Enclosure(s)

Cc: S. DeBaun (BB&K)
Mr. Rick Bishop (WRCOG)
S. Medina
M21-013
1.14.10

MEMORANDUM OF UNDERSTANDING
AMONG
THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION
AND
THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AND
THE COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
REGARDING ALLOCATION OF SB 45 FUNDS IN RIVERSIDE COUNTY

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made by and among the Riverside County Transportation Commission, the Western Riverside Council of Governments and the Coachella Valley Association of Governments as of this 15th day of June, 1998.

WHEREAS, the legislature has adopted SB 45 (Chapter 622, Statutes of 1997) authorizing the Riverside County Transportation Commission ("RCTC") to allocate certain state transportation improvement program ("STIP") funds within Riverside County and;

WHEREAS, the parties to this MOU have agreed to a formula allocation of certain funds as between Western Riverside County, the Coachella Valley, and the Palo Verde Valley as described herein;

NOW, THEREFORE, the Riverside County Transportation Commission, the Coachella Valley Association of Governments and the Western Riverside Council of Governments hereby agree as follows:

Section 1:

75.8% of the SB 45 funds allocated to RCTC for capital improvement projects under Section 164(a)(2) of the Streets and Highways Code ("Regional Choice Funds") shall be apportioned by RCTC for projects located throughout the County as follows:

Western Riverside County	72.23%
Coachella Valley	26.39%
Palo Verde Valley	1.38%

As used in this MOU, "Western Riverside County," "Coachella Valley," "Palo Verde Valley," shall have the same meanings as that in the Measure "A" Transportation Improvement Plan dated July 13, 1988 and adopted by the voters of Riverside County November 8, 1988.

The apportionment of funds in this Section 1 among Western Riverside County, Coachella Valley and Palo Verde Valley is consistent with the current apportionment of Measure "A" Funds among those areas. Every two years starting in February 2000, the percentages set forth above shall be adjusted to remain consistent with the then current

apportionment of Measure "A" funds (or if Measure "A" has expired, using the Measure "A" formula) between Western Riverside County, the Coachella Valley and the Palo Verde Valley. Changes to the apportionment percentages stated herein (other than the adjustments authorized in the prior sentence) shall be made only by written amendment to this Agreement signed by each party thereto.

Section 2:

24.2% of the SB 45 Regional Choice Funds (as defined above) may be programmed at the discretion of RCTC for transportation projects throughout the County and without regard to the percentages set forth in Section 1, above. In programming these funds, RCTC may take into account one or more of the following: safety, congestion, economic development, and other special conditions which have arisen since the passage of Measure "A" in 1988.

Section 3:

Should any party to this MOU be dissolved or disbanded without the designation of a successor agency, such party shall be deemed no longer to be a party of this MOU and the consent of such party shall not be required for an amendment to the MOU. The reorganization of RCTC to expand its membership (currently SB 1851 (Kelley)) shall not be considered a dissolution or disbanding under this Section.

Section 4:

This MOU shall not effect any monies other than funds allocated under Section 164(a)(2) of the Streets and Highways Code, or a successor section, if any.

Section 5:

This Memorandum of Understanding shall be deemed effective March 11, 1998.

RIVERSIDE COUNTY TRANSPORTATION
COMMISSION:

By: Robert A. Buster
Robert Buster, Chairperson

COACHELLA VALLEY ASSOCIATION
OF GOVERNMENTS

By: David Berry
David Berry, Chairperson

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

By: Andrea M. Puga
Andrea Puga, Chairperson

M21-013

**FIRST AMENDMENT
TO THE
MEMORANDUM OF UNDERSTANDING
AMONG
THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION
AND
THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AND
THE COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
REGARDING THE A LOCATION OF SB 45 FUNDS IN RIVERSIDE COUNTY**

1. PARTIES AND DATE.

This First Amendment to the Memorandum of Understanding ("MOU") is entered into on this 10th day of April, 2002 (the "Effective Date") by and between the among the **Riverside County Transportation Commission ("RCTC")**, the **Western Riverside Council of Governments ("WCROG")**, and the **Coachella Valley Association of Governments ("CVAG")**. RCTC, WCROG, and CVAG are sometimes individually referred to as "Party" and collectively referred to as the "Parties."

2. RECITALS.

2.1 MOU. On or about June 15, 1998, the Parties entered into a MOU which set forth the formula allocation by which RCTC would disperse certain state transportation improved program ("STIP") funds as authorized by SB 45 (Chapter 622, Statutes of 1997) between WCROG, CVAG, and Palo Verde Valley.

2.2 First Amendment. The Parties now desire to amend the MOU to adjust the time in which the percentages for the apportionment of STIP funds must be adjusted to remain consist with the apportionment of Measure A funds.

3. TERMS.

3.1 Adjustments to Percentages. The percentage of STIP funds apportioned among Western Riverside County, Coachella Valley, and Palo Verde Valley as set forth in Section 1 of the MOU shall be adjusted in February of every odd year starting in 2003, rather than in February of every even year.

3.2 All Other Provisions Remain in Effect. Except as otherwise specifically changed by this Amendment, the remaining provisions of the MOU shall remain in full force and effect and shall govern the actions of the Parties under this Amendment.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be signed as of the date first above written.

**RIVERSIDE COUNTY
TRANSPORTATION COMMISSION**

By: _____

John Tavaglione, Chairperson

*Reviewed and Recommended
for approval:*

By: _____

Eric Haley, Executive Director

Approved as to Form:

By: _____

Best Best & Krieger LLP
General Counsel

**COACHELLA VALLEY ASSOCIATION
OF GOVERNMENTS**

By: _____

Dick Kelly, Chairperson

**WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS**

By: _____

Kelly Seyarto, Chairperson

ITEM 7E

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: Memorandum of Understanding between CVAG and Imperial Irrigation District for the Coachella Valley Energy Commission

Contact: Emmanuel Martinez, Senior Programs Manager (emartinez@cvag.org)

Recommendation: Authorize the Executive Director to execute Amendment No. 1 to the Memorandum of Understanding with the Imperial Irrigation District, extending the term until December 31, 2023 with an option to extend for an additional year, to assist its Coachella Valley Energy Commission and to help achieve a local collaborative governance and electrical service solution post-2033

Energy & Environmental Resources Committee: Concurs (Meeting of February 9)

Background: As noted in previous updates to the Energy & Environmental Resources Committee, the looming expiration of the 1934 Agreement of Compromise between the Imperial Irrigation District (IID) and the Coachella Valley Water District (CVWD) has led to several discussions amongst Coachella Valley cities regarding continued electrical service in the Coachella Valley. To address this issue, the eastern Coachella Valley Cities served by IID have expressed priority interest in addressing governance and electrical service issues posed by the existing agreement. In recent years, the issue has led to IID creating a Coachella Valley Energy Commission, which is exploring a variety of issues regarding the continuation of electrical service beyond 2033.

In February 2022, CVAG's Executive Director was authorized to enter into a Memorandum of Understanding with IID to assist with coordination of the CVEC. Section 5.06 of the IID-approved CVEC bylaws includes the appointment of a coordinator by the IID in collaboration with CVAG. The role of the coordinator is to assist in carrying out and overseeing the actions, activities and affairs of the CVEC.

The term of the MOU expired in December 2022. After consulting with IID, CVAG staff is recommending extending the term of the MOU for a year, with the option for the Executive Director to extend the terms an additional year, to allow for continued coordination related to the CVEC. The MOU will allow CVAG to continue providing some staff support to the CVEC and its activities, which would be largely carried out by the Senior Programs Manager serving in a coordinator role. The term of the new MOU will end on December 31, 2023, but may be extended for an additional year by the CVAG Executive Director.

The remaining terms of the MOU will continue. As outlined in the MOU, the activities of the coordinator include being a liaison between CVAG and the CVEC; attending monthly CVEC meetings and provide CVAG updates or reports; assisting with CVEC agenda planning and setting; attending IID Board of Directors meetings and relaying updates to CVAG; and providing

updates on CVEC related matters to CVAG's Energy and Environmental Resources and Executive Committees, as needed. In addition to mentioned duties, the coordinator also assisted with authoring the CVEC's annual report for Fiscal Year 2021-22, which is attached to this staff report. The report details the activities of the CVEC, including priorities it has focused and taken action on. These include, but are not limited to, review of the 1934 Agreement of Compromise, exploration of alternative governance options, discussion of innovative infrastructure finance mechanism and continued education related to electrical infrastructure. The MOU allows CVAG to cover some of the staff time to related to CVEC activities. The MOU may be terminated at any time and for any reason upon written notice to the other party.

Since its creation, the CVEC has been holding monthly meetings which occur on the second Thursday of the month at 4 p.m. at the IID's offices in La Quinta. There are 12 members that comprise the CVEC and three subcommittees have been established: governance, growth and economic development and reliability, to further investigate relevant issues.

Fiscal Analysis: Amendment No. 1 to the MOU will extend the original terms through December 31, 2023, with authorization for the Executive Director to extend it for an additional one-year term. The MOU allows for the coordinator's staff time allocated to the CVEC to be compensated at the rate of \$75 per hour, not to exceed 40 hours per month.

Attachments:

1. Amendment No. 1
2. CVEC annual report for Fiscal Year 2021-22

AMENDMENT NUMBER ONE
to the
MEMORANDUM OF UNDERSTANDING
With
IMPERIAL IRRIGATION DISTRICT
Regarding
COORDINATOR FOR THE COACHELLA ENERGY COMMISSION

This **AMENDMENT NUMBER ONE** is made and entered into this 27TH day of February 2023, by and between the **Coachella Valley Association of Governments**, a California joint powers agency ("**CVAG**"), and **Imperial Irrigation District**, a California special district ("**IID**"), and is made with reference to the following background facts and circumstances. All other terms and conditions shall remain the same as stated in the original Agreement dated February 28, 2022 regarding Coordinator for the Coachella Valley Energy Commission.

1. **This Amendment Number One extends the term of the agreement to December 31, 2023, with an option to extend one (1) additional year with authorization by the Executive Director.**

Original Agreement	February 28, 2022	\$3,000 Monthly
Amendment Number One	February 27, 2023	<u>No cost</u>
Total Agreement Not-to-Exceed		\$3,000 Monthly

IN WITNESS WHEREOF, the parties hereto have caused this **Amendment Number One** to be executed by their duly authorized representatives on this date:

**COACHELLA VALLEY ASSOCIATION OF
GOVERNMENTS**

IMPERIAL IRRIGATION DISTRICT

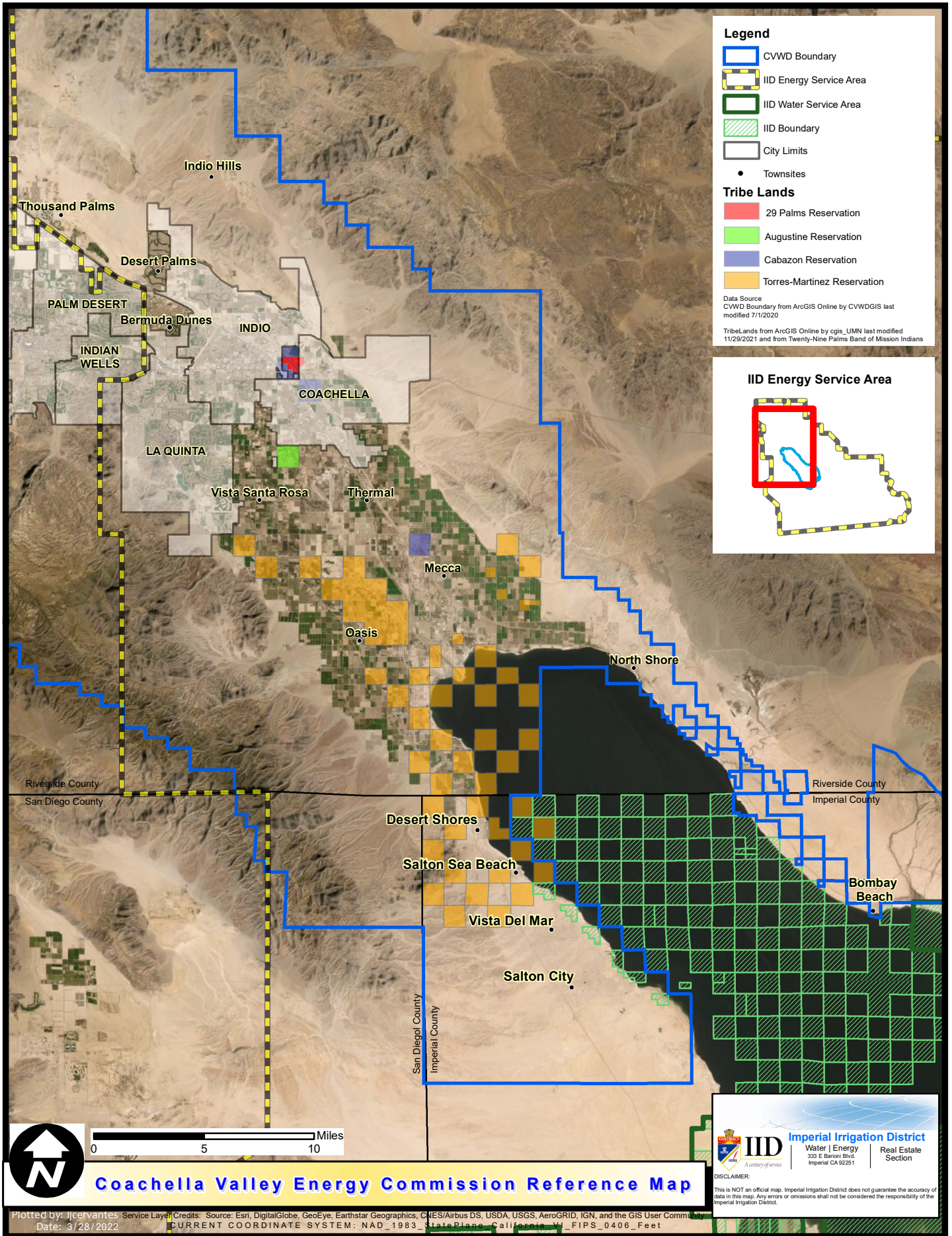
By: _____
Tom Kirk, CVAG Executive Director

By: _____
Enrique B. Martinez,
General Manager



2021-2022 ANNUAL PROGRESS REPORT





CVEC COMMISSIONERS



JB Hamby, Chairman
Imperial Irrigation District



Linda Evans, Vice-Chair
City of La Quinta



Joseph Mirelez, Vice-Chair
Tribal Nations



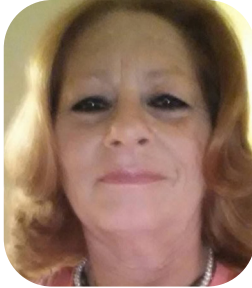
Steven Hernandez
City of Coachella



Waymond Fermon
City of Indio



Richard Balocco
Cove Communities Services Commission



LaVon Jaksch
Imperial County



James C. Hanks
Imperial Irrigation District



Gloria Fernandez
Riverside County



Philip Bettencourt
At-Large, Cities



Blaine Carian
At-Large, Counties



Anthony Madrigal
At-Large, Tribal Nations



Emmanuel Martinez
Coordinator



Susie Carrillo
Secretary

EXECUTIVE SUMMARY

The Imperial Irrigation District serves the retail electric needs of the eastern Coachella Valley as provided for under the 1934 Agreement of Compromise. Although the agreement is primarily based on settling water rights and disputes between the Coachella Valley Water District and IID, it allowed CVWD to lease to IID potential power rights for 99 years. Under the agreement, IID pays eight percent of its net power proceeds to CVWD. The 99-year lease provisions set forth in the Agreement of Compromise expire in 2033, and stakeholders must plan ahead and reach an agreement on how the electrical service needs of the eastern Coachella Valley are best met post-2033 and in the interim.

Questions and concerns regarding continued energy service to the Coachella Valley after 2033, representation of and by Coachella Valley energy stakeholders, and the protection of IID's Imperial Valley water rights necessitated the formation of the Commission in order to resolve said questions and concerns by providing opportunities for collaboration toward locally developed solutions for energy service and governance forged between Coachella Valley energy stakeholders and IID.

The 2021 Budget Act included \$500,000 to conduct a joint study of service options by the Riverside and Imperial County Local Agency Formation

Commissions. The results of the study will complement efforts of the CVEC in its purpose to develop a strategic plan that addresses governance and electrical service needs of the communities in the eastern Coachella Valley.

In its 2021-2022 first year, the CVEC has focused and taken action on a number of items including:

- Review of the 1934 Agreement of Compromise
- Review of IID's Energy Department budget and operations with special focus on the Coachella division
- Review and input regarding power outage emergency response plans
- Exploration of potential alternative governance structures
- SWOT analysis and strategic planning sessions
- Formation of a Governance Committee, Growth and Economic Development Committee, and a Reliability Committee to better focus on specific areas of interest
- Tour of IID energy facilities across the Coachella and Imperial Valleys
- Riverside and Imperial County LAFCO updates regarding the service and governance options study
- Discussion of infrastructure finance mechanisms for Coachella Valley cities
- Review of Mecca/North Shore resiliency efforts, including proposed hardening improvements to the K-Line and L-Line to better withstand micro-burst storms and high wind events

Reaching locally-driven collaborative solutions to the issues aforementioned are the impetus for the work of the Coachella Valley Energy Commission. Moving forward, the goals of the Commission in the next year will be to continue to help refine post-



2033 governance options through collaboration with Imperial County and Riverside County LAFCOs on their joint-study of governance options. Also, the Commission and its member agencies will continue efforts regarding infrastructure financing mechanisms with hopes of moving towards implementation. Near and long-term goals of the Commission include:

Near-term goals:

- Refine governance options and examine implications of each, including cost to ratepayers and impact to IID's Balancing Authority
- Continue updates on resilience and hardening efforts for the North Shore/Mecca area
- Better understand and implement alternative financing mechanisms for new growth and development
- Analysis of localized rate or fee structure to address higher levels of service

- Support completion of joint-LAFCO governance options study
- Monitor emergency power outage plan implementation and refine plans as needed
- Develop components of a strategic plan for governance and energy service

Long-term goals:

- Study and develop a preferred alternative governance model
- Analyze cost implications of preferred governance and energy service models, with emphasis on low-income ratepayers
- Begin technical evaluation of implementing the alternative model
- Determine legislative asks in order to effectuate the strategic plan



COMMISSION ACTIVITIES

The CVEC held its initial meeting on August 5, 2021 at the City of Coachella's Library. One of the key activities of the CVEC this past year was to provide robust educational opportunities for its members. In the first year, the basics of public power and the issues that affect IID customers generally, and in the Coachella Valley specifically, were the core focus. Education has been a critical component given the diverse makeup of the Commission's members. Technical staff offered information regarding technical, operational, legal, regulatory, and management compliance requirements to effectively operate a publicly owned electrical utility. The CVEC has prioritized education as a key tool to help ensure members of the CVEC have a solid understanding of how electrical utilities function in order to help inform decisions. As the Commission continues its work, education will remain a key component to help further understanding of complex energy issues and helping to arrive at informed proposed solutions and recommendations.

As part of the onboarding, the Commission delved into understanding the IID electrical enterprise and how it operates. For example, the IID is the third largest public provider in California. The service area spans more than 6,400 square miles and is home to a diverse and rich renewable resource portfolio that includes geothermal, hydroelectric, biomass, and solar. IID provides more than 1,100 megawatts derived from this diverse resource portfolio. This energy is critical to servicing the more than 150,000 IID electric customers. Of these, 97,106 customers are in the Coachella Valley of which 85,133 are residential, 11,313 are commercial, and 660 are industrial customers. In comparison, the Imperial Valley has 61,893 total customers of which 51,705 are residential, 10,024 are commercial, and 164 are industrial customers.

IID provides energy either through its own generation or from market purchases and transmits that energy long

distances through its transmission lines and distributes it to all of its customers. As a result, IID is considered a vertically integrated utility. The Commission spent time understanding the energy department and its various operational oversight responsibilities in order to ensure that power remains on for customers. For instance, the 2021 IID Energy Department Budget was \$521,884,000. The IID as a whole has 1,441 employees, of those 486 are in the Energy Department and 476 are in the Water Department. IID also, has joint support employees that assist both departments, such as Human Resources, Finance, General Services, and Information Technology which together total 479 positions.

There are several unique characteristics of the IID that the Commission learned about that contribute to lower energy rates when compared to neighboring investor-owned utilities. IID is a publicly owned utility, or POU. Unlike investor-owned utilities, or IOUs, IID operates on a cost-of-service basis or a non-profit model. As non-profit, IID does not have the requirement to pay dividends to investors. This helps to keep rates low for customers with energy rates set locally. Other examples of POUs include the Los Angeles Department of Water and Power, the Sacramento Municipal Utility District, and the Turlock Irrigation District.





Additionally, IID is its own balancing authority which requires the district to reliably balance supply and demand. In California, most of the transmission is controlled by the California Independent System Operator, or CAISO. This allows IID the ability to deliver or receive energy from other balancing authorities through the use of 2,049 miles of IID-owned transmission facilities. It also allows IID to control and set transmission rates, which is a component of the rates paid by its customers. This added benefit and responsibility comes with oversight from the Western Electrical Coordinating Council and the North American Electric Reliability Corporation, which provide industry wide oversight over balancing authorities, and transmission operators and owners.

In the context of adhering to state legislative and regulatory requirements, the Commission also learned about the renewable energy requirements of utilities in California. SB 100 is a landmark renewable portfolio standard energy policy that establishes minimum renewable energy procurement for all utilities in the state. At a high-level, this legislation established the goal of renewable energy and zero-carbon resources supplying 100 percent of electric retail sales to end-use customers by 2045.

Currently, according to its Power Content Label, the IID projects that 41.1 percent of its energy is from renewable resources, 5 percent from hydro, 37 percent from natural gas, 3 percent from nuclear and the remainder from other sources.

On April 28, 2022, members of the CVEC were invited to attend an all-day energy tour across the Imperial and Coachella valleys. The tour was part of the educational focus to provide CVEC members an opportunity to visit key IID infrastructure in the Coachella Valley and the Imperial Valley. The tour commenced with an overview of transmission and substation facilities that serve the Coachella Valley. The Commission visited a geothermal facility near the Salton Sea that is not only producing clean renewable energy, but is also now exploring opportunities to extract lithium from geothermal brine. The tour also provided the opportunity for the Commission to visit IID Headquarters in Imperial, to get a firsthand view of its daily operations, including its fleet shop which is critical to maintaining vehicles that serve both the IID energy and water infrastructure. The group also visited hydroelectric Drop 4 on the All-American Canal, which provided the opportunity for members to see firsthand the IID water-energy nexus.

COMMITTEE ACTIVITIES

Understanding the key basic operational functions of the IID was a major activity of the CVEC. To help further dive into the depth and breadth of the details of topics of interest, the Commission established three committees in December 2021; the Growth and Economic Development committee, the Governance committee and the Reliability Committee.

Each of the committees was tasked with studying specific issues within their jurisdiction. As a result, the Commission has been able to focus on some specific concepts that have provided positive momentum and progress for ascertaining the long-term goal of alternative governance models while ensuring reliable service and affordable rates for the eastern Coachella Valley.

The Governance Committee researched various utility models that exist under California law. Some of the models include the investor-owned utility, municipal utility district, rural electric cooperative, city or county-run municipal utility, joint powers authority, and other options. After review and discussion of the various alternatives, members of the Governance Committee focused on the municipal utility district and joint powers authority models as potential solutions to establishing an alternative governance model in the long-term. Although these models and final decisions as to their use will require additional discussion and analysis, they allow for the benefits of a publicly owned utility to be achieved, while also allowing Coachella Valley stakeholders an enhanced role in decisions related to the provision of electrical services.

The joint-study by the Riverside and Imperial LAFcos will also contribute to better understanding what the preferred governance model could be for the Coachella Valley and IID post-2033.

The Growth and Economic Development Committee focused its efforts on understanding how IID plans for increased load growth, as well as challenges and

opportunities in meeting the increased demand in the Coachella Valley. One of the main challenges identified relates to how substations are financed. Specifically, the committee has discussed the creation of a Coachella Valley Financing Authority to assist in the financing of substations and associated infrastructure. As it stands, financing responsibility of a substation on a developer can render their project to be cost prohibitive when a project is in an area in which the serving substation has reached its capacity. Because IID policy requires the developer to cover the costs of a new a substation, project developers will wait for others to make the improvements before moving their project forward. As a result, the improvements are difficult to make or are never made and the respective project fails to advance. The committee has honed in on the Coachella Valley Financing Authority as a potential solution. The committee has discussed this approach as have the respective cities. Although work remains to be done, the concept has received considerable interest as an option to address immediate energy needs to advance economic development goals. To that end, the financing authority is flexible in terms of its membership and fee surcharge, so solutions can be tailored for interested jurisdictions.





The Reliability Committee has worked to better understand issues that impact power reliability in the Coachella Valley. The committee spent time understanding microburst storms in the North Shore and Mecca area that have caused multi-day power outages. For example, on June 5, 2020, a microburst storm impacted 1,839 customers in the North Shore / Mecca area due to 50 transmission and distribution poles being damaged on the 92 kV K-Line. On February 25, a storm and high winds knocked down 14 poles near Bombay Beach, impacting about 3,400 customers. These storms have significantly disrupted service due to power lines and poles being knocked over by strong winds. For instance, since 2019, four severe storms have affected the K-line resulting in \$5.9 million in damage. To mitigate future disruption, the committee also received an update on IID funding efforts for the K-Line and L-Line, both of which bring power to the Coachella Valley. The IID applied to the California Office of Emergency Services' Hazard Mitigation Grant to help the cost of the K- and L-lines, which are \$29.8 and \$1.9 million, respectively. The K-line project is a capital improvement project while the L-Line funding request is for pre-construction costs.

To better respond to emergency situations, the committee received presentations regarding the development of an emergency response plan that coordinates efforts between IID, the County of

Riverside and other key agencies. The Riverside County Desert Area Power Outage Concept of Operations plan details how the county, in collaboration with IID, local, state, and federal partner agencies will prepare for, respond to, and recover from unplanned power outages that turn into prolonged emergencies. The plan has been developed by the Riverside County Emergency Management Department and has been reviewed and approved by IID. The CVEC as a whole also had an opportunity to review and provide input on the plan.

In addition to understanding outages resulting from natural causes, the Reliability Committee also reviewed other issues that impact reliability. For example, the issue of mylar balloons as a cause of unplanned outages. Although attempts have been made via legislation to ban mylar balloons, these efforts have been proven controversial and unsuccessful. Nonetheless, the committee has increased awareness of the leading causes of outages, which also include bird contact with power lines and copper theft, among others. To measure the overall reliability of the system, the committee also reviewed reliability indices. The indices help measure the number of outages, duration and restoration times, helping the IID to track performance and areas of the system that need improvements.

LOOKING AHEAD

In its first year, the CVEC participated in strategic planning sessions focused on various topics, including understanding the various governance options, responsibilities of each of those options, a SWOT analysis, and a prioritization survey of “must haves” in a long-term solution. These strategic planning sessions were conducted by Phyllis Currie, retained for the Commission as an outside independent facilitator, to guide complex discussions amongst the Commissioners.

To help steer the direction of the work for the CVEC and its committees in its second year, Ms. Currie conducted a self-assessment of the CVEC members. The assessment focused on Commission structure, topics, and schedule. Based on the results of this assessment, the members of the Commission overall feel that progress is being made. For instance, some of the key take-aways for the Commission in the past year are related to better understanding IID organization and services, better understanding infrastructure conditions

and causes of outages, and funding efforts to address aging infrastructure and hardening IID’s electric system. Commissioners also responded that more work needs to be done on the long-term governance solution for the Coachella Valley. As the joint Riverside and Imperial counties LAFCO study progresses, it is anticipated that its findings will help inform and make progress on the governance issue. Also, continuing discussions that help members better understand the nuances of various governance options will drive a stronger sense of direction as to the preferred governance option.

Further, based on the assessment, the Commission would like to prioritize a few key issues in the next year. These include understanding the unique priorities of each jurisdiction and working towards solutions that address key common denominators. For instance, incorporated cities may have differing priorities when compared to a Tribal Nation or the unincorporated areas of the county. A key example





would relate to rate increases, which would have varying degree of impacts that are relative to the economic conditions of the respective community or jurisdiction.

Condition and resilience of the distribution systems is another key topic that has been highlighted as a one that needs further attention in the next year. Commissioners have expressed a desire to better understand infrastructure investment priorities for the IID in light of extreme weather events. To address distribution capacity, the cities in the eastern Coachella Valley are pursuing financing options that would help to address the higher level of service required in the Coachella Valley to facilitate economic development. The Coachella Valley Financing Authority concept is still in its early stages. As concrete decisions and actions are made regarding participation and fee levels, the Commission will be in a position to provide input and monitor progress to address distribution infrastructure and reliability concerns.

In summary, the key topics for year two are:

- Monitor progress of the LAFCO study
- Refine options for long-term governance
- Increase public and overall participation

Commission members have expressed satisfaction with the Commission schedule, topics, committee structure and progress. The first year of the CVEC has established the groundwork for ongoing efforts to ensure that a collaborative solution on governance and representation matters for the eastern Coachella Valley on electrical matters is achieved. The diverse array of Commissioners, their backgrounds and expertise, together with technical assistance of IID staff, have propelled the Commission forward on key issues. The CVEC has established the foundational structure to continue discussions and understanding among key stakeholders on the energy issues that will impact the Coachella and Imperial valleys for generations to come.





For more information, please visit IID.com/CVEC

ITEM 7F

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: Urban Tree Planting and Shade Initiative

Contact: Kenyon Potter, Director of Energy & Sustainability (kpotter@cvag.org)

Recommendation: Endorse a regional urban tree planting and shade initiative to increase shading, build climate resilience and reduce the impacts of increased heat

Energy & Environmental Resources Committee: Concur (Meeting of February 9)

Background: At its November 2022 meeting, the Energy and Environmental Resources Committee, was provided with report on opportunities for sustainable urban greening and heat mitigation initiatives in the face of hotter, more frequent, and more prolonged heat waves. Based on feedback from the Committee members, CVAG staff have gathered more information about successful urban forest programs and also reviewed resources from health experts. Staff is now recommending CVAG pursue a regional urban tree planting and shade initiative. Shading is a key mitigation strategy to address the extreme heat and sun-related health risks and cities across the southwestern United States are making efforts to expand the shading in their communities. One example is the City of Phoenix, with a climate very similar to our region, and who is currently implementing its Tree and Shade Master Plan which combines trees and manmade shade structures to provide more shading to the community.

Shading—from trees and/or shade structures—is an important mitigation strategy to address the extreme heat by providing shelter from direct sun to people in outdoor spaces, reducing heat gain by 50+°F on outdoor surfaces, and improving livability and mitigating heat exhaustion and illness.

As previously reported, tree canopy coverage varies throughout the Coachella Valley. *American Forests* recommends up to 15% tree canopy coverage for urban forests in desert regions.

Some local cities already have tree canopy coverage in the range of 10-13% while other disadvantaged communities are generally much lower in the range of 3-8%.

In addition to trees, more shade may be provided by structures in appropriate locations, such as playgrounds and outdoor seating areas. Staff researched the public parks and learned that of the more than 85 parks in the Coachella Valley, approximately 64 parks have playgrounds and at least 50 parks have partially covered playground equipment. It is also noted that many of the playgrounds lacking shade structures are located in disadvantaged communities. Shade structures can complement an urban tree planting program and also have the benefit of quickly delivering shade, as trees need time to grow and develop a full canopy.

Below are examples that show the extensive shading opportunities by planting more urban trees and installing more shade structures.

Comparison of Trees along Local Streets



Miles Ave (East from Monroe St)



Miles Ave (West from Monroe St)

Comparison of Local Playgrounds



Ocotillo Park in Cathedral City



Guy Tedesco Park in Desert Hot Springs

If endorsed by the Energy & Environmental Resources Committee, CVAG staff would develop an urban tree planting and shading initiative with the following goals:

- Establishing a 12% minimum tree canopy coverage in all local communities, by planting trees in public spaces and developing a residential program to increase canopy coverage up to 15% with trees being planted where people live.
- Working with member jurisdictions to encourage 100% shading of playground equipment from overhead sun where shading from trees is unavailable.
- Working with member jurisdictions to encourage 25% of seating at playgrounds (if not already available) and outdoor stages have shading from trees or shade structures.

As envisioned, the initiative/program will result in a combination of shade trees and shade structures across the Coachella Valley, particularly the eastern Riverside County communities, to increase shading of public spaces, offset carbon emissions, and improve urban microclimates. The program will focus on communities with low numbers of trees, where shade on public buildings, tree-lined streets, and shady plazas and park areas will increase climate resilience.

The tree planting component of the program will involve working with member jurisdictions to select species of shade trees (including some native tree species) and to identify needs in public spaces

including parks, plazas, and along public streets. Priority for planting of shade trees and installation of shade structures will be given to disadvantaged communities with less shade. The program will include engaging with an arborist to work with cities and the County to coordinate best locations for tree planting and a crew to dig tree wells and plant trees.

CVAG staff requests endorsement of the proposed urban tree planting and shade initiative to expand on existing urban greening and shading efforts. The direction will be relayed to potential project partners, including UC Riverside, The Living Desert, the Coachella Valley Mountains Foundation, and Friends of the Desert Mountains. It also will guide grant application development as CVAG seeks funding for planning and implementation of the initiative.

Fiscal Analysis: There is no cost to CVAG for this update. CVAG staff will pursue grant funding opportunities to cover costs of any such initiative not already covered by existing programs.

ITEM 8A

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: CVAG's Audit for Fiscal Year 2021/22 and Related Reports

Contact: Claude T. Kilgore, Director of Finance/Administration (ckilgore@cvag.org)

Recommendation: Receive and file the Audited Financial Statements for the fiscal year ended June 30, 2022, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance, and the Single Audit on Federal Awards

Finance Committee: The Finance Committee will review the audit at its meeting on February 27, 2023, and staff will provide a verbal update to the Executive Committee.

Background: CVAG's Financial Statements Audit Procurement Policy, adopted on June 3, 2002, requires CVAG to obtain from qualified auditing firms, proposals to perform CVAG's annual financial audit every five years. In June 2021, CVAG hired the audit firm of Davis Farr LLP – a firm with an impressive history of professional work in the Coachella Valley – for engagement as CVAG's, as well as the Coachella Valley Conservation Commission's and Desert Community Energy's independent auditor for the five fiscal years starting with Fiscal Year 2020/21. This is the second audit provided by Davis Farr LLP, which will be conducting the audits of CVAG's financial statements under GAAP accounting through fiscal year 2024/25.

Davis Farr LLP performed the annual audit over CVAG's Basic Financial Statements as of June 30, 2022, and for the fiscal year then ended which include the Government-Wide Financial Statements including the Statement of Net Position and Statement of Activities as well as Fund Financial Statements which include Balance Sheet – Governmental Funds, Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Statement of Revenues, Expenditures and Changes in fund Balance – Governmental Funds, Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, and Notes to the Basic Financial Statements. Davis Farr issued an Unmodified Opinion in February 2023, which means that CVAG's Basic Financial Statements present fairly, in all material respects, the respective financial position of CVAG as of June 30, 2022 for the year then ended in accordance with US GAAP (Generally Accepted Accounting Principles).

In accordance with Government Auditing Standards, Davis Farr also issued a report on their consideration of CVAG's internal control over financial reporting and their tests of CVAG's compliance with certain provisions of laws, regulations, contracts, and grant agreements as well as other matters; Davis Farr was not engaged to provide an opinion on internal control over financial reporting or on compliance. During its testing, Davis Farr did not identify any material weaknesses or significant deficiencies in internal controls. Finally, Davis Farr has provided a

letter to the CVAG Board of Directors outlining Significant Audit Findings as promulgated by AU-C Section 260, "The Auditor's Communication with Those Charged With Governance."

In accordance with the OMB Compliance Supplement, Davis Farr also issued a Report on Compliance with Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. In Davis Farr's opinion, the schedule of expenditures of federal awards prepared by CVAG is fairly stated in all material respects in relation to the basic financial statements as a whole.

CVAG staff appreciated working with, and would like to thank, the Davis Farr team, which was led by Partner Shannon Ayala, for their diligence and hard work in issuing the reports and findings. A member of the Davis Farr team will be available at the Executive Committee meeting to address member's questions and comments.

Fiscal Analysis: The professional fees associated with the audit were previously budgeted and there is no additional financial impact.

Attachments:

1. Auditor's Communication with Those Charged with Governance
2. CVAG's Audited Financial Statements for the year ended June 30, 2022
3. Single Audit on Federal Awards, including the Report on Internal Controls over Financial Reporting

To the Executive Committee
Coachella Valley Association of Governments
Palm Desert, California

We have audited the financial statements of Coachella Valley Association of Governments (CVAG) as of and for the year ended June 30, 2022, and have issued our report thereon dated February 22, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 22, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of CVAG solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated February 22, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and recording journal entries detected during the audit process. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate.

Additionally, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

During the planning of the audit, we identified the following as significant risks:

- Risk of errors in implementing GASB 87, the new Lease Standard. We evaluated the applicability of GASB 87 to the CVAG and if necessary, ensure all transactions are properly recorded and the footnote disclosures are properly reflected.
- Risk of errors in recording grant revenues and expenditures due to the significance of grant revenues and expenditures and reviewed the expenditures incurred and related revenues, to ensure proper recording and cutoff.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by CVAG is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the following:

- Management's estimate of the which capital projects represent ordinary maintenance activities necessary to keep an asset operational for its originally intended useful life versus significant improvement, replacement, and life extending projects that should be capitalized as additions to capital assets is based on management's knowledge of the assets and their useful lives. We evaluated the key factors and assumptions used to develop the amounts added to capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of revenue and expense accruals related federal grant programs. We evaluated the key factors and assumptions used to develop the amounts recorded as accruals and determined that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of transactions related to net pension liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting CVAG's financial statements relate to pension.

The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Correction of fair market value of LAIF investment account.
- Corrections to unavailable revenues and revenues.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to CVAG's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were none noted.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated February 22, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with CVAG we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as CVAG's auditors.

This report is intended solely for the information and use of the Executive Committee, and management of CVAG and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarrLLP

Irvine, California
February 22, 2023

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Financial Statements

Year ended June 30, 2022

(With Independent Auditor's Report Thereon)

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Financial Statements

Year ended June 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Notes to Basic Financial Statements	25
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	51
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Transportation Uniform Mitigation Fees	52
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Measure A	53
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - CV Link	54
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – CV Sync	55
Schedule of Proportionate Share of Net Pension Liability (Asset) – Miscellaneous Plan	56
Schedule of Pension Contributions – Miscellaneous Plan	58
Notes to Required Supplementary Information	60
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	65

Independent Auditor's Report

To the Executive Committee
Coachella Valley Association of Governments
Palm Desert, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coachella Valley Association of Governments (CVAG), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise CVAG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of CVAG, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CVAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The financial statements for the year ended June 30, 2022 reflect certain prior period adjustments as described further in note 16 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

CVAG's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CVAG's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CVAG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CVAG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, *budgetary comparison information* and *pension schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited CVAG's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 24 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CVAG's basic financial statements. The *combining nonmajor fund financial statements* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining nonmajor fund financial statements* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining nonmajor fund financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2023 on our consideration of CVAG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CVAG's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
February 22, 2023

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The following discussion and analysis of the financial performance of Coachella Valley Association of Governments ("CVAG") provides an overview of CVAG's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of CVAG as a whole and present a long-term view of CVAG's finances. Also included in the accompanying report are the *fund financial statements*. The fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report CVAG's operations in more detail than the government-wide statements by providing information about CVAG's most significant funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts - *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information* that presents *combining statements* for nonmajor governmental funds. The *basic financial statements* include two kinds of statements that present different views of CVAG:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about CVAG's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Association government, reporting CVAG's operations in *more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provides additional financial and budgetary information.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Reporting CVAG as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for CVAG as a whole. One of the most important questions asked about CVAG's finances is, "Is CVAG as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about CVAG as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report CVAG's net position and changes in it. You can think of CVAG's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources - as one way to measure CVAG's financial health, or *financial position*. Over time, *increases and decreases* in CVAG's net assets are one indicator of whether its *financial health* is improving or deteriorating.

Reporting CVAG's Major Funds

The **fund financial statements** provide detailed information about CVAG's most significant funds - not CVAG as a whole. Some funds are required to be established by grant or legal requirements. However, the Executive Committee establishes other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain resources.

Governmental funds - CVAG's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of CVAG's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance CVAG's programs.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2022

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *statement of net position* follows:

Statement of Net Position

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Total Percentage Change
<u>Assets:</u>				
Cash and investments	\$ 55,900,242	\$ 57,483,992	\$ (1,583,750)	(2.76%)
Accounts receivable	49,340	917	48,423	5280.59%
Interest receivable	88,093	42,287	45,806	108.32%
Prepaid	44,144	-	44,144	100.00%
Due from other governments	18,537,606	12,503,824	6,033,782	48.26%
Loans receivable	177,162	187,623	(10,461)	(5.58%)
Restricted cash and investments	14,880,428	15,109,753	(229,325)	(1.52%)
Net pension assets	55,246	-	55,246	100.00%
Capital assets:				
Land and construction in progress	42,479,308	15,696,238	26,783,070	170.63%
Other capital assets, net	958,419	57,989	900,430	1552.76%
Total Assets	<u>133,169,988</u>	<u>101,082,623</u>	<u>32,087,365</u>	31.74%
<u>Deferred Outflows of Resources:</u>				
Deferred pension related items	980,425	1,407,746	(427,321)	(30.35%)
Total Deferred Outflows of Resources	<u>980,425</u>	<u>1,407,746</u>	<u>(427,321)</u>	(30.35%)
<u>Liabilities:</u>				
Current liabilities				
Accounts payable	3,676,821	2,687,998	988,823	36.79%
Due to other governments	3,708,775	8,501,528	(4,792,753)	(56.38%)
Accrued liabilities	70,170	39,236	30,934	100.00%
Deposits payable	14,880,428	15,109,753	(229,325)	(1.52%)

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2022

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Statements of Net Position (continued)

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Total Percentage Change
<u>Liabilities (continued):</u>				
Noncurrent liabilities:				
Due within one year:				
Revenue bonds payable	2,010,337	1,893,146	117,191	6.19%
Compensated absences	102,281	113,357	(11,076)	(9.77%)
Due in more than one year:				
Revenue bonds payable	15,469,942	17,480,279	(2,010,337)	(11.50%)
Compensated absences	34,093	37,785	(3,692)	(9.77%)
Net pension liability	-	1,631,820	(1,631,820)	(100.00%)
Total Liabilities	<u>39,952,847</u>	<u>47,494,902</u>	<u>(7,542,055)</u>	(15.88%)
<u>Deferred Inflows of Resources:</u>				
Deferred pension related items	<u>412,425</u>	<u>661,013</u>	<u>(248,588)</u>	(37.61%)
Total Deferred Inflows of Resources	<u>412,425</u>	<u>661,013</u>	<u>(248,588)</u>	(37.61%)
<u>Net Position:</u>				
Investment in capital assets	43,437,727	15,754,227	27,683,500	175.72%
Restricted:				
Transportation	47,981,901	36,185,599	11,796,302	32.60%
Environmental	787,146	501,135	286,011	57.07%
Homeless	2,566,746	1,786,498	780,248	43.67%
Unrestricted	<u>(988,379)</u>	<u>106,995</u>	<u>(1,095,374)</u>	(1023.76%)
Total Net Position	<u>\$ 93,785,141</u>	<u>\$ 54,334,454</u>	<u>\$ 39,450,687</u>	72.61%

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2022

A summary of the government-wide *statement of activities* follows:

Statements of Activities

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Total Percentage Change
<u>Operating Expenses:</u>				
Administrative	\$ 867,735	\$ 1,734,634	\$ (866,899)	(49.98%)
Transportation	17,495,835	22,696,616	(5,200,781)	(22.91%)
Other	2,092,827	2,064,812	28,015	1.36%
Interest expense	1,119,087	1,229,338	(110,251)	(8.97%)
Total Expenses	<u>21,575,484</u>	<u>27,725,400</u>	<u>(6,149,916)</u>	(22.18%)
<u>Program Revenues:</u>				
Charges for services	1,440,293	1,330,421	109,872	8.26%
Operating contributions and grants	14,707,218	8,706,961	6,000,257	68.91%
Capital contributions and grants	41,204,924	23,075,935	18,128,989	78.56%
<u>General Revenues:</u>				
Interest income (loss)	(692,570)	73,454	(766,024)	(1042.86%)
Total Revenues	<u>56,659,865</u>	<u>33,186,771</u>	<u>23,473,094</u>	70.73%
Changes in Net Position	35,084,381	5,461,371	29,623,010	542.41%
Net Position – Beginning, as Restated	58,700,760	48,873,083	9,827,677	20.11%
Net Position - Ending	<u>\$ 93,785,141</u>	<u>\$ 54,334,454</u>	<u>\$ 39,450,687</u>	72.61%

The increase or decrease in net position can provide an indication as to whether the overall financial position of CVAG improved or deteriorated during the year. Net Position of CVAG's governmental activities increased by 72.61 percent (\$54.3 million compared to \$93.8 million) largely attributable to the investment of fixed assets related to the CV Link and CV Sync projects. Additionally, as is true for all funds, interest rates on investments at Riverside County Treasurer's Pooled Investment Fund hovered near historic lows during fiscal year 2021/22 resulting in minimal interest income. In addition, investment losses began in September 2021 as book yield percentages ticked up while the Federal Reserve (Fed) announced it would begin reducing its asset purchases. This culminated with the departure from 0% short-term interest rates in March 2022 when the Fed instituted the first rate hike since 2018. To slow inflation growth, the Fed again raised their overnight borrowing rate by a half percent in May. When interest rates increase investment losses typically follow as bonds prices and interest rates have an inverse relationship. Given the current economic outlook, investment losses may continue in the near term as yields and related interest income are expected to continue to increase.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2022

MAJOR FUNDS

General Fund - The General Fund accounts for all of the general revenues of CVAG not specifically levied or collected for some special purpose, and for the expenditures related to the rendering of general services by CVAG. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,914,933.

The reasons for significant changes in the revenues and expenditures of CVAG's General Fund from the prior year are as follows:

- An increase in the base membership dues led to an increase in revenue for the fund.
- A decrease in personnel costs led to a decrease in expenditures to the fund as personnel expenditures were allocated based on time charged which saw an increase in work performed for CVAG's various other programs.

Transportation Uniform Mitigation Fees (TUMF) Fund - The TUMF Fund accounts for the revenues generated by the Traffic Mitigation Fees and provides additional funds necessary to construct the transportation improvements generated by the development in the valley. At the end of the current fiscal year, the total fund balance was \$10,919,048.

The reasons for significant changes in the revenues and expenditures of CVAG's TUMF Fund from the prior year are as follows:

- An increase in Total Revenues by \$4,956,224 is mainly due to an increase in TUMF revenues collected in the current fiscal year as opposed to the prior fiscal year which saw a decline in revenue due to the global Covid-19 pandemic. In addition, the TUMF fee rate increased during the fiscal year.
- A decrease in Total Expenditures by \$485,054 is mainly due to a decrease in Project Cost reimbursements, which are dependent on work completed on various arterial projects as well as the timing of the jurisdictions submitting requests for reimbursements.

Measure A Fund - The Measure A Fund accounts for the revenues generated by the Measure A half-cent sales tax and is used mainly for the construction and/or improvement of the regional arterials in the Coachella Valley. At the end of the current fiscal year, the total fund balance was \$49,509,164.

The reasons for significant changes in the revenues and expenditures of CVAG's Measure A Fund from the prior year are as follows:

- An increase in Measure A revenues by \$14,155,152 is mainly due to a decrease in Measure A revenues recorded. This increase does not have a direct relationship to the actual amount of sales tax collected, but the amount of reimbursement that was requested by CVAG. Please see Note 14 for further clarification.
- An increase in Total Expenditures by \$292,690 is mainly due to a Project Cost reimbursements, which are dependent on work completed on various arterial projects. Project costs were relatively stable for the fiscal year.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2022

CV Link Fund - The CV Link Fund is used for the construction of the CV Link project in the Coachella Valley. At the end of the current fiscal year, the total fund balance was \$0.

The reasons for significant changes in the revenues and expenditures of CVAG's CV Link Fund from the prior year are as follows:

- An increase in Total Revenues by \$9,094,643 is mainly due to an increase in funds received from reimbursement related to project costs as the project is moving along in the construction phase.
- An increase in Total Expenditures by \$4,580,067 is mainly due to an increase in construction work on the CV Link as compared to the prior year.

CV Sync Fund - The CV Sync Fund is used for the construction and preparation of the CV Sync project in the Coachella Valley which provides traffic signal synchronization utilizing broadband fiber networks. At the end of the current fiscal year, the total fund balance was (\$3,568,998). The fund deficit is due to revenue on grant funds that was not received within the 120-day period of availability for fund level financial statements.

The reasons for significant changes in the revenues and expenditures of CVAG's CV Sync Fund from the prior year are as follows:

- An increase in Total Revenues by \$3,741,661 is mainly due to an increase in funds received from grants and Measure A related to project costs as the traffic signal synchronization project moves forward into construction and soon to be operations.
- An increase in Total Expenditures by \$12,869,378 is mainly due to an increase in construction work and project costs on the project as compared to the prior year.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

A summary of CVAG's *capital assets* follows:

Capital Assets
(net of depreciation)

	Balance June 30, 2022	Balance June 30, 2021	Increase (Decrease)
Land and construction in progress	\$ 42,479,308	\$ 15,696,238	\$ 26,783,070
Furniture and equipment	12,609	17,035	(4,426)
Easement	924,513	581,508	343,005
Vehicles	21,297	40,954	(19,657)
Total	<u>\$ 43,437,727</u>	<u>\$ 16,335,735</u>	<u>\$ 27,101,992</u>

The decrease to Furniture and Equipment and Vehicles is mainly due to depreciation. The increase to Land and construction in progress is due to project costs related to the CV Link and CV Sync projects.

Additional information on CVAG's capital assets is presented in Note 7 of the Notes to Basic Financial Statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2022

DEBT ADMINISTRATION

The activity affecting long term debt was related to revenue bonds and compensated absences.

Long-Term Debt

	Balance June 30, 2022	Balance June 30, 2021	Increase (Decrease)
Revenue bonds payable	\$ 17,480,279	\$ 19,373,425	\$ (1,893,146)
Compensated absences	136,374	151,142	(14,768)
Total	<u>\$ 17,616,653</u>	<u>\$ 19,524,567</u>	<u>\$ (1,907,914)</u>

Additional information on long-term debt is presented in Note 9 and 10 of the Notes to Basic Financial Statements.

GENERAL FUND BUDGET

Overall, the General Fund balance increased by \$264,613. Actual revenues were consistent with budgeted revenue amounts and actual expenditures were less than budgeted expenditures by \$188,371. There was an operating transfer in demonstrated for budgetary purposes not utilized for financial reporting purposes. Although salaries and benefits were slightly over budget, the salaries and benefits of the agency as a whole were under budget. Capital outlays budgeted for tenant improvements were not incurred as expected for the year-ended June 30, 2022. For additional details on budget versus actual variances, refer to the Required Supplementary Information starting on page 51.

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, members, and resource providers with a general overview of CVAG's finances and to show CVAG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact CVAG's Office, attention Director of Administrative Services Department, at 73710 Fred Waring Drive, Suite 200, Palm Desert, California 92260.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Statement of Net Position

June 30, 2022

(with comparative prior year information)

	Governmental Activities	
	2022	2021
Assets:		
Cash and investments (note 3)	\$ 55,900,242	57,483,992
Accounts receivable	49,340	917
Interest receivable	88,093	42,287
Prepaid items	44,144	-
Loans receivable (note 4)	177,162	187,623
Due from other governments	18,537,606	12,503,824
Restricted cash and investments (note 3)	14,880,428	15,109,753
Net pension asset (note 12)	55,246	-
Capital assets, not being depreciated (note 7)	42,479,308	15,696,238
Capital assets, net of depreciation (note 7)	958,419	57,989
Total Assets	<u>133,169,988</u>	<u>101,082,623</u>
Deferred Outflows of Resources:		
Deferred amounts from pension plans (note 12)	<u>980,425</u>	<u>1,407,746</u>
Total Deferred Outflows of Resources	<u>980,425</u>	<u>1,407,746</u>
Liabilities:		
Accounts payable	3,676,821	2,687,998
Accrued liabilities	70,170	39,236
Deposits payable	14,880,428	15,109,753
Due to other governments	3,708,775	8,501,528
Noncurrent Liabilities		
Due within one year		
Bonds payable (note 9)	2,010,337	1,893,146
Compensated absences (note 10)	102,281	113,357
Due in more than one year		
Bonds payable (note 9)	15,469,942	17,480,279
Compensated absences (note 10)	34,093	37,785
Net pension liability (note 13)	-	1,631,820
Total Liabilities	<u>39,952,847</u>	<u>47,494,902</u>
Deferred Inflows of Resources:		
Deferred amounts from pension plans (note 12)	<u>412,425</u>	<u>661,013</u>
Total Deferred Inflows of Resources	<u>412,425</u>	<u>661,013</u>
Net Position:		
Investment in capital assets	43,437,727	15,754,227
Restricted:		
Transportation	47,981,901	36,185,599
Environmental	787,146	501,135
Homeless	2,566,746	1,786,498
Unrestricted	(988,379)	106,995
Total Net Position	<u>\$ 93,785,141</u>	<u>54,334,454</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Statement of Activities

Year ended June 30, 2022

(with comparative prior year information)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	
					2022	2021
Governmental Activities:						
Administrative	\$ 867,695	1,440,293	491,424	-	1,064,022	57,078
Transportation	17,495,875	-	11,148,940	41,204,964	34,858,029	5,898,397
Other	2,092,827	-	3,066,814	-	973,987	661,780
Interest expense	1,119,087	-	-	-	(1,119,087)	(1,229,338)
Total Governmental Activities	<u>\$ 21,575,484</u>	<u>1,440,293</u>	<u>14,707,178</u>	<u>41,204,964</u>	<u>35,776,951</u>	<u>5,387,917</u>
General Revenues:						
			Investment income (loss)		(692,570)	73,454
			Total General Revenues		(692,570)	73,454
Change in Net Position					35,084,381	5,461,371
Net Position - Beginning, as Restated (note 16)					58,700,760	48,873,083
Net Position - Ending					<u>\$ 93,785,141</u>	<u>54,334,454</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Balance Sheet - Governmental Funds

June 30, 2022

(with comparative prior year information)

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
Assets:				
Cash and investments	\$ 1,210,580	10,168,998	41,912,277	380,407
Accounts receivable	1,200	-	-	-
Interest receivable	3,446	54,753	26,406	-
Prepaid items	25,984	-	-	-
Due from other governments	752	1,854,599	9,159,421	1,160,584
Due from other funds (note 5)	703,019	-	2,585,450	-
Restricted cash and investments	-	-	14,880,428	-
Total Assets	<u>\$ 1,944,981</u>	<u>12,078,350</u>	<u>68,563,982</u>	<u>1,540,991</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 25,150	21,988	270,664	1,497,984
Accrued liabilities	4,598	5,186	8,164	3,425
Due to other governments	-	1,031,806	2,575,288	39,582
Due to other funds (note 5)	-	10,597	19,680	-
Deposits payable	-	-	14,880,428	-
Total Liabilities	<u>29,748</u>	<u>1,069,577</u>	<u>17,754,224</u>	<u>1,540,991</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>300</u>	<u>89,725</u>	<u>1,300,594</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>300</u>	<u>89,725</u>	<u>1,300,594</u>	<u>-</u>
Fund Balances (Deficits):				
Nonspendable	25,984	-	-	-
Restricted:				
Transportation	-	10,919,048	49,435,310	-
Environmental	-	-	-	-
Homeless	-	-	-	-
Unassigned	<u>1,914,933</u>	<u>-</u>	<u>73,854</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>1,914,933</u>	<u>10,919,048</u>	<u>49,509,164</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,944,981</u>	<u>12,078,350</u>	<u>68,563,982</u>	<u>1,540,991</u>

See accompanying notes to the basic financial statements.

	CV Sync	Other Governmental Funds	Total Governmental Funds	
			2022	2021
Assets:				
Cash and investments	-	2,227,980	55,900,242	57,483,992
Accounts receivable	-	48,140	49,340	917
Interest receivable	-	3,488	88,093	42,287
Prepaid items	-	18,160	44,144	-
Due from other governments	3,568,999	2,793,251	18,537,606	12,503,824
Due from other funds (note 5)	-	30,277	3,318,746	5,974,779
Restricted cash and investments	-	-	14,880,428	15,109,753
Total Assets	<u>3,568,999</u>	<u>5,121,296</u>	<u>92,818,599</u>	<u>91,115,552</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	1,772,333	88,702	3,676,821	2,687,998
Accrued liabilities	3,904	44,893	70,170	39,236
Due to other governments	-	62,099	3,708,775	8,501,528
Due to other funds (note 5)	1,792,761	1,495,708	3,318,746	5,974,779
Deposits payable	-	-	14,880,428	15,109,753
Total Liabilities	<u>3,568,998</u>	<u>1,691,402</u>	<u>25,654,940</u>	<u>32,313,294</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>3,568,999</u>	<u>124,098</u>	<u>5,083,716</u>	<u>6,429,265</u>
Total Deferred Inflows of Resources	<u>3,568,999</u>	<u>124,098</u>	<u>5,083,716</u>	<u>6,429,265</u>
Fund Balances (Deficits):				
Nonspendable	-	18,160	44,144	-
Restricted:				
Transportation	-	24,106	60,378,464	49,129,759
Environmental	-	713,409	713,409	501,135
Homeless	-	2,618,606	2,618,606	1,786,498
Unassigned	<u>(3,568,998)</u>	<u>(50,325)</u>	<u>(1,630,536)</u>	<u>955,601</u>
Total Fund Balances (Deficits)	<u>(3,568,998)</u>	<u>3,305,796</u>	<u>62,079,943</u>	<u>52,372,993</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
	<u>3,568,999</u>	<u>5,121,296</u>	<u>92,818,599</u>	<u>91,115,552</u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position**

June 30, 2022

Fund Balances of Governmental Funds \$ 62,079,943

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

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds.

Capital assets	44,215,979
Accumulated depreciation	(778,252)

Loans receivable that have not been included in the governmental fund activity that do not provide current financial resources and are recognized in the statement of activities.	177,162
---	---------

Net pension asset that have not been included in the governmental fund activity that do not provide current financial resources and are recognized in the statement of activities.	55,246
--	--------

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the governmental funds.

Bonds payable	(17,480,279)
Compensated absences	(136,374)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in intergovernmental revenues in the governmental fund activity.	5,083,716
---	-----------

Deferred outflows and inflows of resources related to pensions have not
been reported in the governmental funds.

Deferred outflows of resources related to pensions	980,425
--	---------

Deferred inflows of resources related to pensions	<u>(412,425)</u>
---	------------------

Net Position of Governmental Activities	<u>\$ 93,785,141</u>
---	----------------------

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds**

Year ended June 30, 2022

(with comparative prior year information)

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
Revenues:				
Member dues	\$ 470,654	-	-	-
Mitigation fees	-	10,879,891	-	-
Measure A	-	-	21,810,214	-
Grants	-	-	-	15,363,242
Investment income (loss)	(14,937)	(110,287)	(547,569)	158
Loan repayments	-	-	10,461	-
Other governmental	-	913,610	2,271,161	1,670,000
Miscellaneous	<u>35,707</u>	<u>-</u>	<u>-</u>	<u>26,816</u>
Total Revenues	<u>491,424</u>	<u>11,683,214</u>	<u>23,544,267</u>	<u>17,060,216</u>
Expenditures:				
Current:				
Salaries	117,412	183,458	308,536	90,870
Benefits	48,018	74,147	125,112	47,580
Communications	2,252	3,509	5,874	2,630
Advertising	737	996	1,730	284
Insurance	4,678	7,468	13,686	5,309
Memberships and per diem	11,110	3,055	5,509	881
General and office expenses	5,673	11,115	17,863	6,989
Professional services	7,452	134,435	242,249	15,067
Consultants	14,043	95,513	903,916	722,046
Leases and maintenance	7,714	12,545	20,508	8,659
Staff training	793	1,663	2,795	935
Transportation and meetings	5,363	1,748	3,180	284
Utilities	1,566	1,181	1,905	806
Project costs	-	3,934,443	8,287,022	14,982,476
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	1,893,146	-
Interest and fiscal charges	-	-	<u>1,119,087</u>	-
Total Expenditures	<u>226,811</u>	<u>4,465,276</u>	<u>12,952,118</u>	<u>15,884,816</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>264,613</u>	<u>7,217,938</u>	<u>10,592,149</u>	<u>1,175,400</u>
Other Financing Sources (Uses):				
Transfers in (note 6)	-	-	1,358,281	185,810
Transfers out (note 6)	-	-	<u>(6,135,079)</u>	<u>(1,356,755)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(4,776,798)</u>	<u>(1,170,945)</u>
Net Change in Fund Balances	264,613	7,217,938	5,815,351	4,455
Fund Balance (Deficit) - Beginning, as Restated (note 16)	<u>1,650,320</u>	<u>3,701,110</u>	<u>43,693,813</u>	<u>(4,455)</u>
Fund Balance (Deficit) - Ending	\$ <u>1,914,933</u>	<u>10,919,048</u>	<u>49,509,164</u>	<u>-</u>

See accompanying notes to the basic financial statements.

	CV Sync	Other Governmental Funds	Total Governmental Funds	
			2022	2021
Revenues:				
Member dues	-	-	470,654	450,834
Mitigation fees	-	-	10,879,891	6,490,521
Measure A	-	-	21,810,214	8,631,243
Grants	4,359,267	644,859	20,367,368	8,521,011
Investment income (loss)	560	(35,432)	(707,507)	73,089
Loan repayments	-	-	10,461	643,070
Other governmental	-	5,707,666	10,562,437	3,986,407
Miscellaneous	-	55,546	118,069	273,254
Total Revenues	<u>4,359,827</u>	<u>6,372,639</u>	<u>63,511,587</u>	<u>29,069,429</u>
Expenditures:				
Current:				
Salaries	35,065	1,380,712	2,116,053	1,899,680
Benefits	13,719	561,379	869,955	937,788
Communications	2,028	26,384	42,677	36,869
Advertising	245	13,181	17,173	21,224
Insurance	3,520	52,533	87,194	88,042
Memberships and per diem	653	13,001	34,209	30,536
General and office expenses	5,364	193,187	240,191	150,842
Professional services	5,631	96,813	501,647	1,128,300
Consultants	-	153,455	1,888,973	4,249,947
Leases and maintenance	6,619	326,913	382,958	335,734
Staff training	755	9,915	16,856	8,583
Transportation and meetings	218	28,319	39,112	19,625
Utilities	609	36,780	42,847	19,678
Project costs	14,566,571	1,031,133	42,801,645	22,575,713
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	1,893,146	1,782,895
Interest and fiscal charges	-	-	1,119,087	1,229,338
Total Expenditures	<u>14,640,997</u>	<u>3,923,705</u>	<u>52,093,723</u>	<u>34,514,794</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,281,170)</u>	<u>2,448,934</u>	<u>11,417,864</u>	<u>(5,445,365)</u>
Other Financing Sources (Uses):				
Transfers in (note 6)	6,834,849	185,296	8,564,236	5,634,351
Transfers out (note 6)	<u>(1,526)</u>	<u>(1,070,876)</u>	<u>(8,564,236)</u>	<u>(5,634,351)</u>
Total Other Financing Sources (Uses)	<u>6,833,323</u>	<u>(885,580)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(3,447,847)</u>	<u>1,563,354</u>	<u>11,417,864</u>	<u>(5,445,365)</u>
Fund Balance (Deficit) - Beginning, as Restated (note 16)	<u>(121,151)</u>	<u>1,742,442</u>	<u>50,662,079</u>	<u>57,818,358</u>
Fund Balance (Deficit) - Ending	<u>(3,568,998)</u>	<u>3,305,796</u>	<u>62,079,943</u>	<u>52,372,993</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 11,417,864

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

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the costs of these assets are allocated over their
estimated useful lives as depreciation expense.

Cost of assets capitalized	27,146,011
Depreciation expense	(44,019)

Repayment of bond principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the statement of net position.

	1,893,146
--	-----------

Repayment on loans receivable are recorded as a reduction of the loan
receivable balance for the statement of activities.

	(10,461)
--	----------

Revenues are reported as unavailable revenue in the governmental funds and
recognized in the statement of activities. These are included in the
intergovernmental revenues in the governmental fund activity.

	(6,841,261)
--	-------------

Some expenses reported in the statements of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in the governmental funds.

Change in compensated absences	14,768
Changes in net pension liability and related deferred inflows and outflows of resources	<u>1,508,333</u>

Change in Net Position of Governmental Activities	<u>\$ 35,084,381</u>
---	----------------------

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies

(a) Description of Reporting Entity

The Coachella Valley Association of Governments (CVAG) was formed under California's Joint Powers Law on January 22, 1974 for the purpose of improving and coordinating the common governmental responsibilities and services on an area-wide and regional basis under Section 6500 et. seq. of the Government Code.

During its early years, CVAG served as an environmental watch dog and as a forum for the exchange of ideas. In 1984, as a result of a major rethinking of CVAG's purpose, goals and objectives, CVAG's work was expanded to include providing direct services along with its prior work. The basic financial statements of CVAG include all activities for which CVAG is financially accountable.

In June 1989, CVAG's Joint Powers Agreement was amended to provide additional powers that could be used to operate programs created through implementing agreements. The first such agreement was to make CVAG the Transportation Authority for the Coachella Valley. As this Authority, CVAG has the responsibility to coordinate the building of \$890,000,000 worth of regional arterials and advise the Riverside County Transportation Commission (RCTC) on State highway projects on Highways 86 and 111. The philosophy behind the new agreements is that CVAG should serve as an umbrella, for programs that might otherwise become single purpose special districts that could operate without concern for how their operations affect each other and general-purpose local governments. The structure of CVAG assures that regional programs will be integrated with each other, so we get a better overall result.

In 1991, CVAG and the South Coast Air Quality Management District (SCAQMD) pioneered a new way to address air quality issues around the PM-10 mitigation issue. Instead of promulgating rules for the area, SCAQMD indicates the standards that must be met and works with local government to develop measures tailored to the sub-region that can help it meet the standards.

In early 1992, CVAG and County Waste Management began implementation of the AB 939 garbage reduction plan previously developed by CVAG and its members. The goal is implementation of coordinated valley-wide efforts to meet the State's mandated goals of 25% reduction in waste going into landfills by 1995 and 50% by 2000. CVAG coordinates with Riverside County Waste Management on the implementation of AB939 which mandates reduction of waste disposal to local landfills. AB939 established an integrated framework for program implementation, solid waste planning, and solid waste facility and landfill compliance. Since implementation, CVAG has coordinated annual events for both used oil and tire recycling and often hosts recycling roundtables with member agencies and other counterparts.

Major sources of revenue for CVAG consists of Measure A half-cent sales taxes and Transportation Uniform Mitigation Fees. CVAG has an agreement with RCTC to receive a share of the Measure A half-cent sales taxes.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

General Assembly

The General Assembly is a 65-member body composed of the five members of the Riverside County Board of Supervisors, Mayors, City Council members, and five Tribal members of each member Tribe.

Current members are: The County of Riverside, the Cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, the Agua Caliente Band of Cahuilla Indians, the Cabazon Band of Mission Indians, and the Twenty-Nine Palms Band of Mission Indians. The General Assembly is the top policy making body of CVAG and is required to meet annually to elect officers and adopt work plans and budgets for the ensuing year.

Executive Committee

The Executive Committee is a 17-member body composed of the five members of the Riverside County Board of Supervisors, Mayors or Council Members of each City, and the Tribal Council Chairs, unless a member's jurisdictional body designates another member of CVAG General Assembly or Tribal Council to serve as the member. It is the top policy making body of CVAG between sessions of the General Assembly and acts for the General Assembly except when the General Assembly is in session. It employs and oversees the work of CVAG's Executive Director. In turn, the Executive Director employs and terminates the staff needed to carry out the overall work programs of CVAG.

Advisory Committees

A number of advisory committees have developed over the years to provide input to CVAG's Executive Committee's decision making.

(b) Basis of Accounting and Measurement Focus

The basic financial statements of CVAG are composed of the following:

- Government-Wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. CVAG has no business-type activities or discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, administrative expenses have not been allocated as indirect expenses to the various functions of CVAG.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources' measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

The underlying accounting system of CVAG is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate.

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. CVAG generally considers revenues available if they are collected within 120 days after the fiscal year-end. Significant revenues subject to accrual under the measurable and available criteria include grant revenues.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed.

If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first.

Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current-financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Long-term loans to other agencies are reported as expenditures (outflows of current financial resources). Repayments of the same are reported as revenues (inflows of current financial resources). The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies under this type of reporting; deferred items related to pension obligations.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The government has two items that qualifies for reporting in this category. Unavailable revenues, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source for a grant. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, reported in the government-wide statement of net position, relates to deferred items related to pension obligations.

Net Pension Liability

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 12 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, CVAG recognizes a net pension liability, which represents CVAG's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of CVAG's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of CVAG's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Net Position

In governmental-wide financial statements, Net Position are categorized as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted Net Position are available, CVAG's policy is to apply restricted Net Position first, then unrestricted Net Position as they are needed.

Governmental Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance — this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance — this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Executive Committee action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance — this includes amounts that can be used only for the specific purposes determined by a formal action of the Executive Committee. It includes legislation (Executive Committee action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Executive Committee action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. CVAG considers a resolution to constitute a formal action of the Executive Committee for the purposes of establishing committed fund balance.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Assigned Fund Balance — this includes amounts that are designated or expressed by the Executive Committee but does not require a formal action like a resolution or ordinance. The Executive Committee may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes.

Unassigned Fund Balance — this includes the remaining spendable amounts which are not included in one of the other classifications.

It is CVAG's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Executive Committee.

(c) Fund Classifications

CVAG reports the following major governmental funds:

General Fund - This fund is used to account for all of the general revenues of CVAG not specifically levied or collected for some special purpose, and for the expenditures related to the rendering of general services by CVAG.

Transportation Uniform Mitigation Fees Special Revenue Fund - This fund is used to account for the revenues generated by the Traffic Uniform Mitigation Fees and provides additional funds necessary to construct the transportation improvements generated by the development in the valley.

Measure A Special Revenue Fund - This fund is used to account for the revenues generated by the Measure A half-cent sales tax and is used mainly for the construction and/or improvement of the regional arterials in the Coachella Valley.

CV Link Special Revenue Fund - This fund is used to account for revenues and expenditures specifically generated for and by the CV Link project.

CV Sync Special Revenue Fund - This fund is used to account for revenues and expenditures specifically generated for and by the CV Sync project.

CVAG's fund structure also includes the following fund type:

Special Revenue Funds - These funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

(d) Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

(e) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

CVAG pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(f) Employee Leave Benefits

Vacation time begins to accumulate as of the first day of employment to a maximum of two and a half times the employee's annual entitlement. Sick leave accumulates at the rate of 8.67 hours per month without limit. Employees are not entitled to compensation for accrued sick time upon separation from CVAG.

(g) Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received as part of a service concession arrangement are recorded at acquisition value at the date of acquisition. Generally, CVAG capitalizes capital assets purchases in excess of \$5,000 for capital assets. Capital outlay expenditures include payments to other governments for capital projects that are managed by other governments and ongoing maintenance of those assets lies with those other governments. As such those capital assets, have not been reflected in the statement of net position of CVAG.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation expense is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Furniture and equipment	7-25 years
Vehicles	7 years
Easements	50 years

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

(h) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(i) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

Note 2: Stewardship, Compliance, and Accountability

- (a) The CV Sync and I-REN Funds reported a fund deficit at June 30, 2022 in the amounts of (\$3,568,998) and (\$68,485) respectively. This is due to unavailable revenue at June 30, 2022 becoming available after the period of availability.

Note 3: Cash and Investments

Cash and investments of CVAG consisted of the following at June 30, 2022:

Cash and investments	\$ 55,900,242
Restricted cash and investments	<u>14,880,428</u>
Total cash and investments	<u>\$ 70,780,670</u>
Cash on hand	\$ 300
Deposits with financial institutions	<u>421,264</u>
Total cash and deposits	<u>421,564</u>
Investments:	
Local Agency Investment Fund	\$ 30,179,277
Riverside County Pooled Investment Fund	25,299,401
California Asset Management Program	<u>14,880,428</u>
Total investments	<u>70,359,106</u>
Total cash and investments	<u>\$ 70,780,670</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 3: Cash and Investments (Continued)

Deposits

CVAG's deposits with financial institutions were insured or collateralized as required by State Law.

Investments Authorized by the California Government Code and CVAG's Investment Policy

The table below identifies the investment types that are authorized for CVAG by the California Government Code (or CVAG's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or CVAG's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	3 years	None	None
Money Market Mutual Funds investing in United States Treasury Investments	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

One of the ways that CVAG manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CVAG's investments in the Local Agency Investment Fund of \$30,179,277, Riverside County Pooled Investment Fund of \$25,299,401, and the California Asset Management Program of \$14,880,428 are available on demand.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, CVAG's investment policy, or debt agreements, and the actual rating as of year-end for each investment type:

Investment Type	Actual/Minimum Rating	Amount
Local Agency Investment Fund	N/A	\$ 30,179,277
Riverside County Pooled Investment Fund	AAA/AAA	25,299,401
California Asset Management Program	AAA/AAA	14,880,428
Total		<u>\$ 70,359,106</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 3: Cash and Investments (Continued)

Investment in State Investment Pool (LAIF)

CVAG is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of CVAG's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, CVAG's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

Investment in Riverside County Investment Pool

CVAG is a voluntary participant in the County of Riverside Treasury Pool. The fair value of CVAG's investment in this pool is reported in the accompanying financial statements at amounts based upon CVAG's pro-rata share of the fair value provided by the County for the entire County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County.

Investment in California Asset Management Program

CVAG is a voluntary participant in the California Asset Management Program (CAMP). The funds are invested in a short-term money market portfolio rated AAA and as such, the fair market value is equivalent to the amount invested. The balance available for withdrawal is based on the accounting records maintained by CAMP.

Fair Value Hierarchy

CVAG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All CVAG investments are not subject to fair value rating.

Note 4: Loans Receivable

CVAG made a loan to the following entity for the construction of mesquite Avenue from Gene Autry Trail to Dinah Shore Drive:

City of Palm Springs, payable through 2039 \$ 177,162

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 5: Interfund Receivables and Payables

Interfund receivables and payables represent short-term borrowings to manage cash flows.

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Other Governmental Funds	General Fund	<u>\$ 703,019</u>
Other Governmental Funds	Measure A	792,689
CV Sync	Measure A	<u>1,792,761</u>
		<u>2,585,450</u>
TUMF	Other Governmental Funds	10,597
Measure A	Other Governmental Funds	<u>19,680</u>
		<u>30,277</u>
		<u>\$ 3,318,746</u>

Note 6: Interfund Transfers

Transfers in and out between funds for the year ended June 30, 2022 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Measure A	CV Sync	\$ 1,526
Measure A	CV Link	<u>1,356,755</u>
		<u>1,358,281</u>
CV Sync	Measure A	5,949,269
CV Sync	Other Governmental Funds	<u>885,580</u>
		<u>6,834,849</u>
CV Link	Measure A	<u>185,810</u>
Other Governmental Funds	Other Governmental Funds	<u>185,296</u>
	Total	<u>\$ 8,564,236</u>

The largest transfer above were from the Measure A Funds to the CV Sync Fund for expenditures incurred in the amount of \$5,949,269 for the Traffic Signal Synchronization Project which utilizes Measure A as a funding source. The other transfer was from the CV Link Fund to the Measure A Fund for \$1,356,755 to return previously transferred funds for the CV Link Project to Measure A.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 7: Capital Assets

A summary of capital asset activity for the year ended June 30, 2022, is as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets, not depreciated:				
Land	\$ 10,682,344	-	-	10,682,344
Construction in progress	5,013,894	26,783,070	-	31,796,964
Total capital assets, not depreciated	15,696,238	26,783,070	-	42,479,308
Capital asset, being depreciated:				
Furniture and equipment	105,149	-	-	105,149
Easement*	581,508	362,941	-	944,449
Vehicles	687,073	-	-	687,073
Total capital assets, being depreciated	1,373,730	362,941	-	1,736,671
Less accumulated depreciation:				
Furniture and equipment	(88,114)	(4,426)	-	(92,540)
Easement	-	(19,936)	-	(19,936)
Vehicles	(646,119)	(19,657)	-	(665,776)
Total accumulated depreciation	(734,233)	(44,019)	-	(778,252)
Total capital assets, being depreciated, net	639,497	318,922	-	958,419
Total capital assets, net	\$ 16,335,735	27,101,992	-	43,437,727

*The beginning balance has been restated to reflect a prior period adjustment. See note 16 for additional details.

Depreciation expense was charged to the following function in the Statement of Activities:

Transportation	<u>\$44,019</u>
----------------	-----------------

Note 8: Transportation Uniform Mitigation Fee Program

As required under Measure A, Measure A monies cannot be allocated to individual cities in the Coachella Valley unless they participate in the Traffic Uniform Mitigation Fee (TUMF) program necessary for implementation of the planned Regional Arterial System. The participating cities collected the following amounts of TUMF since inception, which have been remitted to CVAG:

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 8: Transportation Uniform Mitigation Fee Program (Continued)

<u>Fiscal Period</u>		<u>Fiscal Year Ending</u>	
<u>From</u>	<u>To</u>		
1990	1994		\$ 13,585,887
1995	1999		13,642,573
2000	2004		26,394,448
2005	2009		40,898,960
2010	2014		11,556,909
2015	2019		19,017,989
		2020	4,990,263
		2021	5,897,592
		2022	10,795,963
			<u>\$ 146,780,584</u>

In addition, CVAG received \$24,383,399 relating to Measure A in lieu of TUMF for the Cities of Coachella, Desert Hot Springs, and La Quinta who were deferred participants in the TUMF program. All amounts owed to CVAG from these agencies were repaid in full by June 30, 2020.

Note 9: Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022, is as follows:

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>	<u>Due within One Year</u>
Public offering:					
Revenue bonds payable	<u>\$ 19,373,425</u>	<u>-</u>	<u>(1,893,146)</u>	<u>17,480,279</u>	<u>2,010,337</u>

Revenue Bonds Payable

On October 1, 2009, Riverside County Transportation Commission (RCTC) issued \$185,000,000 of 2009 Sales Tax Revenue Bonds Series A, B and C (Bonds). CVAG's participation in the Bonds was \$25,349,990. CVAG's portion of the Bond proceeds is for reimbursement of CVAG's highway and regional arterial program expenditures.

Principal and interest on the Bonds are payable monthly through September 1, 2029. The rate of interest is 4.972% and 5.662% per annum.

On November 17, 2010, RCTC issued \$150,000,000 of 2010 Sales Tax Revenue Bonds, Series A and B. CVAG's participation in the Bonds was \$8,584,820. CVAG's portion of the Bond proceeds was for reimbursement of CVAG's highway and regional arterial program expenditures that were previously reflected in long-term liabilities as Advancement of Measure A funds. Principal and interest on the Bonds are payable monthly through September 1, 2029. The rate of interest is 7.307% per annum.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 9: Long-Term Liabilities (Continued)

As of June 30, 2022, annual debt service requirement of the revenue bonds payable is as follows:

Fiscal Year Ending	Principal	Interest	Total
2023	\$ 2,010,337	1,001,895	3,012,234
2024	2,134,917	877,317	3,012,234
2025	2,267,354	744,880	3,012,234
2026	2,408,158	604,074	3,012,234
2027	2,557,867	454,366	3,012,233
2028-2031	6,101,646	424,860	6,526,506
	<u>\$ 17,480,279</u>	<u>4,107,392</u>	<u>21,587,675</u>

There are no assets pledged as collateral for the debt, no required reserve, and no unused lines of credit. There are no finance-related consequences related to significant events of default or termination, and there are no acceleration clauses.

Note 10: Compensated Absences

CVAG's policies relating to compensated absences are described in Note 1. This liability amounting to \$136,374 at June 30, 2022 is expected to be paid in future years from future resources and is typically liquidated from the General Fund.

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due within One Year
Compensated absences	<u>\$ 151,142</u>	<u>113,119</u>	<u>(127,887)</u>	<u>136,374</u>	<u>102,281</u>
Totals	<u>\$ 151,142</u>	<u>113,119</u>	<u>(127,887)</u>	<u>136,374</u>	<u>102,281</u>

Note 11: Liability, Property and Workers' Compensation Protection

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The Coachella Valley Association of Governments is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 11: Liability, Property and Workers' Compensation Protection (Continued)

Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Purchased Insurance

Property Insurance

The Coachella Valley Association of Governments participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. Coachella Valley Association of Governments property is currently insured according to a schedule of covered property submitted by the Coachella Valley Association of Governments to the Authority.

Coachella Valley Association of Governments property currently has all-risk property insurance protection in the amount of "Non-participant." There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The Coachella Valley Association of Governments purchases crime insurance coverage in the amount of "Non-Participant" with a "Non-Participant" deductible. The fidelity coverage is provided through the Authority.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 11: Liability, Property and Workers' Compensation Protection (Continued)

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2021-22.

The aforementioned information is not included in the accompanying financial statements. Complete financial statements for the Insurance Authority may be obtained at their administrative office located at 8081 Moody Street, La Palma, California 90623.

Note 12: Pension Plan

Plan Description

CVAG contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. All qualified permanent and probationary employees are eligible to participate in the CVAG's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by CalPERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and CVAG Executive Committee resolution. Copies of CalPERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) mandated new benefit formulas and new member contributions for new members (as defined by PEPRA) hired after January 1, 2013.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 12: Pension Plan (Continued)

The provisions and benefits of the plan in effect at June 30, 2022, are summarized as follows:

	Tier 1	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	1.43% - 2.42%	1.00% - 2.50%
Required employee contribution rates	6.906%	7.3%
Required employer contribution rates	23.282%	8.058%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2022, the contributions recognized as part of pension expense was \$552,524.

Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Measurement Date:			
Balance at: 6/30/21	\$ 11,263,336	9,631,516	1,631,820
Balance at: 6/30/22	11,785,073	11,840,319	(55,246)
Net Changes During 2021-22	<u>\$ 521,737</u>	<u>2,208,803</u>	<u>(1,687,066)</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 12: Pension Plan (Continued)

CVAG's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. CVAG's proportion of the net pension liability was based on a projection of the CVAG's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The CVAG's proportionate share of the net pension liability for each Plan as of June 30, 2020 and 2021, was as follows:

Proportion - June 30, 2020	0.03869%
Proportion - June 30, 2021	-0.00291%
Change - Increase (Decrease)	<u>-0.04160%</u>

For the year ended June 30, 2022, CVAG recognized a total pension credit of \$1,110,425. At June 30, 2022, the CVAG reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 397,881	-
Differences between expected and actual experience	-	6,192
Adjustment due to difference in contributions	494,934	8,576
Adjustment due to difference in proportions	39,406	397,657
Net difference between projected and actual earnings on pension plan investments	48,204	-
	<u>\$ 980,425</u>	<u>412,425</u>

The \$397,881 reported as deferred outflows of resources related to contributions subsequent to the measurement date and contributions made in excess of CVAG's proportionate share of contributions; will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Amount
2023	\$ 67,581
2024	56,281
2025	32,936
2026	13,321
2027	-
	<u>\$ 170,119</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 12: Pension Plan (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds ⁽¹⁾
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15 percent. The projection of cash flows used to determine the discount rate assumed contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 12: Pension Plan (Continued)

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00	2.62
Inflation assets	0%	0.77	1.81
Private equity	8%	6.30	7.23
Real assets	13%	3.75	4.93
Liquidity	1%	-	(0.92)
Total	100%		

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modification to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 12: Pension Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the CVAG's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15% for each Plan, as well as what the CVAG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net pension liability (asset)	\$ 1,500,777	\$ (55,246)	\$ (1,341,541)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 13: Capital Projects and Programs

The following represents the unexpended project budgets as of June 30, 2022. Unexpended project budgets may be reprogrammed to other projects upon finalization of all pending items (final bills, disposition of change orders, etc.)

Jefferson Street and Varner Road (North of I-10)	\$ 2,888,246
Jefferson / I-10 Interchange	13,953,233
Indian Avenue (Garnet to and including Railroad Crossing Bridge)	5,413,864
Frank Sinatra Bridge over WWR	4,277,942
Madison Street (Avenue 52 to Indio Boulevard)	2,904,652
Portola Avenue (North of Gerald Ford Drive)	534,935
Hwy 111 (bet. Rubidoux St. & 760' W. of Madison St.)	21,568
Interchange Preparation Fund	17,533,407
Cathedral Canyon Bridge	264,168
Date Palm Drive Bridge	331,762
Monterey Ave. Widening (Dinah Shore to Gerald Ford)	770,034
Portola Avenue (NW of Fred Waring Dr.)	80,000
Varner Road (Intersection Impr. at Ramon Rd.)	1,164,000
Airport Blvd. (Harrison Street to Hwy 111)	7,898,603
Frank Sinatra Dr. Intersection at Hwy. 111	670,712
Avenue 56 Grade Separation	1,509,535
Avenue 66 Grade Separation	1,254,008
Ramon Road Bridge Widening	6,293,135
Vista Chino Drive Bridge	7,807,619
Date Palm Drive Improvement (I-10 and Varner Rd.)	1,872,866
Avenue 50 Bridge	4,141,640
Dune Palms Road Bridge	1,230,258
East Palm Canyon Dr. Bridge (over Palm Canyon Wash)	841,617
S. Palm Canyon Dr. Bridge (over Tahquitz Creek Channel)	724,808
Portola / I-10 Interchange	9,269,238
CV Link	3,571,230
Avenue 50 (bet. Calhoun St. & Cesar Chaves (formerly Harrison St.))	6,384,255
Avenue 44 Bridge	2,690,305
North Indian Canyon Drive Widening	26,223
Avenue 48 (between Van Buren and Dillon Road)	433,431
Avenue 50 (between SR86 and I-10)	345,575
Bicycle and Pedestrian Safety Program	5,608,167
Regional Traffic Signal Synchronization	410,642
Washington St. & Fred Waring Dr. Intersection Improvements	97,377
Avenue 50 and Jackson St. Intersection Improvements	829,173
Indian Canyon Dr. (between Camino Parocela to Aleo Road)	1,500,000
Grapefruit Blvd bn Leoco Lane and 9th Street	1,453,821
Changeable Message Signs Palm Drive and N Indian Canyon	650,681
Monterey/I-10 Ramp Improvements	1,159,367
Total unexpended project budgets	118,812,095
Less: amounts to be provided in future years	(52,928,652)
Restricted fund balance associated with specific capital projects and programs	<u>\$ 65,883,443</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 14: Measure A Fund Program

Measure A is a half-cent local retail transaction and use tax that was initially approved by the voters in November 1988 for 20 years and extended in November 2009 for an additional 30 years, through June 2039, to fund key transportation improvements in Riverside County. RCTC has the responsibility of receiving and managing the Measure A funds, including the allocation of the Measure A funds to the three geographic areas of the County and the programs within each area. CVAG does not have direct control over the Coachella Valley highways and regional arterial program funds that are allocated by RCTC in accordance with the extended Measure A ordinance. Revenues are recognized when a Measure A highway or regional arterial program project expenditures, including debt service payments on advances (see Note 9), have been incurred. Measure A funds controlled by RCTC related to the Coachella Valley highway and regional arterial program that have not been expended by CVAG are held by RCTC in a separate restricted special revenue fund. CVAG's allocation of the Measure A funds for the past five years is as follows:

Fiscal Year Ended June 30,	
2018	\$ 19,256,161
2019	21,619,378
2020	20,916,167
2021	26,018,189
2022	27,299,763

Note 15: Commitments and Contingencies

CVAG approved a contribution of \$30 million for the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP), which would mitigate all of the regional transportation projects listed in the current Transportation Project Prioritization Study (TPPS).

Under the CVMSHCP, the \$30 million of transportation funds would contribute to both land acquisition and the establishment of an Endowment Fund, which would ensure monitoring and management of the acquired lands. The CVMSHCP area includes 1.1 million acres, encompassing the entire Coachella Valley and the surrounding mountains. The MSHCP will benefit the local jurisdictions by providing Take Authorization for all development, including public infrastructure projects, undertaken by the Permittees (signatories to the MSHCP) outside the Conservation Areas. By providing Take Authorization for public and private development projects, the MSHCP eliminates the need for projects to conduct biological surveys and negotiate individual project mitigation with the US Fish and Wildlife Service and the California Department of Fish and Game. At June 30, 2022, the remaining commitment to the MSHCP is \$6,675,000. The liability has not been recorded in the accompanying financial statements because the contributions are contingent upon the receipt of future transportation revenues that are uncertain as to the timing and amount of collection.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 16: Prior Period Adjustments

During the year ended June 30, 2022, CVAG determined there were expenditures and revenue recorded in the current year that related to prior year. As a result, the beginning net position/fund balance was adjusted as noted below.

Statement of Activities:

	Governmental Activities
Net Position at July 1, 2021	\$ 54,334,454
Adjustment to recognize unavailable revenues	5,495,712
Adjustment to record easements	581,508
Adjustment to correct prior year expenditures	(1,710,914)
Net Position at July 1, 2021, as restated	<u>\$ 58,700,760</u>

Statement of Revenues, Expenditures and Changes in Fund Balances:

	Transportation Uniform Mitigation Fees	Measure A
Fund Balance at July 1, 2021	\$ 4,299,513	44,806,324
Adjustment to correct prior year expenditures	(598,403)	(1,112,511)
Fund Balance at July 1, 2021, as restated	<u>\$ 3,701,110</u>	<u>\$ 43,693,813</u>

Note 17: Subsequent Events

The funds held in trust at the California Asset Management Program (CAMP) by CVAG for the Portola/1-10 interchange were returned to the City of Palm Desert in August 2022 reducing the balance to \$0. The total amount returned to the City, including interest, was \$14,903,772.

REQUIRED SUPPLEMENTARY INFORMATION

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund**

Year ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Member dues	\$ 465,867	465,867	470,654	4,787
Investment income (loss)	6,019	6,019	(14,937)	(20,956)
Miscellaneous	<u>18,667</u>	<u>18,667</u>	<u>35,707</u>	<u>17,040</u>
Total Revenues	<u>490,553</u>	<u>490,553</u>	<u>491,424</u>	<u>871</u>
Expenditures:				
Salaries	102,300	102,300	117,412	(15,112)
Benefits	46,462	46,462	48,018	(1,556)
Communications	1,613	1,613	2,252	(639)
Advertising	43	43	737	(694)
Insurance	3,808	3,808	4,678	(870)
Memberships and per diem	21,803	21,803	11,110	10,693
General and office expenses	6,851	6,851	5,673	1,178
Professional services	9,498	9,498	7,452	2,046
Consultants	-	-	14,043	(14,043)
Leases and maintenance	5,247	5,247	7,714	(2,467)
Staff training	1,423	1,423	793	630
Transportation and meetings	21,493	21,493	5,363	16,130
Utilities	512	512	1,566	(1,054)
Capital outlay	<u>195,000</u>	<u>195,000</u>	<u>-</u>	<u>195,000</u>
Total Expenditures	<u>416,053</u>	<u>416,053</u>	<u>226,811</u>	<u>189,242</u>
Excess of Revenues over Expenditures	<u>74,500</u>	<u>74,500</u>	<u>264,613</u>	<u>190,113</u>
Other Financing Sources (Uses):				
Transfers in	-	548,274	-	548,274
Transfers out	<u>(2,408)</u>	<u>(2,408)</u>	<u>-</u>	<u>2,408</u>
Total Other Financing Sources (Uses)	<u>(2,408)</u>	<u>545,866</u>	<u>-</u>	<u>550,682</u>
Net Change in Fund Balance	72,092	620,366	264,613	(355,753)
Fund Balance - Beginning	<u>1,650,320</u>	<u>1,650,320</u>	<u>1,650,320</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,722,412</u>	<u>2,270,686</u>	<u>1,914,933</u>	<u>(355,753)</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - TUMF**

Year ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Mitigation fees	\$ 5,000,000	5,000,000	10,879,891	5,879,891
Investment income	6,684	6,684	(110,287)	(116,971)
Other governmental	-	-	913,610	913,610
Total Revenues	<u>5,006,684</u>	<u>5,006,684</u>	<u>11,683,214</u>	<u>6,676,530</u>
Expenditures:				
Salaries	233,263	233,263	183,458	49,805
Benefits	101,310	101,310	74,147	27,163
Communications	3,614	3,614	3,509	105
Advertising	1,496	1,496	996	500
Insurance	8,533	8,533	7,468	1,065
Memberships and per diem	12,029	12,029	3,055	8,974
General and office expenses	14,531	14,531	11,115	3,416
Professional services	48,793	48,793	134,435	(85,642)
Consultants	250,000	250,000	95,513	154,487
Leases and maintenance	11,759	11,759	12,545	(786)
Staff training	3,188	3,188	1,663	1,525
Transportation and meetings	1,705	1,705	1,748	(43)
Utilities	1,147	1,147	1,181	(34)
Project costs	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,934,443</u>	<u>(434,443)</u>
Total Expenditures	<u>4,191,368</u>	<u>4,191,368</u>	<u>4,465,276</u>	<u>(273,908)</u>
Net Change in Fund Balance	815,316	815,316	7,217,938	6,402,622
Fund Balance - Beginning, as restated	<u>3,701,110</u>	<u>3,701,110</u>	<u>3,701,110</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,516,426</u>	<u>4,516,426</u>	<u>10,919,048</u>	<u>6,402,622</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Measure A**

Year ended June 30, 2022

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Measure A	\$ 21,121,120	21,121,120	21,810,214	689,094
Investment income	554,873	554,873	(547,569)	(1,102,442)
Loan repayments	10,421	10,421	10,461	40
Other governmental	<u>12,611,159</u>	<u>12,611,159</u>	<u>2,271,161</u>	<u>(10,339,998)</u>
Total Revenues	<u>34,297,573</u>	<u>34,297,573</u>	<u>23,544,267</u>	<u>(10,753,306)</u>
Expenditures:				
Salaries	414,674	384,143	308,536	75,607
Benefits	180,096	185,362	125,112	60,250
Communications	6,424	4,893	5,874	(981)
Advertising	2,770	2,787	1,730	1,057
Insurance	15,165	15,861	13,686	2,175
Memberships and per diem	11,044	13,642	5,509	8,133
General and office expenses	25,867	15,368	17,863	(2,495)
Professional services	94,093	36,338	242,249	(205,911)
Consultants	150,000	162,500	903,916	(741,416)
Leases and maintenance	20,899	26,684	20,508	6,176
Staff training	5,667	5,514	2,795	2,719
Transportation and meetings	3,114	4,765	3,180	1,585
Utilities	2,039	2,799	1,905	894
Project costs	33,617,577	108,223,532	8,287,022	99,936,510
Debt service:				
Principal	1,893,146	1,893,146	1,893,146	-
Interest	<u>1,119,087</u>	<u>1,119,087</u>	<u>1,119,087</u>	<u>-</u>
Total Expenditures	<u>37,561,662</u>	<u>112,096,421</u>	<u>12,952,118</u>	<u>99,144,303</u>
Excess of Revenues over Expenditures	<u>(3,264,089)</u>	<u>(77,798,848)</u>	<u>10,592,149</u>	<u>88,390,997</u>
Other Financing Sources (Uses):				
Transfers out	<u>(7,870,348)</u>	<u>(7,870,348)</u>	<u>(6,135,079)</u>	<u>1,735,269</u>
Total Other Financing Sources (Uses)	<u>(7,870,348)</u>	<u>(7,870,348)</u>	<u>(6,135,079)</u>	<u>1,735,269</u>
Net Change in Fund Balance	(11,134,437)	(85,669,196)	4,457,070	90,126,266
Fund Balance - Beginning, as restated	<u>43,693,813</u>	<u>43,693,813</u>	<u>43,693,813</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 32,559,376</u>	<u>(41,975,383)</u>	<u>48,150,883</u>	<u>90,126,266</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CV Link**

Year ended June 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Grants	\$ 17,503,346	17,503,346	15,363,242	(2,140,104)
Investment income	-	-	158	158
Other governmental	50,000	50,000	1,670,000	1,620,000
Miscellaneous	<u>15,537,765</u>	<u>15,537,765</u>	<u>26,816</u>	<u>(15,510,949)</u>
Total Revenues	<u>33,091,111</u>	<u>33,091,111</u>	<u>17,060,216</u>	<u>(16,030,895)</u>
Expenditures:				
Salaries	280,753	280,753	90,870	189,883
Benefits	99,625	99,625	47,580	52,045
Communications	4,086	4,086	2,630	1,456
Advertising	3,108	3,108	284	2,824
Insurance	9,647	9,647	5,309	4,338
Memberships and per diem	2,152	2,152	881	1,271
General and office expenses	15,834	15,834	6,989	8,845
Professional services	864,125	864,125	15,067	849,058
Consultants	3,200,000	3,200,000	722,046	2,477,954
Leases and maintenance	13,294	13,294	8,659	4,635
Staff training	3,065	3,065	935	2,130
Transportation and meetings	1,740	1,740	284	1,456
Utilities	1,297	1,297	806	491
Project costs	<u>29,003,345</u>	<u>29,003,345</u>	<u>14,982,476</u>	<u>14,020,869</u>
Total Expenditures	<u>33,502,071</u>	<u>33,502,071</u>	<u>15,884,816</u>	<u>17,617,255</u>
Excess of Revenues over Expenditures	<u>(410,960)</u>	<u>(410,960)</u>	<u>1,175,400</u>	<u>1,586,360</u>
Other Financing Sources (Uses):				
Transfers in	411,500	411,500	185,810	(225,690)
Transfers out	<u>-</u>	<u>-</u>	<u>(1,356,755)</u>	<u>(1,356,755)</u>
Total Other Financing Sources (Uses)	<u>411,500</u>	<u>411,500</u>	<u>(1,170,945)</u>	<u>(1,582,445)</u>
Net Change in Fund Balance	540	540	4,455	3,915
Fund Balance (Deficit) - Beginning	<u>(4,455)</u>	<u>(4,455)</u>	<u>(4,455)</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ (3,915)</u>	<u>(3,915)</u>	<u>-</u>	<u>3,915</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CV Sync**

Year ended June 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Grants	\$ 19,549,003	19,549,003	4,359,267	(15,189,736)
Investment income	-	-	560	560
Total Revenues	<u>19,549,003</u>	<u>19,549,003</u>	<u>4,359,827</u>	<u>(15,189,176)</u>
Expenditures:				
Salaries	106,328	106,328	35,065	71,263
Benefits	48,039	48,039	13,719	34,320
Communications	1,658	1,658	2,028	(370)
Advertising	44	44	245	(201)
Insurance	3,914	3,914	3,520	394
Memberships and per diem	873	873	653	220
General and office expenses	6,425	6,425	5,364	1,061
Professional services	75,947	75,947	5,631	70,316
Consultants	3,513,092	3,513,092	-	3,513,092
Leases and maintenance	5,395	5,395	6,619	(1,224)
Staff training	1,463	1,463	755	708
Transportation and meetings	300	300	218	82
Utilities	526	526	609	(83)
Project costs	<u>23,655,347</u>	<u>23,655,347</u>	<u>14,566,571</u>	<u>9,088,776</u>
Total Expenditures	<u>27,419,351</u>	<u>27,419,351</u>	<u>14,640,997</u>	<u>12,778,354</u>
Excess of Revenues over Expenditures	<u>(7,870,348)</u>	<u>(7,870,348)</u>	<u>(10,281,170)</u>	<u>(2,410,822)</u>
Other Financing Sources (Uses):				
Transfers in	7,870,348	7,870,348	6,834,849	(1,035,499)
Transfers out	-	-	(1,526)	(1,526)
Total Other Financing Sources (Uses)	<u>7,870,348</u>	<u>7,870,348</u>	<u>6,833,323</u>	<u>(1,037,025)</u>
Net Change in Fund Balance	-	-	(3,447,847)	(3,447,847)
Fund Balance (Deficit) - Beginning	<u>(121,151)</u>	<u>(121,151)</u>	<u>(121,151)</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ (121,151)</u>	<u>(121,151)</u>	<u>(3,568,998)</u>	<u>(3,447,847)</u>

See accompanying notes to required supplementary information.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Miscellaneous Plan

Last Ten Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement Date	06/30/21	06/30/20	06/30/19	06/30/18
Proportion of the net pension liability (asset)	-0.00100%	0.01500%	0.02398%	0.02306%
Proportionate share of the net pension liability (asset)	\$ (55,246)	\$ 1,631,820	2,457,681	2,222,478
Covered payroll	\$ 1,800,316	\$ 1,787,612	1,757,237	1,399,410
Proportionate Share of the net pension liability as a percentage of covered payroll	-3.07%	91.28%	139.86%	158.82%
Plan fiduciary net position as a percentage of the total pension liability	90.49%	77.71%	75.26%	73.39%

* - Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

Summary of Changes of Benefits or Assumptions:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separate financed employer-specific liabilities.

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Miscellaneous Plan (Continued)

Last Ten Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement Date	06/30/17	06/30/16	06/30/15	06/30/14
Proportion of the net pension liability (asset)	0.02283%	0.02221%	0.02071%	0.02196%
Proportionate share of the net pension liability (asset)	\$ 2,264,005	1,921,675	1,421,670	1,366,589
Covered payroll	\$ 1,595,046	1,555,017	1,364,384	1,367,374
Proportionate Share of the net pension liability as a percentage of covered payroll	141.94%	123.58%	104.20%	99.94%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	75.87%	79.89%	81.15%

* - Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

Summary of Changes of Benefits or Assumptions:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separate financed employer-specific liabilities.

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Pension Contributions - Miscellaneous Plan

Last Ten Years*

	2022	2021	2020	2019
Actuarially determined contributions - Miscellaneous	\$ 397,881	\$ 397,881	1,341,435	294,482
Contributions in relation to the actuarially determined contribution	<u>(397,881)</u>	<u>(397,881)</u>	<u>(1,341,435)</u>	<u>(294,482)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 2,151,212	\$ 1,800,316	1,787,612	1,757,237
Contributions as a percentage of covered payroll	18.50%	22.10%	75.04%	16.76%

* - Fiscal year 2015 was the first year of implementation, therefore, eight years are shown.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.15%
Projected Salary	Varies by entry age and service
Inflation	2.50%
Payroll Growth	2.75%

Changes in Assumptions: At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2019-20 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following 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 using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Pension Contributions - Miscellaneous Plan (Continued)

Last Ten Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions - Miscellaneous	\$ 242,382	221,669	217,333	214,845
Contributions in relation to the actuarially determined contribution	<u>(242,382)</u>	<u>(221,669)</u>	<u>(217,333)</u>	<u>(214,845)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 1,399,410	1,595,046	1,555,017	1,364,384
Contributions as a percentage of covered payroll	17.32%	13.90%	13.98%	15.75%

* - Fiscal year 2015 was the first year of implementation, therefore, eight years are shown.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.15%
Projected Salary	Varies by entry age and service
Inflation	2.50%
Payroll Growth	2.75%

Changes in Assumptions: At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2019-20 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following 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 using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

Coachella Valley Association of Governments

Notes to Required Supplementary Information

Year ended June 30, 2022

Note 1: Budgets and Budgetary Accounting

CVAG adopts an annual budget prepared on the modified accrual basis of accounting for its governmental funds. The Executive Director or designee is authorized to transfer budgeted amounts between the accounts of any department. Revisions that alter the total appropriations of any department or fund are approved by the Executive Committee. Prior year appropriations lapse unless they are approved for carryover into the following fiscal year. Expenditures may not legally exceed appropriations at the fund level.

Note 2: Expenditures in Excess of Appropriations

The Traffic Uniform Mitigation Fee fund had expenditures in excess of appropriations of \$273,908.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2022

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
Assets:							
Cash and investments	\$ -	42,676	1	295,997	66,862	4,713	598
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	1	-	-	-	196	206	-
Due from other governments	746,987	9,000	428,370	214,979	31,582	7,913	-
Due from other funds	30,277	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total Assets	<u>\$ 777,265</u>	<u>51,676</u>	<u>428,371</u>	<u>510,976</u>	<u>98,640</u>	<u>12,832</u>	<u>598</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):							
Liabilities:							
Accounts payable	\$ 48,940	-	382	-	14,440	-	-
Accrued liabilities	582	-	15,335	121	61	13	8
Due to other governments	-	-	3,177	-	657	-	-
Due to other funds	<u>727,558</u>	<u>-</u>	<u>373,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>777,080</u>	<u>-</u>	<u>392,457</u>	<u>121</u>	<u>15,158</u>	<u>13</u>	<u>8</u>
Deferred Inflows of Resources							
Unavailable revenues	-	-	<u>2,682</u>	<u>2,569</u>	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>2,682</u>	<u>2,569</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted:							
Transportation	185	23,921	-	-	-	-	-
Environmental	-	-	33,232	508,286	83,482	12,819	590
Homeless	-	27,755	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>185</u>	<u>51,676</u>	<u>33,232</u>	<u>508,286</u>	<u>83,482</u>	<u>12,819</u>	<u>590</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 777,265</u>	<u>51,676</u>	<u>428,371</u>	<u>510,976</u>	<u>98,640</u>	<u>12,832</u>	<u>598</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2022

	Special Revenue Funds (Continued)						
	Street Sweeping	Homeless	Tire Amnesty	Tipping Fees	I-REN	Desert Community Energy	Total Governmental Funds
Assets:							
Cash and investments	12,297	1,760,158	66	44,612	-	-	2,227,980
Accounts receivable	-	48,140	-	-	-	-	48,140
Interest receivable	1,154	1,931	-	-	-	-	3,488
Due from other governments	71,417	863,575	-	-	78,486	340,942	2,793,251
Due from other funds	-	-	-	-	-	-	30,277
Prepaid	-	18,160	-	-	-	-	18,160
Total Assets	<u>84,868</u>	<u>2,691,964</u>	<u>66</u>	<u>44,612</u>	<u>78,486</u>	<u>340,942</u>	<u>5,121,296</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):							
Liabilities:							
Accounts payable	9,280	14,589	-	-	285	786	88,702
Accrued liabilities	588	12,724	66	-	2,912	12,483	44,893
Due to other governments	-	7,500	-	44,612	6,153	-	62,099
Due to other funds	-	-	-	-	69,135	325,452	1,495,708
Total Liabilities	<u>9,868</u>	<u>34,813</u>	<u>66</u>	<u>44,612</u>	<u>78,485</u>	<u>338,721</u>	<u>1,691,402</u>
Deferred Inflows of Resources							
Unavailable revenues	-	48,140	-	-	68,486	2,221	124,098
Total Deferred Inflows of Resources	<u>-</u>	<u>48,140</u>	<u>-</u>	<u>-</u>	<u>68,486</u>	<u>2,221</u>	<u>124,098</u>
Fund Balances (Deficits):							
Nonspendable	-	18,160	-	-	-	-	18,160
Restricted:							
Transportation	-	-	-	-	-	-	24,106
Environmental	75,000	-	-	-	-	-	713,409
Homeless	-	2,590,851	-	-	-	-	2,618,606
Unassigned	-	-	-	-	(68,485)	-	(68,485)
Total Fund Balances (Deficits)	<u>75,000</u>	<u>2,609,011</u>	<u>-</u>	<u>-</u>	<u>(68,485)</u>	<u>-</u>	<u>3,305,796</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>84,868</u>	<u>2,691,964</u>	<u>66</u>	<u>44,612</u>	<u>78,486</u>	<u>340,942</u>	<u>5,121,296</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2022

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
Revenues:							
Grants	\$ 337,939	-	-	-	86,920	-	-
Investment income (loss)	967	-	-	(5,391)	(1,060)	(83)	(10)
Other governmental	891,872	-	786,604	367,854	-	7,913	-
Miscellaneous	-	27,000	-	-	-	-	-
Total Revenues	1,230,778	27,000	786,604	362,463	85,860	7,830	(10)
Expenditures:							
Current:							
Salaries	16,359	-	453,813	9,900	5,849	6,469	825
Benefits	6,204	-	186,704	3,969	2,339	2,871	225
Communications	307	-	8,642	188	111	124	16
Advertising	33	-	2,086	13	4,621	6	1
Insurance	634	-	17,487	549	357	419	41
Memberships and per diem	103	-	2,897	2,146	43	2,125	6
General and office expenses	759	-	27,150	353	309	198	33
Professional services	1,262	-	37,648	543	306	336	47
Consultants	-	-	-	500	28,657	-	-
Leases and maintenance	1,040	-	32,649	615	377	400	59
Staff training	107	-	3,072	57	31	34	5
Transportation and meetings	283	-	1,270	21	12	13	2
Utilities	96	-	3,139	55	34	35	6
Project costs	318,456	28,318	-	-	3,340	-	-
Total Expenditures	345,643	28,318	776,557	18,909	46,386	13,030	1,266
Excess (Deficiency) of Revenues Over (Under) Expenditures	885,135	(1,318)	10,047	343,554	39,474	(5,200)	(1,276)
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	-	1,281
Transfers out	(885,580)	-	-	(160,108)	-	(25,188)	-
Total Other Financing Sources (Uses)	(885,580)	-	-	(160,108)	-	(25,188)	1,281
Net Change in Fund Balances	(445)	(1,318)	10,047	183,446	39,474	(30,388)	5
Fund Balance (Deficit) - Beginning	630	52,994	23,185	324,840	44,008	43,207	585
Fund Balance (Deficit) - Ending	\$ 185	51,676	33,232	508,286	83,482	12,819	590

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year ended June 30, 2022

	Special Revenue Funds (Continued)						Total Governmental Funds
	Street Sweeping	Homeless	Tire Amnesty	Tipping Fees	I-REN	Desert Community Energy	
Revenues:							
Grants	220,000	-	-	-	-	-	644,859
Investment income (loss)	160	(30,015)	-	-	-	-	(35,432)
Other governmental	300,000	2,143,585	-	-	-	1,209,838	5,707,666
Miscellaneous	28,438	108	-	-	-	-	55,546
Total Revenues	548,598	2,113,678	-	-	-	1,209,838	6,372,639
Expenditures:							
Current:							
Salaries	30,702	431,657	751	-	35,118	389,269	1,380,712
Benefits	10,941	213,370	285	-	13,817	120,654	561,379
Communications	575	8,353	15	-	686	7,367	26,384
Advertising	50	2,581	1	-	722	3,067	13,181
Insurance	1,436	16,026	42	-	117	15,425	52,533
Memberships and per diem	206	2,711	6	-	165	2,593	13,001
General and office expenses	1,247	139,171	32	-	2,798	21,137	193,187
Professional services	1,756	4,784	44	-	3,092	46,995	96,813
Consultants	11,785	103,477	-	-	9,036	-	153,455
Leases and maintenance	1,916	259,816	55	-	2,334	27,652	326,913
Staff training	188	3,526	4	-	303	2,588	9,915
Transportation and meetings	63	25,790	1	-	67	797	28,319
Utilities	174	30,357	5	-	230	2,649	36,780
Project costs	636,696	20,474	23,849	-	-	-	1,031,133
Total Expenditures	697,735	1,262,093	25,090	-	68,485	640,193	3,923,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	(149,137)	851,585	(25,090)	-	(68,485)	569,645	2,448,934
Other Financing Sources (Uses):							
Transfers in	158,827	-	25,188	-	-	-	185,296
Transfers out	-	-	-	-	-	-	(1,070,876)
Total Other Financing Sources (Uses)	158,827	-	25,188	-	-	-	(885,580)
Net Change in Fund Balances	9,690	851,585	98	-	(68,485)	569,645	1,563,354
Fund Balance (Deficit) - Beginning	65,310	1,757,426	(98)	-	-	(569,645)	1,742,442
Fund Balance (Deficit) - Ending	75,000	2,609,011	-	-	(68,485)	-	3,305,796

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Single Audit Report on Federal Awards

Year Ended June 30, 2022

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Single Audit Report on Federal Awards

Year Ended June 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Note to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Audit Findings	10

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditor's Report

Executive Committee
Coachella Valley Association of Governments
Palm Desert, CA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the of the Coachella Valley Association of Governments (CVAG), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the CVAG's basic financial statements, and have issued our report thereon dated February 22, 2023

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CVAG's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CVAG's internal control. Accordingly, we do not express an opinion on the effectiveness of the CVAG's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the CVAG's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency. The reference number of the related finding is 2022-001.

Executive Committee
Coachella Valley Association of Governments
Palm Desert, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CVAG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CVAG's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the CVAG's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. CVAG's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CVAG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CVAG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarrLLP

Irvine, California
February 22, 2023

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Executive Committee
Coachella Valley Association of Governments
Palm Desert, CA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Coachella Valley Association of Government's (CVAG) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of CVAG's major federal programs for the year ended June 30, 2022. The CVAG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the CVAG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the CVAG and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the CVAG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance

with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the CVAG's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the CVAG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the CVAG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the CVAG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the CVAG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the CVAG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements CVAG as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the CVAG's basic financial statements. We issued our report thereon, dated February 22, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

DavisFarr LLP

Irvine, California
February 22, 2023

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures	Amount Provided to Subrecipients
--	---	-------------------------------------	-------------------------	--

U.S. Department of Transportation

Passed through the California Department of Transportation:

Highway Planning and Construction Cluster:

Active Transportation Program (ATP)	20.205	08-6164R	\$ 5,907,607	\$ -
Congestion Mitigation and Air Quality (CMAQ)	20.205	08-6164F15	<u>7,393,551</u>	<u>-</u>
Total Highway Planning and Construction Cluster			<u>13,301,158</u>	<u>-</u>
Total Expenditure of Federal Awards			<u>\$ 13,301,158</u>	<u>\$ -</u>

See Note to Schedule of Expenditures of Federal Awards.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Note to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

Scope of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the Coachella Valley Association of Governments under programs of the federal government for the year ended June 30, 2022. All financial assistance received directly from federal agencies is included in the accompanying Schedule. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). CVAG did not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|---------------|
| 1. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? | No |

4. Identification of major programs:

CFDA Number
20.205

Name of Federal Program or Cluster
United States Department
of Transportation
Highway Planning and
Construction Cluster

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | No |

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section II - Financial Statement Findings

2022-001 Journal Entries Detected During the Audit

Auditing standards require the auditors to include an internal control recommendation when there are prior period adjustments and material audit adjustments.

CVAG recorded prior period adjustments in the Transportation Uniform Mitigation Fee (TUMF) and Measure A Funds as a result of receiving invoices for expenditures incurred during the prior year. In addition, there were three prior period adjustment recorded to the government wide financial statements. The entries were to recognize revenue received during the year that was not received in the prior year availability period, record a capital asset for the cost of easements acquired in the prior year, and record expenditures previously noted for the TUMF and Measure A funds.

As a result of audit procedures, there were two material audit adjustments. The adjustments were to correct the fair market value of the LAIF investment account and corrections to unavailable revenues and revenues.

Lastly, there were a significant number of year-end journal entries posted to the trial balance by CVAG after it was provided for the audit.

Recommendation

We recommend CVAG establish procedures to, whenever possible, identify adjustments in the reporting period in which the related transactions occurred. It is recognized this is not always possible and on occasion CVAG accounting procedures will properly identify adjustment in subsequent periods. In addition, we recommend CVAG record all year-end adjusting entries prior to providing the trial balance for the audit.

Management Response

Management recognizes that it is not always possible to identify adjustments in the reporting period in which the related transactions occurred and that on occasion CVAG accounting procedures will properly identify adjustment in subsequent periods. Management also recognizes that the lack of timely billing of member agencies and related organizations to CVAG may cause for material audit adjustments unknown to CVAG at the time of financial statement closing process. Management further recognizes that while it does not control how other agencies perform their billing, there are other steps that CVAG can take to ensure expenditures and revenues are recorded in the proper period. Management has already begun to implement such procedures related to accounts payable and other processes by notifying member agencies and vendors to provide invoices in a timely manner for closing of accounts payable and making accounting estimates when appropriate. In addition, Management has updated internal processes to ensure that revenues are tracked and matched to expenditures and accrued accordingly. Management is currently evaluating procurement of a new Enterprise Resource Planning system that will help address these items in the future.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2022.

Section IV – Summary of Prior Audit Findings and Current Status

There was a significant deficiency reported in the prior year Government Auditing Standards Independent Auditor's Report. The status of that finding is as follows:

2021-001 Journal Entries Detected During the Audit

Auditing standards require the auditors to include an internal control recommendation when there are prior period adjustments and material audit adjustments. During our audit, there were two material journal entries detected as a result of audit procedures. There was one prior period adjustment recorded by CVAG.

The journal entries detected as a result of audit procedures were to record accounts payable and the related expenses in the TUMF Fund for \$260,000 and the Signal Sync Fund for \$119,000 and to record Due from Other Governments and Unavailable Revenue for \$119,000 in the Signal Sync Fund.

Status

During the fiscal year ending June 30, 2022, there were prior period adjustments and material audit adjustments noted, and as such, this finding is not considered resolved. The finding will be repeated as Finding 2022-001.

ITEM 8B

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: Update on the Looming Closure of Chuckawalla Valley State Prison

Contact: Erica Felci, Assistant Executive Director (efelci@cvaq.org)

Public Safety Committee's Recommendation: Direct the Executive Director to assist the City of Blythe in its request to reexamine and reconsider the closure of Chuckawalla Valley State Prison and, if that closure appears to move forward, that CVAG advocate for the repurposing of the facility and meaningful mitigation measures

Background: In December 2022, the California Department of Corrections and Rehabilitation (CDCR) announced it was starting the process to close Chuckawalla Valley State Prison in the City of Blythe, with an anticipated closure in March 2025. The decision coincides with a plan to end its lease at the California City Correctional Facility in Kern County.

Chuckawalla Valley State Prison, which opened in 1988, occupies about 125 acres and is adjacent to Ironwood State Prison. Chuckawalla was designed to house for 1,738 inmates but had 2,733 inmates as of 2019, which were the most recent statistics presented on the CDCR website. Chuckawalla includes four Level II Non-Designated Programming Facility Yards and one Level I Non-Designated Programming Facility Yard. The prison also maintains operation of a fire house, water treatment plant, waste water treatment plant, the vehicle maintenance garage, and a recycling and salvage program.

In announcing the prison closure (news release attached), state officials said the decision was part of the 2022-23 budget and that Chuckwalla was chosen after an analyzing "several factors including cost to operate, impact of closure on the surrounding communities and the workforce; housing needs for all populations; long-term investments in state-owned and operated correctional facilities; public safety and rehabilitation; and durability of the state's solution to prison overcrowding."

The CDCR statement also noted that "the Administration plans to work directly with community stakeholders in Riverside County to help support workers and foster a bottom-up economic resilience plan for the community impacted by the closure." Additionally, the state pledged to minimize the impact to staff and the communities, including identifying opportunities for employee transfers. Inmates will be rehoused at appropriate level prisons.

Blythe city officials have expressed strong concerns about the economic impacts that will result from the closure of Chuckawalla Valley State Prison, not just in terms of job loss but also on the positive impact the prison has in maintaining facilities for the city. The Blythe City Council in January 2023 authorized contracts with both a lobbying firm and a public relations firm to address the planned closure. CVAG also has a state lobbying firm on contract, which is Sacramento-based

Politico Group. However, CVAG's 2023 State and Federal Legislative Platform was adopted by the Executive Committee on December 5, 2022, just a day before the closure was announced, and does not include any position from CVAG on the prison closure.

This item prompted a robust conversation at the Public Safety Committee meeting on February 13, when members received a presentation from CDCR's Prison Closure Manager Charles "Chuck" Callahan, External Affairs Deputy Chief David Maldonado and Javier Romero, who is Deputy Director of Employment Development Department's Workforce Service Branch. The CDCR provided a broad update on the State's decision to close Chuckawalla Valley State Prison, and provided an overview of next steps for the employees and potential for grant investments in the community. But it was noted by Blythe Mayor Pro Tem Johnny Rodriguez, the City's representative on the Committee, and Mallory Crecelius, Blythe's interim city manager, that the City had requested additional information and had yet to receive it. City representatives also noted they are working with the City of Norco and state legislators to advocate for a prion swap and avoid the closure.

Instead of amending the platform, the Public Safety Committee voted to recommend the Executive Committee direct the Executive Director to assist the City of Blythe in their request to reexamine and reconsider the closure of Chuckawalla Valley State Prison and, if that closure appears to move forward, that CVAG advocate for the repurposing of the facility and meaningful mitigation measures for the community. Staff is supporting the recommendation.

Fiscal Analysis: There is no cost to CVAG for this update. Any efforts to support Blythe in its efforts would be covered under existing staff time.

Attachment: Announcement from the California Department of Corrections and Rehabilitation on the Planned Closure of Chuckawalla Valley State Prison, December 6, 2022

California Department of Corrections and Rehabilitation Announces the Planned Closure of Chuckawalla Valley State Prison

DECEMBER 6, 2022

State will support local community and workforce with an economic resiliency plan and workers will be offered transfers to nearby facilities

SACRAMENTO — As outlined in the 2022-23 budget with an eye toward fiscal responsibility, CDCR is moving forward with closing one prison and ceasing operation of another leased facility as a state prison, and will deactivate some facilities within six prisons.

CDCR and the Administration are working to minimize impact to staff and the communities. CDCR will work to limit the impact to employees affected by these closures and deactivations. This will include options to transfer both within and outside of impacted counties, and identification of employees for redirection to neighboring prisons where there are existing identified vacancies.

The California Department of Corrections and Rehabilitation (CDCR) will begin the process to close Chuckawalla Valley State Prison (CVSP) in Blythe, with an anticipated closure in March 2025. Similar to the recent announcement by the Administration (<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.labor.ca.gov%2F2022%2F12%2F01%2Fcalifornia-supports-workers-and-fosters-bottom-up-economic-resilience-in-lassen-county%2F&data=05%7C01%7Cvicky.waters%40cdcr.ca.gov%7Ce31cbe249e8b40954ef808dad7aa8005%7C0662477dfa0c4556a8f5c3bc62aa0d9c%7C0%7C0%7C638059424541538766%7CUnknown%7CTWFPbGZsb3d8eyJWljoiMC4wLjAwMDAiLCJQljoiv2luMzliLCJBTil6lk1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=FK3xQ2B34W65QcoPP%2F8Jo%2FBPgr8C1bXTuEQ2DTI8H6w%3D&reserved=0>) for workers impacted by the pending closure of the California Correctional Center in Lassen County, the Administration plans to work directly with community stakeholders in Riverside County to help support workers and foster a bottom-up economic resilience plan for the community impacted by the closure of CVSP.

Additionally, the department will exit the \$32 million, annual lease with CoreCivic for California City Correctional Facility, terminating the contract in March 2024, effectively ending the use of that facility as a state prison.

The department is also planning the deactivation of certain facilities in six prisons, including: Folsom Women's Facility; Facility C in Pelican Bay State Prison; West Facility in California Men's Colony; Facility A in California Rehabilitation Center; Facility D in California Institution for Men; and Facility D in California Correctional Institution. Should a significant need for capacity arise in the future due to a natural disaster or other serious need, this option gives the State the possibility to re-activate these facilities at a later date.

Incarcerated people at these locations will be rehoused into appropriate level prisons.

The two prisons were chosen pursuant to criteria set forth by the Legislature in Penal Code Section 2067. CDCR's leadership carefully evaluated the options for prison closures, pursuant to the 2022-23 budget and Penal Code requirements, and took into account several factors including cost to operate, impact of closure on the surrounding communities and the workforce; housing needs for all populations; long-term investments in state-owned and operated correctional facilities; public safety and rehabilitation; and durability of the state's solution to prison overcrowding.

California City Correctional Facility is the last contract facility in CDCR. It is a leased facility with our CoreCivic partners since 2013, and was necessary to help address overcrowding in state prisons. Now that the term of the lease is expiring and there is additional space at nearby facilities, it makes sense to transition our staff and population into our state-owned facilities.

The Department will also engage with impacted employees in the coming months and years, providing employees with State Restrictions of Appointment (SROA)/Surplus status, which affords them hiring preference for their impacted classifications as well as all other classifications for which they may have lateral transfer options throughout the state as well as for all state agencies. These efforts have been successful in prior closures and are subject to labor negotiation. Incarcerated people in the impacted prisons and facilities will be transferred to other institutions or yards based on their housing, custody and rehabilitative needs. All of their rehabilitative, educational and self-help program credits will transfer with them.

###

ITEM 8C

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: CV Housing First: 2022 Year in Review and 2023 Preview

Contact: Erica Felci, Assistant Executive Director (efelci@cvaq.org) and Ivan Tenorio, Management Analyst (itenorio@cvaq.org)

Recommendation: Receive and file the quarterly report for the CV Housing First program, representing clients served through calendar year 2022

Homelessness Committee: The Homelessness Committee concurred with the recommendation and, as detailed in this report, established an ad hoc committee to help guide additional recommendations in 2023.

Background: CVAG is now entering its third year of operating the CV Housing First program with staff. Based on the direction and feedback from the CVAG Homelessness and Executive Committees, the program is focused on the CV 200, a by-name list of chronically homeless individuals residing in desert cities that have frequent contacts with law enforcement and who are likely to be shelter resistant or who have already fallen out of housing. The list was developed in partnership with CVAG's member jurisdictions and local law enforcement.

CVAG staff has committed to adjusting CV Housing First programming based on the data, and provides quarterly updates to its members about the program. The CV Housing First team uses two primary methods to get clients to housing solutions: rapid resolution and crisis stabilization units.

- Rapid resolution is an urgent, cost-saving solution that the Housing First staff use to help overcome the barriers that keep people from getting housing. This could include options such as helping them secure their identifying paperwork, which then can help them qualify for benefits. It also includes sorting out the process for housing, medical, mental health, substance abuse, employment, and mainstream benefits. As noted in a separate staff report, CVAG staff is now utilizing partnerships with organizations such as Inland Counties Legal Services to help maximize resources provided to clients. The rapid resolution totals included in this report include clients funded through CVAG's outreach grant.
- The crisis stabilization units allow CVAG to connect CV 200 individuals to housing. These are apartments and hotel rooms leased by CVAG where clients stay, generally up to 90 days, that keep them off the streets. Through case management and frequent interactions with the team, CVAG is helping them achieve the goal of permanent housing, programs, and family reunifications

With this staff report, CVAG staff is providing a recap of the clients served in 2022. In total, CVAG connected 54 CV 200 clients to permanent housing solutions. Additionally, CVAG housed another 16 non-CV 200 households to permanent housing. This is a notable reduction from the 2021 totals, where 75 CV200 clients were in permanent housing solutions and another 32 non-CV200 clients were housed.

A number of factors contributed to this reduction. First, in reflecting on 2021 figures, it is fair to say CVAG staff had a running start with client management. Many of the clients housed in the first two quarters of 2021 – where a total of 49 clients were housed in six months – benefitted from work that was done under CVAG's previous contractor, the Riverside-based nonprofit Path of Life Ministries. That meant much of the case management work was started or even well underway by the time CVAG staff took over, which in hindsight meant staff was able to spend less time getting those initial clients a permanent housing solution. This year's quarterly stats are in the range of what was demonstrated in the final two quarters of 2021. CVAG staff works to build relationships with its clients through outreach, with the anticipation that conducting some program coordination in the field will get clients into a pipeline to permanent housing. This year, staff will continue that approach but keep the larger portion of its resources focused on case management.

The type of clients served also is a factor. CV 200 clients are among the toughest cases in the homeless population. Not only does CVAG staff have to convince them to take the help, but then has to work to adjust to being in housing. There is significant time spent with clients to adjust them to following the rules – including those set for CSH units – and to not continuing to live the lifestyle they did while homeless. Staff has also encountered situations where clients get a voucher, but then do not want to accept the permanent housing solution the voucher will fund. In those cases, staff will work to explore some options before ultimately having to make a decision about whether they can be permanently housed.

Another factor is the availability of vouchers. CVAG staff has been contracting directly with a behavioral health specialist in order to help prioritize clients, but it is not uncommon for a client to be waiting for a voucher to be issued. This has resulted in some increased length of stays in the CSH units. CVAG staff aims to have clients permanently housed within 90 days. Yet the program has seen some quarters where the average length of stay exceeded 100 days, in part because clients were just days or weeks away from getting a permanent housing solution so CVAG staff worked with them to do so. But longer stays means fewer clients are getting into the units – impacting the total permanent solutions.

At the same time, and as discussed further in a separate staff report, soaring rent costs often exceed voucher limits. This only adds to the biggest hurdle, which is the availability of affordable housing units and permanent housing solutions. These issues have led to some recommendations for 2023, which staff will further detail in a related report in this agenda packet. Yet despite these challenges, CVAG staff would argue that the housing first model continues to demonstrate long term success: Of the clients permanently housed this year, four individuals fell out of housing – which is on par with what was demonstrated in 2021.

CV Housing First Clients – By the Numbers through December 31, 2022

CV 200 Clients	Q1	Q2	Q3	Q4	TOTAL
Clients housed in Crisis Stabilization Units (CSH)	33	26	30	24	113
Clients being helped through Rapid Resolution (RR)	0	1	1	2	4

Clients returned to the street (failures)	5	13	7	7	32
---	---	----	---	---	----

Clients moved into permanent housing from CSH (successes)	15	12	10	7	44
Clients moved into permanent housing through RR (successes) *	0	1	1	8	10
TOTAL HOUSED FROM LIST OF 200	15	13	11	15	54

NON CV 200 Clients	Q1	Q2	Q3	Q4	TOTAL
Households Housed in CSH Units	1	4	1	0	6
Households being helped through RR	6	5	3	0	14

Households returned to the street (failures)	0	3	1	0	4
--	---	---	---	---	---

Households moved into permanent housing from CSH (successes)	1	1	0	0	2
Households moved into permanent housing from RR (successes) *	6	5	3	0	14
TOTAL HOUSEHOLDS HOUSED	7	6	3	0	16
TOTAL INDIVIDUALS HOUSED	7	6	3	0	16

CVAG staff continues to track program metrics, such as the length of stay in the units. For the fourth quarter, the CV 200 clients who successfully exited the program into permanent housing stayed in a crisis stabilization unit for an average of **92 days**. Those CV 200 clients who exited the program unsuccessfully stayed an average of **82 days**. This is a quicker turnaround than what CVAG reported to the Homelessness and Executive Committees at the end of the third quarter 2022.

As noted in previous reports, CVAG staff also incorporated additional program metrics to track permanent housing resolutions. Knowing the type of housing where clients resolve will help with identifying future opportunities and options for housing, while also highlighting where we face challenges in finding placement for clients. Of the 15 permanent housing resolutions in the fourth quarter, the breakdown of clients' exit destination is as follows:

- Family/Friends – 2
- Permanent Supportive Housing (PSH) – 7
- Rental With Ongoing Subsidy (Low Income Senior Housing) – 0
- Rental With Ongoing Subsidy (VASH Voucher) – 2
- Rental With Ongoing Subsidy (Housing Choice Voucher) – 2
- Rental with No Ongoing Subsidy - 1
- Rapid Rehousing - 0
- Shared Housing – 0
- Long-term care facility or nursing home – 1

CVAG continues to find collaborations with other partners throughout the valley. In 2022, CVAG staff worked with Jewish Family Services of the Desert in order to extend the effectiveness of the ongoing legal clinics.

Looking ahead to 2023

The quarterly report was reviewed by the Homelessness Committee when it met on February 15. In addition, the Homelessness Committee discussed ways to expand the impact the program can have on addressing the chronically homeless population.

It was noted that, in shaping the program for 2023, CVAG staff followed the direction that was previously provided and reset the CV 200 list – which by the end of 2022 was the CV 146. To complete this, CVAG staff reached out to all the local police departments, code enforcement and other partners to identify what other individuals should be added to the list. CVAG staff also identified individuals who may not need to be on the list, either because they are being helped by other programs or because they have left the Coachella Valley. Much like last year, a few of the 200 spots may remain flexible for member jurisdictions' referrals. CVAG staff also continues to follow the model shaped in its previous agreements with the Desert Healthcare District/ Foundation, which identified opportunities for coordination with healthcare services and hospital discharge planning. Having a few of the 200 spots flexible will provide the CV Housing First staff some flexibility in addressing those cases throughout the calendar year.

At the same time, staff would note that new challenges have emerged. The booming housing market coupled with the lack of affordable housing has resulted in dramatically increased rental costs. A Redfin report released in January 2022 noted that asking rents nationwide are up 15 percent from a year earlier. In California, it has been noted that some of the largest jumps are occurring in what are typically seen as less costly inland communities – with the report noted that Riverside and nearby areas was at 18 percent. Increasingly, CVAG staff is encountering situations where a voucher has been secured for a client and

they are ready to move into a permanent housing solution, but the voucher amount doesn't cover the cost of the asking rent. And some of these costs are relatively minimal: Just recently, staff could not secure a unit in the City of Indio where the client's voucher was for \$1,750 a month and the asking rent was set at \$1,900 monthly.

CVAG currently leases apartments and hotel rooms across the Coachella Valley to serve as its crisis stabilization units. As rents have increased, so have CVAG's costs to rent these units. CVAG staff has recently learned that funding may be available for a property investment. As part of the Homelessness Committee's discussion on 2023 programming, it established an ad hoc committee to consider exploring the purchase of a multi-unit property. Such a property could be a duplex, triplex or something of similar size. CVAG's program is designed to space out its crisis stabilization units across multiple jurisdictions and staff does not anticipate changing that model. Owning a property would allow CVAG to limit the number of units it rents annually and reduce the amount of funding spent on renting units. Riverside County staff have recently indicated that funding may be available to CVAG, including through the American Rescue Plan Act of 2021, that could be used toward such a purchase. As this idea is still in its earliest stages, the Homelessness Committee's direction was that staff should work with the ad hoc committee as well as with Riverside County staff, including its real estate division, and other partners to identify what properties may be available. Staff would then work with the ad hoc to complete a detailed analysis of not just the property but the long-term costs and benefits of acquiring such an asset.

Additionally, the Homelessness Committee encouraged CVAG staff to explore ways to address the funding gaps that clients with vouchers are experiencing in securing housing and return with formal recommendations. For vouchers with federal funding, requirements prohibit an agency from funding the rental gap between the voucher amount and the rent costs. However, landlord incentive programs can be used. In 2021, the Housing Authority of the County of Riverside launched a new landlord incentive program aimed at increasing affordable housing options for Housing Choice Voucher families throughout Riverside County. The program goal is to promote new landlord relationships and further support to existing landlords by offering an incentive payment to participate in the Housing Choice Voucher, a Section 8 tenant-based program. The incentives include a one-time payment of \$2,500 to landlords who are new to the Housing Choice Voucher Program or have been inactive for the last 12 months, or \$500 per unit to existing landlords who lease a unit to a Housing Choice Voucher participant. There may be an opportunity to further incentivize landlords through CVAG's program, which would help CVAG staff secure units for clients.

Based on the Homelessness Committee's endorsement that the concepts should be explored further, staff will work with the ad hoc and conduct additional analysis to shape recommendations that will return to the Homelessness and Executive Committees for additional direction and approvals.

Fiscal Analysis: This informational item has no additional cost.

The CV Housing First program, including the staffing and CV 200 program, is incorporated into the CV Housing First budget, which has been funded by contributions from cities, Riverside County, the Desert Healthcare District/Foundation, and grants. CVAG's adopted budget for the CV Housing First program identified about \$1.5 million in program expenses for the current fiscal year. This includes 6.5 full-time staff positions and necessary programming to address the CV 200 clients. The budget is funded by contributions from cities, Riverside County and the Desert Healthcare District/Foundation. The Housing First fund had about \$2.5 million in reserves by the end of December 2022, based on the unaudited financial statement.

ITEM 8D

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: Amendment to Advantec's CV Sync – Phase II Contract to Provide for Construction Support Services

Contact: Eric V. Cowle, Transportation Engineer (ecowle@cvag.org)

Recommendation: Authorize the Executive Director to execute Amendment No. 4 with Advantec Consulting Engineers, Inc. for an amount not-to-exceed \$1,000,000 for construction support services for the CV Sync Phase II project and extending the contract end date to March 31, 2025

Transportation Committee: Concurs (Meeting of February 6)

Background: Phase I of the CV Sync project consists of three corridors; Highway 111, Ramon Avenue and Washington Street. Phase II of CV Sync, for which construction was authorized in December 2022, will improve travel along the next 18 regional arterials, with an additional three corridors identified in the bid alternatives. Engineering design of Phase II began on April 30, 2018 when the Executive Committee awarded the design contract to Advantec Consulting Engineers, Inc. (Advantec), which also had been selected for the design of Phase I. Over the years, three contract amendments to the Phase II contract have been authorized.

When Advantec submitted their Engineering proposal for Phase II, they focused on engineering design only. At the time, Advantec did not include construction phase scope or fee estimates. At the time, the Phase I construction experience was still ongoing and it was unclear precisely how Phase II design would develop – leading Advantec to omit the construction support phase from their proposal.

The CV Sync project team consists of CVAG, Advantec as design engineer, TKE as construction manager and Crosstown as the construction contractor. All of the jurisdictional stakeholders are represented through CVAG. The project team must work through field construction and internal hardware and software integration as required under each jurisdiction's construction permit.

In order to keep the project moving ahead seamlessly, it is not uncommon to have multiple regularly scheduled internal coordination meetings in one week. Attending these meetings are inspectors, numerous hardware and software vendors, contractor staff and CVAG. Additional ad-hoc meetings take place frequently with specific stakeholders. After many of these meetings Advantec is required to spend time designing a solution to a problem. As the Engineer of Record, Advantec's presence is necessary at nearly all of these meetings. It is not uncommon for Advantec to field numerous requests to work through unexpected challenges faced in the field. As this is a unique traffic project, many of the software and hardware vendors are not used

to working with each other. Advantec assists by working with all of them to ensure adherence to the project's specifications, which totaled over 700 pages for this Phase II project.

The Phase II design was completed in 2022. The Executive Committee awarded the Phase II construction contract to Crosstown Electrical & Data, Inc. (Crosstown) for \$86,704,608.80 on December 5, 2022. The formal Notice to Proceed was given to Crosstown the week of January 30, 2023.

With CV Sync Phase II construction now underway, CVAG staff is recommending bringing Advantec into the construction support phase. As with many projects, having the design team available through construction to respond to inquiries and approve changes is integral to a project's construction completion. In discussions with CVAG's construction manager and Advantec, the necessary construction support services could reach \$4 million.

Phase II of the project is expected to take over 25 months to complete. While a \$4 million cost for construction support services from the project's engineer may end up being realistic, CVAG staff, in consultation with CVAG's construction manager TKE, would argue that a reasonable and prudent approach to a contract would be to have CVAG approve a portion of the anticipated amount, and direct and monitor the expenditure of those funds as the project proceeds. This can be accomplished by asking Advantec to submit invoices indicating the time and materials expended on the project. CVAG staff and TKE will monitor and approve the invoices as the project moves forward. This approach would allow CVAG staff and TKE to better track and keep a limit on the total costs. However, by only approving a fraction of what may ultimately be necessary, CVAG staff would note that it is very likely that additional amendments will be needed before construction is complete.

CV Sync is a very unique project, with Phase II introducing even more complexity given the need to work on 18 corridors simultaneously covering all of CVAG's jurisdictions. By working under a time-and-materials contract, Advantec is not putting themselves at risk for an uncertain work effort, and CVAG can be sure that the work charged is commensurate with the work requested. Staff are requesting that the Executive Director be authorized to execute the amendment to include construction support services, preparation of traffic control plans and other services as needed. To coincide with the construction schedule, staff is also recommending the contract's end date be extended to March 31, 2025.

Fiscal Analysis: Transportation funds are available to cover the amount of \$1,000,000 for CV Sync Phase II construction support services including traffic control and other services as needed. Advantec will submit invoices monthly indicating time and materials expended. CVAG will review the monthly invoices and monitor the need for additional resources as the project proceeds over the construction phase.

The initial costs for Phase II are less than what CVAG authorized for Phase I construction support. For Phase I, Advantec allocated \$1,117,058 or 6% of the project's construction cost to construction support services. The recommended \$1 million equates to approximately 1 percent of the project's construction cost for Phase II. However, as staff noted above, additional costs will likely be requested as construction continues.

Attachments: Amendment No. 4 with summary of scope of work

**AMENDMENT NUMBER FOUR
to the
Advantec Consulting Engineers
ENGINEERING SERVICES CONTRACT
for the
CVAG REGIONAL TRAFFIC SIGNAL SYNCHRONIZATION PROGRAM, PHASE II**

This **AMENDMENT NUMBER FOUR** is made and entered into this 27th day of February 2023, by and between the **Coachella Valley Association of Governments**, a California joint powers agency (**CVAG**), and **ADVANTEC CONSULTING ENGINEERS (Consultant)**, and is made with reference to the following background facts and circumstances. All other terms and conditions shall remain the same as stated in the original Agreement dated April 30, 2018, for the Regional Traffic Signal Synchronization Program, Phase II.

1. This Amendment Number Four extends the term of the contract to **March 30, 2025**.
2. This Amendment Number Four authorizes CVAG funds in the amount not to exceed **\$1,000,000** for Advantec construction support services and other services as needed on a time and materials basis. Scope and rate sheet attached.
3. This Amendment Number Four REVISES Article V, Section E to read “The total amount payable by Local Agency shall not exceed **\$7,167,784**.”

Original Contract	April 30, 2018	\$4,580,612.00
Amendment Number One	February 22, 2021	\$ 489,640.00
Amendment Number Two	September 27, 2021	\$1,097,532.00
Amendment Number Three	November 7, 2022	No Cost
Amendment Number Four	February 27, 2023	<u>\$1,000,000.00</u>
Total Contract not-to-exceed		\$7,167,784.00

IN WITNESS WHEREOF, the parties hereto have caused this **Amendment Number Four** to be executed by their duly authorized representatives on this date:

**COACHELLA VALLEY ASSOCIATION
OF GOVERNMENTS**

Advantec Consulting Engineers

By: _____
Tom Kirk, CVAG Executive Director

By: _____
Carlos Ortiz, COO

Date: _____

Date: _____

CONSTRUCTION SUPPORT SERVICES SCOPE

Task 1 Construction Support, Coordination, and Meeting Attendance

ADVANTEC will provide Construction Support Services during the Construction Phase of the Project. ADVANTEC will work on all ITS improvements with the Contractor, Construction Management Team, CVAG and all stakeholders. ADVANTEC will provide construction plan interpretation and consultation during the construction phase of the project. ADVANTEC will provide responses to Shop Drawings, Requests for Information (RFI), Delta Revisions and other technical clarification during the Construction Phase. ADVANTEC will attend regularly scheduled and ad hoc construction meetings as necessary.

- Construction Support and Additional Professional Services:
- Coachella Valley Regional Traffic Signal Synchronization
- Facilitate adherence to specifications for all improvements as shown on the approved plans
- Facilitate the technical requirements provided in the Technical Specifications
- Reviews of Request of Information (RFIs)
- Review and Approval of Shop Drawings
- Preparation of Delta Revisions
- Attend Weekly Construction Meetings During the 2+ year Construction Phase

Task 2 Preparation of Traffic Control and Detour Plans

As coordinated by the project's construction manager, TKE, ADVANTEC will prepare Traffic Control and Detour Plans with CVAG, stakeholders, the Construction Management Team, and the Contractor to ensure that a thorough understanding of the construction activities, construction vehicles involved, construction hours, construction schedule, installation/modification of ITS elements and other construction activities in order to provide a workable and safe construction area and maintain proper number of traffic lanes open to the public.

ADVANTEC will attend technical work group meetings and coordination if required. ADVANTEC staff will be prepared, take meeting notes, and prepare action items related to these services and requests.

ADVANTEC staff will conduct a field visit to verify existing roadway conditions, including signage, posted speed, number of lanes, shoulders, etc. in order to provide the proper recommendations as part of the preparation of the Traffic Control and Detour Plans. In addition, ADVANTEC will conduct field investigation with the Agencies, Construction Management Team and Contractor to evaluate changes of field conditions and provide alternative design recommendations during construction. ADVANTEC will take notes, video, and pictures of existing conditions along the project limits. Field investigation will continue 1,000 feet north and south of the project limits in order to provide proper lane transitions from the construction areas.

ADVANTEC HOURLY RATE SHEET

Approved Caltrans Form 10-H amounts

Direct Labor

Carlos Ortiz	\$159.73
Jose Guedes	\$79.33
Bryan Elenes	\$55.29
John Cox	\$63.46
Jose Antonio Hernandez	\$43.75

Anticipated Salary Increases 5%

Fringe Benefits 49.66%


Overhead Rate 113.47%

Fee (profit) 10%

Direct costs – mileage and prints

ITEM 9a**2022/2023 EXECUTIVE COMMITTEE ATTENDANCE ROSTER**

CVAG JURISDICTION	JUL	AUG	SEP	OCT	NOV(Dec)	DEC	JAN	FEB	MAR	APR	MAY(JUN)	JUN
Blythe	-	-	✓	-	✓	-	-		-			
Cathedral City	-	-	✓	-	✓	-	-		-			
Coachella	-	-	✓	-	✓	-	-		-			
Desert Hot Springs	-	-	✓	-	✓	-	-		-			
Indian Wells	-	-	✓	-	✓	-	-		-			
Indio	-	-	✓	-		-	-		-			
La Quinta	-	-	✓	-	✓	-	-		-			
Palm Desert	-	-	✓	-	✓	-	-		-			
Palm Springs	-	-	✓	-	✓	-	-		-			
Rancho Mirage	-	-	✓	-	✓	-	-		-			
Riverside County	-	-	✓	-	✓	-	-		-			
Agua Caliente Band of Cahuilla Indians	-	-		-	✓	-	-		-			
Cabazon Band of Mission Indians	-	-	✓	-	✓	-	-		-			
Torres Martinez Desert Cahuilla Indians	-	-	✓	-		-	-		-			
Twenty-Nine Palms Band of Mission Indians	-	-		-		-	-		-			

Absent 
 No Meeting -
 Present ✓

ITEM 9b**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

Regional Arterial Program - Project Status Report

2/21/2023



Project Description	Lead	CVAG Funded						Status
	Agency	PEng	ENV	PS&E	ROW	CON	Through	
Interchanges								
Avenue 50 @ 86S	COA						Environmental	PA&ED underway.
Avenue 50 @ I-10	COA						PS&E	PS&E contract under way.
Jackson @ I-10	COR						PS&E	Final Env Doc approved by Caltrans. CVAG approved PS&E funds.
Monroe @ I-10	COR						PS&E	Final Env Doc approved by Caltrans. 90% PSE submittal being reviewed. CVAG approved PS&E and ROW funds.

Arterial Links								
Ave. 50 (Calhoun St. to Harrison St)	COA						Construction	PS&E under way.
Ave. 48 (Van Buren St to Dillon Road widening)	COA						ROW	Final design and ROW underway. CVAG approved Construction funds.
Date Palm Drive from I-10 to Varner	CC						PS&E	Phase II is completed. The final design for Phase III in underway.
Avenue 50 (Jefferson St to Jackson St)	Indio						Environmental	City procuring consultant.
Madison Street Widening (Highway 111 to Ave 48)	Indio						ROW	PS&E complete, City moving forwards with ROW.
Jackson Street Widening (Ave 49 to Ave 52)	Indio						PS&E	Environmental filed on October 2021. PS&E & ROW underway.
Jefferson St (Ave 38 to Sun City Blvd.)	Indio						PS&E	City procuring consultant.

Bridges								
Avenue 66 Grade Separation over UPRR	COR						Construction	Awaiting final acceptance for maintenance by Caltrans.
Avenue 44 Bridge over WWR	Indio						Construction	Enviro cleared. Plans are at 99%. Pending permits from CVWD and Caltrans to clear ROW.
Avenue 50 Bridge over WWR	COA						PS&E	PSE underway. 65% plan set being reviewed.
Cathedral Canyon Bridge	CC						Construction	Construction complete. Bridge grand opening celebrated October 6.
Vista Chino Bridge over WWR	PS						PEng	Project is in PEng phase. Extensive negotiations with SCE for utility relocation.
Dune Palms Bridge over WWR	LQ						Construction	City constructing project by advancing HBP funding. Construction to start end of January 2023.
South Palm Canyon Bridge over Tahquitz Creek	PS						PS&E	In final design. Plans submitted for review.
East Palm Canyon Drive Bridge over Palm Canyon Wash	PS						PS&E	In final design. Plans submitted for review.
Indian Canyon (Garnet Incl. RR Crossing)	PS						Construction	Project is in bid process.
Ramon Bridge Widening	PS						Construction	Continuing ROW and utility phase.

Interchange Preparation Fund Projects								
Portola Ave @ I-10	COR						ROW	PS&E completed. Caltrans agreed to shelve. Suspend until funding for ROW, utilities and construction is obtained.
Golf Center Parkway @ I-10	Indio						PSR	PSR on hold.
Da Vall Drive @ I-10	CC						PSR	PSR-PDS returned to Caltrans for their review.
Dillon Road @ I-10, SR86, WWR	COA						PSR	PA&ED underway.

Regional Projects								
CV Sync - Phase 1	CVAG						Construction	Phase I Construction underway on Hwy 111, Ramon & Washington. Integration of Hardware/Software underway.
CV Sync - Phase 2	CVAG						Construction	Notice to Proceed with construction issued in January 2023.
Flooding and Blowsand - Phase 1	CVAG						PEng/ENV	CVAG approved Design, Engineering and Environmental funding and contract.

COR-County of Riverside; RM-Rancho Mirage; IW-Indian Wells; PD-Palm Desert; PS-Palm Springs; CC-Cathedral City; COA-Coachella LQ-La Quinta;

Other Acronyms: PAED = Project Approval and Environmental Design; PE = Preliminary Engineering; PSR = Project Study Report; RR = Railroad; UPRR = Union Pacific Railroad; WWR = Whitewater River; SCE = Southern California Edison; HBP = Highway Bridge Program; CVWD = Coachella Valley Water District

CVAG Funded Phase Legend	
PEng	Preliminary Engineering
ENV	Environmental
PS&E	Plans Specifications & Estimates
ROW	Right-of-way
CON	Construction

ITEM 9c**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

Bicycle & Pedestrian Safety Program - Project Status Report

2/21/2023



Bike & Pedestrian Safety Projects Project Description	Lead Agency	CVAG Funded			Status
		Design	CON	Through	
Palm Canyon Intersection Pedestrian Enhancements	PS			Construction	Construction underway.
Palm Drive Signals and Lighting	DHS			Construction	Project completed.
S. Palm Canyon, E. Palm Canyon Improvements	PS			Construction	Project completed.
Indian Canyon Intersection Pedestrian Enhancements	PS			Construction	Project completed.
Date Palm Sidewalk Gaps	CC			Construction	Project completed.
Calhoun Street Improvements	Indio			Construction	Project completed.
Vista Chino Signals	PS			Construction	Project completed.
Dinah Shore Mid-Block Crossing	CC			Construction	Project completed.
Palm Canyon Crosswalks	PS			Construction	Project completed.
Avenue 48 Bicycle Lanes	Indio			Construction	Project completed.

Project Description	Lead Agency	Grant			Status
		Design	App	CON	
CV Link	CVAG				Construction ongoing in multiple cities. Additional groundbreakings forthcoming.
ATP - Arts & Music Line	CVAG				Under design. Project awarded ATP Cycle 6 funding.
ATP - DHS CV Link Extension	DHS				Under design.
ATP - Cathedral City Downtown Connectors	CC				In ROW acquisition phase

COR-County of Riverside; RM-Rancho Mirage; IW-Indian Wells; PD-Palm Desert; PS-Palm Springs; CC-Cathedral City; COA-Coachella; LQ-La Quinta; DHS-Desert Hot Springs

ATP-Active Transportation Program; ROW-Right of Way

ITEM 9d

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: Status of I-10 Interchange Projects

Contact: Gustavo Gomez, Transportation Management Analyst (ggomez@cvag.org)

Recommendation: Information

Background: Attached is the status for Interstate 10 interchange projects as of January 2023:

Completed

- | | |
|---|--|
| 1) Indian Canyon @ I-10 (Mar '12) | 4) Monterey Avenue Ramp @ I-10 (Apr '15) |
| 2) Gene Autry/Palm Drive @ I-10 (Mar '12) | 5) Bob Hope/Ramon @ I-10 (Sep '11) |
| 3) Date Palm Drive @ I-10 (May '14) | 6) Jefferson Street @ I-10 (Nov '17) |

Monroe @ I-10

Final environmental document approved by Caltrans & PS&E phase is ongoing. ROW acquisition funding has been approved by CVAG. Additional funding sources have been identified to fully fund construction.

Jackson @ I-10

Environmental document was approved in September 2021. CVAG approved funding for PS&E. PS&E phase started in May 2022 and work is ongoing.

Avenue 50 @ I-10

PS&E contract underway.

Avenue 50 @ SR 86

PA&ED completed in May 2019. Funding agreement amendment for PS&E and ROW acquisition approved by Executive Committee in September 2020. PA&ED underway.

Dillon Road @ I-10 @ SR 86

PA&ED underway. Caltrans Approved Preliminary Environmental Study (PES) on July 13, 2020.

Golf Center Parkway @ I-10

PSR on hold.

Da Vall Drive @ I-10

Intersection Control Evaluation submitted to Caltrans.

Portola @ I-10

County completed PS&E, and obtained Caltrans approval to shelve the project in April 2022. Per CVAG approval in June 2022, project being suspended.

Fiscal Analysis: Funding for these projects has been budgeted through the project phase indicated and secured through various funding sources. There is no additional fiscal impact.

ITEM 9e

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: Update on California Association of Councils of Governments

Contact: Emmanuel Martinez, Senior Programs Manager (emartinez@cvag.org)

Recommendation: Information

Background: The [California Association of Councils of Governments](#) (CALCOG) is a 48-member organization that serves councils of governments such as CVAG, metropolitan planning organizations, and regional transportation planning agencies. CALCOG works to improve the working relationships between member agencies, local governments, transit agencies, and state regulatory authorities. CALCOG also develops statewide consensus between its members on issues related to transportation, regional planning, climate change and funding. Additionally, CALCOG works to improve the inter-relationship between regional and local government by coordinating policy development with agencies such as the California State Association of Counties and the League of California Cities.

CVAG has been a CALCOG member since 2014 and is represented by Palm Desert Councilmember Jan Harnik on the CALCOG Board of Directors. The CALCOG Executive Director is Bill Higgins, who was the keynote speaker for the 2017 CVAG General Assembly. As CVAG's representative to CALCOG, Councilmember Harnik provides updates to CVAG – including an update the Transportation Committee at its February 2023 meeting – to help disseminate information and assist with making well informed decisions related to advocacy and funding and other issues that may affect operations of CVAG and its member agencies.

Additionally, CVAG staff support, CVAG will better engage with CALCOG's legislative efforts. For example, this year CALCOG staff will be advocating for legislative changes to the Brown Act to allow for regional agencies to continue to hold virtual meetings. This would allow for the elected representatives to have the flexibility to not only serve on their directly elected boards but to also serve on regional government agencies to which they are appointed to. For example, city council members and supervisors have to juggle their professional, personal, official, and travel schedules just to attend a meeting of a public agency body for which they were appointed (but not directly elected). By allowing elected officials the flexibility to attend virtual meeting for regional governments, transportation commissions and other appointed boards, they can have the flexibility to better juggle conflicting schedules. From environmental standpoint, elected officials will be emitting less emission by removing travel requirements.

To assist with staffing CALCOG, CVAG's Executive Director has designated Emmanuel Martinez, Senior Programs Manager, to staff CALCOG and help with ensuring coordination and collaboration between the organizations.

Fiscal Analysis: There is no cost to CVAG for this update.

ITEM 9f

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



Subject: REAP 2.0 County Transportation Commission Partnership Program Funding Opportunities

Contact: Peter Satin, Conservation Program Manager (psatin@cvag.org)

Recommendation: Information

Background: In November 2022, CVAG staff provided to the Transportation Committee information on the Regional Early Action Planning Grants of 2021 (REAP 2.0), a State of California-funded program to accelerate meeting the State's housing and climate goals. REAP 2.0 is being administered regionally by the Southern California Association of Governments (SCAG), which has set aside \$80 million for use in its Country Transportation Commission (CTC) Partnership Program. The CTC Partnership Program is designed to facilitate the development of transit and other multimodal services to reduce vehicle miles traveled (VMT) and promote infill development. Funds are being made available to CTCs based on a competitive application process, and will be disbursed locally to the Riverside County Transportation Commission (RCTC).

During the project scoping process, RCTC staff invited CVAG and other member agencies to submit potential projects for inclusion in RCTC's application to SCAG. RCTC has opted to move CVAG's projects forward, and is finalizing the list of other projects moving forward. KOA Consulting has been enlisted to draft the grant applications, with direct support from RCTC and CVAG staff, that will be submitted to SCAG. CVAG staff will provide updates as the process moves forward and information becomes publicly available.

CVAG will be covering its share of the application costs through its allocation of State Transportation Improvement Program (STIP) planning, programming, and monitoring (PPM) funds, which are already held in trust by RCTC and disbursed to CVAG periodically.

SCAG is still seeking final approval of its REAP 2.0 program guidelines from the State's Department of Housing and Community Development, but is anticipating accepting grant applications by spring 2023.

Fiscal Analysis: RCTC and CVAG staff estimate the cost of preparing applications for CVAG's projects to run between \$40,000 and \$50,000. CVAG's STIP PPM balance at RCTC is currently \$687,000.

ITEM 9g

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: State's third-party agreement for Middle Mile Broadband in the Coachella Valley

Contact: Emmanuel Martinez, Senior Programs Manager (emartinez@cvag.org)

Recommendation: Information

Background: On November 18, 2021, Gov. Gavin Newsom announced 18 projects throughout the state that were identified for an initial middle-mile broadband investment. One of the projects listed was the Coachella Valley middle-mile project, spanning from the City of Palm Springs to the City of Coachella. The listing of the Coachella Valley project was attributed to the efforts and advocacy of CVAG's staff and state legislative advocacy team. Leading up to the November announcement, CVAG staff submitted multiple comments to the California Public Utilities' proceeding on the matter, making the case that the Coachella Valley was positioned for initial investment given the work being done on the CV Sync regional signal synchronization project as well as the need to address unserved and underserved areas in the region. CVAG staff worked with Coachella Valley stakeholders, such as all three school districts, College of the Desert, Riverside County, Riverside County Office of Education, and others, to collect data on service gaps and needs to strengthen the argument for prioritizing the Coachella Valley.

After multiple local stakeholder meetings and gathering of local data on service needs and gaps, CVAG's comments for the CPUC proceeding caught the attention of the State. Subsequently, CVAG was contacted by Golden State Net, the California Department of Technology's third-party administrator for broadband, to discuss a joint-build opportunity which would leverage the work being done for CV Sync. Through this planning process, the State agreed to explore a partnership further and even discussed preliminary design options that would be a Coachella Valley middle-mile loop. However, before entering into a formal agreement with CVAG, the State requested a bid to determine the cost for the state should CVAG build the project. As part of the CV Sync Phase II bid, CVAG staff included an alternative bid package for the middle-mile project, which came back at \$600,000 per mile. This information was subsequently shared with the State in November 2022, and although the costs came back in range, it was in the upper limits of their cost range for subject project. At the same time, the State was entertaining bids for building middle-mile infrastructure through their own contracting process.

On January 23, 2023, CVAG staff met with Golden State Net to receive an update on their decision to either move forward with CVAG on a joint-build or with a third party. Ultimately, the State has decided to not move forward with CVAG's joint-build proposal due the cost of the bid received for the proposed Coachella Valley middle-mile loop. Instead, they plan to move forward with a bid of \$400,000 per mile from a third-party.

The State is also focusing on a different route. The route CVAG proposed was from Palm Springs to Coachella down Highway 111 and looping back west via Varner Road, from Coachella to Desert Hot Springs. Now the state is proposing the route to go along Interstate 10, where existing state right of way may help move along the project. The state will follow-up with CVAG in the coming weeks to confirm the

exact route. CVAG staff has been in communications with member jurisdictions who are planning their own last-mile projects. This includes the Cities of Indio and Palm Springs, who have secured funds from the CPUC, and the City of Coachella, which has submitted a funding application.

Although CVAG did not secure the joint-build contract for the middle-mile, the State's representatives have indicated that the State is committed to building a middle-mile project in the Coachella Valley as part of their 18 initial investment projects. CVAG staff will continue to coordinate with Golden State Net and the State regarding the middle-mile project to ensure any funds for last-mile projects have pertinent information, such as splice points, where last-mile projects can interconnect.

Fiscal Analysis: There are no additional costs to CVAG for this report.

ITEM 9h

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: Electric Vehicle Charging Station Guidance

Contact: Peter Carlstrom, Management Analyst (pcarlstrom@cvag.org)

Recommendation: Information

Background: According to the U.S. Department of Energy Alternative Fuels Data Center, California is home to 39 percent of all electric vehicles (EVs) in the United States – making it the nation's leader by wide margin in adopting the technology. California has recently mandated that all new passenger cars and light trucks sold be zero-emission vehicles (ZEVs) by 2035, further prompting the growing need for additional EV charging infrastructure. This directive coincides with historic investments from the state and federal governments to build more electric vehicle charging stations. Beginning this year, California stands to receive a total of \$384 million over five years from the federal Infrastructure Investment and Jobs Act as part of the National Electric Vehicle infrastructure (NEVI) program to install charging stations along transportation corridors. Additionally, the California Electric Vehicle Infrastructure Project (CALeVIP), funded by the California Energy Commission, offers rebates to public and private entities for the installation of Level 2 (L2) and Direct Current Fast Chargers.

To increase the state-wide deployment of EV charging infrastructure, the California Legislature has passed two bills that have been signed into law streamlining the permitting process for electric vehicle charging stations. Assembly Bill (AB) 1236 and AB 970 set requirements for local jurisdictions to develop an expedited, streamlined permitting process for electric vehicle charging stations. Both pieces of legislation apply to charging stations of all types: Level 1 (L1 – 120-volt; regular home outlet that charges at speeds of 3-5 miles per hour), Level 2 (L2 – 220-volt; charges at speeds of 12-80 miles per hour), and Direct Current Fast Chargers (DCFC – 480-volt +; charge at speeds of 3-20 miles per minute); public and private charging stations; light-, medium-, and heavy-duty charging stations; and accessory and primary use stations of a site. The legislation also applies to new charging station installations and upgrades of existing installations.

AB 1236, approved in 2015, mandates that cities and counties must adopt a streamlining ordinance and permitting checklist. Jurisdictions are graded based on the Permitting Electric Vehicle Charging Stations Scorecard (see attachment). The Governor's Office of Business and Economic Development (GO-Biz) maintains an online map showing the scores of each California city and county.

The Legislature approved AB 970 in 2021 to build upon the framework mandated by AB 1236. AB 970 went into effect on January 1, 2022 for jurisdictions with populations greater than 200,000, and on January 1, 2023 for jurisdictions with populations fewer than 200,000. It adds specific binding timelines to plan review periods based on project size.

Under the new law, applications for projects of 25 stations or less will be deemed complete if, after five business days, the jurisdiction has not:

1. Found the application to be complete; or
2. Issued a written deficiency notice that details changes needed to bring project into compliance with jurisdiction's electric vehicle charging station permitting checklist or identifies specific information that would allow the jurisdiction's Building Official to conduct a limited health and safety review.

If the jurisdiction has not adopted an electric vehicle charging station permitting checklist, a deficiency notice is limited to a health and safety review conducted by the Building Official. Once complete, the application will be deemed approved after 20 business days if the jurisdiction has not:

1. Made an evidentiary finding that the charging stations could have a specific adverse impact upon public and safety;
2. Required the applicant to apply for a use permit; or
3. An appeal has not been made to the jurisdiction's planning commission.

Projects with 26 stations or more follow the same process except timelines are extended to 10 business days for applications to be deemed complete, and to 40 business days after being deemed complete for applications to be deemed approved.

Additionally, AB 970 clarifies that jurisdictions must reduce the number of required parking spaces by amount necessary to accommodate the charging stations and associated equipment. For jurisdictions that have already adopted an EV charging ordinance consistent with the mandates of AB 1236, the existing ordinance may be modified to incorporate AB 970's binding timelines and parking requirements to reach compliance.

CVAG staff has shared this information with member jurisdictions. Additionally, staff has an electric vehicle charging station ordinance and checklist that meet the requirements of AB 1236 and AB 970 available to cities that would like assistance in adopting their own streamlining process.

Fiscal Analysis: There is no cost to CVAG for this informational update.

Attachments:

1. Permit Streamlining Fact Sheet
2. Permitting Scorecard

Electric Vehicle Charging Station Permit Streamlining Fact Sheet



AB 1236 (Chiu, 2015) and AB 970 (McCarty, 2021) Requirements for Cities and Counties

EVCS Permit Streamlining Overview

AB 1236 (Chiu, 2015), codified in Government Code [Section 65850.7](#), requires all California cities and counties to develop an expedited, streamlined permitting process for electric vehicle charging stations (EVCS). The law was developed to further the availability of charging infrastructure to help drive the deployment of zero emission vehicles—the faster charging stations are deployed, the sooner California's air quality improves, greenhouse gas emissions are reduced, and local economic benefits are captured.

Pursuant to AB 1236, cities and counties must adopt a streamlining ordinance and checklist. Current city and county streamlining status is reflected on the [EVCS Streamlining Map](#) and jurisdictions are graded based on the [Permitting Electric Vehicle Charging Stations Scorecard](#), which includes the streamlining requirements of AB 1236 and reiterated below.

Scoring Criteria:

1. Streamlining Ordinance for Expedited EVCS Permit Process
2. Permitting Checklists Online for L2 & DCFC
3. Administrative Approval of EVCS
4. Approval Limited to Health & Safety Review
5. Electronic Signatures Accepted
6. EVCS Not Subject to Association Approval
7. One Complete Deficiency Notice if Application is Incomplete

AB 970 (McCarty, 2021), codified in Government Code [Section 65850.71](#), builds on California's existing permit streamlining law, AB 1236. Jurisdictions are required by AB 1236 to **limit EVCS project review to health and safety requirements**. AB 970 adds specific binding timelines to that review period based on the size of the project and clarifies parking requirements (see below).

To meet the AB 970 timelines and requirements of AB 1236, the city or county should provide one complete set of comments detailing all application deficiencies, which the applicant should address in a streamlined and complete manner through modifications to the existing application.

To avoid the need for corrections, project applicants should communicate with local permitting jurisdictions to ensure application compliance with building, electrical, accessibility, and any health and safety requirements.

Permit Streamlining Law Applicability

AB 1236 and AB 970 apply to all charging station installations, including: Level 1, Level 2, and DC Fast Charging; public and private charging stations; light-, medium-, and heavy-duty electric vehicle charging stations; and stations that are installed as the accessory or primary use of a site. AB 1236 and AB 970 likewise apply to essential components and infrastructure necessary for charging station function.

All cities and counties, including charter cities, in California are required to comply with AB 1236 and AB 970. AB 970 shall become operative on January 1, 2022 for every city, county, or city and county with a population of more than 200,000 residents. This section shall apply beginning on January 1, 2023 for every city, county, or city and county with fewer than 200,000 residents.

EVCS Permit Application Timelines

1-25 station project at a single site: An EVCS application will be deemed complete if after **5 business days** the city or county has not either (1) found the application to be complete or (2) issued a written deficiency notice (a) detailing all changes needed to make the application consistent with the city or county EVCS permitting checklist or (b) identifying specific information necessary for the Building Official to conduct a limited review of whether the project meets all health and safety requirements. If the city or county has not yet created its checklist, the deficiency notice will be limited to the building official's review of whether it meets all health and safety requirements of local, state, and federal law per AB 1236.

If not already approved or denied pursuant to the requirements of AB 1236 (Section 65850.7(b) or (c), respectively), the application will be deemed approved **20 business days** after it was deemed complete if (1) the city or county has not made a finding, based on substantial evidence, that the EVCS could have a specific adverse impact upon the public health or safety; (2) the city or county has not required the applicant to apply for a use permit as specified in Section 65850.7(b); and (3) an appeal has not been made to the planning commission pursuant to Section 65850.7(d).

26 or more stations at a single site: The process described above is the same for applications including 26 or more EVCS at a site, except: an EVCS application will be deemed complete after **10 business days** and will be deemed approved **40 business days** after deemed complete.

Electric Vehicle Charging Station Permit Streamlining Fact Sheet



Parking Requirements

AB 970 clarifies that cities and counties shall reduce the number of required parking spaces by the amount necessary to accommodate the EVCS if the EVCS and associated equipment interferes with, reduces, eliminates, or in any way impacts the required parking spaces for existing uses.

Connecting to the Grid & Operation

Utility approval to begin the grid connection process is a separate and distinct approval process from the city and county EVCS permitting process. Project applicants should involve their local utility early in the planning process to understand the timeline for interconnection and delineation of responsibilities, which vary by utility territory.

Before a station can be used, it must pass final inspection(s) by the local permitting jurisdiction and utility. The local jurisdiction and utility processes should be coordinated to mitigate delays, reduce inspections, and expedite site energization and commissioning.

EVCS Permitting Resources

For resources on how to become a streamlined jurisdiction, refer to [Permitting Electric Vehicle Charging Stations: Best Practices](#). The [Electric Vehicle Charging Station Permitting Guidebook](#) covers planning and site selection, permitting, accessibility, grid interconnection, and construction, commissioning and operation procedures, and best practices. The Guidebook will be updated to include the provisions of AB 970 in 2022.

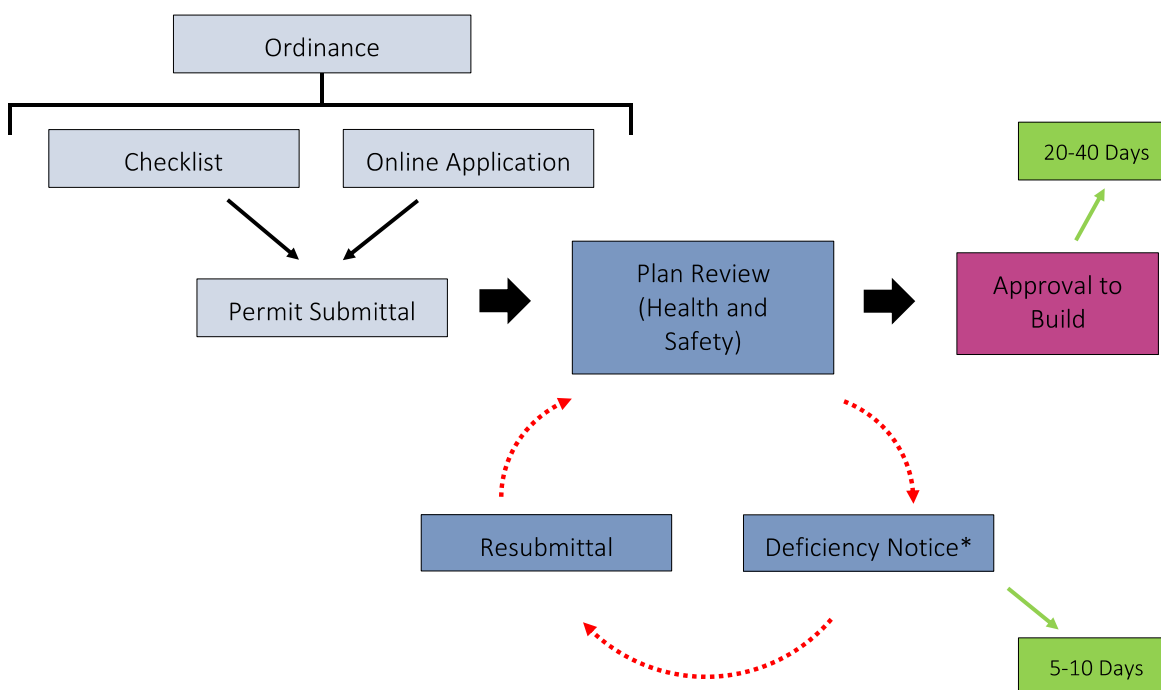
Related Relevant Laws

AB 1100 (Kamlager-Dove, 2019), codified in Vehicle Code [Section 22511.2](#): charging spaces count as at least one standard parking space for complying with minimum parking requirements. Accessible charging spaces with an access aisle count as at least two standard parking spaces.

Civil Code [Section 4745](#): limits a homeowner association's ability to prohibit or restrict the installation of an EVCS by a member.

Civil Code [Section 1947.6](#) (residential) and Civil Code [Section 1952.7](#) (commercial): tenants have the right to install EVCS and landlords must grant permission under specified circumstances.

EVCS Permit Process and Timeline



* The deficiency notice should include one complete set of comments.

Permitting Electric Vehicle Charging Stations Scorecard: Updated 10/2/2019

	Scoring Criteria:	Complete if:
<input type="checkbox"/>	1. Streamlining Ordinance Ordinance creating an expedited, streamlined permitting process for electric vehicle charging stations (EVCS) including level 2 and direct current fast chargers (DCFC) has been adopted.	<ul style="list-style-type: none"> – Streamlining ordinance has been adopted
<input type="checkbox"/>	2. Permitting checklists covering L2 and DCFC Checklist of all requirements needed for expedited review posted on city or county website.	<ul style="list-style-type: none"> – Permitting checklist is available and easily found on city or county website
<input type="checkbox"/>	3. Administrative approval of EVCS EVCS projects that meet expedited checklist are administratively approved through building or similar non-discretionary permit.	<ul style="list-style-type: none"> – The streamlining ordinance states that permit applications that meet checklist requirements will be approved through non-discretionary permit (or similar)
<input type="checkbox"/>	4. Approval limited to health and safety review EVCS project review limited to health and safety requirements found under local, state, and federal law.	<ul style="list-style-type: none"> – The streamlining ordinance states that no discretionary use permit is required and permit approval will be limited to health and safety review
<input type="checkbox"/>	5. Electric signatures accepted AHJ accepts electronic signatures on permit applications.*	<ul style="list-style-type: none"> – Electronic signatures accepted on City or County website (usually specified in the ordinance)
<input type="checkbox"/>	6. EVCS not subject to association approval EVCS permit approval not subject to approval of an association (as defined in Section 4080 of the Civil Code).	<ul style="list-style-type: none"> – The streamlining ordinance states that EVCS permits do not require association approval

<input type="checkbox"/>	7. One complete deficiency notice AHJ commits to issuing one complete written correction notice detailing all deficiencies in an incomplete application and any additional information needed to be eligible for expedited permit issuance.	– The streamlining ordinance dictates that a written correction notices must detail all deficiencies
<input type="checkbox"/>	8. Bonus: Expedited timeline for approval Consistent with the intent of AB 1236, AHJ establishes expedited timelines for EVSE permit approval compared to standard project approval procedures.	– The streamlining ordinance (or other policy mechanism) outlines expedited approval timelines for EVSE permits

*If a city or county determines it is unable to accept electronic signatures on all forms, the permit streamlining ordinance shall state the reasons.

How scoring works:

Cities and counties that meet at least 6 of the first 7 checklist criteria will be highlighted as “EVCS Permit Ready” if the missing criteria does not have a negative impact in practice. Cities and counties that add #8 will be designated as “EVCS Permit Ready All Stars” on our permit list.

Grading is based on relevant ordinances, checklists and stakeholder feedback. It is important to note that the intent of this tool is to assess permit streamlining from a holistic perspective. While AB 1236 guides the assessment, this effort is not intended to determine compliance with AB 1236.

EVCS Permit Ready Score:
Green – City or County is EVCS Permit Ready, charging infrastructure permitting is streamlined
Yellow – City or County EVCS permit streamlining is in progress, or partially complete
Red – City or County is not streamlined for EVCS permitting
Grey – Not yet evaluated (or in process)

Tips on how to streamline (“How to become green”):

Communities do not need to create ordinances and checklists from scratch. California Building Officials (CALBO) offer [AB 1236 compliance toolkits for both small and large jurisdictions](#). These toolkits include model ordinance templates, adoption timelines, and supporting staff reports, as well as a sample permitting checklist.

Furthermore, the map acts as a repository of streamlining ordinances and checklists of jurisdictions all throughout California. The included information and links can assist cities and counties in crafting ordinance and checklists to become EVCS Permit Ready (and compliant with AB 1236).

Role of GO-Biz:

The GO-Biz ZEV team's goal is to help California jurisdictions streamline electric vehicle charging station permitting to support rapid growth of the ZEV market. We hope this map, and the discussions around it, will help connect resources and amplify best practices.

As the first step, GO-Biz will determine the streamlining status of each jurisdiction using the above checklist based on what we can find online and through stakeholder engagement. If you have information about a city or county that is not reflected in our map please email us ordinances, checklists or other information.

On an ongoing basis, the GO-Biz ZEV team will verify evaluations based on stakeholder and industry feedback (in consultation with the subject city or county). Ultimately, the goal of this tool is to create a collective learning space to support cities, counties, and applicants as we all work towards permitting processes that work well for all parties.

We anticipate that the Electric Vehicle Charging Station Permit Streamlining Map will evolve and improve through time with stakeholder participation and feedback. Please reach out to zev@gobiz.ca.gov for any questions, suggestions, or guidance.

ITEM 9i

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: Update on Inland Regional Energy Network Agreements, Programs, and Governance

Contact: Kenyon Potter, Director of Energy & Sustainability (kpotter@cvag.org)

Recommendation: Information

Background: As previously reported to the Energy & Environmental Resources Committee, CVAG is collaborating with Western Riverside Council of Governments (WRCOG) and San Bernardino Council of Governments (SBCOG) on creating a new joint Regional Energy Network (REN) for the Inland Empire, known as Inland Regional Energy Network (I-REN). The California Public Utilities Commission (CPUC) approved I-REN's application and business plan in November 2021. In recent months, the WRCOG Executive Committee and the SBCOG Board of Directors echoed the endorsement provided by CVAG and approved the I-REN Programs and Budgets Agreement (Programs Agreement), Memorandum of Agreement (MOA), and Governance & Operations Charter (Charter). These agreements have now been signed by all parties.

I-REN is governed by a new Executive Committee. CVAG has delegated its votes to the Energy & Environmental Resources Committee Chair (Indio Mayor Oscar Ortiz). In the Chair's absence, votes would be delegated to the Energy & Environmental Resources Committee Vice Chair (La Quinta Mayor Linda Evans), and in the Vice Chair's absence to the Executive Director or his designee. The WRCOG is represented by Jurupa Valley Mayor Chris Barajas, San Jacinto Mayor Crystal Ruiz and Corona Councilmember Jacque Casillas. SBCOG's representatives on the I-REN Executive Committee are San Bernardino County Supervisor Curt Hagman, Apple Valley Mayor Art Bishop, and Rialto Mayor Deborah Robertson.

I-REN's Executive Committee held its first meeting on December 13, 2022. During this introductory meeting, WRCOG staff provided Executive Committee members with background information on the purpose and function of RENs and the status of I-REN. At this meeting, the Executive Committee selected Mayor Ruiz as Chair, Mayor Ortiz as Vice-Chair and Mayor Bishop as 2nd Vice-Chair, to serve through the end of Fiscal Year 2022/2023.

The I-REN Executive Committee held its second meeting on January 17, 2023, at which it received a briefing on the CPUC-approved business plan and I-REN's strategic planning initiative discussed below. For the remainder of 2023, the I-REN Executive Committee will hold public meetings on the third Tuesday of each month at 2 pm. Meeting locations will rotate throughout the Inland Empire, including CVAG's territory, to be scheduled by WRCOG staff.

I-REN Consultants

Based on previous CVAG Committee direction, CVAG staff provided a preview of the items of the upcoming I-REN meeting to the Energy & Environmental Resources Committee when it met on February 9, 2023. This preview included details on the consulting contracts to design and implement the I-REN programs that were presented and approved at the I-REN meeting on February 21, 2023.

These contracts were the culmination of a process that started in August 2022, when the staffs of the three COGs worked together to solicit proposals for the programs for the Public and the Codes & Standards sectors, as well as a marketing & communications consultant who will work on all I-REN programs. Between two and five prospective consultants submitted proposals for each of the Request for Proposals (RFPs) by the deadline in mid-September. Staff from the three COGs reviewed the proposals and interviewed the prospective consultants. Additional details are provided below:

- The Public Sector programs will target, but not be limited to, upgrades to existing public buildings and facilities with high energy use and older equipment with a focus on community-serving buildings such as community centers, libraries, senior centers, schools, and fire and police buildings. For this sector, there were two separate RFPs:
 - The Public Sector RFP contains three scopes of work that were bid on by four firms: 1) Technical Assistance and Strategic Energy Planning Program Implementation, 2) Public Buildings Normalized Metered Energy Consumption Incentive Program Implementation, and 3) Public Sector Financing Services. The I-REN Executive Committee approved the recommendation that The Energy Coalition be retained for the Public Sector contract for a not-to-exceed amount of \$7.5 million.
 - Business Upgrade Concierge RFP was bid on by two firms is for software services to support I-REN staff and Public Sector implementer(s) in providing technical guidance and tools, inform and enable priority energy improvements, provide a database of information and documents, track performance metrics, and more. The I-REN Executive Committee approved retaining AESC for the Business Upgrade Concierge contract, for a not-to-exceed amount of \$655,000.
- The Codes and Standards RFP contains two scopes that were bid on by two firms: 1) Training and Education Program and 2) Technical Support Program. I-REN's Codes and Standards Training and Education Program will establish and implement training and education for building department staff and the building industry to support, understand, and effectively implement energy efficiency codes and standards. The program will also include outreach to engage, educate and involve regional construction firms, architects, industry experts, and building departments, and support compliance and enforcement within regional energy efficiency programs and customers. I-REN's Technical Support Program will develop technical assistance tools and resources to assist building departments and the building industry with understanding, evaluating, and permitting the energy codes to support improved enforcement and compliance. I-REN will also develop regionally appropriate model ordinances, vet and refine them with participating local governments, provide ongoing technical assistance for adoption and implementation, and deliver model ordinance updates to reflect the triennial code cycle. At the February meeting, the I-REN Executive Committee approved Frontier Energy for the Codes and Standards contract, for a not-to-exceed amount of \$ 2,374,000.
- The I-REN-wide Marketing RFP bid on by five firms sought a consultant to provide marketing and communications services for I-REN and its energy efficiency programs. The consultant will also provide support for program-specific marketing and outreach efforts, working in close coordination with I-REN program staff, program implementers, and other consultants to ensure consistency of branding and messaging across all programs and activities. In identifying a consultant, CVAG staff reinforced the need to have Coachella Valley-specific outreach. Based on the staff recommendation, the I-REN Executive Committee approved ICF for the Marketing & Outreach contract, for a not-to-exceed amount of \$750,000.

The contract term for each consultant will be three years from the date of execution with the option of two one-year extensions. The contracts will be based on the WRCOG Professional Services Agreement provided with the RFPs, which is similar to CVAG's.

In addition to administering the proposed consultant contracts, I-REN will carry out Workforce Education & Training programs using staff resources from the three COGs supplemented as appropriate by paid internships using organizations such as CivicWell and others. CVAG staff anticipate that I-REN Workforce Education & Training programs will leverage existing career training organizations and institutions, such as the College of the Desert, that have existing programs in this area. I-REN's Workforce Education & Training programs will supplement and build on these existing programs to ensure that appropriate training is made available locally to all interested persons and organizations.

Additional I-REN Pre-Launch Activities

Although a formal launch of I-REN programs will occur in early 2023 following selection of the consultants, CVAG staff has informed its member jurisdictions regarding the I-REN program initiatives ahead of I-REN's upcoming rollout through the Energy & Environmental Resources Committee. Initially, there may be joint trainings with other RENs on the 2022 California Energy Code, which entered into effect on January 1, 2023. CVAG staff will also inform the building and permitting departments in CVAG member jurisdictions of these programs, and the resource materials will be posted on I-REN's website. WRCOG has also developed a splash page as a placeholder until the full website is designed and launched.

As part of strategic planning to guide I-REN's programs, the COGs have issued surveys to member jurisdictions and other local stakeholders seeking input on the implementation of I-REN programs and I-REN's consultant Blue Point Planning will be conducting interviews with Mayor Ortiz, Mayor Evans and Desert Hot Springs Councilmember Russell Betts, who are members identified at the February Energy and Environmental Resources Committee meeting as representatives who would provide input on strategic goals and objectives. The responses from these surveys will ensure that the forthcoming I-REN programs are tailored to the needs of member jurisdictions during strategic planning sessions, and will subsequently guide the implementation of I-REN programs. Concurrent with the member survey, each COG will send a separate survey to its local partners and stakeholders in their respective territories. Outreach is also subsequently planned for elected officials of each member jurisdiction.

I-REN staff is already working with the California Energy Commission (CEC), BayREN and 3C-REN to secure grant funding from the U.S Department of Energy (DOE) to expand the automated solar permitting software app referred to in Item 7C so that the app can be used to expedite permitting for heat pump water heaters as well as heat pump HVAC units, electric vehicle chargers, and to adapt the software app CodeCycle has developed for lighting code requirements to include mechanical, envelope, and process load requirements. The CEC prepared and submitted concept papers in which the RENs are also listed as partners. Full grant funding applications are due to the DOE on March 27.

Fiscal Analysis: There is no cost to CVAG for participation in I-REN. Staff time dedicated to I-REN and the costs of the services of the consultants described above are covered through the I-REN budget, which is nearly \$65.6 million through 2027. This funding comes from customers of Investor-Owned Utilities (IOUs) such as SCE and SoCalGas through the on-bill Public Goods Charge set by the CPUC and collected by the IOUs. The I-REN Executive Committee will, as part of its budget process, determine amounts to be allocated to I-REN's programs.

The CPUC designated SoCalGas as the fiscal and contracting agent for I-REN, and final execution of the Programs Agreement will authorize the ability to transfer funds from SoCalGas to WRCOG. Pursuant to the MOA, CVAG presents to WRCOG invoices for time and expenses incurred by CVAG

staff on I-REN matters. Staff has already requested reimbursement for CVAG staff time on I-REN in 2022.

Attachment: I-REN Fact Sheet



INTRODUCING I-REN: INLAND REGIONAL ENERGY NETWORK

About I-REN

I-REN is a coalition of three councils of government, the Western Riverside Council of Governments (WRCOG), the Coachella Valley Association of Governments (CVAG), and the San Bernardino Council of Governments (SBCOG), encompassing San Bernardino County, Riverside County, and all of the jurisdictions within the region. These organizations have joined together to establish locally administered, designed, and delivered energy efficiency (EE) programs.

I-REN sees a critical need to accelerate action in the region, catalyzing current local government activities related to climate change through targeted and tailored energy efficiency programs and layering other efforts to increase impact.

Historically, the Inland Empire has faced challenges in receiving equitable opportunities to participate in energy efficiency and advanced energy. I-REN will establish a locally administered regional energy network with robust programs to ensure ratepayers in this region can become active participants in meeting California energy efficiency goals.



Background: I-REN Business Plan

I-REN is funded by ratepayer funding and empowered by the California Public Utilities Commission (CPUC) through I-REN's Business Plan, which details their mission, vision, goals, activities, and outcomes.

Mission

Actively participate in California's clean energy initiatives and build a stronger clean energy economy and community.

Vision

Connect residents, businesses, and local governments to a wide range of energy efficiency resources to increase energy savings and equitable access throughout San Bernardino and Riverside counties.

I-REN CPUC Business Plan Goals



Build capacity and knowledge to enable local governments to effectively leverage energy efficiency services and to demonstrate best practices.



Ensure there is a **trained workforce** to support and realize energy efficiency savings goals across sectors.



Work closely with local building departments and the building industry to support, train, and **enable long-term streamlining of energy code compliance**.



ORGANIZATIONAL 5-YEAR STRATEGIC PLAN

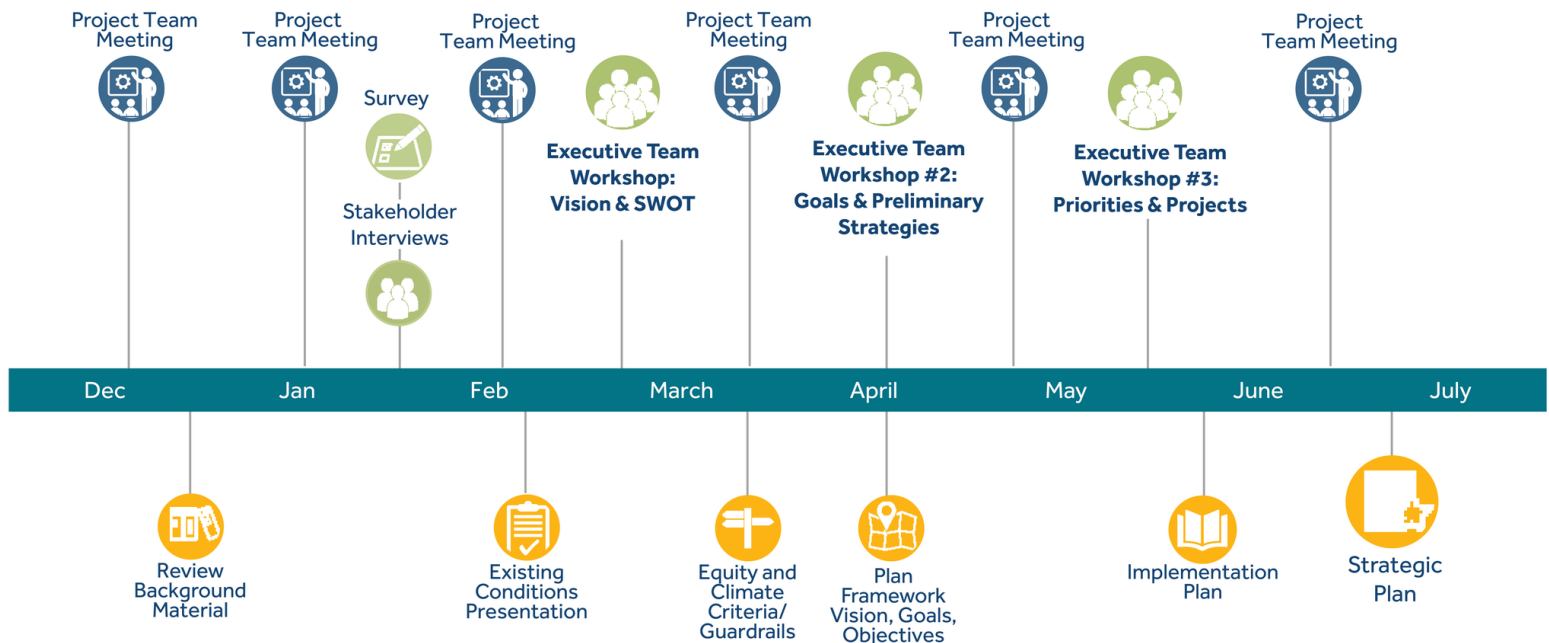
Strategic Planning Overview

I-REN is developing a 5-year Organizational Strategic Plan to ensure effective and efficient use of CPUC funding, to identify clear priorities and actions, and to ensure that activities and engagement are aligned across members of the REN. This process will include several avenues for stakeholder feedback, including a survey, small group conversations, and in-person and virtual community workshops.

Primary areas for discussion will include prioritizing which programs and areas to build out first, Identifying and securing regional partners, and connecting with local governments to provide related to building codes and training.

Strategic Plan Process & Engagement

The schedule below gives an overview of the Strategic Planning process. The colors indicate the various aspects of the process with the internal meetings in **blue**, the work products in **orange**, and the external activities in **green**.



Stay tuned for I-REN updates and participation opportunities!

For more info, visit <https://www.wrcog.us/330/Inland-Regional-Energy-Network>

ITEM 9j

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: Update on Property Assessed Clean Energy (PACE) Program

Contact: Elizabeth Barnwell, Management Analyst (ebarnwell@cvag.org)

Recommendation: Information

Background: Property Assessed Clean Energy (PACE) programs provide financing to property owners to implement energy saving, renewable energy, water conservation, and seismic strengthening improvements to their homes and businesses, with little or no money out of pocket. Financing for these improvements is paid back through a lien placed on the property and collected through the annual property tax bill. CVAG staff provides a periodic update on the PACE program to the Energy & Environmental Resources Committee. The attached report details the PACE activity for November and December 2022.

Current active residential and commercial PACE providers in Coachella Valley consist of: CaliforniaFIRST/Renew Financial (Renew), HomeRun Financing/PACE Funding (HomeRun), FortiFi (formerly known as Energy Efficient Equity or E3), and Ygrene Energy Fund (Ygrene). As previously reported, Ygrene notified CVAG that as of August 15, 2022, the company would pause taking on new residential customers for economic purposes, primarily rising interest rates, and focus on providing funding only for commercial customers until further notice. However, Ygrene has assured CVAG they will continue to service all existing residential accounts.

The HERO (Home Energy Renovation Opportunity) program was created in 2011 by Western Riverside Council of Governments (WRCOG) with the financing and administration provided by Renovate America. Renovate America grew the HERO program very quickly increasing in company size and program territory throughout California and even sought to start programs in other states. However, participation in the HERO program began to decline in late 2019 and early 2020 and Renovate America made the decision to downsize the company. The decline progressed when COVID-19 hit California and the company ultimately decided to file for Chapter 11 bankruptcy in 2020. As such, and effective October 16, 2020, Renovate America discontinued accepting new HERO applications and began winding down the HERO Program completely. Existing HERO customers were transitioned to WRCOG and WRCOG is responsible for providing customer payoffs and inquiries about the residential HERO program. WRCOG will not pursue continued operations of the residential portion of the program but will continue to administer the commercial portion of the program. Based on conversations with WRCOG, there are only a few Coachella Valley commercial customers remaining and WRCOG collects those administration fees.

In terms of existing PACE providers in Coachella Valley, Renew, HomeRun, and Fortifi have shown financial growth in both their residential and commercial accounts ranging from 8.41% - 14.35% from fourth quarter of 2021 to fourth quarter of 2022 and customer growth in both sectors ranging from 3.7% - 11.17% for the same period. The chart below illustrates the change in volume between 2021 and 2022. Each quarter, these providers pay a fee to CVAG for its jurisdictional participation in PACE programs. Ygrene had no numbers to report in the third or fourth quarters of 2022 and thus is not included in the chart below.

PACE Provider Trends 2021 - 2022

Company	2021 Year End	2021 Customers	2022 Year End	2022 Customers	Dollar Increase
Fortifi	\$6,956,204.91	219	\$7,544,627.59	227	\$588,422.68
HomeRun I	\$3,773,005.00	188	\$4,314,359.00	209	\$541,354.00
Renew	\$3,198,472.00	117	\$3,605,284.00	122	\$406,812.00

In discussions with these PACE providers, many of their customers' projects comprise solar installations while other projects are eligible energy efficiency projects. With the increasing demand by home and business owners to achieve higher energy efficiency along with continuing solar installations in response to rising Southern California Edison (SCE) rates, it is anticipated there will be a growing need for additional installation capacity in the Coachella Valley, including possibly additional PACE providers serving communities in the valley. In that regard, CVAG staff is in communication with the California Department of Financial Protection and Innovation, the organization charged with certifying and overseeing PACE providers in California, regarding ways to reach out to eligible financing organizations to encourage additional PACE providers in Coachella Valley.

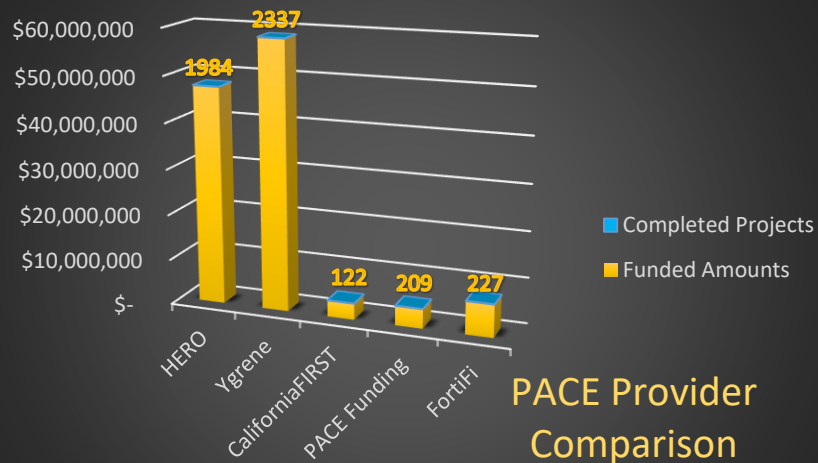
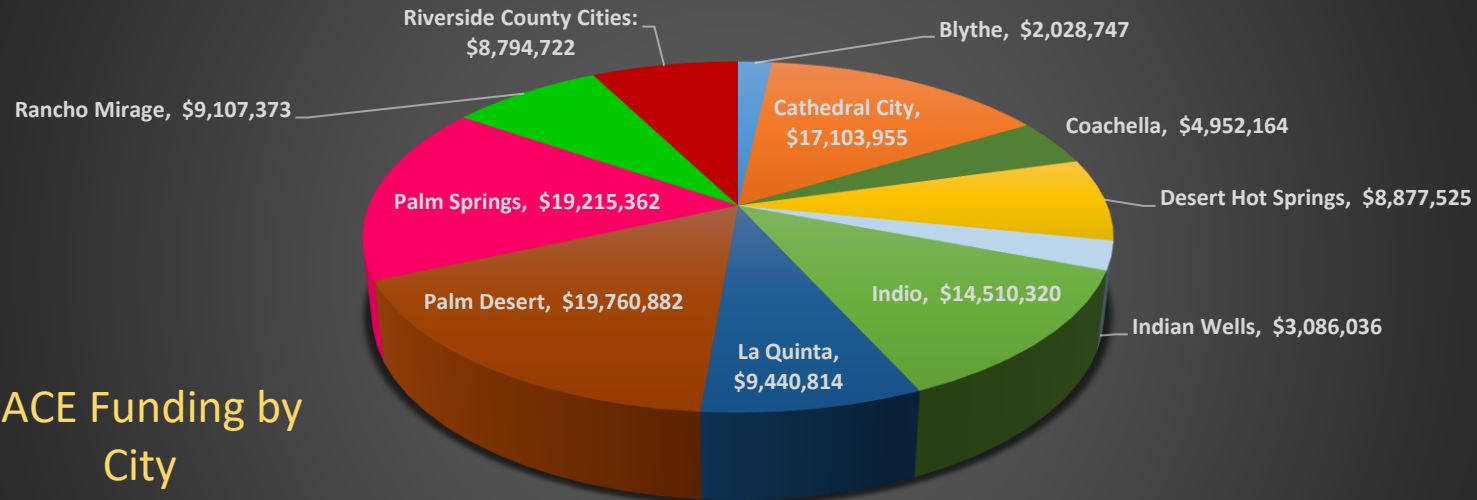
Fiscal Analysis: There is no cost associated with this update. CVAG's staff time spent on these programs is recovered by a participation fee collected from each provider.

Attachment:

PACE Activity Report for November & December 2022

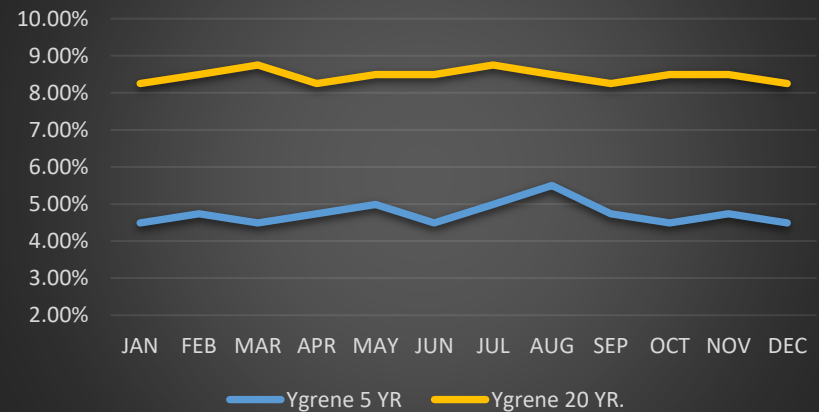
CVAG PACE REPORT

PACE Funding by City



PACE Provider Comparison

PACE Interest Rates



CARS REMOVED FROM ROAD: 41742

Other PACE providers have interest rate ranges from 5.99%-10.98%

JOBS CREATED: 1063

Updated for January 3, 2023

ITEM 9k

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: Update on Senate Bill 379 and Automated Solar Permitting

Contact: Peter Carlstrom, Management Analyst (pcarlstrom@cvag.org)

Recommendation: Information

Background: In order to achieve California's ambitious clean energy goals, a dramatic increase in the adoption of residential solar and storage resources is required. California law requires cities and counties to approve applications for solar systems by issuing a building permit. Permitting can take extra time and cost additional money to potential adopters of solar technology, as well as to city and county staff who are responsible for issuing permits.

In April 2022, the CVAG Executive Committee, at the recommendation of the Energy and Environmental Resources Committee, issued support for Senate Bill 379. Signed into law by Governor Newsom in September 2022, SB 379 requires cities and counties to implement an online, automated permitting platform that verifies code compliance and issues permits in real time for residential solar installations, as well as for residential storage installations paired with solar. The goal of SB 379 is to make the permitting of new residential energy systems more efficient, contributing to the larger goal of achieving California's ambitious clean energy objectives.

The law is now being implemented and the first deadlines are approaching. In this report, CVAG staff is providing an SB 379 update to the Energy and Environmental Resources Committee. CVAG staff has also been reaching out to individual jurisdictions with this information.

The SB 379 implementation deadline is September 30, 2023, for cities and counties with populations greater than 50,000, and September 30, 2024, for cities with a population of 50,000 or fewer.

The California Energy Commission (CEC)'s California Automated Permit Processing Program (CalAPP) offers funding to assist cities and counties implement and integrate their automated permitting program through May 1, 2023. Initially funded at \$20 million, as of December 2022, \$14 million remains available. This funding is available to cities and counties regardless of exemption status. For example, a city with a population less than 5,000 is eligible for this program.

CVAG member cities with a population less than 50,000 can be awarded up to \$40,000 from the CEC, and those with a population of 50,000 to 99,999 people can be awarded up to \$60,000. Riverside County as the solar permitting agency for unincorporated areas can be awarded up to \$100,000. The City of Blythe has recently been approved for a CalAPP grant of up to \$40,000. CVAG staff has been in communications with member jurisdictions to notify them that applications for this funding must be submitted by May 1, 2023, regardless of jurisdiction population.

More information on the CalAPP program, including how to apply, can be found at this location: <https://www.energy.ca.gov/programs-and-topics/programs/california-automated-permit-processing-program-calapp>

Jurisdictions may be asked self-certify its compliance with SB 379 when applying for funds from the CEC. Cities and counties that fail to comply may be ineligible for other funding opportunities offered by the CEC (not including CalAPP).

One of the options that is being widely adopted is SolarAPP+, which is a web-based platform that automates solar permitting for local governments and other authorities having jurisdiction. Funded by the U.S. Department of Energy and developed by the National Renewable Energy Laboratory (NREL) in collaboration with stakeholders, SolarAPP+ is free for jurisdictions although solar installers pay a \$25 administrative fee to use it.

SB 379 requires cities and counties to implement an online, automated permitting platform, such as SolarAPP+ or an equivalent alternative platform, that meets the following requirements:

- 1) The platform verifies code compliance and issues permits in real time or allows the city or county to issue permits in real time to a licensed contractor for a residential solar energy system that is no larger than 38.4 kilowatts alternating current nameplate rating and a residential energy storage system paired with a residential solar energy system that is no larger than 38.4 kilowatts alternating current nameplate rating.
- 2) The platform issues permits or allows the city or county to issue permits for residential solar energy systems and residential energy storage systems paired with residential solar energy systems that SolarAPP+ is capable of processing.

SB 379 also requires that non-exempt jurisdictions report to the CEC on the number of permits issued, as well as relevant characteristics of permitted systems (solar, solar plus storage, etc.). Annual reports from non-exempt jurisdictions will be due on June 30 and shall cover the previous calendar year. SB 379 reporting will be required every year after achieving compliance through 2034.

Fiscal Analysis: There is no cost to CVAG to provide this update. Staff time dedicated to promoting SolarAPP+ is covered through the Inland Regional Energy Network (I-REN) budget, which is nearly \$65.6 million through 2027. This funding comes from customers of Investor-Owned Utilities (IOUs) such as SCE and SoCalGas through the on-bill Public Goods Charge levied by the IOUs.

Based on discussions that staff has had with several cities in western Riverside County that are implementing SolarAPP+, the cost for a city to implement SolarAPP+ would be in the \$15,000 - \$20,000 range. As noted above, CEC funding through the CalAPP program to cover these costs is available until May 1, 2023.

Attachments:

1. CEC CalAPP Program flyer
2. NREL SolarAPP+ flyer

Grant Money For Solar Permitting



Expedite your solar permitting process! Reduce the time and resources needed to review and approve small residential solar installations in your community with money from the California Energy Commission. **Millions of dollars in grant funding** are available to all permitting jurisdictions in California for the adoption of an online, automated solar permitting platform such as SolarAPP+.

The **application window is open now** until May 1, 2023. Funding is reserved on a first-come, first-served basis while money is still available.

Program Highlights:

Quick and easy
application with
electronic submittal

Grants between
\$40,000-\$100,000
based on population
of jurisdiction

Grant activities can
be reimbursed until
May 1, 2027



The California Automated Permit Processing (CalAPP) Program is administered by the California Energy Commission. The program was funded with \$20 million from the California Budget Act of 2021 to support a grant program for California cities and counties to establish online solar permitting. Visit the CalAPP Program webpage at www.energy.ca.gov/calapp for more information.

Questions? Contact the CalAPP team at CalAPP@energy.ca.gov

Solar Automated Permit Processing (SolarAPP+) Benefits

NREL has built advanced, no-cost permitting software

The SolarAPP+ is a collaborative effort to foster rooftop solar adoption by making it easier for local governments to quickly and safely approve standardized rooftop projects for installation via NREL's new, no-cost permitting software. The project is motivated by national data showing that local governments with instant online permitting for rooftop solar process 5-14x more volume than jurisdictions with traditional permit processing.

The National Renewable Energy Laboratory (NREL) has been working with an all-star team of experts to build an online permitting platform that will automate rooftop solar plan review and produce compliant approvals instantly. Our team includes local governments, the building safety community, solar industry leaders, environmental organizations.. and you! See our full list of partners at solarapp.nrel.gov

Automated permitting unleashes growth

Most residential solar systems are simple and standardized, like HVAC installations, but the sheer volume of applications can also be time and resource consuming for permitting departments. SolarAPP+ helps make this workload manageable.

SolarAPP+ functionality:

- Allows permit departments to collect the same permit fees, while also opening the door to market growth
- Uses standardized compliance checks to catch typos, and errors; returning corrections to the applicant instantly
- [Eligible](#), cookie-cutter rooftop solar applications get approved permits to build instantly, while ineligible projects flow through a typical permitting review. Stale applications never require action.
- Produces an inspection checklist replicating the application details for inspectors to utilize and confirm.

SolarAPP+ piloting and adopting is easy

- Stays up to date with relevant code and certifications as new editions and technologies arise
- Free for AHJs to use for plan review, approval, fee payments, and record tracking
- Installers pay small admin fees to support SolarAPP+ updates and long-term availability
- Can standalone or integrate with existing government software and inspection platforms
- Reduces the need to constantly retrain staff on new codes and instead rely on the SolarAPP+ guidance

Automated permitting is already popular

Online and instant permitting is common practice for many localities in the US. We built on examples from CA, AZ, NV, FL, CA, SC, TX, NY, and more. When rooftop solar installation hurdles are simplified effectively, homeowners are happier and growth compounds. In turn, local governments benefit from greater resilience, flexibility, and economic development.

"I was eager to work with NREL to find this new approach to handle solar permits. There has been such a good collaboration to create a different way to review these residential projects in a way that is outside the traditional plan review box but still covers the technical aspects. We're now able to move qualifying solar permits directly to field inspections, which is giving our staff much needed time to work on other, more complex projects."

- Geoff Simmons, Chief Building Official, Pleasant Hill (CA)

Learn more and share your contact information on solarapp.nrel.gov or by emailing solarapp@nrel.gov

How to Pilot and Adopt SolarAPP+

SolarAPP+ is free software and NREL will provide all the support local governments need to adopt. However, it will require a few meetings with your team to get you set up.

- Step 1 - SolarAPP+ [technical demo](#) and review of compliance checks with your engineering team
- Step 2 - Onboard planning and execution w building team and relevant departments, like Accounting or IT
- Step 3 - Pilot SolarAPP+ in a way that suits you
- Step 4 - Implement adoption strategy and announce new process locally
- Step 5 - Go live with SolarAPP+ and enjoy unencumbered rooftop solar growth!

SolarAPP+ Integration and Features

Standalone option for offline AHJs	Integration option for online AHJs
If your permitting department is processing and approving permits and fees in-person or by email, NREL can set up SolarAPP+ to handle it all. All you need is an email address. SolarAPP+ uses Stripe to support permit fees.	If your permitting department is processing and approving permits with an online portal, SolarAPP+ can easily be added to your system. Let us know what systems you use for fee payment and permit processing. NREL will handle the rest!

SolarAPP+ Code and Technology Support

Current	In Progress
<ul style="list-style-type: none"> • 2017 National Fire Protection Association 70 National Electrical Code (NEC) for residential PV • 2018 I-Codes (International Residential Code, Fire code, and Building Code) for residential PV • CA Title 24 • State and local license verification • Inspection checklists 	<ul style="list-style-type: none"> • 2017 NEC for residential storage • 2020 NEC for residential PV and storage • 2021 I-Codes for residential PV and storage • Main panel upgrades • Roofing integrated solar products • API integrations • Residential EV chargers

SolarAPP+ adoption is newsworthy

NREL projects are often the subject of the trade press as well as local and national news. As your partnership grows, NREL will include you in these opportunities. NREL will also track the resulting benefits of your decision to adopt SolarAPP+ which you can share with your jurisdiction's executive leadership. Your decision will not go unnoticed!

SolarAPP+ Partner Press:

- Underwriters Laboratories/UL LLC - [The SolarAPP: The Emerging US Permitting Solution](#)
- International Code Council - [Industry comes together to develop solar permitting solution](#)
- National League of Cities - [Online Solar Permitting in the Age of Uncertainty](#)
- SPUR - [Streamlining residential solar installs can jumpstart a green economic recovery](#)

"As a Solar America City, Tucson looks for ways to support the solar industry. SolarAPP provides a further incentive to use solar power by making permitting easy." -Scott Clark, Director, City of Tucson (AZ) Planning and Development Services.

Learn more and share your contact information on solarapp.nrel.gov or by emailing solarapp@nrel.gov

ITEM 9I

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: California Public Utilities Commission NEM 3.0 and Net Billing Tariff Decision

Contact: David Freedman, Program Manager (dfreedman@cvag.org)

Recommendation: Information

Background: Customers who install small solar, wind, biogas, and fuel cell generation facilities to serve all or a portion of onsite electricity needs are currently eligible to enroll in the small generation interconnection program known as Net Energy Metering (NEM) program adopted by the California Public Utilities Commission (CPUC). NEM allows customers who generate their own energy to serve their energy needs directly onsite and to receive a financial credit on their electric bills for any surplus energy fed back to their utility. NEM is designed to support the installation of customer-sited renewable energy generation, consistent with state law calling for the continued sustainable growth of such generation. This program applies to customers served by the state's three investor-owned utilities (IOUs): Pacific Gas & Electric, Southern California Edison (SCE), and San Diego Gas & Electric. Publicly owned utilities, such as Imperial Irrigation District, have their own NEM programs and are not subject to the CPUC's NEM rules.

The CPUC adopted the current NEM program, which is referred to as NEM 2.0, in Decision 16-01-044 on January 28, 2016. A previous NEM program, also known as NEM 1.0, is in effect for customers who were enrolled prior to the effective date of the 2016 decision. Through these NEM programs, customers receive bill credits for excess generation that is exported to the grid, offsetting energy costs. NEM customers also pay the same charges for public services as non-NEM customers.

Staff has been keeping both CVAG's committees and the Desert Community Energy Board updated on NEM changes. The CPUC began a formal proceeding to update the current NEM structure in 2020. The new rulemaking was referred to as NEM 3.0 because this is the third iteration of the NEM program. It was approved on December 15, 2022, establishing a new billing tariff established that the CPUC now refers to as the Net Billing Tariff. The Net Billing Tariff will become effective on April 15, 2023.

The CPUC's approval of the Net Billing Tariff brings major changes to net metering. The key takeaway is the amount a customer is credited per kilowatt hour for feeding electricity to the grid will be reduced substantially. In essence, there is no longer "net" metering for new solar projects because customers will pay more for energy taken from grid than energy fed into the grid. While solar projects still have value, they need to be sized or configured differently or possibly in combination with battery storage. In its NEM 3.0 decision, the CPUC set a target payback period of nine years for residential solar-only customers on the Net Billing Tariff, compared with a payback period of three to five years for residential NEM 2.0 customers. The Net Billing Tariff payback period would be slightly shorter for customers who also install a battery storage system.

To be enrolled under the current NEM 2.0 program and true “net” metering, residential customers (or the contractor on their behalf) must by April 14 submit to SCE an interconnection application that is free of major deficiencies and includes:

- a complete application;
- a single-line diagram;
- a properly executed contract;
- a California Contractors License Board Solar Energy System Disclosure Document;
- a signed California Solar Consumer Protection Guide; and
- e-signature verification document/audit trail and oversizing attestation (if applicable).

Nonresidential customers also have until April 14 to submit an interconnection application that is free of major deficiencies and includes a complete application, a signed Authorization to Act on a Customer’s Behalf, a single-line diagram, and an oversizing attestation (if applicable).

There is no impact to existing customers enrolled under NEM 1.0 or NEM 2.0. These customers (and any new owners of their systems) will move to new billing rates under the Net Billing Tariff (or any successor tariff) 20 years after their original interconnection. After the Net Billing Tariff begins, existing NEM customers who increase their system size by 10 percent or 1kW, whichever is more, will be placed on the Net Billing Tariff. However, existing NEM customers can add battery storage at any time without affecting their NEM status.

Staff is monitoring the implementation of the Net Billing Tariff and will report back to the Energy & Environmental Resources Committee on future developments as the implementation date approaches.

Fiscal Analysis: The costs associated with monitoring the implementation of the Net Billing Tariff are covered in staff time.

ITEM 9m

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: Heat Mitigation Opportunities

Contact: Kenyon Potter, Director of Energy & Sustainability (kpotter@cvag.org)

Recommendation: Information

Background: At its November 2022 meeting, the Energy & Environmental Resources Committee was provided with a report on opportunities for sustainable urban greening and heat mitigation initiatives. That report provided background on various programs being pursued across the southwest and identified ideas that could work as regional programs in the Coachella Valley. A separate staff report in this month's agenda discusses some recommended next steps for urban greening initiatives. In this report, CVAG staff is providing an informational update to the Committee about ideas that staff is evaluating for grants and also sharing with local member jurisdictions for their own consideration.

As noted in the previous report, heat waves in Coachella Valley and across California have broken records in recent years. The air temperatures are expected to continue to rise and the summers are growing longer as forecasted by climate models. In 2020 the City of Palm Springs had a total of 66 days with a high temperature over 110°F and 151 days over 100°F. In comparison, in 2020 City of Phoenix had 53 days over 110°F and 145 days over 100°F. Last year shows a similar pattern with Palm Springs having 122 days over 100°F and Phoenix having 113 days over 100°F.

In California, in 2021 Governor's Office of Planning & Research updated California's Climate Adaptation Strategy and in 2022 published the Extreme Heat Action Plan which states that heat ranks amongst the deadliest of all climate-driven hazards in California, and heat waves in cities are projected to cause two-to-three times more heat-related deaths by 2050. Climate vulnerable communities will experience the worst of these effects, as heat risk is associated and correlated with physical, social, political, and economic factors. In 2021, Riverside County set a new record of 39 for heat-related deaths – and experts warn there is likely an undercount. The number of persons with serious heat illnesses has also increased. The chances for illnesses and death increases during a major power outage, when more people would be vulnerable without air conditioning.

CVAG staff have researched several heat mitigation strategies for consideration. These include: shading, hydration stations, reflective surfaces such as cool roofs and cool pavement, duct sealing and insulation, powered attic ventilation and the use of portable evaporative cooling units.

Shading a key mitigation strategy that is further explored in a staff report on a proposed urban tree planting and shading program. In the near term, CVAG staff is also looking at ways to increase the availability of hydration stations, similar to those being incorporated through the CV Link multi-modal project that is currently under construction. CVAG staff continue to coordinate with member jurisdictions to review outdoor recreation areas where there may be opportunities work to incorporate additional hydration stations. CVAG staff also identified the need to have hydration stations mapped for the benefit of park and trail visitors and are beginning discussions with stakeholders including All Trails regarding adding hydration stations to trail maps.

CVAG staff is also looking for projects that would be prime for grant funding, such as a demonstration project for cool pavement coating. Staff is also exploring opportunities around portable evaporative cooler, which can be used to keep one room cooler instead of cooling an entire house. CVAG staff will return to the Energy & Environmental Resources Committee with updates and projects as they develop for its endorsement.

Fiscal Analysis: There is no additional cost to CVAG for this update.

ITEM 9n

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: Partnership with Inland Counties Legal Services

Contact: Ivan Tenorio, Management Analyst (itenorio@cvag.org)

Recommendation: Information

Background: The CV Housing First Program focuses primarily on providing intensive case management services to the CV200 – a by name list of chronically homeless individuals who are high utilizers of public emergency services and who have frequent contact with law enforcement. These chronically homeless individuals often face difficulty with accessing housing due to barriers such as having no income, not having their vital documents such as a birth certificate or identification, or not understanding how to navigate mainstream benefits such as Social Security, Supplemental Security Income (SSI), and Social Security Disability Income (SSDI).

In order to better address client needs, CVAG staff, based on the direction of the Homelessness and Executive Committee, has established partnerships with organizations that can bolster the services available to the CV 200 clients. One of those partnerships has been with Inland Counties Legal Services (ICLS), and it has been focused on providing legal services to CVHF clients. In April 2022, the CVAG Executive Director was authorized to negotiate a memorandum of understanding with ICLS to accept a three-year grant from the State Bar of California that ICLS had secured for homeless services throughout the region. CVAG's portion of the grant, which totals \$300,000, is largely used to offset costs associated with legal clinics, which are held on a regular basis to provide an opportunity for CV 200 clients to work with legal experts while they are being case managed by CVAG.

Working with ICLS has demonstrated to be a successful way to clearing clients' barriers and streamlining the process of securing permanent housing. One recent example was when CVAG staff and ICLS worked to assist a 65-year-old woman from the City of Coachella who was living in a field near Interstate 10 when CVAG first encountered her. She had been homeless since 2012 due to a mix of financial hardships, family fallout, substance misuse and behavioral health issues. During her case management through CVAG, she worked with ICLS to reinstate her SSDI, obtain a birth certificate, establish food stamps benefit, get medical insurance, and obtain other documents. The result was that CVAG staff could focus on securing her a permanent place to live – and she is counted among the CV 200 clients discussed in Agenda Item 7B who were permanently housed last year.

ICLS is also working with Step up on Second, a non-profit that provides permanent supportive housing solutions, in order to expand homeless services across eastern Riverside County and San Bernardino County.

Marsha Johnson, ICLS' Practice Group Director for Public Benefits and Education, attended the February meeting of the Homelessness Committee. She provided an update to the program and the efforts to improve services offers these services to CVAG's program participants and clients who are referred by other homeless services providers in the desert region.

Fiscal Analysis: There are no costs to this update.

CVAG is now entering the second year of a three-year grant with ICLS, which had secured \$1.2 million through the State Bar of California to fund legal aid that addresses homelessness and homeless prevention. ICLS' grant proposal identified \$300,000 for CVAG – or \$100,000 a year – to cover costs associated with the legal clinic. The State provides grant funding to ICLS, and CVAG seeks reimbursement from ICLS for services related to the legal clinics.

ITEM 9o

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: Riverside County's Coordinated Response to Asylum Seekers

Contact: Erica Felci, Assistant Executive Director (efelci@cvag.org)

Recommendation: Information

Background: Title 42 is a public health order issued by President Trump's administration that allows Customs and Border Protection to expel migrants to Mexico or back to their home countries to prevent the spread of COVID-19 in holding facilities. The order was extended multiple times. Amid the improving health conditions, President Biden has announced the COVID-19 health emergency will end in May 2023, which is expected to end the policy. The decision has been challenged, as a number of states have argued that their states' healthcare, law enforcement and education systems would be overly burdened by an influx of undocumented immigrants if the public health restriction is lifted. To date, the legal rulings have kept Title 42 in place.

As previously reported to CVAG's Public Safety Committee, the Riverside County Asylum Seeker Response Program was launched in March 2021 to support the U.S. Customs and Border Protection response to asylum seekers entering the county. The response includes ensuring that asylum seekers who are released by Border Patrol, and legally seeking asylum in the United States, receive short-term transitional services. It also included testing and sheltering needed to address the COVID-19 pandemic. The County has included funding for the Galilee Center, an eastern Coachella Valley-based nonprofit organization that fulfills the food, clothing and basic needs for local disadvantaged children, families, and farmworkers. The Asylum Seeker Response Program has engaged an array of other County departments – including public health, behavioral health, public social services and Riverside County Probation Department – to address the various social services needed, including mass care and shelter coordination, meal operations, travel assistance and other wraparound services.

By the end of January 2023, Riverside County officials said they have received more than 66,000 individuals. The typical assistance includes helping them with a stay in the county – generally a couple of days before they head to a sponsor outside of the county. The County is contracting for more than 300 motel rooms to address the need. The County is also coordinating a contingency plan should there be an increased number of individuals, including coordinating cities across the county.

Jeff Van Wagenen, Riverside County's County Executive Officer, provided an update on the response at the February 13 meeting of the Public Safety Committee.

Fiscal Analysis: There is no cost to CVAG for this informational update.

ITEM 9p

**Coachella Valley Association of Governments
Executive Committee
February 27, 2023**



STAFF REPORT

Subject: Alan Seman Bus Pass Program 2022 Annual Report

Contact: Stephanie Shambow, Program Specialist II (sshambow@cvag.org)

Recommendation: Information

Background: Since 2007, CVAG has provided a bus pass program that works in conjunction with non-profit agencies throughout the Coachella Valley to ensure homeless or near homeless individuals can get access to case management services, employment opportunities and medical care. The program is named in honor of Alan Seman, a longtime Rancho Mirage Councilmember and member of CVAG's Homelessness Committee who was a strong advocate for the program.

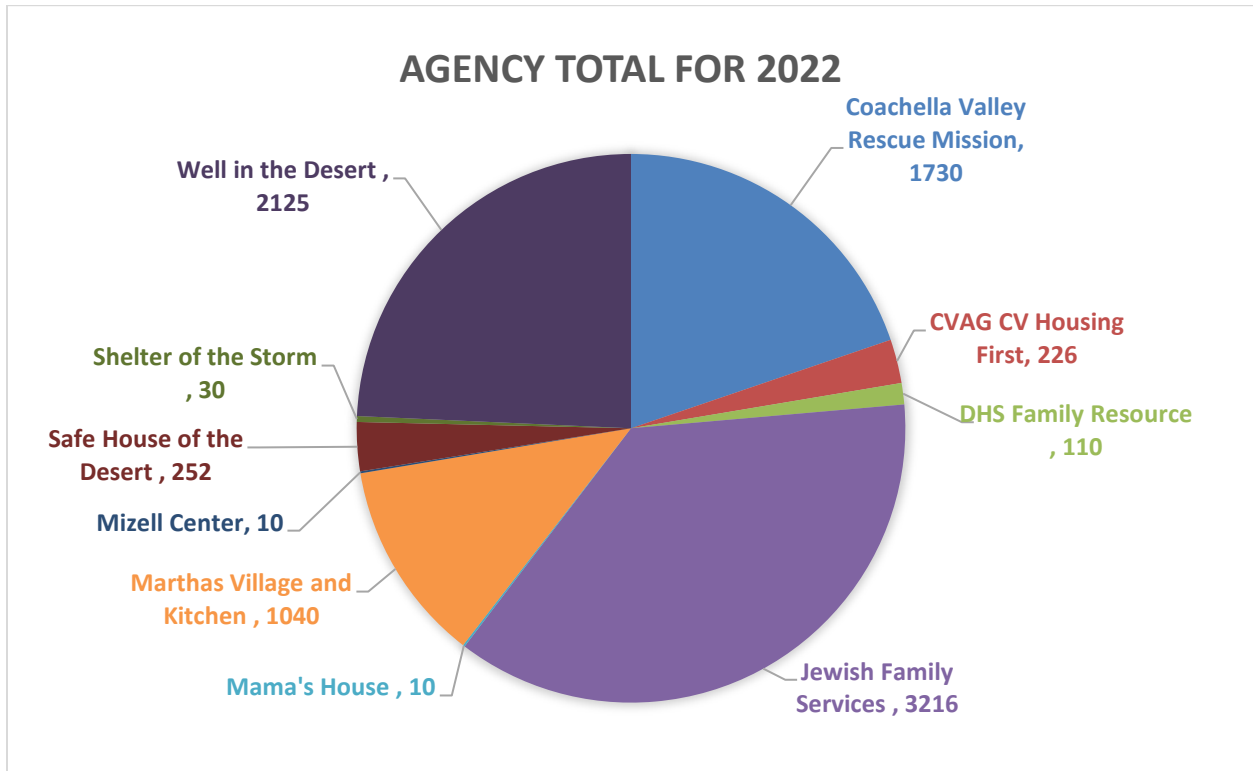
In the 2022, CVAG staff worked with agencies that receive passes through the Alan Seman Bus Pass program to better track how they are being used. The following below are the nonprofit organizations serving people who are homeless, or at risk of being homeless, participated in the program: Coachella Valley Rescue Mission, CVAG's CV Housing First, Desert Hot Springs Family Resource Center, Jewish Family Services of San Diego, Mama's House, Martha's Village and Kitchen, Mizell Senior Center, Safe House of the Desert, Shelter from the Storm and Well in the Desert.

Through this program, a total of 8,749 passes were distributed in 2022, including single day passes for adults, youth, and seniors and 31-day passes for adults and seniors. The uses of the bus passes were to access social services, housing search, and have transportation to the DMV.

Fiscal Analysis: The Alan Seman Bus Pass Program is funded through \$3,000 contributions that CVAG member cities contribute annually.

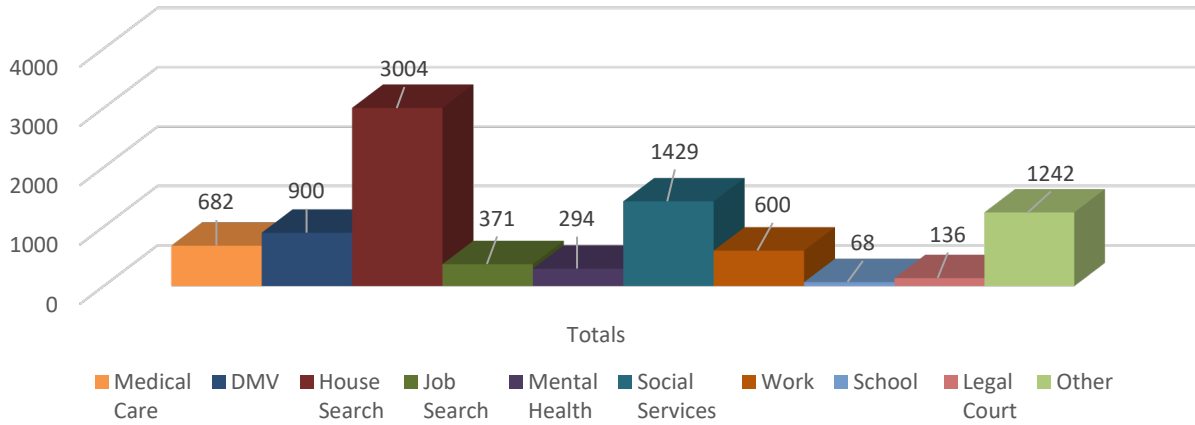
Attachment: 2022 Bus Pass Report

Totals Passes Used by Agencies



Agency	Adult Day Passes	Senior Day Passes	31-Day Adult Passes	31-Day Senior Passes	Totals
Coachella Valley Rescue Mission	1460	270	0	0	1730
CVAG CV Housing First	11	10	201	4	226
DHS Family Resource	110	0	0	0	110
Jewish Family Services	2291	925	0	0	3216
Mama's House	10	0	0	0	10
Martha's Village and Kitchen	1040	0	0	0	1040
Mizell Center	0	10	0	0	10
Safe House of the Desert	252	0	0	0	252
Shelter of the Storm	21	9	0	0	30
Well in the Desert	2100	25	0	0	2125
Totals	7295	1249	201	4	8749

Top Uses of Bus Passes



ITEM 9q

**Coachella Valley Association of Governments
Executive Committee
February 27, 2022**



STAFF REPORT

Subject: Update on the State's Community Assistance, Recovery and Empowerment (CARE) Court

Contact: Erica Felci, Assistant Executive Director (efelci@cvag.org)

Recommendation: Information

Background: In September 2022, the CVAG Homelessness Committee received an update on the roll out of Gov. Gavin Newsom's Community Assistance, Recovery and Empowerment (CARE) Court. The CARE Court, which was approved by the Legislature and then signed by the Governor on September 14, will allow courts to order CARE plans, which would require counties to provide comprehensive treatment to the most severely impaired and untreated Californians and hold patients accountable to following their treatment plans. The program will not be for every unhoused individual, but it is designed as a way to address those who have severe mental health issues. As described by the Governor's office, *"CARE Court is a paradigm shift; it focuses on providing individuals with mental health and substance use services before they end up cycling through prison, emergency rooms, and encampments. CARE Court prioritizes the sickest Californians, helping many who live on our streets without shelter or medical care."*

Implementation of the CARE Court program officially began in December 2022 and is recapped in this news release from the Governor's Office:

<https://www.gov.ca.gov/2022/12/01/governor-newsom-and-counties-begin-care-court-implementation/>

The roll out of the program will be done in phases starting this year. Riverside County is expected to be among one of the first counties to implement the CARE Court. A County-led working group has been working through the logistics, which will include coordination with existing services – such as CVAG's CV Housing First program – to provide client referrals to the program. As details are finalized, CVAG staff will provide additional updates to the Homelessness Committee.

Fiscal Analysis: There is no cost to CVAG for this update

ITEM 9r

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: Selection of Enterprise Resource Planning (ERP) Software to upgrade CVAG's financial systems

Contact: Claude T. Kilgore, Director of Finance/Administration (ckilgore@cvag.org)

Recommendation: Information

Background: In May 2022, CVAG staff presented Fiscal Year 2022/23 budgetary highlights to the Finance Committee members, who then provided direction on several budgetary items that had also been presented to the Administrative/Personnel Committee earlier. One of the major budgetary items that the Finance Committee provided direction on at its May 2022 meeting was to establish a new Enterprise Resource Planning (ERP) system. This item was ultimately included in the budget that was adopted by CVAG's General Assembly in June 2022.

An ERP system is an agency-wide system that helps automate and manage business processes across finance, human resources and general operations. The main financial system currently used by CVAG is Tyler Technologies' Eden system, which has been the primary system since approximately 2001. CVAG is aware that the Eden system will no longer be supported as of March 2027. The current financial system relies heavily on the use of manual processes within the Finance/Administration Department, resulting in inefficiencies and lapses in services that can lead to frustrations within other CVAG departments. Since joining CVAG, the new Director of Finance/Administration has initiated several workarounds to attempt to address the operational issues caused by the antiquated financial system through the increased use of software such as QuickBooks, Excel spreadsheets, and various Microsoft products, such as Microsoft Task Planner. This has been a good first step and have been appreciated by the departments, but it is only a band aid in addressing what is probably the single largest factor limiting the efficient operations of the Finance/Administration Department.

Aside from the impending Eden system sunset date in 2027, the life cycle of most ERP systems as indicated by the Government Finance Officers' Association (GFOA) is 10 to 15 years. CVAG has been utilizing the Eden system for well over 20 years and, while basic financial processes have been operating effectively, many aspects of the current system would benefit from an enhancement in functionality to keep up with CVAG's current operations. The biggest challenge is usually not a technical obstacle to overcome, but issues related to organizational change, leadership/governance, training, project management, and planning. To help minimize the challenges, CVAG will be utilizing the GFOA 10-step ERP project preparation checklist to help develop a structured procurement and implementation plan.

CVAG staff has started to explore the steps needed to procure and implement an ERP system. This includes conversations with internal and external stakeholders and seeking input from several member agencies such as the City of Palm Springs and the City of Indio as well as other

special districts like Riverside County Transportation Commission regarding their own recent ERP selections and implementations. While each agency has unique circumstances and operations that may affect their ERP selection decisions differently, undoubtedly, selecting the right ERP system for CVAG is one of the first steps to a successful ERP implementation.

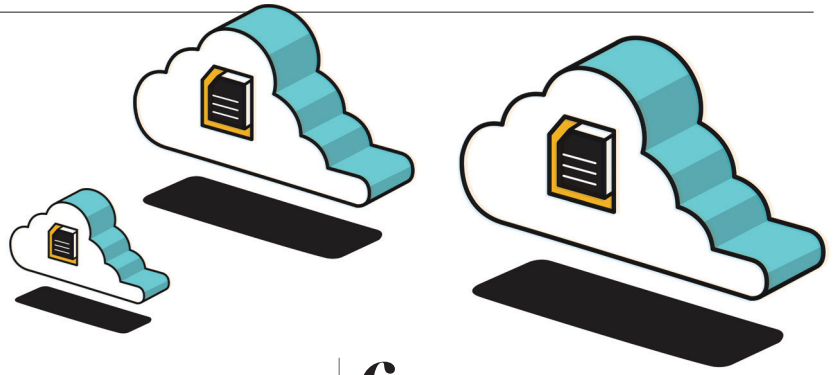
After review of the GFOA 10-step ERP project preparation checklist and considering the importance of selecting the right ERP system to ensure CVAG's financial integrity and operating effectiveness for the next 10-to-15-year life cycle of a new ERP system, CVAG staff anticipates the need for additional expertise in the form of an ERP selection services consultant. This external consultant would help guide ERP selection and a contract could include the option for implementation services as an add-on. This is similar to the approach other agencies embarking on the selection and implementation of a new ERP system. The ERP selection consultant will assist CVAG in shaping the vision and timeline of the ERP procurement implementation as well as to assist in project management and chart of accounts revamp, needs assessment and gap analysis, , vendor evaluation and selection through contract negotiations.

CVAG staff intends to release a Request for Proposals for ERP Selection Consulting Services around the end of February. Once the ERP selection services consultant has been identified, CVAG staff intends to present results and recommended vendor selection to the Executive Committee at its April 2023 meeting.

Fiscal Analysis: The fiscal year 2022/23 budget included allocation of funds for a new ERP system at \$150,000. Based on initial conversations and rough estimates, a selection services consultant is estimated to cost between \$50,000 and \$75,000, with the budget being determined by the negotiated contract. This will be the first expenditure related to ERP system with funds remaining this fiscal year likely being rolled into next fiscal year's ERP implementation estimate.

Attachment:

1. GFOA 10-step ERP project preparation checklist



10 Steps to Preparing for Your Next ERP Project

All technology becomes obsolete at some point, and GFOA experience shows that governments undertake a major ERP implementation approximately once every 10 to 15 years. Recent advances in cloud technologies, coupled with the need to adopt more streamlined and modern practices, provide a solid business case for investing in a new system—but these projects are difficult, and the biggest challenge is usually not a technical obstacle to overcome but issues related to organizational change, leadership/governance, training, project management, and planning. Use this checklist as you approach your next ERP project to help ensure you are best prepared for success.

For more information or additional guidance, GFOA's research and consulting center has additional information available at gfoa.org/rcc.

1

Establish and communicate a vision for the project by setting clear goals.

2

Identify leaders at both the organizational level and business process level, and define clear project governance roles for each.

3

Create a staffing plan and ensure that resources are not overburdened.

4

Build a system inventory for current systems. Make sure to capture all primary systems plus all Excel spreadsheets, manual files, or other tools that you would want to either replace or connect to your new ERP system.

5

Review existing business processes for improvement opportunities. Meetings to discuss process change should involve staff from operating departments to consider needs and ideas from different perspectives.

6

Issue an RFP and evaluate all vendors based on major risk factors. In today's market, most projects that fail do so because of a bad implementation, not faulty software.

7

Develop clear, outcome-focused requirements to set expectations about scope that can be used to hold your vendor accountable.

8

Prepare a full project plan that dedicates sufficient time for critical tasks before the system goes live, such as testing and training.

9

Insist on a fixed-fee contract based on completion of milestones for all implementation-related professional services.

10

Communicate. Communicate. Communicate. Help create a culture that is inclusive, open to discussing new ideas, and welcomes participation from across the organization.

ITEM 10a

Coachella Valley Association of Governments Executive Committee February 27, 2023



STAFF REPORT

Subject: Update on Federal and State Advocacy Efforts

Contact: Emmanuel Martinez, Senior Project Manager (emartinez@cvag.org)

Recommendation: Information

Background: CVAG staff regularly provides updates to the CVAG Executive Committee on the ongoing state and federal advocacy efforts. This staff report provides an overview of key issues that relate to programs and policies of interest to CVAG, particularly as it pertains to representation and fiscal spending plans.

At the state level, the newly redrawn districts contributed to a significant number of new state representatives. For the 2023-24 legislative session, 37 of California's 120 representatives – or nearly one-third of the members – are newly elected to state office. Despite this, the committee appointments what were announced by Assembly Speaker Rendon in late December 2022 only slightly changed leadership positions for policy committees with jurisdiction over CVAG's priority issues. As it relates to the Assembly Transportation Committee, Assemblymember Laura Friedman will remain as committee Chair. For the Budget Subcommittee 3 on Climate Crisis, Resources, Energy, and Transportation, Assemblymember Steve Bennett becomes the new Chair after previous Chair Richard Bloom termed out of office. In the State Senate, the chairs of the Senate Transportation Committee and the Senate Budget Subcommittee 5 on Corrections, Public Safety, Judiciary, Labor and Transportation did not change, which are Senators Lena A. Gonzalez and Maria Elena Durazo, respectively.

On January 18, the Senate Rules Committee adopted Deferred Area Assignments to provide representation to unrepresented areas for 2023 and 2024. This is attributed to the anomaly that occurs in the state Senate every ten years after redistricting where there are areas of the state that do not have an elected state Senator until the following election cycle. Unlike the Assembly where all 80 members are elected during the same cycle, the members of the Senate are elected on different cycles. Specifically, Senate members representing odd-numbered districts are elected during the presidential cycle, which will take place in 2024, while Senate members with even-numbered districts are elected on non-presidential cycles, which is what occurred in 2022. As a result, Coachella Valley jurisdictions in Senate District 18 – Coachella, Indio and eastern Riverside County – are currently represented by newly elected Senator Padilla. However, jurisdictions in the newly drawn Senate District 19 – La Quinta, Indian Wells, Palm Desert, Rancho Mirage, Cathedral City, Palm Springs and Desert Hot Springs – do not have a directly elected state senator. To address this, the Senate Rules Committee adopted Deferred Area Assignments to ensure areas in the new odd-numbered districts have representation for 2023 and 2024. As a result of these assignments, Senator Padilla will represent La Quinta, Indian Wells, Palm Desert,

Rancho Mirage, and Senator Kelly Seyarto (SD 32) will represent Cathedral City, Palm Springs and Desert Hot Springs for years 2023-24.

The fiscal outlook of the state is also becoming clearer. On January 10, 2023, Gov. Gavin Newsom released his proposed budget for Fiscal Year 2023-24. Unlike the surplus budgets seen during the last two fiscal years, the upcoming budget projects \$29.5 billion in decreased revenues and an estimated \$22.5 billion budget gap. To address, the Governor proposes cuts and spending delays, including those that may impact transportation related programs. For example, the Governor proposes \$2.7 billion reductions to transportation from one-time General Fund allocations. In effect, the Active Transportation program has proposed net reduction of \$200 million; zero-emission vehicle acceleration has a proposed \$1.5 general fund reduction; and a \$6 billion reduction to climate change related programs, which include nature-based solutions.

The state's budget will change based on revenue conditions between now and the budget revision in May 2023. The release of the January budget proposal is just step one in a months' long budget process. The Legislature will convene their respective budget committees and subcommittees in the coming days and weeks to begin to vet the Governor's budget proposals. However, the process does not truly pick up momentum until the Governor releases his revised budget in May, which will account for April tax receipts and provide a clearer fiscal picture. Notably, CVAG staff recently learned that despite the budget projections, state leaders will consider spending requests for district related projects from their members. Staff will work with its advocacy team to learn more about criteria to help identify potential projects in the Coachella Valley

February 17 is the state's legislative deadline for bill introduction. Staff and lobbying team will monitor bills introduced to assess impacts to CVAG's operations and programs. There are two bills that have been identified as priority items, AB 6 and AB 7 by Assembly Transportation Chair Laura Friedman. Although these bills are currently in spot form, they have intent language similar to her bills from last year, AB 2237 and AB 2438, which CVAG opposed. These bills would have required local transportation projects be aligned with the state's climate goals and sustainable communities' strategy while also increasing the state's role in local transportation project decisions and prioritization. Staff will continue to monitor AB 6, AB 7 and any other legislation that could impact local revenue sources and will coordinate strategy with Riverside County Transportation Commission.

CVAG staff is also tracking key issues at the federal level. In late December Congress passed and the President signed the 2023 Consolidated Appropriations Act, which totals \$1.7 trillion in discretionary spending across the 12 appropriation bills. Of significant importance to the Coachella Valley is the community designated spending requests, which are commonly called earmarks. These were submitted to CVAG's delegation by various of its member jurisdictions and successfully included in the Act. Collectively, the earmarks total \$10.4 million for projects in the Coachella Valley:

- \$1.5 million to the City of Indio for the Interstate 10/ Monroe Street Interchange, which will include reconstructing and widening the Monroe Street interchange;
- \$2.7 million to the Twenty-Nine Palms Band of Mission Indians for design and engineering the Dillon Road Corridor or bridge over the stormwater channel and reconstructing and widening the segment;
- \$2.5 million for the City of Desert Hot Springs' Bridges Over Water project, which includes constructing two new bridges over low-water crossings in the City. These two bridges will be along Indian Canyon Drive, North of Pierson Boulevard, which were identified in CVAG's Flooding and Blowsand Study.

- \$2.5 million for Sunline Transit Agency for the expansion of public fueling station infrastructure; and
- \$1.2 million for the Imperial Irrigation District for the North Shore Resiliency project.

CVAG staff also submitted an earmark request to help address flooding and blowsand along North Indian Canyon south of Interstate 10 in the City of Palm Springs, but it was unfortunately not included in the final appropriations package. However, CVAG staff and lobbying team, in coordination with CVAG member jurisdictions continued to support local requests to ensure they received the support needed to make it to the final bill. With the establishment of the new 18th Congress, CVAG staff learned from its federal lobbyist that earmarks will continue into the next fiscal year. As such, CVAG staff will coordinate with its member agencies to prepare for a new round of requests and track solicitation for projects.

President Biden is scheduled to deliver the Fiscal Year 2024 Budget Request on March 9, 2023. Members of Congress have started releasing deadlines for earmarks also commonly referred to as Community Project Funding and Congressionally Directed Spending requests in the House and Senate, respectively. CVAG staff and federal lobbying team will continue to monitor individual schedules for its federal representatives. It is anticipated that the House and Senate Appropriations Committee leadership will share guidance on the process soon which will include any changes to accounts available for Member requests and potential limits to the total number of project requests submitted. On the House side, Speaker Kevin McCarthy (R-California) and House Appropriations Committee Chair Kay Granger (R-Texas) are working to update the lower chamber's rules on earmarks. Rep. Tom Cole (R-Okla.), Chair of the Transportation, Housing and Urban Development Appropriations subcommittee, said the Speaker mentioned the phrase "federal nexus" when referring to FY24 Community Project Funding requests. Cole continued saying the federal nexus would "make sure these are more directly things that you would expect the federal government to be involved in." The House Appropriations Committee process may also require additional evidence of community support for each request. CVAG staff and lobbying team will continue to monitor this process to ensure CVAG and its member jurisdictions are aware of any opportunities.

Fiscal Analysis: There are no additional costs to CVAG for this report. State and federal advocacy efforts are covered under existing contracts.