



EXECUTIVE COMMITTEE AGENDA

**MONDAY, FEBRUARY 24, 2025
4:30 p.m.**

**CVAG Conference Room
73-710 Fred Waring Drive, Suite 104
Palm Desert, CA 92260**

**Members of the Committee and the public may attend and participate by
video at the following remote location:**

**Blythe City Hall
235 N Broadway, Room A
Blythe, CA 92225**

Members of the public may use the following link for listening access and ability to address the
Executive Committee when called upon:

<https://us02web.zoom.us/j/86158432475?pwd=yOlsAHbfSArO5Zpdiftx6s3E5aXec9.1>

**Dial In: + 1 669 900 9128
Webinar ID: 861 5843 2475
Password: 037042**

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. Members of the public joining the meeting by Zoom can also provide comment by using the “raise hand” feature of hitting *9 on the phone keypad.

As a convenience to the public, CVAG provides a call-in and internet-based option for members of the public to virtually observe and provide public comments at its meetings. Please note that, in the event of a technical issue disrupting the call-in or internet-based options, the meeting will continue unless otherwise required by law.

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

1. **CALL TO ORDER** – Chair Ted Weill, Mayor, City of Rancho Mirage

2. **ROLL CALL**

A. **Member Roster**

P6

3. **PLEDGE OF ALLEGIANCE**

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

5. **PUBLIC COMMENTS ON AGENDA ITEMS**

This is the first of two opportunities for public comment. Any person wishing to address the Executive Committee on items appearing on this agenda may do so at this time. 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**

A. **Agreement to move CV Sync Traffic Management Center to the City of Rancho Mirage’s City Yard**

7. **CONSENT CALENDAR**

A. **Approve the minutes of the December 2, 2024 Executive Committee Meeting**

P7

B. **Adopt CVAG Policy No. 25-01 as an updated Investment Policy**

P18

C. **Approve the appointment of regional representatives to Southern California Association of Governments’ policy committees and name Palm Springs Councilmember David Ready to the Transportation Committee, Coachella Councilmember Stephanie Virgen to the Energy and Environment Committee and Indio Councilmember Waymond Fermon to the Community, Economic**

P24

and Human Development Committee

- D. **Authorize the Chair and/or Executive Director to advocate for legislative fixes and policy changes that improve the stability of the 911 system in the Coachella Valley** **P26**
- E. **Receive and file the annual report for the CV Housing First program, representing clients served in 2024** **P30**
- F. **Authorize the Executive Director to take the necessary action to receive \$53,765 in grant funding for the used oil recycling program, including executing the necessary agreements with California Department of Resources Recycling and Recovery (CalRecycle)** **P33**
- G. **Authorize the Energy & Sustainability Committee Chair, Vice Chair and CVAG's Executive Director to advocate for expansion of programs in the 2028 I-REN application and business plan, including the inclusion of energy efficiency programs that benefit residential homes as well as small and medium commercial buildings** **P34**
- H. **Authorize the Executive Director to execute a no-cost Temporary Access Agreement with Goldenvoice, LLC to facilitate the construction of a CV Sync traffic operations center to manage event-related traffic** **P45**
- I. **Authorize the Executive Director to spend up to \$250,000 for flagging services and associated work related to CV Link under Union Pacific Railroad in Indio** **P59**
- J. **Authorize the Executive Director to execute an agreement for cloud services, end user license agreement, and statement of work agreement for professional services with Univerus Inc. for the implementation of an Enterprise Asset Management System for a not-to-exceed amount of \$719,488** **P61**

7.1 ITEM(S) HELD OVER FROM CONSENT CALENDAR

8. DISCUSSION / ACTION

- A. **Countywide efforts to address wildfires and Santa Ana winds – CalFire/ Riverside County Fire Department Fire Chief Bill Weiser** **P148**

Recommendation: Information

- B. **2025 Legislative Preview – Kiana Valentine, Politico Group**

- C. **CVAG's Audit for Fiscal Year 2023-24 and Related Reports – Claude Kilgore** **P153**

Recommendation: Receive and file the Audited Financial Statements for the fiscal year

ended June 30, 2024, Report on Internal Controls over Financial Reporting, the Auditor's Communication with Those Charged with Governance, and the Single Audit on Federal Awards

D. Cool Streets for Affordable Housing Neighborhoods Program – Julie Mignogna P248

Recommendation: Authorize the Executive Director to enter into the necessary agreements to accept \$748,500 from the Governor's Office of Land Use and Climate Innovation's Extreme Heat and Community Resilience Program to launch the Cool Streets for Affordable Housing Neighborhoods Program

9. INFORMATION

- a) Executive Committee Attendance P252
- b) Regional Transportation Project Status Report P253
- c) Unaudited investment reports through September 2024 and through December 2024 P255
- d) Alan Seman Bus Pass Program 2024 Annual Report P257
- e) Expanding Partnerships with Riverside County Probation P260
- f) 2024 Annual Property Assessed Clean Energy (PACE) Report P263
- g) Coachella Valley Power Agency Joint Powers Agreement P265
- h) Proposed Amendments to South Coast Air Quality District's Rules 1111 & 1121 Phasing Out Gas Water Heaters & Furnaces and \$21M Go Zero Pilot Program Supports Residents & Small Businesses Transitioning to Zero-NOx Appliances P268
- i) Community Assistance, Recovery and Empowerment (CARE) Court and other Prop 1 investments P272

10. LEGISLATIVE ITEMS –

- a) Update from the League of California Cities – Jesse Ramirez, Regional Affairs Manager, Riverside County Division

11. PUBLIC COMMENTS ON NON-AGENDA ITEMS

This is the second opportunity for public comment. Any person wishing to address the Executive Committee on items of general interest within the purview of this committee may do so at this time. Please limit comments to two (2) minutes.

12. ANNOUNCEMENTS

The next meeting of the **Executive Committee** will be held on Monday, April 28, 2025, at 4:30 p.m. at the CVAG conference room, 73-710 Fred Waring Drive, Suite 104, Palm Desert, 92260.

13. ADJOURNMENT

ITEM 2A**EXECUTIVE COMMITTEE****2024-2025 ROSTER**

Jurisdiction	Members
City of Desert Hot Springs, Past Chair	Scott Matas Mayor
City of Coachella	Steven Hernandez Mayor
City of Palm Springs	Ron deHarte Mayor
City of Indio	Glenn Miller Mayor
Twenty-Nine Palms Band of Mission Indians	Darrell Mike Tribal Chair
Torres Martinez Desert Cahuilla Indians	Joseph Mirelez Tribal Chair
Cabazon Band of Cahuilla Indians	Brenda Soulliere Tribal Councilmember
Agua Caliente Band of Cahuilla Indians	Reid Milanovich Chairman
City of Indian Wells	Bruce Whitman Mayor
City of Cathedral City	Nancy Ross Mayor
City of Palm Desert	Jan Harnik Mayor
City of La Quinta	Linda Evans Mayor
City of Blythe	Joseph DeConinck Mayor
County of Riverside, 4th District Vice Chair	Jose Medina , 1 st District Supervisor Karen Spiegel , 2 nd District Supervisor Chuck Washington , 3 rd District Supervisor V. Manuel Perez , 4 th District Supervisor Yxstian Gutierrez , 5 th District Supervisor
City of Rancho Mirage, Chair	Ted Weill Mayor

ITEM 7A

EXECUTIVE COMMITTEE MINUTES OF MEETING DECEMBER 2, 2024



1. CALL TO ORDER

The Executive Committee meeting was called to order by Chair Ted Weill, Mayor Pro Tem of the City of Rancho Mirage, at 4:31 p.m. at the CVAG Conference Room, 73-710 Fred Waring Drive, Suite 104, in the City of Palm Desert. Videoconferencing was available from the City of Blythe.

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 Scott Matas, *Past Chair*
Mayor Steven Hernandez
Mayor Ron deHarte
Councilmember Waymond Fermon
Tribal Councilmember Brenda Soulliere
Mayor Greg Sanders
Mayor Mark Carnevale
Councilmember Kathleen Kelly
Mayor Linda Evans
Mayor Joseph DeConinck
Supervisor V. Manuel Perez, *Vice Chair*
Mayor Pro Tem Ted Weill, *Chair*

AGENCY

City of Desert Hot Springs
City of Coachella
City of Palm Springs
City of Indio
Cabazon Band of Cahuilla Indians
City of Indian Wells
City of Cathedral City
City of Palm Desert
City of La Quinta
City of Blythe (*via Zoom*)
County of Riverside 4th District
City of Rancho Mirage

MEMBERS NOT PRESENT

Tribal Vice Chair Joseph Mirelez
Tribal Chair Reid Milanovich
Tribal Chair Darrell Mike
Supervisor Kevin Jeffries
Supervisor Karen Spiegel
Supervisor Chuck Washington
Supervisor Yxstian Gutierrez

AGENCY

Torres Martinez Desert Cahuilla Indians
Agua Caliente Band of Cahuilla Indians
Twenty-Nine Palms Band of Mission Indians
County of Riverside 1st District
County of Riverside 2nd District
County of Riverside 3rd District
County of Riverside 5th District

3. PLEDGE OF ALLEGIANCE

Mayor Carnevale led the Executive Committee in the Pledge of Allegiance.

4. AGENDA MODIFICATIONS (IF ANY)

None

5. PUBLIC COMMENTS ON AGENDA ITEMS

Brad Anderson, resident of the City of Rancho Mirage, provided comments on items 7B, 7F and 7O. On Item 7B, Mr. Anderson stated he is opposed to spending taxpayers' money on lobbyists. He expressed his opposition on Items 7F and 7O, saying CVAG should not take the lead on these efforts.

6. CHAIR / EXECUTIVE DIRECTOR ANNOUNCEMENTS

Executive Director Tom Kirk notified that Partner Nicholas Norvell will be taking over duties from Michael Jenkins as CVAG's legal counsel and there is an item on the consent calendar to approve this change.

Mr. Kirk provided updates regarding the Active Transportation Program (ATP) Cycle 7 and the Transportation Project Prioritization Study (TPPS) project kick off detailed under Item 9e.

Councilmember Kathleen Kelly announced that there will be an election for a SCAG Regional Council position coming up due to the vacancy of her position due to not being re-elected for another term on council.

Chair Weill thanked Councilmember Kelly for her years of service and lauded contributions over the years. The Committee honored Ms. Kelly with a standing ovation.

7. CONSENT CALENDAR

IT WAS MOVED BY SUPERVISOR PEREZ AND SECONDED BY COUNCILMEMBER FERMON TO APPROVE THE CONSENT CALENDAR

- A. Approve the Minutes of the September 30, 2024 Executive Committee Meeting**
- B. Adopt CVAG's Legislative Platform for the next two-year legislative cycle**
- C. Authorize additional funds in the amount not to exceed \$7,000 to Euna Solutions for the Budget Book Studio software subscription and one-time services**
- D. Appoint Nicholas Norvell, partner with Best, Best, & Krieger LLP, as CVAG General Counsel**
- E. Receive and file the quarterly report for the CV Housing First program, representing clients served in the third quarter of 2024**
- F. Reaffirm the Executive Director's authorities for the CV Housing First program, including resetting the CV 200 list and executing short-term leases for crisis stabilization units, such as hotels and apartments used for case management of clients**
- G. Authorize the Executive Director to execute the necessary agreements to accept \$116,094.32 in Homeless Housing, Assistance and Prevention (HHAP) funding for the CV Housing First outreach efforts**

- H. Approve Amendment No. Three to the Reimbursement Agreement with the City of La Quinta for the Dune Palms Road Bridge Project, providing an additional \$26,706 and extending the time trigger through December 2025
- I. Approve Amendment No. 1 to the Reimbursement Agreement with the City of Indio for the Jefferson Street Widening Project (Avenue 38 - Sun City Boulevard), extending the time trigger to December 2025 to allow for completion of the Preliminary Engineering & Environmental Studies (PA&ED) Phase
- J. Authorize the Executive Director to execute Amendment No. 14 to the agreement with Alta Planning & Design for a total not-to-exceed amount of \$295,000 and extending the term until July 1, 2025
- K. Authorize the Executive Director to take the following actions for the Arts & Music Line project:
 - 1. Execute Amendment No. 4 to the agreement with Albert A. Webb Associates to increase the contract for a not-to-exceed amount of \$76,950; and
 - 2. Execute Amendment No. 4 of the existing reimbursement agreement with the City of Indio to cover the costs of the additional work, with CVAG's additional share totaling \$36,102 for pre-construction services
- L. Authorize the Executive Director and Chair to execute Amendment No. 3 to the Reimbursement Agreement with the City of Coachella for the Project Study Reports (PSR) for the Dillon Road Interstate 10 Interchange and the Dillon Road SR 86 Interchange and Preliminary Engineering & Environmental Document for the Dillon Road Bridge at Whitewater Channel project for an additional not-to-exceed amount of \$27,905.87
- M. Authorize the Executive Director to execute:
 - 1. A services contract with CR Associates, not to exceed \$1,599,574, to conduct professional and outreach services pursuant to the REAP 2.0 CV Link Community Connectors Phase I analysis; and
 - 2. A services contract with Kimley-Horn and Associates, not to exceed \$1,670,485, to conduct professional and outreach services pursuant to the REAP 2.0 Coachella Valley Regional Vehicle Miles Traveled study
- N. Authorize the Executive Director to advocate and take steps that ensure that CVAG's jurisdictions' underserved communities receive their fair share of SoCal Equitable Building Decarbonization Coalition's deployment of the California Energy Commission's Equitable Building Decarbonization Direct Install Program utilizing the Inland Regional Energy Network
- O. Authorize the Executive Director to execute Amendment No. 3 for a six-month extension of the Memorandum of Understanding between CVAG and the Imperial Irrigation District to provide a coordinator for the Coachella Valley Energy Commission

THE MOTION CARRIED AS FOLLOWS:

**ITEM 7A: 10 AYES, 7 MEMBERS ABSENT AND 2 ABSTENTIONS
ITEMS 7B-7O: 12 AYES AND 7 MEMBERS ABSENT**

MAYOR MATAS	AYE
MAYOR HERNANDEZ	AYE
MAYOR DEHARTE	ABSTAIN (7A)/ AYE (7B-7O)
COUNCILMEMBER FERMON	AYE
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	AYE
TRIBAL COUNCILMEMBER SOULLIERE	ABSENT
TRIBAL CHAIR MILANOVICH	ABSENT
MAYOR SANDERS	AYE
MAYOR CARNEVALE	ABSTAIN (7A)/ AYE (7B-7O)
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR GUTIERREZ	ABSENT
MAYOR PRO TEM WEILL	AYE

7.1 ITEM(S) HELD OVER FROM CONSENT CALENDAR

None

8. DISCUSSION / ACTION

A. Urban and Community Forestry Program – Shade Trees for Southern California’s Deserts

Program Manager Emmanuel Martinez presented the staff report.

Brief member discussion ensued.

IT WAS MOVED BY MAYOR EVANS AND SECONDED BY MAYOR DEHARTE TO AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO THE NECESSARY AGREEMENTS TO PARTNER WITH IMPERIAL IRRIGATION DISTRICT TO IMPLEMENT THE SHADE TREES FOR SOUTHERN CALIFORNIA DESERTS PROGRAM, INCLUDING PLANTING 6,000 TREES IN IMPERIAL AND RIVERSIDE COUNTIES OVER A THREE-YEAR PERIOD, PENDING FINAL AUTHORIZATION BY THE CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION

THE MOTION CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT

MAYOR MATAS	AYE
MAYOR HERNANDEZ	AYE
MAYOR DEHARTE	AYE
COUNCILMEMBER FERMON	AYE

TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT
TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	ABSENT
MAYOR SANDERS	AYE
MAYOR CARNEVALE	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR GUTIERREZ	ABSENT
MAYOR PRO TEM WEILL	AYE

B. Anticipated Community Project Funding (Earmarks)

Mr. Martinez presented the staff report and detailed the status of the funding requests.

Brief member discussion ensued.

IT WAS MOVED BY MAYOR HERNANDEZ AND SECONDED BY MAYOR EVANS TO AUTHORIZE THE EXECUTIVE DIRECTOR TO TAKE THE NECESSARY STEPS AND ENTER INTO THE NECESSARY AGREEMENTS TO ACCEPT FEDERAL DOLLARS THROUGH COMMUNITY PROJECT FUNDING FOR THE ADDRESSING CLIMATE CHANGE, EMERGENCIES AND SAND STORMS (ACCESS) PROJECT ON INDIAN CANYON DRIVE AND THE CV LINK NORTH SHORE/SALTON SEA EXTENSION PROJECT IN THE AMOUNT OF \$5 MILLION AND \$250,000, RESPECTIVELY

THE MOTION CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT

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

C. Next Funding Phase for the Jackson Street/ Interstate 10 Interchange Project

Assistant Director of Transportation Randy Bowman presented the staff report.

Brief member discussion ensued.

IT WAS MOVED BY COUNCILMEMBER FERMON AND SECONDED BY COUNCILMEMBER KELLY TO AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AMENDMENT NO. 4 TO THE REIMBURSEMENT AGREEMENT WITH THE CITY OF INDIO AND THE COUNTY OF RIVERSIDE FOR THE JACKSON STREET/INTERSTATE 10 INTERCHANGE PROJECT, PROVIDING AN ADDITIONAL NOT-TO-EXCEED AMOUNT OF \$4,875,000 IN REGIONAL FUNDING FOR THE RIGHT-OF-WAY ACQUISITION (ROW) PHASE

THE MOTION CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT

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

D. Improvements to Intersection of Avenue 50 and Jackson Street

Program Manager Julie Mignogna presented the staff report.

IT WAS MOVED BY MAYOR HERNANDEZ AND SECONDED BY COUNCILMEMBER FERMON TO APPROVE AMENDMENT NO. 2 TO THE REIMBURSEMENT AGREEMENT WITH THE CITY OF INDIO FOR THE AVENUE 50 AND JACKSON STREET INTERSECTION PROJECT, PROVIDING AN ADDITIONAL NOT-TO-EXCEED \$5,643,750 IN REGIONAL FUNDING FOR PHASE I CONSTRUCTION, AND, BRINGING CVAG'S TOTAL FUNDING AMOUNT OF \$6,839,700

THE MOTION CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT

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

E. Amendment No. 2 to the Reimbursement Agreement with City of Indio for the Avenue 44 Bridge Project

Ms. Mignogna presented the staff report.

Brief member discussion ensued.

IT WAS MOVED BY COUNCILMEMBER FERMON AND SECONDED BY MAYOR EVANS TO APPROVE AMENDMENT NO. 2 TO THE REIMBURSEMENT AGREEMENT BETWEEN CVAG AND THE CITY OF INDIO FOR THE AVENUE 44 BRIDGE PROJECT, INCREASING CVAG'S REGIONAL SHARE OF THE PROJECT BY \$5,660,500 FOR A NOT-TO-EXCEED TOTAL IF \$8,876,500 FOR DESIGN AND CONSTRUCTION

THE MOTION CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT

MAYOR MATAS	AYE
MAYOR HERNANDEZ	AYE
MAYOR DEHARTE	AYE
COUNCILMEMBER FERMON	AYE
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT
TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	ABSENT
MAYOR SANDERS	AYE
MAYOR CARNEVALE	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT

**SUPERVISOR PEREZ
SUPERVISOR GUTIERREZ
MAYOR PRO TEM WEILL**

**AYE
ABSENT
AYE**

F. Additional Engineering Design and Construction Work along the Cathedral Canyon Bridge

Transportation Director Jonathan Hoy presented the staff report.

IT WAS MOVED BY MAYOR DEHARTE AND SECONDED BY MAYOR HERNANDEZ TO APPROVE AMENDMENT NUMBER TWO TO THE REIMBURSEMENT AGREEMENT WITH THE CITY OF CATHEDRAL CITY FOR THE CATHEDRAL CANYON BRIDGE PROJECT TO PROVIDE IMPROVEMENTS IN AN AMOUNT NOT-TO-EXCEED OF \$525,000, INCLUSIVE OF A SIGNAL CROSSING BENEFITTING CV LINK

THE MOTION CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT

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

G. Good Neighbor Policy for Homelessness Coordination

Chief Operation Officer Erica Felci presented the staff report.

Robust member discussion ensued. Members expressed concern over whether the policy was an encouragement to providers or whether it was establishing new requirements. Staff addressed questions and noted that it would be up to individual jurisdictions on whether to implement.

IT WAS MOVED BY COUNCILMEMBER FERMON AND SECONDED BY MAYOR CARNEVALE TO ENDORSE A MODEL RESOLUTION THAT REINFORCES THE COMMITMENT TO REGIONAL HOMELESSNESS SOLUTIONS BY ESTABLISHING A

GOOD NEIGHBOR POLICY ACROSS CVAG'S REGION AND DIRECT THE EXECUTIVE DIRECTOR TO DISTRIBUTE TO MEMBER JURISDICTIONS

THE MOTION CARRIED WITH 9 AYES, 3 NAYS, AND 7 MEMBERS ABSENT

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

H. Annual Contributions to the CV Housing First Program

Ms. Felci presented the staff report, including a history of the payments to the program and recent communications with cities who had questions about the recommendation.

Lengthy member discussion ensued. Members questioned whether an across-the-board rate should continue, or whether a rate should fluctuate across the cities. Staff addressed members' questions about budget line items, including staffing costs.

IT WAS MOVED BY COUNCILMEMBER KELLY AND SECONDED BY SUPERVISOR PEREZ TO AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE MEMORANDUMS OF UNDERSTANDING WITH MEMBER JURISDICTIONS TO INCREASE THE CV HOUSING FIRST CONTRIBUTION TO \$125,000 IN FISCAL YEAR 2025/26 AND PROVIDE FOR ANNUAL INFLATION ADJUSTMENTS THAT ARE REVIEWED BY THE HOMELESSNESS COMMITTEE; AND DIRECTED STAFF TO RETURN THE ITEM TO THE FINANCE COMMITTEE TO ADDRESS MEMBERS' QUESTIONS ABOUT EQUITY IN PAYMENTS

THE MOTION CARRIED WITH 12 AYES, 7 MEMBERS ABSENT, AND 1 ABSTENTION

MAYOR MATAS	ABS
TAIN	
MAYOR HERNANDEZ	AYE
MAYOR DEHARTE	AYE
COUNCILMEMBER FERMON	AYE
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT

TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	ABSENT
MAYOR SANDERS	AYE
MAYOR DEHARTE	AYE
COUNCILMEMBER KELLY	AYE
MAYOR EVANS	AYE
MAYOR DECONINCK	AYE
SUPERVISOR JEFFRIES	ABSENT
SUPERVISOR SPIEGEL	ABSENT
SUPERVISOR WASHINGTON	ABSENT
SUPERVISOR PEREZ	AYE
SUPERVISOR GUTIERREZ	ABSENT
MAYOR PRO TEM WEILL	AYE

9. **INFORMATION**

- a) Executive Committee Attendance
- b) Status of I-10 and SR-86 Interchange Projects
- c) CVAG Regional Arterial Program – Project Status Report
- d) Bicycle/Pedestrian Safety Program – Project Status Report
- e) Virtual participation in CVAG’s meetings
- f) Update on Coachella Valley Broadband Strategic Plan
- g) Used Oil Recycling Annual Report
- h) Update on the Climate Pollution Reduction Grant Application and the Region’s Comprehensive Climate Action Plan
- i) Imperial Irrigation District’s Coachella Valley Resiliency Initiative
- j) Update from South Coast Air Quality Management District on continued concerns related to poor air quality
- k) Recap from California Association of Councils of Governments

These items were included in the agenda packet for members’ information.

10. **LEGISLATIVE ITEMS** –

- a) Update from the League of California Cities
Jesse Ramirez, Riverside County Division Regional Affairs Manager, presented an update to the committee.

b) Recap of CVAG's Legislative Advocacy Efforts

Program Manager Emmanuel Matinez provided a brief update. A written summary was included in the agenda packet for members' information.

11. PUBLIC COMMENTS ON NON-AGENDA ITEMS

Brad Anderson, resident of Rancho Mirage, addressed the committee regarding concerns with public comment structure and the allotted time restriction given for a member to address the committee.

12. ANNOUNCEMENTS

The next meeting of the **Executive Committee** will be held on Monday, January 27, 2025, at 4:30 p.m. at the CVAG conference room, 73-710 Fred Waring Drive, Suite 104, Palm Desert, 92260.

13. CLOSED SESSION

Councilmember Kelly and Chair Weill recused themselves from the closed session discussion. Supervisor Perez, Vice Chair of the Executive Committee, took over the remainder of the meeting.

The committee went into closed session at 6:09 p.m. Closed session ended at 6:16 p.m. and Supervisor Perez announced there were no reportable actions.

14. ADJOURNMENT

Supervisor Perez adjourned the meeting at 6:16 p.m.

Respectfully submitted,

Elysia Regalado, Management Analyst

ITEM 7B

**Coachella Valley Association of Governments
Executive Committee
February 24, 2025**



STAFF REPORT

Subject: CVAG's Investment Policy

Contact: JJ Cheng, Accountant (jcheng@cvag.org)

Recommendation: Adopt CVAG Policy No. 25-01 as an updated Investment Policy

Finance Committee: The Finance Committee will meet on February 24, prior to the Executive Committee meeting, to review this item.

Background: CVAG staff annually reviews and recommends adopting an investment policy. This year, CVAG staff are proposing an updated investment policy to provide a broader range of investments, all of which are in line with the California State Treasurer's Office Local Agency Investment Guidelines as well as applicable government codes. The investment policy serves as the foundation of a local agency's investment goals and priorities.

CVAG's current investment policy has not been substantively updated in a number of years and lacks several investment options being utilized by many of CVAG's member jurisdictions. An example of such limits is that it does not currently include the option to invest in the California Asset Management Program (CAMP) which is fully liquid and offers a stable net asset value (NAV) and prioritizes daily liquidity and the safety of principal, as reflected in its AAAM1 rating from S&P Global.

As of December 31, 2024, CVAG has cash and investments of about \$66 million on hand. CVAG staff is recommending adoption of Policy 25-01 to ensure that the funds are managed in the most effective manner possible and create opportunities to diversify into other investment types while prioritizing safety, liquidity, and yield. The proposed investment policy also aligns with other policies administered and recently updated by CVAG which provides administrative oversight to the portfolios of Desert Community Energy (DCE) and the Coachella Valley Conservation Commission (CVCC).

Fiscal Analysis: There is no additional cost to approving the updated policy.

Attachment: CVAG Policy No. 25-01 Investment Policy



CVAG

Policy No. 25-01

Investment Policy

Purpose: This Investment Policy (Policy) establishes guidelines for the management of cash, deposits, and investments (together, Funds) at the Coachella Valley Association of

It is the policy of 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 the Association'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.

I. Investment Objectives

When managing Funds, CVAG's primary objectives, in the following order of importance, shall be to (1) safeguard the principal of the Funds, (2) meet the liquidity needs of the Association, and (3) achieve a return on investment on Funds in CVAG's control.

A. Safety: Safety of principal is the foremost objective of cash and investment management activities. The investment of Funds shall be undertaken in a manner that seeks to ensure the preservation of principal. It is recognized, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of overall investment return. Principal shall be preserved by mitigating:

1. **Credit Risk**, the risk of loss due to the failure of the issuer of the security, shall be mitigated by investing in only the highest quality securities; bi diversifying investments; and by pre-qualifying securities brokers and public depositories; **and**
2. **Market Risk**, the risk of loss due to a decline in bond prices because of rising market interest rates, shall be mitigated by structuring the portfolios so that issues mature concurrently with the City's anticipated cash requirements, thereby eliminating the need to sell securities prematurely on the open market.

B. Liquidity: The Funds of CVAG shall remain sufficiently liquid to meet all operating needs that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment of Funds should consist largely of relatively low-duration securities with active secondary markets. Deposits or instruments that are available on demand or securities that mature in less than one year are recommended.

C. Return on Investment: The deposit and investment portfolio shall be designed with the objective of attaining a market rate of return throughout the economic cycle while

considering risk and liquidity constraints. The return on deposits and investments is of secondary importance compared to the safety and liquidity objectives described in I.A. and I.B., above.

II. Standard of Care

CVAG will manage Funds in accordance with the Prudent Investor Standard pursuant to California Government Code Section 53600.3¹:

"[G]overning bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Pursuant to Section 53607, the Association hereby delegates responsibility to manage Funds to CVAG Staff (Executive Director or their Director).

III. Acceptable and Prohibited Investment Types

- A. The following types of investments as well as all deposits at banking institutions which are members of the Federal Deposit Insurance Corporation are permitted:

Type of Investment	% of Portfolio Authorized	Additional Approvals
United States Treasury bills, notes, bonds, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.	0-100%	Maximum maturity: 5 Years
Federal Agency or United States government- sponsored enterprise ("GSE") obligations, participations, or other instruments, including those that Federal Agencies or GSEs have either issued or fully guaranteed as to principal and interest.	0-100%	Maximum maturity: 5 years No more than 30% of the portfolio may be invested in any single issuer.
Local Government Investment Pools , such as CAMP or California county investment pools.	0-75%	N/A
State of California Local Agency Investment Fund ("LAIF") that the State Treasurer's Office manages.	Up to LAIF Maximum (\$75,000,000 per account)	N/A
California State and Local Agency debt obligations that a state or local agency, or a department, board, agency, or authority of a state or local agency has issued as general obligation bonds or revenue bonds.	0-25%	Maximum maturity: 5 Years Rated "A" or higher by S&P or by Moody's.
Commercial Paper ("CP") (Non-Pooled)	0-25%	Maximum maturity: 270 days

Fund) that general corporations organized and operating in the United States with assets exceeding \$500 million issue.		Rated "A-1" by S&P or "P-1" by Moody's. No more than 10% of the portfolio may be invested in the CP and MTNs of a single issuer. Asset-backed CP is ineligible for purchase.
Negotiable Certificates of Deposit ("NCO") that a nationally- or state-chartered bank, a savings association, a federal association, or a state-licensed branch of a foreign bank issue. Time Certificates of Deposit ("TCD") that qualified public depositories issue.	0-25%	Maximum maturity: 5 Years
Medium-Term Notes ("MTNs") that corporations organized and operating in the United States, or depository institutions operating in the United States and licensed by the United States or by any state, issue.	0-25%	Maximum maturity: 5 years Rated "A" or higher by S&P <i>or</i> by Moody's. No more than 10% of the portfolio may be invested in the CP and MTNs of any single issuer.
Money Market Mutual Funds ("MMF") that are registered with the SEC under the Investment Act of 1940.	0-20%	Either rated "AAA" by S&P, "Aaa" by Moody's, or "AAA-V-1+" by Fitch (2 of 3), or retains an investment advisor registered or exempt from registration with SEC, with at least 5 years of experience managing a MMF with \$500 million or more in assets.
Repurchase Agreement ("RP") that authorized brokers sell.	0-10%	Maximum maturity: 30 Days Collateral must be United States Treasury, Federal, Agency, or GSE obligations. Zero coupon and stripped coupon instruments are not acceptable as collateral. Collateral must be valued at 102% of cost and adjusted weekly. CVAG must have first lien and security interest in all collateral. CVAG's custodian must hold collateral. An authorized broker must file a Public Securities Association ("PSA") Master Repurchase Agreement with CVAG, and CVAG's attorney must review the agreement, prior to the transaction of RP business with that broker. Reverse Repurchase Agreements are specifically not authorized under this investment policy.
Structured Notes in the form of callable securities or "STRIPS" that the United States Treasury, Federal Agencies, or government-sponsored enterprises ("GSEs") issue.	0-20%	Maximum maturity: 5 Years

B. Prohibited Investment Types

The purchase of inverse floaters, range notes, mortgage-derived, interest-only strips, and securities that result in zero-interest accrual if held to maturity are prohibited (Ca/. Govt. Code, section 53601.6). These prohibited investments include, but are not limited to, inverse floaters, range notes, or mortgage-derived interest-only strips. The purchase of asset-backed securities, bond mutual funds, mortgage-backed securities, reverse-repurchase agreements, and derivative contracts (forwards, futures, options, and swaps) are also prohibited.

Active investment strategies, such as market timing, sector rotation, or benchmark indexing are prohibited. Securities lending, short selling, and other hedging strategies are also prohibited.

Local government investment pools and market mutual funds will be exempt from the prohibitions on derivative contracts, derivative securities, reverse repurchase agreements, securities lending, short selling, and other hedging strategies.

IV. Portfolio Rebalancing

If portfolio percentage constraints are violated due to a temporary imbalance in the portfolio, securities should be held to maturity in order to avoid capital losses; however, if no capital loss would be realized upon the sale, the expected length of time that the portfolio will be imbalanced shall be evaluated and presented to the Association. Portfolio limits are in place to ensure diversification of the portfolio; a small, temporary imbalance will likely not impair the purpose of this policy.

V. Bids and Purchase of Securities

Prior to the purchase of an investment pursuant to this Policy the persons authorized to make investments shall assess the market and market prices using information obtained from available sources including investment services, broker or dealers, and the media. A competitive bid process, when practical, will be used to place all investment purchases and sales transactions. Any competitive bid process used pursuant to this Policy shall be exempt from CVAG's Procurement Policy.

VI. Brokers

Broker/dealers shall be selected by the Executive Director or their Designee. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution, the reputation and expertise of the individuals employed, and pursuant to the requirements of Section 53601.5. The Executive Director or their Designee shall require any selected broker, brokerage firm, dealer, or securities firm to affirm that it has not, within any 48-consecutive month period, made a political contribution to any member of the Association, or any candidate who may join CVAG in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Committee, the Political Reform Act, including section 84308, or any applicable CVAG Policy, as amended from time to time. The selected broker or dealers shall be provided with and acknowledge receipt of this Policy, the Vendor Communication Policy, and the Campaign Contribution Disclosure Form.

VII. Losses

Losses are acceptable on a sale before maturity and may be taken if required to meet the liquidity needs of CVAG or if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.

VIII. Delivery and Safekeeping

The delivery and safekeeping of all securities shall be made through a third-party custodian when practical and cost effective as determined by the Executive Director or their Designee

and in accordance with Section 53608.

IX. Conflict of Interest

CVAG staff shall comply with state law and applicable CVAG policies regarding conflicts of interest.

X. Audits

CVAG's Funds shall be subject to a process of independent review by its external auditors. CVAG's external auditors shall review the investment portfolio in connection with the Association's annual audit for compliance with the Policy pursuant to Section 27134. The results of the audit shall be reported to the Association.

XI. Reporting

A. Quarterly: Under provisions of the California Government Code Section 53646, there shall be a report, at least quarterly, to the Association 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. IF applicable, it shall also list individual securities by investment type, issuer, credit risk rating, CUSIP number, settlement date of purchase, date of maturity, par value and dollar amount invested on all securities, the market value and source of the market value information. 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 the Association 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.

B. Annual Review: This Policy will be reviewed annually by the Executive Director or their Designee. This policy will be updated, as needed, and will remain in effect until a new policy is adopted, at least once every five years.

ITEM 7C

**Coachella Valley Association of Governments
Executive Committee
February 24, 2025**



STAFF REPORT

Subject: Appointment of Regional Representative to SCAG Policy Committee

Contact: Erica Felci, Chief Operating Officer (efelci@cvag.org)

Recommendation: Approve the appointment of regional representatives to Southern California Association of Governments' policy committees and name Palm Springs Councilmember David Ready to the Transportation Committee, Coachella Councilmember Stephanie Virgen to the Energy and Environment Committee and Indio Councilmember Waymond Fermon to the Community, Economic and Human Development Committee

Transportation Committee: Nominated Palm Springs Councilmember David Ready to SCAG's Transportation Committee (Meeting of February 3)

Energy & Sustainability Committee: Nominated Coachella Councilmember Stephanie Virgen to SCAG's Energy and Environment Committee (Meeting of February 13)

Homelessness Committee: Nominated Indio Councilmember Waymond Fermon to SCAG's Community, Economic and Human Development Committee (Meeting of February 19)

Background: The Southern California Association of Governments (SCAG) is the nation's largest metropolitan planning organization (MPO), representing six counties, 191 cities and more than 19 million residents. SCAG's policy is set by the 86-member Regional Council, with CVAG member jurisdictions representing Regional Council Districts 2 and 66. CVAG appoints members to represent the region on SCAG's policy committees: Community, Economic, and Human Development; Energy and Environment; and Transportation.

In 2019, the Executive Committee acknowledged that the appointments should be reviewed on occasion and established a two-year term for each of the committee representatives. Additionally, the local elections in November created a vacancy for the Transportation Committee position. As part of this review, CVAG staff requested nominations for SCAG representatives from CVAG's Transportation, Energy & Sustainability and Homelessness Committees when each met in February.

CVAG's Transportation Committee nominated Palm Springs Councilmember David Ready to SCAG's Transportation Committee. The mission of SCAG's Transportation Committee is *"to study problems, programs and other matters which pertain to the regional issues of mobility, air quality, transportation control measures and communications, and make recommendations on such matters to the Regional Council"* and includes within its purview the Regional Transportation Plan, Regional Transportation Improvement Program, Aviation, Highway, Transportation Finance, and Transportation Conformity."

CVAG's Energy & Sustainability Committee nominated Coachella Councilmember Stephanie Virgen to SCAG's Energy and Environment Committee. She has held the position since April 2023. The mission of

SCAG's Energy and Environment Committee is to consider *"environmental and energy issues of regional significance, including but not limited to air quality, water quality, solid and hazardous waste, habitat preservation, environmental justice, and environmental impact analysis."*

CVAG's Homelessness Committee nominated Indio Councilmember Waymond Fermon to SCAG's Community, Economic and Human Development Committee. He has been serving in this position since 2021. The mission of SCAG's Community, Economic and Human Development Committee (CEHD) is to *"study problems, programs and other matters which pertain to the regional issues of community, economic and human development and growth. This committee reviews projects, plans and programs of regional significance for consistency and conformity with applicable regional plans. The CEHD Committee has oversight of the Growth Visioning and Growth Forecasting processes, as well as the Regional Housing Needs Assessment, the Intergovernmental Review effort and the monitoring and analysis of the Regional Economy."*

CVAG staff is recommending the Executive Committee appoint Councilmembers Ready, Virgen and Fermon to their respective SCAG committees. The appointment would be reconsidered in 2027, per CVAG's policy of reviewing SCAG appointments.

Fiscal Analysis: There is no financial impact to CVAG, and any per diems for these meetings are paid for by SCAG.

ITEM 7D

Coachella Valley Association of Governments Executive Committee February 24, 2025



STAFF REPORT

Subject: Reoccurring 911 Outages in the Coachella Valley

Contact: Erica Felci, Chief Operating Officer (efelci@cvag.org)

Recommendation: Authorize the Chair and/or Executive Director to advocate for legislative fixes and policy changes that improve the stability of the 911 system in the Coachella Valley

Public Safety Committee: Concurs (Meeting of February 10)

Background: Coachella Valley officials have been increasingly concerned about the stability of 911 infrastructure for the region. Since Tropical Storm Hilary hit in 2023, there have been at least five times when the 911 system experienced an outage that made it impossible to call the emergency hotline. Some of those outages have also impacted the non-emergency business lines, limiting the ability of the public to call local police departments.

Conversations are now ongoing among local cities and law enforcement about how to ensure this does not continue. In the City of Palm Springs, for example, city officials have been coordinating with both Frontier and AT&T about how to improve service. There are also preliminary discussions about whether a legislative change would prompt more redundancies in the emergency systems.

The issue was also highlighted by U.S. Rep. Raul Ruiz, who advocated at a recent congressional hearing for federal investments in a nationwide Internet Protocol (IP) based system. Such a system could accommodate not just phone calls but also text messages, video sharing, as well as location tracking for coordination during emergencies and natural disasters.

CVAG's Legislative Platform, which was last updated in December 2024, does not specifically address advocacy related to 911 systems. Staff is now recommending that the Chair and/or Executive Director be authorized to advocate for legislative fixes and policy changes that improve the stability of the 911 system in the Coachella Valley. This would allow CVAG to provide support, including letters, to the ongoing local efforts.

Fiscal Analysis: There is no cost to CVAG for this informational update.

Attachment: Palm Springs Post article "911 outages plague Palm Springs, other area cities again; officials demand action"



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911 outages plague Palm Springs, other area cities again; officials demand action

"I've been a cop for almost 44 years and I don't ever remember [a] 911 system going down," Police Chief Andy Mills said. "It's gone down five times. This is completely unacceptable."

BY MARK TALKINGTON • PUBLIC SAFETY • JANUARY 10, 2025



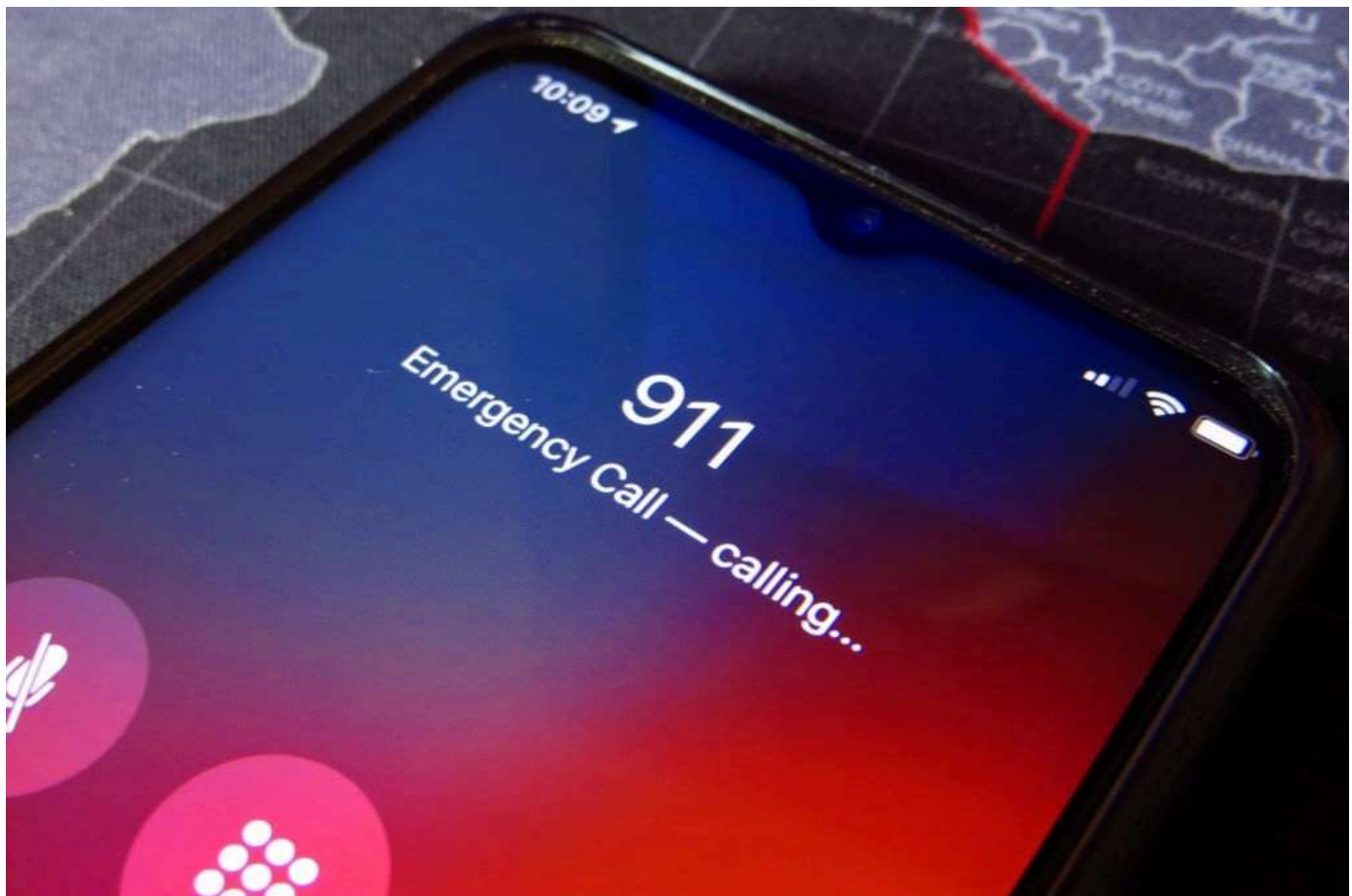
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As Palm Springs experienced its fifth 911 outage since August 2023 on Thursday evening — leaving residents unable to reach emergency services — city officials expressed frustration and called for immediate action to address the recurring problem.

During the regular meeting of the Palm Springs City Council, Police Chief Andy Mills reported that the 911 system went down around 8:30 p.m., affecting not only Palm Springs but also neighboring cities including Cathedral City and Indio. His reaction was similar to that of impacted residents.

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“I’ve been a cop for almost 44 years and I don’t ever remember [a] 911 system going down,” Mills said. “It’s gone down five times. This is completely unacceptable.”

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The outage marks the latest in a series of disruptions that have plagued the city’s emergency communication system since Hurricane Hilary struck the region in August 2023. That has led to growing frustration with telecom providers Frontier and AT&T, which have cited various explanations for the failures.

“They point fingers at each other,” Mills said. “They have all the excuses in the world. But it is unacceptable because our community is at risk when they can’t get ahold of the police or the fire department or paramedics.”

City Manager Scott Stiles echoed the sentiment, describing the situation as “very frustrating” for the community, police department, and fire department.

The causes of the outages remain unclear, with Mills suggesting a range of possibilities including sabotage, vandalism, and environmental factors.

As for possible solutions, “We also need a fix from the state level to have redundancy built into our 911 system so this does not happen,” Mills said. “And that is not there right now.”

Mayor Ron deHarte inquired about potential legal options during the meeting, prompting the city attorney to agree to explore avenues with the police chief and city staff.

Just as they've done with all other outages, on Thursday Mills said police and fire personnel implemented defensive measures to maintain public safety. These included increasing field presence and alerting officers to be vigilant for residents attempting to flag them down for assistance.

The city also attempted to alert the public via text messages, and communication through social media and local news outlets, providing alternate phone numbers to call to report emergencies.

“What we do is go into a defensive posture, try to put as many people we can in the field, spread out throughout the city and tell our people to be very alert for flag downs, people waving their arms at us,” Mills explained.

The fire department also adapted by stationing personnel at the front of their buildings to receive people seeking help directly.



Author



MARK TALKINGTON

Mark first moved to the Coachella Valley in 1994 and is currently a Palm Springs resident. After a long career in newspapers (including The Desert Sun) and major digital news websites, he founded The Palm Springs Post in 2021.

Related Articles

ITEM 7E

**Coachella Valley Association of Governments
Executive Committee
February 24, 2025**



STAFF REPORT

Subject: CV Housing First's 2024 Annual Report

Contact: Candice Graff, Management Analyst II (cgraff@cvag.org)

Recommendation: Receive and file the annual report for the CV Housing First program, representing clients served in 2024

Background: CVAG has now completed its fourth year of operating the CV Housing First program with staff. The program is focused on the CV 175, 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. It is also maintained in partnership with those agencies.

The client list for 2024 started as the CV 200 list. Over the summer, CVAG began winding down services in the City of Desert Hot Springs, which opted out of the program due to the funding being redirected to The Hub shelter program. Based on direction from the Homelessness and Executive Committees, staff is resetting the client list back to CV 200 for 2025. Staff has recently met with the local police departments, code enforcement and other partners to identify who needs to remain on the list in 2025 and 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.

The data is divided by CV 175 clients – the by-name list of chronically homeless individuals that CVAG maintains in partnership with law enforcement and code enforcement – and non-CV 175 clients. In 2024, there were 50 clients from the CV 175 list who were permanently housed and another two non-CV 175 served in 2024 that were permanently housed.

CVAG staff had set a goal of permanently housing 65 individuals this calendar year. However, in 2024, CV Housing First experienced a record low for referrals to Permanent Supportive Housing (PSH) vouchers, only receiving one referral throughout the year for CV 175 clients. CV Housing First did see an increase in project-based vouchers in 2024 with the opening of projects like Vista Sunrise II and Vista De La Sierra. The total referrals for PSH and project-based vouchers was down by 26% in 2024. Despite this, the team managed to increase the number of clients that exited homelessness with family reunification, 55+ housing, shared housing, and other programs available for homeless individuals that suffer from untreated mental illness or have no income but qualify for Social Security Disability.

CVAG staff has committed to adjusting CV Housing First programming based on the data and based on available funding. Updates on the program's metrics are provided quarterly. The CV Housing First team uses two primary methods to get clients to housing solutions: rapid resolution and crisis stabilization units, which are residential units, apartments and hotel rooms that CVAG rents to case manage CV Housing First clients. CVAG staff will continue to provide quarterly reports as it provides services in 2025.

CV Housing First Clients – By the Numbers through December 31, 2024

CV 175 as of 12/31/2024	Q1	Q2	Q3	Q4	TOTAL
Clients housed in Crisis Stabilization Units (CSH)	46	38	37	40	161
Clients being helped through Rapid Resolution (RR)	0	0	1	0	1

Clients returned to the street (failures)	11	17	13	18	59
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Clients moved into permanent housing from CSH (successes)	15	11	8	11	45
Clients moved into permanent housing through RR (successes)	0	0	1	0	1
Clients moved into permanent housing through Outreach (successes)*	0	0	4	0	4
TOTAL HOUSED FROM LIST OF 175	15	11	13	11	50

NON CV 175 Clients	Q1	Q2	Q3	Q4	TOTAL
Households Housed in CSH Units	0	0	3	1	4
Households being helped through RR	0	0	0	0	0

Households returned to the street (failures)	0	0	2	0	2
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Households moved into permanent housing from CSH (successes)	0	0	1	1	2
Households moved into permanent housing from RR (successes) *	0	0	0	0	0
TOTAL HOUSEHOLDS HOUSED	0	0	1	1	2
TOTAL INDIVIDUALS HOUSED	0	0	1	1	2

The total number of clients housed or returning to the streets is less than the total helped each quarter, as the grand total includes clients who may remain in their units at the end of the quarter. CVAG continues to refine its data metrics in order to be transparent about how many and how quickly individuals are housed. CVAG also tracks clients who are being permanently housed by the CV Housing First program via outreach efforts, and not case management based in the crisis stabilization units.

CVAG staff also tracks how long individuals are staying in the program before being housed or returning to the street. The goal is to exit clients within 90 days to permanent housing solutions. In previous years, it is not uncommon for the length of stay to exceed 100 days. For the fourth quarter, the CV 175 clients who successfully exited the program into permanent housing stayed in a crisis stabilization unit on average for **62 days**. Those CV 175 clients who exited the program unsuccessfully stayed on average **30 days**. CVAG staff also tracks clients' housing status after they have been successfully placed. Of the 58 individuals served in 2023, 11 fell out of housing. Of the 50 CV 200 clients housed in 2024, two fell out of housing.

Fiscal Analysis: The CV Housing First program, including the staffing and CV 175 program, is incorporated into the CV Housing First budget, which has been funded by contributions from cities and Riverside County grants.

ITEM 7F

Coachella Valley Association of Governments Executive Committee February 24, 2025



Subject: Funding for the Used Oil Recycling Program

Contact: Lisa McNeilly, Director of Energy and Sustainability (lmcneilly@cvag.org)

Recommendation: Authorize the Executive Director to take the necessary action to receive \$53,765 in grant funding for the used oil recycling program, including executing the necessary agreements with California Department of Resources Recycling and Recovery (CalRecycle)

Energy & Sustainability Committee: Concurs (Meeting of February 13)

Background: Since 2003 CVAG, in partnership with its member jurisdictions, has maintained recycling programs for waste tires and for used oil throughout the region. These programs are implemented through the use of consultants to provide program event coordination, public education, and staff services and are traditionally funded through grants secured from the California Department of Resources Recycling and Recovery (CalRecycle).

The used oil recycling program provides funds for local jurisdictions to collect and recycle used oil that would likely be discarded illegally or left on site, leading to unsafe conditions and negative environmental impacts. In Fiscal Year 2023/24, CVAG hosted eight used oil filter exchange events. CVAG collected a total of 798 oil filters at the events, compared to 682 oil filters collected at seven events in Fiscal Year 2022/23. The number of gallons of used oil collected slightly decreased, with 1,045 gallons of oil collected in Fiscal Year 2023/24 versus 1,353 gallons of oil collected the year before.

HF&H Consulting Services (HF&H) has been assisting CVAG with recycling events and other used oil grant program services since September 2011. Following the issuance of a request for proposals in September 2023, HF&H was awarded its current services contract, with options to extend for through Fiscal Years 2024/25 and 2025/26 cycles. The HF&H contract extension was contingent on receiving additional funding.

In June 2024, CVAG submitted an application for funding under the Used Oil Payment Program Cycle 15 (OPP15). Staff was notified in January 2025 that CVAG will be receiving \$53,765 by May 2025 to continue the program. CVAG and HF&H expect to use these funds to offer used oil curbside collection and collection centers in partnership with the Cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage.

Fiscal Analysis: The OPP15 payment for CVAG will be \$53,765. CVAG staff anticipates that the grant funding will cover all program costs, including the consultant contract, necessary staff time, outreach expenses and the necessary program materials.

ITEM 7G

**Coachella Valley Association of Governments
Executive Committee
February 24, 2025**



STAFF REPORT

Subject: Future opportunities for the Inland Regional Energy Network (I-REN)

Contact: Jacob Alvarez, Program Manager (jalvarez@cvaq.org)

Recommendation: Authorize the Energy & Sustainability Committee Chair, Vice Chair and CVAG's Executive Director to advocate for expansion of programs in the 2028 I-REN application and business plan, including the inclusion of energy efficiency programs that benefit residential homes as well as small and medium commercial buildings

Background: CVAG is collaborating with Western Riverside Council of Governments (WRCOG) and San Bernardino Council of Governments (SBCOG) on a joint Regional Energy Network (REN) for the Inland Empire, known as Inland Regional Energy Network (I-REN). I-REN is governed by an Executive Committee, with CVAG's votes represented by the Energy & Sustainability Committee Chair, or Vice Chair as needed. Based on previous CVAG committee direction, CVAG's Energy & Sustainability Committee reviews the items being presented to the I-REN Executive Committee and provides direction to the Chair on how to vote for the region.

I-REN is operating on a five-year Business Plan and discussions have started about forming a Business Plan that will guide programming through 2035. Staff is now seeking direction from CVAG's Energy & Sustainability Committee about the inclusion of additional programs into that business plan.

The existing Business Plan was approved by the California Public Utilities Commission (CPUC) in November 2021, granting I-REN Program Administrator (PA) status and access to \$65 million in Public Goods Charge funds for energy efficiency programs from 2022-2027. The existing Business Plan divides funds into three programmatic areas: Codes and Standards; Workforce Education and Training; and Public Sector.

Market Sector	Program Name
Public Sector	Technical Assistance and Strategic Energy Planning Program
	Public Buildings Normalized Metered Energy Consumption Program ("Cash for Kilowatts")
Codes & Standards	Training and Education Program
	Technical Support Program
Workforce Education & Training	Training and Education Program
	Workforce Development Program

CVAG staff is now working with its partners at WRCOG and SBCOG to develop the application for 2028-2035 funding. It will require assessing the energy efficiency needs of I-REN stakeholder communities within the CPUC-defined market sectors (see table and Exhibit A) I-REN plans to serve. This assessment will be followed by determining I-REN's capacity to address those needs and developing a strong set of strategies with a justified budget request to support the chosen market sectors.

CPUC Market Sectors	
• Agricultural • Codes & Standards* • Commercial • Emerging Technologies – ○ offered by utilities only.	• Finance • Industrial • Public* • Residential • Workforce Education & Training*

*Denotes I-REN 's current market sectors.

Over the course of 2025, I-REN staff also begin evaluating its program performance to date and those findings will inform the 2028 Application. I-REN's accomplishments and lessons learned during the current funding cycle will be essential in justifying continued funding for existing sectors and any proposed new sector(s). A full outreach plan, including meetings for stakeholder input, will be utilized as I-REN prepares for the document to be submitted in February 2026.

There appears to be interest in having the next blueprint build on I-REN's existing programs in Codes & Standards, Public, and Workforce Education and Training Market Sectors. However, of the three I-REN agencies, CVAG has shown the most interest in energy efficiency programs that can directly benefit local residential properties instead of governmental buildings. Staff is now recommending that authorization is provided to the Energy & Sustainability Committee Chair, Vice Chair and CVAG's Executive Director to advocate for the inclusion of the residential sector and the small and medium commercial market sector programs in the 2028 I-REN Application and Business Plan.

Recap of recent actions

Additionally, staff is providing some information from the January meeting of the I-REN Executive Committee. The highlights include:

- The I-REN Executive Committee was provided the results of an energy workforce assessment conducted in by The Energy Coalition. It looked at workforce gaps, employer needs, and existing training opportunities in Riverside and San Bernardino Counties. Released in December 2024, the assessment makes four key recommendations: 1) connect job seekers to training, 2) enhance support services, 3) strengthen the education-to-career pipeline, and 4) foster collaboration between employers and training providers to meet the region's growing energy workforce demands. A summary is attached to this staff report.
- Staff discussed efforts to create Memoranda of Understanding (MOUs) with Riverside County and San Bernardino County, to expand its Workforce Education & Training Program. These partnerships will focus on creating pathways for underserved communities, aligning training programs with industry needs, fostering hands-on learning opportunities, and leveraging resources to advance I-REN's clean energy objectives. Contracts and details of future programs will come back to the I-REN Executive Committee for future consideration.

Fiscal Analysis: There is no additional cost to CVAG for these items. Staff time dedicated to I-REN and the costs of the services of consultants are covered through the I-REN budget.

Attachments:

1. Business Plan Sector Descriptions
2. Summary Report – Energy Workforce Gaps Assessment

Business Plan Sectors and Descriptions

- **Agriculture** - increasing the knowledge base to aid in meeting energy efficiency program goals, coordination of regulatory, financing, and incentive mechanisms to promote increase program effectiveness, and increased utilization of integrated demand side energy management options such as energy efficiency and onsite renewable generation.
- **Codes and Standards** – Compliance enhancement, advocacy, education and training, design and promotion of REACH codes
- **Commercial** - programs to both overcome traditional market barriers and achieve optimal energy management for existing commercial buildings.
- **Emerging Technologies** (typically IOUs apply for this sector) – The Emerging Technologies Program (ETP) is a statewide 3rd party implemented program that evaluates emerging and underutilized energy efficiency technologies for possible inclusion into the portfolio. ETP's serve as a pipeline to deliver emerging technologies to ratepayer-funded energy efficiency programs to meet the state's energy reduction needs. ETP is split into both Electric and Gas Programs.
- **Energy Savings Assistance** (ESA is typically what an IOU would apply for) – Providing no-cost weatherization services to consumers who meet the CARE or FERA income limits. Typically residential programming.
- **Evaluation Measurement and Verification** (EM&V) – the collection of methods and processes used to assess the performance of energy efficiency activities so that planned results can be achieved with greater certainty and future activities can be more effective. Typically related to process, programs, and assessments to evaluate current measurement values and monitor energy efficiency calculations.
- **Finance** - financing options for projects, audits, measure determination, technical specifications, certification of auditors, post-installation inspection, billing systems, demand management, and various other forms of financial capital or programs.
- **Industrial** - integration of solutions through a one-stop shop approach, education and outreach to create awareness for continuous energy efficiency improvements, and leveraging existing workforce training initiatives and technical exchange forums to gain access to highly-skilled professionals in the field of system energy efficiency and energy management solutions.
- **On Billing Finance** (OBF) – financing options for projects by supplying capital to a customer to fund energy efficiency, renewable energy, or other generation projects which are repaid through regular payments on an existing utility bill. SCE provides this option to public agencies currently.
- **Other** - not entirely sure what programs typically fall under this category, but it is a sector that can be included in a Business Plan
- **Public** – energy efficiency upgrades, projects, audits, and software for public agency buildings and facilities.
- **Residential** – incentives, programs, and financing for residential energy efficiency upgrades, projects, and technologies.
- **Workforce Education and Training** - incorporate energy efficiency education and training in all levels of California's educational systems, as well as ensuring that minority, low income, and disadvantaged communities are fully participating in educational programs at all levels.

Energy Workforce Gaps Assessment Summary Report

Prepared by:  the Energy
Coalition



Introduction

I-REN has commissioned a regional energy workforce and training market assessment, which is summarized in this document. The report aimed to analyze workforce gaps within the energy sector in Riverside and San Bernardino counties, identify training needs, and address job accessibility issues to strengthen the local workforce and meet growing energy sector demands.



Components of I-REN's Energy Workforce Gaps Assessment



Regional Energy Industry Analysis

Current industry and forecasted changes, based on primary and secondary data on the region's energy industry



Energy Employer Survey

Engagement (virtual and in-person) and a survey to collect employer and stakeholder feedback on energy employers' needs and challenges



Regional Training Assessment

Analysis of training accessibility, workforce gaps, and current and future employment opportunities

The findings in these three components highlight challenges faced by energy employers, job seekers, and stakeholders in building a skilled workforce. Based on these findings, The Energy Coalition (TEC), who developed this report, has compiled four recommendations for I-REN to strengthen the local workforce and meet growing energy sector demands.



Regional Energy Industry Analysis

The Inland Empire is projected to grow rapidly in the coming years. The youth population (ages 16-24) is projected to grow by 13.1%. This growing population presents an opportunity to meet the energy industry's growing needs by engage young people in energy careers through training and apprenticeships.

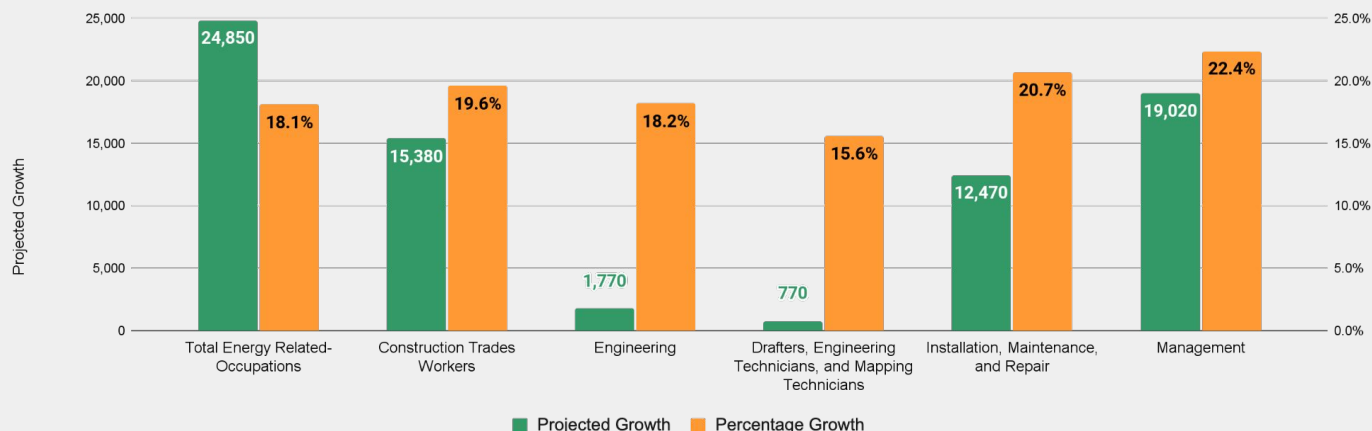
► 54%

Residents identifying as Hispanic/Latino, making culturally-relevant outreach and training programs essential.

► 83%

Population with high school diploma, opening opportunities for entry-level jobs, apprenticeships, and certifications.

Projected Growth of Energy-Related Occupations in the Inland Empire (2020-2030)



Meanwhile, retirees (ages 55+) are projected to grow by 10.3%. The region will need enhanced training, certification, and knowledge transfer to retain a skilled workforce in high-demand energy sectors as large numbers of workers retire. Energy-related occupations are projected to see an average 25% retirement rate and 57% transfer rate of skilled workers from 2020-2030. This poses a significant challenge for maintaining a skilled energy workforce.

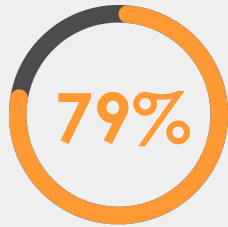
► *Over 75% of workers in critical energy-related roles are projected to retire or transfer between 2020 and 2030, highlighting the need for immediate recruitment and retention strategies.*

Energy-related occupations, which will require a skilled workforce, are projected to grow by an average of 20% through 2030. Significant job growth is expected in energy-related fields, such as solar photovoltaic installers (81.3%), electricians (22.3%), engineers (19.8%-25%), and maintenance workers (16.4%-35.4%).

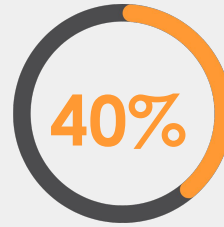


Energy Employer Survey

The survey, conducted from May to November 2024, received **385 responses**, 28.9% of respondents were from community-based organizations (non-profits, education, local governments, consultants), and 71.1% were from energy employers in the electrical, mechanical, construction, and HVAC sectors.



Employers who identified retention challenges as a barrier to maintaining a stable and skilled workforce



Employers who provide or pay for training, focusing on safety requirements and essential technical skills

Energy employers perceive a **shortage of relevant industry experience and insufficient training or certifications** among potential hires. Survey respondents indicated that job applicants and employees lack technical, workplace, and interpersonal skills equally. This indicates the importance of addressing workforce skill gaps in the region's energy sector with a multifaceted approach.

Employers emphasized the importance of a combination of foundational education, specialized certifications, and hands-on experience when looking to hire new employees. They often prioritize experience over formal education, which limits their ability to fill job openings locally.

QUESTION

What's driving employee retention challenges in the energy industry?

ANSWER

- Limited financial and career growth opportunities
- Skill gaps
- Competitive labor market
- Retirements

QUESTION

What's keeping employees and job seekers from accessing certifications/ training?

ANSWER

- High training costs
- Limited access to relevant programs
- Insufficient opportunities to address skill gaps

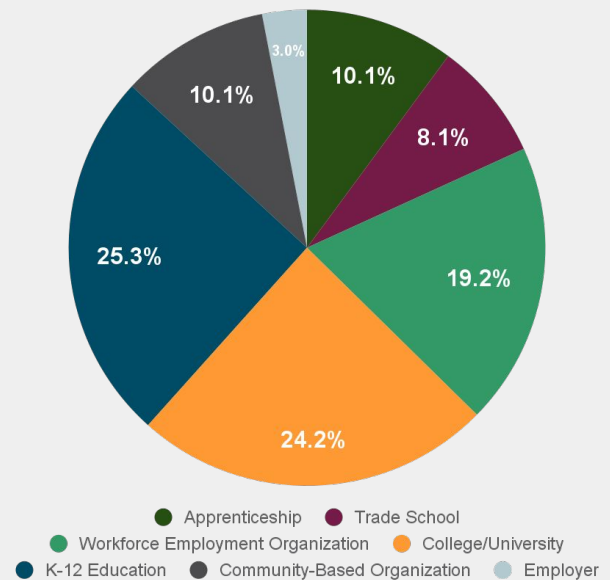


Regional Training Assessment

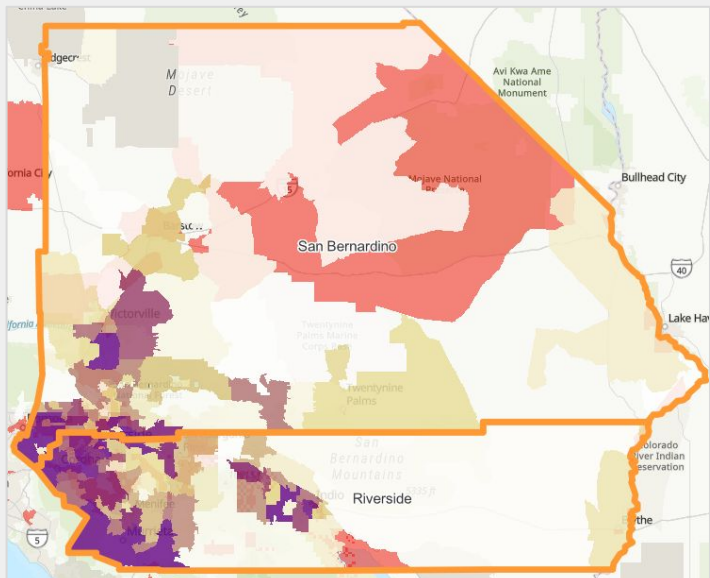
The assessment identified over 100 training providers offering 360 energy-related training opportunities in Riverside and San Bernardino counties. Collaboration between these training providers, workforce development agencies, community organizations, labor unions, and employers is crucial for developing a skilled energy workforce.

Most training programs concentrate on technical and foundational skills in traditional energy sectors such as welding, electrical work, construction, and HVAC, with limited offerings in advanced clean energy technologies.

Identified Trainings in the Inland Region by Type



I-REN regional equity map and energy-related employer heat map



- - higher concentration of employers
 - - lower concentration of employers
- Rural regions have limited energy employment opportunities and fewer training programs.

To meet the growing demand for energy-related jobs, more training and updated curricula is needed in the clean energy sector, including energy storage, EV infrastructure, energy auditing, green building standards, and other clean energy skills.

Most regional energy training (57%) is delivered in person, which presents challenges related to travel, time commitment, and costs, particularly for rural workers. Only 10-13% of regional training is offered online or through self-paced courses, which can be flexible, but lacks hands-on experience and can have access barriers depending on technology requirements. Training access in underserved communities must be expanded.



Recommendations



1. Connect job seekers to training providers

Job seekers—particularly in underserved and rural areas—face significant barriers in acquiring the necessary skills, training, and certifications to secure stable employment in the energy industry.

Recommended I-REN Actions

- **Build partnerships** with leading training providers and local labor unions
- Integrate third-party training providers, **offering flexible learning formats** to connect job seekers to workforce education and training (WE&T) programs.
- **Organize job fairs and informational sessions** to raise awareness about training opportunities.
- Develop a **clear, data-driven framework** to measure the **effectiveness of training programs and partnerships**.



2. Provide support services to make training and certification more attainable

Job applicants often need more skills/certifications to meet the region's energy workforce needs but they face barriers to obtaining the required certifications.

Recommended I-REN Actions

- Collaborate with trainers and employers to offer financial support for energy sector training and certifications. For example:
 - subsidizing certification costs
 - offering training stipends
 - paying for materials and exams fees
 - covering transportation costs
- Support employers in developing specific incentives or initiatives for underserved communities.





3. Strengthen the regional education and training pipeline from K-12 to energy employment

I-REN should collaborate with K-12 educational institutions to create a seamless education-to-career pipeline, offering localized training programs that focus on the skills needed for in-demand energy roles.

Recommended I-REN Actions

- Collaborate with educational institutions to **enhance or develop new energy-related CTE pathways.**
- Introduce **certification programs** in high school education.
- Create **mentorship** opportunities where experienced employees guide new hires.
- Incorporate **entrepreneurial skills and business development into K-12 training.**
- Develop **internships and career fairs** to connect students with energy industry jobs.



4. Strengthen collaboration between employers and workforce development organizations to assess training effectiveness

There are currently few opportunities for key training stakeholders to collaborate directly on building an energy-focused workforce. I-REN should foster stronger partnerships to ensure training programs align with regional industry needs.

Recommended I-REN Actions

- Organize regular **meetings with employers, workforce development organizations, and educational institutions.**
- Engage energy employers, workforce organizations, and educational institutions to develop and improve training programs.
- **Develop and monitor clear, measurable metrics** to evaluate and improve the effectiveness of energy-related training programs.

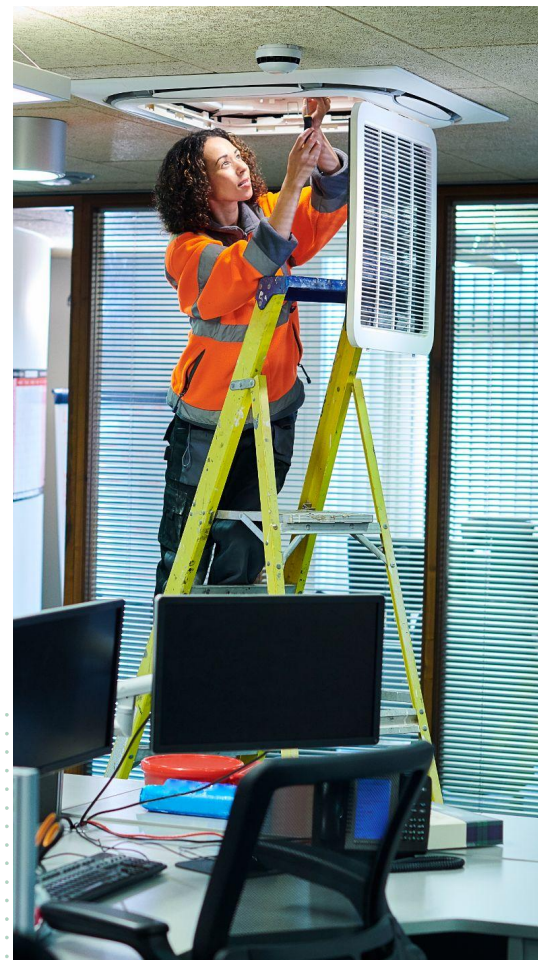


Thank you!

Thank you to the community-based organizations, educational institutions, local governments, consultants, and energy industry employers who contributed their experiences and input to develop this report. For questions or request for additional information based on this report summary, please contact Tyler Masters at tmasters@wrcog.us.

What Comes Next?

This space will be updated with the I-REN Executive Committee's recommended next steps.



ITEM 7H

**Coachella Valley Association of Governments
Executive Committee
February 24, 2025**



STAFF REPORT

Subject: Temporary Access Agreement with Goldenvoice, LLC

Contact: Mark Lancaster, Assistant Director of Transportation (mlancaster@cvag.org)

Recommendation: Authorize the Executive Director to execute a no-cost Temporary Access Agreement with Goldenvoice, LLC to facilitate the construction of a CV Sync traffic operations center to manage event-related traffic

Transportation Committee: Concurs (Meeting of February 3)

Background: Construction of CV Sync is well underway. The project is transforming the way residents and visitors travel in the Coachella Valley by upgrading existing traffic signal controllers and deploying latest technologies to coordinate traffic on major roadways. Phase I spanned three roadway corridors: Highway 111; Ramon Road and Washington Street. Phase II, currently under construction, includes 19 additional roadway corridors. Phase III design was authorized in December 2023. Ultimately, the CV Sync network will improve 74 roadway corridors and include more than 550 traffic signals in the Coachella Valley.

CV Sync also consists of upgrading the local agencies' existing legacy traffic signal controllers, traffic management systems, and communication systems to provide inter-agency traffic signal synchronization. The project improvements include advanced traffic management systems, advanced transportation controllers, selected Intelligent Transportation System (ITS) elements, ITS sub-systems, and ethernet/Internet Protocol (IP)-based communications that will be expandable and scalable for future integration of ITS technologies and strategies, such as integrated corridor management, smart cities, and connected and autonomous vehicles.

One of the primary responsibilities of CV Sync is maintaining the synchronization of the completed corridors. The fine-tuning of traffic signal timing is an on-going activity that will continue in perpetuity. The synchronization will continue to be adjusted for the region's different seasonal variations as well as for regional events.

One area where CV Sync is particularly beneficial is the management of the Coachella Valley's large events that draw hundreds of thousands of people to the region. CVAG staff first deployed some of the technologies of the CV Sync's Regional Traffic Management Center during the 2023 BNP Paribas tennis tournament, and the team is preparing to play a key role in the upcoming tournament this March. Coordination meetings are ensuring all regional partners such as the City of Indian Wells and Riverside County Sheriff's Department are working together seamlessly. CV Sync also played a key role in traffic related to the Ironman triathlon.

With more Phase II corridors complete, CVAG staff has been working with representatives of Goldenvoice, LLC to improve traffic to the Coachella Valley Music and Arts Festival as well as the

Stagecoach Festival. The plan would be to improve connectivity between the event and the CV Sync system with the addition of about 200 feet of fiber optic cable and conduit between the existing cable installed in Monroe Street and a new, on-site Traffic Operations Center (TOC), known as the Date Shed, on the festival grounds in Indio.

Ultimately, CVAG staff intends to use the Date Shed operational center for congestion management, traffic management, and incident management during certain specified special events at the festival grounds, which CVAG and Goldenvoice anticipate at this time would include Coachella, Stagecoach, other Goldenvoice-produced festivals and special events. The goal is to provide for more efficient ingress and egress for eventgoers and to optimize traffic flow around the venue during the events, which will benefit attendees as well as Coachella Valley residents who live or travel near the events.

In order to provide CVAG staff and their contractors with access to the Date Shed and to allow the installation of the fiber optic cable and conduit, staff is recommending the Executive Director be authorized to execute a Temporary Access Agreement between CVAG and Goldenvoice. A draft of the agreement was not ready by the time the Transportation Committee met, so staff presented a framework for their concurrence. The now-ready agreement will facilitate the work needed to get the TOC ready in time for the music festivals that kick off in April. With this recommended action, the CVAG Executive Director and/or Legal Counsel would also be authorized to make clarifying changes.

Fiscal Analysis: There is no additional cost for this agreement. No funds are being exchanged between CVAG and Goldenvoice.

Costs related to construction of the Date Shed traffic operations center are covered under the contract with Crosstown Engineering, which CVAG has contracted to construct Phase I and Phase II of CV Sync, inclusive of the Regional Traffic Management Centers and various Traffic Operations Centers.

Attachment: Temporary Access Agreement with Goldenvoice

CV SYNC TRAFFIC OPERATIONS CENTER AT THE EMPIRE POLO CLUB

ACCESS AGREEMENT

COACHELLA ASSOCIATION OF GOVERNMENTS AND GOLDENVOICE, LLC

This Temporary Access Agreement ("Agreement") is entered into effective January 16, 2025 between the Coachella Association of Governments ("CVAG"), and Goldenvoice, LLC, a California limited liability company ("GV"), for the purpose of CVAG's temporary and access for the installation, operations, maintenance, and for the purpose of CVAG's management of a CV Sync Traffic Operations Center (the "CV Sync TOC") and associated hardware and software authorized to be located within a building known as the "Date Shed" (the "Premises") on property leased by GV at the Empire Polo Club in the City of Indio, CA (the "Venue") as well as associated construction work to be performed by CVAG to allow access for cables for the CV Sync TOC in the Date Shed.

RECITALS

WHEREAS, CVAG is a joint powers agency established and operating pursuant to the Joint Exercise of Powers Act (Government Code § 6500, *et seq.*) and is in the business of congestion management, traffic management, and incident management in the Coachella Valley area, and is already providing such services generally in the Coachella Valley area as well as related to events at other venues (the "CV Sync Program");

WHEREAS, GV has a lease for the Premises at the Venue, and GV and affiliated entities host, produce, and/or promote various Events (as defined below) at the Venue, including the Coachella Valley Music & Arts Festival ("Coachella"), the Stagecoach Festival ("Stagecoach"), and other concerts, festivals, and events;

WHEREAS, CVAG intends to use specified allotted space within the Premises for the CV Sync Program, and for that purpose, CVAG intends to construct, design, implement, operate, maintain, and manage the CV Sync Program at the Premises, which will include construction related to the installation of one, 3" diameter conduit and fiberoptic communications and associated equipment in the Premises (hereinafter, the "Project");

WHEREAS, CVAG intends to use the CV Sync TOC for congestion management, traffic management, and incident management during certain specified special events at the Venue as mutually determined by both parties, which the parties anticipate at this time would include Coachella, Stagecoach, other GV-produced festivals, and may include other special events during the Term (the "Events", and each an "Event");

WHEREAS, the purpose of the CV Sync Program generally is to maximize the benefits by integrating current and proven Intelligent Transportation System (ITS) technologies for the purpose of congestion management, traffic management, and incident management in the Coachella Valley among participating agencies;

WHEREAS, the Project shall not have any negative impact on GV special events management and security operations; and

WHEREAS, CVAG and GV desire to enter into this Agreement to demonstrate the parties' commitment to taking steps towards improving traffic operations and congestion management, traffic management, and vehicle incident management in the Coachella Valley.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, both parties agree hereto:

1. Recitals. The foregoing recitals are hereby incorporated into and made a part of this Agreement by this reference.
2. License. Subject to the terms and conditions of this Agreement, GV, as set forth herein, hereby grants to CVAG, and CVAG hereby accepts from GV, a license for CVAG to enter and utilize the Date Shed for the purposes as set forth herein and storing such equipment as is approved by GV in advance, upon the terms and conditions contained herein. The parties hereby acknowledge and agree that the interest created herein is limited license for a fixed time period, and no leasehold or tenancy is intended to, or shall, be created hereby.
3. License Fee. The parties agree there shall be no license fee ("License Fee"), i.e., the License Fee shall be equal to \$0 US Dollars (\$0.00) for the rights granted hereunder. However, CVAG shall not be permitted to access or use the Premises until the Agreement is fully executed. Ongoing access to the Premises during the Term may be denied if costs or expenses as described herein are not paid in a timely manner after invoice.
4. Costs and Expenses. All elements of the the Project including the construction, design, installation, operations, maintenance, and management and operation of the CV Sync TOC and associated hardware and software and staffing shall be funded solely by CVAG and at no cost to GV or the owner of the Venue. (Any *optional* coordinated installation of fiberoptic innerduct communications and associated equipment for GV along Avenue 50 between Madison Street to Monroe Street; Madison Street between Avenue 50 to Avenue 52; and Monroe Street between Avenue 50 to Avenue 52, to connect the fiberoptic communication to the GV Date Shed Building is separate from this Agreement and would be funded by GV.) If any other or additional costs or expenses are incurred, CVAG shall also be solely responsible for such costs and expenses incurred in connection with CVAG's use of the Premises, and CVAG shall reimburse GV for any reasonable maintenance, repair, or restoration of the Premises or adjacent areas that become necessary solely as a result of CVAG's use of the Premises, any act by CVAG or any CVAG Party, and/or any violation by CVAG or any CVAG Party of the terms of this Agreement, in all cases, reasonable wear and tear and damages due to causes beyond the reasonable control or without the fault or neglect of CVAG excepted.
5. CVAG's Permitted Use. CVAG shall not use the Premises for filming or recording any audio, video, or photographs. CVAG shall use the Premises only for traffic operations and congestion management, traffic management, and vehicle incident management in the Coachella Valley during pre-approved times for pre-approved Events and for no other purpose, without GV's prior written approval. GV makes no representation or warranty, implied or otherwise, as to the quality or condition of the Premises or Venue, as to whether CVAG's intended use complies with applicable laws, or as to the suitability of the Premises for CVAG's intended use. CVAG Parties are not provided unfettered access to the Events at the Venue (i.e., they are not given passes to the festivals), and CVAG may not use any property other than the Premises or any other portion of the Venue without the prior written approval of GV (email shall suffice). All individuals

granted access to the Premises or Venue property during Events shall be subject to any applicable festival ticket terms and conditions, which shall be revised from time to time without notice, such as those found at the following link: <https://www.aegpresents.com/festival-ticket-terms/>. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, CVAG ACKNOWLEDGES AND AGREES THAT IT SHALL USE THE PREMISES AT ITS SOLE RISK AND THAT GV SHALL HAVE NO RESPONSIBILITY TO PREVENT, AND SHALL NOT BE LIABLE TO CVAG OR ANY CVAG PARTY OR ANY OF THEIR SUCCESSORS OR ASSIGNS FOR, DAMAGES OR INJURIES TO PERSONS OR PROPERTY LOCATED ON OR ABOUT THE PREMISES OR ANY ADJACENT PROPERTY.

6. The Parties' Responsibilities:

a. CVAG Responsibilities / Limitations:

- i. CVAG shall be solely responsible for the procurement, design, installation, operations, maintenance, and management of the CV Sync TOC and Project and associated hardware and software, including the costs, expenses, and any liabilities associated therewith. CVAG shall provide any equipment. CVAG shall make all decisions related to data security and protection with respect to CVAG's hardware and software, such as locks on racks, limiting authorized users, multiple-step authentication, etc. and shall comply with all applicable laws and industry standards.
- ii. CVAG shall be solely responsible for the procurement, design, installation, operations, maintenance, and management of conduit, fiberoptic communications and associated equipment along Avenue 50, Madison Street and Monroe Street, and connection of the fiberoptic communication system to the Date Shed. CVAG shall coordinate the construction and installation of a 3" diameter conduit and fiberoptic communications and associated equipment along Avenue 50, Madison Street and Monroe Street, and connect the fiberoptic communication system from Monroe Street to an approved area of the Date Shed and these elements will be installed and implemented by CVAG as part of the Project at CVAG's sole cost and expense.
- iii. The CV Sync TOC shall be managed, maintained, and operated solely by CVAG staff and limited consultants at agreed upon times only upon signing a non-disclosure agreement and participating in required training by GV and CVAG when those employees or consultants are in the Premises or on Venue property.
- iv. CVAG shall ensure that all pre-approved third parties, CVAG employees, agents, representatives, staff, consultants, or contractors (each a "CVAG Party") involved in the construction, design, installation, operations, maintenance, and management of the CV Sync TOC on the Premises will comply with all reasonable requests by GV and all requirements in this Agreement, including but not limited to confidentiality, non-disparagement, indemnity, and insurance obligations.
- v. The CV Sync TOC shall be used solely for congestion management, traffic management, and incident management at specified times during the Term as pre-determined by both parties in writing (email shall suffice);

- vi. CVAG shall, at all times, be responsible for all decisions regarding integrating ITS technologies for the purpose of congestion management, traffic management, and incident management, and CVAG shall not rely on GV for any such decisions.
- vii. CVAG shall maintain full ownership, control, and operations of CV Sync TOC and associated equipment at all times. However, because the Premises are used by GV for other purposes, CVAG shall only have appropriate and necessary access to the CV Sync TOC and associated equipment on the Premises at pre-approved and authorized times during the Term as coordinated with GV. GV will work in good faith to accommodate all reasonable requests by CVAG for access related to the purposes of this Agreement.
- viii. CVAG has built-in redundancy and is able to perform the same tasks at other locations in the event that the CV Sync TOC location is unable to host the CVAG staff and consultants and equipment at all relevant times. The use of the Premises at the Venue has been chosen by CVAG for CVAG's convenience and ease of coordination with law enforcement and Event staff during Events;
- ix. CVAG, at its sole discretion, may share data, such as traffic data, and video images/streams for viewing only at the CV Sync TOC.
- x. CVAG shall not record any audio or video images/streams on the Premises or Venue property (other than CV Sync CCTV traffic video images/streams) without GV's prior written approval.
- xi. CVAG will be allowed to terminate or discontinue participation from the Project at the end of the Term or after providing a ninety (90) day notice to GV, and if terminated CVAG shall have ninety (90) days from such termination to remove all CVAG property and equipment from the Premises.

b. GV Responsibilities / Limitations:

- i. GV shall provide reasonable access to specific areas of the Premises (and Venue property, as may be applicable) at pre-approved times during the Term for CVAG and CVAG Parties to perform construction, installation, hosting, operations, testing, commissioning, operations, management, and maintenance of the CV Sync TOC equipment.
- ii. GV grants permission to CVAG and its authorized agent, to enter upon the Premises for the purposes of constructing a fiber optic communication line within a three (3) inch diameter conduit between Monroe Street and the CV TOC in the Date Shed at approved times during the Term. Said permission is for the purposes of connecting the CV TOC to the region-wide traffic signal synchronization project known as "CV Sync" to better manage traffic operations during special events with the goals of improving traffic flow, reducing congestion, and to provide a better customer experience during annual music festivals as well as any other events at the Venue that generate a significant amount of traffic that could impact surrounding residents and businesses.

- iii. GV shall permit CVAG to place the CV Sync TOC and associated equipment inside the Date Shed and the CV Sync communication network along Avenue 50, Madison Street, Monroe Street, and from Monroe Street to the Date Shed Building at all approved times during the Term.
 - iv. GV shall not record or share CV Sync live arterial/intersection CCTV traffic video images/streams with the public and media without CVAG's written approval (email shall suffice).
 - v. GV will be allowed to discontinue participation from the Project immediately upon notice to CVAG, and CVAG shall have ninety (90) days to remove CVAG property and equipment from the Premises.
- 7. Term, No Holding Over. The term of this Agreement shall commence as of the Effective Date (the "Commencement Date") and shall continue until **December 31, 2030 at 5:00 pm PST** (the "Term"). At the parties' mutual discretion, the Term may be extended for up to two (2) successive renewal terms (each, a "Renewal Term") of five (5) years each (i.e., five (5) Events each), subject to the terms and conditions set forth herein. CVAG will not be entitled to any access, pins, keys or other means of access at the Premises unless otherwise arranged between the parties hereto in advance. No holding over by CVAG after the Term shall be permitted and any such holding over shall not be construed to extend this Agreement. In the event of any unauthorized holding over, CVAG shall also indemnify, defend and hold harmless GV from and against any and all claims, losses, liabilities, and/or damages suffered by GV on account of such holding over, including any and all claims for damages by any tenant or licensee to whom GV may have leased or licensed all or any part of the Premises for a period beginning after the termination or expiration of the Term. The provisions of this Section 7 shall survive the expiration or earlier termination of this Agreement.
- 8. No Alterations/Installations. CVAG shall not make or allow to be made any alterations or installations to or at the Premises, or place anything within or on the Premises, without the prior written approval of GV (email shall suffice), which may be granted or withheld in GV's sole and absolute discretion. Any placement of any pre-approved items or preapproved alterations / installations shall be performed in accordance with such terms and conditions as may be imposed by GV in its sole discretion. CVAG shall indemnify, defend and hold harmless GV from and against any and all costs (including attorneys' fees and related expenses), losses, liabilities or causes of action arising out of or relating to any alterations or installations or placement of items made by CVAG Parties at the Premises, including but not limited to any mechanics' or materialmen's liens asserted in connection therewith, except to the extent arising out of GV's negligence or willful misconduct. Should any mechanic's or other liens be filed against any portion of the Premises or adjacent areas by reason of a CVAG Party's acts or omissions or because of a claim against a CVAG Party, CVAG shall cause the same to be canceled or discharged of record, within ten (10) days after the filing of any such lien. If CVAG shall fail to so cancel or discharge said lien or liens, within said ten-day period, GV may, at its sole option, cancel or discharge the same and, upon GV's demand, CVAG shall reimburse GV for all costs incurred in cancelling or discharging such liens (without limiting any other rights and remedies available to GV on account thereof). The provisions of this Section 8 shall survive the expiration or earlier termination of this Agreement.

9. **Insurance.** CVAG and its contractors (including construction and operations) shall provide GV a Certificate of Insurance meeting the guidelines shown below prior to the Commencement Date. Licensee will, at its sole cost and expense, procure and maintain in force with duly licensed insurance carriers the following occurrence-based insurance during the Term:
- a. a commercial general liability insurance policy covering bodily injury and property damage liability, fire legal liability, products and completed operations liability, personal and advertising injury liability, for the Event held at the Venue, with limits of not less than Five Million Dollars (US\$5,000,000.00) per occurrence and Five Million Dollars (US\$5,000,000) in the aggregate, including a waiver of subrogation;
 - b. CVAG will maintain cyber liability insurance or other similar insurance providing coverage for claims and losses with respect to network or data risks (such as data breaches, release of confidential information, unauthorized access/use of Information, and identity theft) with minimum limits of not less than \$5 million per occurrence and \$5 million aggregate.
 - c. to the extent applicable to CVAG's obligations hereunder, business auto liability insurance with a limit of not less than One Million Dollars (US\$1,000,000) combined single limit covering all owned, hired and borrowed automobiles;
 - d. worker's compensation insurance coverage adequate to comply with all statutory requirements covering all persons employed by CVAG for the Event and employer's liability with minimum limits of at least One Million Dollars (US\$1,000,000.00), including a waiver of subrogation; and
 - e. Any combination of primary and umbrella liability insurance shall satisfy the above requirements.
 - f. All insurance coverage available to CVAG and any available proceeds in excess of specified minimum limits shall be available to GV.
 - g. The insurance required in (a), (b), (c) and (d) above shall be considered primary and non-contributory to any insurance carried by GV, its agents, employees, and the parties for which it is operating. Goldenvoice, LLC, AEG Presents LLC, Anschutz Entertainment Group Inc., Coachella Music Festival, LLC, CVM&AF, LLC, Empire Polo Club, Inc., and their respective parents, affiliates, subsidiaries, officers, directors, representatives, shareholders, members, agents, employees, subcontractors, landlords and any other party designated in the Agreement or otherwise reasonably designated by GV in writing shall be listed as additional insureds under the policies in (a) and (c) above. A blanket additional insured endorsement shall satisfy this requirement. Within ten (10) business days after the execution of the Agreement and at least ten (10) business days prior to the Event, CVAG shall deliver to GV certificates evidencing the existence of the insurance required by this section. Such certificates shall also provide that such coverage will not be cancelled without at least ten (10) days prior written notice to GV. Upon any cancellation of any such insurance coverage, and prior to the effective date thereof, CVAG will deliver evidence of replacement insurance to GV. If CVAG fails to provide GV with the required certificates of insurance at least ten (10) business days prior to the

Event when possible, GV may, in its sole and absolute judgment, either (i) acquire, at CVAG's expense, such insurance as GV determines in its sole judgment to be necessary, or (ii) treat such failure as the Event of the Default by CVAG. CVAG shall require and verify that all subcontractors including construction contractors maintain insurance meeting all the requirements as broad as stated herein and that they list as additional insureds CVAG, Goldenvoice, LLC, AEG Presents LLC, Anschutz Entertainment Group Inc., Coachella Music Festival, LLC, CVM&AF, LLC, Empire Polo Club, Inc.

10. Indemnification by CVAG; Waiver. CVAG shall protect, indemnify, and hold harmless GV, its members, employees, and agents, and all of their respective shareholders, directors, officers, partners, members, agents and employees (collectively, the "GV Indemnified Parties") (and, if requested by GV, shall defend such Indemnified Parties) from and against any and all claims, liabilities, losses, costs and expenses (including attorneys' fees and related expenses, and including, without limitation, claims for damage, loss or injury, either to persons or to property) arising from or out of the acts, errors, or omissions of CVAG or CVAG Parties, or the failure of CVAG to comply with its obligations hereunder, except to the extent arising out of GV's negligence or willful misconduct. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement.
11. Indemnification by GV; Waiver. GV shall protect, indemnify, and hold harmless CVAG, its members, employees, and agents, and all of their respective shareholders, directors, officers, partners, members, agents and employees (collectively, the "CVAG Indemnified Parties") (and, if requested by CVAG, shall defend such Indemnified Parties) from and against any and all claims, liabilities, losses, costs and expenses (including attorneys' fees and related expenses, and including, without limitation, claims for damage, loss or injury, either to persons or to property) arising from or out of the acts, errors, or omissions of GV or GV's members, employees, contractors, consultants, and agents, or the failure of GV to comply with its obligations hereunder, except to the extent arising out of CVAG's negligence or willful misconduct. The provisions of this Section 11 shall survive the expiration or earlier termination of this Agreement.
12. Waiver of Property Damage: CVAG shall be responsible for any property placed at the Premises by any CVAG Party. CVAG hereby agrees that neither GV, nor Indemnified Parties, GV's agents, employees or contractors, nor any owner(s) of the Premises shall be responsible for any loss or damage to any property of any CVAG Party while at or about the Premises, including without limitation resulting from loss, damage, fire, theft, or any other causes, except to the extent caused by GV's gross negligence or malfeasance, and CVAG expressly assumes all risks of loss, damage, or destruction of or to any of such property resulting from any such causes. GV may (in its sole discretion) accept delivery of property to the Premises solely as a courtesy to CVAG, and CVAG shall indemnify and hold harmless GV for any loss or damages to such property in the receipt, handling, care, and custody of such property at any time. GV assumes no responsibility for such property. CVAG shall remove all of its property from the Premises by the end of the Term. The provisions of this Section 11 shall survive the expiration or earlier termination of this Agreement.
13. GV Is Providing No Services Under The Agreement. GV shall not be obligated to provide any services, whatsoever, related to this Agreement or the Premises or Venue.
14. GV May Enter Premises. GV is not obligated to be on site or monitor the CVAG Parties during the Term. CVAG agrees that GV or its agents or representatives may enter into and upon any part of the Premises to inspect, clean, or make repairs, alterations, or additions to the same,

without such acts being deemed an eviction of CVAG, and CVAG shall not be entitled to any abatement or costs by reason thereof. The CVAG Parties shall comply with and conform to all rules, regulations and directives issued by GV or its designees from time to time. Upon request from GV, CVAG shall immediately reassign or remove from the Premises any of its employees or personnel, including any supervisory personnel, who, in the sole judgment of GV, engage in improper conduct, or are not otherwise, in the reasonable judgment of GV, suitable or acceptable to perform their duties or any tasks assigned to them, or who do not sign and comply with non-disclosure agreements and non-disparagement, or do not comply with other requirements such as insurance.

15. Premises Provided As-Is and Where-Is. CVAG has inspected the Premises and accepts the Premises "as is" "where is" and agrees that no representations, promises, or warranties, express or implied, have been made by GV or relied upon by CVAG related to the condition, maintenance, or status of the Premises. GV shall have no obligation to maintain, clean, paint or repair the Premises. GV shall have no obligation to make any improvements to the Premises. CVAG agrees to return the Premises to GV in the same condition as it was delivered to CVAG (except normal wear and tear) upon expiration or earlier termination of this Agreement. CVAG shall exercise and perform good maintenance practices for the Premises and CVAG's personal property, equipment, and vehicles. CVAG shall not alter or change the Premises without the prior written consent of GV (which may be granted or withheld in GV's sole discretion). All approved alterations or changes shall remain a part of and be surrendered with the Premises, unless GV directs their removal as a condition to its consent. CVAG shall be responsible for payment of all costs necessary to repair any damage to the Premises or any adjacent property resulting from its use or occupancy of the Premises and any related removal or departure activities in connection with its use of the Premises. CVAG agrees to leave the Date Shed clean and free of trash, and CVAG shall remove all items placed at the Premises by CVAG.
16. Security. CVAG shall be solely responsible for providing adequate security for CVAG's property and equipment including that which is left onsite at the Premises at all times. GV shall have no responsibility to provide any security for Premises or to prevent, and shall not be liable to CVAG or CVAG's Party's for losses due to, loss, damage, theft, burglary, vandalism, or other criminal activity, or for damages or injuries to persons or property resulting from CVAG's use of the Premises or from persons gaining access to the Premises, and CVAG hereby releases GV and its agents and employees from all liabilities for such losses, damages, or injury, regardless of the cause thereof. The provisions of this Section 16 shall survive the expiration or earlier termination of this Agreement.
17. Confidentiality; Non-Disparagement. During the Term, CVAG and CVAG Parties may gain access or be exposed to certain confidential and proprietary information relating to the business of GV or its parents or affiliates, the Venue, the Premises, Events, or artists performing at the Events, or attendees of the Events. CVAG agrees, for itself and CVAG Parties, that all such confidential and proprietary information shall remain and be kept in strictest confidence and shall not be disclosed to or used by any person or entity without the prior written consent of GV, which consent may be withheld in their sole and absolute discretion; provided, however, that this provision shall not limit CVAG's obligation to comply with a lawful request under the California Public Records Act (Government Code § 7920 *et seq.*). Additionally, CVAG agrees, for itself and CVAG Parties, that neither it nor the CVAG Parties will (a) make any statements about GV or its parents or affiliates, the Venue, Events, or artists performing at the Events (or any of their respective employees, agents, members, directors, officers, products, and/or services) that are false, misleading, disparaging, or defamatory; (b) take any other action whatsoever that

disparages, defames, sullies, or compromises the goodwill, name, brand, or reputation of GV or its parents or affiliates, the Venue, Events, or artists performing at the Events (or any of their respective employees, agents, members, directors, officers, products, and/or services) (collectively, the "Goodwill"); or (c) commit any other act that could likely injure, hinder, or interfere with the GV or its parents or affiliates, the Venue, Events, or performing artists' businesses, business relationships, or goodwill. Except as may be limited by applicable law, including, without limitation the California Public Records Act, the obligations to maintain confidentiality and non-disparagement provided herein shall survive any termination or expiration of the Term and may be enforced by injunctive relief or other equitable or legal remedies without the necessity of proving inadequacy of legal remedies and without proving that GV or its parents or affiliates, the Venue, Events, or artists performing at the Events would suffer irreparable harm as a result of a violation of such confidentiality and/or non-disparagement obligation(s). Any public announcement regarding this Agreement or the Event(s) or Venue(s), shall be made only by GV.

18. Compliance with Laws. CVAG shall comply with all laws, ordinances, rules, regulations and codes of all town, municipal, city, county, state, and federal authorities pertaining to the use, condition, or occupancy of the Premises, as well as any rules and regulations established by GV from time to time and delivered to CVAG in advance of their enforcement. CVAG shall not commit, or suffer to be committed, any waste upon the Premises or any public or private nuisance, or other act or thing that disturbs the quiet enjoyment of any other CVAGs, users, or occupants of the Premises or the surrounding areas.
19. COVID-19 Compliance. Each of the parties to this Agreement recognizes and acknowledges the known and potential risks of COVID-19 and understands that (a) such risks cannot be fully eliminated and are increased by proximity to other people, (b) there is an inherent and elevated risk of exposure to COVID-19 in any public place or place where people are present, and (c) there is no guarantee, express or implied, that each party's employees, representatives, and agents will not be exposed to COVID-19. In connection with its obligations herein, each party agrees to materially comply with all applicable laws, regulations, and government mandates relating to COVID-19.
20. No Signage, Advertising, Press Releases. CVAG hereby agrees that no signage, advertising, or press releases shall be displayed or distributed by CVAG or CVAG Party in any manner without the prior written approval of an authorized representative of GV.
21. Notices. Any written notices to be given hereunder shall be in writing and shall be delivered in person (by hand or by messenger) or shall be sent by U.S. Postal Service Express Mail or Federal Express, UPS or other similar recognized private overnight delivery service, prepaid. Notice given as provided herein shall be deemed to have been given on the date it was received, or date of first refusal, if that be the case. Notices shall be addressed to:

Goldenvoice:

Goldenvoice, LLC
425 W. 11th Street, Suite 400
Los Angeles, CA 90015
Attn: Legal Counsel

CVAG:

Coachella Valley Association of
Governments
Attn: Mark Lancaster
74-199 El Paseo, Suite 100

Palm Desert, CA 92260

With copy to:

Best Best & Krieger LLP
655 W. Broadway, Suite 1500
San Diego, CA 92101
Attn: Nicholas Norvell, CVAG General
Counsel

And an e-mail copy to:
notices@aegpresents.com.

And an e-mail copy to:
mlancaster@cvag.org

Either Party may change the notice address by notifying the other Party of such change in the manner provided herein.

22. CVAG May Not Assign This Agreement. CVAG may not assign, sublicense, or in any other manner transfer or encumber this Agreement or CVAG's rights hereunder. This Agreement and the license granted hereby are personal to CVAG.
23. Independent Contractors. The parties to this Agreement are independent contractors, and no partnership, joint venture or employment relationship between them is intended or created hereby. Neither of the parties shall have the right, power or authority to waive any right, grant any release, make any contract or other agreement, or assume or create any obligation or responsibility, express or implied, on behalf of, or in the name of, the other party or to bind the other party in any manner for anything whatsoever, or otherwise to act in the name of the other party.
24. The Entire Agreement. This Agreement and the exhibits herein referred to are the final, complete and exclusive agreement between the parties and cover in full each and every agreement of every kind or nature, whatsoever, concerning the Premises and any other matters covered herein, and all preliminary negotiations and agreements of whatsoever kind or nature, are merged herein. This Agreement supersedes all prior negotiations and undertakings relating to the Premises and the subject matter hereof, and contains all of the terms, covenants, conditions, representations, and warranties written or oral, of the parties hereto with respect to the Premises and the subject matter hereof. GV has made no representations or promises whatsoever with respect to the Premises, except those contained herein, and no other person, firm, or corporation has at any time had any authority from GV to make any representations or promises on behalf of GV, and CVAG expressly agrees that if any such representations or promises have been made by others, CVAG hereby waives all right to rely thereon. No verbal agreement or implied covenant shall be held to vary the provisions hereof, any statute, law, or custom to the contrary notwithstanding. Unless otherwise provided herein, no supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both parties hereto.
25. Authority. Each person executing this Agreement warrants that he or she has the authority to execute this Agreement on behalf of the applicable party hereto and has obtained or has the requisite corporate, limited liability company, or other authority to do the same.

IN WITNESS WHEREOF, the parties have executed this Agreement and have made it effective as of the day and year first above written.

Goldenvoice, LLC

Title: _____ Date: _____

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS INSTALLATION OF INTELLIGENT TRANSPORTATION SYSTEMS FOR REGIONAL TRAFFIC SIGNAL SYNCHRONIZATION (TSS) PROJECT - PHASE II

FEDERAL PROJECT NO. CML-6164(024)

PROJECT NO. CV-2022-TSS-01

SPECIAL EVENTS TOC

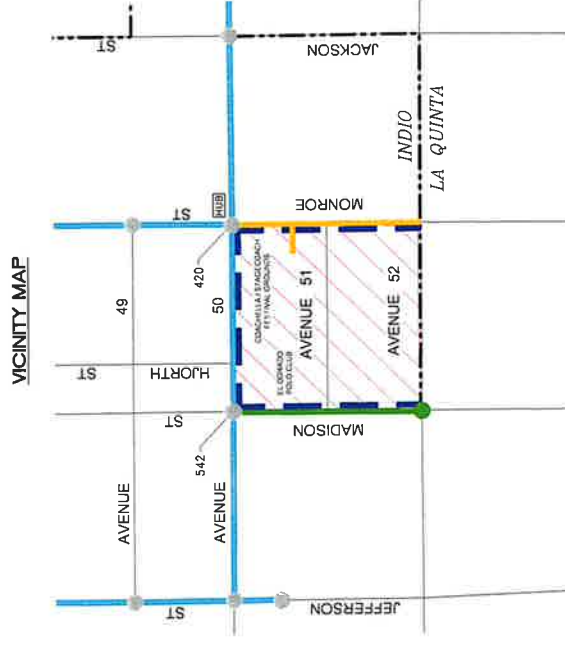
GENERAL NOTES SUPPLEMENT:

1. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE OBTAINING OF THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS) STANDARD PLANS AND SPECIFICATIONS (2018 EDITION), THE GREENBOOK AND CITY OF INDIO STANDARD PLANS AND SPECIFICATIONS (LATEST EDITIONS) AND AS DIRECTED BY THE CITY ENGINEER.
2. UTILITIES SHOWN ON THESE PLANS ARE CORRECT AND ACCURATE TO THE BEST OF AVAILABLE RECORDS. THE CONTRACTOR IS REQUIRED TO TAKE STEPS TO VERIFY THE LOCATION AND DEPTH OF ALL UTILITIES PRIOR TO CONSTRUCTION. THE CONTRACTOR SHALL EXERCISE EXTREME CARE TO AVOID DAMAGING EXISTING UTILITIES.
3. THE CONTRACTOR SHALL OBTAIN ALL NECESSARY PERMITS AND NOTIFY ALL AFFECTED AGENCIES AND UTILITY COMPANIES A MINIMUM OF 48 HOURS PRIOR TO START OF CONSTRUCTION.
4. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING A DETAILED TRAFFIC CONTROL PLAN FOR ANY LANE CLOSURES ASSOCIATED WITH THE CONSTRUCTION.
5. CONTRACTOR SHALL PROVIDE CITY WITH SHOP DRAWINGS/NOT SHEETS OF ALL NEW TRAFFIC SIGNAL/COMMUNICATION EQUIPMENT FOR REVIEW AND APPROVAL PRIOR TO ORDERING.
6. WORK DAMAGE IS CAUSED BY THE CONTRACTOR'S OPERATIONS. THE CONTRACTOR SHALL REPAIR OR REPLACE ALL DAMAGE TO EXISTING UTILITIES AND SURFACES PRIOR TO THE END OF THE WORK DAY.
7. THE CONTRACTOR SHALL VERIFY WITH THE ENGINEER THE PRECISE FIELD LOCATIONS OF ALL PROPOSED TRAFFIC SIGNAL AND COMMUNICATION EQUIPMENT, INCLUDING CONDUIT AND PULL BOXES, PRIOR TO INSTALLATION.
8. ALL LANDSCAPING AND IRRIGATION SYSTEMS WHICH ARE DAMAGED BY CONSTRUCTION ACTIVITIES SHALL BE REPLACED IN-Kind TO THE SATISFACTION OF THE CITY AND THE PROPERTY OWNER.
9. ALL AFFECTED SIGN, MESSAGE MARKERS, ELECTRICITY, ETC., SHALL BE PROTECTED AND/OR REPLACED IN-Kind AT NO COST TO THE CITY. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION OF ALL EXISTING UTILITIES AND THE EXISTING TRAFFIC SIGNAL SYSTEMS, INCLUDING THE CALTRANS TRAFFIC SIGNAL CONTROL DEVICES (CAMUTOD).
10. ALL 1' x 4' CONCRETE SLAB SHALL BE PLACED AROUND EXISTING AND PROPOSED PULL BOXES INSTALLED IN UNIMPROVED AREAS.
11. POTENTIAL REQUIRED FOR UTILITIES SHOWN OR NOT SHOWN SHALL BE THE RESPONSIBILITY OF THE CONTRACTOR AND NOT THE CITY. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION OF ALL UTILITIES EXISTING UNDER ROADWAY AND SIDEWALK/PARKWAY.
12. ALL SIDEWALK, ADA ACCESS RAMP, CURB, GUTTER, AND PAVEMENT DISTURBED DURING CONSTRUCTION SHALL BE REPLACED IN-Kind IN ACCORDANCE TO THE CITY REQUIREMENTS. THE REMOVAL LIMITS SHALL BE OBTAINED AND ACQUIRED BY THE PUBLIC WORKS DEPARTMENT TO THE CITY. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION OF ALL EXISTING UTILITIES AND THE EXISTING TRAFFIC SIGNAL SYSTEMS, INCLUDING THE CALTRANS TRAFFIC SIGNAL CONTROL DEVICES (CAMUTOD).
13. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION OF ALL EXISTING UTILITIES AND THE EXISTING TRAFFIC SIGNAL SYSTEMS, INCLUDING THE CALTRANS TRAFFIC SIGNAL CONTROL DEVICES (CAMUTOD).
14. THE CONTRACTOR SHALL PROVIDE SYSTEM INTEGRATION AT LOCATIONS SHOWN ON THESE PLANS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION OF ALL EXISTING UTILITIES AND THE EXISTING TRAFFIC SIGNAL SYSTEMS, INCLUDING THE CALTRANS TRAFFIC SIGNAL CONTROL DEVICES (CAMUTOD).
15. CONTRACTOR SHALL ARRANGE TO HAVE A QUALIFIED TECHNICIAN TO WORK ON THE SYSTEM PRIOR TO THE SYSTEM BEING TURNED ON AND AVAILABLE DURING THE TESTING PERIOD.
16. CONTRACTOR SHALL PROTECT IN PLACE EXISTING TRAFFIC SIGNAL CABLE DURING CONSTRUCTION AT ALL TIMES.
17. CONTRACTOR SHALL REPLACE THE COMPLETE SIDEWALK PANEL WHEN ANY CONSTRUCTION INSTALLATION WORK AFFECTS THE EXISTING SURFACE. NEW SIDEWALK SHALL MATCH EXISTING CONDITIONS.
18. THE SPECIAL EVENTS TOC SHALL INTEGRATE ALL OF THE CITY REQUIREMENTS.
19. NO WORK SHALL BE PERFORMED BETWEEN APRIL 1 AND MAY 1.

BID ITEM B - PAID BY OTHERS

CONSTRUCTION NOTES (GOLDENVOICE):

- 1. FURNISH AND INSTALL DUAL-LINE HODUCT HOPE (18" x 10" x 10") HOPE EXISTING/PROPOSED 2" x 2" SLOPE RAILWAY (EVEN SLOPE) AS SHOWN. USE 45 CONDUIT SHEETS ENTERING ALL PULL BOXES/SPACE WELLS.
- 2. FURNISH AND INSTALL 144 STRAND SINGLE MODE FIBER OPTIC CABLE (DARA), PULL TAPE, AND TRACE WIRE IN EXISTING/PROPOSED CONDUIT. AS NOTED.



LEGEND (THIS SHEET):

- 1. PHASE II PROJECT TRAFFIC SIGNAL
- 2. EXISTING TRAFFIC SIGNAL (ROAD)
- 3. PROJECT LIMITS
- 4. CITY BOUNDARY
- 5. SECONDARY ROADWAY
- 6. PRIMARY ARTERIAL
- 7. PROPOSED COMMUNICATIONS DUCT
- 8. PROPOSED 144 STRAND SINGLE MODE FIBER OPTIC CABLE IN EXISTING 3" HOPE CONDUIT
- 9. PROPOSED 3" HOPE EXISTING/PROPOSED 2" x 2" SLOPE RAILWAY (EVEN SLOPE)
- 10. OF SINE - PHASE II CONDUIT UNITS

CONSTRUCTION PHASING PLAN

1. PHASE I: CONTRACTOR SHALL FURNISH, INSTALL, TEST AND COMMISSION A COMPLETE SYSTEM INCLUDING BUT NOT LIMITED TO THE FOLLOWING:
 - a. COMMUNICATION HUB AT AVENUE 50/MONROE STREET INTERSECTION
 - b. FIBER OPTIC COMMUNICATION, SPICE, WALLS, PULL BOXES ALONG MONROE STREET
 - c. SPECIAL EVENT TOC EQUIPMENT INCLUDING SERVERS, RACK, FURNITURE, MONITORS, CABLEING ETC
 - d. CV SYNC NETWORK CONNECTIVITY FROM DATE SHED BUILDING TO CITY OF INDIO PUBLIC WORKS YARD AND THE REGIONAL TRAFFIC MANAGEMENT CENTER
2. PHASE II: CONSTRUCTION SHALL BE COMPLETED PRIOR TO MARCH 1ST. TESTING OF THE SPECIAL EVENT PHASE SHALL BE CONDUCTED IN THE MONTH OF JUNE SO IT CAN BE FULLY FUNCTIONAL BY APRIL 1ST.
3. PHASE III: ALL REMAINING PROPOSED IMPROVEMENTS AS SHOWN ON APPROVED PLANS SHALL BE COMPLETED PRIOR TO THE START OF THE CONSTRUCTION OF THE SPECIAL EVENT PHASE. THEIR INDUCT AND FIBER OPTIC CABLE.

SHEET INDEX:

No.	MAIN STREET	DESCRIPTION	SHEET No.
420	MONROE STREET	FILE SHEET	IN-GV-001
421	MONROE STREET	FILE SHEET	IN-GV-002
422	MONROE STREET	FILE SHEET	IN-GV-003
423	MONROE STREET	FILE SHEET	IN-GV-004
424	MONROE STREET	FILE SHEET	IN-GV-005
425	MONROE STREET	FILE SHEET	IN-GV-006
426	MONROE STREET	FILE SHEET	IN-GV-007
427	MONROE STREET	FILE SHEET	IN-GV-008
428	MONROE STREET	FILE SHEET	IN-GV-009
429	MONROE STREET	FILE SHEET	IN-GV-010
430	MONROE STREET	FILE SHEET	IN-GV-011
431	MONROE STREET	FILE SHEET	IN-GV-012
432	MONROE STREET	FILE SHEET	IN-GV-013
433	MONROE STREET	FILE SHEET	IN-GV-014
434	MONROE STREET	FILE SHEET	IN-GV-015
435	MONROE STREET	FILE SHEET	IN-GV-016
436	MONROE STREET	FILE SHEET	IN-GV-017
437	MONROE STREET	FILE SHEET	IN-GV-018
438	MONROE STREET	FILE SHEET	IN-GV-019
439	MONROE STREET	FILE SHEET	IN-GV-020

ITEM 7I

Coachella Valley Association of Governments Executive Committee February 24, 2025



STAFF REPORT

Subject: CV Link at Union Pacific Railroad Right-of-way

Contact: Martin Magaña, CVAG Consultant (mmagana@cvag.org)

Recommendation: Authorize the Executive Director to spend up to \$250,000 for flagging services and associated work related to CV Link under Union Pacific Railroad in Indio

Transportation Committee: Concurs (Meeting of February 3)

Background: On September 24, 2018, the Executive Committee authorized the Executive Director to be delegated as the official representative to take any and all actions required, pursuant to federal and state law, to complete the right-of-way acquisition process and license agreement process for construction for CV Link. This authorization also included spending up to \$50,000 for expenditures related to right-of-way and construction activities for CV Link.

With CV Link in the final stretches of construction, there have been bigger-ticket costs related to CV Link. One is the work related to the CV Link under crossing at Union Pacific Railroad (UPRR). Since August 2018, CVAG has been working extensively with UPRR to obtain all approvals for an undercrossing of CV Link at the railroads adjacent to Indio Boulevard in the City of Indio. As part of these approvals, CVAG needed to obtain approval from the California Public Utilities Commission (CPUC), approval from UPRR on the construction plans, and Public Pedestrian Underpass Agreement where CV Link impacts the UPRR right-of-way.

Among other approvals, on April 24, 2024, the CVAG Executive Committee approved the Public Pedestrian Underpass Agreement. This agreement requires CVAG to pay for flagging services at the standard prevailing wage rate of \$1,400 per day whenever the contractor is working within UPRR right-of-way. UPRR requires flagging as a safety protection to ensure nearby trains and people working are kept safe. When it is determined that assistance is required (i.e. flagging) to provide a safe work environment, it is the outside party's responsibility to use a qualified vendor, as well as ensure the vendor is approved by UPRR. The approval process ensures outside parties understand and comply with applicable safety rules and processes. UPRR has two vendors: RailPros and National Railroad Safety Services (NRSS). UPRR would consider alternative qualified vendors provided they meet requirements.

Given the nature and requirements of UPRR's policy, CVAG contacted each of the two UPRR approved vendors to obtain a quote for flagging services. The rates obtained were the same for both vendors at the standard prevailing wage rates as shown below.

Standard Workday:	Rate:
Standard 8-hour day	\$1,312.00
Overtime rate per hour after 8 hours	\$170.15/hour
Nights, Weekends, and Holidays:	Rate:
Standard 8-hour day	\$1,562.00
Overtime rate per hour after 8 hours	\$195.25/hour

Given that UPRR has two approved firms on their list, additional firms were not considered as the project was underway and additional time and approval would be needed to consider a firm not already approved by UPRR. National Railroad Safety Services, Inc. (NRSS) was selected at the project team's discretion based on past working relationships with CVAG's construction manager, Anser Advisory.

The work with NRSS is now exceeding the Executive Director's signing authority due to unexpected construction challenges. Construction crews recently detected a high-pressure gas line within UPRR right-of-way. This was not expected, and the contractor is working with the gas company to address this issue as soon as possible. The additional time and work has resulted in additional flagging services and costs. In addition, the contractor needs to pass under the railroad, in and out of UPRR's right-of-way, multiple times for efficiency to get other work completed including but not limited to rough grading and fine grading the pathway, installing forms for concrete pours, pouring concrete, installing a warning system for flooding events, crane operations and drilling in the concrete slope protection to install steel for the canopy protection structures.

Staff anticipates the flagging services will be need through the end of March 2025 and is now recommending the Executive Director be provided additional authorization to cover the costs.

Fiscal Analysis: This action would authorize a not-to-exceed total amount of \$250,000 for work with NRSS, which is paid for on a time-and-materials basis.

To date, CVAG has paid \$50,000 for these services but has been billed for additional work. The contractor is keeping crews on one side or the other when work is not actually occurring in the UPRR right-of-way to help minimize the need for flagging services each day.

There are sufficient CV Link funds available.

ITEM 7J

**Coachella Valley Association of Governments
Executive Committee
February 24, 2025**



STAFF REPORT

Subject: Implementation of the Enterprise Asset Management System (EAM) Project

Contact: Randy Bowman, Assistant Transportation Director (rbowman@cvag.org) and Allen McMillen, Management Analyst II (amcmillen@cvag.org)

Recommendation: Authorize the Executive Director to execute an agreement for cloud services, end user license agreement, and statement of work agreement for professional services with Univerus Inc. for the implementation of an Enterprise Asset Management System for a not-to-exceed amount of \$719,488

Transportation Committee: Concurs (Meeting of February 3)

Background: At its June 3, 2024 meeting, the CVAG Executive Committee authorized the Executive Director to execute cloud services and professional services agreements with Oracle America, Inc. for the implementation of Oracle NetSuite for Government system to replace CVAG's financial and administrative systems by transitioning to an Enterprise Resource Planning (ERP) System. The ERP procurement included provisions for a fixed asset module. However, the primary function is to track assets against the general ledger and depreciation — not to provide work order and asset management functionality that is needed by CVAG and its sister agency, the Coachella Valley Conservation Commission (CVCC).

Utilizing the ERP procurement consultant, BerryDunn, CVAG staff identified the need for an Enterprise Asset Management (EAM) system that addresses the work order, asset and inventory management needs of both CVAG and CVCC, which manages the Coachella Valley Multiple Species Habitat Conservation Plan. The EAM system also needs to interoperate with the ERP system. A key goal for the EAM implementation is to manage, maintain and track the various physical and land assets of the two organizations, with CVAG being the primary user of the EAM system. This includes:

- Nearly 30,000 acres of CVCC-owned conservation lands as well as 18 miles of existing fencing, boulders, barriers, signage and gates on CVCC lands;
- Assets related to CVAG-led active transportation projects of CV Link and Arts and Music Line, including paved path, bike racks, benches, watering stations, shade structures, signs, markings, lighting, landscaping and related components; and
- Assets related to CV Sync, which will ultimately include more than 550 traffic signals as well as fiber cables, traffic signal controllers, video detection systems, cameras, and other traffic management system and communications system equipment.

The EAM system has three components. The asset management component includes functionality to track, plan, and manage infrastructure and capital assets throughout their lifecycle from build or purchase,

maintenance, and eventual disposal or retirement, retaining its entire history. The work order management component allows CVAG and CVCC to handle key tasks and both internal and external service requests, and access to the system from vendors and agencies partnering with CVAG and CVCC on asset operations and management. Finally, the inventory management component provides a tracking of spare parts and components.

The RFP was issued on August 15, 2024. Four responsive vendor proposals were received by the submission deadline on September 23, 2024: AtkinRealis; Clovity Inc.; Univerus; and zLink Inc.

The evaluation committee included CVAG's Transportation Department staff and CVCC staff. The evaluation committee along with the BerryDunn team reviewed the proposals, interviewed the short listed vendors, conducted reference checks, and ultimately recommended Univerus Inc. as the finalist vendor. Staff worked through January 2025 to negotiate the contract details and finalize the scope, which includes budget for Univerus to create interfaces to interoperate with the ERP and other existing systems.

CVAG staff is now recommending the selection of Univerus Inc. and its proposed Enterprise Asset Management system solution and services and authorizing the Univerus Inc.'s agreements. This recommended approval would also authorize the Executive Director and/or Legal Counsel to make clarifying changes prior to execution. Upon approval by the Executive Committee, CVAG staff will commence the Univerus EAM solution implementation on March 1, 2025 and it will be implemented over a nine-month period and completed by December 2025.

Fiscal Analysis: The selection of the Univerus Inc. Enterprise Asset Management system solution is for a not-to-exceed amount of \$719,488 over a ten-year period, including one-time implementation costs and annual subscription pricing locked in over the ten-year term of the agreement.

CVAG was successful in obtaining discounts on the final software and implementation services costs. Staff obtained fixed 10-year recurring software subscription costs for a total not to exceed \$610,028. The fixed one-time deliverable-based implementation services costs shall not exceed \$98,460 and there are planned travel expenses in the amount of \$11,000 for 5 trips.

The first-year expenditure, including one-time implementation costs and the first year of subscription will be approximately \$146,960. CVAG and CVCC will be jointly using the EAM system and may proportionally share annual costs in subsequent years based on monitored usage/ However, the first-year cost will be borne by CVAG and CVAG's FY2024/2025 budget had estimated up to \$200,000 for the first-year subscription plus one-time implementation costs for the EAM system. The 10-year total costs are also nearly \$300,000 less than the cost proposal by the other short-listed vendor.

Attachments:

1. Univerus Master Services Agreement (MSA)
2. Univerus Statement of Work Agreement (SOW)



UNIVERUS MASTER SERVICES AGREEMENT

This **Univerus Inc.** Master Services Agreement (this “**Agreement**”) is entered into as of _____, 2025 (the “**Effective Date**”) between **Univerus Inc. (“UNIVERUS”)**, incorporated under the laws of the State of Delaware with their registered offices located at 4400 NE 77th Ave, Suite 275 Vancouver WA, 98662, and Coachella Valley Association of Governments (“**Client**”), with its principal office located at 74-199 El Paseo Suite 100, Palm Desert, CA 92260.

Background

UNIVERUS is part of a family of technology solutions including Univerus CIS (“Univerus Software”) and provides consulting, development and support services related to Univerus Software.

1 COMMENCEMENT DATE AND TERM

This Agreement shall commence on the Effective Date and shall continue in effect and shall remain in force until terminated in writing by either party in accordance with this **Agreement** (the “**Term**”).

2 SCOPE OF SERVICES

1. **Services Description.** **Univerus** shall provide the specific services listed in an applicable Statement of Work and related Change Order to the **Client** during the time period listed for such services in the applicable **SOW** (all such services are “**Services**”). All Services will be for **Client’s** use of the Univerus Software licensed to **Client** and upgrades provided by UNIVERUS thereto, such as version updates and error correction versions (“**Upgrades**”).
2. **Licenses.**
 - a. **UNIVERUS. Hosted and Subscription (SaaS)_Client** agrees to be bound by the terms of **UNIVERUS’ Hosting and End User License Agreement** (the “**Hosting and Univerus EULA**”) in effect as of **Effective Date** in connection with **Client’s** use of **Hosting and Software** (each as defined in the **Hosting and Univerus EULA**). **Client** acknowledges that the **Hosting and Univerus EULA** terms are attached hereto as **Exhibit A**. **Client** acknowledges that **Client** is agreeing to be bound by the version of **Hosting and Univerus EULA** but that the terms of the **Hosting and Univerus EULA** may be updated from time to time, **Client** reserves the right to review updated terms of the **Hosting and Univerus EULA** for any material changes to the contract and agree to terms within 60 days of receipt.
3. **Technical Support Services.** Services that support **Client’s** use of **Univerus Software** as defined in **Exhibit B**, including the response support services described therein, (“**Technical Support**”) shall be provided by **UNIVERUS** to **Client** in accordance with **Exhibit B**. Technical Support can be requested at all times on a 24-hour, 7-day basis for an additional fee, after Consulting and Development Services (as defined below) have been completed and after signing off of project

completion. Certain Technical Support is Included Technical Support as further specified in Exhibit B.

4. Description of Certain Services and Deliverables.

- a. **UNIVERUS** will provide certain consulting and development Services that are not included in Technical Support (“**Consulting and Development Services**”) as indicated in the SOW. Software, written materials, and any other deliverables resulting from Consulting and Development Services and set forth in the applicable **SOW** are “**Deliverables**”; provided, that in no event shall the Deliverables include source code.
- b. Any updated or upgraded versions of Deliverables that are prepared for the sole purpose of making Deliverables properly interact with or work with Upgrades are “**Deliverable Upgrades**.” **UNIVERUS** may provide Deliverable Upgrades on the written approval of **Client** (including the applicable fees). As part of such services, **UNIVERUS** shall backup **Client**’s database, test the Deliverable Upgrades, provide access for the **Client** to the upgrade database and environment for **Client** testing (which shall be done within five (5) weeks of being made available by **UNIVERUS**), and then upgrade **Client**’s live system. Any issues, technical or functional, will be addressed in the test environment in accordance with Exhibit B of this agreement. If **Client** fails to test the upgrade database and environment within five (5) weeks of being made available by **UNIVERUS**, **Client** will pay **UNIVERUS** additional fees for any work performed to address **Client**’s issues after the end of the review period against Block Time at **UNIVERUS**’ associated Block Time rates. **UNIVERUS** shall provide written notice to **Client** each time that an upgrade will be made to **Client**’s system. The **Client** shall cooperate with **UNIVERUS** to facilitate each such upgrade.

5. SOW and Change Orders.

- a. **Generally.** Any Statement of Work (“**SOW**”) between **UNIVERUS** and the **Client** is considered part of and bound by the terms of this Agreement and will only have an effect if the **SOW** is signed by a representative of both **Client** and **UNIVERUS**. A **SOW** may describe limitations on the specific Deliverables, or the scope of specific Development and Consulting Services described or contingencies that must be met so that **UNIVERUS** may deliver the specific Deliverables or Consulting and Development Services. “Customization” for purposes of a **SOW** includes all acts related to changes or modifications to the software, including time that **UNIVERUS** must spend evaluating whether or how such changes may be made, modifications of screens, calculations, forms and tables, and the evaluation of partial and final implementation of the changes in the software.
- b. **Change Orders.** Any change in an **SOW** is incorporated into this Agreement upon execution by the parties; provided, that minor changes (changes of 8 hours or less estimated) to a **SOW** may be agreed to via e-mail approval by the parties otherwise a Change Order Document must be submitted by **UNIVERUS** and approved by **Client** prior to work starting. Any change in the scope of or hours of work covered by a **SOW** may be

referred to by the parties as a **Change Order** (“**CO**”). To the extent of a conflict between (a) this Agreement and any **SOW** (including any **CO**), the terms of this Agreement govern, and (b) any two or more **SOWs** (including any **CO**), the latest **SOW** shall govern.

3 FEES

1. **Fees and Rate Schedule.** Except for Hosting and Included Technical Support, all Services are provided by **UNIVERUS** to **Client** on a milestone basis as defined in the SOW.
2. **Subscription Fees.** The fees for Software as a Service (SaaS) where there is no sale of license of software and no separation of Hosting Fees from the Software Subscription Fees.
3. **Hosting Fees.** The fees for **Hosting** and **UNIVERUS** Software shall be payable in accordance with the **Hosting and Univerus EULA**.
4. **Reimbursable Expenses.** The hourly rates do not include **UNIVERUS’S** expenses incurred while performing Services of the type listed in **Exhibit C** (“**Reimbursable Expenses**”). **Client** will reimburse **UNIVERUS** for Reimbursable Expenses in accordance with **Exhibit C** within thirty (30) days of **UNIVERUS** providing **Client** with an undisputed invoice for Reimbursable Expenses.
5. **Included Technical Support Fees.** So long as **Client** is paying the subscription fees for Hosting, there are no separate fees for Included Technical Support.
6. **Taxes.** The **Client**, as a regional planning agency, operates as tax-exempt and thus shall not be charged applicable taxes as a result of this Agreement and/or any services performed under this Agreement.

4 CONFIDENTIAL INFORMATION

1. **Definition.** “**Confidential Information**” means all information that is not generally known to the public and in which either party, or its suppliers, clients or other person (to the extent such party owes a duty of confidentiality to any such person) has rights, including, without limitation, financial statements, customer lists and information, information regarding business planning, operations, organization, administrative, financial or marketing activities, management know-how and techniques, series of instructions or statements comprising computer programs, system designs, modular program structures, system logic flows, file contents, video and report formats, coding techniques and routines, and file handling and special routines, to which **UNIVERUS** or the **Client** has rights, and all copies and tangible embodiments thereof (in whatever form or medium), that are not generally known to the public. Notwithstanding the foregoing, Confidential Information does not include information that:
 - i. is, as of the time of its disclosure, or thereafter becomes, part of the public domain through a source other than the receiving party; was known to the receiving party as of the time of its disclosure;
 - ii. is independently developed by the receiving party without reference to the Confidential Information; or
 - iii. is subsequently learned from a third party (i.e., not **UNIVERUS**, the **Client** or any of their respective employees or agents) not subject to an obligation of confidentiality with respect to the information disclosed.

2. **Restrictions.** Each party agrees that, with respect to any Confidential Information that is disclosed by one party (the “**Disclosing Party**”) to the other party (the “**Receiving Party**”), except as expressly specified in this Agreement, the Receiving Party shall:
 - i. maintain the confidentiality of Confidential Information.
 - ii. use such Confidential Information only in the performance by the Receiving Party of its obligations under this Agreement.
 - iii. limit dissemination of such Confidential Information to its employees or agents who have a need to use such Confidential Information for the purpose of performing the Receiving Party’s obligations under this Agreement; and
 - iv. return such Confidential Information and any copies, extracts, or summaries thereof (whether prepared by the receiving party or otherwise, and regardless of whether in hard copy, computer memory, electronic media or otherwise) to the Disclosing Party upon the Disclosing Party’s request or the expiration or **Termination** of this Agreement, or, upon the Disclosing Party’s request, destroy the same and provide the Disclosing Party with a written certification of such destruction.
3. **Exceptions.** Nothing in this Agreement shall limit the ability of a party in possession of the Confidential Information of the other to disclose such Confidential Information, and such party shall have no liability for such disclosure, if such disclosure is
 - i. required to be made pursuant to law or regulation, government authority, duly authorized subpoena, or court order;
 - ii. required to be made to a court or other tribunal in connection with the enforcement of such party’s rights under this Agreement; or
 - iii. is approved by the prior written consent of the Disclosing Party.
4. **Breach.** Each party recognizes and acknowledges that in the event of any breach of Section 4.2 (either actual or threatened) by a Receiving Party, the Disclosing Party’s remedies at law shall be inadequate. Each party agrees that in such event, the Disclosing Party shall have the right to seek specific performance or injunctive relief, or both, in addition to any and all other remedies and rights at law or in equity, and such rights and remedies shall be cumulative.
5. **Survival of Restrictions.** The terms of this Section 4 shall survive the expiration or earlier termination of this Agreement and will continue in full force and effect.

5 INTELLECTUAL PROPERTY

1. **Ownership.** **UNIVERUS** does not assign any right, title, or interest in Univerus Software and Deliverables to **Client**, nor does its licensors retain any and all rights, title, and interest in and to the Deliverables. If Deliverables include or contain any materials that **Client** either provided to **UNIVERUS** for modification or inclusion as part of Deliverables (such materials are “**Client Materials**”), **Client** hereby assigns all of its right, title, and interest in **Client Materials** to **UNIVERUS**. Notwithstanding the foregoing, the **Client Data** (as defined in **Hosting and Univerus EULA**) shall continue to be owned by the **Client** and licensed to **UNIVERUS** under the terms of the **Hosting and Univerus EULA**. Following termination of the **Hosting and UNIVERUS EULA** or this Agreement, whichever is earlier, **Client** will have thirty (30) days to download the **Client Data** from **Univerus’** FTP site or other provided resource. Any work performed by **UNIVERUS**

after the thirty (30) days' period to facilitate data download will be billed on time and materials basis at **Univerus'** then-current rates.

2. **Licenses to Client.** **UNIVERUS** grants to **Client**, subject to the restrictions, terms and conditions contained herein, a non-exclusive, non-transferable (except as set forth in Section 12.10), non-sublicensable license to install and use Deliverables to conduct its business. **Client** agrees not to distribute or display any Deliverables and to not use the **Services** to offer consulting, hosting, or software development services.
3. **Background Knowledge.** **UNIVERUS** shall retain the right to use its knowledge, experience, and know-how, including processes, ideas, concepts, and techniques, developed in the course of performing all Services under this Agreement. Nothing herein shall be construed to prevent **UNIVERUS** from developing or marketing its knowledge, experience, and know-how, including processes, ideas, concepts, and techniques, developed in the course of performing all Services under this Agreement, either alone or with others, provided that such use does not involve any unauthorized use of the Confidential Information of the **Client** under this Agreement.

6 STAFFING

1. **Staff Composition.** **UNIVERUS** has complete discretion in determining the personnel used by **UNIVERUS** to provide Services, and such personnel may be employees, contractors, or consultants. If Client notifies **UNIVERUS** that it is dissatisfied with the services of any person supplied by **UNIVERUS**, Client shall provide **UNIVERUS** with a written description of such unsatisfactory services, and **UNIVERUS** shall try in good faith to promptly resolve any concerns. If Client continues to be dissatisfied with such person due to issues related to performance, workplace conduct, or behavior, **UNIVERUS** will remove that person from the situation and will assign another qualified person to Client's work as soon as possible. **UNIVERUS** agrees to use commercially reasonable efforts to maintain consistency of project personnel (subject to personnel employment status, promotion, leave of absence) and commits that replacement staffing resources will have sufficient project knowledge, qualifications and experience, without additional cost to Client, in order to render services in accordance with this Agreement. In such a case, **UNIVERUS** will provide a replacement within a commercially reasonable time while preserving overall project timelines.

UNIVERUS shall require each of its agents, officers, and employees to abide by any Client's policies that are communicated or provided in writing to **UNIVERUS**, including those prohibiting sexual harassment, pandemic response, security, firearms, and smoking, as well as all other reasonable work rules, safety rules, or policies regulating the conduct of persons on Client property at all times while performing duties pursuant to the Agreement. **UNIVERUS** and its agents, officers, and employees performing services on Client premises and otherwise using Client software, hardware, or equipment, shall comply with all Client security and information technology policies and practices. **UNIVERUS** agrees and understands that a violation of any of these policies or rules will constitute a breach of the Agreement and will be sufficient grounds for termination of the Agreement by the Client.

2. **Non solicitation.** During the term of this Agreement, and for a period of one (1) year following the expiration or termination of this Agreement, **Client** agrees not to disrupt or interfere, or attempt to disrupt or attempt to interfere, with the business of **UNIVERUS** by directly or

indirectly soliciting, recruiting, or attempting to recruit any of **UNIVERUS'** employees, contractors or consultants or otherwise inducing or attempting to induce the termination of any employee, contractor, or consultant of **UNIVERUS**.

7 CLIENT RESPONSIBILITIES

1. **Materials and Information from Client.** **Client** shall provide **UNIVERUS**, in a timely fashion, with **Client** systems, data, networks, facilities, requirements, resources ("**Client Systems**"), **Client Materials** (if any), **Client** business practices and any other information reasonably required for the performance of the Services by **UNIVERUS** hereunder including by way of example only, information about any errors in operation of **Client** Systems.
2. **General Assistance and Access from Client.** **Client** shall provide **UNIVERUS** with reasonable access to the **Client** premises and **Client** Systems (including digital access) and will make **Client** employees and contractors available to answer questions as necessary for the performance of the Services and will generally cooperate fully with **UNIVERUS** in **UNIVERUS'** provision of the Services. **Client** will
 - i. set up, maintain, and operate in good repair all environmental conditions and components at the **Client** site, including all networks, systems, and hardware, in or through which **Client** accesses or uses any of the **Services** and
 - ii. will take all actions and obtain all necessary authorizations and consents, whether from third parties or otherwise, reasonably necessary for **UNIVERUS** to perform the Services.
3. **Liability and Extensions.** **UNIVERUS** will not be in breach of this Agreement or liable for any failure to perform the Services due to any failure by the **Client** to provide the information or perform the tasks described in this Section 7. Any timing requirements of **UNIVERUS** under this Agreement are extended by the time period of delay caused by any failure of the **Client** to provide the information or perform the tasks described in this Section 7.

8 CLIENT COMMUNICATIONS AND PROJECT MANAGEMENT

1. **Client Contact.** **Client** will designate a person to act as **Client's** primary contact with **UNIVERUS** (the "**Client Contact**"). The **Client Contact** shall have overall responsibility for coordinating the performance of the **Services** with **UNIVERUS**, for acting as a day-to-day contact with the **UNIVERUS Contact** (as defined below) and for making available to **UNIVERUS** **Client** Systems and other support services from the **Client** required for **UNIVERUS** to be able to perform the **Services** in a timely and accurate manner.
2. **UNIVERUS Contact.** **UNIVERUS** will designate a person as **UNIVERUS'S** primary contact with **Client** (the "**UNIVERUS Contact**"). **UNIVERUS Contact** will have primary operational responsibility for **UNIVERUS'** performance of the **Services**, including supervising all **UNIVERUS** personnel and other technical resources used in performing the **Services**, and will serve as day-to-day contact with the **Client Contact**.

9 WARRANTIES, INDEMNITIES AND LIMITED LIABILITY

1. **Limited Warranties by UNIVERUS.** UNIVERUS represents and warrants that UNIVERUS will use personnel trained to perform the Services and such Services will be performed in a workmanlike manner. UNIVERUS shall be responsible for the professional and technical accuracy and the coordination of all work furnished under this Agreement as further set forth in the associated Statement of Work. UNIVERUS shall furnish appropriate qualified and competent professional services for each aspect and task for which it is assigned per the Statement of Work so that detailed checking or reviewing by the Client is not necessary. Notwithstanding any provision to the contrary, the Client's review, approval, testing, acceptance or payment for any of the Deliverables, Services, equipment, and/or materials furnished shall not be construed to operate as a waiver of any rights under this Agreement or any cause of action arising out of the performance of this Agreement. Without limiting the generality of other provisions of this Agreement, in the event that any aspect of UNIVERUS's performance fails to comply with applicable law or Statement of Work due to UNIVERUS's negligence, UNIVERUS shall make all necessary corrections at no cost whatsoever to the Client.
2. **Limited Warranties by Client.** Client represents and warrants the following:
 - i. Client has all necessary rights legally required in order for Client to provide and grant the ownership rights in all Client Materials to UNIVERUS;
 - ii. UNIVERUS's use, modification or addition of software to Client Materials will not cause UNIVERUS to infringe or misappropriate any intellectual property rights of anyone;
 - iii. The Client will obtain all necessary licenses to Client Systems necessary for UNIVERUS to provide Services regarding Client Systems.
 - iv. Client will at all times comply with Hosting and Univerus EULA; and
 - v. to Client's knowledge, the provision of Services will not cause Client or UNIVERUS to infringe or misappropriate any intellectual property rights of anyone.
3. **Indemnities.** Client will defend, indemnify, and hold harmless UNIVERUS and UNIVERUS contractors, employees, licensors and directors against all actions, claims, damages, and suits ("Claims") brought against UNIVERUS arising from any breach by Client of this Agreement. UNIVERUS must approve any settlements of Claims and may control the defense of any Claims at UNIVERUS' option and expense.
 To the fullest extent permitted by law, Univerus shall indemnify, protect, defend and hold harmless Client, its members and any and all of their officials, employees and agents from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs, which arise out of, pertain to, or relate to Consultant's alleged act(s) or failure(s) to act.
4. **Limited Liability and Limited Remedies.** EXCEPT AS REQUIRED BY APPLICABLE LAW, EITHER PARTY'S ENTIRE LIABILITY TO THE OTHER PARTY FOR OR UNDER ANY ACTIONS, CLAIMS OR SUITS RELATED TO THIS AGREEMENT, WHETHER BASED UPON CONTRACT, TORT, OR ANY OTHER CAUSE OF ACTION, WILL NOT EXCEED THE GREATER OF: (1) THE AMOUNTS PAID BY CLIENT TO UNIVERUS UNDER THIS AGREEMENT IN THE TWELVE MONTHS IMMEDIATELY PRECEDING THE EVENT CAUSING SUCH LIABILITY; (2) ONE MILLION DOLLARS (\$1 million); PROVIDED, HOWEVER THAT THIS LIMITATION SHALL NOT APPLY TO THE EXTENT SUCH ACTIONS, CLAIMS, OR SUITS ARE COVERED BY THE TYPES AND AMOUNTS OF INSURANCE REQUIRED UNDER THIS AGREEMENT. CLIENT AGREES THAT CLIENT'S EXCLUSIVE AND SOLE REMEDY FOR ANY FAILURE

BY UNIVERUS TO PERFORM ANY SERVICES AS REQUIRED UNDER THIS AGREEMENT IS LIMITED TO RE-PERFORMANCE OF SUCH SERVICES.

5. **Exclusion of Consequential Damages and Limited Recourse.** EXCEPT FOR ANY BREACHES OF SECTION 4 AND EXCEPT FOR OBLIGATIONS UNDER SECTION 9.3, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE OR SPECIAL DAMAGES (INCLUDING LOSS OF PROFITS, DATA, BUSINESS OR GOODWILL), EVEN IF ADVISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING.
6. **No Other Warranties.** EXCEPT FOR THE LIMITED WARRANTIES MADE IN THIS SECTION 9, UNIVERUS MAKES NO WARRANTIES OF ANY KIND OR NATURE, WHETHER EXPRESS OR IMPLIED INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. **CLIENT** ACKNOWLEDGES THAT NO STATEMENTS THAT MAY HAVE BEEN MADE BY UNIVERUS PERSONNEL TO **CLIENT** PRIOR TO EXECUTION OF THIS AGREEMENT OR OUTSIDE OF THIS AGREEMENT INCLUDING ANY STATEMENTS IN A **SOW** WILL BE CONSIDERED A WARRANTY OR OTHER STATEMENT ABOUT THE OUTCOMES OR QUALITY OF SERVICES PROVIDED.
7. **Insurance.** Throughout the term of this Agreement, UNIVERUS shall procure and maintain the following: (1) Commercial General Liability insurance in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate for bodily injury, personal injury and property damage; (2) Professional Liability/Errors and Omissions insurance in an amount not less than \$1,000,000.00 per claim and in the aggregate; (3) Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in an amount not less than \$1,000,000 per accident combined single limit, at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability, Code 1 (any auto); (4) Workers' compensation in compliance with applicable statutory requirements and Employer's Liability Coverage in an amount not less than \$1,000,0000 per accident or disease, UNIVERUS shall submit to Agency, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of Agency, its officers, agents, employees and volunteers. (b) Consultant shall include CLIENT, its member agencies and any other interested and related party designated by CLIENT, as additional insureds on the commercial general liability policy and the automobile liability policy for liabilities caused by UNIVERUS in its performance of services under this Agreement and shall provide CLIENT with a certificate and endorsement verifying such coverage. In the event said insurance coverage expires at any time or times during the term of this Agreement, UNIVERUS agrees to provide at least five (5) days notice prior to said expiration date and, prior to said expiration date, a new certificate of insurance and endorsements evidencing insurance coverage as required herein for no less than the remainder of the term of the Agreement, or for a total period of not less than one (1) year. New certificates of insurance are subject to the approval of CLIENT. In the event UNIVERUS fails to keep in effect at all times insurance coverage as required herein, CLIENT may, in addition to any other remedies it may have, terminate this Agreement. (c) UNIVERUS's insurance coverage shall be primary insurance as respects CLIENT, its member agencies, and any other interested and related party designated by CLIENT as additional insureds. Any insurance or self-insurance maintained by said additional insureds shall be in excess of UNIVERUS's insurance and shall not contribute with it and, to the extent obtainable, such coverage shall be payable notwithstanding any act of negligence of CLIENT, its members, or any other additional insured, that might otherwise result in forfeiture of coverage. Any failure to comply with reporting or other provisions of the policies, including breach of warranties, shall not affect coverage provided to said additional insureds. UNIVERUS's insurance shall apply

separately to each insured against whom claim is made or suit is brought. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by any party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to CLIENT.

(d) Said insurance policy or policies shall be issued by a responsible insurance company with a minimum A. M. Best Rating of "A-" Financial Category "X", and authorized and admitted to do business in, and regulated by, the State of California.

(e) Evidence of all insurance coverage shall be provided to CLIENT prior to issuance of the Notice to Proceed. UNIVERUS acknowledges and agrees that such insurance is in addition to UNIVERUS's obligation to fully indemnify and hold CLIENT, its members and any other additional insureds free and harmless from and against any and all claims arising out of an injury or damage to property or persons caused by the acts or omissions of UNIVERUS.

10 TERMINATION

1. **Termination for Convenience.** Either party may, at any time, upon sixty (60) days' advance written notice terminate this Agreement for convenience.
2. **Non Appropriations :** Univerus acknowledges that Client is a governmental entity and, as such, that Client is funded by annual appropriations through governing bodies. Univerus agrees that a non-appropriation of funds by Client shall relieve Client of payment requirements under this section. Client will provide at least thirty (30) days prior notice and sufficient evidence of such non-appropriation of funds. "
3. **Termination for Breach.** Either Party may terminate the Agreement in the event of a material breach or default of any obligation of this Agreement that is not cured within thirty (30) calendar days of written notice of such breach or default or as provided for in this Agreement.
4. **Effects of Termination.** Termination or expiration of this Agreement for any reason shall not affect any amounts due and payable for any Services or Deliverables completed up to and including the date of such termination or expiration. **CLIENT ACKNOWLEDGES AND AGREES ALL AMOUNTS PAID FOR SERVICES ARE NONREFUNDABLE IN THE EVENT OF ANY TERMINATION.**
5. **Survival.** All payment obligations as well as Sections 4 (Confidential Information), Section 5 (Intellectual Property), Section 6.2 (Non-Solicitation), Section 9 (Warranties, Indemnities and Limited Liability), and Section 12.12 (Arbitration) shall survive any termination of this Agreement.

11 FORCE MAJEURE AND DELAY

1. **Force Majeure.** Each party to this Agreement shall be excused from default or delay in the performance of its obligations hereunder if and to the extent that such default or delay is caused by an act of God, or the failure of any third party to provide software, materials or support that is needed to carry out the obligations hereunder that is reasonably unforeseeable and for which a replacement is not reasonably available, or other cause beyond its reasonable control, including but not limited to, work stoppages, fires, riots, accident, explosion, flood, storm, or failures or fluctuations in electrical power, heat light, air conditioning or telecommunications equipment. In such an event, the non-performing party shall be excused

from performance for as long as such circumstances prevail and shall as soon as practicable notify the other of any actual or anticipated delay.

2. **Other Permitted Delays.** **UNIVERUS'** performance under this Agreement is contingent upon the cooperation of the **Client**, including, without limitation, the supply to **UNIVERUS** of adequate resources and information as mutually agreed upon under this Agreement. If **UNIVERUS** is required to perform any Services by a certain time period, any delays in **UNIVERUS'** performance occurring as a result of failure or untimely performance by the **Client**, **UNIVERUS'** time requirement shall be extended to the extent of any such delay, and **UNIVERUS** shall not incur any liability to the **Client** as a result of such delay. The **Client** will use reasonable efforts to cure or otherwise resolve identified delay as soon as possible. In the event that the identified delay cannot be cured or otherwise resolved with thirty (30) days from receipt of such notice, **UNIVERUS** shall be entitled to terminate this Agreement and any **SOW** then in effect under Section 10.2 by giving written notice to the **Client**, such termination to be effective on the date indicated in said notice.

12 FURTHER UNDERSTANDINGS

1. **Notices.** All notices and other communications given or made pursuant to this Agreement (except for direct communications between **Client** Contact and the **UNIVERUS** Contact as contemplated in Section 8 and as otherwise specified in in this paragraph) shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or
 - i. personal delivery to the party to be notified;
 - ii. when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day;
 - iii. five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or
 - iv. one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. Notwithstanding the foregoing, all notices in connection with actual, attempted, suspected, or threatened terminations, expirations and breaches of this Agreement shall be in writing and shall only be deemed effectively given upon the earlier of actual receipt or
 - a. personal delivery to the party to be notified;
 - b. five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or
 - c. one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications will be sent to the receiving party's address as set forth in the introductory paragraph of this Agreement or to such other address as the receiving party may have provided for purposes of receiving notices as provided in this Section 12.
2. **Binding Nature.** This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and permitted assigns.

3. **Right to Perform Services for Others.** The **Client** acknowledges and agrees that UNIVERUS, and its affiliates may perform for third parties' services that are comparable or similar to the **Services** and UNIVERUS and such affiliates shall be free to provide such services.
4. **Severability.** If any provision of this Agreement, or the application thereof, shall for any reason and to any extent be determined by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement shall be interpreted so as best to reasonably effect the intent of the parties. The parties further agree to replace any such invalid or unenforceable provisions with valid and enforceable provisions designed to achieve, to the extent possible, the business purposes and intent of such invalid and unenforceable provisions.
5. **Publicity.** All media releases, public announcements and public disclosures by either party relating to this Agreement or the subject matter of this Agreement, including, without limitation, promotional or marketing material, but not including any announcement intended solely for internal distribution or any disclosure required by legal, accounting or regulatory requirements, shall be coordinated with and shall be approved in writing by the parties prior to such release, which approval shall not be unreasonably withheld or delayed.
6. **Entire Agreement.** This Agreement, all Exhibits and Schedules hereto and any **SOW** which specifically references itself as a description of Consulting and Development Services under this Agreement that has been executed by the parties constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all agreements and understandings (including any sales quotes) between the **Client** and UNIVERUS with respect to the subject matter hereof made prior to the Execution Date. There are no representations, warranties, understandings, or agreements relating to the subject matter hereof which are not fully expressed in this Agreement. No amendment, modification, waiver, or discharge of this Agreement shall be valid unless in writing and signed by an authorized representative of the party against whom such amendment, modification, waiver, or discharge is sought to be enforced. To the extent there is any conflict between the terms and conditions of this Agreement and the **Hosting and Univerus EULA**, the terms of the **Hosting and Univerus EULA** shall prevail only as they apply to **Hosting and Univerus Software**.
7. **Governing Law.** This Agreement shall be governed by the laws of the State of California notwithstanding its conflict of law provisions.
8. **No Waiver.** No waiver or failure to exercise any option, right or privilege under the terms of this Agreement by either of the parties hereto on any occasion or occasions shall be construed to be a waiver of the same on any other occasion or of any other option, right or privilege. Any consent by any party to, or waiver of, a breach of the other party, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any different or subsequent breach.
9. **Headings and References.** The headings and captions used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to "Sections", "Exhibits" or "Schedules" shall, unless otherwise provided, refer to Sections hereof or Exhibits and Schedules attached hereto, all of which Exhibits, and Schedules are incorporated herein by this reference.
10. **Assignment.** This Agreement may not be assigned by either party without the prior written approval of the other party, which shall not be unreasonably withheld.
11. **Independent Contractor.** Nothing contained in this Agreement shall be construed to imply a joint-venture, partnership or principal-agent relationship between UNIVERUS and the **Client**.



UNIVERUS shall provide all **Services** as an independent contractor. **UNIVERUS** does not undertake by this Agreement or otherwise to perform any obligation of the **Client**, whether regulatory or contractual, or to assume any responsibility for the **Client's** business or operations.

i.

[Signature Page Follows]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Client: Coachella Valley Association of Governments

By: _____

Name: **Tom Kirk**_____

Title: **Executive Director**_____

Date: _____

Univerus Inc.

By: _____

Name: _____

Title: _____

Date: _____

13 EXHIBIT A HOSTING AND UNIVERUS EULA TERMS

13.1 HOSTING AND UNIVERUS END USER LICENSE AGREEMENT

IMPORTANT - PLEASE READ CAREFULLY: This **Hosting and Univerus End User License Agreement** (the “**Hosting and Univerus EULA**”) is a legal agreement between **Univerus Inc.**, a Delaware company (“**UNIVERUS**,” “**we**,” “**our**,” or “**us**”) and the **Client** agreeing to these terms (“**Client**,” “**you**,” or “**your**”). This **Hosting and Univerus EULA** governs **Client**’s use of the hosting services offered by **UNIVERUS** and certain proprietary software offered by **UNIVERUS** to facilitate Hosting (the “**Univerus Software**”), each as specifically identified in a statement of work executed by the **Client** with **UNIVERUS** (the “**SOW**”).

BY AGREEING TO THE MASTER SERVICES AGREEMENT BETWEEN YOU AND **UNIVERUS** (the “**AGREEMENT**”) OR USING **HOSTING** OR **UNIVERUS SOFTWARE**, YOU CONSENT TO BE LEGALLY BOUND BY ALL THE TERMS AND CONDITIONS OF THIS **Hosting and Univerus EULA**. IF YOU DO NOT AGREE TO ANY OF THE TERMS OF THIS **Hosting and Univerus EULA**, YOU MAY NOT USE **HOSTING** OR **UNIVERUS SOFTWARE**.

UNIVERUS RESERVES THE RIGHT, AT OUR DISCRETION, TO CHANGE, MODIFY, ADD OR REMOVE PORTIONS OF THIS **HOSTING AND UNIVERUS EULA** AT ANY TIME BY GIVING A WRITTEN NOTICE VIA AN EMAIL MESSAGE TO THE CONTACT EMAIL THAT WE HAVE IN OUR RECORDS. YOU WILL BE DEEMED TO HAVE ACCEPTED SUCH CHANGES BY CONTINUING TO USE **HOSTING** AND/OR **UNIVERUS SOFTWARE** SIXTY (60) DAYS FROM THE TIME OF SUCH EMAIL (SUCH SIXTY (60) DAY PERIOD IS “**REVIEW PERIOD**”). WE MAY ALSO REVISE OTHER POLICIES, CODES OR RULES AT ANY TIME AND THE NEW VERSIONS WILL BE AVAILABLE ON THE **UNIVERUS** WEBSITE. NO AMENDMENT TO THIS **HOSTING AND UNIVERUS EULA** SHALL APPLY TO ANY DISPUTE OF WHICH WE HAD ACTUAL NOTICE BEFORE THE DATE OF THE AMENDMENT. IF YOU DO NOT WISH TO ACCEPT THE UPDATED **HOSTING AND UNIVERUS EULA** TERMS, YOU MAY TERMINATE THE **HOSTING AND UNIVERUS EULA** BY PROVIDING A SIXTY DAYS’ WRITTEN NOTICE PRIOR TO THE END OF THE REVIEW PERIOD, WHICH WILL TERMINATE YOUR RIGHTS TO USE **HOSTING** AND **UNIVERUS SOFTWARE**. IF WE REVISE THIS **HOSTING AND UNIVERUS EULA** AND SEEK YOUR CONSENT TO BE BOUND BY SUCH REVISED **HOSTING AND UNIVERUS EULA** AND YOU DO NOT AGREE TO BE BOUND BY SUCH REVISED **HOSTING AND UNIVERUS EULA** BEFORE USING **HOSTING** AND/OR THE **UNIVERUS SOFTWARE** AGAIN, THEN NOTWITHSTANDING ANYTHING TO THE CONTRARY, WE RESERVE THE RIGHT TO TERMINATE YOUR ACCOUNT AND USE OF **HOSTING** AND **UNIVERUS SOFTWARE**.

13.1.1 HOSTING.

- i. **Agreement to Provide Hosting.** Subject to the terms and conditions of this **Hosting and Univerus EULA**, including the payment of the applicable subscription fees, **UNIVERUS** agrees to make **Hosting** available to **Client**. For avoidance of doubt, **Hosting** will not include any consulting services provided by **UNIVERUS** or other services, which are made available to **Client** subject to the terms and conditions of the Univerus Master Services Agreement.
- ii. **Client Responsibilities.** **Client** (i) will ensure that its authorized users keep their passwords secure and confidential, (ii) is solely responsible for all activity in **Client**’s account in **Hosting**, (iii) must use commercially reasonable efforts to prevent unauthorized access to its account, and notify **UNIVERUS** promptly of any such unauthorized access, (iv) is solely responsible for the

development, content, operation, maintenance, and use of **Client's** materials and data uploaded on **Hosting** (the "**Client Data**"), and (v) will adhere to all laws, rules, and regulations applicable to its use of Hosting, including all terms and conditions in the Cloud Provider Agreement (as defined below), which are incorporated herein by this reference. **Client** will be solely responsible for the accuracy, quality, and integrity of the **Client Data**.

- iii. **Cloud Provider.** **Client** acknowledges that **Hosting** and **UNIVERUS Software** are deployed and hosted on the cloud infrastructure provided by a third-party provider engaged by **UNIVERUS** ("**Cloud Provider**"). **UNIVERUS** is an authorized reseller of the Cloud Provider's services and does not provide such services. By agreeing to this **Hosting and Univerus EULA**, you acknowledge that your use of **Hosting** is subject to a separate agreement between you and the Cloud Provider (the "**Cloud Provider Agreement**"). Furthermore, **UNIVERUS** does not, and cannot, make any representations, warranties, or guarantees to **Client** with respect to the specifications, features, service levels or capabilities of any cloud infrastructure or services, which are provided by Cloud Provider as per the terms and conditions set forth in the Cloud Provider Agreement including, without limitation, the service levels set forth therein. Your compliance with the Cloud Provider Agreement is a material condition of **UNIVERUS** entering into this **Hosting and Univerus EULA** and providing Hosting.
- iv. **Limitations.** As a condition of **Client's** use of **Hosting**, **Client** agrees not to: (a) access, tamper with, or use any non-public areas of **UNIVERUS'S** or Cloud Provider's systems; (b) attempt to probe, scan, or test the vulnerability of **UNIVERUS'S** systems or any related system or network or breach any privacy, security or authentication measures; (c) provide access to or utilize the Service under a time-share or service bureau arrangement or in any other manner, which would permit any third party, other than authorized users, to, directly or indirectly, utilize or otherwise benefit from the Service, whether or not for monetary or other consideration; or (d) interfere with, or attempt to interfere with, the access of any user, host or network, including, without limitation, sending a virus, overloading, flooding, spamming, or mail-bombing **UNIVERUS'S** systems.
- v. **Transition Option.** Either party may, at any time upon sixty (60) days' advance written notice, terminate the **Hosting** service without cause. Upon such termination, **Client** may request **UNIVERUS** to assist in the transition of the service to **Client's** on-premises installation or a third-party service provider. **UNIVERUS** agrees to use commercially reasonable efforts to provide transition services on an hourly fee basis at the-then prevailing rate. In addition, **Client** will be responsible for any incremental costs incurred by **UNIVERUS** from Cloud Provider, including, without limitation, the following: (i) difference between the original per-license cost paid and the then-current per-license sales list price, (ii) prorated software maintenance for remainder of the calendar year, (iii) future cost of hosting to be paid by the **Client**, when software is not used in production environment

13.1.2 UNIVERUS SOFTWARE.

- i. **License Grant.** Subject to the terms and conditions of this **Hosting and Univerus EULA**, including the payment of the applicable subscription fees, **UNIVERUS** grants you a personal, limited, non-exclusive, non-transferable license (except as expressly set forth in the Univerus Master Services Agreement) to electronically access and use the **UNIVERUS Software** for your internal business purposes. For avoidance of doubt, the term **UNIVERUS Software** includes the **UNIVERUS'S** proprietary software identified on the Statement of Work and includes any other programs,

tools, internet-based services, components, and any updates (for example, **UNIVERUS Software** maintenance, service information, help content, bug fixes, or maintenance releases etc.) of the **UNIVERUS Software** that **UNIVERUS** provides or makes available to you.

- ii. **Limitations.** **UNIVERUS Software** is licensed solely to be used by your authorized users for your internal business purposes and any other use including for third parties is expressly prohibited. **UNIVERUS** reserves all rights not expressly granted to you in this **Hosting and Univerus EULA**. Without limiting the generality of the foregoing, you shall not, nor shall you permit any other party to:

- a. make copies of the **UNIVERUS Software** except as expressly set forth in this **Hosting and Univerus EULA**; or
- b. disassemble, decompile, reverse engineer, or translate any part of the **UNIVERUS Software**, or otherwise attempt to reconstruct or discover the source code of the **UNIVERUS Software**, except and only to the extent that such activity is expressly permitted by applicable law notwithstanding this limitation; or
- c. modify or create derivative works based upon the **UNIVERUS Software**; or
- d. externally distribute, sublicense, resell, encumber, or otherwise transfer the **UNIVERUS Software**; or
- e. rent, lease, lend, or use the **UNIVERUS Software**, or any part thereof, for timesharing or bureau use; or
- f. allow a third party to copy, access, or use the **UNIVERUS Software** (except as expressly provided in this **Hosting and Univerus EULA**); or
- g. alter or remove any copyright, trademark or other proprietary notice which may appear on the **UNIVERUS Software**; or
- h. take any action that would cause the **UNIVERUS Software** to be placed in the public domain or become subject to an open-source license agreement.

- iii. **Third Party Software.** In addition to the **UNIVERUS Software**, certain third-party programs or code identified on the Statement of Work may be provided to you in connection with **Hosting** ("**Third Party Software**"). Such Third-Party Software is made available under the terms and conditions of separate and distinct end user license agreements (collectively, the "**Third Party Licenses**"). BY INSTALLING, COPYING OR OTHERWISE USING SUCH THIRD-PARTY SOFTWARE, YOU AGREE TO BE BOUND BY THE TERMS OF THE THIRD-PARTY LICENSES. IF YOU DO NOT AGREE TO ALL SUCH TERMS, DO NOT INSTALL OR USE THE THIRD-PARTY SOFTWARE.

13.1.3 OWNERSHIP.

- i. **UNIVERUS Ownership.** All right, title and interest in and to **Hosting** and **UNIVERUS Software** and all workflow processes, user interface, designs, know-how, and other technologies used by **UNIVERUS** as part thereof and any intellectual property rights embodied therein, together with any enhancements, improvements or modifications made thereto, is and shall remain the sole and exclusive property of **UNIVERUS** and/or Third Party, whether created alone or in conjunction with any third party. Except for the rights specifically granted within this Agreement, **Client** is granted no other rights in or to **Hosting** or the **UNIVERUS Software** licensed hereunder. **Client** shall not obtain any rights, title, or interests to **Hosting**, **UNIVERUS Software** or any intellectual property rights embodied therein, including any modifications, enhancements, improvements, or other alterations made thereto, by virtue of this **Hosting and**

Univerus EULA, operation of law or otherwise. This **Hosting and Univerus EULA** is a license and not an agreement for sale.

- ii. **Client Ownership.** Subject only to the limited license expressly granted hereunder, as between **Client** and **UNIVERUS**, **UNIVERUS** acquires no right, title, or interest from **Client** in or to **Client Data**, including any intellectual property rights therein.

13.1.4 SUBSCRIPTION PERIOD.

- i. **Termination.** Either party may terminate this **Hosting and Univerus EULA** for cause upon sixty (60) days' prior written notice to the other party if there is any material default or breach of this **Hosting and Univerus EULA** by the other party, unless the defaulting party has cured the material default or breach within the thirty (30) day notice period. **UNIVERUS** may terminate this **Hosting and Univerus EULA** immediately following written notice if: (i) **Client's** actions expose or threaten to expose **UNIVERUS** to any liability, obligation, or violation of law; (iii) **Client** breaches the **Cloud Provider Agreement**; (iv) upon failure of **Client** to pay amounts owed to **UNIVERUS** if such amounts are not paid within thirty (30) days of **UNIVERUS** providing written notice of such failure to pay; or (v) **Client** has ceased to operate in the ordinary course of business, made an assignment for the benefit of creditors, or similar disposition of **Client's** assets, or has become the subject of any bankruptcy or dissolution proceeding.
- ii. **Effect of Termination.** Upon termination of this **Hosting and Univerus EULA** for any reason other than by **Client** for **UNIVERUS'S** uncured material breach, such fees shall become due and payable within thirty (30) business days of the termination. **UNIVERUS** will reasonably cooperate in the transition of **Client's** services by providing a backup copy of **Client Data**, on a time-and-materials basis at **UNIVERUS'S** then-current rates.

13.1.5 SUBSCRIPTION FEES.

- i. **Fees.** The upfront fees and subscription fees for **Hosting** and **UNIVERUS Software** will be as mutually agreed by the parties and set forth in a Purchase Order. Except as otherwise specified in this **Hosting and Univerus EULA** (i) fees are fully earned upon receipt by **UNIVERUS**, and (ii) payment obligations are non-cancelable and not subject to set-off or deduction and fees paid are non-refundable.
- ii. **Payment Terms.** Unless otherwise agreed in a Purchase Order, **UNIVERUS** will invoice **Client** for upfront fees and expenses and the subscription fees will be invoiced and payable as per the schedule set forth in the Purchase Order. **Client** will pay each such invoice upon receipt by way of ACH (Automated Clearing House). Any such amounts not paid within thirty (30) days of the date of invoice shall bear interest at the rate of 1.5% per month calculated daily and compounded monthly or, if lower, the highest rate permitted under applicable law. You must have sufficient funds in a U.S. checking or savings account to cover an electronic debit of the subscription fee to obtain access to **Hosting** and **UNIVERUS Software**. The payment information you provide must be accurate and complete, and you agree to notify us promptly of any change in the payment information. When you subscribe and provide payment information, your bank account will be debited, and will be automatically re-debited by way of ACH (Automated Clearing House) at the beginning of each applicable payment period at the then-current subscription rate to maintain access to **Hosting** and **UNIVERUS Software**.
- iii. **Taxes.** All fees, expenses, and other amounts payable to **UNIVERUS** hereunder do not include any sales, use, value added or other applicable taxes, tariffs or duties, payment of which will be

the sole responsibility of **Client** (excluding any taxes based on **UNIVERUS'S** net income). The **Client** will promptly reimburse **UNIVERUS** for any such amounts that **UNIVERUS** pays on **Client's** behalf.

13.1.6 DISCLAIMER OF WARRANTIES.

- i. EXCEPT AS EXPRESSLY PROVIDED HEREIN, THE **UNIVERUS SOFTWARE AND HOSTING** ARE PROVIDED "AS-IS" AND, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, UNIVERUS, ITS AFFILIATES, LICENSORS, THIRD-PARTY CONTENT OR SERVICE PROVIDERS, DEALERS AND SUPPLIERS (COLLECTIVELY, "SUPPLIERS") DISCLAIM ALL GUARANTEES AND WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, REGARDING THE **UNIVERUS SOFTWARE AND HOSTING**, INCLUDING ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, TITLE, MERCHANTABILITY, AND NON-INFRINGEMENT. **UNIVERUS** DOES NOT WARRANT THAT THE **UNIVERUS SOFTWARE** IS SECURE OR FREE FROM BUGS, VIRUSES, INTERRUPTION, OR ERRORS, OR THAT THE **UNIVERUS SOFTWARE** WILL MEET YOUR REQUIREMENTS. TO THE EXTENT THAT EXCLUSION OF IMPLIED WARRANTIES ARE NOT PERMITTED BY LAW, ANY IMPLIED WARRANTIES ARE LIMITED IN DURATION TO SIXTY (60) DAYS FROM THE COMMENCEMENT DATE, AS APPLICABLE, TO THE EXTENT PERMITTED BY APPLICABLE LAW. THIS WARRANTY GIVES YOU SPECIFIC LEGAL RIGHTS, AND YOU MAY HAVE OTHER RIGHTS THAT VARY FROM STATE TO STATE.

13.1.7 LIMITATION OF LIABILITY AND DAMAGES.

- i. THE ENTIRE CUMULATIVE LIABILITY OF **UNIVERUS** AND ITS SUPPLIERS FOR ANY REASON ARISING FROM OR RELATING TO THIS **HOSTING AND UNIVERUS EULA** SHALL BE LIMITED TO THE AMOUNT PAID BY YOU FOR **HOSTING** IN THE TWELVE MONTHS IMMEDIATELY PRECEDING THE EVENT CAUSING LIABILITY. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, **UNIVERUS** AND ITS SUPPLIERS SHALL NOT BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES OR FOR ANY DAMAGES RELATING TO LOSS OF BUSINESS, TELECOMMUNICATION FAILURES, THE LOSS, CORRUPTION OR THEFT OF DATA, VIRUSES, SPYWARE, LOSS OF PROFITS OR INVESTMENT, USE OF **HOSTING OR UNIVERUS SOFTWARE** WITH HARDWARE OR OTHER SOFTWARE THAT DOES NOT MEET **UNIVERUS'S** SYSTEMS REQUIREMENTS OR THE LIKE, WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY OR OTHERWISE, EVEN IF **UNIVERUS** OR ITS SUPPLIERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EVEN IF A REMEDY SET FORTH HEREIN IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE. SOME STATES DO NOT ALLOW THE LIMITATION AND/OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY TO YOU. FURTHER, THE **CLIENT** IS FOREVER BARRED FROM BRINGING ANY CLAIMS, SUITS OR ACTIONS AGAINST **UNIVERUS** RELATED TO ANY **SERVICES OR SOFTWARE** PROVIDED UNDER THIS **HOSTING AND UNIVERUS EULA** MORE THAN TWO (2) YEARS AFTER THE DATE ON WHICH **UNIVERUS** RENDERED THE APPLICABLE **SERVICES OR SOFTWARE**.

13.1.8 INDEMNIFICATION.

- i. **Client** will defend, indemnify, and hold harmless UNIVERUS, its Suppliers, including their respective agents, employees, officers, directors, and representatives, from and against any liabilities, damages, losses, costs, attorney fees arising out of or relating to any third party claim

(including, without limitation, **Cloud Provider**) as a result of any acts or omissions of **Client** in violation of, or arising out of, this **Hosting and Univerus EULA** (including any breach of any representation or warranty contained herein), the **Cloud Provider Agreement**.

13.1.9 BASIS OF BARGAIN.

- i. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE FOREGOING SECTIONS ON WARRANTY DISCLAIMER, LIMITATION OF LIABILITY AND INDEMNIFICATION FAIRLY ALLOCATE THE RISKS BETWEEN THE PARTIES, WHICH IS REFLECTED IN THE PRICING OFFERED BY **UNIVERUS** TO **CLIENT** IS AN ESSENTIAL ELEMENT OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES.

13.1.10 CONSENT TO CONDUCT BUSINESS ELECTRONICALLY (CONSENT).

- i. **Consent to Electronic Communications.** **UNIVERUS** may be required by law to send communications to you that may pertain to **Hosting, UNIVERUS Software** or the use of information you may submit to **UNIVERUS**. Additionally, certain of the third-party services you choose may require communications with the third parties who administer these programs. You agree that **UNIVERUS**, on behalf of itself, and others who administer such services (as applicable), may send communications to you by email and/or may make communications available to you by posting them at one or more websites. You consent to receive these communications electronically. The term “communications” means any notice, record, agreement, or other type of information that is made available to you or received from you in connection with **Hosting, UNIVERUS Software** and the third-party services.
- ii. **Consent to Do Business Electronically.** The decision whether to do business electronically is yours, and you should consider whether you have the required hardware and software capabilities described below. Your consent to do business electronically and our agreement to do so covers all transactions you conduct through **Hosting** and **UNIVERUS Software** for as long as you remain a subscriber to **Hosting** and/or **UNIVERUS Software**.
- iii. **Hardware and Software Requirements.** In order to access and retain an electronic record of communications, you will need: a computer, a monitor, a connection to an Internet service provider, Internet browser software that supports 128-bit encryption, and an e-mail address. By agreeing to this **Hosting and Univerus EULA**, you are confirming to us that you have the means to access, and to print or download, communications. We do not provide ISP services. You must have your own Internet service provider.
- iv. **Withdrawal of Consent.** If you later decide that you do not want to receive future communications electronically, please inform the **UNIVERUS** support team.
- v. **Changes to Your Email Address.** You agree to notify us promptly of any change in your email address.

14 EXHIBIT B SERVICES THAT SUPPORT CLIENT'S USE OF SOFTWARE

Services provided are categorized into two groups:

1. **Implementation Services** – defined as the services provided for the implementation of the **Software** to include all activities defined in the associated **SOW** and tasks from the detailed Project Plan. These Services will fall into the following categories:
 - a. **Project Management Services** – defined as the coordination and administration services related to the planning and execution of a particular project.
 - b. **Functional Consulting Services** – defined as the services provided to the **Client** related to interaction and understanding of requirements, providing training, configuring the system in accordance with **Client** needs, defining functional specifications for requested customizations.
 - c. **Technical Consulting Services** – defined as development and customization related services for the **Client**. **Technical Consulting Services** includes understanding the functional requirement from the functional specs, translating functional specifications into technical specifications, providing development effort as per the technical specifications.
2. **Support Services** – defined as the on-going services provided to the **Client** for the management of **Software** issues/bugs and enhancements (the “**Support Services**”). These **Support Services** will fall into the following categories and are subject to the terms defined in Exhibit C.
 - a. **Technical Support** – defined as support provided to the **Client** for issues related to computer network infrastructure. **Technical support** helps provide support for analysis, implementation, and translation of a computer network infrastructure, as they translate the functional specifications into technical specifications. **Technical Support** does not include addressing non-**UNIVERUS** controlled issues.
 - b. **Functional Support** – defined as support provided to guide the specific use of business applications. **Functional Support** helps to configure systems according to **Client** needs and works to understand the **Client**'s processes to manage the day-to-day functioning of a program or system.

15 EXHIBIT C – SUPPORT TERMS AND CONDITIONS

15.1 TECHNICAL AND FUNCTIONAL SUPPORT SERVICES

15.1.1 Definitions:

- **Technical Support:** is usually non-billable as it is covered under the Software Maintenance paid by the customer annually. If Software Maintenance is not paid, then all Technical Support will be billable as the software provider will no longer provide support time to **UNIVERUS** for this 1st level of support for software bugs or system faults. This is support provided to the **Client** for issues related to software bugs, system faults, and computer network infrastructure should the system be hosted in a **UNIVERUS** provided environment. **Technical Support** helps provide support for analysis, implementation, and translation of software bugs, systems faults, and computer network infrastructure, as they translate the functional specifications into technical specifications. **Technical Support** does not include addressing non-**UNIVERUS** controlled issues or systems.
 - **Technical Support** includes, but is not limited to, the following:
 - Bugs or technical issues in **UNIVERUS Software** or mutually agreed Add-Ons provided as part of the **Client** solution including license, login, and general software errors.
 - Adding or removing cloud users if hosted on the **UNIVERUS** provided environment.
 - Troubleshooting cloud login issues if hosted on the **UNIVERUS** provided environment.
 - Handling requests for links to information or resources that **Client** can use to research items on their own.
 - Direct access to e-learning materials for **Client's** staff.
- **Functional Support:** This is support provided to guide the specific use of business applications rather than resolve a software bug or other fault in the system. **Functional Support** helps to configure systems according to **Client** needs and works to understand the **Client's** processes to manage the day-to-day functioning of a program or system.
 - **Functional Support** includes, but is not limited to, the following:
 - New/custom queries, reports, functions, UDFs, UDTs, UDOs, Stored Procedures. Software customization requests will be estimated and are subject to written approval prior to work starting.
 - Software upgrade support – including database backup, test environment preparation.
 - Training and/or review of existing system functions.
- **Normal Business Hours** are from 8:00 AM to 5:00 PM EST and do not include weekends or pre-defined holidays.

- **Premium Support** includes support coverage for nights and weekends outside Normal Business Hours. Premium Support is under a separate agreement and can be purchased upon request.
- **Non-UNIVERUS Controlled Issues** - any issue arising due to:
 - circumstances not reasonably anticipated by **UNIVERUS** or not under **UNIVERUS'S** control.
 - All non-**UNIVERUS** Controlled Issues are deemed a billable service.
- **On-site Support** is support provided by **UNIVERUS** at the **Client's** place of business. All Onsite Support shall be deemed billable service.
- **Training** is instruction provided to **Client's** personnel in the use of **UNIVERUS** Application Environment. Any request for Training will be estimated and subject to written approval prior to work starting. All Training shall be deemed billable service.
- **Support Requests Requirements.** To receive **Technical Support** or **Functional Support**, the **Client** submits a request to **UNIVERUS** via email to support@assetfinda.com or through the Web-based ticketing system at <https://support.univerus.com/SignIn> and indicates their level of severity for such inquiry (based upon the criteria listed in chart below). **UNIVERUS** determines, in its sole discretion, what level of severity the request will be treated as such in **UNIVERUS'S** response back to **Client**. All Support Requests are reviewed, and Support notifies **Client** which classification the ticket falls into, whether "Technical Support" or "Functional Support," before any hours are allocated to included or pre-purchased hours or billed.
- **Response Time.** Upon receiving a **Client's** Support Request, **UNIVERUS** will use reasonable best efforts, to return at least a preliminary response within the time frames outlined in the chart below. The time to solve each of the applicable problems will depend on **UNIVERUS'S** diagnosis and will be addressed within the defined response times.

Client Support Prioritization and Response Time

Priority	Severity	Description	Initial Response Time	Targeted Solving Period
1	Critical	Issue within the UNIVERUS Application Environment renders Client production system at complete standstill and causes severe impairment of vital functions in the UNIVERUS Application Environment.	2 hours	Based on UNIVERUS Diagnosis
2	High	Issue within the UNIVERUS Application Environment affects Client production system, with serious interruptions to central functions, or leading to a serious interruption of business.	4 hours	Based on UNIVERUS Diagnosis
3	Medium	Issue within the UNIVERUS Application Environment leading to interruptions in normal operations caused by a malfunctioning or unavailable function.	8 hours	Based on UNIVERUS Diagnosis
4	Low	Case within the UNIVERUS Application Environment with no or only minor interruptions in normal operations, including but not limited to malfunctioning or unavailable functions that are not required daily or not used regularly.	16 hours	Based on UNIVERUS Diagnosis

16 EXHIBIT D – SUBSCRIPTION AND FEE STRUCTURE

A. Subscription Fees:

Univerus Base Fee will be invoiced on the Installation date. Univerus Subscriptions will be invoiced on the Go-Live date. Annual Subscription fees for Univerus Software will increase by 5%.

Subscription Fee schedule

Year	Annual Subscription
1	\$48,500.00
2	\$50,925.00
3	\$53,471.25
4	\$56,144.81
5	\$58,952.05
6	\$61,899.66
7	\$64,994.64
8	\$68,244.37
9	\$71,656.59
10	\$75,239.42

B. Consulting and Training Fees **\$185/hr**

Consulting and Training Fees are invoiced based on the Milestones outlined in the payment schedule and in the SOW. For further details on the associated fees please refer to the project schedule as outlined in section 7.1 in the SOW.



C. Travel Expenses

Estimated travel cost for this project is **\$11,000**. All travel required to implement this project will be paid as incurred. Client will not reimburse for travel, food, or related costs in excess of those permitted by the Internal Revenue Service.

Onsite Travel details

*** Travel Details ***

Cost Per Trip	Trips	Total Cost
\$2,200	5	\$11,000
TOTAL	5	\$11,000

17 EXHIBIT E – ENTIRE AGREEMENT

RFP, Addenda, and Univerus Proposal to be included here:

Tab 1 – Technical

Tab 2 – Asset Management

Tab 3 – Work Orders

Tab 4 – Inventory

Tab 5 – Interfaces

Tab 6 – Data Conversion

Univerus – Price Proposal

Univerus – Technical Proposal



STATEMENT OF WORK

Between:

**Coachella Valley Association of
Governments**

74-199 El Paseo Suite100,
Palm Desert, CA 92260.

And

UNIVERUS Inc

4400 NE 77th Ave, Suite 275
Vancouver WA, 98662

For:

Enterprise Asset Management Software And Services Solution

Agreement Date: _____

This Statement of Work (SOW) is entered into this _____ day of _____, 2025 (Effective Date) by and between **UNIVERUS Inc**, with principal offices in Vancouver WA (hereinafter “UNIVERUS”), and Coachella Valley Association of Governments, with principal offices in Palm Desert, CA (hereinafter “CVAG”). UNIVERUS and CVAG shall perform in accordance with this SOW. When mutually executed for implementation, this SOW and the documents listed below become contractually binding on UNIVERUS and CVAG under the terms and conditions of the Univerus Master Services Agreement.

Background Statements:

- (A) UNIVERUS provides a range of computer services and software to customers with a view to achieving a business solution that meets the identified Enterprise Asset Management (EAM) requirements of CVAG;
- (B) CVAG wishes to engage UNIVERUS for the implementation of a new EAM, and UNIVERUS agrees to provide such services and/or software as agreed to in the terms set out herein; and
- (C) This Agreement sets out the general terms that will govern the provision of all services and/or deliverables to CVAG by UNIVERUS.

UNIVERUS shall perform the services and provide the deliverables defined in the following documents:

“Univerus Master Services Agreement”	Univerus Master Services Agreement Coachella Valley Association of Governments	Referenced, not in this document
“SOW”	This Statement of Work for Professional Services, including all appendices, Schedule “E” of Master Software Agreement, dated	This document
“Proposal”	UNIVERUS proposal dated September 23, 2024 to CVAG RFP	Referenced, not in this document
“Project Schedule”	TBD upon completion of SOW Phase	Referenced, not in this document
“RFP”	CVAG’s RFP for Software and Implementation Services for an Enterprise Asset Management (EAM) Software Systems Solutions, dated August 15, 2024, to include Functional Requirements Matrix documents.	Referenced, not in this document

These documents define the scope of this project and will guide its execution. The conclusion of this project is defined by UNIVERUS and CVAG as UNIVERUS having met the requirements for all deliverables.



IN WITNESS WHEREOF, a duly authorized representative of each party has executed this Statement of Work on the Effective Date:

Coachella Valley Association of Governments

Name: _____
(Signature)

Name: Tom Kirk
(Print)

Title: Executive Director

Date: _____

UNIVERUS INC

Name: _____
(Signature)

Name: _____
(Print)

Title: _____

Date: _____

Document Revision History

This section is used to track the SOW revision history.

Author	Date	Reason for Changes	Version
Atsushi Yasuda	29-Nov-2024	Document draft created	V3.0
Atsushi Yasuda	08-Dec-2024	Document Updated	V4.0
Atsushi Yasuda	15-Jan-2025	Document – FINAL	V5.0

Table of Contents

1 Definitions.....	7
2 Project Introduction.....	12
2.1 Project Statements.....	12
2.2 Project Goals and Objectives	12
3 General Project Assumptions and Responsibilities	14
4 Implementation Scope and Services	15
4.1 Solution Overview	15
4.2 Functional Requirements	15
4.3 Implementation Approach	15
4.4 Delivery Phase 0 – Program Planning & Management	17
4.5 Delivery Phase 1 – Analysis, Design & Configuration	19
4.6 Delivery Phase 2 – Custom Development	22
4.7 Delivery Phase 3 – Data Conversion	25
4.8 Delivery Phase 4 – Test Planning and Execution	29
4.9 Delivery Phase 5 – Training Planning and Delivery	33
4.10 Delivery Phase 6 – Deployment and Go-Live	37
4.11 Delivery Phase 7 – Transition.....	39
5 Project Management Methodology	42
5.1 Project Execution, Monitoring and Control.....	42
5.2 Project Governance.....	42
5.3 Conflict Resolution	43
5.4 Project Schedule.....	44
5.5 Project Scope	45
5.6 Change Control	45
5.7 Change Control Process	46
5.8 Incident Management.....	46
5.9 Communications	47
6 Project Deliverables	48
6.1 Deliverable Acceptance Process	48
6.2 Communication of Deliverable Delivery	48
7 Compensation and Payment Schedule.....	50
7.1 Fixed Price	50
7.2 Subscription Fees	53
7.3 Travel and Expense Policies	53
7.4 Payment Terms	55

8	Appendices.....	56
8.1	Project Schedule.....	56
8.2	Project Deliverables	56
8.3	Change Order Document	57
8.4	Client Approved Change Order Rate by Resource	58

1 Definitions

In addition to the definitions contained elsewhere in this Statement of Work, the following terms shall have the following meanings. Where any word or phrase defined below, or a pronoun used in place thereof, is used in any part of the Statement of Work, it shall have the meaning herein set forth. These definitions apply to this Statement of Work.

Definition/Term Name	Definition/Term Description
Additional Products	Additional Products are modules or standalone applications or licenses that CVAG has purchased as part of this project.
Agreement	Generally refers to the contract between CVAG and UNIVERUS. This SOW forms part of the Agreement, along with the Master Services Agreement, Master Software License Agreement, and Master Support and Maintenance Agreement.
As-Is Business Process	A Document that describes the steps, people, and resources involved in completing specific business activities. The As-is process documents describe how the process is executed in the current/legacy production environment and can form the basis for the To-be business process that describe how things will be done with the new Solution.
Best Practices	Techniques, process, and settings that enable services to be delivered more effectively and efficiently. This is based on UNIVERUS' experience with its software and clients and not necessarily on any industry best practices.
Business Process	Business Process Procedures that will provide documentation of daily operational process steps and system transactions to facilitate configuration, testing and training.
Business Requirements Document (BRD)	The BRD is the first step in the development process for customizations including modifications, interfaces, letters, forms and custom reporting. The BRD contains the business requirements of CVAG for the modification, interfaces/report being described. UNIVERUS will gather these requirements for discussions, demonstrations, and examples, and present them back to CVAG in a formatted document. Artifacts that will be used in the BRD will include the software specifications included in CVAG RFP and UNIVERUS PROPOSAL. CVAG will review and approve the requirements and use cases before the development process will proceed.
Change Control	The process that will be used throughout the project for controlling/managing project scope, schedule, and cost changes. Changes can be time, scope, or cost changes that impact the original project scope. UNIVERUS will prepare cost estimates to support CVAG'S decision on moving forward with a requested change, as well as an assessment of the magnitude of the estimates for changes ("small", "medium" and "large"). The preparation of order of magnitude estimates is not billable by UNIVERUS. This will be a formal process requiring approvals by representatives from both UNIVERUS and CVAG.
Change Order	Is the agreed documentation format between CVAG and UNIVERUS evidencing their agreement to change particular aspects of this Agreement or its subsidiary documents. Changes can be monetary or non-monetary depending on the nature of the change. The Change Order is part of the Change Control process.

Definition/Term Name	Definition/Term Description
Client	References CVAG and authorized agents.
Client Project Manager(s)	References CVAG Project Manager(s) and/or any third-party Project Manager(s) working in CVAG'S behalf.
Close-out (Plan)	The Close-out Plan is a document that defines the conditions that must be met by both UNIVERUS and CVAG in order to bring the project to closure and produce the final invoice. The Close-out Plan will be agreed to prior to Go-live.
Configuration	Process of setting preference and control codes, as well as building SQL queries in the Solution in order to have the system meet CVAG'S specific requirements. Configuration does not require programmatic software changes by developers, but is performed by application consultants and/or CVAG project members.
Conversion	These are the procedures and routines required to transform the data in the legacy system(s) to the UNIVERUS Solution. UNIVERUS is responsible for getting the converted data into the UNIVERUS Solution, where CVAG is responsible for getting the data out of the legacy system(s) to intermediate staging tables. Conversions can be performed against partial or full data sets as required.
Core Team	This is the team of CVAG employees and authorized agents that are dedicated to the projects and are considered full-time resources for the duration of the projects. This group should consist of individuals that have specific business knowledge/expertise that will greatly assist in the configuration, testing and training of the Solution. This group will become the 'super users' of the Solution as a result of their efforts on the Core Team.
Co-Responsibility	Both Client and Consultant share the responsibility for the deliverable.
Critical Path	The critical path of a project is the sequence of activities (as defined in the Project Schedule), that takes the longest amount of time to complete at any point during the project.
Cutover (Plan)	The Cutover includes all activities required to prepare for the transition from testing the new Solution to production processing with the Solution. The activities will include ensuring security is set, user profiles are established, close-out of pending actions in the legacy system, manual data conversions if required, roll-out of system to end users and other activities UNIVERUS and CVAG deem necessary.
Data Extract	The set of data extracted from the legacy systems for transfer into the UNIVERUS Solution. A new data extract is required for each conversion and for Go-live.
Data Mapping	The process of assigning legacy system data elements to target data elements in the UNIVERUS Solution data model for purpose of transformation.
Data Model	Visual description of data objects, their attributes, and the relationships between them.

Definition/Term Name	Definition/Term Description
Deliverable	A Deliverable is a document, work activity or a Service that is performed specific to the project to support the completion of the project or a key piece of the project. Deliverables are sometimes tied to payment milestones, but not always and may be the responsibility of either UNIVERUS and/or CVAG to provide.
CVAG	Coachella Valley Association of Governments, also referred to as CVAG
EAM	Enterprise Asset Management System. This refers to a system or group of inter-related systems that work together to manage the primary aspects of the company's business.
Fixed Price	The total cost for implementation services (excluding travel) to be paid to UNIVERUS to deliver the items identified in this SOW. These costs cannot increase as long as the scope does not expand beyond the items in this SOW, and the timeframe and hours do not expand as defined in the project schedule. Change Orders can be executed to change the Fixed Price. In these cases, the parties will defer to the Change Order process outlined in the Master Services Agreement.
Functional Test	Singular unit test of an object such as a screen, report or batch program. These tests will focus on specific functions. Functional Tests will be performed for all base system features to be used by CVAG, as well as configurations, modifications, interfaces, portals, reports, letters and forms. Functional tests do not utilize converted data to minimize the source of issues that may be encountered.
Go-live	Means the event occurring when CVAG first uses the Solution as the Organization's application System(s) (the point at which CVAG starts maintaining daily operational information in the Solution).
UNIVERUS	For the purposes of this document, UNIVERUS refers to Consultant, or Vendor
Interface	Passing of data between two separate and distinct systems; can be accomplished via real time or in batch mode.
Integrated Test	Integration testing tests the Solution including all features and functions, configurations, modifications, interfaces, reports, custom code developed working together with all associated reports, screens, transactions, and interfaces. Integration testing should also test a variety of scenarios covering different types of customers, accounts, locations, user categories, dates, etc. Integration testing is structured in nature and has expected results. Integrated testing will utilize converted production data in a test environment along with interfaces to other test systems.
Legacy System	References CVAG's existing system(s) that is being replaced.
Modification	A Modification shall be defined as custom code that is inserted into the standard UNIVERUS product to meet the specific business needs of CVAG. Modifications

Definition/Term Name	Definition/Term Description
	become permanent additions to the product and will always be available in future releases and upgrades of the software.
Priorities	UNIVERUS uses the following definitions for software issues: · Critical – Solution is effectively unworkable. No workaround. Generally reserved for live clients but can be used during project implementations if problem affects the critical implementation path in a significant manner. · High – Major issue with key functionality that does not have an effective workaround. · Medium – Issue has a viable workaround and will be addressed following resolution of higher priority issues. · Low – Minor issues not affecting functionality. These are the definitions that will be adhered to for incidents in the Spiral test tool when identifying problems with the functioning of the Solution. UNIVERUS reserves the right to change the priorities to properly reflect the urgency and severity of the issue in the context of its effect on the Solution and the overall timeline of the Project. If changing a priority is deemed appropriate, it will be done in consultation with the originator of the Spiral test incident, so that the problem is clearly understood and/or the reason for the change is explained.
Project	All proposed applications associated with CVAG software implementation.
Organizational Change Management	The activities, events, processes and procedures that are employed for handling transformation of the organization from one system environment to another. This relates mainly to the people and business processes.
Process Design	The process design is conducted during business process modeling activities and focuses on conducting business process design work in the context of the System environment. This design work will address operational and organizational changes required to implement the proposed solution.
Products	This refers to each of the software products that will be implemented as part of the EAM Solution. The primary products listed in the scope section of this document.

Definition/Term Name	Definition/Term Description
Project Schedule	The Project Schedule is a SmartSheet Project Gantt Chart that is built around the work breakdown structure (WBS) and contains all the necessary activities, dependencies, resources and labor hours. The Project Schedule will identify the critical path of activities for the project, which helps the PMs communicate and drive the dates that must be met to keep the project on schedule.
Start Date	The estimated start date of the project is March 1, 2025
System Acceptance	Execution of a document by which CVAG acknowledges and agrees that the Solution is performing acceptably and that UNIVERUS has completed all deliverables within the scope of the project.
Subject Matter Expert (SME)	Subject Matter Expert – a person who is either a member of the project team or participates on an ad-hoc basis as requested. A SME has particular business process knowledge that is vital to understanding the business requirements, in order to configure and confirm the Solution.
Test Plan	Document that outlines a strategy or approach for testing. A project test plan would include the schedule, instances/environments, tools, testing stages, and defect tracking process for all project testing.
Third Party	A 3rd party is any organization, other than UNIVERUS and CVAG, that is involved in or can affect this project and successful Go-live.
User Acceptance Test	The final test phase prior to the project 1 go-live and the project 2 go-live. These tests are all inclusive of the project scope and all scope items must be completed prior to the beginning of each of these tests. UAT seeks to replicate daily operations for CVAG so that they can validate the system in a context more similar to the way the system will actually be used.

2 Project Introduction

2.1 Project Statements

CVAG has embarked on this EAM replacement project for the purpose of implementing a new technology system to improve the association's overall performance (the "Project", "EAM Project" or "Solution"). These projects will replace CVAG'S current legacy system with products from UNIVERUS. The Solution is comprised of the Univerus Unity Suite, Univerus Work & Asset Management, and Inventory. UNIVERUS will provide program management, and implementation services for installation of the EAM Solution for CVAG.

UNIVERUS has reviewed the project schedule for the project, their planned resource levels and the resource minimums requested of CVAG (at the specified knowledge and skill level) in this SOW along with the project schedule, and is confident adequate time and resources have been accounted to meet the Start to End-of Transition timeframe

CVAG has reviewed the project schedule for each project, and their planned resources, to meet those requested by UNIVERUS, and are in agreement with the project schedule and are committed to meeting the Start to End-of Transition timeframe.

The definition of effort described in this SOW and the project schedule form the basis for the pricing of this project. Changes in scope to either or both could result in cost changes, following the Change Control process outlined in section 5.6 and 5.7 of this agreement.

If UNIVERUS fails to perform its obligations under this agreement, additional language in this SOW outlines the process for extending the project schedule beyond the Go-live timeframe.

If CVAG fails to perform its obligations under this agreement, additional language in this SOW outlines the process for extending the project schedule beyond the Go-live timeframe.

2.2 Project Goals and Objectives

CVAG has established goals and objectives for this enterprise-wide project in their RFP (through the Solution Selection process some of these may have been modified by CVAG and are only provided here for general background purposes):

- CVAG is wanting to take advantage of increased functoriality, better user experience and robust vendor support
- CVAG is wanting to decrease cost and time of transaction processing by leveraging EAM system functionality to automate processes
- CVAG is looking to decrease dependency on individual power users through better training and documentation
- CVAG is wanting to improve internal controls through workflow usage
- CVAG is looking to improve decision making by increasing the visibility of data and providing flexible and user friendly reports
- CVAG is wanting to support remote work capabilities more efficiently and decentralize appropriate processes that are currently centralized

Guiding Principles for the Project

CVAG and UNIVERUS agree to the following principles to guide the Project and our working relationship:

- First and foremost, we will work together to forge a long-term partnership between our companies. The project may last over a year and a half, but the business relationship will continue.
- We recognize this is a PROJECT and not normal daily operations. All team members may not be accustomed to the demands of a project and will have to readily adjust to the needs of meeting deadlines and multi-tasking for this project to be successful.
- We believe that all team members need to understand the methodology described in this document so that everyone has the same expectations and understands the sequence of activities necessary to get the Solution live in production.
- We recognize that all decisions will not be perfect, and that time is of the essence, so making the best decision possible within the timeframe allotted and sticking to the decision is vital. If later, adjustments are absolutely required, they will be made, and the Change Control process will be followed.
- We should keep the project moving forward by making decisions in an expedient manner. If additional personnel beyond the team are required to decide, we will identify those parties and the change management process to be followed early to keep decisions from being delayed.
- We will not try to reinvent the legacy system, but rather we will incorporate UNIVERUS best practices, as long as they do not conflict with regulatory, compliance requirements or organizational policy, when possible, to maximize the capability of the Solution.
- We will avoid unnecessary or additional custom modifications whenever possible to minimize scope change and reduce Solution complexity and cost.
- We will focus on today's business requirements in setting up the Solution while considering potential future requirements provided it does not cause delays.
- We acknowledge that there will be challenges during the project; we will address problems head on and openly with each other. All parties will conduct themselves honestly and with respect in all situations.
- We will seek to minimize waste on this project. Everything we do as part of this project should be necessary and provide value. For example, we will not conduct meetings without an agenda and a clearly defined purpose and outcome.
- We agree that responsibility for disagreements and delays is always shared, not necessarily evenly; but that each party plays a role, and we'll seek to fairly assess that responsibility to enable the project to move forward and the long-term relationship to be preserved.
- We will remind ourselves to remain focused on our project goals and on activities that will continue to move the project forward to a successful outcome.

These principles define how we wish to work together during the implementation of the Solution. Due to the pressures of a project such as this and the inevitable risks (unknowns) that will be introduced over the life of the project, there may be times when both parties may not feel we are working well together or towards the same objectives. At those times both parties will refocus on the long-term nature of our relationship, review the guiding principles and find a mutually agreeable path through the difficulties.

3 General Project Assumptions and Responsibilities

The following general assumptions have been made in the development of this SOW and the Project Schedule form the basis for the timeframes, level of effort and costing contained herein. Assumptions related to project phases can be found in those sections of the SOW. Should these assumptions prove not to be true, then adjustments may be required and will be addressed through the change control process.

General Assumptions:

1. All prices are quoted in U.S. dollars and include taxes where applicable.
2. The Fixed Cost will be firm for the scope and services identified herein through the project duration and post-implementation support, as identified in this SOW and the project schedule.
3. CVAG recognizes that competing initiatives may be a risk and a challenge to the project team and the implementation. CVAG will be responsible to ensure that the appropriate actions are taken to avoid any impact to the project schedule, staffing, and costs related to any competing projects.
4. Prompt decision-making and problem resolution will occur to achieve the scope defined in this SOW, an on-time, on-budget project completion.
5. CVAG and UNIVERUS understand the project scope and project timelines and agree to communicate and adhere to that scope and the timeline, thus setting the proper expectation level with the project team, stakeholders and management.
6. CVAG is willing to implement "Best Practices" in order to minimize the need for unnecessary or additional software modifications (beyond those already identified in this SOW). This may not always be possible, but CVAG will approach configuration decision-making from this perspective.
7. A high-level schedule is outlined in Section 8.1 of this SOW. In the event that CVAG unreasonably extends the project beyond these dates or requests work beyond the scope as specified in this SOW, CVAG agrees that additional fees for Project Management and other required Implementation Assistance along with reimbursement for related travel incurred may apply. These proposed fees would be mutually considered and agreed between UNIVERUS and CVAG.

4 Implementation Scope and Services

4.1 Solution Overview

The scope of the project in this SOW will include implementation of the Univerus Unity Suite including the Work and Asset Management, Fleet Management and Field Mobility. The standard functionality for this Solution will be implemented as well as any functionality defined within this SOW and Appendices.

The proposed Solution focuses on configuration rather than customization. As CVAG's business needs change and its organization expands, the inherent flexibility of the system supports these changes. Most configuration changes can be made by CVAG staff, eliminating the need for UNIVERUS consultants and expensive customizations.

Software Scope

Univerus Unity

- Asset Management
- Work Orders
- Inventory

4.2 Functional Requirements

The scope for the Project is based on CVAG RFP, the Functional Requirements Matrix documents, excluding modules not in scope of this SOW, appended to this SOW and the identified interfaces, modifications, and reports identified in this SOW.

Interfaces

A listing of interfaces are included in the document, *Tab 5 - Interfaces*

Data Conversion

A listing of data conversion source files as well as conversion requirements are included in the document, *Tab 6 – Data Conversion*

An additional requirement has been identified and added to the SOW.

Public Portal

Univerus will configure a public-facing portal that will integrate with required Univerus solution(s) to enable users to make requests and submit contextual information, and submit forms on desktop and mobile devices.

4.3 Implementation Approach

UNIVERUS will provide project management services, and professional services to assist CVAG as defined by the effort outlined in the Project Schedule and in this SOW. The scope of this project is based on UNIVERUS'



understanding of CVAG's requirements as outlined in this document and the Functional Requirements Matrix. The activities and budget as detailed in this SOW are fixed for the defined scope of work and effort as defined in the Project Schedule and will not be modified without prior approval of a mutually agreed upon change in the scope or duration of work. Sign-off of a Change Order must be made before the change in scope of work or duration can begin.

UNIVERUS shall use its implementation methodology to deliver the System encompassing the following delivery phases:

- Project Execution, Monitoring and Control
- Phase 0 – Preparation & Kick-off
- Phase 1 – Discovery, Analysis and Configuration
- Phase 2 – Custom Development
- Phase 3 – Data Conversion
- Phase 4 – Test Planning and Execution
- Phase 5 – Training Planning and Delivery
- Phase 6 – Deployment – Go-live
- Phase 7 – Transition / Post Implementation Support



Implementation Methodology



4.4 Delivery Phase 0 – Program Planning & Management

Purpose

The Planning phase of the project is the initial period when the project organization begins to meet and gather information to allow for the updating and baselining of the Project Schedule which clearly defines the timeline of the project. During the initial project preparation, CVAG and UNIVERUS teams are finalized, and the resources scheduled to ensure that there are no resource conflicts. The project schedule will be updated to accommodate holidays, known vacations and other events that remove resources from the project for short durations.

Preparation tasks are to include the basic technical infrastructure of the project, including ordering, delivery and provisioning of the software purchased by CVAG on the cloud servers, acquisition of licenses, and preparing project team workspace.

Initial drafts of the project planning document, as described below under Deliverables, will be prepared and delivered to CVAG Project Manager for review and approval. The UNIVERUS PM and CVAG PM will work together to finalize through the documents.

The Project Schedule will be built and maintained in SmartSheet by the UNIVERUS Project Manager with support and oversight from CVAG Project Manager. The project schedule delivered as part of this contract will be reviewed and refined to reflect the actual start date, holidays, and other known events. This schedule will be approved by both parties and baselined, forming the starting point for the Project. Both parties will staff and provide resources to meet the schedule. This schedule will outline all tasks to complete the overall project and have resources from UNIVERUS and CVAG assigned and properly allocated based on the resource's availability.

Future deliverables, such as Functional Specifications, Technical Specifications, Code Developments, System Test and Training Execution will be represented in the schedule but will be further detailed as the Project progresses since information needed is not completely available at this point. Work activities planned for the next ninety days will be detailed as accurately as possible. This schedule will reflect the work to be performed and resource allocation from a weekly view. Available working hours in the schedule will be based on actual working hours for the individuals involved (based on an 8-hour workday). CVAG and UNIVERUS holidays and individual team members' vacations will be identified in the schedule. Weekly maintenance of the project schedule is identified as part of the recurring Project Management deliverables.

An official project "Kick-off" session will be conducted with CVAG to signify the start of the project to the entire CVAG organization. Topics covered in the kick-off meeting may include Organization of the Joint Project Team, Reporting Structure, Timeline, Plan Overview, Resources, Roles & Responsibilities, Key Milestones, and Critical Success Factors. System Overview training will be conducted for CVAG core team members and SMEs at the appropriate time for each project, to familiarize them with the Solution's functionality as a basis for the Discovery sessions that will take place in the next phase. Discovery seeks to uncover the current business processes and practices against the background of how the new Solution functions and what features can be capitalized on to improve operations.

The final step in this phase is to set up our test management and execution tool, the project tracking tool, implementation task lists and the project issues list. This toolset combination is critical to managing all Univerus projects and serves as the hub for tracking and communication throughout the project.

Entry Criteria:

The following criteria must be met by both/either party before this phase begins:

- Signed contractual documentation, including but not limited to this SOW, the MSA and the Project Schedule.

Exit Criteria:

The following criteria must be met by both/either party before this phase is complete:

- All the deliverables below have been achieved.

Deliverables:

UNIVERUS will deliver the following as part of this phase:

- Updated, baselined and approved Project Schedule.
- Jointly refined Roles and Responsibility Matrix.
- Jointly refined Risk Management process.
- Jointly refined Change Control process.

- Jointly refined Go/No-go readiness document.
- Installed software applications on the hosted environments and user licenses acquired.
- Setup and provide training for Smartsheet Project Tracking toolset.
- Setup the test management solution.
- With input from CVAG, Univerus will develop the Project Charter, defining the project mission, scope, major deliverables, and high-level project schedule for the entire project/program, which may exceed the scope of this SOW and include other sub-projects. Some of the deliverables listed above under UNIVERUS may be incorporated into the Charter as desired.
- Jointly developed with CVAG, Univerus and CVAG will create a Communication Plan that defines how the organization will be readied for the Solution and possible business process changes. UNIVERUS will provide samples and templates as part of this exercise.

CVAG will deliver the following as part of this phase:

- Approval of the Communication Plan that defines how the organization will be readied for the Solution and possible business process changes. Univerus will also provide input to this plan.
- Finalization of the Core Team and identification of SMEs and other resources assisting with the project. CVAG will need to assure that these resources are reasonably available to participate as per the Project Schedule.
- Establishment of the Executive Steering Committee, a quorum number and monthly meetings.
- Setup of a project room with all necessary equipment, defined as sufficient workspace, computers and dual monitor setup for each user working as part of the project, and network access required by the team;
- Kick-off planning, setup and logistics. Secure key stakeholders / project teams members; work with CVAG IT to ensure solution environment(s) are accessible to users

Constraints and Assumptions

- The basis for all the UNIVERUS deliverables during this phase will be from the UNIVERUS and CVAG developed project methodology.
- All project resources will be in place by the end of this phase and will be dedicated for the duration of the project as defined by the Project Schedule.
- System Overview training following the Kick-off session will be delivered using the Univerus Demonstration solutions or CVAG solution environments based on availability.
- From phase start to Kick-off is scheduled to occur within 2 months.

4.5 Delivery Phase 1 – Analysis, Design & Configuration

Purpose

The purpose of this phase is to match CVAG business requirements defined in the RFP and this SOW with the capabilities of the solution and gather specific information needed to complete the initial configuration of the Solution that will be ready for testing. The Analysis & Design sessions will span multiple weeks, including sessions on reporting and data conversion, and will involve Core Team members as well as Subject Matter Experts (SMEs).

Discovery

A UNIVERUS application consultant will lead the Analysis & Design sessions involving appropriate CVAG business process experts (Core Team and SMEs) in order to complete the necessary documents, matrices and setup forms. These sessions and resulting documentation will be used to provide an initial configuration of the Solution.

Throughout the Analysis & Design sessions UNIVERUS and CVAG will jointly identify the business process changes required or desired to best take advantage of the UNIVERUS Solution. CVAG will identify these changes, guided by UNIVERUS and our implementation templates, and analyze them for impacts to current processes and stakeholders. UNIVERUS and the CVAG will jointly document these changes. CVAG will get approval for the changes and will communicate and implement the business process changes in the Solution.

UNIVERUS and CVAG will also confirm any necessary modifications. This will include any additional modifications not identified in this Agreement, and modifications that have significantly changed in scope. These modifications will be scrutinized for need and technical feasibility and, if agreed to, will be processed through the Change Control process. Modifications are not preferred, and both parties will first explore what can be accomplished through configuration before agreeing to change the software.

The Analysis & Design sessions will likely result in 'homework' being assigned to the appropriate CVAG resources for completion outside the meeting times in preparation for further Analysis & Design sessions and/or configuration of the Solution. UNIVERUS and CVAG will use UNIVERUS's task tracking tool throughout the implementation in order to track and report on:

- Business process changes;
- Implementation Incidents (issues such as: Testing problems; Database Conversion Issues; Reporting Issues; Environment Issues, Interface Issues and more);
- Testing Progress;
- Cutover Tasks and Assignments;
- End User Training Items.

Following the completion of each Analysis & Design Workshop, UNIVERUS will document all mutually agreed to decisions made during the sessions in the Conceptual Design Documents. The purpose of this activity is to define how CVAG's business processes are being met in the new Solution. Individual Design Documents will be issued in draft form within 5 days from the workshop unless otherwise agreed, to allow CVAG to review each in detail and provide any needed corrections prior to the delivery of the final documents.

Configuration

UNIVERUS will lead and manage the configuration activities, with participation and support by CVAG's functional and technical teams. The initial configuration of the Solution will be developed in conjunction with CVAG to facilitate knowledge transfer for those areas of the system that CVAG will want to be able to maintain, such as work order codes, preventative maintenance schedules and other areas mutually agreed between UNIVERUS and CVAG. Responsibility for maintenance of the configuration is transitioned to CVAG, supported by UNIVERUS, after Integrated Testing.

UNIVERUS will deliver Configuration Documents that includes the most up to date configuration information when the initial Solution configurations are completed. From that point until system Go-live in the production environment, CVAG will be responsible for maintaining the Configuration Document with support from UNIVERUS. Following Go-Live, CVAG is solely responsible for maintaining the Configuration Document as deemed necessary.

The source for the configuration settings are the Conceptual Design Documents. The configuration settings will be confirmed by use of the Solution through testing. It is anticipated that the configuration will be adjusted as the team becomes more familiar with the system and testing reveals unexpected results. In this manner configuration at this stage is considered 'initial' with it not being finalized until the Solution is ready to Go-live.

Entry Criteria:

The following criteria must be met by both/either party before this phase begins:

- Computing infrastructure established and functioning correctly.
- Solution installation completed and functioning correctly (in its un-configured state).
- System Overview training complete for the Unity Work & Asset Management, included within the scope of this SOW
- Project Schedule refined, base-lined and agreed to.

Exit Criteria:

The following criteria must be met by both/either party before this phase is complete:

- All the deliverables below have been achieved.

Deliverables

UNIVERUS will deliver the following as part of this phase:

- Structured Analysis & Design workshops;
- Conceptual Design documents resulting from the workshop sessions conducted in this phase;
- Configuration of the Solution to meet CVAG's needs;

CVAG will deliver the following as part of this phase:

- Core Team members and SMEs to take part in the Analysis & Design sessions as scheduled and document recommended changes to the business processes reviewed;
- Workshop session participants that are receptive to making business process improvements by taking advantage of the Solution's functionality and features. The goal is not to simply recreate the legacy system, but to find advantages to improve operations.
- Delivery of documentation and homework that describes the existing business operations and setup;
- Business process changes captured, reviewed for impact, and decisions made as to how to proceed in a timely fashion to permit configuration of these processes to occur during this phase;
- All necessary Change Orders approved.

Constraints and Assumptions

- CVAG core team members and SMEs will be available to take part in the Analysis & Design sessions as defined in the Project Schedule and will be empowered to implement agreed to business process changes.
- CVAG core team members and SMEs will be available to complete action resulting from the workshops,

outside of the sessions and during UNIVERUS off-site weeks, in order to keep the project on schedule.

- Meeting space large enough to accommodate the workshops and participants is available for the duration of this phase.

4.6 Delivery Phase 2 – Custom Development

Purpose

This phase is for the development of custom interfaces, modifications, custom reports and forms as contracted and defined in the final approved Discovery and BRD documents. It will begin during Phase 1 – Discovery and Configuration and will be completed after testing begins in Phase 4 – Testing Planning and Execution (these will be delivered and ready for the start of Integrated Testing or as mutually agreed to and represented in the Project Schedule).

Modifications and Interfaces

A UNIVERUS resource will follow the following five (5) step process to gather the necessary information to properly develop all essential Modifications, Interfaces, reports and forms for the System:

- Step 1 - Conduct an Analysis & Design session(s) to validate the functional requirements that need to be fulfilled by modifications, interfaces, reports, letters and forms. The resulting documentation is, known as a Business Requirements Documents (BRDs or Functional Specification) and obtain CVAG sign-off;
- Step 2 - Prepare Functional Requirements Document (FRD or Technical Specification document) and obtain client sign-off;
- Step 3 - Schedule Univerus Development in coordination with the Project Schedule.
- Step 4 - Develop Modifications, Interfaces, reports, letters and forms;
- Step 5 - Conduct initial Quality Assurance Testing prior to delivery.

The Business Requirements Document (BRD) will define how CVAG will use the customization while the Functional Requirements Document (FRD) and or the Technical Specification Document will define how the functionality will be developed to fulfill the proposed solution. A similar process will be followed for all customization, under the following topics:

Custom Report Development

During this phase a Reporting Plan will be created based on the results of the report workshop in Phase 1- Discovery and Configuration. This document will prioritize the reports identified in the workshop and outline a plan for report development. The Report Development plan will be provided to CVAG for comments and approval.

Time has been allocated (as per the Project Costing worksheet) for UNIVERUS to conduct the required analysis, design, development, and testing effort to define and develop custom reports. The exact number of reports that will be developed and the split of the hours between analysis, development and report development assistance to CVAG will be identified in the Reports Development plan based on the complexity of the reporting requirements.

Custom reports are typically a joint deliverable, with UNIVERUS providing what is agreed to in the Reporting Plan (based on the allotted hours) and CVAG delivering the remaining reports that are deemed necessary. Reports will be prioritized in the Reporting Plan as high/medium/low and will be sequenced into the Integrated Testing schedule as determined jointly by the PMs.

Custom Interface Development

During this phase an Interface Plan will be created based on the results of the interfaces workshop in Phase 1- Discovery and Configuration. This document will prioritize the interfaces identified in the workshop and outline a plan for interface development. The Interface Development plan will be provided to CVAG for comments and approval.

Time has been allocated (as per the Project Costing worksheet) for UNIVERUS to conduct the required analysis, design, development, and testing effort to define and develop the scoped and agreed custom interfaces.

Interfaces will be prioritized in the Interface Plan as high/medium/low and will be sequenced into the Integrated Testing schedule as determined jointly by the PMs.

Custom Form Development

During this phase a Forms Plan will be created based on the results of the Forms workshop in Phase 1- Discovery and Configuration. This document will prioritize the Forms identified in the workshop and outline a plan for Form development. The Form Development plan will be provided to CVAG for comments and approval.

Time has been allocated (as per the Project Costing worksheet) for UNIVERUS to conduct the required analysis, design, development, and testing effort to define and develop the scoped and agreed custom forms.

Forms will be prioritized in the Form Plan as high/medium/low and will be sequenced into the Integrated Testing schedule as determined jointly by the PMs.

Work Order Forms & Work Order Print

During a workshop, a UNIVERUS Assets and Field Analyst will work with appropriate CLIENT project team members to analyze and document all the requirements and specifications for the work order print and the field mobile work order screens. A standard bill template can be delivered within the scope of this project. If CLIENT requirements cannot be met with the standard bill template then the change management process will be initiated.

The work order print and the field mobility screens will be tested during Integrated Testing.

Entry Criteria:

The following criteria must be met by both/either party before this phase begins:

- Analysis & Design workshops completed and documented.
- Change Orders for custom work not already part of this Agreement approved.

Exit Criteria:

The following criteria must be met by both/either party before this phase is complete:

- All the deliverables below have been achieved.

Deliverables

UNIVERUS will deliver the following as part of this phase (as required):

- Business Requirements Documents (BRDs) will be developed by UNIVERUS with CVAG assistance to describe the intended functionality and requirements of the custom work and approved by CVAG
- Functional Requirements Documents (FRDs or Technical Specification Documents) will be developed by Univerus Development describing the manner in which the requirements described in the BRD will be met and approved by CVAG;
- Custom modifications, interfaces, reports and letters that meet the FRD or design spec;
- QA testing by Univerus Development and UNIVERUS consultants prior to CVAG testing commencing;

CVAG will deliver the following as part of this phase:

- Core Team members and SMEs to take part in the Custom Development workshop sessions as scheduled and to document CVAG's requirements for inclusion in the BRDs;
- Prompt review and approval of plans, BRDs and FRDs to enable the development process to begin as defined in the Project Schedule
- Coordinating and providing test systems to allow unimpeded testing of all third-party interfaces (core and custom);
- Configuration/development of the non-UNIVERUS side of the interfaces; this includes working with 3rd parties to build/modify the interface or find alternatives if the existing protocol is unwieldy, non-standard, or will result in additional effort and expense to make work.
- Reporting Catalog listing all the existing legacy reports that are believed to be needed with the new Solution, as well as examples and explanations of the fields/columns, and formulas/queries used to generate the data. The catalog should list the report name, the primary user, the frequency of use, a high/medium/low priority of need, and the data source at a minimum.

Constraints and Assumptions

- Additional Customization not included in this SOW, but deemed necessary during the project, will follow the same development process outlined here. Any impact on the Project Schedule will be presented and approved through the Change Order Process
- Change orders will be required for all approved required additional customization. Univerus Development schedules the development of FRDs in the same manner it schedules the actual custom development work, by allocating time in a future month to meet a deadline. Delays in creating, reviewing and approving BRDs and FRDs could jeopardize the delivery of the custom work and have negative consequences on the overall timeline, resulting in a change order.
- UNIVERUS and CVAG are equal partners in delivering custom development work. It takes both parties working together to meet the deadlines. The Deliverable Acceptance Process defined in Section 8.3 of this SOW will be followed by both UNIVERUS and CVAG to ensure timely completion of scheduled

activities. CVAG may also be responsible for its own development activities and will do so with the same level of formality and adherence to deadlines.

- The CVAG will be responsible for securing resources from the 3rd parties required to support development of any interfaces.

4.7 Delivery Phase 3 – Data Conversion

Purpose

The UNIVERUS data Conversion methodology is a proven process designed to successfully facilitate the conversion of data from any legacy database into the UNIVERUS Solution target systems including the Work & Asset Management, Fleet Management and Field Mobility solutions.. UNIVERUS as part of this SOW will be performing the loading of converted data to the new Solution database. CVAG will be responsible for the data extraction from the legacy system(s) and providing it in the format requested by UNIVERUS.

UNIVERUS's Conversion Analyst will lead CVAG's Conversion Analyst/Team through the Data Conversion requirements and mapping session, presenting the methodology, toolsets, and scripts that will be used during the conversion, as well as completing a detailed data mapping. CVAG's Conversion Team is responsible for extracting data and making the data available to UNIVERUS in pre-defined Staging tables/files. UNIVERUS's responsibility includes taking data from the Staging tables/files to the Solution tables.

The Database conversion steps are:

1. Analysis/ Data Mapping / Conversion Plan;
2. Conversion routine development (CVAG and UNIVERUS);
3. Validation testing (CVAG and UNIVERUS);
4. Refinement and repetition as required (CVAG and UNIVERUS);
5. Mock conversion to hone Cutover timing;
6. Cutover conversion;
7. Post Cutover clean up (as required).

The Data Conversion Plan includes tasks for data mapping, conversion planning, conversion development, testing, mock Cutover, and Go-Live. A quality data conversion is critical to a successful implementation. In order to ensure the integrity of the conversion, UNIVERUS's methodology provides for a multilayered series of audits and verifications. The methodology provides the following checks:

- Validation of legacy output data in the staging tables to determine if the data is valid for the Solution.
- Rigorous financial reconciliation of the conversion. The conversion audit report will identify key financial components and identify how they have been allocated in the Univerus solution. CVAG will need to provide comparable reports from the time of extract from the legacy system for comparison. CVAG and UNIVERUS will jointly investigate any differences.
- Rigorous variance analysis between source data provided and target – with emphasis on explainable variance. The conversion audit report will identify transaction and master data counts and balances. CVAG will need to provide comparable reports from the time of extract for comparison. CVAG and UNIVERUS will jointly investigate any differences.
- A set of critical scenarios are run by the core team after each conversion to confirm that the system functions correctly.
- Utilizing the UNIVERUS testing and incident management tool to capture issues and ensuring they are addressed prior to the next conversion through weekly meetings.

The following are considerations when developing the Data Conversion Plan:

- What data will be converted programmatically;
- What data will be converted manually;
- How much and what type of historical data will be converted;
- How will data that is not converted be stored and accessed;
- How conversion related issues will be tracked and resolved once they have been identified

The Data Conversion Plan defines detailed processes and tools that will govern the conversion process for data mapping, data cleansing, technical design, development and testing. The document will:

- Contain a mapping of data from current repositories included in the conversion process.
- Define timing for when data cleansing will be complete.
- Define the specific tasks that will be conducted by the UNIVERUS and CVAG conversion analysts as well as the data quality parameters.
- Define the process CVAG will utilize to cleanse the legacy data, including the tools that will be used in the process and the areas of the organization that need to be involved in the process. Define procedures that will be used to validate the conversion success and to identify data conversion problems. These verification and control procedures will describe how the data will be validated with data record counts as well as financial balancing of all key financial components.

EAM Conversion Scope

The data included within the scope of the data conversion is limited to the minimum required to enable CVAG to use the software to fulfill its business functions addressed in this SOW as follows:

For Fixed Assets the following information will be converted:

- Current Fixed assets
- Initial Add Value with the following details Purchase Date, Depreciated to Date, Depreciation End Date, Cost, Book Value, and Accumulated Depreciation;

For Inventory the following information will be converted:

- Inventory information including
 - All inventory items and products active for the CVAG
 - Financial data regarding values and account determination groups

Entry Criteria:

The following criteria must be met by both/either party before this phase begins:

- Analysis & Design sessions completed and documented (to understand intended configuration)
- Change Orders for custom work approved (may affect data conversion)

Exit Criteria:

The following criteria must be met by both/either party before this phase is complete:

- All the deliverables below have been achieved

Deliverables

UNIVERUS will deliver the following as part of this phase (as required):

- Discovery/ data mapping sessions with appropriate CVAG personnel;
- Data Conversion Plan:
 - Following the initial review of the CVAG's Legacy Systems, UNIVERUS, with assistance from CVAG, will develop the Conversion Plans and will define the approach and the strategy for migrating the Legacy Systems' data into the new UNIVERUS Solution. This strategy will address the following topics:
 - What data will be converted systematically
 - What data will be converted manually
 - How much and what type of historical data will be converted
 - Proposed timeline for test conversions
 - Define the proposed storage and access method for data that is not converted
 - How conversion related issues will be tracked and resolved once they have been identified.
 - The Data Conversion Plan defines detailed processes and tools that will govern the conversion process for data mapping, data cleansing, technical design, development and testing. The document will:
 - Contain a roadmap of current data repositories included in the Project conversion Landscape
 - Define timing for when data cleansing will be complete as well as the amount of historical data that will be converted
 - Define the specific tasks that will be conducted by legacy teams and functional teams for the conversion effort as well as the data quality parameters
 - Defines the process CVAG will utilize to cleanse the legacy data including the tools that will be used in the process and the areas of CVAG's organization that need to be involved in the process.
 - Define procedures that will be used to validate the conversion success and to identify data conversion problems. These verification and control procedures will describe how the data will be validated with data record counts as well as Financial Balancing of all key financial components.
 - CVAG will lead the cleansing effort, with the advice and recommendations from the UNIVERUS Conversion Lead.
- Develop Data Mapping Specifications document with input from CVAG that will define the data mapping between the legacy and the target systems as well as any missing data from legacy. A method for resolving the data gaps needs to be addressed in this document. This data mapping document will include a high level description of any custom data manipulation needed. Each data field for legacy system tables to be converted will be mapped to the target systems tables and fields.
- Converted data as per the Data Conversion Plan and delivered as per the Project Schedule;

- Data conversion exception and audit reports;
- Revised conversion routine if it does not meet the plan or validation as identified and captured in the UNIVERUS testing and incident management tool.

CVAG will deliver the following as part of this phase:

- Data cleansing in preparation for the first conversion.
- Core Team members and SMEs to take part in the conversion workshop and assist in the planning, who are knowledgeable in the legacy system database table structures and legacy system presentation of the data;
- Development of data extract routines as required to get the legacy data into a format suitable for import to the staging tables and eventually the UNIVERUS Solution;
- Delivery of the extracted data as per the Data Conversion Plan and the Project Schedule;
- Thorough validation testing of the converted data
- Confirmation that financial balances from data conversion have been validated and balance with the legacy system conversion point;
- Revised extract routines and additional data cleansing if the extract data does not meet the plan or validation, as identified and captured in the UNIVERUS testing and incident management tool
- Development of manual or semi-automated data conversion activities that are determined to be too difficult or time-consuming to automate.

Constraints and Assumptions

- CVAG has the technical expertise and access (or can obtain it) to extract the data from the legacy system and format it as necessary for UNIVERUS to convert it and import it into the UNIVERUS Solution.
- The data conversion process will begin soon after completing the Data Conversion workshop and the Data Conversion Plan is written and approved. This is necessary to meet the start of the Integrated Testing phase and not have negative consequences on the overall Project timeline.
- Source data will be converted into a pre-defined set of staging tables/files. UNIVERUS will define the format of these staging tables/files. The structure and location of these tables/files will be agreed upon during the Data Conversion Discovery session.
- Conversion of historical information outlined above is predicated on CVAG's ability to deliver the source details at the level of granularity required by the Univerus System conversion analyst.
- No data outside of that defined in the source data files of the Data Conversion Plan will be converted unless agreed to through the Change Control Process.
- Three major data conversion processes will be performed with additional incremental conversions as required. If it is desired or becomes necessary to perform more data conversions, then a Change Order will be processed. Some data may not warrant the investment in developing conversion routines due to low volumes or the complex nature of converting it, in these cases, pre/post-conversion scripts may suffice, or manual recreation following a conversion may be necessary.

4.8 Delivery Phase 4 – Test Planning and Execution

Purpose

The purpose of Phase 4 is to test the Solution to ensure that it meets the business requirements of CVAG. Also, during this phase any new functionality (modifications, reports, letters, forms) will be implemented as specifically outlined in this SOW.

Fundamental to the testing methodology is a jointly developed Testing Plan. Although the Project Schedule provides an outline of the testing for the purposes of resource allocation and scheduling, test plans are developed at the beginning of each major phase (Functional, Integrated and User Acceptance Testing) and must be approved before testing commences. These plans provide a week-by-week outline of the major tasks and the team members responsible for them, and thus constitute the testing roadmap.

The test plans include:

- Testing approach/strategy;
- Key testing activities;
- Functionality to be covered in each week or key activity of testing;
- Timeline for the key activities;
- Source of data to be used in testing;
- Roles and Responsibilities of all participants;
- Material and technical environment requirements for testing;
- Test scenarios folder structure within our test management tool
- Test Incident tracking methodology, including triage, escalation and metrics;
- Completion Criteria.

UNIVERUS's testing methodology is based on:

- Knowledge of the UNIVERUS Solution and prior implementation experience;
- Understanding how CVAG's requirements match up to the Solutions configuration.

Testing is repeated within the time allotted for each testing cycle/pass until all tests are completed or blocked (pending running in a future cycle). Results will be reviewed at the end of each cycle along with the status of any failed or cautioned tests to evaluate priorities for resolution and determine when re-testing will occur. During the testing activity, UNIVERUS and CVAG staff shall refine testing scenarios and data to address testing problems and issues. Testing results are recorded in our test management tool and a final report is produced that contains UNIVERUS and CVAG's project team approval to proceed to the next major phase (Functional, Integrated).

Functional Testing

The main purpose of the Functional Test phase is to confirm that decisions made during the configuration phase of the project are in line with CVAG's business requirements and that the initial configuration operates as expected. Functional testing will take place on clean, controlled data that is created specifically for the purpose of testing a business function by CVAG. This allows the project team to isolate and test the configuration prior to moving toward Integrated Testing where converted data will be introduced (along with possible problems).

Functional Testing is delivered in two stages. The first stage utilizes scripted scenarios that are common to most UNIVERUS clients. Data is seeded into the system as needed and verified at the start of testing. This ensures that the initial testing of the configuration decisions is on “clean data”, to ensure that initial data conversion issues do not cause confusion and to allow the testing to start promptly. In addition, entering this data is an excellent way for the core team to become more familiar with the Univerus Unity suite, the Work & Asset Management solution, Field Mobility and Fleet Management.

UNIVERUS has developed several core functional testing scenarios that will be the basis for CVAG’s testing scenarios. The scenarios are divided into two categories, Primary and Secondary, with Primary scenarios being the most common functions and cover the breadth of the Solution’s functionality. Secondary tests are the less often used or back-office functions that while necessary, do not characterize the general operability of the Solution. Primary tests are often used as ‘regression’ tests, used to validate the Solution after every software update and data conversion. The second stage involves Functional Testing of each customized modification, interface, report, form, or letter. CVAG will validate that the functionality provided meets the functional requirements and specifications.

Integrated Testing

The objective of Integrated Testing is to confirm that the delivered UNIVERUS Solution performs as specified in the approved Design Document and Functional Specifications. This includes, but is not limited to: Univerus Unity, Work & Asset Management, Field Mobility and Fleet Management configured functionality, modifications, interfaces, forms, and reports. Most importantly, this testing is conducted on converted data and includes running batch processes. In addition, Integrated Testing will also serve to solidify CVAG’s business processes. All features and functions must work together in the same environment with converted data following the initial To-Be Business Processes.

UNIVERUS’s methodology recommends the following three fundamental principles to optimize both time and resources throughout Integrated Testing:

- Recreate a realistic “production-like” environment. Using converted data, choose a sub-set of data and scenarios to represent the production system. In creating the ‘pseudo-production’ environment, we ensure all components of the production system have been identified and incorporated into the Integrated Test Plan. In addition to the system itself, this includes the procedures and processes that need to be in place for the system to run properly, the production reports that supplement the system, the documentation, and training of the operations personnel, and all interfaces to other internal and/or external systems.
- Manage the focus and momentum of Integrated Testing. Ensure all team members are clear on their activities, when they are supposed to be doing them, and whether they have completed their task(s) successfully. This is key and is the responsibility of CVAG PM or testing lead, working in concert with the UNIVERUS consultants and in adherence to the Project Schedule.
- Ensure all activities move the team toward the final goal – a successful Go-Live. The activities of all team members and the project issues must be managed closely. Key timely metrics for testing progress and issue resolution must be established and monitored closely. Deviations from the plan will be identified by reviewing testing metrics frequently and adjusting the plan and tactics accordingly.

UNIVERUS uses a structured Integrated Testing approach to ensure the previously described principles are followed. This approach involves having multiple database instances and multiple groups of test team members performing key integrated testing activities in these five main areas:

- Integrated testing scenarios inclusive of primary and secondary scenarios (from Functional Testing);
- Testing interfaces and modifications;
- Testing reports and forms
- Core integrated testing

Each cycle of testing takes the system one step closer to production. Additionally, data conversion and system performance are tested in this phase. From Integrated Testing, metrics are derived from our test management tool to substantiate the Solution is production ready.

Application Security

Setting up all the end-users in the system can be a lengthy activity and one usually that evolves over time. The preferred approach to help simplify this task, both initially and once in production, is to set up user groups and assign privileges at the group level. UNIVERUS will provide a list of all the entity privileges available within the Solution and will guide CVAG in determining what groups to establish and the privileges to grant each group. The outcome will be a document that will first identify the initial security settings by group and perhaps individual, and second, the configuration of these settings in the Solution.

UNIVERUS will provide the necessary instruction on the security functionality and will assist CVAG in configuring user privileges. This will facilitate knowledge transfer so that CVAG will be able to maintain this critical piece of functionality as users come and go or change roles within the company.

As stated earlier, security is difficult to get right the first time, so it will be best to err on the side of too few privileges and let users ask for more, than to provide them with too many and access to functionality they shouldn't have. Keeping security at a group level and not at the individual level will greatly enhance maintainability.

Security will be set up at the start of Integrated Testing and it will be valuable to have testers login using the security groups when testing so that they discover security restrictions and permissions to help hone this configuration.

Entry Criteria:

The following criteria must be met by both/either party before Functional Testing begins:

- Analysis & Design sessions completed and documented prior to the start of Functional Testing.
- Initial configuration completed prior to the start of Functional Testing.
- Business process changes identified and approved prior to the start of Integrated Testing.
- Custom development items (modifications, interfaces, reporting) complete and unit tested prior to the start of Integrated Testing (or as per the Project Schedule);

The following criteria must be met by both/either party before Conversion Testing begins:

- Completion of first partial data conversion.

The following criteria must be met by both/either party before Integrated Testing begins:

- Approved Integration Test Plan.
- All modifications developed and approved
- All interfaces developed and approved
- All reports developed and approved
- All configurations completed and approved
- All security items set up and approved

The following criteria must be met by both/either party before Mock Go-Live Testing begins:

- Conclusion of all development

- Conclusion of Integration Testing
- Completion of Production Environment preparation

The following criteria must be met by both/either party before User Acceptance Testing begins:

- Completion of all Development
- Completion of Integration Testing

Exit Criteria:

The following criteria must be met by both/either party before this phase is complete:

- All the deliverables below have been achieved;
- All P0 and P1 incidents in our test management tool have been resolved at the conclusion of Functional, Integrated and User Acceptance Testing (or a timetable for completion has been agreed to by CVAG).

Deliverables

UNIVERUS will deliver the following as part of this phase:

- Test plans (Functional, Integrated and User Acceptance) and test scenario templates;
- Core test scenarios;
- Test management tool training for test scenario creation/modification prior to the start of Functional Testing;
- Test management tool training for test execution and incident management prior to the start of Functional Testing;
- Train the Tester Training on configured Solution prior to the start of Functional Testing;
- Assistance with execution of all functional testing scripts, integration testing scripts and problems as testing progresses;
- Managing testing incidents within our test management tool and working them towards resolution;
- Testing status/results reporting;
- Batch processes configured with CVAG assistance prior to the start of UAT;
- Setup of the new production instance in readiness for UAT;

CVAG will deliver the following as part of this phase:

- Customized testing scenarios;
- Execution of all the test scenarios and related activities as per the Project Schedule and the test plan;
- Testing results and incidents recorded in our test management tool ensure a controlled testing process;
- Setup of user security with UNIVERUS' assistance;
- Design of Daily Operations Testing (also called UAT) to achieve the desired goal of CVAG being satisfied the Solution functions as intended and is ready for production.

Constraints and Assumptions

- Testing preparations will begin during the Analysis & Design phase by the PMs with the goal of being



ready to begin testing once the Solution is configured.

- Sufficient CVAG team members will be available to take part in the testing such that the testing can be completed per the agreed Project Schedule.
- CVAG has selected capable/qualified team members to perform the testing who will be efficient and capable to perform testing processes as established in the Project Schedule.
- Utilization of our test management tool to capture issues/ideas related to data, business processes, training, Cutover and many other categories;
- UNIVERUS will provide core scenario templates to testing (CVAG will customize as required);
- Our test management tool will be used to provide test tracking and incident management for CVAG team to utilize
- UNIVERUS will triage new incidents to facilitate timely resolution;
- UNIVERUS will provide resources for product fixes for UNIVERUS solutions resulting from defects identified during system testing processes in a timely manner, not impacting the project timeline.
- CVAG will assume responsibility for conducting Functional (unit) Testing and Integrated (business process) Testing, focusing on how well business needs function within the Solution.
- CVAG will utilize core test scenarios provided by UNIVERUS and will customize or build new scenarios to meet the requirements of business processes and the resulting configuration of the Solution.
- CVAG will be trained on and utilize the testing and incident management tool provided by UNIVERUS.
- CVAG will organize, communicate and lead the testers through the testing process, following the test plans and schedule; UNIVERUS will assist.
- CVAG is responsible for planning and conducting the User Acceptance Testing (UAT) that follows Integrated Testing to ensure the Solution meets the operational requirements of CVAG and is ready to be put into production; UNIVERUS will assist.
- UNIVERUS and CVAG will work together through all testing phases to execute and troubleshoot non-conforming tests.

4.9 Delivery Phase 5 – Training Planning and Delivery

Purpose

Training is provided under the terms of this Agreement and falls into two basic categories: project team training and end-user training. The first is described below under Solution Training, while the second is explained under End-user Training further down.

Solution Training

Learning for THE CLIENT team members will take place throughout the entire implementation project from the Configuration Workshops, and throughout the Testing Phases. Training is in the form of workshops, small group reviews, and individual coaching sessions, depending on need.

The following table describes the courses that UNIVERUS will conduct on-site or over the web with the project team for each application suite:

Course	Trainer	Course Outline & Functional Responsibilities
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System Overview	UNIVERUS Application Consultants	To equip CVAG's core team members with the foundational skills to participate throughout the Analysis & Design phase, system overview training gives CVAG staff an overview of the core features being discussed in these workshops.
Daily Operations	UNIVERUS Application Consultants	Once CVAG's team has completed Functional Testing, UNIVERUS will provide additive training to bring them to the next level of system sophistication where CVAG's team is capable of performing all the processes and functions required to run the application in production. Using System Overview Training as a stepping stone, Operations Training empowers CVAG's core team so they can perform Integrated Testing.
System Administration	UNIVERUS Application Consultants	During the implementation, System Administrator training is conducted for key CVAG defined staff. This training focuses on the setup, security, and maintenance of the users in the Univerus Unity, Work & Asset Management, Fleet and Field Mobility solution. It delves into the creation of User Groups and configuration of various elements of the system.
Train the Tester	UNIVERUS Application Consultants	To equip CVAG's core team members with the foundational skills to execute tests and diagnose issues during the Testing component of the implementation, UNIVERUS will conduct time-sensitive training on Univerus Solution fundamentals, just prior to the test phase start.
Train the Trainer	UNIVERUS Application consultants	To prepare CVAG Trainers for End-user Training delivery, UNIVERUS application Consultants will review the End-user Training courses.

The above training is intended for the core team and technical personnel. The attendees, timing and duration of these courses will be defined during preparation and kick-off phase of each project.

End-user Training

A fundamental factor in the success of this implementation is CVAG's ability to manage the organizational change process – transitioning from the legacy system to the UNIVERUS Solution. The primary mechanism in this transition is end-user training. The goal is to make the transition smooth with widespread adoption across all user levels.

The Training Plan provides a blueprint for the scope and timeline of the training, based on CVAG's assessment of the learning requirements of their user groups. CVAG core team members will develop and conduct the end-user training with UNIVERUS assisting. The training plan will be oriented towards the logistics involved in training the end-users and will include elements such as: names of trainees, their roles and work groups, as well as the course offerings and training modules, a schedule of classes with trainers and trainees assigned to each course, and the training materials required. Additionally, facility requirements will be called out to ensure these needs are considered and reserved/procured to meet the training schedule.

The benefits for CVAG in this are:

- **Credibility** – CVAG team members will have greater credibility since their business process knowledge and experiences will be much greater.
- **Familiarity** – CVAG staff will have greater familiarity with the individual trainees, and awareness of their individual learning styles.
- **On-going** – Training is an on-going need and responsibility, and therefore to have CVAG staff trained is both expedient and cost effective. As business changes and functionality is added, there will be a need to continually develop in-house training expertise.



A Train-the-Trainer approach to End-user Training has been agreed to as part of this SOW and in this context UNIVERUS will work with CVAG **to deliver comprehensive End-user Training**; with UNIVERUS Application Consultants providing the system expertise coupled with CVAG's business process experts. Experience has shown that training is most effective when delivered with relevant context and 'hands on'.

The End User Training courses outlined are instructor led on converted data so the trainees can interact with the system. Each course provides appropriate hands-on interaction, thereby providing the framework for both maximum knowledge acquisition and skills assessment.

Training materials will be developed by CVAG from UNIVERUS-supplied training templates and with UNIVERUS assistance. The templates provided will be from recent implementations and will thus incorporate the latest functionality within the Solution, however they will need to be modified to match CVAG's specific configuration of the Solution as well as the unique modifications and interfaces built for CVAG. The other aspect to modifying the templates will be to build them in such a way as to incorporate the right functional elements of the Solution, as is necessary to match the Training Plan.

For each End User training session, the project will have a Primary Instructor and a Roving Instructor, made up of one (or more) CVAG representatives and one UNIVERUS representative. The assignment of the primary instructor and the roving instructor will be decided based on the expertise, experience, and availability of the team members. On some occasions end-user training may be conducted solely by CVAG (if UNIVERUS is not needed or not on-site).

A specific training schedule for all users will be developed. In general, occasional users of the system will receive at minimum 4 hours of training. Sophisticated users may receive between 20 to 40 hours. The training plan will determine the formal curriculum and the required hours. UNIVERUS recommends a maximum of 10 to 12 people in each training class for optimal training.

Business process training may be incorporated into the end-user training or may be handled separately as CVAG determines to be best.

NOTE: On-line reference documentation is delivered with each software release. CVAG may print this documentation solely for its internal use.

Entry Criteria:

The following criteria must be met by both/either party before this phase begins:

- Functional Testing completed (to begin end-user training planning).
- Business Process changes identified and approved (to complete training material development).
- Custom development work FRDs/specs approved (to understand how the functionality will be delivered).

Exit Criteria:

The following criteria must be met by both/either party before this phase is complete:

- All the deliverables below have been achieved.

Deliverables

UNIVERUS will deliver the following as part of this phase:

Statement of Work for Enterprise
Asset Management (EAM) Software
and Services Solution

- Solution training as described previously.
- Assistance with end-user training planning, including sample documents/templates;
- Template training guides that can be modified by CVAG to meet their specific needs;
- Assistance in delivering the end-user training.

CVAG will deliver the following as part of this phase:

- Team member(s) to be trainers and to work as coaches following Go-live;
- Updated CVAG business process documentation;
- End-user Training Plan, jointly developed with UNIVERUS;
- Development of training materials and with assistance from UNIVERUS, including creation of lab exercises.
- Delivery of end-user training, including any new/revised business process training.

Constraints and Assumptions

- CVAG has the facilities and equipment necessary to effectively deliver end-user training.
- CVAG trainer(s) will be included as members of the Core Team so that they can learn the Solution through Discovery, Custom Development and Testing to be well acquainted with the system prior to delivering the training to end users.
- UNIVERUS will provide a Train-the-Trainer approach to complete the end-user Training.
- UNIVERUS will support CVAG with the development of the end-user training plan. UNIVERUS will provide end-user training materials that can be modified by CVAG to meet the specific needs the configured and modified Solution.
- CVAG is responsible for prerequisite education and training such as basic PC skills, MS Windows training, and/or fundamental business process knowledge of the business processes.
- CVAG will modify, with guidance from UNIVERUS, the standard training plan and training materials to reflect CVAG's specific business process activities that will be performed in the Solution.
- CVAG has the facilities and will provide the necessary logistics support for all training sessions, including class schedules, meeting rooms, training rooms, material reproduction, overhead projectors, training workstations, and any other necessary training supplies.
- CVAG will ensure end-user attendance at training.
- End-user training will be the joint responsibility of CVAG and UNIVERUS with CVAG leading the training and UNIVERUS assisting.
- UNIVERUS and CVAG will jointly develop the training plan for training specifically identified in this SOW or separately contracted for.
- UNIVERUS and CVAG will jointly deliver the training to the end-users.

4.10 Delivery Phase 6 – Deployment and Go-Live

Purpose

The Deployment phase is the point at which CVAG and UNIVERUS decide whether all critical pieces are in place in order to turn the system over to production. This phase includes Cutover planning, a production readiness evaluation and the Go-live.

UNIVERUS and CVAG will jointly develop a Cutover Plan prior to the proposed Go-live date. UNIVERUS and CVAG will stage all aspects of the system in preparation for production Cutover, including any manual conversion or data entry activities that are required.

The Cutover Plan defines the detail steps (automated and manual) to achieve Go-live to production: strategy, activities, timing, metrics, record balancing, financial balancing, the fallback plan, personnel, roles and responsibilities (both Cutover and post Go-live), customer communications approach, and an end-user support approach.

The Production Readiness phase focuses on four critical areas:

1. **System Readiness.** Is the Solution tested and ready for production?
2. **Data Readiness.** Is the data ready for production operations? Have all data issues been resolved or planned for during the Cutover period?
3. **Process Readiness.** Have the business processes and their changes been trained on? Have all business process re-engineering tasks been completed and made ready for production operations?
4. **Resource Readiness.** Are all the end-users trained? Are CVAG's staff trained to deal with problem-solving during the business cycle?

A checklist of issues relating to the Cutover readiness will be developed by UNIVERUS and CVAG for each Project. This checklist is based on the experiences gathered from other UNIVERUS production Cutovers and specific issues that arose during the configuration and testing of the software for CVAG (captured in our test management tool for reference). It will contain all activities, whether business or technical, which will be performed during the Mock and real cutovers.

An assessment of this checklist and evaluation of the business model provides enough information to determine "production readiness". If so, a Go/No-go decision (based on criteria set forth at the beginning of the project) is made and the Cutover to production takes place on the mutually agreed date.

At a high level, the checklist will, at minimum, address the following:

- Project management readiness.
- Solution testing readiness.
- Business readiness.
- Training readiness.
- IT infrastructure readiness.
- Organization/people readiness.
- Fallback readiness (requirements and procedures for rolling back to the legacy production environment in the event the go-live is unsuccessful);
- Help Desk readiness (Procedures, tools, escalation process and post implementation support procedures).
- Staffing and areas of responsibilities
- Issue Management Process.

A meeting will be held for Cutover and post Go-live support where the PMs will present the Cutover plan to prepare the project team and other support staff.

Entry Criteria:

The following criteria must be met by both/either party before this phase begins:

- Functional and Integrated Testing complete.
- Daily Operations (UAT) complete prior to the Go/No-go decision.
- End-user Training complete prior to the Go/No-go decision.
- P0 & P1 priority incidents in our test management tool resolved prior to the Readiness Checklist sign-off.

Exit Criteria:

The following criteria must be met by both/either party before this phase is complete:

- All the deliverables below have been achieved.

Deliverables

UNIVERUS will deliver the following as part of this phase:

- Jointly developed Cutover Plan and Readiness Checklist;
- Cutover meeting to present the plan, done jointly with CVAG;
- Participation in the Go-live readiness review and decision to proceed;
- Completion of UNIVERUS Cutover tasks as established in the Cutover Plan;
- On-site support over the Go-live weekend;
- Close-out plan that defines the criteria for closing the project.

CVAG will deliver the following as part of this phase:

- Jointly developed Cutover Plan and Readiness Checklist.
- Cutover meeting to present the plan, done jointly with UNIVERUS.
- Notify customers and employees of Cutover to new system and any operational interruptions.
- Lead the Go-live readiness review and decision to proceed.
- Completion of CVAG Cutover tasks as established in the Cutover Plan;
- Technical IT staff available for Go-live weekend;
- Core Team and end users, for Go-live weekend, to carry out testing on the newly established production Solution as a confirmation of production readiness;
- Core Team and end-users over the Go-live weekend to catch up on work that was stopped or manually processed when the legacy system was taken out of production.

Constraints and Assumptions

- Go-live will occur over a weekend and typically requires 3 days to complete, thus CVAG may need to stop operational activities related to customers for a business day, or at least not perform any activities in the legacy system once the data conversion process begins.

- Go-Live Criteria must be met including:
 - Before the new system, including converted data, base software, and customizations can move to the production environment and be implemented in day-to-day production processing the following criteria must be met. Successful completion of all functional tests, all integration tests, and signed off all user acceptance tests.
 - All end users have been trained and are confident in their ability to conduct transactions.
 - The data conversion has been balanced / adequately explained to CVAG's satisfaction.
 - No open Priority 0 or 1 defects.
 - Post-implementation support plan in place with a staffing plan.

4.11 Delivery Phase 7 – Transition

Purpose

The final phase is designed to provide a smooth transition into production and then to UNIVERUS Support. Once the system is in production, a UNIVERUS application consultant stays engaged to assist CVAG production staff to verify the Solution is functioning properly and to assist CVAG in the identification and resolution of all functional and technical issues, concerns and errors (jointly referred to issues or defects) related to the operation of the UNIVERUS Solution. UNIVERUS will provide extended hours of support during the Transition period as may be required to address problems. A team of project-based personnel (developers, analysts, report writers, and technical specialists) will provide remote support to the application consultant as required including on-call availability during non-business hours.

The Transition phase for this Project will encompass one (1) month. The purpose of the Transition Phase is ensuring complete and successful transfer to the UNIVERUS Solution as described in this SOW and to provide CVAG with direct access to an application consultant before transitioning to standard remote Support as per the Maintenance and Support Agreement.

CVAG will establish and staff a help desk for support during the Transition Phase to take calls and log issues reported by end-users, using our test management tool. CVAG will provide the first line of support to end-users and attempt to resolve issues using the training materials, Solution documentation, and the design documents. Unresolved issues related to the Solution will be escalated to UNIVERUS using our test management tool.

The ongoing operation for the Solution will be the responsibility of CVAG following the Go-live date with the support of UNIVERUS. UNIVERUS in conjunction with our partners will correct or offer solutions for all defects associated with configuration, modifications, interfaces, reports, forms, letters etc. as reported by CVAG during the Transition period. CVAG is responsible for defects associated with configuration, modifications, interfaces, and reporting that have been changed by CVAG or other Consultants (not contracted by UNIVERUS) without UNIVERUS written approval.

At the start of this phase, UNIVERUS and CVAG will develop and agree to a Close-out Plan. The purpose of this plan is to define the criteria necessary to close the implementation efforts and officially transfer the Solution to the UNIVERUS Support organization.

At the end of this phase, the UNIVERUS Project Manager (or designated consultant) will prepare an Operations Audit and a 'hand-off' to UNIVERUS Support. The audit report outlines all outstanding issues, operational risks, and relevant action items to ensure the stability of CVAG operations. UNIVERUS and CVAG will review and sign-off on the audit report before it is submitted.

UNIVERUS PM will also work with CVAG PM to close out the project in an orderly fashion, as per the Close-out Plan, including a review of this SOW and change orders to ensure all deliverables have been met. Lessons learned will be jointly developed and shared, and final approval and invoicing will occur at the end of this phase.

Entry Criteria:

The following criteria must be met by both/either party before this phase begins:

- Go-live.

Exit Criteria:

The following criteria must be met by both/either party before this phase is complete:

- All the deliverables below have been achieved.

Deliverables

UNIVERUS will deliver the following as part of this phase:

- 1-month of assistance with functionality issues that may arise during this period for this Project;
- Assist in resolving user created errors and the resolution of any latent configuration issues or coordinating resolution of latent defects;
- Support month-end activities;
- Structured hand-off to the standard UNIVERUS Support;
- Operations Audit Report;

CVAG will deliver the following as part of this phase:

- Provide a Support Team made up of Core Team members and IT staff to respond to user issues and log incidents in our support management tool as required for resolution.
- Provide re-training (formal or ad hoc) to users when required.
- Data changes necessitated from user error or missed data conversion items.
- Review and accept the Operations Audit Report.
- Participate in Support hand-off meeting.
- Final deliverables sign-off.
- Approval for project close.

Constraints and Assumptions

- Day-to-day operations, including daily and monthly financial reconciliations, have returned to (or are approaching) the levels of efficiency and accuracy existing prior to the implementation.
- Deferred features and functionality that may have been agreed during the implementation have been provided, tested, implemented and accepted by CVAG.
- No open Priority 0 or 1 defects.
- CVAG Post-implementation support plan in place with a staffing plan. Formal handoff of production support, including outstanding issues, risks, and other concerns, has been made from the UNIVERUS staff to CVAG staff. Relationships and procedures have been established between CVAG staff, software



UNIVERUS, and ongoing UNIVERUS staff as appropriate.

- A CVAG support group will be assembled prior to cutover to stabilize the implementation and provide production support services, including refresher training, coaching and user authorizations and security support for the duration of the post go-live transition period of 2 months.
- CVAG will switch to UNIVERUS Support after successful completion of the Transition period as outlined in the Support and Maintenance Agreement.
- The completion of Transition constitutes the completion of Implementation and the end of the 'project'. Functionality not implemented prior to the end of Transition, by mutual agreement and a Change Order, will be considered a mini project and the appropriate funds set aside to be invoiced when the work is completed and accepted.

5 Project Management Methodology

UNIVERUS uses a structured and layered project management methodology that relies on detailed and complete project plans to determine who is working on what tasks and when throughout the life of the project. Central to UNIVERUS's philosophy is maintaining strong communication throughout the teams, setting expectations early, facilitating and coaching as required and monitoring progress. We view the relationship with CVAG as a partnership in this endeavor.

UNIVERUS's methodology is the foundation of the implementation; however it is understood that 'one size does not fit all'. UNIVERUS takes a consultative and pragmatic approach to ensure that the methodology fits CVAG's organization. Utilizing the fundamentals, techniques and industry experience, UNIVERUS will work closely with CVAG in refining the methodology to best suit the goals of the project. Any amendments to the methodology described in this document will be documented via a change order.

UNIVERUS will provide a single, dedicated Project Manager throughout the life of the project who will work directly with CVAG's Project Manager and the joint team to ensure that all project responsibilities are met and milestones achieved.

UNIVERUS will provide project management services through all phases of this project. UNIVERUS will administer and maintain the Project Schedule. UNIVERUS does not assume CVAG's responsibility for management of its resources, or the management of other vendors and suppliers retained by CVAG. UNIVERUS is responsible for the entry into the project schedule and management of all tasks, resource assignments, allocations, resource leveling, actual work entry and all other Project Schedule maintenance for UNIVERUS and CVAG. Key milestones for other subcontractors working as part of this project for Univerus or CVAG may also be tracked in the Project schedule by mutual agreement of the project managers..

5.1 Project Execution, Monitoring and Control

The UNIVERUS and CVAG Project Managers shall be responsible for the planning and execution of each project. The UNIVERUS Project Managers will jointly be responsible for project management activities throughout the project. The Project Managers overall management objective will be to quickly establish a project structure leveraging established templates and tools while working within CVAG's provided project management framework to provide an effective and efficient management structure.

The Project Management Team will be made up of CVAG's Project Director, CVAG's Project Manager, and the UNIVERUS Project Manager and Project Director. CVAG's Project Director will provide guidance and support to the team and will be the liaison between the Project Team and CVAG's Executive Management. CVAG's Project Manager will report to CVAG's Project Director and will provide day to day leadership and management of the project. The UNIVERUS project manager will report to the UNIVERUS Project Director, and will report into CVAG through CVAG's Project Manager. The UNIVERUS and CVAG project managers will work jointly together to plan and execute the project.

An Executive Steering Committee (ESC) be formed from CVAG's Project Sponsor, CVAG's key executives, and UNIVERUS's Project Director. The ESC will meet monthly or as required. Once per quarter (or as required) the UNIVERUS Project Director will participate in the Steering Committee meeting in person, or otherwise by phone/teleconference. The purpose of the ESC is to provide overall project oversight, executive management involvement and strategic project decisions.

5.2 Project Governance

Team Meetings

Weekly, the PMs will conduct group and/or individual meetings with team members weekly to review their assigned project tasks. The purpose of these meetings is to gather information regarding the overall project status, to identify obstacles to successful completion of tasks, and to provide needed assistance and coaching. Assignments will be distributed to ensure the team members are using the same task list as the project management team. Assigned tasks, risks, issues and any other project issues will be reviewed during these meetings.

Project Manager Meetings

The project management team, along with other lead project team members, if needed, will meet weekly. The purpose of these meetings will be to discuss the project work items and the current status, using the Project Schedule data as a driving tool of the meeting. Examples of topics to be covered in this meeting are listed below, but not limited to:

- Provide status of major project activities.
- Review prior week's accomplishments and update the project schedule.
- Analyze project metrics (deliverable status, percent complete, etc.).
- Review of open project Issues;
- Update the risk register.
- Review the project calendar for scheduling purposes (resource availability, on-site weeks, etc.);
- Discuss project concerns.
- Action items from this meeting.

The PMs may define other meeting needs beyond this weekly meeting; however meetings must be well facilitated with agendas, time keeping and action items so that they are efficient and effective. Failure to do so will be a direct reflection on the ability of the PMs to manage the entire project and the likelihood of achieving an on-time and in-scope project.

Executive Steering Committee Meetings

On a monthly basis the Executive Steering Committee (ESC) will hold a status review meeting. The PMs will develop a presentation that communicates the current project status and a forecast. This presentation will communicate the project metrics and a brief status of each major phase and component of the project as appropriate. The PMs will have responsibility to develop the presentation for the meeting with each taking responsibility for different portions and then reviewing together to finalize the message.

The PMs will distribute the presentation and any supporting detailed reports at least 24 hours in advance of the meeting to permit the ESC members an opportunity to review the materials and come prepared to the meeting with a level of understanding and questions.

5.3 Conflict Resolution

With a project of this size and complexity, conflict will arise. It is expected that most conflicts will be addressed at the Project Manager level or below. If the individual team members are unable to resolve the conflict the team members will elevate the issue to their respective Project Manager. The PM will then work to resolve the issue with their counterpart.

In addressing conflict, it should be remembered that the goal is a partnership between the organizations that is collaborative and positive. The relationship between UNIVERUS and CVAG will extend long after the project is finished and the Solution is in production, a relationship that will last for decades.

Resolution Escalation Process

UNIVERUS recommends three levels for conflict escalation:

- Project Managers to;
- Sponsors/Director to;
- Executive

One representative from UNIVERUS and representatives from CVAG are designated at each level. All issues must be in written form – providing details, impacts and alternative resolutions. Decisions are based on project documents, such as the contract, and SOW including appendices.

Basic points:

- Issues must be raised by project members through the respective Project Managers;
- An issue must be entered into our test management tool; it is not considered 'logged' unless this is done.

The Conflict Resolution Escalation Process shall consist of a three-step approach to resolve disputes related to this agreement. Once a dispute has been formally escalated from the Project Managers the formal process begins, starting with Step 1 below:

Step 1 – The initiating party's assigned Project Manager will inform the other party's Project Manager that a dispute exists that cannot be settled by project team members. The two Project Managers will work together to resolve the issue. If after five (5) business days, or a mutually agreeable timeframe, the matter has not been resolved, the issue will be escalated to the Step 2 process.

Step 2 – The Project Managers will inform their respective Project Sponsor/Director that a dispute exists. The party that initiated the dispute will clearly document their concern in writing to the other party and outline what their desired outcomes are related to the outstanding issue. The parties will work to resolve the problem within five (5) business days, or other mutually agreeable timeframe. If the matter has not been resolved after this phase, the issue will be escalated to Step 3.

Step 3 – During this step, the information documented from Step 2 and any other clarifications from Step 2 will be provided in writing to the Executive/General Managers of both parties by the PM of the party that initiated the dispute. The party that has initiated the Dispute Resolution Process will allow the other party five (5) business days, or mutually agreeable timeframe, to resolve the matter. If at the end of this phase the matter is not resolved this issue will be considered a legal matter.

5.4 Project Schedule

The project schedule will cover the whole project with UNIVERUS (as defined in this SOW) always maintaining a 'planning horizon' of 12 weeks with greater granularity. This allows everyone to have greater clarity of the project tasks and events in the near-term. Should a milestone or deliverable 'slip', there must be a mitigation strategy performed that will bring the plan back on schedule. Different ways of bringing the plan back on schedule are to look for ways to either move or shorten future tasks, add resources, utilize slack or, if necessary, extend the project schedule which would require a change control.

UNIVERUS and CVAG will monitor the adjustments in order to determine when we are actually back on schedule. The level of action is dependent on the event and the impact on other activities. The underlying approach is pro-active planning, coupled with rigorous monitoring and timely corrective actions.

UNIVERUS strongly stresses that all planning must be jointly performed and communicated by the project managers of both teams.

5.5 Project Scope

Successful implementation of the software requires a coordinated and collaborative effort by UNIVERUS and CVAG. Each party contributes an essential piece of the project: UNIVERUS will provide the product knowledge, the methodology, knowledgeable and experienced resources and the implementation expertise; CVAG will provide the business knowledge/requirements, Core Team members, IT support and timely business decisions. By carefully managing all aspects of this project, UNIVERUS and CVAG will be able to implement the system on time, within scope and on budget. To achieve this, CVAG will provide a Project Manager responsible for the direction of CVAG team members assigned to this project as well as all administrative matters associated with managing the project. UNIVERUS will provide a Project Manager responsible for planning and coordinating delivery of all UNIVERUS deliverables and associated CVAG tasks described within this SOW.

A key to the success of this implementation approach is executive and management commitment on the part of CVAG and UNIVERUS. All management teams must work together to manage the scope of the project and to quickly address project risks and resolve issues brought to them by CVAG and UNIVERUS Project Managers. CVAG Project Manager will coordinate all scope changes and present scope changes to management for approval as deemed necessary by CVAG management. Scope Changes or Change Orders will be approved by CVAG Project Sponsor.

5.6 Change Control

The SOW, Contract, RFP Response, and demonstrations form the basis of joint commitments. UNIVERUS understands that active discovery and clarification of requirements are a reality throughout the life of the project. Communication and trust are critical between the project managers and project teams in balancing between limiting scope for the success of the project without sacrificing quality. The management of scope is most effective when there is active executive management involvement.

UNIVERUS requires that throughout the project a standard Change Control approach is utilized to document changes to the project. Change Orders may be monetary in nature – either positive or negative, essentially establishing trade-offs. In addition, Change Orders may be non-monetary to document a change or clarification in scope or schedule that does not affect cost.

UNIVERUS acknowledges that throughout the project some modifications or custom interfaces may not be required and thus the hours that were allocated to that deliverable will be held in reserve to be used at a later date for new requirements or services needed to complete the project. The Change Control process will be employed to document the hours to be banked, using a non-monetary Change Order. A second Change Order will be processed at the time a new requirement is agreed to, to deduct hours from the banked pool. Change Orders for new requirements (e.g., reports, modifications, products, additional services) will be monetary in nature once the pool of banked hours is exhausted. UNIVERUS always recommends more rigorous scope control early in the project as team members become familiar with the product and processes. UNIVERUS's experience is that there is an early influx of scope changes – which gradually change as team members better understand the product and inherent processes. UNIVERUS's base philosophy is to maintain simplicity as much as possible as the team learns and grows, with the allowance of adding complexity later once the system is understood and it is still deemed necessary.

UNIVERUS and CVAG agree to work collaboratively and constructively towards completing this project on time, and within scope and budget, however, throughout the duration of the project many situations will arise to challenge this commitment. The best approach to addressing these challenges is thorough documentation of the many small issues that can lead to missed deadlines and potential scope and budget overruns. The UNIVERUS and CVAG PMs must be diligent in this documentation and be frank with one another in accepting the ownership

for any delays or scope changes. Working from this position is always easier in the long run and serves to remove the ambiguity and finger-pointing, allowing both parties to move forward in unity. Events beyond either party's control, such as natural disasters, will be recognized as such and the responsibility for getting back on track will be shared equally.

At the start of the Project Planning and Management phase, the UNIVERUS and CVAG Project Managers will agree on the Change Control template forms.

5.7 Change Control Process

Changes to the Statement of Work will be addressed as formal Change Order requests in writing. Either CVAG or UNIVERUS can make a Change Control request; however, all Change Control requests shall be subject to CVAG's written approval. CVAG will not unreasonably hold approval for Change Control requests. At a minimum, a Change Control request will identify the business reasons for the change and define the impacts if the change is or is not made.

Change Control requests that affect the terms of this Statement of Work must be approved in writing and amend the agreements.

Additional services will be made available by UNIVERUS, at a rate of \$185.00 per hour for approved additional work for 2 years from the initial contract signing.

If a Change Order has been determined to be necessary, then the UNIVERUS Project Manager will prepare a Change Order to be signed by authorized representatives from both companies that will become an addendum to this SOW. Approval of a Change Order must be made prior to commencement of the work being requested. Please see section 8.3 this document for a Sample Change Order Document.

A Risk Management Process will be agreed to during the Project Preparation Phase by the PMs. UNIVERUS will lead the Risk Management Process to identify, manage and reduce project risk.

5.8 Incident Management

Central to managing the project towards a successful conclusion is the management of all project issues. UNIVERUS provides CVAG with a web-based incident management tool. CVAG team members will have access to this tool, to be used as part of the implementation process and it will remain available to CVAG following the project. There are a number of existing reports available that the PMs will use to monitor progress with incident resolution.

CVAG team members will utilize this tool to record every issue they encounter while testing. The team member will enter a description of the problem and provide an initial priority to characterize the importance of resolving the issue. An Application Consultant will be regularly monitoring the tool and when an 'Open' incident is encountered the issue is triaged; the source of the problem must be determined – whether it is configuration, software, procedural or data related. The consultant will validate the problem with the team member and verify the priority of the issue. The consultant may change the priority based on their understanding of the problem and knowledge of the criticality of the functionality affected, within the context of the entire Solution. A change in priority will be communicated back to the team member.

The incident may have resulted from an incorrect configuration setting, a misunderstanding of CVAG's business process, a problem with the test scenario or a possible system defect. If the issue can be resolved by the

consultant, the necessary configuration changes are made or an explanation is provided, and the incident is changed to 'Validate'. All configuration changes and explanations are entered into the tool to track and document the change. CVAG team member it is assigned to will then review the incident and if satisfied, will change the incident status to 'Closed'.

If the incident cannot be resolved by the consultant due to a software defect, a Jira (development issue) is raised to the UNIVERUS Development Team. Jira is our internal development issue tracking system. The Jira will be prioritized on a severity scale of 1-Critical, 2-High, 3-Medium and 4-Low (which correspond to the numbering system used in our Test Management System). The Jira number is entered into the test tool, and the incident status is changed to reflect assignment to the UNIVERUS Development Team who will work the issues based on priority and the manner they are scheduled each sprint.

UNIVERUS's Development team schedules Jira's based on the severity utilizing a 'Development Contract' Methodology. The defect Jira is scheduled, assigned to a Developer, corrected and released. The severity, priority, project phase and interaction with other issues, will dictate the release method for the fix (patch or next release).

Once the fix is available, the consulting team is notified. Application Consultants will coordinate with CVAG to apply the patch or release. Following quality assurance (QA) testing by the consultant, the incident will be updated in to change the status and assigned back to a CVAG team member. CVAG team member will test the incident, and if successful, will change the incident status to 'Closed'.

How to use our test and issue management tool will be reviewed with the project team at the start of the Testing phase.

5.9 Communications

UNIVERUS will work with CVAG in developing a Communication Plan. UNIVERUS is not a specialist in this area however UNIVERUS has worked with clients on effective communication plans to stakeholders. CVAG personnel, using existing communication structures, will execute the plan. UNIVERUS finds this approach to be the most effective and a key element of organizational change management – preparing the organization for the Solution and possible revised business processes.

Within the project, UNIVERUS and CVAG will share responsibility for communications to team members and the ESC. Much of the project communication is informal, between team members as the required, however there are formal communication mechanisms that UNIVERUS will employ:

- Weekly Status Reports.
- Monthly Project Status Report and ESC presentation.
- Test Management System reports.
- Project SmartSheet site.
- Project Schedule and related reporting.
- Weekly PM Meeting.
- Weekly Team Meeting.
- Weekly Data Conversion Meeting:
- Weekly Testing Progress and Incident Review.

6 Project Deliverables

UNIVERUS Project Manager shall be responsible for the completion of the project deliverables and will work with CVAG Project Manager to complete those deliverables listed in this Statement of Work. UNIVERUS and CVAG Project Manager shall use the UNIVERUS methodology and apply project management best practices throughout the course of Project.

6.1 Deliverable Acceptance Process

CVAG and UNIVERUS will conduct review and acceptance of deliverables in accordance with the following procedure:

UNIVERUS will work with CVAG personnel to gather input and review draft deliverables as they are developed. CVAG personnel involved with a deliverable will be CVAG team members or persons authorized to approve a specific deliverable.

When a deliverable is complete, the UNIVERUS consultant will conduct a detailed walkthrough of the deliverable with CVAG team members that are appropriate to the deliverable length and complexity. The intent of this walkthrough is to confirm that the deliverable is correct and complete. Walkthroughs can consist of document reviews, design reviews, presentation reviews, program demos, or other activities to confirm that the deliverable is ready for CVAG acceptance.

After the walkthrough with CVAG, CVAG will have up to ten (10) business days or mutually agreeable timeframe to accept the deliverable. CVAG must provide UNIVERUS with a date on which the deliverable will be given a disposition within the five (5) business day timeframe. The Acceptance Form should be physically signed by CVAG Project Manager and archived with the project documentation.

If CVAG is not willing or able to approve a deliverable, CVAG will provide UNIVERUS with a description of what the deficiencies of the deliverable are, via the issue-tracking tool. If required, the parties will meet to discuss the deficiency of the deliverable in detail. UNIVERUS will then provide a plan to remedy the deficiencies within five business days (5) and this process will start again.

If this deliverable is not remedied and or approved within the agreed-upon timeframe then this process will start the Conflict Resolution Process as defined section 5.3 of this SOW.

6.2 Communication of Deliverable Delivery

The status of project deliverables will be maintained in the agreed-upon project tracking tools. As each deliverable is completed the status will be updated to note that the deliverable is ready for the other party, typically CVAG, to review.

The UNIVERUS or CVAG Project Manager will be required to contact (email and phone) the other party to schedule a walkthrough to review the deliverable. In the case of document deliverables, the developing party will ensure that the other party has access to the deliverable and will allow up to 5 days for deliverable review prior to the walkthrough. The project management team can change this timeframe.

If multiple complex deliverables are delivered at the same time, the Project Managers will agree if additional review time will be added.



There may be several iterations of reviews as a deliverable is being prepared. For example, UNIVERUS and CVAG should review an early draft of a deliverable to ensure both parties agree to the general direction taken by the preparer of the deliverable.

At the conclusion of the formal final deliverable walkthrough, the acceptance process and timeframe begins.



7 Compensation and Payment Schedule

7.1 Fixed Price

Invoice and payments in the amounts identified below, shall be payable when CVAG accepts in writing the respective Deliverable or the completed milestone. The Final Payment shall not be paid until CVAG indicates final acceptance in writing of the entire project.

The total cost to CVAG for the performance of the tasks contained in this SOW and within the timeframe defined in the attached Project Schedule, and within the timeframe defined in the attached Project Schedule, shall not exceed the amount shown (includes estimated travel costs), except in the case that executed Change Orders by CVAG have been approved and executed.

The payment milestones are constructed in a manner to incent UNIVERUS to perform, but also to provide fair compensation for the effort invested up to that point in time.



MP#	MP #	Milestone Description	Date	Invoice Amount
1	PM - 01	Project Management	Mar	2,062.50
2	PM - 02	Project Management	Jun	2,062.50
3	PM - 03	Project Management	Aug	2,062.50
4	PM - 04	Project Management	Dec	2,062.50
5	TR - 01	Training - Assets	Nov	5,475.00
6	TR - 02	Training - Field / Mobility	Dec	5,475.00
7	DC - 01	Conversion - Initial	Jun	5,000.00
8	DC - 02	Conversion – For Training	Oct	5,000.00
9	INT - 01	Interface - Discovery	May	6,000.00
10	INT - 02	Interface - Development	Aug	6,000.00
11	INT - 03	Interface - Testing	Nov	6,000.00
12	CUS - 01	Discovery	Jun	5,550.00
13	CUS - 02	Testing	Oct	5,550.00



14	Imp - 01	Month 1	Mar	4,462.22
15	Imp - 02	Month 2	Apr	4,462.22
16	Imp - 03	Month 3	May	4,462.22
17	Imp - 04	Month 4	Jun	4,462.22
18	Imp - 05	Month 5	Jul	4,462.22
19	Imp - 06	Month 6	Aug	4,462.22
20	Imp - 07	Month 7	Sep	4,462.22
21	Imp - 08	Month 8	Oct	4,462.22
22	Imp - 09	Month 9	Dec	4,462.22
			Totals	\$98,460.00

7.2 Subscription Fees

The fees for subscriptions are described in the Master Services Agreement.

7.3 Travel and Expense Policies

General Governance

The incidence of recoverable business expenses should be governed by what is reasonable and/or appropriate. UNIVERUS personnel shall seek value through the least expensive, yet most reasonable and/or appropriate alternatives, and are expected to use preferred suppliers (i.e., airline, hotel, car rental, etc.) where negotiated rates (UNIVERUS or CVAG) have been established. All travel-related expenses will be supported by receipts, other than per diem expenses.

In the event of any disagreement with respect to the application of the travel and expense provisions in this SOW or any other matter related to travel policies, the parties will defer to the travel provisions of the Univerus Master Services Agreement.

Travel Guidelines

When UNIVERUS is traveling for CVAG, UNIVERUS and CVAG will establish and follow mutually agreed travel guidelines CVAG. Mileage rates will be consistent with the Internal Revenue Code per mile rates in the case where it is cheaper for an employee to drive to the airport and park than to take a hired taxi.

All billing for travel-related expenses would be on a separate invoice from all service invoices from UNIVERUS. The UNIVERUS Project Manager will be required to maintain a database or spreadsheet of all travel expenses that correspond to the UNIVERUS invoices for travel.

Local Travel

On occasion, it may be necessary for UNIVERUS personnel to travel to other CVAG facilities if requested by CVAG

- Parking fees, tolls, and other road tariffs encountered while traveling to/from CVAG facilities within the local area, excluding normal commuting travel to/from the personnel's home, are recoverable and reimbursable.

Out of Town Travel

UNIVERUS personnel will follow mutually established travel guidelines by CVAG and UNIVERUS. All ordinary and reasonable travel expenses incurred by UNIVERUS personnel related to this project shall be recoverable and reimbursable as follows:

- Air Travel
 - All air travel shall be "coach class" or the class that offers the lowest overall fare for the given itinerary.
 - All travel shall be booked as far in advance as possible to take advantage of the air carrier's best rate.
 - Weekend overnight stays may be appropriate when economically advantageous (i.e., airfare savings justifies expense associated with additional lodging, meals, etc.).
 - If an employee elects to change a flight for their own convenience after the ticket has been

approved and booked, the employee will be responsible for paying any charges incurred to change the airline ticket.

If CVAG or a UNIVERUS Manager' request makes it necessary to change a flight after it has been approved and booked, the employee will not be responsible for the charges incurred to change the airline ticket, provided they receive prior approval from the UNIVERUS and CVAG Project Managers to change the ticket.

- **Parking**
 - Parking fees, tolls, and other road tariffs encountered while traveling to/from airports or CVAG offices are recoverable and reimbursable.
- **Hotels**
 - When overnight stay is appropriate, the associated hotel expense shall be recoverable and reimbursable.
 - Taxes and other tariffs associated with hotel stays are recoverable and reimbursable.
 - Corporate or special rates with established local hotels will be pursued.
- **Rental Cars**
 - Rental cars will be used for local travel at the destination city and the associated expenses shall be recoverable and reimbursable.
 - Should two or more UNIVERUS personnel travel to the destination city, a rental car shall be shared whenever travel and work schedules permit.
 - Employees must ensure that anyone that drives the rented vehicle is approved by the rental car company as a driver for that vehicle. UNIVERUS is responsible to ensure that the Consultants corporate automobile insurance will cover any accidents that may happen while traveling to and from the Client site. CVAG and UNIVERUS will establish as part of the mutually agreed travel guidelines the range of reasonable weekly rental car expenses per week per car with unlimited miles.
- **Per Diem**
 - For each full day of travel/work, the employee will receive a per diem of \$60 (\$120 on weekends/holidays if weekend or holiday travel is required)
 - Per Diem charges will be invoiced without the requirement to submit meal expense receipts.

Invoicing Travel

CVAG would prefer that expense reports are submitted in a timely manner typically within two weeks of the close of the month.

Travel Expenses

Travel and lodging costs are approximate only, actual expenses will be invoiced as incurred over duration of the project.

Actual costs for travel are beyond UNIVERUS' control so CVAG should include in its project budget a contingency of 10% in this travel estimate. UNIVERUS will endeavor to book travel well in advance and negotiate rates with a hotel to achieve or better this estimate. UNIVERUS will track and report monthly against the travel estimate, including a projection of final costs based on the accumulated actuals to that point in time.



7.4 Payment Terms

Payment terms are defined in the Master Services Agreement. Any travel expenses incurred in currency other than US dollars will be converted to US dollars at the prevailing exchange rate at the time the invoice is generated.

Monetary change orders will be executed with the return of the signed change order that will detail the associating payment milestones related to the work.. A change order will not be executed and processed until both requirements are satisfied.

8 Appendices

8.1 Project Schedule

Below is an image of the initial draft of the Project Schedule that will be refined by the project team at the start of the Preparation phase to meet the requirements of both parties. The estimated start date and go-live dates are defined in the Definitions in Section 1.

See CVAG Project Schedule.doc

The Project Schedule is an integral part of this agreement and forms the basis for the project pricing. Extension of the project from start to finish will require analysis as to the reasons and may result in additional effort and therefore cost.

8.2 Project Deliverables

Listed in each project phase as part of the entry and exit criteria



8.3 Change Order Document

UNIVERUS and CVAG will jointly define the format for the Change Order document that will be used for the duration of the project.

Change Order CO-000

Title

Overview

The purpose of this Change Order is ...

This Change Order and Amendment to Software License ("Change Order") is made by Univerus, a division of UNIVERUS Inc and CLIENT and relates to that certain Software License, and Implementation Agreement ("License Agreement") made effective as of <date> and the Statement of Work thereunder.

Contact & General Information

	CLIENT	Univerus
Contact		
Email		
Date		
Product		

Description of Change Request

Project Impact

Budget	
Resources	
Payment Milestones	
Schedule	
Risk	

Attachments:

Approval

0	0	\$0
Chargeable Hours	Rate	Amount
0	0	
Non-Chargeable Hours	Total Hours	



Client Signature

Date

Client Name

Univerus Signature

Date

Univerus Name

Monetary change orders will be executed with the return of the signed change order and an initial payment of 50% of the total change amount as outlined above. A change order will not be executed and processed until both of these two requirements are satisfied.

The remaining fees shall be invoiced after the delivery of goods and services and due thirty (30) days from the date of invoice.

Any applicable travel and lodging expenses shall be billed as incurred as the work is performed and due thirty (30) days from the date of invoice.

Your signature serves as an acceptance of the "Amount" listed above as it relates to the description of work contained in this Change Order. Your signature also indicates you have reviewed and agree to the scope of work as detailed in any accompanying enclosures or attachments. This signed document indicates that you have provided all of the accurate information necessary to produce the work as stated in the above Change Order.

Internal Use Only

Customer # _____ Application # _____ Originated by # _____ PO# 0000000

8.4 Client Approved Change Order Rate by Resource

Additional services will be made available at UNIVERUS's then-current standard rates if CVAG'S requirements change, or the scope of the project is altered. UNIVERUS will hold these rates effective for the duration of this SOW.

CVAG can request supplemental services through the project Change Control process.

Up to the Completion of Services, UNIVERUS will provide supplemental services at a rate described in Section 5.7. Services after that period will be at the prevailing rate of UNIVERUS or as per the Master Software Agreement.

**Continuance**

The above fees include project management, technical services, and implementation services as described within this SOW and Project Schedule. In the event that CVAG extends the project beyond these dates or requests work beyond the scope as specified in this SOW, CVAG agrees that additional fees for Project Management and other required implementation assistance along with reimbursement for related travel and living expenses incurred will apply. These proposed fees would be mutually considered and agreed upon between UNIVERUS and CVAG via the Change Control Process



ITEM 8A

Coachella Valley Association of Governments Executive Committee February 10, 2025



STAFF REPORT

Subject: Countywide efforts to address wildfires and Santa Ana winds

Contact: Erica Felci, Chief Operating Officer (efelci@cvag.org)

Recommendation: Information

Background: Fueled by dry brush and fierce Santa Ana winds, a series of wildfires ripped through the City of Los Angeles in early January and caused unprecedented devastation as they scorched about 40,000 acres. More than 12,000 homes and structures were destroyed or damaged, 25 people were killed and 100,000-plus people fled their homes amid evacuation orders. The Eaton and Palisades fires are now considered the most destructive and second-most destructive wildfires, respectively, in Southern California's history.

In Riverside County, these powerful Santa Ana winds also spread wildfires such as the Scout Fire in Jurupa Valley and the Stone Fire in Hemet. Officials issued red flag fire warnings and implemented public safety power shutoffs, which left more than 92,000 Southern California Edison (SCE) customers countywide. Riverside County activated its Emergency Operations Center (EOC) to coordinate county operations with Southern California Edison (SCE), local cities, tribes, special districts and volunteer organizations. The all-hands coordination also included public outreach through AlertRivCo warnings and the County's 211 call center. Fire prone communities such as Idyllwild were on high alert, with County Fire responding to an average of 570 calls a day in early January. The County also paid close attention to dry lands near river bottoms where a small fire could quickly get out of hand.

At the request of CVAG Chair Ted Weill, CalFire/ Riverside County Fire Department Fire Chief Bill Weiser will brief the Executive Committee on the response to the recent fires and the efforts to prepare for future wildfires. A similar presentation was provided by Deputy Chief Robert Fish to CVAG's Public Safety Committee when it met on February 10.

Additionally, Riverside County officials are encouraging residents to sign up for updates through [Alert RivCo](#), which allows emergency managers and first responders to issue warnings. Riverside County is also utilizing the [Genasys Protect alerting app](#) to provide urgent notifications.

Fiscal Analysis: There is no cost to CVAG for this informational update.

Attachment: The Desert Sun story "You learn to be prepared': SoCal mountain town residents who've been burned before prepare for high winds," January 12, 2025

WILDFIRES

'You learn early to be prepared': SoCal mountain town residents who've been burned before prepare for high winds

Tucked away in the San Jacinto Mountains above Palm Springs, California, the town of Idyllwild is no stranger to wildfires, but this tight-knit community is ready for anything.

Jennifer Cortez Palm Springs Desert Sun

Published 7:22 p.m. PT Jan. 12, 2025 | Updated 7:34 p.m. PT Jan. 12, 2025

John Drake admits he wasn't fully prepared when the Cranston Fire swept through Idyllwild, a town in the San Jacinto Mountains above Palm Springs, in 2018. But in this unincorporated mountain town in Riverside County, California, residents have come to understand that an important part of surviving a wildfire lies in preparation.

Leaning against the truck bed of his Mazda, parked near Red Kettle — a small, old-fashioned diner set against a backdrop of towering pines and mountain peaks — Drake recalled driving to Fern Leaf Drive less than a mile away, a spot offering sweeping views of the town.

What he saw that day were matchsticks ablaze, not trees.

"My entire horizon was a line of fire. It just took my breath away. It was cathartic," Drake said. "After that, I just knew I'm leaving next time. And so when (Southern California Edison) shuts off the power, it's a small price to pay. I'm glad to do it. You know the comparison to what it could be. You go. You don't hang around — and you don't become a liability for the first-responders."

Anxiety hangs in the air, but Idyllwild residents are prepared

The rural town is entering another week of heightened fire risk, as high winds that began on Jan. 7 prompted Southern California Edison to implement public safety power shutdowns. This has been deemed necessary in many wildland and wildland-adjacent areas of the Golden

State, where downed power lines, or those experiencing a power surge, have sparked some of the deadliest fires in the state's history.

He, along with many others in the area, is preparing for the possibility of additional power outages throughout the week, especially as nighttime temperatures dip into the low 30s. But living in this community, where assistance is an hour or so away, requires a strong reliance on one another, Drake said.

"It's a religion up here," he said. "You'd be surprised how much we do for each other."

Since arriving in Idyllwild with her parents after evacuating their home in Chevy Chase Canyon due to the wildfires in Los Angeles County, Ravenna Grieppe has been lending a helping hand at Idyllwild Clothing Company.

"It's been quite the breather and a big blessing," Grieppe said, her voice still hoarse from the smoke. "I just worry about the winds. I don't want the winds blowing anything toward any other place — especially for the community here, who have been so lovely."

Although she arrived in town on the same day the power was shut off, she was relieved to find safety at a nearby cabin where she was invited to stay. On her first night, she turned to local Facebook groups for restaurant recommendations after realizing the cabin had an electric stove, not the gas stove she had originally expected. There, residents were quick to offer assistance — even virtually.

When Grieppe mentioned she only managed to evacuate with just one outfit, Marguerite Pfaff, who works at the clothing shop, immediately offered assistance, asking if she needed anything else and offering to make a call for support.

Residents learned their lesson from the Cranston Fire

Pfaff, a Lake Hemet resident just a short drive from Idyllwild, knows firsthand the fear of surviving a wildfire. In 2018, she was forced to evacuate from the Cranston Fire with her then-6-month-old daughter.

The Cranston Fire, which started on July 25, 2018, and was fully contained by Aug. 10, 2018, forced a mandatory evacuation of Idyllwild and other areas in the San Jacinto Mountains. The arson-caused wildfire left these communities without power for nearly two weeks in 100-degree temperatures. Similarly, the arson-caused Esperanza Fire that killed five firefighters broke out in 2005 near Cabazon, west of Palm Springs.

"A lot of us struggle with what I can only describe as PTSD from Esperanza and Cranston," Pfaff said. "We've been lucky so far, but there's always that underlying concern. Because of the winds and the fire risk, there's definitely a bag sitting at my house that has all my stuff in it. I feel more prepared, but that doesn't stop the anxiety. But the community works together — I saw it with Cranston."

Leaning against the shop counter, Grieppe nodded and said the Idyllwild Community Center and Town Hall has been an invaluable resource, especially as a charging station. Since the power shut-offs, community outreach specialists with Southern California Edison have distributed more than 200 resiliency kits with solar chargers and other resources.

"What a community," she said. "It's been warming to the heart. I kept hearing people say, 'Hey, let me know if you need anything, I can help you.' Seeing all that, I feel like everybody's here for each other to make sure they're taken care of."

Standing outside the doors of the Idyllwild Library, Mauricio Mejia, a development specialist with the Riverside County Library System and the Riverside County Office of Economic Development, is greeting community members at the door to invite them in for free water and bags of ice.

On a typical Sunday, the Idyllwild Library is closed. However, since Saturday, it has served as a distribution point until 10 p.m. for those still without power and in need of assistance. While most of the community has had their power restored since Thursday, Mejia acknowledged that some areas are still affected and that they are prepared to continue providing service.

'When you live up here, you learn early to be prepared'

The same Santa Ana wind event that helped spark five wildfires last week that are still burning in Los Angeles County severely impacted a local mobile home park, with some residents losing their homes, said Shannon Ng, deputy director with the county library system.

GoFundMe accounts were quickly set up, and many of the affected residents have found temporary, rent-free housing until their situations are resolved.

"There's a lot of hometown help," she said, a longtime resident of Idyllwild and also part of the community emergency response team. "When you live up here, you learn early to be

prepared to take care of things. When something goes south, there's people right away to help."

Without skipping a beat, the two said they feel prepared to handle whatever challenges arise in order to support the community.

"We're ready," Meija said. "It's a really nice place to be in an emergency."

Jennifer Cortez covers education in the Coachella Valley. Reach her at jennifer.cortez@desertsun.com.

ITEM 8C

Coachella Valley Association of Governments Executive Committee February 24, 2025



STAFF REPORT

Subject: CVAG's Audit for Fiscal Year 2023-24 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, 2024, Report on Internal Controls over Financial Reporting, the Auditor's Communication with Those Charged with Governance, and the Single Audit on Federal Awards

Finance Committee: The Finance Committee will meet on February 24, prior to the Executive Committee meeting, to review this item.

Background: CVAG's Financial Statements Audit Procurement Policy, adopted on June 3, 2002, requires CVAG to obtain proposals from auditing firms qualified 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 fourth audit provided by Davis Farr LLP.

Davis Farr LLP performed the annual audit over CVAG's Basic Financial Statements as of June 30, 2024, 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 January 2025, which means that CVAG's Basic Financial Statements present fairly, in all material respects, the respective financial position of CVAG as of June 30, 2024 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 nor did it identify any current year findings. 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" which further notes no current year audit findings.

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. CVAG's Finance Committee will meet prior to the Executive Committee, and a member of the Davis Farr team will be available to address members' questions and comments. Additionally, CVAG staff, with guidance from the Finance Committee, will continue working with the Davis Farr team to complete the Agreed Upon Procedures (AUP) for CVAG's Transportation Uniform Mitigation Fee Program for Fiscal Year 2023-24.

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, 2024
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 the governmental activities, each major fund and aggregate remaining fund information of Coachella Valley Association of Governments (CVAG) as of and for the year ended June 30, 2024, and have issued our report thereon dated January 31, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 8, 2024, 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.

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 101, the new Compensated Absences Standard. We evaluated the applicability of GASB 101 to CVAG and if necessary, ensure all transactions are properly recorded and the footnote disclosures are properly reflected.
- Risk of errors in implementing GASB 103, the new Financial Reporting Model Improvements Standard. We evaluated the applicability of GASB 103 to 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. As described in Note 1 to the financial statements, CVAG changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101 and Financial Reporting Model Improvements by implementing Statement of Governmental Accounting Standards (GASB Statement) No. 103, in the fiscal year 2024. 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 to 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. There were no such misstatements.

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 May 8, 2024.

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.

DavisFarr LLP

Irvine, California
January 31, 2025

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024



DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

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COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Financial Statements

Year ended June 30, 2024

(With Independent Auditor's Report Thereon)

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COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Financial Statements

Year ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18
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	22
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Notes to Basic Financial Statements	28
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	56
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Transportation Uniform Mitigation Fees	57
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Measure A	58
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - CV Link	59
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – CV Sync	60
Schedule of Proportionate Share of Net Pension Liability (Asset) – Miscellaneous Plan	61
Schedule of Pension Contributions – Miscellaneous Plan	62
Notes to Required Supplementary Information	63
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	70

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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, 2024, 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, 2024, 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, 2024 reflect a prior period adjustment as described further in Notes 1 and 16 due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, and GASB Statement No. 103, Financial Reporting Model Improvements. Our opinion is not modified with respect to these matters.

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 2023 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated January 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 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 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 January 31, 2025 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.

DavisFarrLLP

Irvine, California
January 31, 2025

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COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

The following is a discussion and analysis of the Coachella Valley Association of Governments' ("CVAG" or "Association") financial performance and includes a summary of CVAG's financial statements coupled with a detailed analysis of CVAG's financial position and results of operations for the fiscal year ended June 30, 2024, with comparative information from the fiscal year ended June 30, 2023. The purpose of the management's discussion and analysis (MD&A) is to help CVAG member agencies and other stakeholders understand what the financial statements and notes in this financial report say about CVAG's financial health and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by CVAG staff's knowledge of CVAG's finances. Please read this discussion and analysis in conjunction with the financial statements, including the notes to the financial statements identified in the accompanying tables.

If you have any questions about this report or require further information, please contact 760.346.1127 and ask for the Finance Director.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the 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's government, reporting CVAG's operations in more detail than the government-wide statements.

The financial statements also include *notes* that delve deeper into CVAG's finances as reported in the basic financial statements. The information in the notes is as important to understanding the information in the financial statements as the statements themselves. CVAG uses notes to (1) present information in greater details than is possible within the financial statements, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain commitments). The statements and notes are followed by a section of *required supplementary information and notes to required supplementary information* that provide additional financial and budgetary-to-actuals information.

Types of Information in the Financial Statements

The government-wide financial statements use the economic resources measurement focus and accrual basis of accounting much like how private sector financial statements are presented. In other words, they comprehensively report all types of financial statement elements:

- Assets – resources that the Association controls, which are mostly in the form of capital assets like CV Sync, an infrastructure asset and other construction in progress, as well as receivables from other governments, and cash and investments.

- Liabilities - amounts CVAG owes to others such as to vendors for work performed but not yet paid.
- Deferred outflows of resources and deferred inflows of resources—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- Revenues and Expenses – inflows and outflows of resources, respectively, related to the current year.

More details about the measurement focuses and the basis of accounting can be found in Note 1 of the notes to the financial statements, the summary of significant accounting policies.

Governmental fund financial statements use the current economic resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. CVAG's basic services such as project and program costs are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end. Governmental funds do not report non-financial assets, such as capital assets, but they do report the flows of current financial resources related to those long-term items like the spending of cash on construction of CV Sync and the related cash receipt of grant funding reimbursements. In general, the governmental fund statements provide a detailed short-term view of CVAG general government operations and the basic services it provides as opposed to the comprehensive, long-term view provided in the government-wide financial statements.

ANALYSIS OF CVAG'S FINANCES

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

Statement of Net Position (amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Change	Total Percentage Change
<u>Assets:</u>				
Cash and investments	\$ 42,880	\$ 56,813	\$ (13,933)	(24.52%)
Other current assets	60,482	32,003	28,479	88.99%
Capital assets, net of depreciation	158,294	75,334	82,960	110.12%
Total Assets	<u>261,656</u>	<u>164,150</u>	<u>97,506</u>	<u>59.40%</u>
<u>Deferred Outflows of Resources:</u>				
Deferred pension related items	1,440	1,663	(223)	(13.41%)
Total Deferred Outflows of Resources	<u>1,440</u>	<u>1,663</u>	<u>(223)</u>	<u>(13.41%)</u>
<u>Liabilities:</u>				
Current liabilities	19,818	10,278	9,540	92.82%
Noncurrent liabilities:				
Due within one year:	2,672	2,388	284	11.90%
Due in more than one year:	14,870	16,588	(1,718)	(10.36%)
Total Liabilities	<u>37,361</u>	<u>29,254</u>	<u>8,106</u>	<u>27.71%</u>
<u>Deferred Inflows of Resources:</u>				
Deferred pension related items	130	336	(206)	(61.34%)
Total Deferred Inflows of Resources	<u>130</u>	<u>336</u>	<u>(206)</u>	<u>(61.34%)</u>
<u>Net Position:</u>				
Investment in capital assets	156,308	73,713	82,595	112.05%
Restricted:				
Transportation	67,941	62,143	5,798	9.33%
Environmental	904	1,112	(208)	(18.69%)
Homeless	2,459	2,604	(144)	(5.55%)
Unrestricted	(2,008)	(3,349)	1,342	40.06%
Total Net Position	<u>\$ 225,605</u>	<u>\$ 136,223</u>	<u>\$ 89,382</u>	<u>65.61%</u>

Note: Totals may not sum precisely due to rounding differences.

The table above demonstrates that as of June 30, 2024, CVAG's total net position – assets and deferred outflows minus liabilities and deferred inflows – was about \$225.6 million, an increase of \$89.3 million or 65.6 percent compared with 2023. The increase is primarily due to a 112.1 percent or \$82.6 million increase in investment in capital assets, mostly for transportation projects like CV Sync and CV Link. All the increase in net position was the result of the financial performance of the governmental activities as CVAG has no business-type activities. The following sections of the MD&A analyze the finances of the governmental activities.

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

Statements of Activities
(amounts expressed in thousands)

	Fiscal Year 2024	Fiscal Year 2023	Dollar Change	Total Percentage Change
<u>Operating Expenses:</u>				
Administrative	\$ 2,810	\$ 2,887	\$ (77)	(2.67%)
Transportation	22,374	13,331	9,043	67.83%
Other	1,782	2,205	(423)	(19.20%)
Interest expense	937	1,019	(82)	(8.02%)
Total Expenses	<u>27,903</u>	<u>19,442</u>	<u>8,461</u>	<u>43.52%</u>
<u>Program Revenues:</u>				
Charges for services	2,475	1,708	767	44.88%
Operating contributions and grants	9,434	11,132	(1,698)	(15.26%)
Capital contributions and grants	102,451	47,679	54,772	114.88%
<u>General Revenues:</u>				
Investment income (loss)	2,611	1,361	1,250	91.87%
Gain on sale of land	370	-	370	100.00%
Total Revenues	<u>117,341</u>	<u>61,880</u>	<u>55,091</u>	<u>89.03%</u>
Changes in Net Position	89,438	42,438	47,000	110.75%
Net Position – Beginning, as restated (note 16)	136,167	93,785	42,382	45.19%
Net Position - Ending	<u>\$ 225,605</u>	<u>\$ 136,223</u>	<u>\$ 89,382</u>	<u>65.61%</u>

Note: Totals may not sum precisely due to rounding differences.

The Statement of Activities shows that in fiscal year 2024, governmental revenues of \$117.3 million exceeded expenses of \$28.0 million resulting in the \$89.4 million increase in net position. Several factors contributed to this growth, with key drivers including capital and operating contributions from other jurisdictions, such as Caltrans and Riverside County Transportation Commission (RCTC), which provide reimbursement for many of CVAG's projects. These items and other governmental activities will be discussed next.

Increases in Program Revenues

In fiscal year 2024, total program revenue experienced a significant increase, primarily driven by higher capital contributions and grants. This growth was largely attributable to elevated construction activity for CV Sync and CV Link, as well as regional arterial projects like Jackson/I-10, Dune Palms Bridge, and Madison Street in Indio. These projects incurred higher construction costs compared to the prior year as cities and lead agencies advanced additional construction phases as did CVAG for the projects it leads. Reimbursements associated with these increased construction activities further contributed to revenue growth.

Increases in Expenses

Total expenses increased by \$8.5 million, or 43.8 percent, from fiscal year 2023. This increase is primarily attributed to heightened transportation construction activity, as outlined in the "Increase in Program Revenues" section. Key regional arterial projects, such as Jackson/I-10, Dune Palms Bridge, and Madison Street in Indio, incurred higher construction costs compared to the prior year as cities and other lead agencies advanced additional phases of construction. CVAG does not capitalize the regional arterial constructed by other agencies.

Governmental Funds

General Fund - The General Fund accounts for all 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, the fund balance of the General Fund was about \$2.8 million.

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

- Investment revenue increased by \$55 thousand in fiscal year 2024 compared to fiscal year 2023. This growth was primarily driven by higher interest rates on investments, which resulted in greater returns on the organization's portfolio. Additionally, improved cash flow in general fund allowed for higher balances in interest-earning accounts, further boosting investment income. Meanwhile, miscellaneous revenue also saw an increase, driven by contributions from the Imperial Irrigation District (IID) and Coachella Valley Water District (CVWD) related to long-term governance and strategic initiatives for the Coachella Valley Energy Commission.
- Total expenditures decreased by \$907 thousand, primarily due to fewer new contracts with consultants entered into during fiscal year 2024. In fiscal year 2023, CVAG entered into new leases under GASB No. 87, resulting in project costs of about \$1.4 million. In fiscal year 2024, CVAG entered into a new contract with Oracle for a cloud service related to the new ERP system, which led to project costs of \$480 thousand. This represents a decrease of \$886 thousand in project costs compared to the prior year. The accounting treatment for these leases and the ERP project costs was counterbalanced by the reporting of lease revenue issuance in the General Fund.

Transportation Uniform Mitigation Fees (TUMF) Fund - The TUMF Fund accounts 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. At the end of the current fiscal year, the total fund balance was \$15.7 million.

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

- A decrease in Total Revenues by \$2.9 million. Although there was an increase in the base calculation for TUMF, there was an overall decrease in collections because there were fewer growth-oriented building development projects permitted within CVAG's member jurisdictions.

- The increase in total expenditures by \$1.1 million is primarily attributable to higher project cost reimbursements, driven by increased transportation construction activity for ongoing regional arterial projects like Dune Palms Bridge and the Monroe/I-10 interchange.

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 regional arterials in the Coachella Valley. All taxes collected are held by the Riverside County Transportation Commission (RCTC) and CVAG requests reimbursement on eligible project costs once incurred. At the end of the current fiscal year, the total fund balance was \$54.0 million.

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

- The reimbursements for CV SYNC, CV Link, Arts and Music Line and regional arterial projects significantly increased in FY24 due to a higher volume of project activities as well as a shift in the reimbursement strategy as external funding becomes exhausted as some of the projects like CV Sync and CV Link near completion.
- The increase in active arterial projects is also reflected as a rise in total expenditures by \$4.8 million for work completed on various arterial projects.

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 (\$36) thousand. The fund deficit is offset by incoming grant revenue on the government-wide financial statements that is treated as a deferred inflow of resources on the governmental funds financial statements.

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

- A decrease in grants of \$3.7 million is mainly due to a shift in the reimbursement strategy to utilize more Measure A funding as external funding becomes exhausted as the project nears completion.
- Total expenditure increased from the prior year by \$4.6 million due to increased activity on multiple segments of the CV Link project during fiscal year 2024 as it nears completion.

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 (\$2.8) million. The fund deficit is offset by incoming grant revenue of \$2.8 million on the government-wide financial statements that is treated as a deferred inflow of resources on the governmental funds 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:

- The grants revenues increased significantly by \$32.3 million, largely due to a rise in grant revenue, which covered project cost reimbursements as CV Sync transitioned into Phase II and III.
- Accelerated progress led to the completion of additional work during fiscal year 2024, resulting in the project costs increasing by \$49.2 million.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

CAPITAL ASSETS

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

Capital Assets
Net of Depreciation
(amounts expressed in thousands)

	Balance June 30, 2024	Balance June 30, 2023	Increase (Decrease)	Total Percentage Change
Land and construction in progress	\$ 129,810	\$ 49,465	\$ 80,345	162.43%
Infrastructure	25,096	23,288	1,807	7.76%
Furniture	53	41	12	29.41%
Easement	1,377	941	436	46.34%
Right to use assets	1,363	1,516	(152)	(10.06%)
Subscription asset	519	58	461	789.95%
Equipment and Vehicles	76	24	51	210.65%
Total	<u>\$ 158,294</u>	<u>\$ 75,334</u>	<u>\$ 82,960</u>	<u>110.12%</u>

Note: Totals may not sum precisely due to rounding differences.

The increase in land and construction-in-progress assets is primarily attributed to the ongoing construction of CV Link, CV Sync, and the Arts and Music Line. Additionally, the subscription assets account grew in 2024 when CVAG formed a new contract for the subscription and implementation of a new ERP system.

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

DEBT ADMINISTRATION

The only activity relating to long-term debt was scheduled annual payments.

Long-Term Debt
(amounts expressed in thousands)

	Balance	Balance	Increase	Total
	June 30, 2024	June 30, 2023	(Decrease)	Percentage
				Change
Revenue bonds payable	\$ 13,335	\$ 15,470	\$ (2,135)	(13.80%)
Compensated absences	310	167	143	85.71%
Lease Liability	1,463	1,560	(97)	(6.24%)
Subscription-based IT payable	523	61	462	760.77%
Total	<u>\$ 15,630</u>	<u>\$ 17,258</u>	<u>\$ (1,627)</u>	<u>(9.43%)</u>

Note: Totals may not sum precisely due to rounding differences.

In fiscal year 2024, CVAG entered into a new agreement for the implementation services and subscription of a cloud-based ERP system, which significantly impacted the subscription-based IT payable. This contract, a key part of CVAG's strategic investment in technology, resulted in an increase in subscription assets and associated liabilities. The financing structure for the ERP system is based on a subscription model, which will be paid over the contract's term. This shift to subscription-based IT payables reflects CVAG's move towards modernizing its systems, and the associated long-term liabilities will be amortized over the duration of the contract.

CVAG also implemented the new GASB standard related to compensated absences in fiscal year 2024, which required adjustments to the accounting for accrued leave liabilities. The change in accounting treatment reflects a more accurate measurement of the organization's obligations for vacation and sick leave, including the accrual of these liabilities as employees earn them. This update affects both the balance sheet and the financial statements, increasing the reported long-term liabilities associated with compensated absences. The implementation of this new standard will have a continued impact on future financial planning, as it aligns CVAG's financial reporting with updated governmental accounting practices and enhances the transparency of the organization's obligations.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

CVAG has identified several relevant factors that will influence its finances in the future and have either been included in the fiscal year 2025 budget or will be included in a future budget:

- Rapid Construction of CV Sync - During fiscal year 2024, the CV Sync project experienced higher-than-anticipated activity levels due to three phases being active at once, resulting in expenditures that far exceeded the initial budget. Throughout the fiscal year, this activity was closely monitored and represents the shifting of work originally planned in future years while remaining within the Executive Committee approved contractual limits. This information was also presented to the CVAG Finance

and Executive Committees in the Spring of 2024 as part of the fiscal year 2025 budget approval process. CVAG's fiscal year 2025 budget provides fiscal year 2024 year-end estimates alongside 2024 budgetary data. These projections closely align with the actual 2024 expenditures contained in this report.

- Grant Awards and Federal Funding Uncertainty - A significant development for CVAG is the record-setting \$50 million awarded in December 2023 from the California Transportation Commission's (CTC) Local Transportation Climate Adaptation Program (LTCAP). This funding marks a major milestone in addressing the frequent closures of Indian Canyon Drive in Palm Springs. CVAG's Addressing Climate Change, Emergencies, and Sandstorms (ACCESS) project exemplifies the agency's innovative approach to securing funding for regional transportation challenges. However, with the new federal administration, there is uncertainty about federal funding opportunities and associated policies, given the need for the federal government to authorize its spending package for the next fiscal year. Additionally, policy priorities have shifted to eliminate disadvantaged and equity metrics, focusing instead on modernization, the economy, and merit. These changes may impact funding opportunities for CVAG and the region or cause the agency to adjust the narrative of specific projects to align with the new priorities. CVAG will continue to monitor the new administration's budget actions and associated policies and will report any funding opportunities to advance priority projects.
- Investment Income - Given the downward swing in short-term interest rates, CVAG expects a decrease in investment income for 2025 and conservatively budgeted a little over \$1.4 million as revenue compared to closer to \$2 million received in fiscal year 2024.

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 Finance, at 74-199 El Paseo Dr., Suite 100, Palm Desert, CA 92260.

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BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Statement of Net Position

June 30, 2024

(with comparative prior year information)

	Governmental Activities	
	2024	2023
Assets:		
Cash and investments (note 3)	\$ 42,879,857	56,812,734
Accounts receivable	49,772	57,703
Interest receivable	522,945	706,878
Deposits receivable	115,295	42,931
Prepaid items	99,568	189,602
Loans receivable (note 4)	156,320	166,741
Due from other governments	59,538,446	30,839,360
Capital assets, not being depreciated (note 7)	129,809,928	49,465,181
Capital assets, net of depreciation (note 7)	28,483,854	25,868,826
Total Assets	<u>261,655,985</u>	<u>164,149,956</u>
Deferred Outflows of Resources:		
Deferred amounts from pension plans (note 12)	1,439,716	1,662,766
Total Deferred Outflows of Resources	<u>1,439,716</u>	<u>1,662,766</u>
Liabilities:		
Accounts payable	12,464,048	6,276,104
Accrued liabilities	122,185	95,716
Due to other governments	7,232,182	3,906,197
Noncurrent Liabilities		
Due within one year		
Bonds payable (note 9)	2,267,354	2,134,917
Compensated absences (note 10)	232,473	125,179
Subscription-based IT payable (note 9)	54,127	18,605
Lease liability (note 9)	118,101	109,205
Due in more than one year		
Bonds payable (note 9)	11,067,671	13,335,024
Net pension liability (note 12)	1,911,983	1,718,540
Compensated absences (note 10)	77,491	41,726
Subscription-based IT payable (note 9)	468,422	42,102
Lease liability (note 9)	1,344,657	1,450,907
Total Liabilities	<u>37,360,694</u>	<u>29,254,222</u>
Deferred Inflows of Resources:		
Deferred amounts from pension plans (note 12)	129,794	335,699
Total Deferred Inflows of Resources	<u>129,794</u>	<u>335,699</u>
Net Position:		
Net investment in capital assets	156,308,475	73,713,188
Restricted:		
Transportation	67,940,657	62,142,923
Environmental	904,261	1,112,054
Homeless	2,459,489	2,603,968
Unrestricted	<u>(2,007,669)</u>	<u>(3,349,332)</u>
Total Net Position	<u>\$ 225,605,213</u>	<u>136,222,801</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Statement of Activities

Year ended June 30, 2024

(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	
					2024	2023
Governmental Activities:						
Administrative	\$ 2,813,343	2,475,059	699,609	-	361,325	(538,609)
Transportation	21,661,429	-	6,452,390	102,223,775	87,014,736	42,385,787
Other	2,490,707	-	2,508,816	-	18,109	248,963
Interest expense	937,450	-	-	-	(937,450)	(1,019,180)
Total Governmental Activities	\$ 27,902,929	2,475,059	9,660,815	102,223,775	86,456,720	41,076,961
General Revenues:						
Investment income (loss)						2,610,734
Gain on sale of land						370,288
Total General Revenues						2,981,022
Change in Net Position						89,437,742
Net Position - Beginning, as restated (note 16)						136,167,471
Net Position - Ending						\$ 225,605,213
						93,785,141
						136,222,801

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Balance Sheet - Governmental Funds

June 30, 2024

(with comparative prior year information)

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
Assets:				
Cash and investments	\$ 2,155,763	17,075,111	16,536,806	4,109,136
Accounts receivable	11,042	-	-	-
Interest receivable	6,846	116,011	365,381	172
Deposits	12,444	-	-	99,951
Prepaid items	72,828	593	1,100	-
Due from other governments	128,763	873,415	31,357,828	852,103
Due from other funds (note 5)	<u>612,558</u>	<u>-</u>	<u>16,770,043</u>	<u>-</u>
Total Assets	<u>\$ 3,000,244</u>	<u>18,065,130</u>	<u>65,031,158</u>	<u>5,061,362</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 91,925	67,154	116,948	5,015,224
Accrued liabilities	118,058	-	-	-
Due to other governments	29,397	2,210,933	4,149,227	46,137
Due to other funds (note 5)	<u>-</u>	<u>88,885</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>239,380</u>	<u>2,366,972</u>	<u>4,266,175</u>	<u>5,061,361</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>-</u>	<u>-</u>	<u>6,751,234</u>	<u>36,139</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>6,751,234</u>	<u>36,139</u>
Fund Balances (Deficits):				
Nonspendable	72,828	593	1,100	-
Restricted:				
Transportation	-	15,697,565	54,012,649	-
Environmental	-	-	-	-
Homeless	-	-	-	-
Unassigned	<u>2,688,036</u>	<u>-</u>	<u>-</u>	<u>(36,138)</u>
Total Fund Balances (Deficits)	<u>2,760,864</u>	<u>15,698,158</u>	<u>54,013,749</u>	<u>(36,138)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 3,000,244</u>	<u>18,065,130</u>	<u>65,031,158</u>	<u>5,061,362</u>

See accompanying notes to the basic financial statements.

	CV Sync	Other Governmental Funds	Total Governmental Funds	
			2024	2023
Assets:				
Cash and investments	-	3,003,041	42,879,857	56,812,734
Accounts receivable	-	38,730	49,772	57,703
Interest receivable	-	34,535	522,945	706,878
Deposits	-	2,900	115,295	42,931
Prepaid items	3,069	21,978	99,568	189,602
Due from other governments	22,795,803	3,530,534	59,538,446	30,839,360
Due from other funds (note 5)	-	493,480	17,876,081	13,101,562
Total Assets	<u>22,798,872</u>	<u>7,125,198</u>	<u>121,081,964</u>	<u>101,750,770</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	6,409,476	763,321	12,464,048	6,276,104
Accrued liabilities	-	4,127	122,185	95,716
Due to other governments	484	796,004	7,232,182	3,906,197
Due to other funds (note 5)	<u>16,388,912</u>	<u>1,398,284</u>	<u>17,876,081</u>	<u>13,101,562</u>
Total Liabilities	<u>22,798,872</u>	<u>2,961,736</u>	<u>37,694,496</u>	<u>23,379,579</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>2,771,108</u>	<u>1,587,369</u>	<u>11,145,850</u>	<u>13,515,865</u>
Total Deferred Inflows of Resources	<u>2,771,108</u>	<u>1,587,369</u>	<u>11,145,850</u>	<u>13,515,865</u>
Fund Balances (Deficits):				
Nonspendable	3,069	21,978	99,568	189,602
Restricted:				
Transportation	-	419,618	70,129,832	64,096,999
Environmental	-	904,261	904,261	909,811
Homeless	-	2,459,489	2,459,489	2,652,108
Unassigned	<u>(2,774,177)</u>	<u>(1,229,253)</u>	<u>(1,351,532)</u>	<u>(2,993,194)</u>
Total Fund Balances (Deficits)	<u>(2,771,108)</u>	<u>2,576,093</u>	<u>72,241,618</u>	<u>64,855,326</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>22,798,872</u>	<u>7,125,198</u>	<u>121,081,964</u>	<u>101,750,770</u>

See accompanying notes to the basic financial statements.

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COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

June 30, 2024

Fund Balances of Governmental Funds	\$ 72,241,618
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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	160,653,874
Accumulated depreciation	(2,360,092)

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.

156,320

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

Bonds payable	(13,335,025)
Net pension liability	(1,911,983)
Compensated absences	(309,964)
Subscription-based IT payable	(522,549)
Lease liability	(1,462,758)

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

11,145,850

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

Deferred outflows of resources related to pensions	1,439,716
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Deferred inflows of resources related to pensions	(129,794)
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Net Position of Governmental Activities	<u>\$ 225,605,213</u>
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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, 2024

(with comparative prior year information)

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
Revenues:				
Member dues	\$ 581,782	-	-	-
Mitigation fees	-	4,931,424	-	-
Measure A	-	-	54,080,827	-
Grants	12,450	-	-	8,143,998
Investment income (loss)	59,070	580,896	1,860,189	733
Loan repayments	-	-	10,421	-
Other governmental	-	2	65,393	1,670,000
Miscellaneous	290,050	1,404	-	2,000
Total Revenues	<u>943,352</u>	<u>5,513,726</u>	<u>56,016,830</u>	<u>9,816,731</u>
Expenditures:				
Current:				
Salaries	131,861	346,120	541,810	84,492
Benefits	57,933	139,903	218,119	38,022
Memberships and meeting stipends	19,058	1,960	3,640	-
General and office expenses	8,884	33,198	59,293	11,269
Professional services	2,120	197,293	370,568	9,388
Consultants	68,569	20,252	63,901	16,783
Capital Outlay	481,417	2,288	1,925,888	20,361,242
Transportation and meetings	678	4,778	8,529	366
Facility expenses	11,363	27,081	45,872	15,125
Project costs	50,927	4,339,948	9,725,252	55,806
Debt service:				
Principal retirement	4,550	11,308	2,154,024	4,032
Interest and fiscal charges	2,482	6,109	887,634	2,170
Total Expenditures	<u>839,842</u>	<u>5,130,238</u>	<u>16,004,530</u>	<u>20,598,695</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>103,510</u>	<u>383,488</u>	<u>40,012,300</u>	<u>(10,781,964)</u>
Other Financing Sources (Uses):				
Proceeds from lease (note 9)	480,447	-	-	-
Sale of land	-	-	3,369,374	-
Transfers in (note 6)	-	-	-	13,239,404
Transfers out (note 6)	(2,180)	-	(37,700,344)	-
Total Other Financing Sources (Uses)	<u>478,267</u>	<u>-</u>	<u>(34,330,970)</u>	<u>13,239,404</u>
Net Change in Fund Balances	581,777	383,488	5,681,330	2,457,440
Fund Balance (Deficit) - Beginning	<u>2,179,087</u>	<u>15,314,670</u>	<u>48,332,419</u>	<u>(2,493,578)</u>
Fund Balance (Deficit) - Ending	<u>\$ 2,760,864</u>	<u>15,698,158</u>	<u>54,013,749</u>	<u>(36,138)</u>

See accompanying notes to the basic financial statements.

	CV Sync	Other Governmental Funds	Total Governmental Funds	
			2024	2023
Revenues:				
Member dues	-	-	581,782	538,706
Mitigation fees	-	-	4,931,424	7,739,194
Measure A	-	-	54,080,827	16,161,271
Grants	39,828,220	284,687	48,269,355	19,861,630
Investment income (loss)	-	168,916	2,669,804	1,364,660
Loan repayments	-	-	10,421	10,421
Other governmental	-	6,137,329	7,872,724	6,454,197
Miscellaneous	-	641,028	934,482	1,327,959
Total Revenues	<u>39,828,220</u>	<u>7,231,960</u>	<u>119,350,819</u>	<u>53,458,038</u>
Expenditures:				
Current:				
Salaries	238,746	1,995,149	3,338,178	2,619,567
Benefits	133,641	964,539	1,552,157	1,105,508
Memberships and meeting stipends	-	11,111	35,769	44,589
General and office expenses	48,472	634,139	795,255	808,542
Professional services	4,879	165,962	750,210	690,261
Consultants	643,002	160,125	972,632	625,102
Capital Outlay	64,369,015	146,366	87,286,216	123,153
Transportation and meetings	3,189	33,579	51,119	115,226
Facility expenses	29,913	77,747	207,101	136,265
Project costs	107	3,465,346	17,637,386	43,005,743
Debt service:				
Principal retirement	22,927	54,034	2,250,875	2,033,810
Interest and fiscal charges	11,024	28,031	937,450	1,019,180
Total Expenditures	<u>65,504,915</u>	<u>7,736,128</u>	<u>115,814,348</u>	<u>52,326,946</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,676,695)</u>	<u>(504,168)</u>	<u>3,536,471</u>	<u>1,131,092</u>
Other Financing Sources (Uses):				
Proceeds from lease (note 9)	-	-	480,447	1,644,291
Sale of land	-	-	3,369,374	-
Transfers in (note 6)	25,187,366	404,841	38,831,611	10,874,077
Transfers out (note 6)	-	(1,129,087)	(38,831,611)	(10,874,077)
Total Other Financing Sources (Uses)	<u>25,187,366</u>	<u>(724,246)</u>	<u>3,849,821</u>	<u>1,644,291</u>
Net Change in Fund Balances	<u>(489,329)</u>	<u>(1,228,414)</u>	<u>7,386,292</u>	<u>2,775,383</u>
Fund Balance (Deficit) - Beginning	<u>(2,281,779)</u>	<u>3,804,507</u>	<u>64,855,326</u>	<u>62,079,943</u>
Fund Balance (Deficit) - Ending	<u>(2,771,108)</u>	<u>2,576,093</u>	<u>72,241,618</u>	<u>64,855,326</u>

See accompanying notes to the basic financial statements.

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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, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 7,386,292

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	87,911,107
Disposal of land	(2,999,086)
Depreciation expense	(1,952,246)

Repayment of long term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,250,875

Issuance of long-term liabilities is a revenue in the governmental funds, but increases long-term liabilities in the statement of net position. (480,447)

Repayment on loans receivable are recorded as a reduction of the loan receivable balance for the statement of activities. (10,421)

Revenues are reported as unavailable in the governmental funds but recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (2,370,015)

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	(87,729)
Changes in net pension liability and related deferred inflows and outflows of resources	(210,588)

Change in Net Position of Governmental Activities \$ 89,437,742

See accompanying notes to the basic financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies

(a) Description of Reporting Entity

The Coachella Valley Association of Governments (CVAG) is a joint powers authority that was formed in 1973 for the purpose of improving and coordinating the common governmental responsibilities and services across eastern Riverside County. Its formative years were focused on serving as an environmental watchdog and as a forum for the exchange of ideas. After its founders successfully blocked an oil refinery from being built in the Banning pass, CVAG's member agencies implemented policies that evolved its mission. The agency has since achieved a long list of accomplishments in transportation, sustainability, conservation, green energy and regional community resources. Today, CVAG has 15 member agencies. It is governed by an Executive Committee consisting of the mayor or an elected official representing every city council in the Coachella Valley and the City of Blythe; all five Riverside County Supervisors; and the Tribal Chairs from the Agua Caliente Band of Cahuilla Indians, Cabazon Band of Cahuilla Indians, Torres Martinez Desert Cahuilla Indians, and Twenty-Nine Palms Band of Mission Indians. The basic financial statements of CVAG include all activities for which CVAG is financially accountable.

One of CVAG's most recognized successes is coordinating improvements along the regional transportation network. This responsibility was firmly established in 1989, when Riverside County voters passed the Measure A half-cent sales tax measure and further instilled trust in CVAG to develop a regional arterial network. That same year, CVAG's Joint Powers Agreement was amended to provide additional powers. CVAG establishes its priorities according to the Transportation Project Prioritization Study (TPPS), which is a merit-based method of prioritizing all regional projects in the Coachella Valley. Project priorities are based on criteria adopted by the CVAG Executive Committee, as recommended by civil engineers and public works professionals, and publicly reviewed by elected officials representing every CVAG member jurisdiction. The TPPS is updated every few years as the Coachella Valley's population grows and becomes more diverse in order to address different mobility needs, new technologies, state and federal policy as well as worldwide climate and economic trends. Updates to the TPPS also allow CVAG to incorporate new and innovative strategies that help reduce traffic congestion and increase economic productivity. CVAG and its member agencies seek out and secure state and federal funds to lessen the need to use local and regional funds for projects, which is evidenced in the funding makeup for interchange projects along Interstate 10, the regional signal synchronization program CV Sync and the multi-modal pathway CV Link. Measure A and the region's Transportation Uniform Mitigation Fee (TUMF) program provide the regional share of funding for projects like these. In addition to helping plan, fund and even construct projects, CVAG has the role of advising the Riverside County Transportation Commission (RCTC) on regional priority projects, including State highway projects on Highways 86 and 111.

CVAG has never lost sight of its roots and continues to spearhead a range of environmental programs that help create a more sustainable community. This includes managing a groundbreaking regional street sweeping to address air quality issues stemming from PM-10, which relies on AB 2766 funding from member cities. CVAG's other longstanding programs include a used oil recycling program and a tire amnesty program, both of which utilize grants from CalRecycle. This year, and in the years ahead, CVAG staff is working to ensure the region secures its share of funding for energy efficiency programs from the Inland Regional Energy Network (IREN), which is a partnership with Western Riverside Council of Governments and San Bernardino Council of Governments.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

CVAG manages a unique array of programs as compared to its other JPA counterparts in California, including a homelessness program that relies on local funding to house chronically homeless individuals. Through staffing agreements, CVAG also provides administrative support to two other joint powers authorities: the Coachella Valley Conservation Commission (CVCC) and Desert Community Energy (DCE). While its programs are diverse, CVAG's mission is consistent: Invest in projects that make eastern Riverside County a better place to live, work and play to ensure the desert's unique environment is preserved for future generations.

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.

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, the Torres Martinez Desert Cahuilla 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 19-member body composed of 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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

(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.

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. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Under the 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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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, deferred inflows of resources and 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.

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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 qualify for reporting in this category. Unavailable revenues, which arises only under a modified accrual basis of accounting, are 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.

Leases

CVAG is a lessee of office space and equipment as detailed in Footnote 9. CVAG recognizes the right to use assets and a lease payable in the financial statements. At the commencement of the lease, CVAG initially measures the right to use asset amount and lease payable at the present value of payments expected to be paid during the lease term. Subsequently, the lease payable is reduced by the principal portion of lease payments made.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Key estimates and judgments include how CVAG determines the discount rate it uses to discount the expected lease payments to present value and the lease term. CVAG used an estimated borrowing rate as the discount rate and the term includes the noncancellable period of the lease.

Subscription-Based Information Technology (IT) Arrangements

CVAG is a participant in subscription-based IT arrangements as detailed in Footnote 9. CVAG recognizes a subscription-based IT payable and the right to use IT assets in financial statements.

At the commencement of the arrangement, CVAG initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right to use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right to use assets are amortized over the life of the arrangement term.

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.

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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

Net 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.

Assigned Fund Balance — this includes amounts that are designated or expressed by the Executive Committee but does not require 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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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 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.

(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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Changes in fair value that occur during the 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 between 96 and 176 hours accumulated per year depending on length of employment. 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
Infrastructure	50 years
Right to use/Subscription	Lesser of useful life or lease period

(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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

(i) Implementation of New Accounting Standards

During the year ended June 30, 2024, CVAG adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which seeks to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. CVAG also adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, which seeks to improve key components of the financial reporting model including targeted improvements to the Management Discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses and changes in net position, major component unit information and budgetary comparison information.

(j) 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's data have been made to enhance their comparability to the current year.

Note 2: Stewardship, Compliance, and Accountability

The table below represents funds that reported a fund deficit at June 30, 2024. This is due to accounts receivable at June 30, 2024 not received within the availability period.

CV Sync	(\$2,771,108)
Grant Funding	(1,232,322)
CV Link	(36,138)
Tire Amnesty	(35,580)

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 3: Cash and Investments

Cash and investments of CVAG consisted of the following at June 30, 2024:

Cash on hand	\$ 10,066
Deposits with financial institutions	<u>1,226,807</u>
Total cash and deposits	<u>1,236,873</u>
Investments:	
Local Agency Investment Fund	14,460,463
Riverside County Pooled Investment Fund	<u>27,182,521</u>
Total investments	<u>41,642,984</u>
Total cash and investments	<u>\$ 42,879,857</u>

Disclosure Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and CVAG's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 3: Cash and Investments (Continued)

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 \$14,460,463 and Riverside County Pooled Investment Fund of \$27,182,521 are available on demand.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the 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:

<u>Investment Type</u>	<u>Actual/Minimum Rating</u>	<u>Amount</u>
Local Agency Investment Fund	N/A	\$ 14,460,463
Riverside County Pooled Investment Fund	AAA/AAA	27,182,521
Total		<u>\$ 41,642,984</u>

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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 3: Cash and Investments (Continued)

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 \$ 156,320

Note 5: Interfund Receivables and Payables

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

<u>Due to</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ <u>612,558</u>
Measure A	Other Governmental Funds	315,738
Measure A	TUMF	65,393
Measure A	CV Sync	<u>16,388,912</u>
		16,770,043
Other Governmental Funds	TUMF	23,492
Other Governmental Funds	Other Governmental Funds	<u>469,988</u>
		493,480
		<u>\$ 17,876,081</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 6: Interfund Transfers

Transfers in and out between funds for the year ending June 30, 2024 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 2,180
CV Link	Measure A	12,512,978
CV Sync	Measure A	<u>25,187,366</u>
		<u>37,700,344</u>
CV Link	Other Governmental Funds	726,426
Other Governmental Funds	Other Governmental Funds	<u>402,661</u>
		<u>1,129,087</u>
Total		<u>\$ 38,831,611</u>

Transfers in to the CV Sync and CV Link Funds from Measure A Fund are for expenditures incurred for the Traffic Signal Synchronization Project and CV Link active transportation pathway which utilize Measure A as a funding source. Other transfers noted are for reimbursement of expenditures.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 7: Capital Assets

A summary of capital asset activity for the year ended June 30, 2024, is as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets, not depreciated:				
Land	\$ 10,682,344	-	(2,999,086)	7,683,258
Construction in progress	38,782,837	83,343,833	-	122,126,670
Total capital assets, not depreciated	49,465,181	83,343,833	(2,999,086)	129,809,928
Capital assets, being depreciated:				
Furniture	72,638	-	-	72,638
Easement	972,181	452,364	-	1,424,545
Equipment and Vehicles	760,350	61,014	(461,286)	360,078
Infrastructure	23,288,498	3,559,603	-	26,848,101
Right to use assets	1,566,481	-	-	1,566,481
Subscription asset	77,810	494,293	-	572,103
Total capital assets, being depreciated	26,737,958	4,567,274	(461,286)	30,843,946
Less accumulated depreciation:				
Furniture	(31,724)	(1,818)	-	(33,542)
Easement	(31,166)	(16,315)	-	(47,481)
Equipment and Vehicles	(735,957)	(9,620)	461,286	(284,291)
Infrastructure	-	(1,752,544)	-	(1,752,544)
Right to use assets	(50,832)	(152,496)	-	(203,328)
Subscription asset	(19,453)	(19,453)	-	(38,906)
Total accumulated depreciation	(869,132)	(1,952,246)	461,286	(2,360,092)
Total capital assets, being depreciated, net	25,868,826	2,615,028	-	28,483,854
Total capital assets, net	\$ 75,334,007	85,958,861	(2,999,086)	158,293,782

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

Transportation	<u>\$1,952,246</u>
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COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

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:

Fiscal Period		Fiscal Year Ending	Total
From	To		
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
		2023	7,715,614
		2024	4,931,424
			<u>\$ 159,427,622</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, 2024, is as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024	Due within One Year
Revenue bonds payable	\$ 15,469,941	-	(2,134,916)	13,335,025	2,267,354
Lease liability	1,560,112	-	(97,354)	1,462,758	118,101
Subscription-based IT payable	60,707	480,447	(18,605)	522,549	54,127
	<u>\$ 17,090,760</u>	<u>480,447</u>	<u>(2,250,875)</u>	<u>15,320,332</u>	<u>2,439,582</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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 9: Long-Term Liabilities (Continued)

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.

As of June 30, 2024, annual debt service requirement of the revenue bonds payable is as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	\$ 2,267,354	744,880	3,012,234
2026	2,408,158	604,074	3,012,232
2027	2,557,867	454,366	3,012,233
2028	2,717,055	295,178	3,012,233
2029	2,886,333	125,900	3,012,233
2030-2031	498,258	3,781	502,039
	<u>\$ 13,335,025</u>	<u>2,228,179</u>	<u>15,563,204</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.

Lease Liability Payable

CVAG entered into two leases for office space with a lease term of ten years. CVAG is required to make monthly fixed payments ranging from \$11,444 to \$14,932 and \$2,453 to \$3,201, with a discount rate of 3.83%. As of June 30, 2024, the value of the lease payable is \$1,462,758.

As of June 30, 2024, annual debt service requirement of the revenue lease liability is as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	\$ 118,101	53,969	172,070
2026	127,957	49,275	177,232
2027	138,356	44,193	182,549
2028	149,327	38,699	188,026
2029	160,885	32,781	193,666
2030-2033	768,132	67,942	836,074
	<u>\$ 1,462,758</u>	<u>286,859</u>	<u>1,749,617</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 9: Long-Term Liabilities (Continued)

Subscription-Based IT Payable

CVAG has entered into a subscription-based IT arrangements for various budget software and is required to make annual payments ranging from \$21,499 to \$22,574 over the arrangement terms. The payable at June 30, 2024, was \$522,549.

The future principal and interest lease payments as of June 30, 2024, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	\$ 54,127	24,690	78,817
2026	57,553	22,339	79,892
2027	37,470	19,848	57,318
2028	39,379	17,939	57,318
2029	41,385	15,933	57,318
2030-2034	<u>292,635</u>	<u>39,918</u>	<u>332,553</u>
	<u>\$ 522,549</u>	<u>140,667</u>	<u>663,216</u>

Note 10: Compensated Absences

CVAG's policies relating to compensated absences are described in Note 1. This liability of \$309,964 at June 30, 2024 is expected to be paid in future years from future resources and is typically liquidated from the General Fund.

	Balance at July 1, 2023*	Additions	Deletions	Balance at June 30, 2024	Due within One Year
Compensated absences	\$ <u>222,235</u>	<u>236,769</u>	<u>(149,040)</u>	<u>309,964</u>	<u>232,473</u>

*Beginning balance restated to reflect implementation of GASB 101

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 Authority 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, 2024

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 costs incurred up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total costs incurred within the first layer. (3) The second layer of losses includes costs incurred from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total costs incurred 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, 2024

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 2023-24.

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, 2024

Note 12: Pension Plan (Continued)

The provisions and benefits of the plan in effect at June 30, 2024, 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	6.92%	8.25%
Required employer contribution rates	13.26%	8.00%

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 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 ending June 30, 2024, the contributions recognized as part of pension expense was \$583,723.

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: 6/30/22	\$ 12,751,965	11,033,425	1,718,540
Balance at: 6/30/23	<u>13,575,139</u>	<u>11,663,156</u>	<u>1,911,983</u>
Net Changes During 2022-23	<u>\$ 823,174</u>	<u>629,731</u>	<u>193,443</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 12: Pension Plan (Continued)

CVAG's net pension liability for each Plan is measured as a proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2022 and 2023, was as follows:

Proportion - June 30, 2022	0.03673%
Proportion - June 30, 2023	<u>0.03824%</u>
Change - Increase (Decrease)	<u>0.00151%</u>

For the year ended June 30, 2024, CVAG recognized a total pension expense of \$800,456. At June 30, 2024, 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	\$ 586,693	-
Changes in assumptions	115,435	-
Differences between expected and actual experience	97,674	15,152
Adjustment due to difference in contributions	16,426	114,642
Adjustment due to difference in proportions	313,921	-
Net difference between projected and actual earnings on pension plan investments	<u>309,567</u>	<u>-</u>
	<u>\$ 1,439,716</u>	<u>129,794</u>

The \$586,693 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, 2025. 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,	Deferred Outflows/(Inflows) of Resources
2025	\$ 295,407
2026	185,740
2027	233,201
2028	8,881
2029	-
	<u>\$ 723,229</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 12: Pension Plan (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2023 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	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90 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.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

Note 12: Pension Plan (Continued)

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ^{1,2}
Global equity - cap-weighted	30%	4.54%
Global equity non-cap weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management Study.

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 6.90% 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 (5.90%) or 1% point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net pension liability (asset)	\$ 3,747,963	1,911,983	400,814

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, 2024

Note 13: Capital Projects and Programs

The following represents the unexpended project budgets as of June 30, 2024. Unexpended project budgets may be reprogrammed to other projects upon finalization of all pending items (final bills, disposition of change orders, etc.)

Airport Boulevard Bridge Replacement (Orange St to Desert Cactus Drive)	\$ 4,863,000
Arts & Music Line	1,338,233
AVE 50 (JEFFERSON TO JACKSON)	363,261
Ave 50 Bridge (Washington St & La Quinta Evacuation Channel)	3,832,873
Avenue 44 Bridge	2,594,447
Avenue 48 (between Van Buren and Dillon Road)	2,342,941
Avenue 50 (bet. Calhoun St. & Cesar Chaves (formerly Harrison St.))	5,509,136
Avenue 50 and Jackson St. Intersection Improvements	549,497
Avenue 50 Bridge	3,890,225
Avenue 56 (Harrison Street to Hwy 111)	7,898,603
Avenue 66 Grade Separation	101,320
Bicycle and Pedestrian Safety Program	685,196
Changeable Message Signs Palm Drive and N Indian Canyon	322,418
CV Link	24,619,371
CV Link Connectors	1,602,489
CV Sync Regional Traffic Signal Synchronization	30,676,932
CV Sync Varner Road I-10 Bypass (III)	4,980,562
Dune Palms Road Bridge	3,168,529
East Palm Canyon Dr. Bridge (over Palm Canyon Wash)	754,114
Flood & Blowsand - Indian Canyon	4,138,163
Frank Sinatra Bridge over WWR	4,277,942
Indian Avenue (Garnet to and including Railroad Crossing Bridge)	4,275,132
Interchange Preparation Fund	11,863,324
JACKSON ST I10 INTERCHANGE	4,319,583
Madison Street (Avenue 52 to Indio Boulevard)	1,454,921
Portola / I-10 Interchange	7,896,172
Portola Avenue (NW of Fred Waring Dr.)	42,500
Ramon Road Bridge Widening	6,046,093
S. Palm Canyon Dr. Bridge (over Tahquitz Creek Channel)	720,387
Varner Road (Intersection Impr. at Ramon Rd.)	1,164,000
Vista Chino Drive Bridge	7,733,208
Total unexpended project budgets	154,024,572
Less: amounts to be provided in future years	(88,352,232)
Restricted fund balance associated with specific capital projects and programs	\$ 65,672,340

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2024

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,	
2020	\$ 20,916,167
2021	26,018,189
2022	27,299,763
2023	27,829,419
2024	27,185,225

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 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, 2024, the remaining commitment to the MSHCP is \$5,675,000. 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, 2024

Note 16: Prior Period Adjustment

CVAG implemented GASB 101: Compensated Absences during the fiscal year. This adjustment recognized vacation and sick leave (including applicable payroll taxes and retirement contributions) that has not been used but is more likely than not to be used or settled in the future.

	Governmental Activities
Beginning net position, as previously reported	<u>\$ 136,222,801</u>
Additional Compensated absences liability	<u>(55,330)</u>
Beginning net position, as restated	<u><u>\$ 136,167,471</u></u>

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, 2024

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Member dues	\$ 566,762	566,762	-	581,782	15,020
Grants	-	-	-	12,450	12,450
Investment income (loss)	20,094	20,094	-	59,070	38,976
Miscellaneous	13,200	13,200	-	290,050	276,850
Total Revenues	<u>600,056</u>	<u>600,056</u>	<u>-</u>	<u>943,352</u>	<u>343,296</u>
Expenditures:					
Current:					
Salaries	189,262	189,262	-	131,861	(57,401)
Benefits	89,817	89,817	-	57,933	(31,884)
Meeting attendance stipends	21,315	21,315	-	19,058	(2,257)
Office operations	12,438	12,438	-	8,884	(3,554)
Professional services	9,231	9,231	-	2,120	(7,111)
Consultants/service providers	-	-	-	68,569	68,569
Capital outlay	10,759	10,759	-	481,417	470,658
Employee travel or training	1,196	1,196	-	678	(518)
Facility expenses	19,386	19,386	-	11,363	(8,023)
Construction/project costs	28,750	28,750	-	50,927	22,177
Debt service:					
Principal retirement	-	-	-	4,550	4,550
Interest and fiscal charges	-	-	-	2,482	2,482
Total Expenditures	<u>382,154</u>	<u>382,154</u>	<u>-</u>	<u>839,842</u>	<u>457,688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>217,902</u>	<u>217,902</u>	<u>-</u>	<u>103,510</u>	<u>(114,392)</u>
Other Financing Sources (Uses):					
Issuance of lease	-	-	-	480,447	480,447
Transfers out	-	-	-	(2,180)	(2,180)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>478,267</u>	<u>478,267</u>
Net Change in Fund Balance	217,902	217,902	-	581,777	363,875
Fund Balance - Beginning	2,179,087	2,179,087	-	2,179,087	-
Fund Balance - Ending	<u>\$ 2,396,989</u>	<u>2,396,989</u>	<u>-</u>	<u>2,760,864</u>	<u>363,875</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, 2024

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Mitigation fees	\$ 7,222,975	7,222,975	-	4,931,424	(2,291,551)
Investment income	191,891	191,891	-	580,896	389,005
Transportation local contribution	1,208,734	1,208,734	-	2	(1,208,732)
Miscellaneous	-	-	-	1,404	1,404
Total Revenues	<u>8,623,600</u>	<u>8,623,600</u>	<u>-</u>	<u>5,513,726</u>	<u>(3,109,874)</u>
Expenditures:					
Current:					
Salaries	317,408	317,408	-	346,120	28,712
Benefits	129,453	129,453	-	139,903	10,450
Meeting attendance stipends	4,539	4,539	-	1,960	(2,579)
Office operations	22,585	22,585	-	33,198	10,613
Professional services	246,489	246,489	-	197,293	(49,196)
Consultants/service providers	-	-	-	20,252	20,252
Capital outlay	18,053	18,053	-	2,288	(15,765)
Employee travel or training	3,207	3,207	-	4,778	1,571
Facility expenses	31,361	31,361	-	27,081	(4,280)
Construction/project costs	7,785,057	7,785,057	-	4,339,948	(3,445,109)
Debt service:					
Principal retirement	-	-	-	11,308	11,308
Interest and fiscal charges	-	-	-	6,109	6,109
Total Expenditures	<u>8,558,151</u>	<u>8,558,151</u>	<u>-</u>	<u>5,130,238</u>	<u>(3,427,913)</u>
Net Change in Fund Balance	65,449	65,449	-	383,488	318,039
Fund Balance - Beginning	<u>15,314,670</u>	<u>15,314,670</u>	<u>-</u>	<u>15,314,670</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 15,380,119</u>	<u>15,380,119</u>	<u>-</u>	<u>15,698,158</u>	<u>318,039</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, 2024

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Measure A	\$ 40,688,439	40,688,439	-	52,705,373	12,016,934
Investment income	875,974	875,974	-	1,860,189	984,216
RCTC admin reimbursements	1,457,500	1,457,500	-	1,385,875	(71,625)
Transportation local contribution	235,843	235,843	-	65,393	(170,450)
Total Revenues	<u>43,257,755</u>	<u>43,257,755</u>	<u>-</u>	<u>56,016,830</u>	<u>12,759,075</u>
Expenditures:					
Current:					
Salaries	604,194	604,194	-	541,810	(62,384)
Benefits	243,887	243,887	-	218,119	(25,768)
Meeting attendance stipends	8,492	8,492	-	3,640	(4,852)
Office operations	41,761	41,761	-	59,293	17,532
Professional services	458,484	458,484	-	370,568	(87,916)
Consultants/service providers	1,813,974	1,813,974	-	63,901	(1,750,073)
Capital outlay	34,364	34,364	-	1,925,888	1,891,524
Employee travel or training	6,020	6,020	-	8,529	2,509
Facility expenses	59,297	59,297	-	45,872	(13,425)
Construction/project costs	14,957,961	14,957,961	-	9,725,252	(5,232,709)
Debt service:					
Principal	-	-	-	2,154,024	2,154,024
Interest	-	-	-	887,634	887,634
Total Expenditures	<u>18,228,434</u>	<u>18,228,434</u>	<u>-</u>	<u>16,004,530</u>	<u>(2,223,904)</u>
Excess of Revenues Over Expenditures	<u>25,029,321</u>	<u>25,029,321</u>	<u>-</u>	<u>40,012,300</u>	<u>14,982,979</u>
Other Financing Sources (Uses):					
Sale of land	-	-	-	3,369,374	3,369,374
Transfers out	(24,731,348)	(24,731,348)	-	(37,700,344)	(12,968,996)
Total Other Financing Sources (Uses)	<u>(24,731,348)</u>	<u>(24,731,348)</u>	<u>-</u>	<u>(34,330,970)</u>	<u>(12,968,996)</u>
Net Change in Fund Balance	297,973	297,973	-	5,681,330	5,383,357
Fund Balance - Beginning	48,332,419	48,332,419	-	48,332,419	-
Fund Balance - Ending	<u>\$ 48,630,392</u>	<u>48,630,392</u>	<u>-</u>	<u>54,013,749</u>	<u>5,383,357</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, 2024

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Grants	\$ 16,073,449	16,073,449	-	8,143,998	(7,929,451)
Investment income	-	-	-	733	733
Other governmental	1,670,000	1,670,000	-	1,670,000	-
Miscellaneous	-	-	-	2,000	2,000
Total Revenues	<u>17,743,449</u>	<u>17,743,449</u>	<u>-</u>	<u>9,816,731</u>	<u>(7,926,718)</u>
Expenditures:					
Current:					
Salaries	205,491	205,491	-	84,492	(120,999)
Benefits	110,676	110,676	-	38,022	(72,654)
Meeting attendance stipends	877	877	-	-	(877)
Office operations	14,638	14,638	-	11,269	(3,369)
Professional services	16,748	16,748	-	9,388	(7,360)
Consultants	-	-	-	16,783	16,783
Capital outlay	-	-	-	55,806	55,806
Employee travel or training	1,299	1,299	-	366	(933)
Facility expenses	28,136	28,136	-	15,125	(13,011)
Construction/project costs	33,260,149	33,260,149	-	20,361,242	(12,898,907)
Debt service:					
Principal retirement	-	-	-	4,032	4,032
Interest and fiscal charges	-	-	-	2,170	2,170
Total Expenditures	<u>33,638,012</u>	<u>33,638,012</u>	<u>-</u>	<u>20,598,695</u>	<u>(13,039,317)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,894,563)</u>	<u>(15,894,563)</u>	<u>-</u>	<u>(10,781,964)</u>	<u>5,112,599</u>
Other Financing Sources (Uses):					
Transfers in	<u>15,894,563</u>	<u>15,894,563</u>	<u>15,894,563</u>	<u>13,239,404</u>	<u>(2,655,159)</u>
Total Other Financing Sources (Uses)	<u>15,894,563</u>	<u>15,894,563</u>	<u>15,894,563</u>	<u>13,239,404</u>	<u>(2,655,159)</u>
Net Change in Fund Balance	-	-	15,894,563	2,457,440	2,457,440
Fund Balance (Deficit) - Beginning	<u>(2,493,578)</u>	<u>(2,493,578)</u>	<u>-</u>	<u>(2,493,578)</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ (2,493,578)</u>	<u>(2,493,578)</u>	<u>-</u>	<u>(36,138)</u>	<u>2,457,440</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, 2024

	Budget Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues:					
Grants	\$ 18,740,800	18,740,800	-	39,828,220	21,087,420
Investment income	5,336	5,336	-	-	(5,336)
Miscellaneous	-	-	-	-	-
Total Revenues	<u>18,746,136</u>	<u>18,746,136</u>	<u>-</u>	<u>39,828,220</u>	<u>21,082,084</u>
Expenditures:					
Current:					
Salaries	109,778	109,778	-	238,746	128,968
Benefits	199,401	199,401	-	133,641	(65,760)
Meeting attendance stipends	468	468	-	-	(468)
Office operations	9,029	9,029	-	48,472	39,443
Professional services	5,357	5,357	-	4,879	(478)
Consultants	-	-	-	643,002	643,002
Capital outlay	27,889,438	27,889,438	-	64,369,015	36,479,577
Employee travel or training	694	694	-	3,189	2,495
Facility expenses	67,312	67,312	-	29,913	(37,399)
Construction/project costs	-	-	-	107	107
Debt service:					
Principal retirement	-	-	-	22,927	22,927
Interest and fiscal charges	-	-	-	11,024	11,024
Total Expenditures	<u>28,281,477</u>	<u>28,281,477</u>	<u>-</u>	<u>65,504,915</u>	<u>37,223,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,535,341)</u>	<u>(9,535,341)</u>	<u>-</u>	<u>(25,676,695)</u>	<u>(16,141,354)</u>
Other Financing Sources (Uses):					
Transfers in	<u>9,535,341</u>	<u>9,535,341</u>	<u>-</u>	<u>25,187,366</u>	<u>15,652,025</u>
Total Other Financing Sources (Uses)	<u>9,535,341</u>	<u>9,535,341</u>	<u>-</u>	<u>25,187,366</u>	<u>15,652,025</u>
Net Change in Fund Balance	-	-		(489,329)	(489,329)
Fund Balance (Deficit) - Beginning	<u>(2,281,779)</u>	<u>(2,281,779)</u>	<u>-</u>	<u>(2,281,779)</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ (2,281,779)</u>	<u>(2,281,779)</u>	<u>-</u>	<u>(2,771,108)</u>	<u>(489,329)</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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement Date	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19
Proportion of the net pension liability (asset)	0.03824%	0.03673%	-0.00291%	0.03868%	0.02398%
Proportionate share of the net pension liability (asset)	\$ 1,911,983	1,718,540	(55,246)	1,631,820	2,457,681
Covered payroll	\$ 2,768,533	2,151,212	1,800,316	1,787,612	1,757,237
Proportionate Share of the net pension liability as a percentage of covered payroll	69.06%	79.89%	-3.07%	91.28%	139.86%
Plan fiduciary net position as a percentage of the total pension liability	77.97%	78.18%	90.49%	77.71%	75.26%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement Date	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14
Proportion of the net pension liability (asset)	0.02306%	0.02283%	0.02221%	0.02071%	0.02196%
Proportionate share of the net pension liability (asset)	\$ 2,222,478	2,264,005	1,921,675	1,421,670	1,366,589
Covered payroll	\$ 1,399,410	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	158.82%	141.94%	123.58%	104.20%	99.94%
Plan fiduciary net position as a percentage of the total pension liability	73.39%	73.31%	75.87%	79.89%	81.15%

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: There were no assumption changes in 2023. In 2021, demographic assumptions and the inflation rate assumption were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions. In 2021, the accounting discount rate was reduced from 7.15 percent to 6.90 percent. 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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contributions - Miscellaneous	\$ 586,693	445,354	397,881	445,354	1,341,435
Contributions in relation to the actuarially determined contribution	<u>(586,693)</u>	<u>(445,354)</u>	<u>(397,881)</u>	<u>(445,354)</u>	<u>(1,341,435)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$3,491,614	2,768,533	2,151,212	1,800,316	1,787,612
Contributions as a percentage of covered payroll	16.80%	16.09%	18.50%	24.74%	75.04%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions - Miscellaneous	294,482	242,382	221,669	217,333	214,845
Contributions in relation to the actuarially determined contribution	<u>(294,482)</u>	<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>	<u>-</u>
Covered payroll	1,757,237	1,399,410	1,595,046	1,555,017	1,364,384
Contributions as a percentage of covered payroll	16.76%	17.32%	13.90%	13.98%	15.75%

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	6.80%
Projected Salary	Varies by entry age and service
Inflation	2.30%
Payroll Growth	2.80%

Changes in Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation (2022 measurement date), the CalPERS Board of Administration lowered the discount rate from 7.15 percent to 6.90. The minimum employer contributions for Fiscal Year 2021-22 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

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, 2024

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 General Fund had expenditures in excess of appropriations of \$470,834, as a result of the accounting method used for entering into new subscription based information technology. This is offset by an the issuance of lease revenue reported in the General Fund.

The CV Sync Fund had expenditure in excess of appropriations of \$37,223,440 in fiscal year 2024. This occurred as the CV Sync project experienced higher-than-anticipated activity levels due to three phases being active at once, resulting in expenditures that far exceeded the initial budget. Throughout the fiscal year, this activity was closely monitored and represents shifting of work originally planned in future years while remaining within Executive Committee approved contractual limits. This information was also presented to the CVAG Finance and Executive Committees in the Spring of 2024 as part of the fiscal year 2025 budget approval process. CVAG's fiscal year 2025 budget provides fiscal year 2024 year-end estimates alongside 2024 budgetary data. These projections closely align with the actual 2024 expenditures contained in this report.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to Required Supplementary Information

Year ended June 30, 2024

	General Fund Over (Under)	TUMF Over (Under)	Measure A Over (Under)
BUDGETARY REVENUES			
Differences - final budget to actual:			
 Miscellaneous: The increase in Miscellaneous is primarily due to the implementation of GASB Statement No. 96: Subscription-Based Information Technology Arrangements (SBITAs), which required the recognition of an other financing source which was booked solely to the general fund. This adjustment reflects the inflow of resources related to the ERP subscription arrangement, in accordance with the standard's treatment of such activity.	\$ 276,850	-	-
Mitigation Fees: The decrease in development mitigation fees from the budget is primarily due to fewer projects being permitted than expected.	-	(2,291,551)	-
Transportation Local Contribution: The variance between the budget and actuals is due to a reclassification of revenue into a new fund that was created after the budget was approved. As a result, the anticipated revenue originally reflected in the budgeted fund was transferred to the new fund, leading to a variance in the revenue account.	-	(1,208,732)	-
Measure A: The increase in Measure A revenue is primarily due to a shift in the reimbursement strategy for the CV Link and CV Sync projects as external funding becomes exhausted as the projects near completion. As a result, more Measure A revenue was utilized to support these projects, contributing to the observed increase in revenue from this source. The majority of the capital improvements were funded externally.	-	-	12,016,934
Sale of land: The variance is due to the sale of land that was not budgeted. The land was held for a project that was never constructed, and its sale generated unexpected revenue, which was not anticipated during the budget planning process.	-	-	3,369,374
Investment income: The actual amount of interest income exceeded the budgeted amount due to the conservative estimates originally developed during the budget process. Actual results saw higher return on investments than anticipated.	38,976	389,005	984,216
 BUDGETARY EXPENSES			
Differences - final budget to actual:			
 Consultants/Service Providers: The variance between the budget and actuals is primarily due to the expenditure for Coachella Valley Energy Commission strategic plan, which was not anticipated in the budget. However, CVAG also received external funding to cover these costs.	68,569	-	-
Capital Outlay: The increase in Capital Outlay expenditures is primarily due to the implementation of GASB Statement No. 96: Subscription-Based Information Technology Arrangements (SBITAs), which required the recognition of subscription-related expenditures within the general fund. This adjustment reflects the outflow of resources associated with the ERP subscription arrangement, in accordance with the standard's treatment of such activity, and is offset by the matching revenue recognized as an other financing source.	470,658	-	-
Construction/Project Costs: The decrease in Construction/Project Costs is primarily due to the reclassification of approximately \$2 million in certain expenditures into a new accounting fund that was created to track these items after the budget was approved. Additionally, there was less activity than originally anticipated, resulting in lower-than-expected expenditures.	-	(3,445,109)	-
Consultants/Service Providers: The decrease in consultant costs compared to the budget is primarily due to the capitalization of expenses associated with the Arts and Music Line project. Initially, in FY2022/23, CVAG incurred local funding expenses for project discovery under the assumption that the project would be treated as a non-capital arterial initiative. However, as discovery progressed into FY2023/24 and it was confirmed that CVAG would lead the project, the associated costs were reclassified and capitalized as part of the capital outlay for the project. This accounting treatment resulted in lower consultant costs being reflected in the operating budget while increasing capital outlay.	-	-	(1,750,073)
Capital Outlay: The increase in Capital Outlay is primarily due to the capitalization of expenses related to the Arts and Music Line project. For further details, please refer to the Consultants/Service Providers section above for Measure A.	-	-	1,891,524
Construction/Project Costs: The decrease in Construction/Project Costs from budget to actual is primarily due to construction activities for the regional arterial network projects being less than budgeted.	-	-	(5,232,709)

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to Required Supplementary Information

Year ended June 30, 2024

	CV Link Over (Under)	CV Sync Over (Under)
BUDGETARY REVENUES		
Differences - final budget to actual:		
Grants: The decrease in Grants is primarily due to a shift in the reimbursement strategy for the CV Link project as external funding becomes exhausted as the project nears completion. As a result, more Measure A revenue was utilized to support these projects than budgeted, contributing to the observed increase in revenue from this source. The majority of the capital improvements were funded externally.	\$ (7,929,451)	-
Grants: The grant revenue for CV Sync exceeded the budget due to a higher level of project activities utilizing external funding than initially anticipated in the budget. Increased demand and accelerated progress led to the completion of additional work during the reporting period, resulting in greater-than-expected reimbursements or funding allocations, also including Measure A as discussed above.	-	21,087,420
BUDGETARY EXPENSES		
Differences - final budget to actual:		
Capital Outlay: The actual capital outlay was lower than budgeted primarily due to reduced construction costs paid to vendors. This variance arose because certain planned payments were not incurred as anticipated during the reporting period, reflecting deviations from the original project timeline or expenditure schedule.	(12,898,907)	-
Capital Outlay: The expenditure for CV Sync project exceeded the budget due to a higher level of project activities than originally planned. An increase in the scope of work during the reporting period resulted in additional costs for materials, labor, and services. These unanticipated expenses, driven by the heightened pace of activities, contributed to the actual expenditures surpassing the budgeted amount.	-	36,479,577

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SUPPLEMENTARY INFORMATION

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2024

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
Assets:							
Cash and investments	\$ 45,784	55,386	-	461,524	16,403	49,341	39,928
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	15,633	-	-	3,593	340	208	126
Due from other governments	99,399	-	314,889	218,862	-	-	-
Due from other funds	361,270	-	-	108,718	-	-	-
Deposits	-	-	-	-	-	-	-
Prepaid expenses	-	-	2,979	-	-	-	-
Total Assets	\$ 522,086	55,386	317,868	792,697	16,743	49,549	40,054
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):							
Liabilities:							
Accounts payable	\$ -	-	2,042	-	3,222	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other governments	-	4,975	-	-	-	-	40,000
Due to other funds	4,399	-	315,738	-	-	-	-
Total Liabilities	4,399	4,975	317,780	-	3,222	-	40,000
Deferred Inflows of Resources							
Unavailable revenues	95,000	-	-	-	-	-	-
Total Deferred Inflows of Resources	95,000	-	-	-	-	-	-
Fund Balances (Deficits):							
Nonspendable	-	-	2,979	-	-	-	-
Restricted:							
Transportation	395,697	23,921	-	-	-	-	-
Environmental	-	-	-	792,697	13,521	49,549	54
Homeless	-	26,490	-	-	-	-	-
Unassigned	26,990	-	(2,891)	-	-	-	-
Total Fund Balances (Deficits)	422,687	50,411	88	792,697	13,521	49,549	54
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 522,086	55,386	317,868	792,697	16,743	49,549	40,054

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2024

	Special Revenue Funds (Continued)						
	Street Sweeping	Homeless	Tire Amnesty	Grant Funding	I-REN	Desert Community Energy	Total Governmental Funds
Assets:							
Cash and investments	-	2,334,675	-	-	-	-	3,003,041
Accounts receivable	-	38,730	-	-	-	-	38,730
Interest receivable	-	14,635	-	-	-	-	34,535
Due from other governments	246,661	73,264	58,378	1,948,433	403,971	166,677	3,530,534
Due from other funds	-	-	-	23,492	-	-	493,480
Deposits	-	2,900	-	-	-	-	2,900
Prepaid expenses	-	18,999	-	-	-	-	21,978
Total Assets	<u>246,661</u>	<u>2,483,203</u>	<u>58,378</u>	<u>1,971,925</u>	<u>403,971</u>	<u>166,677</u>	<u>7,125,198</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):							
Liabilities:							
Accounts payable	45,139	15,756	-	695,876	570	716	763,321
Accrued liabilities	4,127	-	-	-	-	-	4,127
Due to other governments	5,999	2,135	-	727,712	15,183	-	796,004
Due to other funds	108,718	-	58,379	356,871	388,218	165,961	1,398,284
Total Liabilities	<u>163,983</u>	<u>17,891</u>	<u>58,379</u>	<u>1,780,459</u>	<u>403,971</u>	<u>166,677</u>	<u>2,961,736</u>
Deferred Inflows of Resources							
Unavailable revenues	19,688	13,314	35,579	1,423,788	-	-	1,587,369
Total Deferred Inflows of Resources	<u>19,688</u>	<u>13,314</u>	<u>35,579</u>	<u>1,423,788</u>	<u>-</u>	<u>-</u>	<u>1,587,369</u>
Fund Balances (Deficits):							
Nonspendable	-	18,999	-	-	-	-	21,978
Restricted:							
Transportation	-	-	-	-	-	-	419,618
Environmental	48,440	-	-	-	-	-	904,261
Homeless	-	2,432,999	-	-	-	-	2,459,489
Unassigned	14,550	-	(35,580)	(1,232,322)	-	-	(1,229,253)
Total Fund Balances (Deficits)	<u>62,990</u>	<u>2,451,998</u>	<u>(35,580)</u>	<u>(1,232,322)</u>	<u>-</u>	<u>-</u>	<u>2,576,093</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>246,661</u>	<u>2,483,203</u>	<u>58,378</u>	<u>1,971,925</u>	<u>403,971</u>	<u>166,677</u>	<u>7,125,198</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

Year ended June 30, 2024

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
Revenues:							
Grants	\$ 4,177	-	-	-	53,537	-	-
Investment income (loss)	61,417	-	-	23,368	3,091	618	55
Other governmental	697,500	-	1,195,493	430,561	-	16,234	40,000
Miscellaneous	-	27,000	-	185	-	185	-
Total Revenues	763,094	27,000	1,195,493	454,114	56,628	17,037	40,055
Expenditures:							
Current:							
Salaries	25,572	-	669,001	31,063	8,026	9,162	1,886
Benefits	10,461	-	326,595	13,168	2,827	3,984	611
Memberships and per diem	44	-	2,263	2,194	27	2,148	-
General and office expenses	1,308	-	53,675	1,600	9,489	469	110
Professional services	356	-	9,141	407	91	126	30
Consultants	1,009	-	27,984	1,330	64,291	371	54
Capital outlay	1,106	-	32,623	1,372	344	403	85
Transportation and meetings	57	-	5,840	64	18	21	-
Utilities	983	-	25,422	1,158	259	342	102
Project costs	133	20,551	7,492	188	8,143	59	40,012
Debt service:							
Principal retirement	889	-	23,000	1,062	259	317	73
Interest and fiscal charges	482	-	12,458	576	138	172	40
Total Expenditures	42,400	20,551	1,195,494	54,182	93,912	17,574	43,003
Excess (Deficiency) of Revenues Over (Under) Expenditures	720,694	6,449	(1)	399,932	(37,284)	(537)	(2,948)
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	30,762	2,983
Transfers out	(726,426)	-	-	(340,317)	(31,582)	-	-
Total Other Financing Sources (Uses)	(726,426)	-	-	(340,317)	(31,582)	30,762	2,983
Net Change in Fund Balances	(5,732)	6,449	(1)	59,615	(68,866)	30,225	35
Fund Balance (Deficit) - Beginning	428,419	43,962	89	733,082	82,387	19,324	19
Fund Balance (Deficit) - Ending	\$ 422,687	50,411	88	792,697	13,521	49,549	54

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

Year ended June 30, 2024

	Special Revenue Funds (Continued)						
	Street Sweeping	Homeless	Tire Amnesty	Grant Funding	I-REN	Desert Community Energy	Total Governmental Funds
Revenues:							
Grants	226,973	-	-	-	-	-	284,687
Investment income (loss)	-	80,367	-	-	-	-	168,916
Other governmental	150,000	1,307,437	-	1,623,383	-	676,721	6,137,329
Miscellaneous	10,813	-	-	-	602,845	-	641,028
Total Revenues	387,786	1,387,804	-	1,623,383	602,845	676,721	7,231,960
Expenditures:							
Current:							
Salaries	15,750	571,456	2,804	42,625	212,054	405,750	1,995,149
Benefits	6,423	323,336	969	19,297	97,406	159,462	964,539
Memberships and per diem	34	1,049	8	24	756	2,564	11,111
General and office expenses	11,053	513,497	143	1,900	14,055	26,840	634,139
Professional services	201	23,136	30	123,052	3,857	5,535	165,962
Consultants	696	23,451	148	15,847	8,107	16,837	160,125
Capital outlay	694	81,007	127	1,790	9,206	17,609	146,366
Transportation and meetings	33	23,331	6	145	647	3,417	33,579
Utilities	579	24,156	92	1,390	8,182	15,082	77,747
Project costs	700,840	5,404	31,934	2,647,190	1,244	2,156	3,465,346
Debt service:							
Principal retirement	537	4,838	90	1,626	7,414	13,929	54,034
Interest and fiscal charges	289	1,436	49	819	4,032	7,540	28,031
Total Expenditures	737,129	1,596,097	36,400	2,855,705	366,960	676,721	7,736,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	(349,343)	(208,293)	(36,400)	(1,232,322)	235,885	-	(504,168)
Other Financing Sources (Uses):							
Transfers in	337,334	-	31,582	-	2,180	-	404,841
Transfers out	-	-	(30,762)	-	-	-	(1,129,087)
Total Other Financing Sources (Uses)	337,334	-	820	-	2,180	-	(724,246)
Net Change in Fund Balances	(12,009)	(208,293)	(35,580)	(1,232,322)	238,065	-	(1,228,414)
Fund Balance (Deficit) - Beginning	74,999	2,660,291	-	-	(238,065)	-	3,804,507
Fund Balance (Deficit) - Ending	62,990	2,451,998	(35,580)	(1,232,322)	-	-	2,576,093

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Single Audit Report on Federal Awards

Year Ended June 30, 2024

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Single Audit Report on Federal Awards

Year Ended June 30, 2024

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 governmental activities, each major fund, and the aggregate remaining fund information of the Coachella Valley Association of Governments (CVAG), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the CVAG's basic financial statements, and have issued our report thereon dated January 31, 2025.

Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Executive Committee
Coachella Valley Association of Governments
Palm Desert, California

Report on 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*.

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
January 31, 2025

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 Auditor's 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, 2024. 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, 2024.

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.

Executive Committee
Coachella Valley Association of Governments
Palm Desert, California

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 of the governmental activities, each major fund, and the aggregate remaining fund information of CVAG as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the CVAG's basic financial statements. We issued our report thereon, dated January 31, 2025, 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
January 31, 2025

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Program Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Transportation</u>				
Passed through the California Department of Transportation:				
Highway Planning and Construction Cluster:				
Active Transportation Program (STIP) (CVLink - Segment 1&2)	20.205	08-6164R	\$ 3,432,750	\$ -
Congestion Mitigation and Air Quality (CMAQ) (CV Link - Segment 3)	20.205	08-6164F15	47,132	-
Congestion Mitigation and Air Quality (CMAQ) (CV Link - Segment 4)	20.205	08-6164F15	65,311	-
Congestion Mitigation and Air Quality (CMAQ) (CV Link - Segment 5)	20.205	08-6164F15	75,721	-
Congestion Mitigation and Air Quality (CMAQ) (CV Sync - Phase I)	20.205	08-6164F15	1,940,283	-
Congestion Mitigation and Air Quality (CMAQ) (CV Sync - Phase II)	20.205	08-6164F15	31,643,408	-
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)	20.205	08-6164F15	<u>4,261,860</u>	-
Total Highway Planning and Construction Cluster			<u>41,466,465</u>	-
Total Expenditure of Federal Awards			<u>\$ 41,466,465</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, 2024

(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, 2024. 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, 2024

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? | No |
| 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:

Assistance Listing 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: | \$1,243,994 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section II - Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2024.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2024.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section IV – Summary of Prior Audit Findings and Current Status

For the fiscal year ending June 30, 2023, there were no findings or questioned costs.

ITEM 8D

Coachella Valley Association of Governments Executive Committee February 24, 2025



STAFF REPORT

Subject: Cool Streets for Affordable Housing Neighborhoods Program

Contact: Julie Mignogna, Transportation Program Manager (jmignogna@cvag.org)

Recommendation: Authorize the Executive Director to enter into the necessary agreements to accept \$748,500 from the Governor's Office of Land Use and Climate Innovation's Extreme Heat and Community Resilience Program to launch the Cool Streets for Affordable Housing Neighborhoods Program

Transportation Committee: Concurs (Meeting of February 3)

Energy & Sustainability Committee: Concurs (Meeting of February 13)

Background: A top priority of CVAG's Energy and Sustainability Committee has been addressing climate change and mitigating increasing extreme heat temperatures. As part of this priority, and to help ensure effective strategies are implemented, CVAG has invested in developing an Urban Greening Guide to meet the needs of the Coachella Valley by identifying native drought tolerant plant species that cool surrounding areas and provide reprieve from the heat for residents and visitors. CVAG staff has also looked at ways to implement some of these sustainable initiatives into its transportation projects.

The State of California Governor's Office of Land Use and Climate Innovation's Extreme Heat and Community Resilience Program (EHCRP) supports the state's comprehensive response to extreme heat. EHCRP provides funding and technical support to build capacity for heat action planning and project implementation to mitigate the impacts of extreme heat or urban heat island effect in the most heat-vulnerable communities. The program also supports the state's work to implement California's Extreme Heat Action Plan. The Extreme Heat Action Plan is a comprehensive, coordinated response across state agencies for advancing equitable outcomes, including reducing economic and health disparities associated with extreme heat. This was the first round of the program with \$20 million available for small and large planning grants and small and large implementation grants.

In May 2024, CVAG staff submitted a grant proposal for a new Cool Streets for Affordable Housing Neighborhoods Program. Developed in partnership with Coachella Valley Housing Coalition (CVHC) and Kounkuey Design Initiative, Inc. (KDI), CVAG proposed a planning project that will develop a regional blueprint for deploying pavements with lower heat producing characteristics, like lighter colors and less heat-absorbing materials. The grant application proposes implementing a pilot project at a CVHC affordable housing project, which will allow the team to test the cool pavement technology.

In addition to the pilot project, the program deliverables include a Cool Streets Master Plan, extreme heat education, community engagement, integration with the ongoing regional pavement condition study, a GIS mapping tool, and post-project site and energy consumption assessments. Ultimately, the findings could complement the work CVAG is doing under the regional pavement management analysis that the Executive Committee authorized in June 2024.

In November 2024, staff participated in a grant application interview with the Governor's Office of Land Use and Climate Innovation staff. In December, CVAG was notified the project was selected for an EHCRP large planning award in the amount of \$748,500.

Staff is now recommending that the Executive Director be authorized to execute agreements to accept the funding and to implement the program with State of California Governor's Office of Land Use and Climate Innovation, CVHC, KDI, and other partners.

Fiscal Analysis: CVAG will receive \$748,500 in grant funding from the State of California Governor's Office of Land Use and Climate Innovation's Extreme Heat and Community Resilience Program.

KDI and the CVHC were identified as partners in the project and both were part of the grant application process. KDI has previous experience in this field, most recently with the Eastern Coachella Valley Shade Equity Master Plan, which provides a roadmap for the unincorporated communities of Mecca, North Shore, Oasis, and Thermal to invest in new shade infrastructure and adapt to extreme heat. Based on the grant proposal, KDI will receive \$167,500 of the budget to develop and lead the community outreach and engagement efforts.

CVHC is a leader in affordable housing for the region and will benefit directly from the cool pavement pilot project. CVHC will receive approximately \$52,000 in funding allocated to staff time, incentives, and meals for households to participate in the community engagement workshops.

Both KDI and CVHC will bill on a time and materials basis.

Attachment: December 5, 2024 Grant Award Letter



State of California Governor's Office of Land Use and Climate Innovation
1400 10th Street, Sacramento, California, 95814
lci.ca.gov

December 5, 2024
Tom Kirk
tkirk@cvag.org

RE: Award Notification – Extreme Heat and Community Resilience Program Round 1, Large Planning Grant Award, Coachella Valley Association of Governments, Cool Streets for Affordable Housing Neighborhoods Program

Dear Tom Kirk and partners,

The Governor's Office of Land Use and Climate Innovation is pleased to inform you that Coachella Valley Association of Governments has been selected as a Round 1 Grantee for the Extreme Heat and Community Resilience Program award of \$748,500.00 for the project Cool Streets for Affordable Housing Neighborhoods Program. The Extreme Heat and Community Resilience Program funds planning and implementation projects to mitigate the impacts of extreme heat. The Program will build frameworks for change and invest in local, regional, and tribal projects that strengthen communities that are vulnerable to extreme heat. Congratulations on your successful application!

In the coming weeks, staff from the Extreme Heat and Community Resilience Program (EHCRP) will schedule a kickoff meeting to discuss and address any outstanding issues identified by staff and an interagency review panel, as well as to finalize the partnership and grant agreement. This includes submitting adequate financial capacity documentation for all co-applicants, which is currently missing from your application package.

Grantees and Partners will need to work closely and collaboratively with staff to address all issues prior to grant execution. Please note, this is a preliminary award, and LCI reserves the right to rescind or make changes to awards before the agreement is executed. This award is contingent on the execution of a grant agreement.

We ask that you keep the awards announcement confidential until LCI posts the information publicly on our website.

We look forward to our partnership in the coming years. If you have any questions, please contact Braden Kay, EHCRP Program Manager, at braden.kay@opr.ca.gov; and Kelly Meza Prado, EHCRP Senior Adaptation and Resilience Planner, at kelly.mezaprado@opr.ca.gov.

Sincerely,

Sam Assefa
Director, Governor's Office of Land Use and Climate Innovation

**Governor's Office of Land
Use & Climate Innovation**
1400 Tenth Street
Sacramento, CA 95814



Governor's Office of
**Land Use and
Climate Innovation**

State of California Governor's Office of Land Use and Climate Innovation

1400 10th Street, Sacramento, California, 95814
lci.ca.gov

ITEM 9a**2024/2025 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 ✓

*This was a joint meeting with the Transportation Committee.

ITEM 9b

**Coachella Valley Association of Governments
Executive Committee
February 24, 2025**



STAFF REPORT

Subject: Regional Transportation Project Status Report

Contact: Julie Mignogna, Transportation Program Manager (jmignogna@cvaq.org)

Recommendation: Information

Background: CVAG staff provides regular updates to the Transportation and Executive Committees on regionally significant projects through project status reports. The project status updates have previously included three separate documents with updates for the following regional programs:

- Interchange Preparation Fund
- Bicycle and Pedestrian Safety Program
- Regional Arterial Program

Staff has consolidated these separate program updates into one comprehensive document for ease of review. This Regional Project Status Report includes the latest updates organized by project type: interchange, bridge, arterial, and active transportation projects led by CVAG member jurisdictions and CVAG.

Fiscal Analysis: There is no further impact to budgets for this action. Funding for these projects has been budgeted through the project phase indicated and secured through various funding sources.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
Regional Transportation Project Status Report
2/19/2025



Project Description	Lead Agency	CVAG Funded					Status
		PSR	PA/ED	PS&E	ROW	CON	
Interchanges							
Avenue 50 @ 86S	COA						CVAG approved funding for PS&E & ROW.
Avenue 50 @ I-10	COA						PS&E contract underway.
Jackson Street @ I-10	COR						PA/ED completed. 95% Plans are being prepared. ROW acquisition now underway.
Monroe Street @ I-10	COR						PA/ED completed. 100% plans being prepared. ROW acquisition underway. Additional funding being pursued.
Portola Avenue @ I-10	COR						Caltrans agreed to shelve. Suspend until funding for ROW, utilities and construction is obtained.
Interchange Preparation Fund Projects							
Da Vall Drive @ I-10	CC						PSR complete. Project on-hold until funding for next phase is available.
Dillon Road @ I-10 & SR86	TNP						PSR complete. PA&ED complete. Close out for project with City of Coachella. Twenty Nine Palms Tribe of Mission Indians has become lead agency.
Golf Center Parkway @ I-10	Indio						PSR on hold.
Arterial Links							
Avenue 48 (Van Buren St to Dillon Rd)	COR						Construction complete pending completion of minor punch list items.
Avenue 50 (Calhoun St to Harrison St)	COA						PS&E & ROW underway.
Avenue 50 (Jefferson St to Jackson St)	Indio						Design and environmental phase underway.
Date Palm Drive (I-10 to Varner Rd)	CC						Phase II is completed. PS&E for Phase III is underway.
Varner Road (Palm Drive to Date Palm Drive)	CC						PS&E is underway.
Jackson Street Widening (Ave 49 to Ave 52)	Indio						Phase I (widening CON) underway and expected to be complete August 2025. Phase II (undergrounding, signals, sidewalk CON) expected late 2025.
Jefferson Street (Ave 38 to Sun City Blvd)	Indio						PA/ED phase underway.
Madison Street (Highway 111 to Ave 48)	Indio						Complete, pending release of retention.
Bridges							
Airport Boulevard Bridge	COR						CVAG Executive Committee approved funding from design to construction.
Avenue 44 Bridge over WWR	Indio						Environmental cleared. ROW cleared. Under construction.
Avenue 50 Bridge over WWR	COA						PS&E & ROW underway.
Avenue 50 Bridge over LQEC	LQ						Project in PS&E phase.
Avenue 66 Grade Separation over UPRR	COR						Caltrans closing out.
Dillon Road over WWR	TNP						CEQA and NEPA complete. Twenty Nine Palms Tribe of Mission Indians has become lead agency.
Dune Palms Road Bridge over WWR	LQ						Project under construction. Expected completion by January/ February 2025
East Palm Canyon Drive Bridge over Palm Canyon Wash	PS						Final design submitted to RCFC&WCD for approval. Pending RCFC&WCD permit for ROW Certification
Indian Canyon Drive (Garnet Incl. RR Crossing)	PS						Project in construction. Schedule delayed due to environmental conditions.
Ramon Road Bridge	PS						ROW ongoing and plans being updated to latest Caltrans Standards
South Palm Canyon Drive Bridge over Tahquitz Creek	PS						Project in construction.
Vista Chino Bridge over WWR	PS						Project is in PA/ED phase. Extensive negotiations with SCE for utility relocation.
Regional Projects							
CV Sync - Phase I	CVAG						Executive Committee authorized CVAG to file the Notice of Completion June 2023.
CV Sync - Phase II	CVAG						Project construction 65% complete.
CV Sync - Phase III & I-10 Bypass Study	CVAG						Draft Feasibility Study Report,in progress and CV Sync preliminary plans under review.
Flooding and Blowsand - ACCESS Indian Canyon Drive	CVAG						Revised Hydraulic Models and Hydrology Report were submitted to CVWD for approval.
Flooding and Blowsand - Varner Road	CVAG						Final Traffic Operations, Hydrologic, and Hydraulic Reports were completed.
Flooding and Blowsand - Access Study	CVAG						Final Report Submitted on November 25, 2024.
Broadband Strategic Plan	CVAG						Market Assessment, Needs Assessment and Gap Analysis are complete. High Level Design has started.
Active Transportation Projects		Grant Funded					
CV Link	CVAG						Several segments substantially complete. Total project completion expected in June 2025.
ATP - Arts & Music Line	CVAG						NEPA approved in May 2024. ROW acquisition underway. Design nearing 100% complete. Construction award anticipated in late 2025.
ATP - Cathedral City Downtown Connectors	CC						Contract issued for construction. Restriping bike lanes on E. Palm Canyon completed. Cathedral Canyon Sidewalks and Multiuse Trail is under construction. Date Palm Drive Widening is under construction.
ATP - DHS CV Link Extension	DHS						PS&E 90% complete.
ATP - Mecca/North Shore CV Link Extension	CVAG						RFP for PSR advertised with proposals due February 2025. Contract authorization anticipated in Q2 2025.

COR-County of Riverside; RM-Rancho Mirage; IW-Indian Wells; PD-Palm Desert, PS-Palm Springs; CC-Cathedral City; COA-Coachella LQ-La Quinta; TNP-Twenty Nine Palms Band of Mission Indians
Other Acronyms: PA/ED = 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
LATA = Local Agency Technical Assistance; RFP = Request for Proposal, RFB = Request for Bids; RCFC = Riverside County Flood Control

CVAG Funded Phase Legend	
PSR	Project Study Report
PA/ED	Preliminary Engineering / Environmental Document
PS&E	Plans Specifications & Estimates
ROW	Right of Way
CON	Construction

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
INVESTMENT REPORT
FOR SEPTEMBER 30, 2024**

Description	Carrying Amount	% of Total	Fair Market Value		% of Total	Interest Rate Yield
CASH AND INVESTMENTS UNDER THE DIRECTION OF CVAG						
County of Riverside Treasury	\$ 20,042,689	32.94%	\$ 20,004,612	[a]	32.85%	4.22%
Local Agency Investment Fund (LAIF)	\$ 39,999,024	65.72%	\$ 40,081,465	[b]	65.81%	4.58%
Wells Fargo - Imprest Checking	\$ 653,299	1.07%	\$ 653,299		1.07%	N/A
Wells Fargo - Payroll Checking	\$ 165,597	0.27%	\$ 165,597		0.27%	N/A
PayPal	\$ -	0.00%	\$ -		0.00%	N/A
Petty Cash	\$ 300	0.00%	\$ 300		0.00%	N/A
Overall Total	\$ 60,860,908	100.00%	\$ 60,905,273		100.00%	

Note:

[a] Source of Market Values - County of Riverside Treasurer's Pooled Investment Fund Monthly Report - September 2024. Paper Gain/(Loss) was (0.190)%. Fair market value does not include accrued interest.

[b] Source of Market Values - LAIF, State of California Pooled Money Investment Account Market Valuation - September 2024. Paper Gain/(Loss) was 0.206%. Fair market value includes accrued interest.

I hereby certify that the investment portfolio of the Coachella Valley Association of Governments (CVAG) complies with the California Government Sections pertaining to the investment of agency funds. CVAG's written Investment Policy is more stringent than the requirements of California law, as this policy requires diversity of investments. The policy also states that no more than 55% of the total investment portfolio will be invested in a single security type or with a single financial institution, with the exception of LAIF, whereby CVAG has the option of investing up to the maximum allowable by LAIF.

The investment portfolio provides CVAG the ability to meet its expenditure requirements.

Submitted by:



Claude T. Kilgore, CPA
Director of Finance & Administration

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
INVESTMENT REPORT
FOR DECEMBER 31, 2024**

Description	Carrying Amount	% of Total	Fair Market Value		% of Total	Interest Rate Yield
CASH AND INVESTMENTS UNDER THE DIRECTION OF CVAG						
County of Riverside Treasury	\$ 24,588,089	37.39%	\$ 24,439,954	[a]	37.27%	4.05%
Local Agency Investment Fund (LAIF)	\$ 40,191,096	61.13%	\$ 40,175,903	[b]	61.25%	4.43%
Wells Fargo - Imprest Checking	\$ 787,742	1.20%	\$ 787,742		1.20%	N/A
Wells Fargo - Payroll Checking	\$ 184,825	0.28%	\$ 184,825		0.28%	N/A
PayPal	\$ -	0.00%	\$ -		0.00%	N/A
Petty Cash	\$ 300	0.00%	\$ 300		0.00%	N/A
Overall Total	\$ 65,752,052	100.00%	\$ 65,588,723		100.00%	

Note:

[a] Source of Market Values - County of Riverside Treasurer's Pooled Investment Fund Monthly Report - December 2024. Paper Gain/(Loss) was (0.602)%. Fair market value does not include accrued interest.

[b] Source of Market Values - LAIF, State of California Pooled Money Investment Account Market Valuation - December 2024. Paper Gain/(Loss) was (0.038)%. Fair market value includes accrued interest.

I hereby certify that the investment portfolio of the Coachella Valley Association of Governments (CVAG) complies with the California Government Sections pertaining to the investment of agency funds. CVAG's written Investment Policy is more stringent than the requirements of California law, as this policy requires diversity of investments. The policy also states that no more than 55% of the total investment portfolio will be invested in a single security type or with a single financial institution, with the exception of LAIF, whereby CVAG has the option of investing up to the maximum allowable by LAIF.

The investment portfolio provides CVAG the ability to meet its expenditure requirements.

Submitted by:



Claude T. Kilgore, CPA
Director of Finance & Administration

ITEM 9d

**Coachella Valley Association of Governments
Executive Committee
February 24, 2024**



STAFF REPORT

Subject: Alan Seman Bus Pass Program 2024 Annual Report

Contact: Candice Graff, Management Analyst II (cgraff@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.

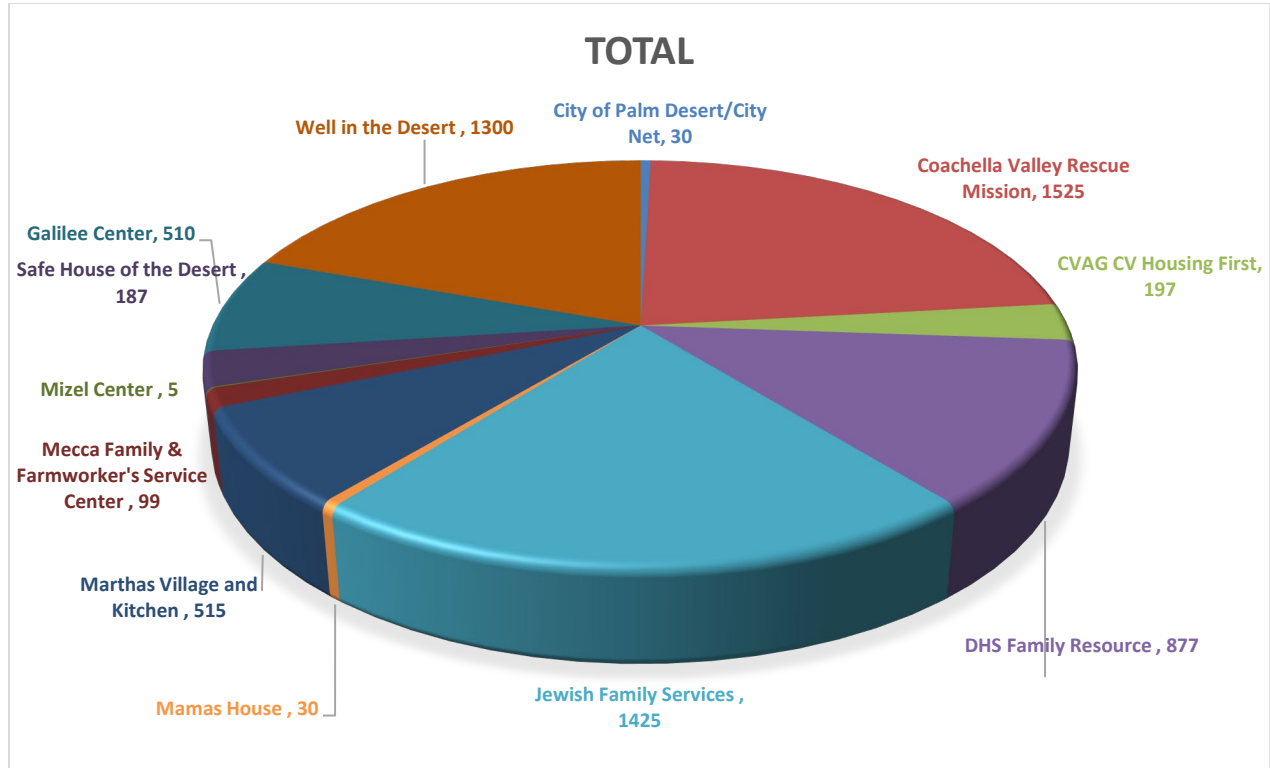
In 2024, CVAG staff worked with agencies that receive passes through the Alan Seman Bus Pass program to track how they are being used. This includes providing passes to the following organization serving people who are homeless, or at risk of being homeless: Palm Desert's City-led homelessness services; Coachella Valley Rescue Mission; CVAG's CV Housing First program; Desert Hot Springs Family Resource Center; Jewish Family Services of San Diego; Mama's House; Safe House of the Desert; Marthas Village and Kitchen; Galilee Center; and Well in the Desert.

A total of 6,700 passes were distributed in 2024, including single day passes for adults, youth, and seniors. CVAG utilizes 31-day passes for CV Housing First clients who will be in crisis stabilization units, usually for an average stay of 90 days. These bus passes allow clients to search for housing, address outstanding legal issues, get to school and have transportation to mental health facilities.

Fiscal Analysis: The Alan Seman Bus Pass Program is funded through \$3,000 contributions that CVAG member cities contribute annually.

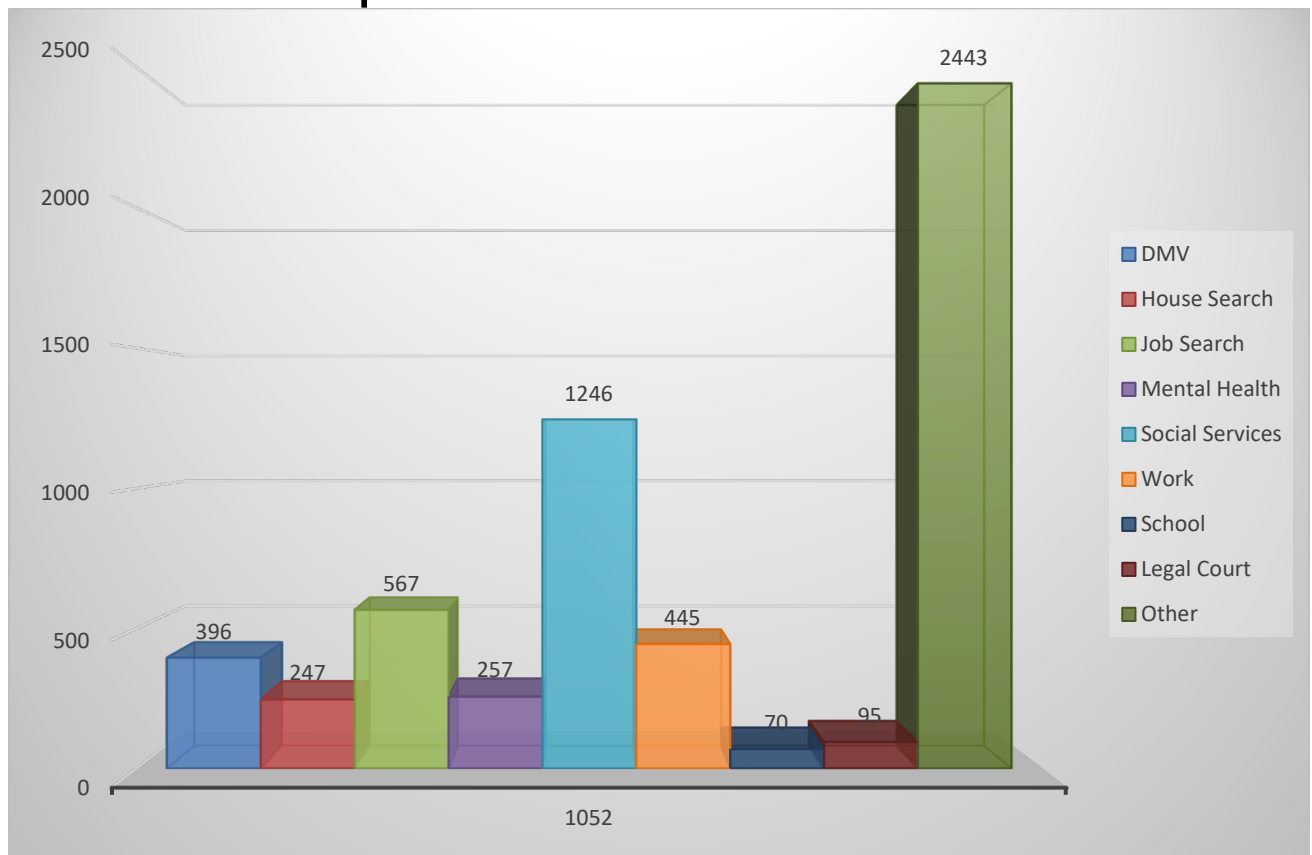
Attachment: 2024 Bus Pass Report

Totals Passes Used by Agencies



Agency	Adult Day Passes	Senior Day Passes	31-Day Adult Passes	31-Day Senior Passes	Totals
City of Palm Desert/City Net	30	0	0	0	30
Coachella Valley Rescue Mission	1265	260	0	0	1525
CVAG CV Housing First	0	0	187	10	197
DHS Family Resource	877	0	0	0	877
Jewish Family Services	1165	260	0	0	1425
Mamas House	30	0	0	0	30
Marthas Village and Kitchen	465	50	0	0	515
Mecca Family & Farmworker's Service Center	63	36	0	0	99
Mizel Center	3	2	0	0	5
Safe House of the Desert	187	0	0	0	187
Galilee Center	450	60	0	0	510
Well in the Desert	1000	300	0	0	1300
Totals	5535	968	187	10	6700

Top Uses of Bus Passes



ITEM 9e

**Coachella Valley Association of Governments
Executive Committee
February 24 2025**



STAFF REPORT

Subject: Expanding Partnerships with Riverside County Probation

Contact: Erica Felci, Chief Operating Officer (efelci@cvaq.org)

Recommendation: Information

Background: Riverside County's Probation Department oversees a range of client rehabilitation, accountability and community safety programs as it supervises both adult and juvenile clients. This includes state-mandated services and regular supervision contacts; juvenile delinquency prevention and intervention programs; and operating three juvenile detention facilities, including Indio Juvenile Hall. The department is led by Chief Probation Officer Christopher Wright, who was appointed by the Riverside County Board of Supervisors in May 2023 and is the 12th person to hold the position.

Under Chief Wright's leadership, the Probation Department is expanding its collaboration with community-based organizations, governmental agencies and other county agencies. In December 2024, Chief Wright outlined his vision for partnerships at a meeting of the Regional Access Project Foundation's Board of Directors, which was attended by several members of CVAG's Public Safety and Homelessness Committees. Indio Councilmember Waymond Ferman, who serves as vice chair for both committees, extended an invitation for Chief Wright to attend February's Public Safety meeting, when he talked with local leaders about this work.

Fiscal Analysis: There is no cost to CVAG for this informational update.

Attachment: Flyer from Probation Department



SERVING COURTS. PROTECTING OUR COMMUNITY. CHANGING LIVES.

RIVERSIDE COUNTY PROBATION DEPARTMENT

Background: Since 1905, the Riverside County Probation Department (RCP) has been entrusted with the mission of Serving Courts, Protecting Our Community and Changing Lives pursuant to 830.5 PC.

Department Highlights: The Probation Department is one of the most diversified justice agencies in the county. Withstanding noticeable legislative changes over the years, RCP has developed robust legislative, public relations, and training teams to be on the forefront of change. Our Management Support team was designed to maximize efficiency with operations and assist in the implementation of department-wide strategy. Our infrastructure includes a BIOS unit, research, internal investigations, backgrounds, fiscal, contracts/grants and facilities management.

Institutional Services: RCP operates three juvenile detention facilities across the county. The detention facilities primarily house youth pending court or out-of-home placement. RCP provides in-house residential treatment programs ordered by the Court as well as a secure track treatment program, resulting from the passage of SB 823.

- Case assessment by a multi-agency treatment team
- Case planning to address each youth's specific needs
- High school, college, and vocational education programs
- Recreational and exercise programs
- Faith-based services and counseling
- Medical evaluations and treatment
- Individual and group behavioral health counseling
- Inclusion of credible messengers

Field Services: Field Services operates 17 locations across the county is responsible for a wide range of services primarily focused on client rehabilitation, accountability, and community safety. While intake, investigations and supervision are prescribed by law, probation services beyond to include:

Juvenile

- Successful Short-Term Supervision
- Wraparound
- Aftercare
- Placement
- Dual Status
- Diversion/DUI Program
- Independent Living Plan
- Extended Foster Care
- Resource Families
- Civil /Stepparent Adoption Investigations

Adult

- 1203.9 out of county transfers
- Day Reporting Centers
- High Risk Supervision
- Domestic Violence Program Monitoring
- State Authorized Risk Assessment Tools for Sex Offenders Monitoring
- Collaborative Courts
- Interstate Compact
- Motivational Interviewing/Evidence-Based Practice
- Pretrial
- Task Forces
- Victim Restitution

Partners: RCP enjoys an excellent reputation for working in a collaborative manner with both state and county agencies as well as various faith and community-based organizations to maximize the success of all clients.

Challenge: Creating seamless connections for probation clients that go beyond compliance monitoring, with the ultimate goal of helping them thrive as engaged, productive citizens of Riverside County.

Solution: Strengthening partnerships with county departments, including workforce development and housing support, to provide holistic services. This approach includes leveraging braided funding strategies to maximize resources and ensure comprehensive support for each client.





RIVERSIDE COUNTY PROBATION

CHRISTOPHER H. WRIGHT, Chief Probation Officer

www.rivcoprobation.org

41.62

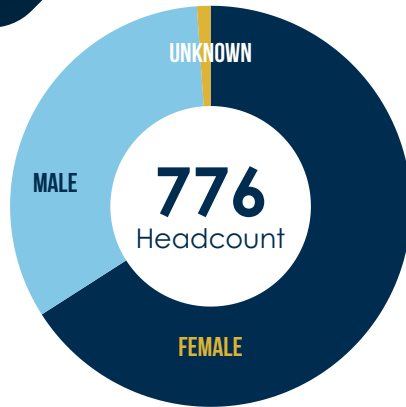
Average Age

11.47

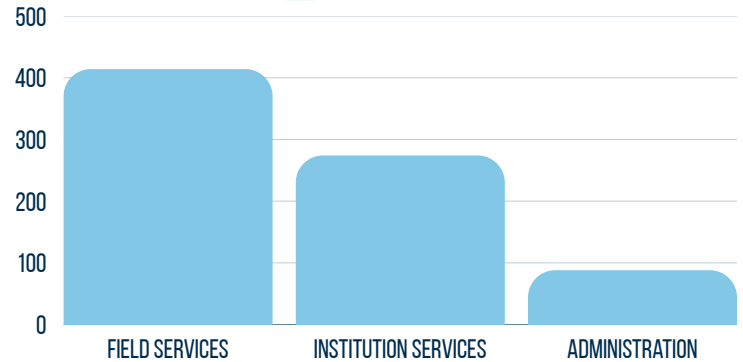
Average Yrs
of Service

\$77K

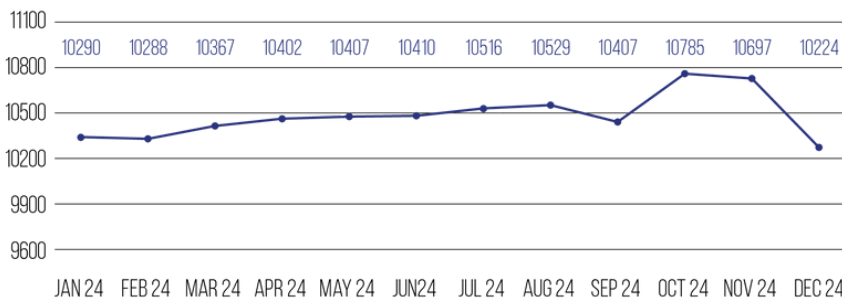
Average
Salary/ Yr



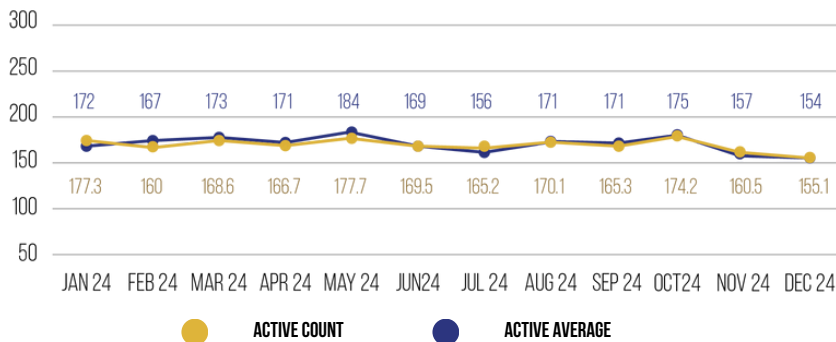
EMPLOYEE BY FUNCTION



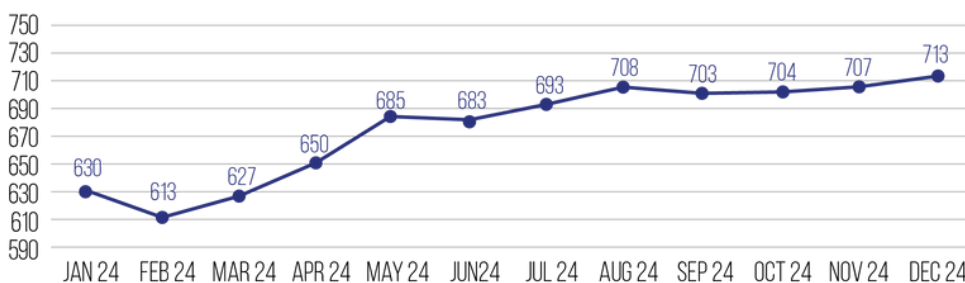
ADULT ACTIVE CLIENTS BY MONTH



JUVENILE AVERAGE AND COUNT DETAINED CLIENTS BY MONTH



JUVENILE ACTIVE CLIENTS BY MONTH



NUMBERS AT A GLANCE

\$184,534,587

FY 2024/25 BUDGET

REVENUES



\$135.2M

State Funds

\$3.2M

Federal Funds

\$2.9M

Charges for
Current Services

EXPENDITURES

\$125.4M

Salaries &
Benefits



\$33.7M
SERVICES &
SUPPLIES

\$27.1M
OTHER
CHARGES

(\$1.9M)
INTRAFUND
TRANSFERS

\$188K
CAPITAL
ASSETS



ITEM 9f

Coachella Valley Association of Governments
Executive Committee
February 24, 2025

**STAFF REPORT**

Subject: 2024 Annual Property Assessed Clean Energy (PACE) Report

Contact: Emily Langenbahn, Management Analyst (elangenbahn@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 annual updates on the PACE program to the Energy & Sustainability Committee. The attached report details the annual PACE activity in the Coachella Valley for the 2024 calendar year.

Current active residential and commercial PACE providers in Coachella Valley consist of CaliforniaFIRST/Renew Financial (Renew), HomeRun Financing/PACE Funding (HomeRun), and FortiFi (formerly known as Energy Efficient Equity or E3). Residential and commercial installations have slowed in the Coachella Valley overall. However, there are homeowners who still opt to use the program to implement clean energy upgrades.

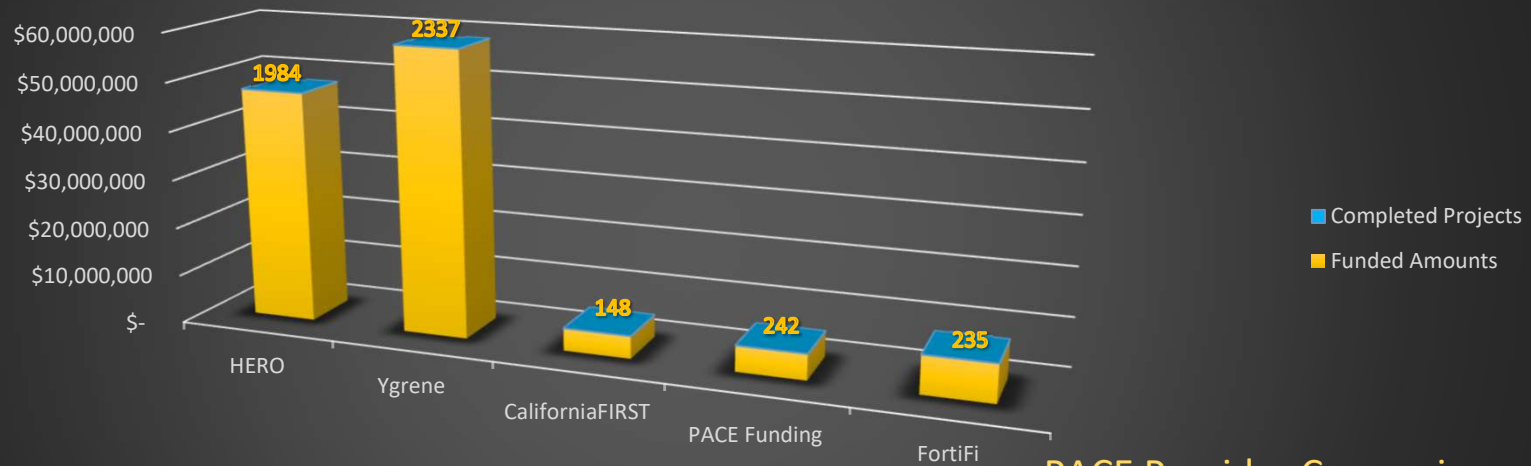
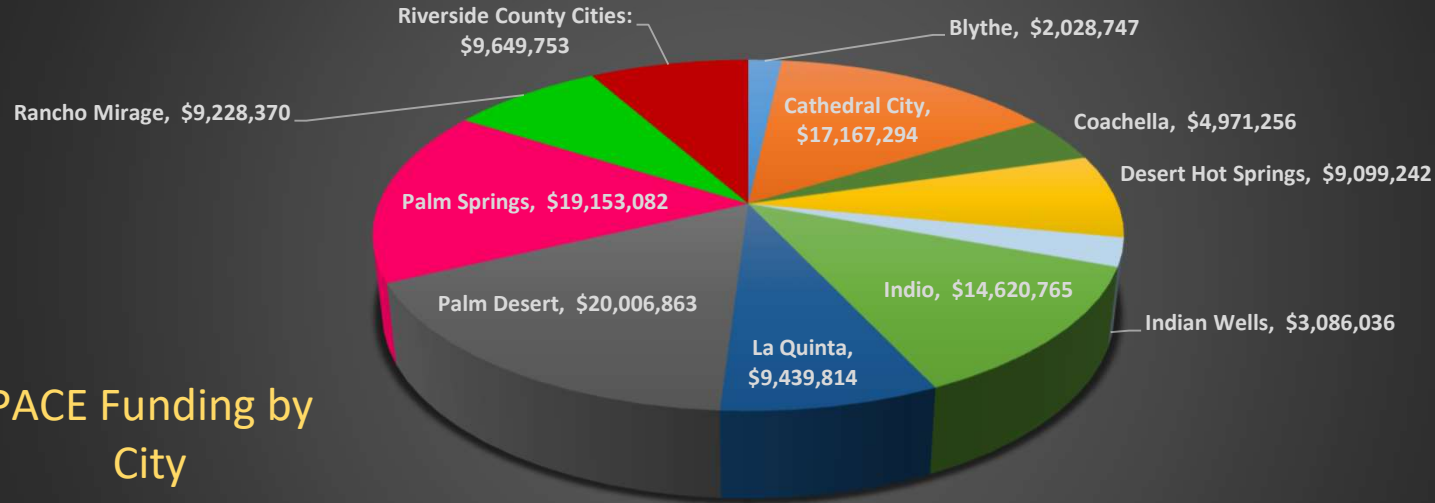
CVAG will continue to track and report on the status of the PACE residential and commercial PACE providers that operate in CVAG's member jurisdictions.

Fiscal Analysis: There is no cost to CVAG for this informational update. CVAG's staff time spent on these programs is recovered by a participation fee collected from each provider.

Attachments: PACE Activity Report for January through December 2024

CVAG PACE REPORT

PACE Funding by City



PACE Provider Comparison

CARS REMOVED FROM ROAD: 42304

PACE providers have interest rate ranges from 5.99%-10.98%

JOBS CREATED: 1077

Updated January 17, 2025

ITEM 9g

Coachella Valley Association of Governments Executive Committee February 24, 2025



STAFF REPORT

Subject: Coachella Valley Power Agency Joint Powers Agreement

Contact: Emmanuel Martinez, Program Manager – External Affairs (emartinez@cvaq.org)

Recommendation: Information

Background: Addressing the unique and growing electrical infrastructure for the communities in the Coachella Valley served by Imperial Irrigation District (IID) is a top priority for the region. Over the last three years, CVAG staff have provided regular progress reports to the Energy & Sustainability Committee on this matter. The key milestones accomplished so far include, but are not limited to, establishment of the Coachella Valley Energy Commission (CVEC) and its sub-committees to address representation on IID's electrical matters and energy service needs; the CVAG-managed contract for facilitation services from Leading Resources Incorporated, to build upon the joint-Local Agency Formation Commission study and narrow governance options; and most recently, CVAG-facilitated efforts to establish a joint powers authority (JPA), which would serve to focus energy infrastructure investment and planning to meet the immediate and future energy needs of the region.

Since the Committee's last meeting, the Coachella Valley Energy Commission has taken a few key actions to facilitate transition into the proposed Coachella Valley Power Agency (CVPA) JPA. In November 2024, the Coachella Valley Energy Commission adopted Resolution No. 1-2024, which provides CVEC's endorsement of the CVPA JPA. As part of the resolution, CVEC recognized the collaboration between IID and Coachella Valley stakeholders to reach a mutually agreeable governance solution. Additionally, the resolution recognizes CVAG as the entity with the capability to create, operate, administer and manage the CVPA JPA. With these actions, the CVEC process is now complete. However, the CVEC is considered dormant until the CVPA JPA is formally created, at which point the CVEC will dissolve. The CVEC members decided to take this action in the event it was necessary to convene to discuss any issues related to the CVPA JPA.

Leading up to the CVEC's meeting in November, CVAG's Executive Director and staff led efforts to draft the CVPA JPA agreement. Although the CVEC formally voted to endorse the agreement and the creation of the JPA, a few CVEC members expressed desire for further review of the agreement language. Specifically, the Twenty-Nine Band of Mission Indians and Torres Martinez Desert Cahuilla Indians requested further review of the Tribal Sovereignty language in the agreement. In addition, a few members requested their respective executive staffs to review the agreement before making a determination to be a member of the CVPA JPA. In December, CVAG staff reached out directly to all the city managers and tribal administrators and provided a copy of the draft CVPA JPA agreement and associated materials. As part of this engagement, staff requested feedback related to agreement from the city

managers and tribal administrators as well as their interest to be founding members of the CVPA JPA.

Regarding JPA membership, CVAG staff received communications from the Cities of Indio and La Quinta, and the County of Riverside of their interest to be founding JPA members. CVAG's Executive Director and staff are coordinating efforts between these agencies to finalize the agreement and begin implementation of the agreement's approval process by their respective city councils and board. CVAG staff will assist in these efforts as needed by the Cities of La Quinta, Indio and the County of Riverside, as these agencies initiate their respective approval processes.

For example, the City of La Quinta has held two study sessions to discuss the IID energy infrastructure needs and solutions. Most recently, on February 18, the La Quinta City Council held a study session in which they discussed the current IID rates increases, electrical capacity and costly upgrades, and the CVPA JPA as a solution to address growth and economic development related projects. The issue of power needs in the City was also raised at a recent community workshop held by the City on February 6. Although the issue of power was not specifically on the agenda, it was raised as an issue by members of the community. A prior study session on the same topic was also held on December 3, 2024.

Other cities requested additional time to review and discuss this matter with their respective councils, especially given new makeup on the local city councils after the November election. CVAG staff also heard from Torres-Martinez Desert Cahuilla Indians' Chairman Joseph Mirelez that the Tribal Nations will not be joining at this time but will be monitoring the CVPA JPA once formed for future consideration.

The CVPA JPA agreement provides the ability for additional members to join at a later date. Any other city or party may request to join by submitting a resolution adopted by its governing board. However, such a request shall be subject to approval by two-thirds of the CVPA Board. As written in the agreement, any of the agencies listed below can be members of the CVPA JPA:

- Augustine Band of Cahuilla Indians
- Cabazon Band of Cahuilla Indians
- City of Coachella
- Coachella Valley Water District
- City of Indio
- City of Indian Wells
- City of La Quinta
- City of Palm Desert
- City of Rancho Mirage
- County of Riverside
- Torres Martinez Desert Cahuilla Indians
- Twenty-Nine Palms of Mission Indians

CVAG staff will be working with its legal counsel to provide the final draft of the agreement. The amendments largely address comments received from Leadership Counsel for Justice and Accountability related to the frequency of meetings, the composition of the ad-hoc committee members, public participation and procedural process for invoking the optional, weighted vote.

Staff will continue to track the decisions of the potential JPA members. Once the JPA is formed, it will coordinate an agreement between IID and the JPA, defining the responsibilities of each entity. Once established, funding for CVPA operations, programs, and projects may be derived from multiple sources including but not limited to Member assessments, borrowing and/or issuance of debt, grants, surcharges on retail electric rates in affected jurisdictions, development impact fees, or other sources which may be available to the CVPA now or in the future.

Staff also anticipates an agreement between the JPA and CVAG, which would come back to CVAG's Committees for review and approval at a later date. This staffing agreement will likely be similar to the staffing arrangement that CVAG already has for two other JPAs: the Coachella Valley Conservation Commission (CVCC) and Desert Community Energy (DCE). Those staffing agreements allow CVAG to be reimbursed for staff time, administrative costs and overhead related to the specific agency. It has proven to be a successful model, as it eliminates the need for each JPA to have its own staff and benefit from economies of scale related to legal, auditing, and other support that are pooled across the agencies.

Fiscal Analysis: CVAG staff time related to this work is covered under the existing MOU with IID, which is billed on a time and materials basis. The strategic planning costs related to LRI's work are covered by an agreement that is funded by Coachella Valley Water District and IID.

The costs associated with a staffing agreement would be further analyzed and presented when the agreement comes back to CVAG's committees for approval.

ITEM 9h

Coachella Valley Association of Governments Executive Committee February 24, 2025



STAFF REPORT

Subject: Proposed Amendments to South Coast Air Quality District's Rules 1111 & 1121 Phasing Out Gas Water Heaters & Furnaces and \$21M Go Zero Pilot Program Supports Residents & Small Businesses Transitioning to Zero-NOx Appliances

Contact: Jacob Alvarez, Program Manager (jalvarez@cvag.org)

Recommendation: Information

Background: This report provides an update on the South Coast Air Quality Management District's (SCAQMD) proposed amendments to Rules 1111 and 1121, and their related [Go Zero Pilot Incentive Program](#). This rule change was previously mentioned at the November 14 meeting of CVAG's Energy & Sustainability Committee meeting during a discussion of SoCal Equitable Building Decarbonization Coalition's deployment of the California Energy Commission's Equitable Building Decarbonization Direct Install Program. At the time, Committee members expressed general concerns about the potential costs associated with transitioning from gas to electric appliances.

Danielle Soto, SCAQMD's Public Affairs Manager for Local Government & Community Relations, attended the Energy & Sustainability Committee's February meeting via Zoom to provide an update on the proposed rule amendments. SCAQMD have proposed amending both Rules 1111 and 1121 to eliminate nitrogen oxide (NOx) emissions from residential gas furnaces and water heaters. Originally, these new rules were written to largely phase out these gas appliances in favor of electric alternatives, such as heat pumps, when appliances are voluntarily replaced or existing ones break. The proposed rules were addressed at SCAQMD's September 2024 meeting. Recognizing the potential financial impact on homeowners and renters, the SCAQMD Board postponed setting a public hearing and directed staff to increase public outreach and develop a public assistance program to help offset the costs of transitioning to electric appliances.

SCAQMD staff have been conducting additional outreach and coordination, so the amendments to Rules 1111 and 1121 are still a work in progress as they compile the feedback that's being received. At the 2/13 SCAQMD Working Group information was shared on a new, simplified rule concept and how it will address concerns raised. Two key changes being proposed are establishing a manufacturer alternative compliance option (and removing other options) and setting a slower transition to zero-emission. The latter leaves open the possible presence of up to 10% gas equipment after 2036. Additionally, a mitigation fee on manufacturers would provide a revenue stream for the Go Zero incentive program.

The SCAQMD Board has set May 2, 2025 (subject to change) for a public hearing. The original proposed compliance schedule is detailed in the table on the left, with potential new targets and dates on the right.

PAR	Type	Zero-Emission Start Date	
		New Buildings	Existing Buildings
1111	Residential & Commercial Furnaces	2026	2028
	Mobile Home Furnaces	2026	2030
1121	Residential Water Heaters	2026	2027
	Mobile Home Water Heaters	2026	2030

Potential Building Appliance Targets and Effective Dates 

Target Dates*	2027-2028	2029-2032	2033-2035	2036 and after
NOx Emitting Units (e.g. gas)	70%	50%	25%	10%
Zero-Emission Units	30%	50%	75%	90%

* Could propose different target for space and water heater appliances

In addition to the proposed amendments to Rules 1111 and 1121, SCAQMD's presentation provided details about their Go Zero Pilot Incentive Program. This program aims to incentivize the adoption of zero-emission space and water heating appliances by offering rebates to single-family properties (\$9 million), multi-family properties (\$5 million), and small businesses (\$5 million).

These rebates will assist in replacing traditional gas appliances with electric alternatives like heat pumps. An additional \$2 million will be allocated to installer training, outreach, and resident support to facilitate program access and reduce the overall cost of transitioning to electric appliances.

Fiscal Analysis: There is no cost to CVAG for this informational report.

Attachments: Rule 1111 & 1121 Factsheets in English and Spanish



South Coast AQMD is Conducting Rulemaking that Could Impact Your Home Water Heaters and Furnaces

The rules will reduce emissions from residential furnaces (Rule 1111) and water heaters (Rule 1121) by transitioning to zero-emission appliances.

How Will the Rules Impact You?

Rules will take effect in 2-5 years and will be required only when:

Appliances are voluntarily replaced



Existing appliances break



Health Benefits

Once implemented, these rules will prevent:

 **4,000** premature deaths

 **16,000** cases of newly onset asthma

 **4,000** emergency room visits

Will There be any Flexibility?

Exceptions will be allowed for:



Construction or utility upgrades delays



High-altitude areas



Owners of multifamily buildings



Considering other circumstances

Will Financial Assistance be Available?

South Coast AQMD is working on an incentive program to provide rebates for residents, building owners and small businesses.

More info →



Get Involved

Want to provide feedback on the rules or need more information? Join a working group meeting. More information can be found at: www.aqmd.gov/home/rules-compliance/rules. To receive future updates on rulemaking and incentives via email newsletter: Subscribe by checking the "Building Appliances" box located under Rule Updates: www.aqmd.gov/sign-up.



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South Coast AQMD está llevando a cabo una reglamentación que podría impactar los calentadores de agua y el calefactor central de su hogar

Las reglas reducirán las emisiones de los calefactores centrales residenciales (Regla 1111) y calentadores de agua (Regla 1121) mediante la transición a electrodomésticos de cero emisiones.

¿Cómo te afectarán las reglas?

Las reglas entrarán en vigor en 2 a 5 años y serán requeridas solo cuando:

Los electrodomésticos se reemplazan voluntariamente



Se descompongan los electrodomésticos existentes



Beneficios para la salud

Una vez implementadas, estas reglas van a prevenir:

 **4,000** muertes prematuras

 **16,000** casos nuevos de asma

 **4,000** visitas a la sala de emergencias

¿Habrà flexibilidad?

Se permitirán excepciones para:



Retrasos en la construcción o mejoras de servicios públicos



Zonas de gran altitud



Propietarios de edificios multifamiliares



Teniendo en cuenta otras circunstancias

¿Habrà asistencia financiera disponible?

South Coast AQMD está trabajando en formar un programa de incentivos para reembolsos a los residentes, propietarios de edificios y pequeñas empresas.

Más información →



Involúcrese

¿Quiere enviar comentarios sobre las reglas o necesita más información? Únase a una reunión del grupo de trabajo. Encuentre más información en: www.aqmd.gov/home/rules-compliance/rules. Para recibir actualizaciones (en inglés) sobre la elaboración de normas e incentivos a través de un boletín informativo por correo electrónico: Suscríbase marcando la casilla "Building Appliances" (o electrodomésticos de edificios en español) ubicada bajo "Rule Updates" (o actualizaciones de reglas en español): www.aqmd.gov/sign-up.



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ITEM 9i

**Coachella Valley Association of Governments
Executive Committee
February 24, 2025**



STAFF REPORT

Subject: Community Assistance, Recovery and Empowerment (CARE) Court and other Prop 1 investments

Contact: Erica Felci, Chief Operating Officer (efelci@cvag.org)

Recommendation: Information

Background: The Homelessness Committee has previously received updates 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 in 2022, 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 touted as a way to address those who have severe mental health issues such as schizophrenia. The roll out of the program was launched in phases starting in 2023, with Riverside County being among the first counties to implement the CARE Court.

The rollout of CARE courts is part of a larger overhaul of the services California is funding for those with mental health challenges and addiction. Proposition 1, which voters narrowly passed in the March 2024 election, expands treatment centers and supportive housing. It also created funding for local jurisdictions. Maurice Lyles, the Governor's Office of External Affairs' Regional Director for Southern California, attended the February meeting to brief the Homelessness Committee on the implementation of programs and upcoming grant opportunities.

Fiscal Analysis: There is no cost to CVAG for this update. CV Housing First staff will be working in conjunction with county staff to identify whether CV 200 clients should be considered for CARE Court or related programs.

Attachment: California Department of Health Care Services' Proposition 1 fact sheet



Proposition 1 Fact Sheet

Behavioral Health Transformation

This document represents the work of the California Department of Health Care Services in implementing Proposition 1, also known as "Behavioral Health Transformation," a key component of Governor Newsom's Mental Health for All Initiative (<https://www.mentalhealth.ca.gov/>). More information about the contributions of other agencies can be found via the California Department of Veterans Affairs and the California Department of Housing and Community Development (HCD).

The Issue



More than 1.2 million adults in California live with a serious mental illness, and **1 in 13 children** has a serious emotional disturbance.^[1]



82% of Californians experiencing homelessness reported having a serious mental health condition^[2], and **1 in 10 Californians** meet the criteria for a substance use disorder (SUD).^[3]



Shortages of behavioral health treatment sites contribute to the **growing crisis of homelessness and incarceration** among people with a mental health disorder.^[4]

The Solution: Proposition 1

California is transforming its entire mental health and SUD system. Advancing this effort, California voters in March 2024 passed Proposition 1, which includes the Behavioral Health Services Act (Senate Bill (SB) 326 (https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB326)) (Eggman, Chapter 790, Statutes of 2023), and the \$6.4 billion Behavioral Health Bond (Assembly Bill (AB) 531 (https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB531)) (Irwin, Chapter 789, Statutes of 2023) to support Californians living with the

most significant mental health and SUD needs. DHCS refers to the implementation of these changes as [Behavioral Health Transformation \(/BHT/Pages/home.aspx\)](/BHT/Pages/home.aspx).

Part 1: Behavioral Health Services Act

The Behavioral Health Services Act updates the Mental Health Services Act of 2004 by increasing and expanding access to the supports available to all Californians, ensuring people can get the help they need, when they need it, and in their community.

Key elements of the Behavioral Health Services Act:

- **Reforms behavioral health care funding** to include treatment, housing interventions, and behavioral health workforce support for individuals with SUDs, while continuing to prioritize services for people with the most significant behavioral health needs.
- Expands services to promote **prevention, early intervention, and treatment** for California's diverse population, with investments in innovative pilot programs.
- Focuses on **outcomes, accountability, and equity**.

Priority Populations:

Behavioral Health Services Act funding and programs will target people with a range of behavioral health needs, including SUDs. Behavioral Health Transformation recognizes that SUDs, mental health conditions, and homelessness are intertwined and must be addressed together to achieve the best outcomes.

The Behavioral Health Services Act also reaches priority populations who are disproportionately affected by mental health and SUD challenges and may have greater unmet needs. The Behavioral Health Services Act's priority populations are:

Eligible adults who are:

- Chronically homeless, experiencing homelessness, or at risk of homelessness
- In, or are at risk of being in, the justice system
- Reentering their communities from prison or jail
- At risk of conservatorship pursuant to Proposition 1
- At risk of institutionalization

Eligible children and youth who are:

- Chronically homeless, experiencing homelessness, or at risk of homelessness
- In, or at risk of being in, the juvenile justice system
- Reentering the community from a youth correctional facility
- In the child welfare system pursuant to Proposition 1
- At risk of institutionalization

Behavioral Health Services Act Funding Allocations:

The Behavioral Health Services Act modernizes funding to provide services to Californians with the most significant behavioral health needs.^[5]



- **35% Behavioral Health Services and Supports:** Includes early intervention; outreach and engagement; workforce; education and training; capital facilities and technological needs; and innovative pilots and projects.
 - A majority (51%) of this amount must be used for intervention in the early signs of mental illness or SUDs.
 - A majority (51%) of early intervention services and supports must be for people 25 years of age and younger.
- **35% Full-Service Partnerships:** Comprehensive and intensive care for people at any age with the most complex needs (also known as the "whatever it takes" model).
- **30% Housing:** Interventions to include rental subsidies, operating subsidies, shared housing, family housing for eligible children and youth, and the non-federal share of certain transitional rent.
 - Half of this amount (50%) is prioritized for housing interventions for the chronically homeless.
 - Up to 25% may be used for capital development.
 - Some exemptions may be available for small counties.

Counties will have the flexibility within the above funding areas to move up to 7% from one category into another, for a maximum of 14%. This allows counties to address their different local needs and priorities based on data and community input.

SUD Treatment:

The need for SUD services has increased and is often closely related to mental health conditions. **Expanding eligibility to include SUD helps to address unmet needs.** The Behavioral Health Services Act enables counties to fund these services alone or in combination with other state and federal funds to support the expansion of SUD services. Counties must use data to appropriately allocate funding between mental health and SUD treatment services as well as identify strategies to address disparities between them.

Early Intervention:

The Behavioral Health Services Act continues to interrupt the course of potential illness. DHCS, in consultation with the Behavioral Health Services Oversight and Accountability Commission (<https://mhsoac.ca.gov/>), counties, and stakeholders, is establishing a biennial **list of evidence-based practices and community-defined evidence practices for early intervention programs**. Counties must use a majority (51%) of behavioral health services and supports funds for early intervention services to assist in the early signs of mental illness or substance misuse. Most of these services and supports must serve individuals 25 years of age and younger.

Health Equity:

The Behavioral Health Services Act supports culturally responsive services that improve health and reduce health disparities for all:

- Reduces silos for planning and service delivery and sets clear principles.
- Requires stratified data and strategies for reducing health disparities in planning, services, and outcomes.
- Clearly advances community-defined practices as a key strategy for reducing health disparities and increasing community representation.

Accountability:

Counties are required to **submit integrated plans for Behavioral Health Services and Outcomes and Behavioral Health Outcomes, Accountability, and Transparency Reports**. The plans and reports will include **data through the lens of health equity** to identify racial, ethnic, age, gender, and other demographic disparities and **inform disparity reduction efforts**.

Requirements	County Integrated Plan for Behavioral Health Services and Outcomes	County Behavioral Health Outcomes, Accountability, and Transparency Report
Submission frequency	Every three years	Annually

Content	Must include all local, state, and federal behavioral health funding and services, a budget, alignment with goals and outcome measures, and workforce strategies. Must be informed by stakeholder input, population needs assessments, and local health jurisdiction collaboration.	Must include expenditures of all local, state, and federal behavioral health funding, unspent dollars, service utilization data and outcomes, with a health equity lens, workforce metrics, and other information.
DHCS' role	DHCS will develop performance outcomes, in consultation with counties and stakeholders.	DHCS is authorized to impose corrective action plans on counties that fail to meet certain requirements.

The California Health & Human Services Agency and DHCS will convene the **Behavioral Health Services Act Revenue Stability Workgroup** to assess fluctuations in tax revenues generated by the Behavioral Health Services Act to support short- and long-term financial stability. The workgroup will recommend solutions to reduce revenue volatility and propose reserve levels needed for the sustainability of county programs and services.

Part 2: Behavioral Health Bond

The Behavioral Health Bond consists of a \$6.4 billion general obligation bond with two parts:

» **\$4.4 billion for treatment sites**, modeled after the successful Behavioral Health Continuum Infrastructure Program (<https://www.infrastructure.buildingcalhhs.com/>). (BHCIP). Funding will be used to build:

- **6,800 behavioral health treatment beds** and **26,700 behavioral health outpatient** treatment slots.
- **\$4.4 billion in grants** for behavioral health treatment facilities, with \$1.5 billion to be awarded to counties and cities, **and \$30 million set aside for tribal communities**.
- A **\$1.972 billion** bond for **supportive housing**, to be managed by the HCD (<https://www.hcd.ca.gov/>), modeled after HomeKey. Funding will be invested in housing for individuals with extremely low income and behavioral health challenges who are experiencing or at risk of homelessness.
 - **4,350 permanent supportive housing units**, with 2,350 set aside for veterans.

- **\$1.065 billion in housing investments for veterans** experiencing or at risk of homelessness who have behavioral health needs. These funds will be administered in collaboration with [CalVet \(https://www.calvet.ca.gov/\)](https://www.calvet.ca.gov/).
- **\$922 million in housing investments** for people at risk of homelessness who have behavioral health conditions.

The remaining **\$2 billion** is for permanent supportive housing, modeled after HomeKey, with half dedicated to veterans, and is administered by Business, Consumer Services and Housing Agency (BCSHA) and [CalVet \(https://www.calvet.ca.gov/\)](https://www.calvet.ca.gov/). Stakeholder and funding opportunities are there.

Stakeholder Engagement

DHCS will offer several stakeholder engagement opportunities, including monthly public listening sessions, to gather input on the development of policy and guidance related to Behavioral Health Transformation.

- **Monthly public listening sessions are open to all.**
- DHCS will analyze and consider feedback received during these sessions as it develops Behavioral Health Transformation policy. Sessions and registration information will be shared on the [Stakeholder Engagement webpage \(/BHT/Pages/Stakeholder-Engagement.aspx\)](/BHT/Pages/Stakeholder-Engagement.aspx), along with recordings of previous sessions.

Anticipated Behavioral Health Transformation Milestones

Below are high-level timeframes for several DHCS milestones. Additional updates on timelines and policy will be shared throughout the project.

- Starting spring 2024
 - **Stakeholder engagement**, including **public listening sessions**, will be used through all milestones to inform policy creation.
- Starting summer 2024
 - **Bond BHCIP: Round 1 Launch Ready Request for Applications** (</formsandpubs/publications/oc/Pages/2024/24-23.aspx>), for up to \$3.3 billion in funding will leverage the BHCIP and HomeKey models.
- Starting early 2025
 - **County Integrated Plan for Behavioral Health Services and Outcomes policy and guidance** will be released in phases, beginning with policy and guidance for integrated plans.
- Summer 2026
 - **County Integrated Plans for Behavioral Health Services and Outcomes, fiscal transparency, and data reporting requirements** go live in July 2026 (for the next three-year cycle).



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1. Mental Health in California (<https://www.nami.org/NAMI/media/NAMI-Media/StateFactSheets/CaliforniaStateFactSheet.pdf>).
 2. Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness. CASPEH_Report_62023.pdf ([ucsf.edu](https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf)).
(https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf).
 3. Substance Use in California. 2022 Edition — Substance Use in California - California Health Care Foundation ([chcf.org](https://www.chcf.org/publication/2022-edition-substance-use-california/#:~:text=Nine%20percent%20of%20Californians%20met%20the%20criteria%20for%20substance%20use%20disorder%20%28SUD%29%20in%20the%20last%20year.)) (<https://www.chcf.org/publication/2022-edition-substance-use-california/#:~:text=Nine%20percent%20of%20Californians%20met%20the%20criteria%20for%20substance%20use%20disorder%20%28SUD%29%20in%20the%20last%20year.>).
 4. Behavioral Health Transformation (<https://www.chhs.ca.gov/wp-content/uploads/2024/01/BHSA-Presentation.pdf>).
 5. Note: Counties will have flexibility to adjust the funding amounts in each area. Behavioral Health Services Act Fact Sheet (<https://www.chhs.ca.gov/wp-content/uploads/2023/09/BHSA-Fact-Sheet-September.pdf%20>).