



EXECUTIVE COMMITTEE REVISED AGENDA

**updated item 9*

**MONDAY, FEBRUARY 26, 2024
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/85619929776?pwd=dmRESGhWbjdZTmh6cUxHTzFkTi9wZz09>

**Dial In: +1 669 900 9128 US
Webinar ID: 856 1992 9776
Password: 708628**

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

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

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

1. **CALL TO ORDER** – Chair Scott Matas, Mayor, City of Desert Hot Springs

2. **ROLL CALL**

A. Member Roster

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3. **PLEDGE OF ALLEGIANCE**

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

5. **PUBLIC COMMENTS ON AGENDA ITEMS**

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

6. **CHAIR / EXECUTIVE DIRECTOR ANNOUNCEMENTS**

7. **CONSENT CALENDAR**

A. Approve the Minutes of the January 29, 2024 Executive Committee Meeting

P7

B. Approve the Amended and Restated Reimbursement Agreement with the County of Riverside and the City of Coachella for the Airport Boulevard Bridge Replacement Project (Orange Street to Desert Cactus Drive)

P13

C. Approve Amendment No. 1 to the Reimbursement Agreement with the City of Indio for the Avenue 50 Widening Project (Jefferson Street – Jackson Street), extending the time trigger to commence construction to December 31, 2025

P28

D. Approve Amendment No. 6 to the Reimbursement Agreement with the City of Indio and the County of Riverside for the Monroe Street / Interstate 10 Interchange Project, extending the time trigger to commence construction to December 31, 2025

P33

- | | | |
|-----|---|-------------|
| E. | Authorize the Executive Director to take the necessary steps to execute a Public Pedestrian Underpass Agreement with Union Pacific Railroad Company, including authorizing one-time costs not to exceed \$164,000 and flagging costs of \$1,400 daily during construction | P38 |
| | | |
| F. | Authorize the Executive Director to 1. approve a purchase agreement with Urban Solar to provide 5,424 solar lights at a unit price of \$93.45 per light for CV Link, in an amount not to exceed \$546,054.75 and 2. Authorize a 10 percent contingency for supplemental purchases as necessary during construction | P88 |
| | | |
| G. | Authorize the Executive Director to execute Amendment No. 2 to the Memorandum of Understanding with Beacon Associates for behavioral health referrals, authorizing a not to exceed amount of \$40,000 through March 5, 2026 | P91 |
| | | |
| H. | Authorize the Executive Director to add up to \$30,000 to an agreement with Leading Resources Incorporated for travel costs, for a total cost not to exceed \$230,000 for the Long-Term Governance and Electrical Services Strategic Plan | P94 |
| | | |
| I. | Authorize the Chair and/or Executive Director take the necessary steps to advocate that the State of California maintain the funding commitments made to the Regional Early Action Planning program, including \$19.4 million in awards to the Coachella Valley | P96 |
| | | |
| 7.1 | <u>ITEM(S) HELD OVER FROM CONSENT CALENDAR</u> | |
| | | |
| 8. | <u>DISCUSSION / ACTION</u> | |
| | | |
| A. | Recognition of the 2024 Used Oil Recycling Poster Contest Winners – Antonio Coloma II of La Quinta, Reuben Choresca of Palm Desert and Andrew Terentyev of Indio | P107 |
| | | |
| B. | CVAG’s Audit for Fiscal Year 2022/23 and Related Reports – Claude Kilgore

<u>Recommendation:</u> Receive and file the Audited Financial Statements for the fiscal year ended June 30, 2023, Report on Internal Controls over Financial Reporting, the Auditor’s Communication with Those Charged with Governance, and the Single Audit on Federal Awards | P110 |
| | | |
| C. | Regional Collaboration to Address Homelessness in the Coachella Valley – Erica Felci

<u>Recommendation:</u> Following an update on Riverside County Supervisor V. Manuel Perez’s Homeless Symposium, receive and file the quarterly report for the CV Housing First program, representing clients served in the fourth quarter of 2023 | P197 |

- D. **Establish Qualified Professional Services Vendor List – Randy Bowman** **P201**

Recommendation: Establish the Qualified Professional Services Vendor List through June 30, 2027 and authorize the Executive Director to 1. approve additional qualified submissions from vendors throughout the term; and 2. negotiate and execute contracts for professional services up to \$50,000 from the qualified vendor list

9. **INFORMATION**

- a) Executive Committee Attendance **P205**
- b) Status of I-10 Interchange Projects **P206**
- c) CVAG Regional Arterial Program- Project Status Report **P207**
- d) Bicycle/Pedestrian Safety Program- Project Status Report **P208**
- e) Attendance Issues at CVAG's Standing Committee Meetings **P209**
- f) Deployment of CV Sync and Phase II construction **P211**
- g) Construction of the Palm Springs Navigation Center **P213**
- h) Update from the South Coast Air Quality Management District **P215**
- i) Update on Property Assessed Clean Energy (PACE) Program **P217**
- j) Site tour of the future Indio Public Safety Campus **P219**

10. **LEGISLATIVE ITEMS –**

- a) Update on CVAG's state advocacy efforts – Emmanuel Martinez **P220**

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

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

12. **ANNOUNCEMENTS**

The next meeting of the Executive Committee will be held on Monday, April 29, 2024, at 4:30 p.m. at the CVAG conference room, 73-710 Fred Waring Drive, Suite 104, Palm Desert, 92260.

13. CLOSED SESSION

Pursuant to the provisions of Government Code Sections 54957.6 and 54956.8, the Committee will adjourn to Closed Session.

Conference with Labor Negotiator

Government Code Section 54957.6

Agency's designated representative: Chair Scott Matas

Unrepresented Employee: Executive Director

Conference with Real Property Negotiators

Government Code Section 54956.8

Property: APN # 685-010-010

CVAG Negotiator: Executive Director

Negotiating parties: Agua Caliente Band of Cahuilla Indians

Under Negotiation: Price and terms of Payment for Sale of Property

14. ADJOURNMENT

ITEM 2A**EXECUTIVE COMMITTEE****2023-2024 ROSTER**

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

ITEM 7A

EXECUTIVE COMMITTEE MINUTES OF MEETING JANUARY 29, 2024



1. CALL TO ORDER

The Executive Committee meeting was called to order by Chair Scott Matas, Mayor of the City of Desert Hot Springs, at 4:30 p.m. at the CVAG Conference Room, 73-710 Fred Waring Drive, Suite 104, in the City of Palm Desert. Zoom 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 Steven Hernandez, *Past Chair*
Mayor Jeffrey Bernstein
Councilmember Waymond Fermon
Tribal Member Brenda Soulliere
Mayor Greg Sanders
Mayor Mark Carnevale
Councilmember Kathleen Kelly
Mayor Linda Evans
Mayor Joseph DeConinck
Supervisor V. Manuel Perez
Mayor Pro Tem Ted Weill, *Vice Chair*
Mayor Scott Matas, *Chair*

AGENCY

City of Coachella
City of Palm Springs
City of Indio (*arrived at Item 3*)
Cabazon Band of Mission 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
City of Desert Hot Springs

MEMBERS NOT PRESENT

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

AGENCY

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

3. PLEDGE OF ALLEGIANCE

Vice Chair Weill 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, commented on Agenda Items 8B and 8C, urging the committee be thorough in their fact finding on item 8B before taking actions regarding dust mitigation. He also stated that Item 8C is of interest to him and he would listen to the item today.

6. CHAIR / EXECUTIVE DIRECTOR ANNOUNCEMENTS

None.

7. CONSENT CALENDAR

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

- A. Approve the Minutes of the September 25, 2023 Executive Committee Meeting**
- B. Approve the Minutes of the December 4, 2023 Joint Meeting of the Executive and Transportation Committees**
- C. Authorize the Executive Director to provide the Southern California Association of Governments with concurrence on the current Regional Council district boundaries**

THE MOTION FOR ITEMS 7A-B CARRIED WITH 8 AYES, 7 MEMBERS ABSENT, 4 ABSTENSIONS. THE MOTION FOR ITEM 7C CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT

MAYOR HERNANDEZ	AYE
MAYOR BERNSTEIN	ABSTAINED (A-B)/AYE (C)
COUNCILMEMBER FERMON	ABSTAINED (A-B)/AYE (C)
TRIBAL CHAIR MIKE	ABSENT
TRIBAL VICE CHAIR MIRELEZ	ABSENT
TRIBAL COUNCILMEMBER SOULLIERE	AYE
TRIBAL CHAIR MILANOVICH	ABSENT
MAYOR SANDERS	ABSTAINED (A-B)/AYE (C)
MAYOR CARNEVALE	ABSTAINED (A-B)/AYE (C)
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
MAYOR MATAS	AYE

7.1 ITEM(S) HELD OVER FROM CONSENT CALENDAR

None.

8. DISCUSSION / ACTION

A. Presentation: Preview of policies and issues emerging in California's 2024 Legislature

Jesse Ramirez, League of California Cities' new Regional Public Affairs Manager, introduced himself to the Executive Committee and previewed upcoming events and legislative efforts.

No action was taken as this was an informational item.

B. Dust Storms and Poor Air Quality Likely Resulting from Tropical Storm Hilary-

Executive Director Tom Kirk presented the staff report and discussed what is being done to address the air quality concerns.

Emily Nelson, CVAG's air quality consultant, joined via Zoom and provided information regarding PM 10 readings and activity levels in the Coachella Valley.

Member discussion ensued regarding air quality matters and challenges.

No action was taken as this was an informational item.

C. Update on Coachella Valley Energy Commission and Ongoing Analysis of Regional Alternative Governance

Program Manager Emmanuel Martinez presented the staff report and next steps with the Coachella Valley Energy Commission.

Member discussion ensued regarding cost sharing and funding.

IT WAS MOVED BY MAYOR EVANS AND SECONDED BY COUNCILMEMBER KELLY TO AUTHORIZE THE EXECUTIVE DIRECTOR TO ADDRESS COACHELLA VALLEY REPRESENTATION ON IMPERIAL IRRIGATION DISTRICT ELECTRICAL SERVICE MATTERS BY:

- 1. NEGOTIATING TERMS AND ENTERING INTO AN AGREEMENT WITH THE LEADING RESOURCES INCORPORATED (LRI) FOR THE LONG-TERM GOVERNANCE AND ELECTRICAL SERVICES STRATEGIC PLAN AT A TOTAL COST NOT TO EXCEED \$199,370; CONTINGENT UPON:**
- 2. NEGOTIATING AND ENTERING INTO COST-SHARING AGREEMENTS WITH STAKEHOLDER AGENCIES TO COVER THE PLAN COSTS, WITH NO COST TO CVAG**

**3. CONCURRENCE FROM THE COACHELLA VALLEY ENERGY
COMMISSION'S GOVERNANCE COMMITTEE**

THE MOTION TO CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT.

MAYOR HERNANDEZ	AYE
MAYOR BERNSTEIN	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
MAYOR MATAS	AYE

**D. Partnership with Governor's Office of Planning and Research for the
Environmental Justice Government-to-Government Program**

Chief Operating Officer Erica Felci presented the staff report.

**IT WAS MOVED BY MAYOR PRO TEM WEILL AND SECONDED BY
COUNCILMEMBER KELLY AUTHORIZE THE EXECUTIVE DIRECTOR TO TAKE THE
NECESSARY STEPS TO PARTNER WITH THE GOVERNOR'S OFFICE OF
PLANNING AND RESEARCH AND INTEGRATED CLIMATE ADAPTATION AND
RESILIENCY PROGRAM AND ACCEPT \$100,000 FROM THE ENVIRONMENTAL
PROTECTION AGENCY'S ENVIRONMENTAL JUSTICE GOVERNMENT TO
GOVERNMENT PROGRAM (EPA EJG2G) PROGRAM FOR THE COMMUNITY
BASEDE CLIMATE RESILIENCE: CALIFORNIA EXTREME HEAT ADAPTION
PLANNING PROJECT**

THE MOTION TO CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT.

MAYOR HERNANDEZ	AYE
MAYOR BERNSTEIN	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
MAYOR MATAS	AYE

E. Regional Opportunities for the Environmental Protection Agency's Climate Pollution Reduction Grant

Ms. Felci presented the staff report. Member discussion ensued, with direction that staff engage additional partners.

IT WAS MOVED BY MAYOR HERNANDEZ AND SECONDED BY SUPERVISOR PEREZ TO AUTHORIZE THE EXECUTIVE DIRECTOR TO TAKE ANY NECESSARY STEPS FOR CVAG TO PARTICIPATE IN THE SUBMISSION OF THE EPA CLIMATE POLLUTION REDUCTION GRANT APPLICATION, INCLUDING EXECUTING AN AGREEMENT BETWEEN PARTNERING AGENCIES, AND INCORPORATE FEEDBACK ON CLIMATE POLLUTION REDUCTION CONCEPTS THAT ARE INCLUDED IN THE METROPOLITAN STATISTICAL AREA'S PRIORITY CLIMATE ACTION PLAN

THE MOTION TO CARRIED WITH 12 AYES AND 7 MEMBERS ABSENT.

MAYOR HERNANDEZ	AYE
MAYOR BERNSTEIN	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
MAYOR MATAS	AYE

9. INFORMATION

a) Executive Committee Attendance

- b) Rollout of California's Solar Access Act
- c) Upcoming Used Oil and Oil Filter Recycling Events
- d) Update on Active Transportation Program (ATP) Cycle 7 Funding Opportunities

This item was included in the agenda packet for members' information.

10. LEGISLATIVE ITEMS –

- a) Update on CVAG's state advocacy efforts

This item was included in the agenda packet for members' information.

11. PUBLIC COMMENTS ON NON-AGENDA ITEMS

Brad Anderson, resident of the City of Rancho Mirage, expressed his concerns on the time limit for public comment stating it doesn't give people adequate time to be heard.

12. ANNOUNCEMENTS

The next meeting of the Executive Committee will be held on Monday, February 26, 2024 at 4:30 p.m. at the CVAG Conference Room, 73-710 Fred Waring Drive, Suite 104, Palm Desert, 92260.

13. ADJOURNMENT – Chair Matas adjourned the meeting at 5:40 p.m.

Respectfully submitted,
Elysia Regalado, Management Analyst

ITEM 7B

**Coachella Valley Association of Governments
Executive Committee
February 26, 2024**



STAFF REPORT

Subject: Restatement of the Reimbursement for Airport Boulevard Bridge Replacement Project (Orange Street to Desert Cactus Drive)

Contact: Jonathan Hoy, Director of Transportation (jhoy@cvag.org)
Gustavo Gomez, Transportation Management Analyst (ggomez@cvag.org)

Recommendation: Approve the Amended and Restated Reimbursement Agreement with the County of Riverside and the City of Coachella for the Airport Boulevard Bridge Replacement Project (Orange Street to Desert Cactus Drive)

Transportation Committee: Concurred (Meeting of February 5)

Background: On June 26, 2023, the Executive Committee approved a Reimbursement Agreement with the County of Riverside to cover the design and construction of a replacement bridge along Airport Boulevard from Orange Street to Desert Cactus Drive. The project will replace the existing functionally obsolete and seismically vulnerable bridge that currently extends over the Coachella Valley Stormwater Channel (also known as the Whitewater River) with a wider two-lane bridge.

Before the contract was fully executed, the County of Riverside determined that the reimbursement agreement should include the City of Coachella, as it shares ownership of the bridge. The City concurred with the approach and CVAG staff is now recommending approval of an Amended and Restated Reimbursement Agreement to create a three-party agreement. The inclusion of the City of Coachella as a third party will have no effect on maintaining the County of Riverside as the Lead Agency for the project. The County of Riverside and the City of Coachella will enter into a separate service agreement establishing roles and responsibilities for the project.

As noted in the June 2023 staff report, the County studied various alternative options from rehabilitation to replacement of the bridge. Based on the studies and findings, it was concluded and recommended that the bridge replacement option with 71-foot ultimate width bridge will provide better value to the taxpayers over the 75-year life of the bridge. The project will also enhance safety and provide improved emergency response and general access to the community.

This project represents a partial segment of a project described in CVAG's 2015 Transportation Project Prioritization Study (TPPS), which identified Avenue 56/Airport Boulevard from Polk Street to State Route 86, including a bridge over the stormwater channel, as being ranked 87 on the TPPS list. While this project is not in the top 10 percent, CVAG staff is recommending moving it forward based on the availability of external funding for the project.

CVAG staff is recommending the Restated and Amended Reimbursement Agreement. The recommended action would also authorize the Executive Director and/or Legal Counsel to make clarifying revisions before execution.

Fiscal Analysis: There is no additional cost to the Amended and Restated Agreement.

The County of Riverside has secured Highway Bridge Program (HBP) federal funds in the amount of \$18,007,470, which is 88.53% of the HBP participating project cost. The remaining 11.47% cost is \$2.3 million. The total HBP non-participating cost is \$4.3 million. The total remaining amount not covered by the federal funds is approximately \$6.6 million.

The restated agreement continues to be for \$6.6 million, with CVAG's (75%) regional share in the amount of \$4.95 million. The inclusion of the City of Coachella in the Reimbursement Agreement makes the County of Riverside and the City of Coachella responsible for the remaining 25% local share of project costs.

Regional Share 75%	Local Share 25%	
CVAG	County of Riverside (12.5%)	City of Coachella (12.5%)
\$4,950,000	\$825,000	\$825,000

The agreement also include language to account for the future development of CV Link. The agreement states that design and construction of the required CV Link undercrossing shall be included in the scope of work for the bridge, and that CVAG shall fully fund this scope of work.

There are sufficient regional transportation funds to cover the County's request for this project.

Attachments:

1. Amended and Restated Reimbursement Agreement
2. Exhibit A – Cost Estimate
3. Exhibit B – Vicinity Map

Project: Airport Boulevard Bridge Replacement Project (Orange Street to Desert Cactus Drive)

**AMENDED AND RESTATED AGENCY REIMBURSEMENT AGREEMENT
BY AND BETWEEN CVAG, CITY OF COACHELLA AND THE COUNTY OF
RIVERSIDE**

**DESIGN AND CONSTRUCTION COSTS FOR
AIRPORT BOULEVARD BRIDGE REPLACEMENT PROJECT (ORANGE STREET
TO DESERT CACTUS DRIVE)**

THIS AGREEMENT is made and entered into this **26th day of February 2024**, by and between the **City of Coachella**, a municipal corporation, ("**City**"), **County of Riverside**, a political subdivision of the State of California, ("**Agency**"), and the **Coachella Valley Association of Governments**, a California joint powers authority, ("**CVAG**"), and is made with reference to the following background facts and circumstances:

RECITALS

The "Coachella Valley Area Transportation Study", a valley-wide study prepared under the auspices of CVAG, has identified various transportation and highway projects and corridors throughout the Coachella Valley to be of regional importance. This project is included in the 2016 Transportation Project Prioritization Study (TPPS) document; and,

Approval of a highway financing measure by the voters of Riverside County in November of 1988, as well as the approval of an extension of Measure A by the voters in November of 2002, has created a source of funds with which to construct such projects; and,

CVAG by agreement with its member agencies and with the Riverside County Transportation Commission ("RCTC"), has been designated as the agency through which such funds are to be conveyed and disbursed for the purpose of completing said regional transportation projects; and,

CVAG Executive Committee, on July 31, 2006, approved the implementation of the amended Transportation Uniform Mitigation Fee "TUMF" Fee Ordinance to increase the collected TUMF Fee, effective January 1, 2007; and,

Under CVAG's policy of funding eligible projects with member jurisdictions, effective January 1, 2007, the responsible jurisdiction(s) will be responsible for paying Twenty-five Percent (25%) of the Project costs (the Local Share), as well as any ineligible project costs, and CVAG will be responsible for Seventy-five Percent (75%) of eligible Project costs (the Regional Share). Historically, the CVAG Regional Share has been paid as a reimbursement to the Jurisdiction, as invoices are submitted and approved; and,

City and Agency desire to proceed with the design and construction phases for the

Airport Boulevard Bridge Replacement Project (Orange Street to Desert Cactus Drive). The total estimated cost for the design and construction phases after accounting for federal highway bridge program funds will be approximately \$6,600,000. CVAG's Regional Share of the design and construction phases of the Project cost is not-to-exceed \$4,950,000.

NOW, THEREFORE, in consideration of the mutual covenants and subject to the conditions contained herein, the parties do agree as follows:

1. The program embodied in this agreement for the reimbursement of funds by CVAG shall apply only to those regional arterial projects that have heretofore been identified in CVAG's Transportation Project Prioritization Study or specifically authorized by CVAG's Executive Committee. The Project was specifically approved by CVAG's Executive Committee as consistent with the TPPS on June 26, 2023, and is therefore eligible.
2. The Project is generally described as and consists of the following: **design and construction costs for Airport Boulevard Bridge Replacement Project (Orange Street to Desert Cactus Drive).** These services will hereinafter be referred to as the "Project".
3. This project will intersect the Coachella Valley-wide project known as the CV Link. As such, Agency shall obtain a cost-proposal for the design and construction of the required CV link under-crossing. If CVAG is agreeable to the cost proposal, a written amendment to the Agreement shall be executed by the parties to include the design and construction of the required CV Link under-crossing in the scope of work for this project. CVAG shall be responsible to contribute additional regional funding to cover one hundred percent (100%) of the cost for this added scope of work. For the avoidance of doubt, the parties agree no Local Share will be required for this added scope of work.
4. The scope of work of the Project is more particularly described in **Exhibit "A"**, entitled "Scope of Services " attached hereto and made a part hereof. The cost estimate for the Project is more particularly described in **Exhibit "B"** - "Estimate of Cost", attached hereto and made a part hereof. The cost estimates include a calculation intended to allow City and Agency to recover an amount representing the time of its employed staff in working on the Project as well as amount Agency shall pay to outside contractors in connection with the Project. CVAG's cost share for the project will be as shown on Exhibit "B" unless amended pursuant to the provisions of this Agreement.

This Agreement shall establish a Time Trigger, which will require that the start of the *Construction Phase* of the Project must begin by June 26, 2025.

5. It is the agreement between CVAG, City and Agency that of the total estimated cost of the project after accounting for federal highway bridge program funds will be approximately \$6,600,000, CVAG' Regional Share will equal \$4,950,000, and the City and Agency's Local share shall be \$1,650,000, as well as equal one hundred percent (100%) of all costs not eligible for reimbursement by CVAG. This Agreement shall establish that CVAG may decline or delay regional funds should it be determined that such action is necessary to maintain a minimum balance of regional funds.
6. Agency agrees to seek reimbursement of only those costs which are eligible for reimbursement by CVAG, as outlined in the CVAG Policies and Procedures Manual for the Regional Arterial Program, as most recently amended.
7. Agency shall be responsible for initial payment of all covered costs as they are incurred. Following payment of such costs, Agency shall submit invoices to CVAG requesting reimbursement of seventy-five percent of those eligible costs associated with the Project and City requesting reimbursement of 12.5% of the proportionate local share as well as fifty percent (50%) of all costs not eligible for reimbursement by CVAG. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to Agency, and documents evidencing Agency's payment of the invoices or demands for payment. Agency shall also submit a Project Completion Report, in a form acceptable to CVAG, with each statement. Agency shall submit invoices not more often than monthly and not less often than quarterly.
 - 6.1 Upon receipt of an invoice from Agency, CVAG may request additional documentation or explanation of the Project costs. Undisputed reimbursement amounts shall be paid by CVAG to Agency within thirty (30) days.
 - 6.2 If a post-payment audit or review indicates that CVAG has provided reimbursement to Agency in an amount in excess of One-Hundred Percent of eligible costs, or has provided reimbursement of ineligible Project costs, Agency shall reimburse CVAG for the excess or ineligible payments within thirty (30) days of notification by CVAG.
8. Prior to any final payment to Agency by CVAG, a final report shall be submitted to CVAG by Agency containing a record of all payments made for said Project and the source of funds of all such payments, together with a record of all change orders, cost over-runs, and other expenses incurred. Final payment will thereafter be paid by CVAG in accordance with its rules, regulations and policies concerning project cost determination and expense eligibility.

9. The format used for all bids solicited by Agency for the Project shall require itemization sufficient to allow quantities of each bid item to be easily discernible.
10. The parties agree that should unforeseen circumstances arise which result in new work not covered in Exhibit "A," an increase of any costs over those shown in Exhibit "B," or other changes in the Scope of Work are proposed, CVAG will in good faith consider an amendment to this Agreement to provide for further appropriate reimbursement if the proposed amendment is in accordance with the policies, procedures, and cost determination/expense eligibility criteria adopted by CVAG. Non-substantive changes may be made to this agreement subject to CVAG's General Counsel's approval.
11. Agency shall maintain an accounting of all funds received from CVAG pursuant to this Agreement in accordance with generally accepted accounting principles. City and Agency agrees to keep all Project contracts and records for a period of not less than three years from the date a notice of completion is filed by the Agency on such Project; or, if the Project is not one as to which a notice of completion would normally be recorded, for three years from the date of completion. City and Agency shall permit CVAG, at any reasonable time, upon reasonable notice, to inspect any records maintained in connection with the Project. CVAG shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of making or not making any such inspection.
12. The occurrence of any one or more of the following events shall, at CVAG's option, constitute an event of default and City or Agency shall provide CVAG with immediate notice thereof.
 - 11.1 Any warranty, representation, statement, report or certificate made or delivered to CVAG by City or Agency or any of City's or Agency's officers, employees or agents now or hereafter which is incorrect, false, untrue or misleading in any material respect;
 - 11.2 City or Agency shall fail to pay, perform or comply with, or otherwise shall breach, any obligation, warranty, term or condition in this Agreement or any amendment to this Agreement, or any agreement delivered in connection with the Project; or,
 - 11.3 There shall occur any of the following: dissolution, termination of existence or insolvency of City or Agency; the commencement of any proceeding under any bankruptcy or insolvency law by or against City or Agency; entry of a court order which enjoins, restrains or in any way prevents City or Agency from paying sums owed to creditors.
13. No waiver of any Event of Default or breach by one party hereunder shall be

implied from any omission by the other party to take action on account of such default, and no express waiver shall affect any default other than the default specified in the waiver and the waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by one party to or of any act by the other party shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent or similar act.

14. This Agreement is made and entered into for the sole protection and benefit of CVAG, City and Agency and no third person shall have any right of action under this Agreement.
15. It is the intent of the parties that the Project be represented as being funded by Measure "A"/TUMF funds. All public notices, news releases, and documents shall indicate that the Project is being cooperatively developed by the City, Agency, RCTC, and CVAG using Measure "A"/TUMF funds. Prior to initiation of on-site construction, Agency agrees to provide at least one "Project Sign" to be placed in a safe and visible location near the site of construction so that all travelers passing the location have the opportunity to observe who the agencies are that are providing funds for the construction of the Project.
16. This Agreement is for funding purposes only and nothing herein shall be construed so as to constitute CVAG as a party to the construction or in ownership or a partner or joint venture with City and Agency as to the Project. The City shall assume the defense of, indemnify and hold harmless CVAG, its member agencies, and County and their respective officers, directors, agents, employees, servants, attorneys, and volunteers, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put by reason of or resulting from the actions or inactions of the City related to the Project or taken in the performance of this Agreement or any agreement entered into by Agency with reference to the Project. The Agency shall assume the defense of, indemnify and hold harmless CVAG, its member agencies, City and their respective officers, directors, agents, employees, servants, attorneys, and volunteers, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put by reason of or resulting from the actions or inactions of the Agency related to the Project or taken in the performance of this Agreement or any agreement entered into by Agency with reference to the Project. CVAG shall assume the defense of, indemnify and hold harmless the City and Agency, their officers, directors, agents, employees, servants, attorneys, and volunteers, and each of them, from and against all actions, damages, claims, losses, and expenses of every type and description to which they may be subjected or put by reason of or resulting from the actions of CVAG taken in the

performance of this Agreement.

17. Agency agrees to include in its contract specifications and bid documents a requirement that all prime contractors shall name CVAG and its member agencies as “also insured” on all liability insurance coverage required by Agency on each contract. Agency will provide a copy of the Insurance Certificate to CVAG, depicting CVAG and its member agencies as “also insureds,” within 30 days of signing a contract with the prime contractor.
18. Any dispute concerning a question of fact arising under this Agreement that is not disposed of by voluntary negotiations between the parties shall first be decided by the CVAG Executive Director or designee, who may consider any written or verbal evidence submitted by City or Agency. This decision shall be issued in writing. However, no action in accordance with this Section shall in any way limit any party’s rights and remedies through actions in a court of law with appropriate jurisdiction. Neither the pendency of dispute nor its consideration by CVAG will excuse City or Agency from full and timely performance in accordance with the terms of this Agreement.
19. Any agency receiving federal funds must have an approved Disadvantaged Business Enterprise program. All recipients of Federal Highway Administration (FHWA) funds must carry out the provisions of Part 26, Title 49 of the Code of Federal Regulations (CFR) which established the Federal Department of Transportation’s policy supporting the fullest possible participation of firms owned and controlled by minorities and women in the Department of Transportation programs. Except to the extent that such or other contrary federal regulations may apply, City and Agency covenants that, by and for itself and all persons claiming under or through it, there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the performance of this Agreement.
20. City and Agency warrant that all aspects of the Project undertaken by them shall be undertaken in compliance with all applicable local, state and federal rules, regulations and laws. City and Agency will execute and deliver to CVAG such further documents and do other acts and things as CVAG may reasonably request in order to comply fully with all applicable requirements and to effect fully the purposes of this Agreement.
21. This Agreement may not be assigned without the express written consent of CVAG first being obtained.
22. City and Agency, their successors in interest and assigns shall be bound by all the provisions contained in this Agreement.

23. No officer or employee of CVAG shall be personally liable to City or Agency, or any successor in interest, in the event of any default or breach by CVAG or for any amount with may become due to Agency or to its successor, or for breach of any obligation of the terms of this Agreement.
24. Notwithstanding any other provision herein, CVAG shall not be liable for payment or reimbursement of any sums for which CVAG has not first obtained the necessary and appropriate funding from TUMF and/or Measure "A" monies.
25. No officer or employee of CVAG shall have any personal interest, direct or indirect, in this Agreement; nor shall any such officer or employee participate in any decision relating to this Agreement which effects his or her personal interest or the interest of any corporation, partnership or association in which she or he is, directly or indirectly, interested, in violation of any state, federal or local law.
26. City and Agency warrant that the funds received by CVAG pursuant to this Agreement shall only be used in a manner consistent with CVAG's reimbursement policy and all applicable regulations and laws. Any provision required to be included in this type of agreement by federal or state law shall be deemed to be incorporated into this Agreement.
27. All notices or other communications required or permitted hereunder shall be in writing and shall be either personally delivered (which shall include delivery by means of professional overnight courier service which confirms receipt in writing, such as Federal Express or UPS); sent by telecopier or facsimile machine capable of confirming transmission and receipt; or sent by certified or registered mail, return receipt requested, postage prepaid to the following parties at the following addresses or numbers:

If to **City of Coachella:**

Andrew Simmons
City Engineer
City of Coachella
53990 Enterprise Way
Coachella, CA92236

If to **County of Riverside:**

Patricia Romo
Interim Director of Transportation
County of Riverside
3525 14th Street
Riverside, CA 92501
Telephone: (951) 955-6800

If to **CVAG:**

CVAG
74-199 El Paseo, Suite 100

Palm Desert, CA 92260

Telephone: (760) 346-1127

Notices sent in accordance with this paragraph shall be deemed delivered upon the next business day following the: (i) date of delivery as indicated on the written confirmation of delivery (if sent by overnight courier service); (ii) the date of actual receipt (if personally delivered by other means); (iii) date of transmission (if sent by telecopier or facsimile machine); or (iv) the date of delivery as indicated on the return receipt if sent by certified or registered mail, return receipt requested. Notice of change of address shall be given by written notice in the manner detailed in this paragraph.

28. This Agreement and the exhibits herein contain the entire agreement between the parties, and is intended by the parties to completely state the agreement in full. Any agreement or representation respecting the matter dealt with herein or the duties of any party in relation thereto, not expressly set forth in this Agreement, is null and void.
29. If any term, provision, condition, or covenant of this Agreement, or the application thereof to any party or circumstance, shall to any extent be held invalid or unenforceable, the remainder of the instrument, or the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
30. In the event either party hereto brings an action or proceeding for a declaration of the rights of the parties, for injunctive relief, for an alleged breach or default, or any other action arising out of this Agreement, or the transactions contemplated hereby, the prevailing party in any such action shall be entitled to an award of reasonable attorneys' fees and costs incurred in such action or proceeding, in addition to any other damages or relief awarded, regardless of whether such action proceeds to final judgment.
31. Time is of the essence in this Agreement, and each and every provision hereof in which time is an element.
32. This Agreement and all documents provided for herein shall be governed by and construed in accordance with the laws of the State of California. Any litigation arising from this Agreement shall be adjudicated in the courts of Riverside County, Desert Judicial District, State of California.
33. City and Agency warrant that the execution, delivery and performance of this Agreement and any and all related documents are duly authorized and do not

Project: Airport Boulevard Bridge Replacement Project (Orange Street to Desert Cactus Drive)

require the further consent or approval of any body, board or commission or other authority.

34. This Agreement may be executed in one or more counterparts and when a counterpart shall have been signed by each party hereto, each shall be deemed an original, but all of which constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized representatives on the above referenced date:

ATTEST:

COUNTY OF RIVERSIDE

By: _____
Clerk of the Board of Supervisors

By: _____
Chair of the Board of Supervisors

ATTEST:

City of Coachella

By: _____
Delia Granados, City Clerk

By: _____
Steven Hernandez, Mayor

ATTEST:

CVAG

By: _____
Tom Kirk, Executive Director

By: _____
Scott Matas, Chair

Project: Airport Boulevard Bridge Replacement Project (Orange Street to Desert Cactus Drive)

EXHIBIT "A"

SCOPE OF SERVICES

AGENCY REIMBURSEMENT AGREEMENT BY AND BETWEEN CVAG, CITY OF COACHELLA AND THE COUNTY OF RIVERSIDE

DESIGN AND CONSTRUCTION COSTS FOR AIRPORT BOULEVARD BRIDGE REPLACEMENT PROJECT (ORANGE STREET TO DESERT CACTUS DRIVE)

The Scope of Services for this Project includes design and construction costs for Airport Boulevard Bridge Replacement Project (Orange Street to Desert Cactus Drive).

The proposed scope of work for this Project includes the replacement of the existing functionally obsolete and seismically vulnerable Airport Boulevard bridge, over the Whitewater River, with a wider two-lane bridge. The project will reconstruct the connecting approach roadways to meet Caltrans highway standards and seismic design codes. The new bridge will be widened to 71 feet, that includes 6-foot-wide sidewalks on both sides, 8-foot-wide shoulders, 14-foot-wide eastbound and westbound lanes, and a 12-foot-wide striped median/turn lane. The project will also raise the bridge profile by approximately 2-3 feet to maintain a minimum freeboard from the flood water in the river.

The intersection traffic signals will be constructed to be consistent with the Regional Traffic Signal Synchronization Master Plan and incorporate best practices consistent with the Regional ATP Design Guidelines.

Agency shall obtain a cost-proposal for the design and construction of the required CV link under-crossing.

EXHIBIT "B"

**AGENCY REIMBURSEMENT AGREEMENT
BY AND BETWEEN CVAG, CITY OF COACHELLA AND THE COUNTY OF
RIVERSIDE**

**DESIGN AND CONSTRUCTION COSTS FOR
AIRPORT BOULEVARD BRIDGE REPLACEMENT PROJECT (ORANGE STREET
TO DESERT CACTUS DRIVE)**

The total estimated cost of the project after accounting for federal highway bridge program funds will be approximately \$6,600,000.

In accordance with CVAG policy, CVAG agrees to pay 75% of the qualified costs, in this case the estimated as not-to-exceed \$4,950,000. The Local Share shall be \$1,650,000 as 25% of the project cost, as well as equal one hundred percent (100%) of all costs not eligible for reimbursement by CVAG.

The County of Riverside as Lead Agency agrees to invoice CVAG for 75% of the eligible project costs. The County of Riverside as the Lead Agency agrees to invoice the City of Coachella for any cost participation in the amount of 12.5% of the proportionate local share up to a maximum, not to exceed, amount of \$825,000 as well as fifty percent (50%) of all costs not eligible for reimbursement by CVAG.

Regional Share 75%	Local Share 25%	
CVAG	County of Riverside (12.5%)	City of Coachella (12.5%)
\$4,950,000.00	\$825,000.00	\$825,000.00

If CVAG is agreeable to the cost proposal for the design and construction of the required CV link under-crossing, a written amendment to the Agreement shall be executed by the parties to include the design and construction of the required CV Link under-crossing in the scope of work for this project. CVAG shall be responsible to contribute additional regional funding to cover one hundred percent (100%) of the cost for this added scope of work. For the avoidance of doubt, the parties agree no Local Share will be required for this added scope of work.

Exhibit "A-1"
Replacement of Airport Blvd Bridge Over Whitewater River (Br. No. 56C-0020)
Riverside County
COST ESTIMATE (Participating and Non Participating)

Project Funding Estimate								
Item	Unit	HBP Participating Quantity	Nonparticipating Quantity	Unit Cost	HBP Participating Cost			Nonparticipating Cost (Local Money)
					Participating Cost	HBP Funds (88.53%)	Local Match (11.47%)	
Roadway	SQFT	50,427	2,935	\$22	\$1,109,394	\$982,147	\$127,247	\$64,570
Roadway (Slurry)	SQFT	-	13,110	\$6	-	-	-	\$72,105
Bridge	SQFT	20,688	5,906	\$418	\$8,647,584	\$7,655,706	\$991,878	\$2,468,708
Bridge Removal	SQFT	12,414	-	\$22	\$273,108	\$241,783	\$31,325	-
Channel Reconstruct	LS	1	-	\$165,000	\$165,000	\$146,075	\$18,926	-
Retaining Wall	LS	1	-	\$165,000	\$165,000	\$146,075	\$18,926	-
Subtotal					\$10,360,086	\$9,171,784	\$1,188,302	\$2,605,383
Mobilization (10%)					\$1,151,121	\$1,019,087	\$132,034	\$289,487
Subtotal Construction Cost					\$11,511,207	\$10,190,871	\$1,320,335	\$2,894,870
Contingency (25%)					\$2,877,802	\$2,547,718	\$330,084	\$723,718
Total Construction					\$14,389,008	\$12,738,589	\$1,650,419	\$3,618,588
Construction Management (15%)					\$2,158,351	\$1,910,788	\$247,563	\$542,788
Construction Support (3%)					\$431,670	\$382,158	\$49,513	\$108,558
Utility Relocation					\$200,000	\$177,060	\$22,940	-
Right of Way					\$600,000	\$531,000	\$69,000	-
Dokken Design Funds (PA&ED)					\$748,774	\$662,890	\$85,884	-
Dokken Design Funds (PS&E)					\$1,212,928	\$1,073,805	\$139,123	-
County Oversight Costs					\$600,000	\$531,180	\$68,820	-
Total					\$20,340,731	\$18,007,470	\$2,333,262	\$4,269,933
Total Project Cost (Participating + Nonparticipating)					\$20,340,731	\$4,269,933	=	\$24,610,665
Nonparticipating Cost (approximatley)					\$4,300,000			
Local Match (approximately)					\$2,300,000			
Total Project Cost (Local Share)					\$4,300,000	+ \$2,300,000	=	\$4,950,000
County's Share =						\$825,000		
City Of Coachella's Share =						\$825,000		
CVAG's Share =						\$4,950,000		

Note: The above costs are based on preliminary design and are subject to change pending final design.

Exhibit “B-1”

Airport Blvd. Bridge Replacement at Whitewater River
Bridge Replacement Project (Bridge No. 56C-0020),
Federal Project Number: BRLS-5956(231)



Vicinity Map: Airport Blvd Bridge Over Whitewater River

ITEM 7C

Coachella Valley Association of Governments Executive Committee February 26, 2024



STAFF REPORT

Subject: Amendment No. 1 to the Reimbursement Agreement for the Avenue 50 Widening (Jefferson Street to Jackson Street) Project with the City of Indio

Contact: Gustavo Gomez, Transportation Management Analyst (ggomez@cvag.org)

Recommendation: Approve Amendment No. 1 to the Reimbursement Agreement with the City of Indio for the Avenue 50 Widening Project (Jefferson Street – Jackson Street), extending the time trigger to commence construction to December 31, 2025

Transportation Committee: Concurred (Meeting of February 5)

Background: On February 28, 2022, the CVAG Executive Committee approved a reimbursement agreement with the City of Indio for a widening project on Avenue 50 between Jefferson Street to approximately 300-ft west of Botella Place. The agreement calls for improving Avenue 50 a four-lane boulevard, with two lanes each direction and including sidewalks and bike lanes on each side. These improvements are in the City of Indio to the north and City of La Quinta to the south, between Jefferson Street and Madison Street. The City of La Quinta is in support of the project and of Indio's role as Lead Agency.

The original agreement included a time trigger that required construction to start within two years, or by February 28, 2024. The City of Indio is now requesting an amendment to the original agreement to extend the time trigger to December 31, 2025. According to the City, the environmental phase is underway and is expected to be completed by October 31, 2024. The City intends to move forward with the segment along Avenue 50 from Jefferson Street to Madison Street first and anticipate final design and right of way for this segment to be completed by March 2025. The segment between Madison Street and Jackson Street is expected to be completed by December 31, 2025.

Improving Avenue 50 has long been a regional priority. The Transportation Project Prioritization Study (TPPS) breaks down the proposed scope of work into three different projects and-rankings as summarized below:

- Avenue 50 widening from Jefferson Street to Madison Street is the 10th ranked project. The City of Indio proposes to improve Avenue 50 from Jefferson Street to Madison Street. The jurisdiction of the corridor is shared between City of Indio and City of La Quinta.
- Avenue 50 widening from Madison Street to Monroe Street is the 34th ranked project. This improvement will complete this project in the program.
- Avenue 50 widening from Monroe Street to Jackson Street is the 34th ranked project.

CVAG staff supports the City of Indio's request and is recommending Amendment No. 1 to extend the time trigger to December 31, 2025. This provides sufficient time for the City to complete the design, right of way, and utility coordination for the project. The recommended action would also authorize the Executive Director and/or Legal Counsel to make clarifying revisions before execution.

Fiscal Analysis: There are no additional costs associated with Amendment No. 1. The original reimbursement agreement estimates that the preliminary design and environmental study phase will cost \$900,000. The 75 percent regional share of the cost is \$675,000, and the 25 percent local share is \$225,000. There are sufficient regional transportation funds to cover this phase of the project.

Once design and environmental phases are complete, staff anticipates that the City will come back to request additional funding for Right of Way and construction.

Attachments:

1. Amendment No.1 to the Reimbursement Agreement
2. City of Indio Request Letter

**AMENDMENT NUMBER ONE
TO THE
REIMBURSEMENT AGREEMENT
BY AND BETWEEN CVAG AND THE CITY OF INDIO
FOR THE
PRELIMINARY DESIGN AND ENVIRONMENTAL STUDIES (PS&E)
AVENUE 50 WIDENING FROM JEFFERSON STREET TO JACKSON**

This **AMENDMENT NUMBER ONE** is made and entered into this 26th day of February 2024, by and between the **Coachella Valley Association of Governments**, a California joint powers agency (**CVAG**) and the **City of Indio (City)** and is made with reference to the following background facts and circumstances. All other terms and conditions shall remain the same as stated in the original Agreement dated February 28, 2022, for the preliminary design and environmental studies for Avenue 50 widening from Jefferson Street to Jackson Street.

- 1. This Amendment Number One extends the time trigger to commence construction to December 31, 2025.**

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

ATTEST

CITY OF INDIO

Bryan Montgomery, City Manager

Lupe Ramos Amith, Mayor

ATTEST

**COACHELLA VALLEY ASSOCIATION OF
GOVERNMENTS**

Tom Kirk, Executive Director

Scott Matas, CVAG Chair



take center stage

January 17, 2024

Tom Kirk
Executive Director
Coachella Valley Association of Governments
74199 El Paseo, Suite 100
Palm Desert, CA 92260

Subject: Amendment Request to Extend "Time Trigger" for Avenue 50 Widening Agreement between CVAG and the City of Indio.

Dear Mr. Kirk,

The City of Indio respectfully requests an amendment to the Agency Reimbursement Agreement by and between CVAG and the City of Indio for the Widening of Avenue 50 between Jefferson Street to approximately 300-ft west of Botella Place. This amendment aims to extend the "Time Trigger" until December 31, 2025.

The existing agreement signed by the City of Indio and CVAG on February 28, 2022, set the "Time Trigger" to start construction within 2 years ending February 28, 2024. Due to the size and complexity of this project, 2 years is not enough time to complete the design, right of way acquisitions, and utility relocations.

Since the agreement was executed, the City issued a request for design proposals in June 2022 and received proposals from three qualified proposers in July 2022. The City reviewed proposals and negotiated with the top-ranked firm. The design contract was awarded to Albert A. Webb Associates on March 1, 2023. As of December 2023, the City has approved the geometrics, and the designer has started the environmental review to clear the project impacts through the California Environmental Quality Act (CEQA). The CEQA clearance is expected to be completed by October 31, 2024.

The project will include a Class IV protected bike facility with 8ft bike lanes behind 3ft median buffers on each side of the street to incorporate the community connectors consistent with the CV Link Conceptual Master Plan.

Once CEQA is complete, the City intends to move forward with the segment along Avenue 50 from Jefferson Street to Madison Street first since that segment has fewer right of way and utility impacts. The City anticipates the final design and right of way clearance for this segment to be completed by March 2025.

The final design and right of way clearance for the remaining work between Madison Street and Botella Place is expected to be completed by December 31, 2025. As such, the City requests CVAG consider extending the "Time Trigger" to December 31, 2025, to provide sufficient time for the City to complete the design, right of way, and utility coordination for all segments of the project.

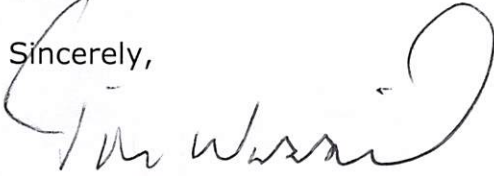
Amendment Request to Extend "Time Trigger" for Avenue 50 Widening Agreement between
CVAG and the City of Indio

Page 2 of 2

February 17, 2024

The City of Indio appreciates CVAG's consideration of this amendment request. Please feel free to contact me, Timothy Wassil, at (760) 391-4042 or by email at twassil@indio.org if you have any questions.

Sincerely,



Timothy T. Wassil, PE
Public Works Director

cc: Bryan McKinney, City of La Quinta

ITEM 7D

**Coachella Valley Association of Governments
Executive Committee
February 26, 2024**



STAFF REPORT

Subject: Amendment No. 6 to the Reimbursement Agreement for the Monroe Street / Interstate 10 Interchange Project

Contact: Gustavo Gomez, Transportation Management Analyst (ggomez@cvag.org)

Recommendation: Approve Amendment No. 6 to the Reimbursement Agreement with the City of Indio and the County of Riverside for the Monroe Street / Interstate 10 Interchange Project, extending the time trigger to commence construction to December 31, 2025

Transportation Committee: Concurred (Meeting of February 5)

Background: CVAG has been a partner on the Monroe Street/ Interstate 10 interchange project since 2007. The project is currently tied in ranking as the region's number one project in the Transportation Project Prioritization Study (TPPS), scoring 15 points. The interchange was initially funded through the \$10 million Interchange Preparation Fund, which the Executive Committee created in 2007 to support the concept of preparing interchanges for project readiness. The fund had a set of adopted policies, which specify that CVAG pays 100 percent of the costs of the Project Study Report (PSR). The fund policies also state that CVAG pays 75% of project costs, up to the \$1.5 million in the regional share, for additional approved work, beyond preparation of the PSR, as authorized by the fund.

On September 24, 2007, the CVAG Executive Committee approved a Reimbursement Agreement with the City of Indio in the amount of \$1.5 million for a PSR for the Monroe Street interchange. The PSR has been completed and approved by Caltrans.

Several amendments to the reimbursement agreement have been approved since then, which funded additional stages of the project and looked to expedite construction readiness. CVAG has also supported efforts to help address the project's rising costs, including the Executive Committee's action in September 2023 that supported programming an additional \$6.778 million in available State Transportation Improvement Program (STIP) funding.

The project has a February 27, 2024 time trigger for construction, which was established in December 2020 when the Executive Committee approved Amendment No. 4. That time trigger is fast approaching and the City of Indio is requesting another amendment to extend the time trigger until December 31, 2025. According to the City, the complexities of the interchange project and the addition of the separated cycle track the design is taking longer than expected. The design for the project is more than 95% complete and the County of Riverside has started the right of way acquisitions. The project is anticipated to be ready to list by August 30, 2025, and to allow for additional unforeseen delays, the City requests a time trigger extension through December 31, 2025.

CVAG staff supports the City of Indio's request and is recommending approval of a no-cost extension under Amendment 6 to extend the time trigger to December 31, 2025. Once the right of way phases are complete, the City will come back to request additional funding for construction. The recommended action would also authorize the Executive Director and/or Legal Counsel to make clarifying revisions before execution.

Fiscal Analysis: There are no additional costs associated with Amendment No. 6. To date CVAG's Executive Committee has authorized about \$12.1 million in regional transportation funding for the project. CVAG has regional transportation funds available to cover its costs.

Attachments:

1. Amendment No. 6 to the Reimbursement Agreement
2. City of Indio Request Letter

**AMENDMENT NUMBER SIX
TO THE
REIMBURSEMENT AGREEMENT BY AND BETWEEN
CVAG AND THE CITY OF INDIO AND COUNTY OF RIVERSIDE
FOR THE
MONROE STREET / INTERSTATE 10 INTERCHANGE PROJECT**

This **AMENDMENT NUMBER SIX** is made and entered into this 26th day of February 2024, by and between the **Coachella Valley Association of Governments**, a California joint powers agency (**CVAG**), the **City of Indio (City)**, and **County of Riverside (County)**, and is made with reference to the following background facts and circumstances: All other terms and conditions shall remain the same as stated in the amended and restated Agreement adding the County dated January 9, 2018, and currently in the Right-of-Way Acquisitions phase.

- 1. This Amendment Number Six extends the time trigger to commence construction to December 31, 2025.**

Summary

Original Authorization (\$1,500,000)	= \$	1,500,000.00
<i>Split: CVAG Share (100%): \$1,500,000**; Indio share (0%): \$0.00</i>		
<i>** Actual Amount Paid by CVAG for PSR (\$700,000)</i>		
Amendment Number One (No Cost)	= \$	00.00
Amendment Number Two (\$1,800,000)	= \$	1,350,000.00
<i>Split: CVAG Share (75%): \$1,350,000; Indio share (25%): \$450,000</i>		
Amendment Number Three (No Cost)	= \$	00.00
Amendment Number Four (\$5,765,200)	= \$	4,323,900.00
<i>Split: CVAG Share (75%): \$4,323,900; Indio share (25%): \$1,441,300</i>		
Amendment Number Five (\$6,572,000)	= \$	4,929,000.00
<i>Split: CVAG Share (75%): \$4,929,000; Indio share (25%): \$1,643,000</i>		
Amendment Number Six (No Cost)	= \$	00.00
Total Authorized CVAG Allocation to Date	= \$	12,102,900.00

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

ATTEST

CITY OF INDIO

Bryan Montgomery, City Manager

Lupe Ramos Amith, Mayor

ATTEST

COUNTY OF RIVERSIDE

Clerk

Chuck Washington, Board Chair

ATTEST

**COACHELLA VALLEY ASSOCIATION OF
GOVERNMENTS**

Tom Kirk, Executive Director

Scott Matas, CVAG Chair



take center stage

January 17, 2024

Tom Kirk
Executive Director
Coachella Valley Association of Governments
74199 El Paseo, Suite 100
Palm Desert, CA 92260

Subject: Amendment Request to Extend "Time Trigger" for Monroe Street/I-10 Interchange Project Agreement between CVAG and the City of Indio.

Dear Mr. Kirk,

The City of Indio respectfully requests an amendment to the Agency Reimbursement Agreement by and between CVAG and the City of Indio for the Monroe Street/I-10 Interchange Project. This amendment aims to extend the "Time Trigger" until December 31, 2025.

Amendment 4 to the Monroe Street/I-10 Interchange Project Agreement between the City of Indio and CVAG, also referred to as Amendment 1 to the Amended and Restated Reimbursement Agreement between the City of Indio, CVAG and County of Riverside, set a "Time Trigger" to start construction by February 27, 2024. However, due to the complexities of the interchange project and addition of the barrier separated cycle track the design has taken longer than expected. The design is now more than 95% complete and the County of Riverside has begun the Right of Way acquisitions. The project is anticipated to be ready to list by August 30, 2025. In order to allow for additional unforeseen delays, the City requests a time extension through December 31, 2025.

The City of Indio appreciates CVAG's consideration of this amendment request. If you have any questions, please feel free to contact me at (760)391-4042 or by email at twassil@indio.org.

Sincerely,

Timothy T. Wassil, PE
Public Works Director

cc: John Ashlock, Riverside County Transportation Department

ITEM 7E

Coachella Valley Association of Governments Executive Committee February 26, 2024



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 take the necessary steps to execute a Public Pedestrian Underpass Agreement with Union Pacific Railroad Company, including authorizing one-time costs not to exceed \$164,000 and flagging costs of \$1,400 daily during construction

Transportation Committee: Due to the critical timing of arrival of this agreement, CVAG staff did not have an opportunity to take this matter to the Transportation Committee when it met on February 5.

Background: Since August 2018, CVAG has been working extensively with Union Pacific Railroad (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.

On December 4, 2023, during a joint meeting of CVAG's Executive and Transportation Committees, the Executive Director was authorized to execute construction contracts with Ames Construction Inc. for CV Link Segments 3/4/5 and, as right-of-way is finalized, additive bid alternatives A and B. With the completion of Segment 5, CV Link will have a nearly uninterrupted pathway from Washington Street in the City of La Quinta, east to Avenue 56 (Airport Boulevard) at the southern city limits of the City of Coachella. The only gaps would be at Dune Palms Bridge, where an undercrossing is being built as part of the City's bridge project, and the undercrossing at the Union Pacific Railroad crossing, which staff noted would be connected once Bid Alternative B is executed.

At the time, CVAG staff included the UPRR undercrossing in the city of Indio as a bid alternative while CVAG was still pursuing a right-of-way certification from Caltrans for this portion. This right of way has been one of the most difficult to secure and CVAG has been pursuing all options. The CVAG Executive Committee adopted a Resolution of Necessity back on June 28, 2021, to initiate condemnation proceedings. While CVAG was working through the condemnation process, it received approval from the CPUC on September 22, 2022, and also received approval from UPRR of the construction plans on February 28, 2023, but not the Public Pedestrian Underpass Agreement.

On November 6, 2023, CVAG received prejudgment possession of the undercrossing. Although CVAG had received prejudgment possession, approval from the CPUC and approval from

UPRR on the construction plans, they still required approval of the Public Pedestrian Underpass Agreement as part of the right-of-way certification.

CVAG staff on February 19 received UPRR's Public Pedestrian Underpass Agreement, which is the final step to clear right-of-way activities for CV Link under UPRR property. The agreement, which has costs associated with it, is recommended for approval. The recommended action would also authorize the Executive Director and/or Legal Counsel to make clarifying revisions before execution. Once executed, CVAG staff will obtain the right-of-way certification from Caltrans and coordinate with UPRR on the construction of the undercrossing.

Fiscal Analysis: The Public Pedestrian Underpass Agreement requires CVAG to pay a one-time licensing fee of \$114,000 and an engineering and construction fee of \$50,000. Additionally, CVAG would need to pay a flagging fee of \$1,400 /per day whenever the contractor is working within 25 feet of the UPRR tracks.

There are CV Link funds available to construct this undercrossing and pay the related fees.

Attachments:

1. UPRR Exhibit
2. Public Pedestrian Underpass Agreement



Real Estate Project No.: 0795344

PUBLIC PEDESTRIAN UNDERPASS AGREEMENT

DOT 760709P
Mile Post 608.93 – Yuma Subdivision
Indio, Riverside County, California

THIS AGREEMENT ("Agreement") is made and entered into as of the _____ day of _____, 20____ ("Effective Date"), by and between **UNION PACIFIC RAILROAD COMPANY**, a Delaware corporation, to be addressed at Real Estate Department, 1400 Douglas Street, Mail Stop 1690, Omaha, Nebraska 68179-1690 ("Railroad") and **COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**, a regional planning agency of the State of California to be addressed at 74199 El Paseo, Suite 100, Palm Desert, California 92260 ("Licensee").

RECITALS:

The Licensee desires to undertake as its project (the "Project") the construction of a new grade separated pedestrian underpass structure and at-grade paved pedestrian trail, including the appurtenances related thereto, including, without limitation, all applicable fencing, warning signs, pedestrian and bicycle control facilities and other related improvements shown in the **Exhibit A** print as described below (hereinafter the "Structure") under an existing Railroad trestle that carries the Railroad's trains over the Coachella Valley Stormwater Channel at or near DOT 760709P, Railroad's Milepost 608.93 on Railroad's Yuma Subdivision at or near Indio, Riverside County, California (the "Crossing Area") to accommodate pedestrians and bicyclists as the Crossing Area is generally shown on the location print marked **Exhibit A** attached hereto and hereby made a part hereof.

The Project requires Licensee to acquire certain property rights (the "License") from Railroad. Licensee filed an action in Eminent Domain on June 2, 2023 against Railroad to acquire certain property rights (the "Action").

The construction of the Structure will also necessitate the installation and maintenance of high security fencing on the east side of the grade-separated pedestrian underpass structure and pedestrian trail. The Licensee agrees to comply with Railroad's minimum requirements, marked **Exhibit G** attached hereto and hereby made a part hereof, to help facilitate the safety of the public and to protect railroad facilities and the Crossing Area.

The Railroad and the Licensee are entering into this Agreement to cover the above.

AGREEMENT:

NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:

Section 1. EXHIBITS B AND D.

The general terms and conditions marked **Exhibit B**, and the Railroad's Coordination Requirements marked **Exhibit D**, are attached hereto and hereby made a part hereof.

Section 2. RAILROAD GRANTS RIGHT.

A. For and in consideration **One Hundred Fourteen Thousand Dollars (\$114,000.00)** to be paid by the Licensee to the Railroad upon the execution and delivery of this Agreement and in further consideration of the Licensee's agreement to perform and comply with the terms of this Agreement, the Railroad hereby grants to the Licensee the right to construct, maintain and repair the Structure over and across the Crossing Area.

B. For purposes of the Action, this Agreement shall be deemed to satisfy the terms of California Code of Civil Procedure section 1240.530(a) with respect to the joint public use of the property that is subject to the License. This Agreement shall be attached, as applicable, to any settlement agreement, stipulated judgment, final judgment, and final order of condemnation related to the resolution of the Action, and incorporated therein.

Section 3. DEFINITION OF CONTRACTOR

For purposes of this Agreement the term "Contractor" shall mean the contractor or contractors hired by the Licensee to perform any Project work on any portion of the Railroad's property and shall also include the Contractor's subcontractors and the Contractor's and subcontractor's respective employees, officers and agents, and others acting under its or their authority.

Section 4. CONTRACTOR'S RIGHT OF ENTRY AGREEMENT - INSURANCE

A. Prior to Contractor performing any work within the Crossing Area involving the Project, and any subsequent maintenance or repair work, the Licensee shall require the Contractor to:

- execute the Railroad's then current Contractor's Right of Entry Agreement
- obtain the then current insurance required in the Contractor's Right of Entry Agreement; and
- provide such insurance policies, certificates, binders and/or endorsements to the Railroad.

B. The Railroad's current Contractor's Right of Entry Agreement is marked **Exhibit E**, attached hereto and hereby made a part hereof. The Licensee confirms that it will inform its Contractor that it is required to execute such form of agreement and obtain the required insurance before commencing any work on any Railroad property. Under no circumstances will the Contractor be allowed on the Railroad's property without first executing the Railroad's Contractor's Right of Entry Agreement and obtaining the insurance set forth therein and also providing to the Railroad the insurance policies, binders, certificates and/or endorsements described therein.

C. All insurance correspondence, binders, policies, certificates and/or endorsements shall be sent to:

Manager - Contracts
Union Pacific Railroad Company
Real Estate Department
1400 Douglas Street, Mail Stop 1690
Omaha, NE 68179-1690
UP Project No. 0795344

D. In addition to the insurance coverage the Licensee's Contractor is required to obtain pursuant to the CROE Agreement, the Licensee shall, at its sole cost and expense, procure and maintain in effect during the entire term of this Agreement the insurance required in Railroad's Insurance Requirements marked **Exhibit F**, attached hereto and made a part hereof. The insurance to be procured and maintained by the Licensee hereunder shall not be permitted to expire or be canceled unless thirty (30) days prior written notice is provided to the Railroad, and the Licensee shall notify the Railroad of any cancellation, suspension or nonrenewal within seven (7) days of the Licensee's receipt of notice from the insurance company to that effect. Subject to the Railroad's prior review and approval (which approval shall be in the Railroad's sole discretion), the Licensee may self-insure all or a portion of the insurance coverage required to be maintained by the Licensee pursuant to **Exhibit F**.

Section 5. FEDERAL AID POLICY GUIDE

If the Licensee will be receiving any federal funding for the Project, the current rules, regulations and provisions of the Federal Aid Policy Guide as contained in 23 CFR 140, Subpart I and 23 CFR 646, Subparts A and B are incorporated into this Agreement by reference.

Section 6. NO PROJECT EXPENSES TO BE BORNE BY RAILROAD

The Licensee agrees that no Project costs and expenses are to be borne by the Railroad. In addition, the Railroad is not required to contribute any funding for the Project.

Section 7. WORK TO BE PERFORMED BY THE RAILROAD; BILLING SENT TO LICENSEE LICENSEE'S PAYMENT OF BILLS

A. The work to be performed by the Railroad, at the Licensee's sole cost and expense, is described in the Railroad's Material and Force Account Estimate dated January 30, 2024, marked **Exhibit C**, attached hereto and hereby made a part hereof (the "Estimate"). As set forth in the Estimate, the Railroad's estimated cost for the Railroad's work associated with the Project is Fifty Thousand Dollars (\$50,000.00).

B. The Railroad, if it so elects, may recalculate and update the Estimate submitted to the Licensee in the event the Licensee does not commence construction on the portion of the Project located on the Railroad's property within six (6) months from the date of the Estimate.

C. The Licensee acknowledges that the Estimate may not include any estimate of flagging or other protective service costs that are to be paid by the Licensee or the Contractor in connection with flagging or other protective services provided by the Railroad in connection with the Project. All of such costs incurred by the Railroad are to be paid by the Licensee or the Contractor as determined by the Railroad and the Licensee. If it is determined that the Railroad will be billing the Contractor directly for such costs, the Licensee agrees that it will pay the Railroad for any flagging costs that have not been paid by any Contractor within thirty (30) days of the Contractor's receipt of billing.

D. The Railroad shall send progressive billing to the Licensee during the Project, and final billing to the Licensee within one hundred eighty (180) days after receiving written notice from the Licensee that all Project work affecting the Railroad's property has been completed.

E. The Licensee agrees to reimburse the Railroad within thirty (30) days of its receipt of billing from the Railroad for one hundred percent (100%) of all actual costs incurred by the Railroad in connection with the Project including, but not limited to, all actual costs of engineering review (including preliminary engineering review costs incurred by the Railroad prior to the Effective Date of this Agreement), construction, inspection, flagging (unless flagging costs are to be billed directly to the Contractor), procurement of materials, equipment rental, manpower and deliveries to the job site and all direct and indirect overhead labor/construction costs including Railroad's standard additive rates.

Section 8. PLANS

A. The Licensee, at its expense, shall prepare, or cause to be prepared by others, the detailed plans and specifications for the Project and the Structure and submit such plans and specifications to the Railroad's Assistant Vice President Engineering-Design, or his authorized representative, for prior review and approval. The plans and specifications shall include all appurtenances, associated drainage, shoring, sheeting and excavations for bents and/or abutments next to or adjacent to the Railroad's tracks and, if applicable, all demolition and removal plans for the existing structure.

B. The final one hundred percent (100%) completed plans that are approved in writing by the Railroad's Assistant Vice President Engineering-Design, or his authorized representative, are hereinafter referred to as the "Plans". The Plans are hereby made a part of this Agreement by reference.

C. No changes in the Plans shall be made unless the Railroad has consented to such changes in writing.

D. Upon completion of the Structure, the Licensee, at its expense, shall furnish to the Railroad an electronic set of reproducible "as constructed" Plans of the Structure.

E. The Railroad's review and approval of the Plans in no way relieves the Licensee or the Contractor from their responsibilities, obligations and/or liabilities under this Agreement, and will be given with the understanding that the Railroad makes no representations or warranties as to the validity, accuracy, legal compliance or completeness of the Plans and that any reliance by the Licensee or Contractor on the Plans is at the risk of the Licensee and Contractor.

Section 9. NON-RAILROAD IMPROVEMENTS

A. Submittal of plans and specifications for protecting, encasing, reinforcing, relocation, replacing, removing and abandoning in place all non-railroad owned facilities (the "Non Railroad Facilities") affected by the Project including, without limitation, utilities, fiber optics, pipelines, wirelines, communication lines and fences is required under Section 8. The Non Railroad Facilities plans and specifications shall comply with Railroad's standard specifications and requirements, including, without limitation, American Railway Engineering and Maintenance-of-Way Association ("AREMA") standards and guidelines. Railroad has no obligation to supply additional land for any Non Railroad Facilities and does not waive its right to assert preemption defenses, challenge the right-to-take, or pursue compensation in any condemnation action, regardless if the submitted Non Railroad Facilities plans and specifications comply with Railroad's standard specifications and requirements. Railroad has no obligation to permit any Non Railroad Facilities to be abandoned in place or relocated on Railroad's property.

B. Upon Railroad's approval of submitted Non Railroad Facilities plans and specifications, Railroad will attempt to incorporate them into new agreements or supplements of existing agreements with Non Railroad Facilities owners or operators. Railroad may use its standard terms and conditions, including, without limitation, its standard license fee and administrative charges when requiring supplements or new agreements for Non Railroad Facilities. Non Railroad Facilities work shall not commence before a supplement or new agreement has been fully executed by Railroad and the Non Railroad Facilities owner or operator, or before Railroad and Licensee mutually agree in writing to (i) deem the approved Non Railroad Facilities plans and specifications to be Plans pursuant to Section 8B, (ii) deem the Non Railroad Facilities part of the Structure,

and (iii) supplement this Agreement with terms and conditions covering the Non Railroad Facilities.

Section 10. DEFERRED SEASONING

The Licensee acknowledges that conditions inherent in the construction of the Structure may delay the complete stabilization of the structure and Railroad's trackage including, without limitation, new embankment, cuts or fills beyond the construction period. Railroad's operation over such areas during this seasoning period may impose extraordinary maintenance costs in the event of caving, sliding, slipping, sinking or settling, including, without limitation, damage to rip-rapping or protective work in connection therewith, as well as settlement and consolidation of tracks and ballast, until such seasoning period is complete. Therefore, the Licensee shall pay to the Railroad all that part of the cost and expense of extraordinary maintenance (hereinafter referred to as "Deferred Seasoning") associated with the Project which can be attributed to the partial or complete failure of subgrade and/or embankment, settlement, and consolidation of subballast, or roadbed, or any combination thereof, which is incurred during the period commencing immediately following completion of such work by the Licensee or its Contractor and ending five (5) years thereafter. The Deferred Seasoning costs aforesaid shall include reimbursement of the extra cost, in excess of normal maintenance costs, of maintaining embankments and subgrade and that portion of said tracks above subgrade in accordance with acceptable maintenance standards, and will include cost of maintaining proper alignment, proper surface and use of ballast and other necessary materials. The work of such Deferred Seasoning repair shall normally be performed by the Railroad either with its own forces or through a responsible contractor employed by the Railroad.

Section 11. RAILROAD'S COORDINATION REQUIREMENTS

The Licensee, at its expense, shall ensure that the Contractor complies with all of the terms and conditions contained in the Railroad's Coordination Requirements that are described in **Exhibit D**, attached hereto and hereby made a part hereof, and other special guidelines and/or requirements that the Railroad may provide to the Licensee for this Project.

Section 12. EFFECTIVE DATE; TERM; TERMINATION

A. This Agreement shall become effective as of the Effective Date first herein written and shall continue in full force and effect for as long as the Structure remains on the Railroad's property.

B. The Railroad, if it so elects, may terminate this Agreement effective upon delivery of written notice to the Licensee in the event the Licensee does not commence construction on the portion of the Project located on the Railroad's property within twelve (12) months from the Effective Date.

C. If the Agreement is terminated as provided above, or for any other reason, the Licensee shall pay to the Railroad all actual costs incurred by the Railroad in connection with the Project up to the date of termination, including, without limitation, all actual costs incurred by the Railroad in connection with reviewing any preliminary or final Project Plans.

Section 13. MONITORING AND MITIGATION OBLIGATIONS

The Licensee and the Railroad agree to continually assess and monitor the public's use of the Crossing Area in accordance with the terms of this Agreement and shall reasonably cooperate to address any safety concerns posed by the use of the Crossing Area by the public, including without limitation, mitigating and deterring incidents of trespass by the public on the Railroad's property. Any mitigation strategy proposed by the parties shall take into consideration factors of cost and safety and shall not obstruct or hinder the Railroad's operations. In accordance with Section 8 above, the Railroad shall have the right to review and approve plans for any improvements to be constructed or installed on the Railroad's property as part of any mitigation strategy adopted by the parties under this Section 13.

Section 14. CONDITIONS TO BE MET BEFORE LICENSEE CAN COMMENCE WORK

Neither the Licensee nor the Contractor may commence any work within the Crossing Area or on any other Railroad property until:

- (i) The Railroad and Licensee have executed this Agreement.
- (ii) The Railroad has provided to the Licensee the Railroad's written approval of the Plans.
- (iii) Each Contractor has executed Railroad's Contractor's Right of Entry Agreement and has obtained and/or provided to the Railroad the insurance policies, certificates, binders, and/or endorsements set forth in the Contractor's Right of Entry Agreement.
- (iv) Each Contractor has given the advance notice(s) required under the Contractor's Right of Entry Agreement to the Railroad Representative named in the Contractor's Right of Entry Agreement.
- (v) The Licensee has procured the insurance required under Section 4D above.

Section 15. FUTURE PROJECTS

Future projects involving substantial maintenance, repair, reconstruction, renewal and/or demolition of the Structure shall not commence until Railroad and Licensee agree on the plans for such future projects, cost allocations, right of entry terms and conditions and temporary construction rights, terms and conditions.

Section 16. ASSIGNMENT; SUCCESSORS AND ASSIGNS

A. Licensee shall not assign this Agreement without the prior written consent of Railroad.

B. Subject to the provisions of Paragraph A above, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of Railroad and Licensee.

Section 17. SPECIAL PROVISIONS PERTAINING TO AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

If the Licensee will be receiving American Recovery and Reinvestment Act ("ARRA") funding for the Project, the Licensee agrees that it is responsible in performing and completing all ARRA reporting documents for the Project. The Licensee confirms and acknowledges that Section 1512 of the ARRA provisions applies only to a "recipient" receiving ARRA funding directing from the federal government and, therefore, (i) the ARRA reporting requirements are the responsibility of the Licensee and not of the Railroad, and (ii) the Licensee shall not delegate any ARRA reporting responsibilities to the Railroad. The Licensee also confirms and acknowledges that (i) the Railroad shall provide to the Licensee the Railroad's standard and customary billing for expenses incurred by the Railroad for the Project including the Railroad's standard and customary documentation to support such billing, and (ii) such standard and customary billing and documentation from the Railroad provides the information needed by the Licensee to perform and complete the ARRA reporting documents. The Railroad confirms that the Licensee and the Federal Highway Administration shall have the right to audit the Railroad's billing and documentation for the Project as provided in Section 9 of **Exhibit B** of this Agreement.

Section 18. LIABILITY

The Licensee, for itself and its successors and assigns, acknowledges that its use and occupancy of the Crossing Area is at the Licensee's own risk, and the Licensee agrees to and does assume all risks thereof and incidental thereto, including without limitation, risks incident to train operations within the Railroad's right of way. The Licensee acknowledges that such use of the Crossing Area for the purposes set forth herein will subject the Railroad's property and operations to additional hazards and liability; and as material consideration for this Agreement, the Licensee, to the extent permitted by law, shall release, save, protect, defend, indemnify and hold harmless the Railroad, and its respective affiliates, and their respective officers, agents and employees, against and from any and all liability, loss, damages, claims, demands, costs and expenses, fines and penalties of whatsoever nature, including court costs and attorney's fees, arising from and growing out of any injury or death of persons whomsoever (including officers, agents and employees of the Railroad or the Licensee and of any Contractor as well as other persons) or loss of or damage to property whatsoever (including property of or in the custody of the Railroad, the Licensee or any Contractor as well as other property). The Licensee's

obligations to indemnify shall accrue when such injury, death, loss or damage occurs or arises from (A) the presence or use of the Crossing Area, (B) the trespass upon the Railroad's right of way and trackage outside of the Crossing Area by the Licensee, its agents, employees, Contractors, invitees or permitted users or (C) a breach of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the Effective Date first herein written.

UNION PACIFIC RAILROAD COMPANY
(Federal Tax ID #94-6001323)

By _____
Printed Name: _____
Title: _____

**COACHELLA VALLEY ASSOCIATION OF
GOVERNMENTS**

By _____
Printed Name: _____
Title: _____

**EXHIBIT A
TO
PUBLIC PEDESTRIAN UNDERPASS AGREEMENT**

Exhibit A will be a print showing the Crossing Area (see Recitals)

**EXHIBIT B
TO
PUBLIC PEDESTRIAN UNDERPASS AGREEMENT**

SECTION 1. CONDITIONS AND COVENANTS

A. The Railroad makes no covenant or warranty of title for quiet possession or against encumbrances. The Licensee shall not use or permit use of the Crossing Area for any purposes other than those described in this Agreement. Without limiting the foregoing, the Licensee shall not use or permit use of the Crossing Area for railroad purposes, or for gas, oil or gasoline pipe lines. Any lines constructed on the Railroad's property by or under authority of the Licensee for the purpose of conveying electric power or communications incidental to the Licensee's use of the property for highway purposes shall be constructed in accordance with specifications and requirements of the Railroad, and in such manner as not adversely to affect communication or signal lines of the Railroad or its licensees now or hereafter located upon said property. No nonparty shall be admitted by the Licensee to use or occupy any part of the Railroad's property without the Railroad's written consent. Nothing herein shall obligate the Railroad to give such consent.

B. The Railroad reserves the right to cross the Crossing Area with such railroad tracks as may be required for its convenience or purposes.

C. The right hereby granted is subject to any existing encumbrances and rights (whether public or private), recorded or unrecorded, and also to any renewals thereof. The Licensee shall not damage, destroy or interfere with the property or rights of nonparties in, upon or relating to the Railroad's property, unless the Licensee at its own expense settles with and obtains releases from such nonparties.

D. The Railroad reserves the right to use and to grant to others the right to use the Crossing Area for any purpose not inconsistent with the right hereby granted, including, but not by way of limitation, the right to construct, reconstruct, maintain, operate, repair, alter, renew and replace tracks, facilities and appurtenances on the property; and the right to cross the Crossing Area with all kinds of equipment. The Railroad further reserves the right to attach signal, communication or power lines to the Structure, provided that such attachments shall comply with Licensee's specifications and will not interfere with the Licensee's use of the Crossing Area.

E. So far as it lawfully may do so, the Licensee will assume, bear and pay all taxes and assessments of whatsoever nature or kind (whether general, local or special) levied or assessed upon or against the Crossing Area, excepting taxes levied upon and against the property as a component part of the Railroad's operating property.

F. If any property or rights other than the right hereby granted are necessary for the construction, maintenance and use of the Structure and its appurtenances, or for the

performance of any work in connection with the Project, the Licensee will acquire all such other property and rights at its own expense and without expense to the Railroad.

SECTION 2. CONSTRUCTION OF STRUCTURE

A. The Licensee, at its expense, will apply for and obtain all public authority required by law, ordinance, rule or regulation for the Project, and will furnish the Railroad upon request with satisfactory evidence that such authority has been obtained.

B. Except as may be otherwise specifically provided herein, the Licensee, at its expense, will furnish all necessary labor, material and equipment, and shall construct and complete the Structure and all appurtenances thereof. The appurtenances shall include, without limitation, all necessary and proper drainage facilities, guard rails or barriers, and right of way fences between the Structure and the railroad tracks. Upon completion of the Project, the Licensee shall remove from the Railroad's property all temporary structures and false work, and will leave the Crossing Area in a condition satisfactory to the Railroad.

C. All construction work of the Licensee upon the Railroad's property (including, but not limited to, construction of the Structure and all appurtenances and all related and incidental work) shall be performed and completed in a manner satisfactory to the Assistant Vice President Engineering-Design of the Railroad or his authorized representative and in compliance with the Plans, the Railroad's Coordination Requirements set forth in **Exhibit D** and other guidelines furnished by the Railroad.

D. All construction work of the Licensee shall be performed diligently and completed within a reasonable time. No part of the Project shall be suspended, discontinued or unduly delayed without the Railroad's written consent, and subject to such reasonable conditions as the Railroad may specify. It is understood that the Railroad's tracks at and in the vicinity of the work will be in constant or frequent use during progress of the work and that movement or stoppage of trains, engines or cars may cause delays in the work of the Licensee. The Licensee hereby assumes the risk of any such delays and agrees that no claims for damage on account of any delay shall be made against the Railroad by the State and/or the Contractor.

SECTION 3. INJURY AND DAMAGE TO PROPERTY

If the Licensee, in the performance of any work contemplated by this Agreement or by the failure to do or perform anything for which the Licensee is responsible under the provisions of this Agreement, shall injure, damage or destroy any property of the Railroad or of any other person lawfully occupying or using the property of the Railroad, such property shall be replaced or repaired by the Licensee at the Licensee's own expense, or by the Railroad at the expense of the Licensee, and to the satisfaction of the Railroad's Assistant Vice President Engineering - Design.

SECTION 4. RAILROAD MAY USE CONTRACTORS TO PERFORM WORK

The Railroad may contract for the performance of any of its work by other than railroad forces. The Railroad shall notify the Licensee of the contract price within ninety (90) days after it is awarded. Unless the Railroad's work is to be performed on a fixed price basis, the Licensee shall reimburse the Railroad for the amount of the contract.

SECTION 5. MAINTENANCE AND REPAIRS

A. The Licensee, at its expense, shall maintain, repair, and renew, or cause to be maintained, repaired and renewed, the entire Structure, including the waterproofing and below, and further including, but not limited to, the superstructure, substructure, piers, abutments, walls, approaches and all backfill, grading and drainage required by reason of the Structure, as well as all graffiti removal or overpainting involving the Structure.

B. The Railroad, at its expense, will maintain, repair and renew, or cause to be maintained, repaired and renewed, above the waterproofing, including, but not limited to, the rails, ties, ballast and communication and signal facilities owned by the Railroad.

SECTION 6. SAFETY MEASURES; PROTECTION OF RAILROAD COMPANY OPERATIONS

It is understood and recognized that safety and continuity of the Railroad's operations and communications are of the utmost importance; and in order that the same may be adequately safeguarded, protected and assured, and in order that accidents may be prevented and avoided, it is agreed with respect to all of said work of the Licensee that the work will be performed in a safe manner and in conformity with the following standards:

A. **Definitions.** All references in this Agreement to the Licensee shall also include the Contractor and their respective officers, agents and employees, and others acting under its or their authority; and all references in this Agreement to work of the Licensee shall include work both within and outside of the Railroad's property.

B. **Entry on to Railroad's Property by Licensee.** If the Licensee's employees need to enter Railroad's property in order to perform an inspection of the Structure, minor maintenance or other activities, the Licensee shall first provide at least ten (10) working days advance notice to the Railroad Representative. With respect to such entry on to Railroad's property, the Licensee, to the extent permitted by law, agrees to release, defend and indemnify the Railroad from and against any loss, damage, injury, liability, claim, cost or expense incurred by any person including, without limitation, the Licensee's employees, or damage to any property or equipment (collectively the "Loss") that arises from the presence or activities of Licensee's employees on Railroad's property, except to the extent that any Loss is caused by the sole direct negligence of Railroad.

C. **Flagging.**

(i) If the Licensee's employees need to enter Railroad's property as provided in Paragraph B above, the Licensee agrees to notify the Railroad Representative at least thirty (30) working days in advance of proposed performance of any work by Licensee in which any person or equipment will be within twenty-five (25) feet of any track, or will be near enough to any track that any equipment extension (such as, but not limited to, a crane boom) will reach to within twenty-five (25) feet of any track. No work of any kind shall be performed, and no person, equipment, machinery, tool(s), material(s), vehicle(s), or thing(s) shall be located, operated, placed, or stored within twenty-five (25) feet of any of Railroad's track(s) at any time, for any reason, unless and until a Railroad flagman is provided to watch for trains. Upon receipt of such thirty (30) day notice, the Railroad Representative will determine and inform Licensee whether a flagman need be present and whether Licensee needs to implement any special protective or safety measures. If flagging or other special protective or safety measures are performed by Railroad, Railroad will bill Licensee for such expenses incurred by Railroad. If Railroad performs any flagging, or other special protective or safety measures are performed by Railroad, Licensee agrees that Licensee is not relieved of any of its responsibilities or liabilities set forth in this Agreement.

(ii) The rate of pay per hour for each flagman will be the prevailing hourly rate in effect for an eight-hour day for the class of flagmen used during regularly assigned hours and overtime in accordance with Labor Agreements and Schedules in effect at the time the work is performed. In addition to the cost of such labor, a composite charge for vacation, holiday, health and welfare, supplemental sickness, Railroad Retirement and unemployment compensation, supplemental pension, Employees Liability and Property Damage and Administration will be included, computed on actual payroll. The composite charge will be the prevailing composite charge in effect at the time the work is performed. One and one-half times the current hourly rate is paid for overtime, Saturdays and Sundays, and two and one-half times current hourly rate for holidays. Wage rates are subject to change, at any time, by law or by agreement between Railroad and its employees, and may be retroactive as a result of negotiations or a ruling of an authorized governmental agency. Additional charges on labor are also subject to change. If the wage rate or additional charges are changed, Licensee shall pay on the basis of the new rates and charges.

(iii) Reimbursement to Railroad will be required covering the full eight-hour day during which any flagman is furnished, unless the flagman can be assigned to other Railroad work during a portion of such day, in which event reimbursement will not be required for the portion of the day during which the flagman is engaged in other Railroad work. Reimbursement will also be required for any day not actually worked by the flagman following the flagman's assignment to work on the project for which Railroad is required to pay the flagman and which could not reasonably be avoided by Railroad by assignment of such flagman to other work, even though Licensee may not be working during such time. When it becomes necessary for Railroad to bulletin and assign an employee to a flagging position in compliance with union collective bargaining agreements, Licensee must provide Railroad a minimum of five (5) days notice prior to the cessation of the need for a flagman. If five (5) days notice of cessation is not given, Licensee will still be required to pay flagging charges for the five (5) day notice period required by

union agreement to be given to the employee, even though flagging is not required for that period. An additional thirty (30) days notice must then be given to Railroad if flagging services are needed again after such five day cessation notice has been given to Railroad.

D. **Compliance With Laws**. The Licensee shall comply with all applicable federal, state and local laws, regulations and enactments affecting the work. The Licensee shall use only such methods as are consistent with safety, both as concerns the Licensee, the Licensee's agents and employees, the officers, agents, employees and property of the Railroad and the public in general. The Licensee (without limiting the generality of the foregoing) shall comply with all applicable state and federal occupational safety and health acts and regulations. All Federal Railroad Administration regulations shall be followed when work is performed on the Railroad's premises. If any failure by the Licensee to comply with any such laws, regulations, and enactments, shall result in any fine, penalty, cost or charge being assessed, imposed or charged against the Railroad, the Licensee shall reimburse and, to the extent it may lawfully do so, indemnify the Railroad for any such fine, penalty, cost, or charge, including without limitation attorney's fees, court costs and expenses. The Licensee further agrees in the event of any such action, upon notice thereof being provided by the Railroad, to defend such action free of cost, charge, or expense to the Railroad.

E. **No Interference or Delays**. The Licensee shall not do, suffer or permit anything which will or may obstruct, endanger, interfere with, hinder or delay maintenance or operation of the Railroad's tracks or facilities, or any communication or signal lines, installations or any appurtenances thereof, or the operations of others lawfully occupying or using the Railroad's property or facilities.

F. **Supervision**. The Licensee, at its own expense, shall adequately police and supervise all work to be performed by the Licensee, and shall not inflict injury to persons or damage to property for the safety of whom or of which the Railroad may be responsible, or to property of the Railroad. The responsibility of the Licensee for safe conduct and adequate policing and supervision of the Project shall not be lessened or otherwise affected by the Railroad's approval of plans and specifications, or by the Railroad's collaboration in performance of any work, or by the presence at the work site of the Railroad's representatives, or by compliance by the Licensee with any requests or recommendations made by such representatives. If a representative of the Railroad is assigned to the Project, the Licensee will give due consideration to suggestions and recommendations made by such representative for the safety and protection of the Railroad's property and operations.

G. **Suspension of Work**. If at any time the Licensee's engineers or the Vice President-Engineering Services of the Railroad or their respective representatives shall be of the opinion that any work of the Licensee is being or is about to be done or prosecuted without due regard and precaution for safety and security, the Licensee shall immediately suspend the work until suitable, adequate and proper protective measures are adopted and provided.

H. **Removal of Debris**. The Licensee shall not cause, suffer or permit material or debris to be deposited or cast upon, or to slide or fall upon any property or facilities of the Railroad; and any such material and debris shall be promptly removed from the Railroad's property by the

Licensee at the Licensee's own expense or by the Railroad at the expense of the Licensee. The Licensee shall not cause, suffer or permit any snow to be plowed or cast upon the Railroad's property during snow removal from the Crossing Area.

I. **Explosives**. The Licensee shall not discharge any explosives on or in the vicinity of the Railroad's property without the prior consent of the Railroad's Vice President-Engineering Services, which shall not be given if, in the sole discretion of the Railroad's Vice President-Engineering Services, such discharge would be dangerous or would interfere with the Railroad's property or facilities. For the purposes hereof, the "vicinity of the Railroad's property" shall be deemed to be any place on the Railroad's property or in such close proximity to the Railroad's property that the discharge of explosives could cause injury to the Railroad's employees or other persons, or cause damage to or interference with the facilities or operations on the Railroad's property. The Railroad reserves the right to impose such conditions, restrictions or limitations on the transportation, handling, storage, security and use of explosives as the Railroad, in the Railroad's sole discretion, may deem to be necessary, desirable or appropriate.

J. **Excavation**. The Licensee shall not excavate from existing slopes nor construct new slopes which are excessive and may create hazards of slides or falling rock, or impair or endanger the clearance between existing or new slopes and the tracks of the Railroad. The Licensee shall not do or cause to be done any work which will or may disturb the stability of any area or adversely affect the Railroad's tracks or facilities. The Licensee, at its own expense, shall install and maintain adequate shoring and cribbing for all excavation and/or trenching performed by the Licensee in connection with construction, maintenance or other work. The shoring and cribbing shall be constructed and maintained with materials and in a manner approved by the Railroad's Assistant Vice President Engineering - Design to withstand all stresses likely to be encountered, including any stresses resulting from vibrations caused by the Railroad's operations in the vicinity.

K. **Drainage**. The Licensee, at the Licensee's own expense, shall provide and maintain suitable facilities for draining the Structure and its appurtenances, and shall not suffer or permit drainage water therefrom to flow or collect upon property of the Railroad. The Licensee, at the Licensee's own expense, shall provide adequate passageway for the waters of any streams, bodies of water and drainage facilities (either natural or artificial, and including water from the Railroad's culvert and drainage facilities), so that said waters may not, because of any facilities or work of the Licensee, be impeded, obstructed, diverted or caused to back up, overflow or damage the property of the Railroad or any part thereof, or property of others. The Licensee shall not obstruct or interfere with existing ditches or drainage facilities.

L. **Notice**. Before commencing any work, the Licensee shall provide the advance notice that is required under the Contractor's Right of Entry Agreement.

M. **Fiber Optic Cables**. Fiber optic cable systems may be buried on the Railroad's property. Protection of the fiber optic cable systems is of extreme importance since any break could disrupt service to users resulting in business interruption and loss of revenue and profits. Licensee shall visit up.com/CBUD to complete and submit the required form to determine if fiber optic cable is buried anywhere on the Railroad's premises to be used by the Licensee. If it is, Licensee will

telephone the telecommunications company(ies) involved, arrange for a cable locator, and make arrangements for relocation or other protection of the fiber optic cable prior to beginning any work on the Railroad's premises.

SECTION 7. INTERIM WARNING DEVICES

If at anytime it is determined by a competent authority, by the Licensee, or by agreement between the parties, that new or improved train activated warning devices should be installed at the Crossing Area, the Licensee shall install adequate temporary warning devices or signs and impose appropriate vehicular control measures to protect the motoring public until the construction or reconstruction of the Structure has been completed.

SECTION 8. OTHER RAILROADS

All protective and indemnifying provisions of this Agreement shall inure to the benefit of the Railroad and any other railroad company lawfully using the Railroad's property or facilities.

SECTION 9. BOOKS AND RECORDS

The books, papers, records and accounts of Railroad, so far as they relate to the items of expense for the materials to be provided by Railroad under this Project, or are associated with the work to be performed by Railroad under this Project, shall be open to inspection and audit at Railroad's offices in Omaha, Nebraska, during normal business hours by the agents and authorized representatives of Licensee for a period of three (3) years following the date of Railroad's last billing sent to Licensee.

SECTION 10. REMEDIES FOR BREACH OR NONUSE

A. If the Licensee shall fail, refuse or neglect to perform and abide by the terms of this Agreement, the Railroad, in addition to any other rights and remedies, may perform any work which in the judgment of the Railroad is necessary to place the Structure and appurtenances in such condition as will not menace, endanger or interfere with the Railroad's facilities or operations or jeopardize the Railroad's employees; and the Licensee will reimburse the Railroad for the expenses thereof.

B. Nonuse by the Licensee of the Crossing Area for public highway purposes continuing at any time for a period of eighteen (18) months shall, at the option of the Railroad, work a termination of this Agreement and of all rights of the Licensee hereunder.

C. The Licensee will surrender peaceable possession of the Crossing Area and Structure upon termination of this Agreement. Termination of this Agreement shall not affect any rights, obligations or liabilities of the parties, accrued or otherwise, which may have arisen prior to termination.

SECTION 11. MODIFICATION - ENTIRE AGREEMENT

No waiver, modification or amendment of this Agreement shall be of any force or effect unless made in writing, signed by the Licensee and the Railroad and specifying with particularity the nature and extent of such waiver, modification or amendment. Any waiver by the Railroad of any default by the Licensee shall not affect or impair any right arising from any subsequent default. This Agreement and Exhibits attached hereto and made a part hereof constitute the entire understanding between the Licensee and the Railroad and cancel and supersede any prior negotiations, understandings or agreements, whether written or oral, with respect to the work or any part thereof.

EXHIBIT C

TO

PUBLIC PEDESTRIAN UNDERPASS AGREEMENT

Exhibit C (if applicable) will be Railroad's Material and Force Agreement Estimate.

EXHIBIT C

ESTIMATE OF FORCE ACCOUNT WORK BY THE UNION PACIFIC RAILROAD COMPANY

DESCRIPTION OF WORK: Engineering and other related services for work to be performed within railroad right of way. This includes project and construction management during construction activities in railroad right of way. All necessary railroad services will be billed at actual cost.

DATE:
1/30/2024

LOCATION: Indio, CA DOT: 760709P	SUBDIVISION <u>Yuma</u>	STATE: <u>CA</u>
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DESCRIPTION	LABOR	MATERIAL	UP %0	Agency % 100	TOTAL
ENGINEERING					
Project Management	\$ 15,000	\$ -	\$ -	\$ 15,000.00	\$ 15,000
Construction Submittals	\$ 10,000	\$ -	\$ -	\$ 10,000.00	\$ 10,000
Construction Management	\$ 25,000	\$ -	\$ -	\$ 25,000.00	\$ 25,000
TOTAL PROJECT:	\$ 50,000	\$ -	\$ -	\$ 50,000.00	\$50,000

TOTAL ESTIMATED COST: \$50,000

THE ABOVE FIGURES ARE ESTIMATES ONLY AND SUBJECT TO FLUCTUATION.
IN THE EVENT OF AN INCREASE OR DECREASE IN THE COST OR QUANTITY OF
MATERIAL OR LABOR REQUIRED, THE RAILROAD WILL BILL FOR ACTUAL
COSTS AT THE CURRENT RATES EFFECTIVE THEREOF.

Flagging is NOT included in this estimate. Agency's are instructed to follow Union Pacific's Third Party Flagging Policy.
Please utilize the following link to Union Pacific's Third Party Flagging Policy:
https://www.up.com/real_estate/third-party-flagging/index.htm

EXHIBIT D
TO
PUBLIC PEDESTRIAN UNDERPASS
AGREEMENT

RAILROAD COORDINATION REQUIREMENTS

1.01 DEFINITIONS

Agreement: Agreement that has been signed, or will be signed, between Railroad and Agency covering the construction and maintenance of the Project.

Agency: Coachella Valley Association of Governments

AREMA: American Railway Engineering and Maintenance-of-way Association

Contractor: The contractor or contractors hired by the Agency to perform any project work on any portion of Railroad's property and shall also include the Contractor's subcontractors and the Contractor's and subcontractor's respective employees, officers and agents, and others acting under its or their authority.

MUTCD: Manual on Uniform Traffic Control Devices

Project: Agency's Project Number _____ covering the construction of a new pedestrian underpass

Railroad: Union Pacific Railroad Company

Railroad Project Representative: Railroad's Manager of Industry and Public Projects for this Project (see Section 1.03)

Railroad MTM Representative: Railroad's Manager of Track Maintenance for this Project (see Section 1.03)

Requirements: The Railroad Coordination Requirements set forth in this Exhibit.

1.02 DESCRIPTION

This Project includes construction work within Railroad's right-of-way. These Requirements describe coordination with the Railroad when work by the Contractor will be performed upon, over or under the Railroad right-of-way or may impact current or future Railroad operations. The Contractor will coordinate with the Railroad while performing the work outlined in this Agreement and shall afford the same cooperation with the Railroad as it does with the Agency. All submittals and work shall be completed in compliance with these Requirements, Railroad guidelines and requirements, AREMA recommendations and/or as directed by the Railroad Local Representative and/or the Railroad MTM Representative.

1.03 UPRR CONTACTS

The Railroad Project Representative for this project is:

Steven Thomas
469-724-6436
Sthomas@benesch.com

For Railroad flagging services and track work, contact the following Railroad MTM Representative:

Paul Rojas Jr.
909-265-5020
projasjr@up.com

1.04 PLANS / SPECIFICATIONS

The plans and specifications for this Project, affecting the Railroad, are subject to the written approval by the Railroad. Changes in the plans made after the execution of the Agreement and/or the awarding of the

Project to the Contractor are subject to the prior review and written approval of the Agency and the Railroad. No construction work shall commence until final stamped plans and/or changes to final stamped plans have been reviewed and approved by the Railroad in writing. The Railroad's review and approval of the Agency's and/or Contractor's plans in no way relieves the Agency and Contractor from their responsibilities, obligations and/or liabilities under this Agreement, Agency's agreement with the Contractor for the Project and/or in the separate Contractor's Right of Entry Agreement referenced in Section 1.08. Railroad's approval will be given with the understanding that the Railroad makes no representations or warranty as to the validity, accuracy, legal compliance or completeness of Agency's and/or Contractor's plans and that any reliance by the Agency or the Contractor with respect to such plans is at the risk of the Agency and the Contractor.

1.05 UTILITIES AND FIBER OPTICS

A. All installations shall be constructed in accordance with current AREMA recommendations and Railroad specifications and requirements. Railroad general guidelines and the required application forms for utility installations can be found on the Railroad website at <http://www.uprr.com/reus/pipeline/install.shtml>.

B. It shall be the responsibility of the Contractor, at its expense, to make arrangements directly with utility companies involving the protection, encasement, reinforcement, relocation, replacement, removing or abandonment in place of non-railroad facilities affected by the Project. Railroad has no obligation to supply additional Railroad property for non-railroad facilities affected by this Project, nor does the Railroad have any obligation to permit non railroad facilities to be abandoned in place or relocated on Railroad's property. Any facility and/or utility that crosses Railroad right of way must be covered under an agreement with the Railroad including, without limitation, any relocations of an existing facility and/or utility.

C. Any longitudinal fiber optic lines on Railroad right of way shall be treated as Railroad facilities. Project design may need to be altered to accommodate such facilities.

D. Any fiber optic relocations or protections that are required due to this Project will be at the Agency's expense.

1.06 GENERAL

A. It is essential that the proposed construction shall be performed without interference to Railroad operations and in compliance with all applicable Railroad and Federal Railroad Administration rules and regulations. The Railroad shall be reimbursed by the Contractor or Agency for train delay costs and lost revenue claims due to any delays or interruption of train operations resulting from the Contractor's construction or other activities.

B. Track protection is required for all work equipment (including rubber tired equipment) operating within 25 feet from nearest rail. All work shall be designed and executed outside the temporary construction clearance envelope defined in Section 1.12.

C. The Contractor is also advised that new facilities within the Project may be scheduled to be built by the Railroad and that certain Contractor's activities cannot proceed until that work is complete. The Contractor shall be aware of the limits of responsibilities, allow sufficient time in the schedule for that work to be accomplished and shall coordinate its efforts with the Railroad.

1.07 RAILROAD OPERATIONS

A. The Contractor shall be advised that trains and/or equipment should be expected on any track, at any time, and in either direction. The Contractor shall communicate with the Railroad MTM Representative to improve the Contractor's understanding of Railroad traffic volume and operation at the Project site. The Contractor's bid shall be structured assuming intermittent track windows as defined in Section 1.07

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- B. All Railroad tracks within and adjacent to the Project site are to be assumed as active and rail traffic over these facilities shall be maintained throughout the Project. Activities may include both through moves and switching moves to local customers. Railroad traffic and operations can occur continuously throughout the day and night on these tracks and shall be maintained at all times as defined herein. The Contractor shall coordinate and schedule the work so that construction activities do not interfere with Railroad's operations.
- C. Work windows for this Project shall be coordinated with the Agency or Contractor and the Railroad Project Representative and the Railroad MTM Representative. Types of work windows include Conditional Work Windows and Absolute Work Windows, as defined below:
 - 1. Conditional Work Window: A period of time in which Railroad's operations have priority over construction activities. When construction activities may occur on and adjacent to the railroad tracks within 25 feet of the nearest track, a Railroad flag person will be required. At the direction of the flag person, upon approach of a train and when trains are present on the tracks, the tracks must be cleared (i.e., no construction equipment, materials or personnel within 25 feet from the nearest active track or as directed by the Railroad MTM Representative). Conditional Work Windows are available for the project subject to Railroad's local operating unit review and approval.
 - 2. Absolute Work Window: A period of time in which construction activities are given priority over Railroad's operations. During this time the designated Railroad track(s) will be inactive for train movements and may be fouled by the Contractor. Before the end of an Absolute Work Window, all Railroad tracks and signals must be completely operational for normal train operations. Also, all Railroad, Public Utilities Commission and Federal Railroad Administration requirements, codes and regulations for operational tracks must be complied with. Should the operating tracks and/or signals be affected, the Railroad will perform inspections of the work prior to placing the affected track back into service. Railroad flag persons will be required for construction activities requiring an Absolute Work Window. **Absolute Work Windows will generally not be granted. Any request will require a detailed written explanation for Railroad review and approval.**

1.08 RIGHT OF ENTRY, ADVANCE NOTICE AND WORK STOPPAGES

- A. Prior to beginning any work within the Railroad right-of-way, the Contractor shall enter into an agreement with the Railroad in the form of the Contractor's Right of Entry Agreement, attached as Exhibit E, or latest version thereof provided by the Railroad. There is a fee for processing of the agreement which shall be borne by the Contractor. The right of entry agreement shall specify working time frames, flagging, inspection and insurance requirements and any other items specified by the Railroad.
- B. The Contractor shall give advance notice to the Railroad as required in the Contractor's Right of Entry Agreement before commencing work in connection with construction upon or over Railroad's right-of-way and shall observe the Railroad rules and regulations with respect thereto.
- C. All work upon the Railroad right-of-way shall be done at such times and in such a manner as not to interfere with or endanger the operations of the Railroad. Whenever work may affect the operations or safety of trains, the method of doing such work shall first be submitted to the Railroad MTM Representative for approval, but such approval shall not relieve the Contractor from liability. Any work to be performed by the Contractor, which requires flagging service or inspection service, shall be deferred until the flagging protection required by the Railroad is available at the job site. See Section 1.21 for railroad flagging requirements.
- D. The Contractor shall make requests in writing to both the Railroad Project Representative and the Railroad MTM Representative for both Absolute and Conditional Work Windows, at least two weeks in advance of any work. The written request must include:

1. Description of work to be done.
2. The days and hours that work will be performed.
3. The exact location of the work and proximity to the tracks.
4. The type of window and amount of time requested.
5. The designated contact person for the Contractor.

The Contractor shall provide a written confirmation notice to the Railroad MTM Representative at least fifteen (15) days prior to commencing work in connection with the approved work windows when work will be performed within **25 feet of any track center line**. All work shall be performed in accordance with previously approved work plans.

- E. Should a condition arise from, or in connection with, the work which requires immediate and unusual actions to be made to protect operations and property of the Railroad, the Contractor shall undertake such actions. If, in the judgment of the Railroad MTM Representative, such actions are insufficient, the Railroad MTM Representative may require or provide such actions as deemed necessary. In any event, such actions shall be at the Contractor's expense and without cost to the Railroad. The Railroad or Agency have the right to order the Contractor to temporarily cease operations in the event of an emergency or if, in the opinion of the Railroad MTM Representative, the Contractor's operations may inhibit the Railroad's operations. In the event such an order is given, the Contractor shall immediately notify the Agency of the order.

1.09 INSURANCE

The Contractor shall not begin work within the Railroad's right-of-way until the Railroad has been furnished the insurance policies, binders, certificates and endorsements required by the Contractor's Right-of-Entry Agreement, and the Railroad Project Representative has advised the Agency that such insurance is in accordance with such Agreement. The required insurance shall be kept in full force and effect during the performance of work and thereafter until the Contractor removes all tools, equipment, and material from Railroad property and cleans the premises in a manner reasonably satisfactory to the Railroad.

1.10 RAILROAD SAFETY ORIENTATION

All personnel employed by the Agency, Contractor and all subcontractors must complete the Railroad's course "Property Access Training" and be registered prior to working on Railroad property. This training is available at <https://www.up.com/aboutup/community/safety/erailsafe/up-pat/index.htm>. This training is required to be completed annually. The preceding training does not apply for longitudinal fiber optic installations.

1.11 COOPERATION

The Railroad shall cooperate with the Contractor in the scheduling of Project work with the understanding that Railroad's train operations at the job site shall have priority over the Contractor's activities.

1.12 CONSTRUCTION CLEARANCES

The Contractor shall abide by the twenty-one ft six inches (21.5) foot temporary vertical construction clearance defined in section 4.4.1.1 and fifteen (15) foot temporary horizontal construction clearance defined in section 4.4.1.2 of BNSF and UPRR Guidelines for Railroad Grade Separation Projects. It shall be the Contractor's responsibility to obtain such guidelines from the Agency or Railroad.

Reduced temporary construction clearances, which are less than construction clearances defined above, will require special review and approval by the Railroad.

Any proposed variance on the specified minimum clearances due to the Contractor's operations shall be submitted to the Railroad Project Representative through the Agency at least thirty (30) days in advance of the work. No work shall be undertaken until the variance is approved in writing by the Railroad Project

Representative.

1.13 SUBMITTALS

- A. Construction submittals and Requests for Information (RFI) shall be submitted per Section 3 of BNSF and UPRR Guidelines for Railroad Grade Separation Projects.
- B. The minimum review times, as indicated in tables 3-1 and 3-2 of Section 3.10 of the BNSF and UPRR Guidelines for Railroad Grade Separation Projects, should be anticipated for review of all submittals. Guidelines for Railroad Grade Separation Projects, should be anticipated for review of all submittals. The details of the construction affecting the Railroad tracks and property, not already included in the contract plans, shall be submitted by the Agency to the Railroad Project Representative for the Railroad's review and written approval before such construction is undertaken. The Railroad shall not be liable to Agency, Contractor, and or any other person or entity if the Railroad's review exceeds a four-week review time.
- C. As Built Submittals shall be submitted per Section 3 of BNSF and UPRR Guidelines for Railroad Grade Separation Projects.

1.14 MAINTENANCE OF PROPER DRAINAGE AND DAMAGE TO RAILROAD FACILITIES

- A. The Contractor, at its expense, shall be required to maintain all ditches and drainage structures free of silt or other obstructions which may result from the Contractor's operations and to repair and restore any Railroad property, tracks and facilities of Railroad and/or its tenants.
- B. The Contractor must submit a proposed method of erosion control and have the method reviewed and approved by the Railroad prior to beginning any grading on the project site. Erosion control methods must comply with all applicable local, state and federal regulations.

1.15 SITE INSPECTIONS BY RAILROAD PROJECT REPRESENTATIVE, RAILROAD MTM REPRESENTATIVE OR RAILROAD'S CONTRACTOR

- A. In addition to the office reviews of construction submittals, site observations will be performed by the Railroad Project Representative, Railroad MTM Representative or Railroad's Contractor at significant points during construction per Section 4.11 of BNSF and UPRR Guidelines for Railroad Grade Separation Projects.
- B. Site inspections are not limited to the milestone events listed in the guidelines. Site visits to check the progress of work may be performed at any time throughout the construction process as deemed necessary by the Railroad.
- C. A detailed construction schedule, including the proposed temporary horizontal and vertical clearances and construction sequence for all work to be performed, shall be provided by the Contractor to the Agency for submittal to the Railroad's Project Representative for review and approval prior to commencement of work. This schedule shall also include the anticipated dates on which the above listed events will occur. This schedule shall be updated for all critical listed events as necessary but at least monthly so that site visits may be scheduled.

1.16 RAILROAD REPRESENTATIVES

- A. Railroad representatives, conductors, flag persons or watch persons will be provided by the Railroad at the expense of the Agency or Contractor (as stated elsewhere in these bid documents) to protect Railroad facilities, property and movements of its trains and engines. In general, the Railroad will furnish such personnel or other protective services as follows:
 - 1. When any part of any equipment or object, such as erection or construction activities, is standing

or being operated within 25 feet, measured horizontally from centerline, of any track on which trains may operate.

2. For any excavation below the elevation of track subgrade when, in the opinion of the Railroad MTM Representative, the track or other Railroad facilities may be subject to settlement or movement.
3. During any clearing, grubbing, excavation or grading in proximity to Railroad facilities which, in the opinion of the Railroad MTM Representative, may affect Railroad facilities or inhibit operations.
4. During any Contractor's operations when, in the opinion of the Railroad MTM Representative, the Railroad facilities, including, but not limited to, tracks, buildings, signals, wire lines or pipe lines, may be endangered.

- B. The Contractor shall arrange with the Railroad Local Representative to provide the adequate number of flag persons to accomplish the work.

1.17 WALKWAYS REQUIRED

Parallel to the outer side of each exterior track of multiple operated track and on each side of single operated track, an unobstructed continuous space suitable for trainman's use in walking along trains, extending in width not less than fifteen feet (15') perpendicular from centerline of track, shall be maintained. Any temporary impediments to walkways and track drainage encroachments or obstructions allowed during working hours must be covered, guarded and/or protected as soon as practical. Walkways with railings shall be constructed by the Contractor over open excavation areas when in close proximity of track, and railings shall not be closer than 9' perpendicular from the center line of tangent track or 9' – 6" horizontal from curved track.

1.18 COMMUNICATIONS AND SIGNAL LINES

If required, the Railroad, at Agency's expense, will rearrange its communications and signal lines, grade crossing warning devices, train signals, tracks and facilities that are in use and maintained by Railroad forces in connection with its operation. This work by the Railroad will be done by its own forces or by contractors under a continuing contract and may or may not be a part of the work under this contract.

1.19 TRAFFIC CONTROL

The Contractor's operations which control traffic across or around Railroad facilities shall be coordinated with and approved by the Railroad MTM Representative and shall be in compliance with the MUTCD.

1.20 CONSTRUCTION EXCAVATIONS;CALL BEFORE YOU DIG NUMBER

- A. The Contractor shall be required to take special precautions and care in connection with excavating and shoring. Excavations for construction of footings, piers, columns, walls or other facilities that require shoring shall comply with requirements of OSHA, AREMA and Railroad "Guidelines for Temporary Shoring".
- B. In addition to calling the "811" number and/or the local "one call center", the Contractor shall call the Railroad's "Call Before Your Dig" number at least 48 hours prior to commencing work at 1-800-336-9193 during normal business hours (6:30 a.m. to 8:00 p.m. Central Standard Time, Monday through Friday, except holidays - also a 24 hour, 7 day a week number for emergency calls) to determine location of fiber optics. If a telecommunications system is buried anywhere on or near Railroad property, the Contractor will co-ordinate with the Railroad and the Telecommunication Company(ies) to arrange for relocation or other protection of the system prior to beginning any work on or near Railroad property. The determination of whether fiber optics will be affected by the Project shall be made during the initial design phase of the Project.

- C. The Railroad does not allow temporary at grade crossings unless absolutely necessary and there is no alternative route available to contractor to access the project site. Alternative plans should be considered to avoid crossing Railroad tracks at grade.

1.21 RAILROAD FLAGGING

Performance of any work by the Contractor in which person(s) or equipment will be within twenty-five (25) feet of any track, or that any object or equipment extension (such as, but not limited to, a crane boom) will reach within twenty-five (25) feet of any track, require railroad flagging services or other protective measures. The Contractor shall give an advance notice to the Railroad as required in the Contractor's Right of Entry Agreement before commencing any such work, allowing the Railroad to determine the need for flagging or other protective measures which ensure the safety of Railroad's operations, employees and equipment. Contractor shall comply with all other requirements regarding flagging services covered by the Contractor's Right of Entry Agreement. Any costs associated with failure to abide by these requirements will be borne by the Contractor.

The estimated pay rate for each flag person is \$1,400 per day for a(n) 8-hour work day with time and one-half for overtime, Saturdays, Sundays; double time and one-half for holidays. Flagging rates are set by the Railroad and are subject to change due to, but not limited to, travel time, setup plus, per diem and rest time (if work is required at night).

1.22 CLEANING OF RIGHT-OF-WAY

The Contractor shall, upon completion of the work to be performed within the right-of-way and/or properties of the Railroad and adjacent to its tracks, wire lines and other facilities, promptly remove from the Railroad right-of-way all Contractor's tools, implements and other materials whether brought upon the right-of-way by the Contractor or any subcontractors employee or agent of Contractor or of any subcontractor, and leave the right-of-way in a clean and presentable condition to the satisfaction of the Railroad.

1.23 CONTRACTOR'S RESPONSIBILITY OF SUPERVISION

The Contractor, at its expense, shall adequately supervise all work to be performed by the Contractor. Such responsibility shall not be lessened or otherwise affected by Railroad's approval of plans and specifications, or by the presence at the work site of the Railroad Project Representative, Railroad MTM Representative or any other Railroad representative or Railroad contractor providing inspection services, or by the compliance by the Contractor with any requests or recommendations made by such representatives. The Contractor will give due consideration to suggestions and recommendations made by such representatives for the safety and protection of the Railroad's property and operations.

1.24 USE OF EXPLOSIVES AT PROJECT SITE PROHIBITED

The Contractor's use of explosives at the Project site is expressly prohibited unless authorized in advance in writing by the Railroad Project Representative.

EXHIBIT E
TO
PUBLIC PEDESTRIAN UNDERPASS AGREEMENT
CONTRACTOR'S
RIGHT OF ENTRY AGREEMENT

THIS AGREEMENT is made and entered into as of the _____ day of _____, 20____, by and between **UNION PACIFIC RAILROAD COMPANY**, a Delaware corporation ("Railroad"); and _____, a _____ corporation ("Contractor").

RECITALS:

Contractor has been hired by _____ to perform work relating to _____ (the "Work") with all or a portion of such Work to be performed on property of Railroad in the vicinity of Railroad's Milepost _____ on Railroad's _____ [Subdivision or Branch] [at or near DOT No. _____] located at or near _____, in _____ County, State of _____, as such location is in the general location shown on the print marked **Exhibit A**, attached hereto and hereby made a part hereof, which Work is the subject of a contract dated _____ between Railroad and _____.

Railroad is willing to permit Contractor to perform the Work described above at the location described above subject to the terms and conditions contained in this agreement

AGREEMENT:

NOW, THEREFORE, it is mutually agreed by and between Railroad and Contractor, as follows:

ARTICLE 1 - DEFINITION OF CONTRACTOR.

For purposes of this agreement, all references in this agreement to Contractor shall include Contractor's contractors, subcontractors, officers, agents and employees, and others acting under its or their authority. For purposes of clarity, Contractor agrees that any CIC (defined below) hired by Contractor is a subcontractor of Contractor and therefore included in the defined term Contractor pursuant to the foregoing sentence.

ARTICLE 2 - RIGHT GRANTED: PURPOSE.

Railroad hereby grants to Contractor the right, during the term hereinafter stated and upon and subject to each and all of the terms, provisions and conditions herein contained, to enter upon and have ingress to and egress from the property described in the Recitals for the purpose of performing the Work described in the Recitals above. The right herein granted to Contractor is limited to those portions of Railroad's property specifically described herein, or as designated by the Railroad Representative named in Article 4.

ARTICLE 3 - TERMS AND CONDITIONS CONTAINED IN EXHIBITS B AND C.

The terms and conditions contained in **Exhibit B** and **Exhibit C**, attached hereto, are hereby made a part of this agreement.

ARTICLE 4 - ALL EXPENSES TO BE BORNE BY CONTRACTOR: RAILROAD REPRESENTATIVE.

A. Contractor shall bear any and all costs and expenses associated with any Work performed by Contractor (including without limitation any CIC), or any costs or expenses incurred by Railroad relating to this agreement.

B. Contractor shall coordinate all of its Work with the following Railroad representative or his or her duly authorized representative (the "Railroad Representative"):

C. Contractor, at its own expense, shall adequately police and supervise all Work to be performed by Contractor and shall ensure that such Work is performed in a safe manner as set forth in Section 7 of **Exhibit B**. The responsibility of Contractor for safe conduct and adequate policing and supervision of Contractor's Work shall not be lessened or otherwise affected by Railroad's approval of plans and specifications involving the Work, or by Railroad's collaboration in performance of any Work, or by the presence at the Work site of a Railroad Representative, or by compliance by Contractor with any requests or recommendations made by Railroad Representative.

ARTICLE 5 - SCHEDULE OF WORK ON A MONTHLY BASIS.

The Contractor, at its expense, shall provide on a monthly basis a detailed schedule of Work to the Railroad Representative named in Article 4B above. The reports shall start at the execution of this agreement and continue until this agreement is terminated as provided in this agreement or until the Contractor has completed all Work on Railroad's property.

ARTICLE 6 - TERM: TERMINATION.

A. The grant of right herein made to Contractor shall commence on the date of this agreement, and continue until _____, unless sooner terminated as herein provided, or at such time as Contractor has completed its Work on Railroad's property, whichever is earlier. Contractor agrees to notify the Railroad Representative in writing when it has completed its Work on Railroad's property.

B. This agreement may be terminated by either party on ten (10) days written notice to the other party.

ARTICLE 7 - CERTIFICATE OF INSURANCE.

A. Before commencing any Work and throughout the entire term of this Agreement, Contractor, at its expense, shall procure and maintain in full force and effect the types and minimum limits of insurance specified in **Exhibit C** of this agreement and require each of its subcontractors to include the insurance endorsements as required under Section 12 of **Exhibit B** of this agreement.

B. Not more frequently than once every two (2) years, Railroad may reasonably modify the required insurance coverage to reflect then-current risk management practices in the railroad industry and underwriting practices in the insurance industry.

C. Upon request of Railroad, Contractor shall provide to Railroad a certificate issued by its insurance

carrier evidencing the insurance coverage required under **Exhibit B**.

D. Contractor understands and accepts that the terms of this Article are wholly separate from and independent of the terms of any indemnity provisions contained in this Agreement.

E. Upon request of Railroad, insurance correspondence, binders, policies, certificates and endorsements shall be sent to:

Union Pacific Railroad Company

[Insert mailing address]

Attn: _____
Project No. 0795344

ARTICLE 8 - PRECONSTRUCTION MEETING

If the Work to be performed by the Contractor will involve the Railroad providing any flagging protection (or if a CIC is approved to provide flagging protection pursuant to the terms set forth herein) and/or there is separate work to be performed by the Railroad, the Contractor confirms that no work shall commence until the Railroad and Contractor participate in a preconstruction meeting involving flagging procedures and coordination of work activities of the Contractor and the Railroad (and any CIC, as applicable.)

ARTICLE 9. DISMISSAL OF CONTRACTOR'S EMPLOYEE

At the request of Railroad, Contractor shall remove from Railroad's property any employee of Contractor who fails to conform to the instructions of the Railroad Representative in connection with the Work on Railroad's property, and any right of Contractor shall be suspended until such removal has occurred. Contractor shall indemnify Railroad against any claims arising from the removal of any such employee from Railroad's property.

ARTICLE 10. ADMINISTRATIVE FEE

Upon the execution and delivery of this agreement, Contractor shall pay to Railroad One Thousand Twenty Five Dollars (\$1,025.00) as reimbursement for clerical, administrative and handling expenses in connection with the processing of this agreement.

ARTICLE 11. CROSSINGS: COMPLIANCE WITH MUTCD AND FRA GUIDELINES

A. No additional vehicular crossings (including temporary haul roads) or pedestrian crossings over Railroad's trackage shall be installed or used by Contractor without the prior written permission of Railroad.

B. Any permanent or temporary changes, including temporary traffic control, to crossings must conform to the Manual of Uniform Traffic Control Devices (MUTCD) and any applicable Federal Railroad Administration rules, regulations and guidelines, and must be reviewed by the Railroad prior to any changes being implemented. In the event the Railroad is found to be out of compliance with federal safety regulations due to the Contractor's modifications, negligence, or any other reason arising from the Contractor's presence on the Railroad's property, the Contractor agrees to assume liability for any civil penalties imposed upon the Railroad for such noncompliance.

ARTICLE 12.- EXPLOSIVES.

Explosives or other highly flammable substances shall not be stored or used on Railroad's property without the prior written approval of Railroad.

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement in duplicate as of the date first herein written.

UNION PACIFIC RAILROAD COMPANY

By: _____

Title: _____

(Name of Contractor)

By: _____

Name: _____

Title: _____

Phone: _____

E-Mail: _____

EXHIBIT A
TO
CONTRACTOR'S RIGHT OF ENTRY AGREEMENT

Exhibit A will be a print showing the general location of the work site.

EXHIBIT B
TO
CONTRACTOR'S RIGHT OF ENTRY AGREEMENT

Section 1. NOTICE OF COMMENCEMENT OF WORK - RAILROAD FLAGGING - PRIVATE FLAGGING.

A. Contractor agrees to notify the Railroad Representative at least ten (10) working days in advance of Contractor commencing its Work and at least thirty (30) working days in advance of proposed performance of any Work by Contractor in which any person or equipment will be within twenty-five (25) feet of any track, or will be near enough to any track that any equipment extension (such as, but not limited to, a crane boom) will reach to within twenty-five (25) feet of any track.

B. No work of any kind shall be performed, and no person, equipment, machinery, tool(s), material(s), vehicle(s), or thing(s) shall be located, operated, placed, or stored within twenty-five (25) feet of any of Railroad's track(s) at any time, for any reason, unless and until a Railroad approved flagman is provided to watch for trains. Upon receipt of such thirty (30)-day notice, the Railroad Representative will determine and inform Contractor whether a flagman need be present and whether Contractor needs to implement any special protective or safety measures.

C. Contractor shall be permitted to hire a private contractor to perform flagging or other special protective or safety measures (such private contractor being commonly known in the railroad industry as a contractor-in-charge ("CIC")) in lieu of Railroad providing such services or in concert with Railroad providing such services, subject to prior written approval by Railroad, which approval shall be in Railroad's sole and absolute discretion. If Railroad agrees to permit Contractor to utilize a CIC pursuant to the preceding sentence, Contractor shall obtain Railroad's prior approval in writing for each of the following items, as determined in all respects in Railroad's sole and absolute discretion: (i) the identity of the third-party performing the role of CIC; (ii) the scope of the services to be performed for the project by the approved CIC; and (iii) any other terms and conditions governing such services to be provided by the CIC. If flagging or other special protective or safety measures are performed by an approved CIC, Contractor shall be solely responsible for (and shall timely pay such CIC for) its services. Railroad reserves the right to rescind any approval pursuant to this Section 1, Subsection C., in whole or in part, at any time, as determined in Railroad's sole and absolute discretion.

D. If any flagging or other special protective or safety measures are performed by employees of Railroad and/or any contractor of Railroad, Railroad will bill Contractor for such expenses incurred by Railroad, unless Railroad and a federal, state or local governmental entity have agreed that Railroad is to bill such expenses to the federal, state or local governmental entity. If Railroad will be sending the bills to Contractor, Contractor shall pay such bills within thirty (30) days of Contractor's receipt of billing.

E. If any flagging or other special protective or safety measures are performed by Railroad or a CIC, Contractor agrees that Contractor is not relieved of any of its responsibilities or liabilities set forth in this agreement.

F. The provisions set forth in this subsection are only applicable for Flagging Services performed by employees of Railroad: the rate of pay per hour for each flagman will be the prevailing hourly rate in effect for an eight-hour day for the class of flagmen used during regularly assigned hours and overtime in accordance with labor agreements and schedules in effect at the time the Work is performed. In addition to the cost of such labor, a composite charge for vacation, holiday, health and welfare, supplemental sickness, Railroad Retirement and unemployment compensation, supplemental pension, Employees Liability and Property Damage and Administration will be included, computed on actual payroll. The composite charge will be the prevailing composite charge in effect at the time the Work is performed. One and one-half times the current hourly rate is

paid for overtime, Saturdays and Sundays, and two and one-half times current hourly rate for holidays. Wage rates are subject to change, at any time, by law or by agreement between Railroad and its employees, and may be retroactive as a result of negotiations or a ruling of an authorized governmental agency. Additional charges on labor are also subject to change. If the wage rate or additional charges are changed, Contractor (or the governmental entity, as applicable) shall pay on the basis of the new rates and charges. If flagging is performed by Railroad, reimbursement to Railroad will be required covering the full eight-hour day during which any flagman is furnished, unless the flagman can be assigned to other Railroad work during a portion of such day, in which event reimbursement will not be required for the portion of the day during which the flagman is engaged in other Railroad work. Reimbursement will also be required for any day not actually worked by the flagman following the flagman's assignment to work on the project for which Railroad is required to pay the flagman and which could not reasonably be avoided by Railroad by assignment of such flagman to other work, even though Contractor may not be working during such time. When it becomes necessary for Railroad to bulletin and assign an employee to a flagging position in compliance with union collective bargaining agreements, Contractor must provide Railroad a minimum of five (5) days notice prior to the cessation of the need for a flagman. If five (5) days notice of cessation is not given, Contractor will still be required to pay flagging charges for the five (5) day notice period required by union agreement to be given to the employee, even though flagging is not required for that period. An additional thirty (30) days notice must then be given to Railroad if flagging services are needed again after such five-day cessation notice has been given to Railroad.

Section 2. LIMITATION AND SUBORDINATION OF RIGHTS GRANTED

A. The foregoing grant of right is subject and subordinate to the prior and continuing right and obligation of the Railroad to use and maintain its entire property including the right and power of Railroad to construct, maintain, repair, renew, use, operate, change, modify or relocate railroad tracks, roadways, signal, communication, fiber optics, or other wirelines, pipelines and other facilities upon, along or across any or all parts of its property, all or any of which may be freely done at any time or times by Railroad without liability to Contractor or to any other party for compensation or damages.

B. The foregoing grant is also subject to all outstanding superior rights (whether recorded or unrecorded and including those in favor of licensees and lessees of Railroad's property, and others) and the right of Railroad to renew and extend the same, and is made without covenant of title or for quiet enjoyment.

Section 3. NO INTERFERENCE WITH OPERATIONS OF RAILROAD AND ITS TENANTS.

A. Contractor shall conduct its operations so as not to interfere with the continuous and uninterrupted use and operation of the railroad tracks and property of Railroad, including without limitation, the operations of Railroad's lessees, licensees or others, unless specifically authorized in advance by the Railroad Representative. Nothing shall be done or permitted to be done by Contractor at any time that would in any manner impair the safety of such operations. When not in use, Contractor's machinery and materials shall be kept at least twenty-five (25) feet from the centerline of Railroad's nearest track, and there shall be no vehicular crossings of Railroads tracks except at existing open public crossings.

B. Operations of Railroad and work performed by Railroad personnel and delays in the Work to be performed by Contractor caused by such railroad operations and Work are expected by Contractor, and Contractor agrees that Railroad shall have no liability to Contractor, or any other person or entity for any such delays. The Contractor shall coordinate its activities with those of Railroad and third parties so as to avoid interference with railroad operations. The safe operation of Railroad train movements and other activities by Railroad takes precedence over any Work to be performed by Contractor.

Section 4. LIENS.

Contractor shall pay in full all persons who perform labor or provide materials for the Work to be performed by Contractor. Contractor shall not create, permit or suffer any mechanic's or materialmen's liens of any kind or nature to be created or enforced against any property of Railroad for any such Work performed. Contractor shall indemnify and hold harmless Railroad from and against any and all liens, claims, demands, costs or expenses of whatsoever nature in any way connected with or growing out of such Work done, labor performed, or materials furnished. If Contractor fails to promptly cause any lien to be released of record, Railroad may, at its election, discharge the lien or claim of lien at Contractor's expense.

Section 5. PROTECTION OF FIBER OPTIC CABLE SYSTEMS.

A. Fiber optic cable systems may be buried on Railroad's property. Protection of the fiber optic cable systems is of extreme importance since any break could disrupt service to users resulting in business interruption and loss of revenue and profits. Contractor shall visit www.up.com/CBUD to complete and submit the required form to determine if fiber optic cable is buried anywhere on Railroad's property to be used by Contractor. If it is, Contractor will telephone the telecommunications company(ies) involved, make arrangements for a cable locator and, if applicable, for relocation or other protection of the fiber optic cable. Contractor shall not commence any Work until all such protection or relocation (if applicable) has been accomplished.

B. IN ADDITION TO OTHER INDEMNITY PROVISIONS IN THIS AGREEMENT, CONTRACTOR SHALL INDEMNIFY, DEFEND AND HOLD RAILROAD HARMLESS FROM AND AGAINST ALL COSTS, LIABILITY AND EXPENSE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS AND EXPENSES) ARISING OUT OF ANY ACT OR OMISSION OF CONTRACTOR, ITS AGENTS AND/OR EMPLOYEES, THAT CAUSES OR CONTRIBUTES TO (1) ANY DAMAGE TO OR DESTRUCTION OF ANY TELECOMMUNICATIONS SYSTEM ON RAILROAD'S PROPERTY, AND/OR (2) ANY INJURY TO OR DEATH OF ANY PERSON EMPLOYED BY OR ON BEHALF OF ANY TELECOMMUNICATIONS COMPANY, AND/OR ITS CONTRACTOR, AGENTS AND/OR EMPLOYEES, ON RAILROAD'S PROPERTY. CONTRACTOR SHALL NOT HAVE OR SEEK RECOURSE AGAINST RAILROAD FOR ANY CLAIM OR CAUSE OF ACTION FOR ALLEGED LOSS OF PROFITS OR REVENUE OR LOSS OF SERVICE OR OTHER CONSEQUENTIAL DAMAGE TO A TELECOMMUNICATION COMPANY USING RAILROAD'S PROPERTY OR A CUSTOMER OR USER OF SERVICES OF THE FIBER OPTIC CABLE ON RAILROAD'S PROPERTY.

Section 6. PERMITS - COMPLIANCE WITH LAWS.

In the prosecution of the Work covered by this agreement, Contractor shall secure any and all necessary permits and shall comply with all applicable federal, state and local laws, regulations and enactments affecting the Work including, without limitation, all applicable Federal Railroad Administration regulations.

Section 7. SAFETY.

A. Safety of personnel, property, rail operations and the public is of paramount importance in the prosecution of any Work on Railroad property performed by Contractor. Contractor shall be responsible for initiating, maintaining and supervising all safety, operations and programs in connection with the Work. Contractor shall, at a minimum, comply with Railroad's then current safety standards located at the below web address ("Railroad's Safety Standards") to ensure uniformity with the safety standards followed by Railroad's own forces. As a part of Contractor's safety responsibilities, Contractor shall notify Railroad if Contractor

determines that any of Railroad's Safety Standards are contrary to good safety practices. Contractor shall furnish copies of Railroad's Safety Standards to each of its employees before they enter Railroad property.

http://www.up.com/cs/groups/public/@uprr/@suppliers/documents/up_pdf_nativedocs/pdf_up_supplier_safety_req.pdf

B. Without limitation of the provisions of paragraph A above, Contractor shall keep the job site free from safety and health hazards and ensure that its employees are competent and adequately trained in all safety and health aspects of the job.

C. Contractor shall have proper first aid supplies available on the job site so that prompt first aid services may be provided to any person injured on the job site. Contractor shall promptly notify Railroad of any U.S. Occupational Safety and Health Administration reportable injuries. Contractor shall have a nondelegable duty to control its employees while they are on the job site or any other property of Railroad, and to be certain they do not use, be under the influence of, or have in their possession any alcoholic beverage, drug or other substance that may inhibit the safe performance of any Work.

D. If and when requested by Railroad, Contractor shall deliver to Railroad a copy of Contractor's safety plan for conducting the Work (the "Safety Plan"). Railroad shall have the right, but not the obligation, to require Contractor to correct any deficiencies in the Safety Plan. The terms of this agreement shall control if there are any inconsistencies between this agreement and the Safety Plan.

Section 8. INDEMNITY.

A. TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, CONTRACTOR SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS RAILROAD, ITS AFFILIATES, AND ITS AND THEIR OFFICERS, AGENTS AND EMPLOYEES (INDIVIDUALLY AN "INDEMNIFIED PARTY" OR COLLECTIVELY "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL LOSS, DAMAGE, INJURY, LIABILITY, CLAIM, DEMAND, COST OR EXPENSE (INCLUDING, WITHOUT LIMITATION, ATTORNEY'S, CONSULTANT'S AND EXPERT'S FEES, AND COURT COSTS), FINE OR PENALTY (COLLECTIVELY, "LOSS") INCURRED BY ANY PERSON (INCLUDING, WITHOUT LIMITATION, ANY INDEMNIFIED PARTY, CONTRACTOR, OR ANY EMPLOYEE OF CONTRACTOR OR OF ANY INDEMNIFIED PARTY) ARISING OUT OF OR IN ANY MANNER CONNECTED WITH (I) ANY WORK PERFORMED BY CONTRACTOR, OR (II) ANY ACT OR OMISSION OF CONTRACTOR, ITS OFFICERS, AGENTS OR EMPLOYEES, OR (III) ANY BREACH OF THIS AGREEMENT BY CONTRACTOR.

B. THE RIGHT TO INDEMNITY UNDER THIS SECTION 8 SHALL ACCRUE UPON OCCURRENCE OF THE EVENT GIVING RISE TO THE LOSS, AND SHALL APPLY REGARDLESS OF ANY NEGLIGENCE OR STRICT LIABILITY OF ANY INDEMNIFIED PARTY, EXCEPT WHERE THE LOSS IS CAUSED BY THE SOLE ACTIVE NEGLIGENCE OF AN INDEMNIFIED PARTY AS ESTABLISHED BY THE FINAL JUDGMENT OF A COURT OF COMPETENT JURISDICTION. THE SOLE ACTIVE NEGLIGENCE OF ANY INDEMNIFIED PARTY SHALL NOT BAR THE RECOVERY OF ANY OTHER INDEMNIFIED PARTY.

C. CONTRACTOR EXPRESSLY AND SPECIFICALLY ASSUMES POTENTIAL LIABILITY UNDER THIS SECTION 8 FOR CLAIMS OR ACTIONS BROUGHT BY CONTRACTOR'S OWN EMPLOYEES. CONTRACTOR WAIVES ANY IMMUNITY IT MAY HAVE UNDER WORKER'S COMPENSATION OR INDUSTRIAL INSURANCE ACTS TO INDEMNIFY THE INDEMNIFIED PARTIES UNDER THIS SECTION 8. CONTRACTOR ACKNOWLEDGES THAT THIS WAIVER WAS MUTUALLY NEGOTIATED BY THE PARTIES HERETO.

D. NO COURT OR JURY FINDINGS IN ANY EMPLOYEE'S SUIT PURSUANT TO ANY

WORKER'S COMPENSATION ACT OR THE FEDERAL EMPLOYERS' LIABILITY ACT AGAINST A PARTY TO THIS AGREEMENT MAY BE RELIED UPON OR USED BY CONTRACTOR IN ANY ATTEMPT TO ASSERT LIABILITY AGAINST ANY INDEMNIFIED PARTY.

E. THE PROVISIONS OF THIS SECTION 8 SHALL SURVIVE THE COMPLETION OF ANY WORK PERFORMED BY CONTRACTOR OR THE TERMINATION OR EXPIRATION OF THIS AGREEMENT. IN NO EVENT SHALL THIS SECTION 8 OR ANY OTHER PROVISION OF THIS AGREEMENT BE DEEMED TO LIMIT ANY LIABILITY CONTRACTOR MAY HAVE TO ANY INDEMNIFIED PARTY BY STATUTE OR UNDER COMMON LAW.

Section 9. RESTORATION OF PROPERTY.

In the event Railroad authorizes Contractor to take down any fence of Railroad or in any manner move or disturb any of the other property of Railroad in connection with the Work to be performed by Contractor, then in that event Contractor shall, as soon as possible and at Contractor's sole expense, restore such fence and other property to the same condition as the same were in before such fence was taken down or such other property was moved or disturbed. Contractor shall remove all of Contractor's tools, equipment, rubbish and other materials from Railroad's property promptly upon completion of the Work, restoring Railroad's property to the same state and condition as when Contractor entered thereon.

Section 10. WAIVER OF DEFAULT.

Waiver by Railroad of any breach or default of any condition, covenant or agreement herein contained to be kept, observed and performed by Contractor shall in no way impair the right of Railroad to avail itself of any remedy for any subsequent breach or default.

Section 11. MODIFICATION - ENTIRE AGREEMENT.

No modification of this agreement shall be effective unless made in writing and signed by Contractor and Railroad. This agreement and the exhibits attached hereto and made a part hereof constitute the entire understanding between Contractor and Railroad and cancel and supersede any prior negotiations, understandings or agreements, whether written or oral, with respect to the Work to be performed by Contractor.

Section 12. ASSIGNMENT - SUBCONTRACTING.

Contractor shall not assign or subcontract this agreement, or any interest therein, without the written consent of the Railroad. Contractor shall be responsible for the acts and omissions of all subcontractors. Before Contractor commences any Work, the Contractor shall, except to the extent prohibited by law; (1) require each of its subcontractors to include the Contractor as "Additional Insured" on the subcontractor's Commercial General Liability policy and Umbrella or Excess policies (if applicable) with respect to all liabilities arising out of the subcontractor's performance of Work on behalf of the Contractor by endorsing these policies with ISO Additional Insured Endorsements CG 20 10, and CG 20 37 (or substitute forms providing equivalent coverage; (2) require each of its subcontractors to endorse their Commercial General Liability Policy with "Contractual Liability Railroads" ISO Form CG 24 17 10 01 (or a substitute form providing equivalent coverage) for the job site; and (3) require each of its subcontractors to endorse their Business Automobile Policy with "Coverage For Certain Operations In Connection With Railroads" ISO Form CA 20 70 10 01 (or a substitute form providing equivalent coverage) for the job site.

EXHIBIT C
TO
CONTRACTOR'S
RIGHT OF ENTRY AGREEMENT

Union Pacific Railroad Company
Insurance Requirements For
Contractor's Right of Entry Agreement

During the entire term of this Agreement and course of the Project, and until all Project Work on Railroad's property has been completed and all equipment and materials have been removed from Railroad's property and Railroad's property has been clean and restored to Railroad's satisfaction, Contractor shall, at its sole cost and expense, procure and maintain the following insurance coverage:

- A. Commercial General Liability** insurance. Commercial general liability (CGL) with a limit of not less than \$5,000,000 each occurrence and an aggregate limit of not less than \$10,000,000. CGL insurance must be written on ISO occurrence form CG 00 01 12 04 (or a substitute form providing equivalent coverage).

The policy must also contain the following endorsement, which must be stated on the certificate of insurance:

- Contractual Liability Railroads ISO form CG 24 17 10 01 (or a substitute form providing equivalent coverage) showing "Union Pacific Railroad Company Property" as the Designated Job Site.
- Designated Construction Project(s) General Aggregate Limit ISO Form CG 25 03 03 97 (or a substitute form providing equivalent coverage) showing the project on the form schedule.

- B. Business Automobile Coverage** insurance. Business auto coverage written on ISO form CA 00 01 10 01 (or a substitute form providing equivalent liability coverage) with a combined single limit of not less \$5,000,000 for each accident and coverage must include liability arising out of any auto (including owned, hired and non-owned autos).

The policy must contain the following endorsements, which must be stated on the certificate of insurance:

- Coverage For Certain Operations In Connection With Railroads ISO form CA 20 70 10 01 (or a substitute form providing equivalent coverage) showing "Union Pacific Property" as the Designated Job Site.
- Motor Carrier Act Endorsement - Hazardous materials clean up (MCS-90) if required by law.

- C. Workers' Compensation and Employers' Liability** insurance. Coverage must include but not be limited to:

- Contractor's statutory liability under the workers' compensation laws of the state where the Work is being performed.
- Employers' Liability (Part B) with limits of at least \$500,000 each accident, \$500,000 disease policy limit \$500,000 each employee.

If Contractor is self-insured, evidence of state approval and excess workers compensation coverage must be provided. Coverage must include liability arising out of the U. S. Longshoremen's and Harbor Workers' Act, the Jones Act, and the Outer Continental Shelf Land Act, if applicable.

- D. Railroad Protective Liability** insurance. Contractor must maintain "Railroad Protective Liability" (RPL) insurance written on ISO occurrence form CG 00 35 12 04 (or a substitute form providing equivalent coverage) on behalf of Railroad as named insured, with a limit of not less than \$2,000,000 per occurrence

and an aggregate of \$6,000,000. The definition of "JOB LOCATION" and "WORK" on the declaration page of the policy shall refer to this agreement and shall describe all WORK or OPERATIONS performed under this agreement. Contractor shall provide this agreement to Contractor's insurance agent(s) and/or broker(s) and Contractor shall instruct such agent(s) and/or broker(s) to procure the insurance coverage required by this agreement. A BINDER STATING THE POLICY IS IN PLACE MUST BE SUBMITTED TO RAILROAD BEFORE THE WORK MAY COMMENCE AND UNTIL THE ORIGINAL POLICY IS FORWARDED TO UNION PACIFIC RAILROAD.

- E. **Umbrella or Excess** insurance. If Contractor utilizes umbrella or excess policies, these policies must "follow form" and afford no less coverage than the primary policy.
- F. **Pollution Liability** insurance. Pollution liability coverage must be included when the scope of the Work as defined in the agreement includes installation, temporary storage, or disposal of any "hazardous" material that is injurious in or upon land, the atmosphere, or any watercourses; or may cause bodily injury at any time.

If required, coverage may be provided in separate policy form or by endorsement to Contractors CGL or RPL. Any form coverage must be equivalent to that provided in ISO form CG 24 15 "Limited Pollution Liability Extension Endorsement" or CG 28 31 "Pollution Exclusion Amendment" with limits of at least \$5,000,000 per occurrence and an aggregate limit of \$10,000,000.

If the scope of Work as defined in this agreement includes the disposal of any hazardous or non-hazardous materials from the job site, Contractor must furnish to Railroad evidence of pollution legal liability insurance maintained by the disposal site operator for losses arising from the insured facility accepting the materials, with coverage in minimum amounts of \$1,000,000 per loss, and an annual aggregate of \$2,000,000.

Other Requirements

- G. All policy(ies) required above (except business automobile, worker's compensation and employers liability) must include Railroad as "Additional Insured" using ISO Additional Insured Endorsements CG 20 10, and CG 20 37 (or substitute forms providing equivalent coverage). The coverage provided to Railroad as additional insured shall not be limited by Contractor's liability under the indemnity provisions of this agreement. BOTH CONTRACTOR AND RAILROAD EXPECT THAT UNION PACIFIC RAILROAD COMPANY WILL BE PROVIDED WITH THE BROADEST POSSIBLE COVERAGE AVAILABLE BY OPERATION OF LAW UNDER ISO ADDITIONAL INSURED FORMS CG 20 10 AND CG 20 37.
- H. Punitive damages exclusion, if any, must be deleted (and the deletion indicated on the certificate of insurance), unless (a) insurance coverage may not lawfully be obtained for any punitive damages that may arise under this agreement, or (b) all punitive damages are prohibited by all states in which this agreement will be performed.
- I. Contractor waives all rights of recovery, and its insurers also waive all rights of subrogation of damages against Railroad and its agents, officers, directors and employees for damages covered by the workers compensation and employers liability or commercial umbrella or excess liability obtained by Contractor required in this agreement where prohibited by law. This waiver must be stated on the certificate of insurance.
- J. Prior to commencing the Work, Contractor shall furnish Railroad with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements in this agreement.

- K.** All insurance policies must be written by a reputable insurance company acceptable to Railroad or with a current Best's Insurance Guide Rating of A- and Class VII or better, and authorized to do business in the state where the Work is being performed.
- L.** The fact that insurance is obtained by Contractor or by Railroad on behalf of Contractor will not be deemed to release or diminish the liability of Contractor, including, without limitation, liability under the indemnity provisions of this agreement. Damages recoverable by Railroad from Contractor or any third party will not be limited by the amount of the required insurance coverage.

EXHIBIT F
TO
PUBLIC PEDESTRIAN UNDERPASS AGREEMENT

RAILROAD'S INSURANCE REQUIREMENTS

Section 1. REQUIRED INSURANCE.

The Licensee shall, at its sole cost and expense, (except for Railroad Protective Liability Insurance required in Paragraph D), procure and maintain in effect during the entire term of this Agreement the following insurance coverage. The Licensee shall procure and maintain, or cause to be procured and maintained by its Contractor, at its sole cost and expense, Railroad Protective Liability Insurance coverage described in Paragraph D during any period of construction, maintenance, repair, renewal, reconstruction or removal work.

- A. **Commercial General Liability** insurance. Commercial general liability (CGL) with a limit of not less than \$5,000,000 each occurrence and an aggregate limit of not less than \$10,000,000. CGL insurance must be written on ISO occurrence form CG 00 01 12 04 (or a substitute form providing equivalent coverage).

The policy must also contain the following endorsement, which must be stated on the certificate of insurance:

- Contractual Liability Railroads ISO form CG 24 17 10 01 (or a substitute form providing equivalent coverage) showing "Union Pacific Railroad Company Property" as the Designated Job Site.
- Designated Construction Project(s) General Aggregate Limit ISO Form CG 25 03 03 97 (or a substitute form providing equivalent coverage) showing the project on the form schedule.

- B. **Business Automobile Coverage** insurance. Business auto coverage written on ISO form CA 00 01 10 01 (or a substitute form providing equivalent liability coverage) with a combined single limit of not less \$5,000,000 for each accident and coverage must include liability arising out of any auto (including owned, hired and non-owned autos).

The policy must contain the following endorsements, which must be stated on the certificate of insurance:

- Coverage For Certain Operations In Connection With Railroads ISO form CA 20 70 10 01 (or a substitute form providing equivalent coverage) showing "Union Pacific Property" as the Designated Job Site.
- Motor Carrier Act Endorsement - Hazardous materials clean up (MCS-90) if required by law.

- C. **Workers' Compensation and Employers' Liability** insurance. Coverage must include but not be limited to:

- Licensee's statutory liability under the workers' compensation laws of the state where the work is being performed.

- Employers' Liability (Part B) with limits of at least \$500,000 each accident, \$500,000 disease policy limit \$500,000 each employee.

If the Licensee is self-insured, evidence of state approval and excess workers compensation coverage must be provided. Coverage must include liability arising out of the U. S. Longshoremen's and Harbor Workers' Act, the Jones Act, and the Outer Continental Shelf Land Act, if applicable.

The policy must contain the following endorsement, which must be stated on the certificate of insurance:

- Alternate Employer endorsement ISO form WC 00 03 01 A (or a substitute form providing equivalent coverage) showing the Railroad in the schedule as the alternate employer (or a substitute form providing equivalent coverage).

D. **Railroad Protective Liability** insurance. Consistent with the terms hereof, the Contractor must maintain "Railroad Protective Liability" (RPL) insurance written on ISO occurrence form CG 00 35 12 04 (or a substitute form providing equivalent coverage) on behalf of the Railroad as named insured, with a limit of not less than \$2,000,000 per occurrence and an aggregate of \$6,000,000. The definition of "JOB LOCATION" and "WORK" on the declaration page of the policy shall refer to this Agreement and shall describe all WORK or OPERATIONS performed under this Agreement. The Contractor shall provide this Agreement to the Contractor's insurance agent(s) and/or broker(s), and the Contractor shall instruct such agent(s) and/or broker(s) to procure the insurance coverage required by this Agreement. A BINDER STATING THE POLICY IS IN PLACE MUST BE SUBMITTED TO THE RAILROAD BEFORE THE WORK MAY COMMENCE AND UNTIL THE ORIGINAL POLICY IS FORWARDED TO UNION PACIFIC RAILROAD.

E. **Umbrella or Excess** insurance. If the Licensee utilizes umbrella or excess policies, these policies must "follow form" and afford no less coverage than the primary policy.

F. **Pollution Liability** insurance. Pollution liability coverage must be included when the scope of the work as defined in this Agreement includes installation, temporary storage, or disposal of any "hazardous" material that is injurious in or upon land, the atmosphere, or any watercourses; or may cause bodily injury at any time.

If required, coverage may be provided in separate policy form or by endorsement to the Contractors CGL or RPL. Any form coverage must be equivalent to that provided in ISO form CG 24 15 "Limited Pollution Liability Extension Endorsement" or CG 28 31 "Pollution Exclusion Amendment" with limits of at least \$5,000,000 per occurrence and an aggregate limit of \$10,000,000.

If the scope of work as defined in this Agreement includes the disposal of any hazardous or non-hazardous materials from the job site, the Licensee must furnish to the Railroad evidence of pollution legal liability insurance maintained by the disposal site operator for losses arising from the insured facility accepting the materials, with coverage in minimum amounts of \$1,000,000 per loss, and an annual aggregate of \$2,000,000.

Other Requirements

- G. All policy(ies) required above (except worker's compensation and employers liability) must include Railroad as "Additional Insured" using ISO Additional Insured Endorsements CG 20 26, and CA 20 48 (or substitute forms providing equivalent coverage). The coverage provided to the Railroad as additional insured shall, to the extent provided under ISO Additional Insured Endorsement CG 20 26, and CA 20 48 provide coverage for the Railroad's negligence whether sole or partial, active or passive, and shall not be limited by the Licensee's liability under the indemnity provisions of this Agreement.
- H. Punitive damages exclusion, if any, must be deleted (and the deletion indicated on the certificate of insurance), unless the law governing this Agreement prohibits all punitive damages that might arise under this Agreement. The provisions of this Paragraph H regarding the deletion of the punitive damages exclusion shall only apply if permitted by the laws of the state where the Project is located.
- I. The Licensee waives all rights of recovery, and its insurers also waive all rights of subrogation of damages against Railroad and its agents, officers, directors and employees. This waiver must be stated on the certificate of insurance.
- J. Concurrently with the execution of this Agreement, the Licensee shall furnish the Railroad with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements in this Agreement.
- K. All insurance policies must be written by a reputable insurance company acceptable to the Railroad or with a current Best's Insurance Guide Rating of A- and Class VII or better, and authorized to do business in the state where the Project is located.
- L. The fact that insurance is obtained by the Licensee will not be deemed to release or diminish the liability of the Licensee, including, without limitation, liability under the indemnity provisions of this Agreement. Damages recoverable by the Railroad from the Licensee or any third party will not be limited by the amount of the required insurance coverage.

EXHIBIT G
TO
PUBLIC PEDESTRIAN UNDERPASS AGREEMENT

UPRR's minimum requirements to help facilitate the safety of the general public and to protect railroad facilities/right of way.

- Install and maintain fencing along the east side of the grade-separated pedestrian underpass structure and pedestrian trail within the UPRR right of way to help prevent trespassing
- Trash maintenance
- The agency is to assume all costs, mitigate and resolve any homeless / encampment related issues within the Railroad right of way within the bridge area.
- Flood warning system that UPRR structures will approve
- Fence to lock during flood events
- Policing during flood events
- Graffiti maintenance
- Debris structure
- Agency needs to respond between 30 and 60 days with a corrective action to any maintenance issues reported

ITEM 7F

Coachella Valley Association of Governments Executive Committee February 26, 2024



STAFF REPORT

Subject: Additional Solar Lights for CV Link Construction

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

Recommendation: Authorize the Executive Director to 1. approve a purchase agreement with Urban Solar to provide 5,424 solar lights at a unit price of \$93.45 per light for CV Link, in an amount not to exceed \$546,054.75 and 2. Authorize a 10 percent contingency for supplemental purchases as necessary during construction

Transportation Committee: Due to the timing of this issue coming forward from the contractor, CVAG staff did not have an opportunity to take this matter to the Transportation Committee when it met on February 5.

Background: On December 2, 2019, the CVAG Executive Committee authorized the Executive Director to purchase 121,000 lbs. of seeded glass from T. B. Penick & Sons, and 4,811 solar lights from Urban Solar in an amount not to exceed \$335,410 and \$443,550, respectively. The Executive Director was also authorized to supplement these purchases as necessary at a price not to exceed the per unit costs.

The solar lights are unique in that they are not just aesthetically pleasing, but also serve as wayfinding and safety features of the pathway. The solar lights are embedded into the concrete pavement and incorporate the project's signature orange and blue color scheme. In order to achieve consistency across a large regional project, CVAG staff was also looking to avoid the opportunities of slight variations in the product that can occur when they are being manufactured at different times.

CVAG was finalizing the design and preparing for construction of Segments 1 and 2 at the time of the purchase, so it was not known how many solar lights were going to be needed for the project's entirety. The solar lights that were ordered in 2019 were for Segments 1 and 2. Since then, the construction contractor, Ames Construction, determined that there is an additional need of 5,424 solar lights to complete the remainder of CV Link construction. This includes enough solar lights for Segments 3/ 4/ 5, which the Executive Committee authorized for construction in December 2023, and for the upcoming Segment 6. It also allows for some extra lights to keep in storage in the event they need replacement. There is no need to purchase additional seeded glass since CVAG purchased enough for the entire CV Link project.

The concept of pre-purchasing materials stemmed from conversations CVAG staff had with local and regional partners such as Caltrans. CVAG distributed a Request for Proposals (RFP) for vendors to obtain competitive prices for seeded glass and solar lights for CV Link back on October 8, 2019. The RFP was widely distributed, including Planetbids, which is a popular online platform used by vendors. The deadline for submissions was October 25, 2019. Through

this competitive bid process, the program for pre-purchasing solar lights has been established for CV Link and as such, CVAG has requested a quote from Urban Solar for the additional lights.

As with seeded glass, there are a myriad of benefits to pre-purchasing materials. Those benefits include consistency in product to ensure the pathway will look the same and maintain the CV Link branding. This is not only important for aesthetic purposes but also for wayfinding and safety. Another benefit to pre-purchasing material is that the product may become out of stock or discontinued.

In addition, purchasing all of the lights now reduces schedule delays in the scenario where CVAG is ready to construct but the vendor cannot meet their production date, which would incur unnecessary costs for CVAG to wait for delivery. Also, pre-purchasing material gives CVAG more room for quality control to ensure consistency of deliverables and account for the possible time to reproduce the product in case the vendor makes any mistakes.

Lastly, another major benefit of pre-purchasing material is that CVAG will receive lower pricing by purchasing in bulk instead of purchasing smaller batches over time. CVAG ordered 4,811 solar lights for Segment 1 and 2 at \$86.35 per unit. As mentioned earlier, it was not known how many additional solar lights were going to be needed because design of the remaining segments had not been finalized before going out to bid. It has now been determined that 5,424 additional solar lights are needed to complete the remainder of CV Link construction. Staff is recommending the purchase.

Fiscal Analysis: CVAG recently requested a quote from Urban Solar, and the vendor provided a price of \$93.45 per unit, totaling \$546,054.75, an increase of \$7.10 per unit from the last order. Increase in material and inflation are the causes for the increase in price. Although the price may have slightly increased, the product has not become out of stock or discontinued and is still available. Purchasing all of the remainder lights now reduces these risks. Pre-purchased materials are covered under funding secured for CV Link.

CVAG staff recommends that the Executive Committee authorize the Executive Director to purchase the solar lights in order to accommodate the next phases of CV Link construction.

Attachment: Urban Solar Quote



INVOICE

Invoice No.: 1464
Date: Feb 05, 2024
Ship Date:
Page: 1
Re: Order No. Quote Feb5

Customer: Coachella Valley Association of Governments
Martin Magana
73-710 Fred Waring Dr. Ste #200
Palm Desert, CA 92260
USA

Ship to: Coachella Valley Association of Governments
City of Palm Desert Corp Yard
74505 42nd Ave
Palm Desert, CA 92260
USA

Business No.: 432119609

Quantity	Unit	Description	Tax	Unit Price	Amount
497		SWL-YHDD1-SBB Custom-PL Urban Solar, Solar pathway marker, blue/blue, w/pseudocapacitor, includes security hardware and bracket for installation		93.45	46,444.65
4,379		SWL-YHDD1-SBO Custom-PL Urban Solar, Solar pathway marker, blue/orange, w/pseudocapasitor, includes security hardware and bracket for installation		93.45	409,217.55
547		SWL-YHDD1-SOO Custom-PL Urban Solar, Solar pathway marker, orange/orange, w/pseudocapasitor, includes security hardware and bracket for installation		93.45	51,117.15
1		CA TAX@7.75% Palm Desert (Riverside County)		39,275.40	39,275.40
Actual freight will be billed at time of shipment					
We respectfully request that funds are wired to the following: US Bank 15875 SW Walker Rd., Beaverton, OR 97006 Swift: USBK-US-44-IMT Routing: 123000220 Acct: 153666578635 PLEASE NOTE: Unless otherwise stated AND indicated on this invoice the Customer / Purchaser is responsible to submit all applicable State sales and/or use taxes.					
Shipped By: Tracking Number:				Total Amount	546,054.75
Late payment penalty charged at 8% annual interest. 50% deposit payment due on receipt					
Sold By:					

ITEM 7G

**Coachella Valley Association of Governments
Executive Committee
February 26, 2024**



STAFF REPORT

Subject: CV Housing First's Behavioral Health Partnerships

Contact: Ivan Tenorio, Management Analyst (itenorio@cvag.org)

Recommendation: Authorize the Executive Director to execute Amendment No. 2 to the Memorandum of Understanding with Beacon Associates for behavioral health referrals, authorizing a not to exceed amount of \$40,000 through March 5, 2026

Homelessness Committee: Concurred (Meeting of February 21)

Background: One of the priority areas identified by the CV Housing First team has been securing behavioral health partnerships that improve services to the program's CV 200 clients. In June 2021, the CVAG Executive Committee authorized the Executive Director to negotiate and execute no-cost Memorandums of Understanding (MOU) with providers who can expand the services to assist the CV Housing First program. The Executive Director is also provided with certain signature authorities for contracts related to ongoing programs.

In March 2022, under the approved signing authority, the Executive Director authorized a MOU with Dr. Diane Vines from Beacon Associates. Dr. Vines is well known among service providers, as she is heavily involved in street outreach medicine through California State University, San Bernardino (CSUSB) and other organizations. Under the terms of the agreement, Dr. Vines has been working closely with CV Housing First staff to coordinate behavioral health services for people experiencing homelessness.

Prior to the arrangement with Beacon, CVAG staff experienced some challenges in the ability to obtain behavioral health intake and clinical referrals, which led to delays in housing and services. Under the MOU, CVAG staff performs initial intakes and pre-screen clients to determine their individual needs. From there, clients are referred to Dr. Vines for analysis, and to determine if the client is eligible for Permanent Supportive Housing (PSH) or other housing program that requires a showing of a disability as defined by Housing and Urban Development (HUD). Dr. Vines also assists CVAG staff with referring clients to behavioral health services (RUHS Behavioral Health, Recovery Innovations, Adult Behavioral Health) as determined by their behavioral health assessment and desire to participate in ongoing services and follow up care. In addition, Dr. Vines provides letters for emotional support animals, which is needed documentation for entering permanent housing.

The agreement with Dr. Vines has streamlined CV 200 clients' access to needed services, whereas many programs experience a significant backlog and wait time. The Executive Director authorized a no-cost time extension, which extended the term of the contract to March 5, 2024. Staff is now recommending Amendment No. 2 to provide an additional two years of service for a total not-to-exceed amount of \$40,000.

Fiscal Analysis: The existing contract with Beacon Associates authorized up to \$25,000 in work, of which there was about \$3,000 remaining as of December 31, 2023. Amendment No. 2 to the MOU with Beacon will provide an additional \$40,000 in services through March 5, 2026. The amounts are reimbursed on an hourly rate based on the services provided. Under the terms of this amendment, Dr. Vines' hourly rate will go up from \$150 to \$175.

Funding for this agreement is covered under the CV Housing First budget. By investing in direct access to behavioral health services, CVAG can eliminate wait times for its clients and get them into permanent housing solutions faster.

Attachment: Amendment No. 2 with Beacon Associates

AMENDMENT NUMBER TWO
to the
MEMORANDUM OF UNDERSTANDING
With
Beacon Associates
for the
Behavioral Health Assessment Referrals

This **AMENDMENT NUMBER TWO** is made and entered into this 26TH day of February 2024, by and between the **Coachella Valley Association of Governments**, a California joint powers agency (**CVAG**), and **Beacon Associates (Provider)**, and is made with reference to the following background facts and circumstances. All other terms and conditions shall remain the same as stated in the original Agreement dated March 5, 2022 for Behavioral Health Assessment Referrals.

1. This Amendment Number Two extends the term of the agreement to **March 5, 2026**.
2. The total amount payable under this agreement shall not exceed **\$65,000**, paid on an updated hourly rate of **\$175**.

Original Agreement	March 5, 2022	\$25,000
Amendment Number One	January 24, 2023	No cost
Amendment Number Two	February 26, 2024	<u>\$40,000</u>

Total Agreement Not-to-Exceed **\$65,000**

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

**COACHELLA VALLEY ASSOCIATION OF
GOVERNMENTS**

Beacon Associates

By: _____
Tom Kirk, CVAG Executive Director

By: _____
Diane Vines, Counselor

ITEM 7H

Coachella Valley Association of Governments Executive Committee February 26, 2024



STAFF REPORT

Subject: Next Steps for Coachella Valley Energy Commission and Ongoing Analysis of Regional Alternative Governance

Contact: Emmanuel Martinez, Program Manager – External Affairs (emartinez@cvag.org)

Recommendation: Authorize the Executive Director to add up to \$30,000 to an agreement with Leading Resources Incorporated for travel costs, for a total cost not to exceed \$230,000 for the Long-Term Governance and Electrical Services Strategic Plan

Background: CVAG's committees are regularly provided update on Imperial Irrigation District's (IID) Coachella Valley Energy Commission (CVEC). On January 29, 2024, based on the discussion by the Energy & Sustainability Committee and feedback by an evaluation committee, the Executive Committee authorized CVAG to increase its role in helping address Coachella Valley representation on electrical service matters by taking the lead on the Long-Term Governance and Electrical Services Strategic Plan. The Executive Committee also authorized moving forward with awarding a contract to Leading Resources Incorporated to facilitate discussion with key stakeholders and conduct a strategic plan for continued energy services for the communities served by IID that provides direct representation on said matters. The authorization to move forward was contingent upon negotiation of cost-share agreements with partners to fund the plan, which is ongoing.

The authorization provided by the Executive Committee in January was also contingent on receiving concurrence from the CVEC Governance Committee. The CVEC Governance Committee gave its support on January 31, but members also expressed interest in incorporating travel costs into the contract. Because these costs were not anticipated in the original authorization of \$199,370, CVAG staff is recommending a modification to the Executive Director's previously approved authorization. It would bring the project's total budget to a not-to-exceed cost of \$230,000.

Staff would note that the LRI team is ready to launch. Eric Douglas, LRI Founder and consultant, attended the February meeting of the Energy & Sustainability Committee to provide more information on the proposed workplan and next steps. LRI is a Sacramento-based consulting firm with extensive experience in planning and facilitating change in complex environments in the public and private sectors. LRI was the only firm to respond to the request for proposals, but the proposal demonstrated the skillsets and experience to facilitate discussions and conduct technical, financial, legal and legislative analysis. LRI's focus is strategic planning, governance, leadership development, performance management, and stakeholder engagement. The firm has less than 10 employees and has over 25 years of experience. Prior engagements include working with Sacramento Municipal Utility District, Long Island Power Authority, Northern California Public Power Authority, the California Public Utilities Commission, Omaha Public Power District and the IID.

As the Committee is aware, addressing representation on electrical service matters for the communities that are served by IID has been an ongoing topic of discussion. Over the last two years, progress has been made by CVEC as it has convened key stakeholders to discuss technical, operational, and legal issues related to the provision of electrical services. To help identify a viable long-term governance solution, the State's 2021 Budget Act included \$500,000 from the General Fund to finance an Alternative Governance and Electrical Services study overseen by the Imperial County Local Agency Formation Commission (LAFCO) and the Riverside County LAFCO. LRI's work will build on that study, which was completed in November 2023. The study analyzed potential governance structures against foundational objectives, which were established by the CVEC and stakeholders. The foundational objectives include, but are not limited to, achieving a public and locally governed entity, providing representation for Coachella Valley customers, flexible finance options, oversight of financial policies, and uncomplicated to implement. Based on these objectives, the study identified Option 1.D Joint Powers Authority and Option 2.B For a New Publicly Owned Utility as the two highest ranked options to consider for further evaluation.

LRI's proposal was evaluated by staff representatives from the City of Indio, City of La Quinta, County of Riverside, IID and CVAG. The plan will analyze and narrow the options for providing representation and energy service to the Coachella Valley.

Fiscal Analysis: The recommended action would authorize the Executive Director's to add \$30,000 to the final negotiated agreement with LRI, for a total of \$230,000, which would provide ample budget for in-person meetings and LRI's travel from Sacramento to the Coachella Valley.

There is no cost to CVAG for this plan. Staff is finalizing a cost-sharing plan with stakeholders. CVAG staff had originally proposed an equal cost-share between CVEC members. Upon further discussions, representatives of IID and CVWD have agreed to a 50-50 split of the costs.

Staff time related to this work is covered under the existing memorandum of understanding with IID, which is billed on a time and materials basis.

ITEM 71

**Coachella Valley Association of Governments
Executive Committee
February 26, 2024**



STAFF REPORT

Subject: **Potential Loss of Regional Early Action Planning (REAP 2.0) Grant Funding**

Contact: Erica Felci, Chief Operating Officer (efelci@cvag.org) and Peter Satin, Conservation Program Manager (psatin@cvag.org)

Recommendation: Authorize the Chair and/or Executive Director take the necessary steps to advocate that the State of California maintain the funding commitments made to the Regional Early Action Planning program, including \$19.4 million in awards to the Coachella Valley

Homelessness Committee: Concurred (Meeting of February 21)

Background: In recent years, CVAG's committees have been provided with regular updates on the State's Regional Early Action Planning Grants, (REAP), a State of California-funded program to accelerate meeting the State's housing and climate goals. The program is now in its second cycle, known as REAP 2.0, and already-funded projects statewide are at a standstill amid looming budget cuts. The Coachella Valley stands to lose more than \$19 million for various planning and capital investments that would benefit the production of affordable housing units. Ian Gabriel, Lift to Rise's Director of Data, Policy & Planning, provided an update on how this impacts the region when the Homelessness Committee met on February 21.

The REAP program was designed to address the housing crisis from a planning perspective at the regional level. In the first cycle, \$47 million was allocated to the Southern California Association of Governments (SCAG) to administer on behalf of the region. Of this, \$23 million was set aside for noncompetitive subregional partnerships. As a subregional partner, CVAG was eligible to receive approximately \$558,000 to be used toward one or more planning efforts that boost housing production and related supportive infrastructure. CVAG funded two projects that were completed in 2023: A revenue stream feasibility study for housing and associated infrastructure needs, and the implementation of an Affordable Housing Catalyst Fund by Lift to Rise to support pre-development financing for housing units.

CVAG staff has joined other agencies in expressing a frustration that the funds are allocated towards planning, and not implementation or building of units. These funds also have proven to be difficult to administer. During REAP 2.0, CVAG staff declined a noncompetitive allocation in favor of seeing the funds invested into Coachella Valley projects.

Separately, CVAG successfully secured REAP 2.0 funds administered by SCAG for use in the County Transportation Commission (CTC) Partnership Program. The CTC Partnership Program is designed to facilitate the development of transit and other multimodal services to reduce vehicle miles travelled (VMT) and promote infill development. Funds were being made available to CTCs based on a competitive application process and will be disbursed locally to the Riverside County Transportation

Commission (RCTC). CVAG received awards for two projects: a proposed regional VMT study, which received full funding for \$2,005,000, and the proposed community connectors project received partial funding for \$1,700,000 to initiate the community scoping and conceptual mapping phase of the project.

In July 2023, the California Department of Housing and Community Development (HCD) approved SCAG's full REAP 2.0 application, formally committing \$246 million to SCAG. Since that time, SCAG has sub-allocated \$192 million primarily through competitive programs to 118 transformative, local projects in the SCAG region that implement the Regional Housing Needs Allocation (RHNA) plan and the greenhouse gas (GHG) reducing strategies contained within Connect SoCal, the Regional Transportation Plan/ Sustainable Communities Strategy (RTP/SCS) for the SCAG region.

In addition to CVAG, a number of Coachella Valley cities and organizations also were benefitting from REAP 2.0 funds, which had to be invested by December 31, 2025:

- \$5 million was awarded to Lift to Rise to help build 1,150 affordable housing units.
- \$8 million was awarded to the City of Palm Desert, to address severe flooding issues that will support the development of 5,049 housing units.
- \$2.05 million was awarded to the City of Coachella to develop a plan for a multimodal transit supportive rail station in the city.
- \$500,000 was awarded to the City of Desert Hot Springs for a plan to develop infill affordable housing in the city's downtown area.
- \$200,000 was awarded to study the feasibility of establishing an Enhanced Infrastructure Financing District in the City of Desert Hot Springs to fund housing-support infrastructure improvements.

The future of these funds is now in question.

On January 10, Gov. Gavin Newsom unveiled his proposed [\\$291.5 billion state budget](#) for the 2024-2025 Fiscal Year. Unlike the recent surplus budget years, the proposed budget reflects a \$37.86 billion shortfall, which is less than the \$68 billion shortfall projected by the Legislative Analyst's Office (LAO) in their [Fiscal Outlook](#) report released in early December 2023. To address the budget deficit, the Governor proposes using \$18 billion in reserves, revenues, and borrowing; \$11.9 billion in reductions and fund shifts; and \$7.2 billion in deferrals and delays.

Multi-year funding for transportation infrastructure, climate programs and housing programs will largely remain intact. However, deferral and reversions could significantly impact available funding for regional transportation and planning agencies. For the Regional Early Action Planning Grant Program (REAP 2.0), the Governor is proposing a reversion of \$300 million from \$600 million included in the program in the 2021-22 state budget. The Department of Housing and Community Development has indicated that they will not approve REAP 2.0 reimbursements past 50 percent of existing awards until the final budget is approved and adopted. Agencies such as CVAG and the Riverside County Transportation Commission have put all work, including procurements of contractors, on pause as the Legislature considers next steps.

Staff is now recommending that the CVAG Chair and/or Executive Director be authorized to advocate on behalf of the region in order to retain the REAP 2.0 funding that has been awarded. This is consistent with CVAG's Federal and State Legislative Platform, which was adopted by the Executive Committee in December 2023. The platform calls for "support increased investment in, and creation of, programs that assist local governments, counties and regional collaborations to address the challenges associated with homelessness," including Lift to Rise's Housing Catalyst Fund. The legislative platform also calls for supporting "legislative efforts that allow for sustainable financing options, as outlined in CVAG's Regional Early Action Plan (REAP) and member jurisdictions' Local Early Action Plans (LEAP), in order to address housing shortages and provide affordable housing options."

Fiscal Analysis: The Coachella Valley stands to lose about \$19.4 million with the cuts to the REAP 2.0 program. Of that, CVAG stands to lose \$3,705,000 in REAP 2.0 funding for two projects.

CVAG staff is currently working with staff from RCTC and SCAG to understand the implications of losing REAP funding.

Attachment:

SCAG letter to California Legislature to protect REAP 2.0 funding, January 19, 2024



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
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Los Angeles, CA 90017
T: (213) 236-1800
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Human Development
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Energy & Environment
Deborah Robertson, Rialto

Transportation
Tim Sandoval, Pomona

January 19, 2024

The Honorable Toni G. Atkins
Senate President Pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Robert Rivas
Speaker California State Assembly
P.O. Box 942849
Sacramento, CA 94249-0029

The Honorable Nancy Skinner
Chair, Senate Committee on
Budget and Fiscal Review
State Capitol, Room 5094
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Committee on
Budget
P.O. Box 942849
Sacramento, CA 94249-0046

RE: Protect Dedicated Regional Early Action Planning Grants (REAP2.0), Active Transportation Program (ATP), and Infill Infrastructure Grants (IIG) Program Funding

Dear President Pro Tempore Atkins, Speaker Rivas, and Budget Chairs Skinner and Gabriel:

On behalf of the Southern California Association of Governments (SCAG), I urge the Legislature to protect investments made to the Regional Early Action Planning Grants (REAP 2.0), Active Transportation Program (ATP), and the Infill Infrastructure Grants (IIG) programs as you deliberate on the FY 2024-25 State Budget.

SCAG encompasses six counties (Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura), 191 cities, six county transportation commissions, 16 tribal governments, and five air quality districts in an area covering more than 38,000 square miles. Established as an association of local governments and agencies that voluntarily convenes as a forum to address regional issues, we have long recognized the need for regional engagement on policies such as housing and transportation to reduce conflicts and competition for resources between public agencies within our region. We work together to meet challenges that extend beyond local jurisdictional boundaries.

As you set your priorities for the FY 2024-25 state budget and begin negotiations following the release of the Governor's January budget proposal, SCAG urges you to maintain your strong support for

investments in transportation infrastructure and housing programs as enacted in previous budgets. While we recognize the incredible budget challenge the Legislature now faces, transportation and housing programs must be protected if we are to meet our ambitious housing and climate goals. Given SCAG, and other metropolitan planning organization's (MPO) demonstrated ability to efficiently leverage state and federal funding through our position as regional collaborators and conveners, MPOs are a crucial part of the solutions to meeting our state's climate, housing, and transportation needs.

The following investments are critical to the work SCAG has conducted to deliver a safer, faster, cleaner, and more equitable transportation future while increasing housing supply.

1. Regional Early Action Planning Grants (REAP 2.0) – Protect Existing Funding Levels

REAP 2.0 is a \$600 million program intended to accelerate progress toward California's housing and climate goals through strengthened partnerships between regional, local, county, and tribal governments. REAP 2.0 is the only program specifically and exclusively designed to implement the region's Sustainable Communities Strategies (SCS) required by SB 375 (2008). For this reason, regions were empowered to develop programs that accelerate infill housing, support efforts for Affirmatively Furthering Fair Housing (AFFH) and reduce vehicle miles traveled (VMT).

In his January budget, the Governor proposes a \$300 million reversion of REAP 2.0. This proposal would be devastating to SCAG and our member cities, counties, partner transportation agencies, and tribal governments. In July 2023, SCAG's full REAP 2.0 application was approved by HCD, formally committing \$246 million to SCAG. Since that time, SCAG has sub-allocated \$192 million primarily through competitive programs to more than 100 transformative, local projects in the SCAG region that implement the Regional Housing Needs Allocation (RHNA) plan and the greenhouse gas (GHG) reducing strategies contained within Connect SoCal, the Regional Transportation Plan/ Sustainable Communities Strategy (RTP/SCS) for the Southern California region. Thousands of hours and upwards of \$15 million have already been expended by SCAG and its partners to deeply engage with communities, develop competitive proposals, and initiate projects to meet aggressive implementation timelines.

Innovative projects awarded through the REAP 2.0 program support as many as 10,000 new housing units on surplus LA Metro transit lands, more than 1,150 affordable housing units in the Coachella Valley, a low-to-zero-interest loan program to expedite accessory dwelling units in Orange County, infrastructure improvements to support nearly 5,000 newly-zoned housing units in Rialto, and a long-term loan program to promote hundreds of infill homes in Ventura County, among others. A list of projects funded has been included for your reference.

These projects play a critical role in increasing housing supply in the near term while also piloting innovative solutions that can be scaled across the region. With more than a

million housing sites identified through tireless work on housing elements, REAP 2.0 was designed to remove the systemic barriers for developers to build units where needed and planned. Reducing or delaying funding will compromise the program's integrity and have severe, negative impacts on cities and counties across Southern California and the entire state. We ask that you reject the Governor's proposal to halve REAP 2.0 and protect this crucial program.

2. Active Transportation Program (ATP) - Protect Funding Levels Established in FY 2024

The ATP was created in 2013 to encourage walking and biking because increased use of active modes of transportation is a key strategy in meeting the state's environmental, economic, and equity goals. Specifically, funding from the ATP may be used to develop bike and pedestrian infrastructure, increase safety and mobility for non-motorized users, build safe routes to schools, or develop active transportation plans. Through the first six funding cycles, the SCAG region has received funding for 722 projects totaling \$1.4 billion.

ATP is also a crucial funding source to implement the infrastructure needed to achieve California's roadway safety goals. The State of California is working toward a goal of "Toward Zero Deaths." The state's goal is to reduce the number and rate of fatalities by three percent per year and to reduce the number and rate of severe injuries by 1.5 percent per year, reaching the ultimate vision of eliminating roadway fatalities and serious injuries by 2050. Vehicle speed is one of the most significant factors influencing the severity of a collision between a person driving and a person walking or bicycling. Given that nearly all infrastructure projects funded through ATP are safety countermeasures and strategies effective at reducing vehicular speeds and increasing the visibility of vulnerable roadway users, this program is vital to meeting the state's Toward Zero Death goal.

While the ATP has successfully funded projects across the state, the program is incredibly oversubscribed and cannot meet the state's needs. In the most recent funding cycle, Cycle 6, the SCAG region received 147 applications, totaling \$853 million in ATP requests, for just \$93 million in available funds for the Southern California regional portion of the ATP. Despite its need and demand, the Governor's January budget proposes to reduce the ATP by \$200 million. We urge the Legislature to protect the commitments made to ATP, including the protection of all ATP funds in Cycle 7, which is expected to open in March of this year.

3. Infill Infrastructure Grants (IIG) Program - Protect Funding Levels Established in FY 2024

The IIG is an important public-private partnership that provides funding for essential infrastructure that supports infill housing development in climate-friendly, transit-accessible locations. Since its creation, the program has been an important funding source to revitalize the infrastructure within already highly urbanized areas to handle more

intensive development, including higher-density affordable and mixed-income housing. Developers and local governments partner apply for grant funding for the development or rehabilitation of parks or open space, water, sewer, or other utility service improvements, transit linkages, transit shelters, traffic mitigation features, sidewalks, and streetscape improvements or other infrastructure needs that facilitate infill housing.

In his January budget, the Governor proposes a \$200 million reversion to the General Fund from this program.

The IIG provides cities and counties with funding for the infrastructure needed to achieve their RHNA goals. This grant program prioritizes infill housing projects while focusing growth near transit, which is crucial for implementing the land-use strategies in Connect SoCal and necessary to achieve our GHG reduction targets. Therefore, we urge the Legislature to protect the commitments made to the IIG program.

Thank you for considering SCAG's perspective on the REAP 2.0, ATP, and IIG programs. SCAG looks forward to achieving our shared goals together and working constructively with the legislature and the Newsom Administration throughout the budget process. Please contact Mr. Kevin Gilhooley, Legislative Affairs Manager, at (213) 236-1878 with any questions about this letter.

Sincerely,



Kome Ajise
Executive Director

County	Program	Project	Awarded Budget
Imperial	CTC Program	Calexico Intermodal Transportation Center	\$1,000,000
Imperial	RUSH	City of Calipatria Delta Street Pump Station (Capital)	\$1,500,000
Imperial	SRP 2	Regional Housing Element Implementation Assistance Program	\$274,133
Los Angeles	Call 4	Mixed Use Development for Underutilized Commercial Zones	\$427,350
Los Angeles	CTC Program	Developing Neighborhood Mobility Hub Pilot Projects in Disadvantaged Communities in the South Bay	\$404,250
Los Angeles	CTC Program	Countywide Signal Priority Cloud Based Solution	\$4,004,028
Los Angeles	CTC Program	Connecting Communities with Stress Free Connections	\$5,250,000
Los Angeles	CTC Program	First Last Mile Revolution: Transforming Metro Connections to Housing	\$1,050,000
Los Angeles	CTC Program	Traffic Reduction Study	\$1,000,000
Los Angeles	CTC Program	Enhanced GoSGV E-Bike Share Program	\$2,625,469
Los Angeles	CTC Program	North Hollywood Transit Center	\$15,000,000
Los Angeles	CTC Program	Mobility Wallets Pilot 2.0: Challenge and Low Income Pilot	\$4,023,750
Los Angeles	CTC Program	Urban Wilderness Access Feasibility Plan	\$372,000
Los Angeles	CTC Program	Metro Bike Share In-Fill Expansion	\$7,550,000
Los Angeles	HIPP	Scaling up Housing Development on City-Owned Land	\$2,900,000
Los Angeles	HIPP	Inclusionary Housing Program	\$250,000
Los Angeles	HIPP	City of San Fernando (Zoning Code and San Fernando Corridors Specific Plan Update) Housing Infill	\$791,818
Los Angeles	HIPP	Fox Hills Specific Plan	\$505,000
Los Angeles	HIPP	Missing Middle Housing Program	\$57,000
Los Angeles	NOFA	Environmental Remediation Housing Acceleration Fund	\$5,000,000
Los Angeles	NOFA	LACAHSA Strategic Plan and Program Design	\$660,000
Los Angeles	NOFA	Gateway Cities Affordable Housing Trust Predevelopment Loan Program	\$5,000,000
Los Angeles	NOFA	Catalytic Development Fund	\$5,000,000
Los Angeles	NOFA	Housing On Merit's (HOM) Affordable Housing Catalyst Fund	\$700,000
Los Angeles	NOFA	Feasibility Study for Community Land Trust Creation within the City of West Hollywood	\$150,000
Los Angeles	NOFA	San Gabriel Valley Regional Housing Trust Revolving Loan Fund	\$5,000,000

County	Program	Project	Awarded Budget
Los Angeles	NOFA	Montebello Transformative Corridors Project	\$190,000
Los Angeles	RUSH	One San Pedro Redevelopment Infrastructure (Capital)	\$4,000,000
Los Angeles	RUSH	Project Powerhouse - Supporting Affordable Housing Development in the City of Los Angeles (Capital)	\$3,682,203
Los Angeles	RUSH	New Downtown Residential Infrastructure Study and Plans (Planning)	\$800,000
Los Angeles	RUSH	Torrance Housing Corridor Utility Infrastructure Study (Planning)	\$100,000
Los Angeles	SRP 2	Housing Element Implementation	\$1,911,870
Los Angeles	SRP 2	Fair Share Growth Strategy	\$2,374,000
Los Angeles	SRP 2	Community Plan (Land Use) Updates	\$1,910,000
Los Angeles	SRP 2	Design for Housing and Mobility	\$940,000
Los Angeles	SRP 2	Regional Sewer Model	\$1,466,000
Los Angeles	SRP 2	Transit Oriented Development Zones Plan Update & Environmental Analysis	\$268,476
Los Angeles	SRP 2	Gateway Cities Affordable Housing Trust Management	\$385,000
Los Angeles	SRP 2	COG Technical Assistance Team (Gateway Cities Council of Governments)	\$813,619
Los Angeles	SRP 2	City of San Fernando (Zoning Code and San Fernando Corridors Specific Plan Update)	\$313,182
Los Angeles	SRP 2	City of Santa Clarita (Development of Objective Design and Development Standards)	\$250,000
Los Angeles	SRP 2	Housing Incubator	\$1,474,700
Los Angeles	SRP 2	South Bay Regional Housing Trust	\$251,475
Los Angeles	SRP 2	Commercial Redevelopment into Housing: Extension and Expansion	\$343,281
Los Angeles	SRP 2	WSCCOG Regional Housing Trust Implementation Plan	\$198,213
Los Angeles	SRP 2	Housing Element Implementation On-Call Technical Assistance	\$132,142
Orange	Call 4	Transformative Engagement for Zoning Code Update	\$469,700
Orange	Call 4	EIR - Downtown Specific Plan Update	\$200,000
Orange	CTC Program	Fullerton Park and Ride Transit Oriented Development Site Design Concepts	\$500,000
Orange	CTC Program	Active Transportation Outreach and Engagement Support	\$400,000
Orange	CTC Program	Orange County Cyclic Counts 2024-2025	\$400,000
Orange	CTC Program	Bikeways Connectivity Study	\$500,000
Orange	CTC Program	First Street Multimodal Boulevard Design	\$4,300,000
Orange	CTC Program	Orange County Mobility Hubs Pilot Concept of Operations	\$300,000
Orange	CTC Program	McFadden Avenue Transit Signal Priority Pilot	\$3,690,000
Orange	CTC Program	Reconnecting Communities Through Complete Streets	\$550,000
Orange	CTC Program	Harbor Boulevard Cloud-Based Transit Signal Priority Stage 1	\$400,000
Orange	CTC Program	Next Safe Travels Education Program (STEP) 2.0	\$1,250,000

County	Program	Project	Awarded Budget
Orange	CTC Program	Harbor Boulevard Cloud-Based Transit Signal Priority Stage 2	\$1,000,000
Orange	NOFA	Orange County Affordable Housing Trust Affordable ADU Loan Program	\$4,000,000
Orange	SRP 2	OCS Bench and Housing-related Technical Assistance	\$1,325,000
Orange	SRP 2	Technology Tools to support AFFH, VMT reduction, and Infill Development	\$1,415,000
Orange	SRP 2	Missing Middle Pre-Reviewed Plans	\$210,000
Riverside	CTC Program	Coachella Rail Station Feasibility Study and Integrated Land Use and Transit Network	\$2,005,000
Riverside	CTC Program	RCTC Core Capacity Innovative Transit Study	\$3,000,000
Riverside	CTC Program	Vehicle Miles Traveled Study	\$2,005,000
Riverside	CTC Program	RTA (Riverside Transit Authority) GoMicro Microtransit Pilot Program Extension	\$2,378,635
Riverside	CTC Program	CV Link Community Connectors Analysis	\$1,700,000
Riverside	HIPP	Missing Middle Prototype Plans for Infill Housing Sites	\$500,000
Riverside	NOFA	Murrieta Housing Authority Revolving Loan Program	\$4,100,000
Riverside	NOFA	We Lift: the Coachella Valley Housing Catalyst Fund	\$5,000,000
Riverside	NOFA	Downtown Infill Tax Incentive Financing Program for Housing Supportive Infrastructure	\$200,000
Riverside	RUSH	Cabazon infrastructure Plan (Planning)	\$997,500
Riverside	RUSH	Downtown and Palm Dr. Corridor Infill Development Sewer Area Study (Planning)	\$500,000
Riverside	RUSH	Flood Control Infrastructure for Housing Need (Capital)	\$8,000,000
Riverside	RUSH	Stormwater Drainage Project (Capital)	\$6,108,797
Riverside	SRP 2	Promoting Affordable Housing in High Opportunity Areas Across Riverside County	\$670,603
Riverside	SRP 2	Jurisdictional Technical Assistance	\$2,298,951
Riverside	SRP 2	Pedley Town Center Plan - Implementation	\$478,894
San Bernardino	CTC Program	San Bernardino County VMT Mitigation Bank	\$3,045,000
San Bernardino	CTC Program	Countywide Multi-Modal Complete Streets Program	\$6,519,868
San Bernardino	HIPP	SBCTA/SBCSS and Other Public Land-to-Residential Project--Inventory, Analysis & Toolkit for Workforce and Teacher Housing	\$720,000
San Bernardino	HIPP	Catalytic Housing Initiative for Downtown Rialto	\$193,875
San Bernardino	NOFA	San Bernardino Regional Housing Trust	\$5,000,000
San Bernardino	RUSH	Water Supply Well City 3A for Regional Housing Project (Capital)	\$2,500,000
San Bernardino	RUSH	City of Upland Affordable Housing Utilities Planning (Planning)	\$303,500

County	Program	Project	Awarded Budget
San Bernardino	RUSH	Bloomington Swer Extension (Capital)	\$6,508,000
San Bernardino	SRP 2	Accelerating Housing Element Implementation	\$2,298,951
Ventura	Call 4	Ventura County Farmworkers Housing Study and Action Plan	\$499,991
Ventura	CTC Program	Countywide Paratransit Integration Study	\$300,000
Ventura	CTC Program	Countywide Transit Stops Inventory & Accessibility Assessment / Capital Improvements Grant Program	\$1,500,000
Ventura	CTC Program	Community Traffic Calming & Pedestrian and Bicycle Safety Program	\$300,000
Ventura	CTC Program	Santa Paula Branch Line Active Transportation - Master Plan Update and Valiate Connections to Serve New Housing and Reduce VMT	\$1,677,000
Ventura	HIPP	Unlocking Land for Housing	\$756,500
Ventura	HIPP	City of Moorpark - Downtown Specific Plan	\$250,000
Ventura	HIPP	Transit Oriented Development (TOD)/High Quality Transit Corridor (HQTC) Program	\$1,075,807
Ventura	NOFA	Ventura County Housing Trust Fund Revolving Long-Term Loan Program for Infill Affordable Housing Developments Project	\$5,000,000
Ventura	SRP 2	AFFH Technical Assistance	\$370,127
Ventura	SRP 2	Continuation of OCCOG-VCOG ADU Program	\$45,000

ITEM 8A

**Coachella Valley Association of Governments
Executive Committee
February 26, 2024**



STAFF REPORT

Subject: Recognition of the 2024 Used Oil Recycling Poster Contest Winners

Contact: Emily Langenbahn, Management Analyst (elangenbahn@cvag.org)

Recommendation: Information

Background: One of CVAG's longest standing sustainability programs is the Used Oil Recycling Program. Using grant funding from CalRecycle, the program aims to reduce the environmental impacts of improper disposal of used motor oil. The program includes recycling events for members of the public to properly recycle used oil and filters, and then offer them free replacements. As part of the marketing of this event, CVAG annually hosts a poster contest that is promoted in local schools.

This year's winner is Antonio Coloma II of La Quinta, who is a fourth grader at Benjamin Franklin Elementary School. Antonio is a repeat winner, after taking home the top prize in CVAG's 2023 contest as well. At the March 2 recycling event in Coachella, Antonio will receive the first-place prize, donated by KUNA radio. Two other elementary students were also winners: Reuben Choresca of Palm Desert, a six-year-old attending Ronald Reagan Elementary School, came in second place and Andrew Terentyev of Indio, a six-year-old attending Dr. Reynaldo Carreon Academy, came in third place.

All three winners will be recognized at the February 26 meeting of the Executive Committee. The winners will also receive their prizes at the March 2 recycling event, including prizes donated by CVAG's member jurisdictions.

This year's recycling program will wrap up on Sunday, May 5 with a recycling event at AutoZone, 32375 Date Palm Drive in Cathedral City.

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

Attachment: 2024 Used Oil Recycling Poster

USED OIL & OIL FILTER RECYCLING EVENTS



The Coachella Valley Association of Governments (CVAG) invites you to recycle your used motor oil and filters. Bring your used oil filters to the event and receive a new replacement filter (of up to \$12) for FREE. Limit two free filters per household. Bring your used oil for recycling (up to five gallons per vehicle). Participants will also receive a shop rag and funnel for FREE (while supplies last).

All Events From 8:00 a.m. to 11:00 a.m.

**Saturday
March 2, 2024**
AutoZone
50-700 Harrison St.
Coachella, CA

**Sunday
March 3, 2024**
AutoZone
1717 E. Vista Chino Dr.
Palm Springs, CA

**Saturday
March 23, 2024**
AutoZone
34860 Monterey Ave.
Palm Desert, CA

**Sunday
March 24, 2024**
AutoZone
12660 Palm Dr.
Desert Hot Springs, CA

**Saturday
April 6, 2024**
AutoZone
78792 Highway 111
La Quinta, CA

**Sunday
April 7, 2024**
AutoZone
812 East Hobson Way
Blythe, CA

**Saturday
May 4, 2024**
AutoZone
50-700 Harrison St.
Coachella, CA

**Sunday
May 5, 2024**
AutoZone
32375 Date Palm Dr.
Cathedral City, CA



Visit www.CVAG.org for the full 2024 used oil event schedule.
Call CVAG at (760) 346-1127 for additional questions.



EVENTOS PARA RECICLAR FILTROS Y ACEITE



La Asociación Gubernamental del Valle de Coachella (CVAG) lo invita a reciclar el aceite usado de motor y los filtros. Traiga su filtro de aceite usado al evento y reciba un repuesto (de \$12 o menos) GRATIS. Hay un límite de dos filtros gratis por hogar. Traiga el aceite usado para reciclar (hasta 5 galones por carro). Los participantes también recibirán un trapo y un embudo GRATIS (hasta agotar las existencias).

Todos los eventos 8:00 a.m. a 11:00 a.m.

Sábado
2 de marzo, 2024
AutoZone
50-700 Harrison St.
Coachella, CA

Domingo
3 de marzo, 2024
AutoZone
1717 E. Vista Chino Dr.
Palm Springs, CA

Sábado
23 de marzo, 2024
AutoZone
34860 Monterey Ave.
Palm Desert, CA

Domingo
24 de marzo, 2024
AutoZone
12660 Palm Dr.
Desert Hot Springs, CA

Sábado
6 de abril, 2024
AutoZone
78792 Highway 111
La Quinta, CA

Domingo
7 de abril, 2024
AutoZone
812 East Hobson Way
Blythe, CA

Sábado
4 de mayo, 2024
AutoZone
50-700 Harrison St.
Coachella, CA

Domingo
5 de mayo, 2024
AutoZone
32375 Date Palm Dr.
Cathedral City, CA



Visite www.CVAG.org para ver el calendario completo de eventos de aceite usado 2024.
Si tiene preguntas sobre los eventos, por favor llámé a CVAG al (760) 346-1127



ITEM 8B

Coachella Valley Association of Governments Executive Committee February 26, 2024



STAFF REPORT

Subject: CVAG's Audit for Fiscal Year 2022/23 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, 2023, 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: Concurred (Meeting of February 21)

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 third audit provided by Davis Farr LLP.

Davis Farr LLP performed the annual audit over CVAG's Basic Financial Statements as of June 30, 2023, 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 2024, which means that CVAG's Basic Financial Statements present fairly, in all material respects, the respective financial position of CVAG as of June 30, 2023 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. A member of the Davis Farr team will be available at the CVAG Finance Committee's February meeting to address member's questions and comments.

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

Attachments:

1. Auditor's Communication with Those Charged with Governance
2. CVAG's Audited Financial Statements for the year ended June 30, 2023
3. Single Audit on Federal Awards, including the Report on Internal Controls over Financial Reporting

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
YEAR ENDED JUNE 30, 2023



DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the financial statements of Coachella Valley Association of Governments (CVAG) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 30, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 30, 2023, 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 96, the new Subscription-Based Information Technology Arrangements Standard. We evaluated the applicability of GASB 96 to the CVAG and if necessary, ensure all transactions are properly recorded and the footnote disclosures are properly reflected.
- Risk of errors in recording grant revenues and expenditures due to the significance of grant revenues and expenditures and reviewed the expenditures incurred and related revenues, to ensure proper recording and cutoff.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by CVAG is included in Note 1 to the financial statements. As described in Note 9 to the financial statements, CVAG changed accounting policies related to SBITAs by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 96, Subscription-Based Information Technology Arrangements and leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87 in fiscal year 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

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

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

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

Financial Statement Disclosures

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

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

Significant Unusual Transactions

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

Identified or Suspected Fraud

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. 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 January 30, 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 30, 2024



DavisFarr

CERTIFIED PUBLIC ACCOUNTANTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Financial Statements

Year ended June 30, 2023

(With Independent Auditor's Report Thereon)

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Financial Statements

Year ended June 30, 2023

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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, 2023, 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, 2023, 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

As described further in Note 9 to the financial statements, during the year ended June 30, 2023, CVAG implemented Governmental Accounting Standards Board (GASB) Statements No. 87 and No.96, for Leases and Subscription-Based Information Technology Arrangements, respectively. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about

CVAG's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, *budgetary comparison information* and *pension schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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

Report on Summarized Comparative Information

We have previously audited CVAG's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024 on our consideration of CVAG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CVAG's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
January 30, 2024

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

The following discussion and analysis of the financial performance of Coachella Valley Association of Governments ("CVAG") provides an overview of CVAG's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Reporting CVAG as a Whole

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

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

Reporting CVAG's Major Funds

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

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Statement of Net Position

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Total Percentage Change
<u>Assets:</u>				
Cash and investments	\$ 56,812,734	\$ 55,900,242	\$ 912,492	1.63%
Other current assets	32,003,215	33,832,019	(1,828,804)	(5.41%)
Capital assets, net of depreciation	75,334,007	43,437,727	31,896,280	73.43%
Total Assets	164,149,956	133,169,988	30,979,968	23.26%
<u>Deferred Outflows of Resources:</u>				
Deferred pension related items	1,662,766	980,425	682,341	69.60%
Total Deferred Outflows of Resources	1,662,766	980,425	682,341	69.60%
<u>Liabilities:</u>				
Current liabilities	10,278,017	22,336,194	(12,058,177)	(53.98%)
Noncurrent liabilities:				
Due within one year:	2,387,906	2,112,618	275,288	13.03%
Due in more than one year:	16,588,299	15,504,035	1,084,264	6.99%
Total Liabilities	29,254,222	39,952,847	(10,698,625)	(26.78%)
<u>Deferred Inflows of Resources:</u>				
Deferred pension related items	335,699	412,425	(76,726)	(18.60%)
Total Deferred Inflows of Resources	335,699	412,425	(76,726)	(18.60%)
<u>Net Position:</u>				
Investment in capital assets	73,713,188	43,437,727	30,275,461	69.70%
Restricted:				
Transportation	62,142,923	47,981,901	14,161,022	29.51%
Environmental	1,112,054	787,146	324,908	41.28%
Homeless	2,603,968	2,566,746	37,222	1.45%
Unrestricted	(3,349,332)	(988,379)	(2,360,953)	(238.87%)
Total Net Position	\$ 136,222,801	\$ 93,785,141	\$ 42,437,660	45.25%

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2023

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

Statements of Activities

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Total Percentage Change
<u>Operating Expenses:</u>				
Administrative	\$ 2,886,703	\$ 867,735	\$ 2,018,968	232.67%
Transportation	13,331,086	17,495,835	(4,164,749)	(23.80%)
Other	2,205,137	2,092,827	112,310	5.37%
Interest expense	1,019,180	1,119,087	(99,907)	(8.93%)
Total Expenses	19,442,106	21,575,484	(2,133,378)	(9.89%)
<u>Program Revenues:</u>				
Charges for services	1,708,320	1,440,293	268,027	18.61%
Operating contributions and grants	11,132,194	14,707,218	(3,575,024)	(24.31%)
Capital contributions and grants	47,678,553	41,204,924	6,473,629	15.71%
<u>General Revenues:</u>				
Investment income (loss)	1,360,699	(692,570)	2,053,269	296.47%
Total Revenues	61,879,766	56,659,865	5,219,901	9.21%
Changes in Net Position	42,437,660	35,084,381	7,353,279	20.96%
Net Position – Beginning	93,785,141	58,700,760	35,084,381	59.77%
Net Position - Ending	<u>\$136,222,801</u>	<u>\$ 93,785,141</u>	<u>\$ 42,437,660</u>	45.25%

The increase or decrease in net position can provide an indication as to whether the overall financial position of CVAG improved or deteriorated during the year. Net Position of CVAG's governmental activities increased by 45.25 percent (\$93.8 million compared to \$136.2 million) largely attributable to the investment in fixed assets related to the CV Link and CV Sync projects which are funded through external grant revenues received in fiscal year 2022/23.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2023

MAJOR FUNDS

General Fund - The General Fund accounts for all of the general revenues of CVAG not specifically levied or collected for some special purpose, and for the expenditures related to the rendering of general services by CVAG. At the end of the current fiscal year, the fund balance of the General Fund was \$2,179,087.

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

- An increase in the base membership dues in accordance with the Consumer Price Index led to an increase in revenue for the fund. Furthermore, the miscellaneous revenue recorded an increase related to the sponsorship received for the 50th Anniversary General Assembly.
- An increase in total expenditure of \$1,520,047, attributable to entering into new leases under GASB No. 87 leading to a corresponding increase in project costs of \$1,366,486. This accounting treatment is counterbalanced by the reporting of issuance of lease revenue 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 \$15,314,670.

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 \$3,295,416. 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 decrease in Total Expenditures by \$473,100 is mainly due to a decrease in Project Cost reimbursements, which are dependent on work completed on various arterial projects as well as the timing of the jurisdictions submitting requests for reimbursements.

Measure A Fund - The Measure A Fund accounts for the revenues generated by the Measure A half cent sales tax and is used mainly for the construction and/or improvement of the regional arterials in the Coachella Valley. At the end of the current fiscal year, the total fund balance was \$48,332,419.

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

- The reduction of local contributions from the municipalities in the CVAG jurisdiction as well as Measure A expense reimbursement revenue for arterial transportation projects was driven by the completion of several projects in the prior fiscal year. This decrease does not have a direct relationship to the actual amount of sales tax collected at source, rather, the amount of reimbursement that was requested by CVAG based on its ongoing and eligible transportation projects.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2023

- The reduction in active arterial projects is also reflected as a decrease in total expenditures by \$1,714,532 on 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 (\$2,493,578). The fund deficit is offset by incoming grant revenue of \$2,493,578 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:

- Considering the offsetting deferred inflow of resources, revenue in the CV Link fund has remained relatively consistent from the prior year with reported revenue coming from external sources.
- Total expenditures remained relatively consistent to the prior fiscal year as construction continues towards completion on CV Link.

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 (\$2,281,779). The fund deficit is offset by incoming grant revenue of \$2,281,779 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:

- An increase in total revenues is mainly due to an increase in grant revenue for reimbursement of project costs as Phase I successfully concluded by the end of FY2022/23.
- An increase in total expenditures of \$732,045 is mainly due to an increase in construction work and project costs on the project as compared to the prior year.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

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

Capital Assets
(net of depreciation)

	Balance June 30, 2023	Balance June 30, 2022	Increase (Decrease)
Land and construction in progress	\$ 49,465,181	\$ 42,479,308	\$ 6,985,873
Infrastructure	23,288,498	-	23,288,498
Furniture	40,911	12,609	28,302
Easement	941,015	924,513	16,502
Right to use assets	1,515,649	-	1,515,649
Subscription asset	58,357	-	58,357
Equipment and Vehicles	24,396	21,297	3,099
Total	<u>\$ 75,334,007</u>	<u>\$ 43,437,727</u>	<u>\$ 31,896,280</u>

Infrastructure assets increased because CV Sync Phase I was successfully completed by the end of the fiscal year 2022/23 and transferred from construction in progress. The right to use assets account increased as a result of CVAG entering into new office space leases.

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2023

DEBT ADMINISTRATION

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

Long-Term Debt

	Balance June 30, 2023	Balance June 30, 2022	Increase (Decrease)
Revenue bonds payable	\$ 15,469,941	\$ 17,480,279	\$ (2,010,338)
Compensated absences	166,905	136,374	30,531
Lease Liability	1,560,112	-	1,560,112
Subscription-based IT payable	60,707	-	60,707
Total	<u>\$ 17,257,665</u>	<u>\$ 17,616,653</u>	<u>\$ (358,988)</u>

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

GENERAL FUND BUDGET

Overall, the General Fund balance increased by \$264,154. This increase was attributable to CVAG spending less than it received in revenues. There was an increase in the base membership dues in accordance with the Consumer Price Index which led to an increase in revenue for the fund. Furthermore, the miscellaneous revenue recorded an increase over budgeted amounts owing to the sponsorships received for the 50th Anniversary General Assembly. Also of note, project costs exceeded appropriations by \$1,176,317, mainly due to entering into new leases under GASB No. 87 - Leases. This is accounting treatment is offset by the issuance of lease revenue reported in the General Fund. Although salaries and benefits were slightly over budget, the overall salaries and benefits of the agency were under budget. For additional details on budget versus actual variances, refer to the Required Supplementary Information starting on page

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, members, and resource providers with a general overview of CVAG's finances and to show CVAG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact CVAG's Office, attention Director of Administrative Services Department, at 74-199 El Paseo Suite 100, Palm Desert, CA 92260.

BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Statement of Net Position

June 30, 2023

(with comparative prior year information)

	Governmental Activities	
	2023	2022
Assets:		
Cash and investments (note 3)	\$ 56,812,734	55,900,242
Accounts receivable	57,703	49,340
Interest receivable	706,878	88,093
Deposits receivable	42,931	-
Prepaid items	189,602	44,144
Loans receivable (note 4)	166,741	177,162
Due from other governments	30,839,360	18,537,606
Restricted cash and investments	-	14,880,428
Net pension asset	-	55,246
Capital assets, not being depreciated (note 7)	49,465,181	42,479,308
Capital assets, net of depreciation (note 7)	<u>25,868,826</u>	<u>958,419</u>
Total Assets	<u>164,149,956</u>	<u>133,169,988</u>
Deferred Outflows of Resources:		
Deferred amounts from pension plans (note 12)	<u>1,662,766</u>	<u>980,425</u>
Total Deferred Outflows of Resources	<u>1,662,766</u>	<u>980,425</u>
Liabilities:		
Accounts payable	6,276,104	3,676,821
Accrued liabilities	95,716	70,170
Deposits payable	-	14,880,428
Due to other governments	3,906,197	3,708,775
Noncurrent Liabilities		
Due within one year		
Bonds payable (note 9)	2,134,917	2,010,337
Compensated absences (note 10)	125,179	102,281
Subscription-based IT payable (note 9)	18,605	-
Lease liability (note 9)	109,205	-
Due in more than one year		
Bonds payable (note 9)	13,335,024	15,469,942
Net pension liability (note 12)	1,718,540	-
Compensated absences (note 10)	41,726	34,093
Subscription-based IT payable (note 9)	42,102	-
Lease liability(note 9)	<u>1,450,907</u>	<u>-</u>
Total Liabilities	<u>29,254,222</u>	<u>39,952,847</u>
Deferred Inflows of Resources:		
Deferred amounts from pension plans (note 12)	<u>335,699</u>	<u>412,425</u>
Total Deferred Inflows of Resources	<u>335,699</u>	<u>412,425</u>
Net Position:		
Net investment in capital assets	73,713,188	43,437,727
Restricted:		
Transportation	62,142,923	47,981,901
Environmental	1,112,054	787,146
Homeless	2,603,968	2,566,746
Unrestricted	<u>(3,349,332)</u>	<u>(988,379)</u>
Total Net Position	<u>\$ 136,222,801</u>	<u>93,785,141</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Statement of Activities

Year ended June 30, 2023

(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	
					2023	2022
Governmental Activities:						
Administrative	\$ 2,886,703	1,708,320	639,774	-	(538,609)	1,064,022
Transportation	13,331,086	-	8,038,320	47,678,553	42,385,787	34,858,029
Other	2,205,137	-	2,454,100	-	248,963	973,987
Interest expense	1,019,180	-	-	-	(1,019,180)	(1,119,087)
Total Governmental Activities	<u>\$ 19,442,106</u>	<u>1,708,320</u>	<u>11,132,194</u>	<u>47,678,553</u>	<u>41,076,961</u>	<u>35,776,951</u>
General Revenues:						
			Investment income (loss)		<u>1,360,699</u>	<u>(692,570)</u>
			Total General Revenues		<u>1,360,699</u>	<u>(692,570)</u>
Change in Net Position					42,437,660	35,084,381
Net Position - Beginning					<u>93,785,141</u>	<u>58,700,760</u>
Net Position - Ending					<u>\$ 136,222,801</u>	<u>93,785,141</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Balance Sheet - Governmental Funds

June 30, 2023

(with comparative prior year information)

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
Assets:				
Cash and investments	\$ 1,612,839	15,088,666	30,678,405	-
Accounts receivable	10,419	-	-	-
Interest receivable	18,519	199,474	434,329	-
Deposits	19,444	-	-	20,587
Prepaid items	31,923	770	1,660	125,000
Due from other governments	43,213	2,031,766	15,946,205	6,762,587
Due from other funds (note 5)	595,574	-	12,503,014	-
Restricted cash and investments	-	-	-	-
Total Assets	<u>\$ 2,331,931</u>	<u>17,320,676</u>	<u>59,563,613</u>	<u>6,908,174</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 61,974	426,609	768,405	1,890,742
Accrued liabilities	90,710	-	-	-
Due to other governments	160	1,361,272	2,176,386	3,795
Due to other funds (note 5)	-	-	-	5,013,637
Deposits payable	-	-	-	-
Total Liabilities	<u>152,844</u>	<u>1,787,881</u>	<u>2,944,791</u>	<u>6,908,174</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>-</u>	<u>218,125</u>	<u>8,286,403</u>	<u>2,493,578</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>218,125</u>	<u>8,286,403</u>	<u>2,493,578</u>
Fund Balances (Deficits):				
Nonspendable	31,923	770	1,660	125,000
Restricted:				
Transportation	-	15,313,900	48,330,759	-
Environmental	-	-	-	-
Homeless	-	-	-	-
Unassigned	<u>2,147,164</u>	<u>-</u>	<u>-</u>	<u>(2,618,578)</u>
Total Fund Balances (Deficits)	<u>2,179,087</u>	<u>15,314,670</u>	<u>48,332,419</u>	<u>(2,493,578)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 2,331,931</u>	<u>17,320,676</u>	<u>59,563,613</u>	<u>6,908,174</u>

See accompanying notes to the basic financial statements.

	CV Sync	Other Governmental Funds	Total Governmental Funds	
			2023	2022
Assets:				
Cash and investments	5,508,794	3,924,030	56,812,734	55,900,242
Accounts receivable	-	47,284	57,703	49,340
Interest receivable	-	54,556	706,878	88,093
Deposits	-	2,900	42,931	-
Prepaid items	-	30,249	189,602	44,144
Due from other governments	4,362,550	1,693,039	30,839,360	18,537,606
Due from other funds (note 5)	-	2,974	13,101,562	3,318,746
Restricted cash and investments	-	-	-	14,880,428
Total Assets	<u>9,871,344</u>	<u>5,755,032</u>	<u>101,750,770</u>	<u>92,818,599</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	3,029,236	99,138	6,276,104	3,676,821
Accrued liabilities	-	5,006	95,716	70,170
Due to other governments	9,812	354,772	3,906,197	3,708,775
Due to other funds (note 5)	6,832,296	1,255,629	13,101,562	3,318,746
Deposits payable	-	-	-	14,880,428
Total Liabilities	<u>9,871,344</u>	<u>1,714,545</u>	<u>23,379,579</u>	<u>25,654,940</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>2,281,779</u>	<u>235,980</u>	<u>13,515,865</u>	<u>5,083,716</u>
Total Deferred Inflows of Resources	<u>2,281,779</u>	<u>235,980</u>	<u>13,515,865</u>	<u>5,083,716</u>
Fund Balances (Deficits):				
Nonspendable	-	30,249	189,602	44,144
Restricted:				
Transportation	-	452,340	64,096,999	60,378,464
Environmental	-	909,811	909,811	713,409
Homeless	-	2,652,108	2,652,108	2,618,606
Unassigned	<u>(2,281,779)</u>	<u>(240,001)</u>	<u>(2,993,194)</u>	<u>(1,630,536)</u>
Total Fund Balances (Deficits)	<u>(2,281,779)</u>	<u>3,804,507</u>	<u>64,855,326</u>	<u>62,079,943</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>9,871,344</u>	<u>5,755,032</u>	<u>101,750,770</u>	<u>92,818,599</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

June 30, 2023

Fund Balances of Governmental Funds \$ 64,855,326

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	76,203,137
Accumulated depreciation	(869,130)

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.

166,741

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

Bonds payable	(15,469,941)
Net pension liability	(1,718,540)
Compensated absences	(166,905)
Subscription-based IT payable	(60,707)
Lease liability	(1,560,112)

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

13,515,865

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

Deferred outflows of resources related to pensions	1,662,766
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Deferred inflows of resources related to pensions	<u>(335,699)</u>
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Net Position of Governmental Activities	<u>\$ 136,222,801</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, 2023

(with comparative prior year information)

	<u>General</u>	<u>TUMF</u>	<u>Measure A</u>	<u>CV Link</u>
Revenues:				
Member dues	\$ 538,706	-	-	-
Mitigation fees	-	7,739,194	-	-
Measure A	-	-	16,161,271	-
Grants	-	-	-	11,853,384
Investment income (loss)	3,961	372,306	883,678	40,403
Loan repayments	-	-	10,421	-
Other governmental	-	276,298	200,363	1,670,000
Miscellaneous	<u>101,438</u>	<u>-</u>	<u>-</u>	<u>1,063,941</u>
Total Revenues	<u>644,105</u>	<u>8,387,798</u>	<u>17,255,733</u>	<u>14,627,728</u>
Expenditures:				
Current:				
Salaries	170,774	243,296	338,664	72,314
Benefits	72,120	93,858	133,687	33,998
Communications	3,297	4,766	6,621	1,998
Advertising	983	1,498	2,679	103
Insurance	6,532	9,344	13,025	4,204
Memberships and per diem	13,396	4,811	8,351	627
General and office expenses	11,728	32,012	30,496	7,232
Professional services	9,600	207,253	377,271	11,205
Consultants	3,519	9,233	448,261	38,563
Leases and maintenance	8,059	-	15,205	5,256
Resource materials	27	57	81	34
Transportation and meetings	76,495	3,182	5,732	203
Utilities	1,589	2,084	2,933	2,896
Project costs	1,366,486	3,377,719	6,838,099	15,419,183
Debt service:				
Principal retirement	1,061	1,450	2,012,352	666
Interest and fiscal charges	<u>1,192</u>	<u>1,613</u>	<u>1,004,129</u>	<u>749</u>
Total Expenditures	<u>1,746,858</u>	<u>3,992,176</u>	<u>11,237,586</u>	<u>15,599,231</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,102,753)</u>	<u>4,395,622</u>	<u>6,018,147</u>	<u>(971,503)</u>
Other Financing Sources (Uses):				
Issuance of lease (note 9)	1,366,907	-	-	-
Transfers in (note 6)	-	-	1,670,000	147,925
Transfers out (note 6)	<u>-</u>	<u>-</u>	<u>(8,864,892)</u>	<u>(1,670,000)</u>
Total Other Financing Sources (Uses)	<u>1,366,907</u>	<u>-</u>	<u>(7,194,892)</u>	<u>(1,522,075)</u>
Net Change in Fund Balances	264,154	4,395,622	(1,176,745)	(2,493,578)
Fund Balance (Deficit) - Beginning	<u>1,914,933</u>	<u>10,919,048</u>	<u>49,509,164</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ 2,179,087</u>	<u>15,314,670</u>	<u>48,332,419</u>	<u>(2,493,578)</u>

See accompanying notes to the basic financial statements.

	CV Sync	Other Governmental Funds	Total Governmental Funds 2023	2022
Revenues:				
Member dues	-	-	538,706	470,654
Mitigation fees	-	-	7,739,194	10,879,891
Measure A	-	-	16,161,271	21,810,214
Grants	7,517,985	490,261	19,861,630	20,367,368
Investment income (loss)	-	64,312	1,364,660	(707,507)
Loan repayments	-	-	10,421	10,461
Other governmental	-	4,307,536	6,454,197	10,562,437
Miscellaneous	-	162,580	1,327,959	118,069
Total Revenues	<u>7,517,985</u>	<u>5,024,689</u>	<u>53,458,038</u>	<u>63,511,587</u>
Expenditures:				
Current:				
Salaries	50,902	1,743,617	2,619,567	2,116,053
Benefits	30,797	741,048	1,105,508	869,955
Communications	9,800	32,535	59,017	42,677
Advertising	4,980	18,751	28,994	17,173
Insurance	7,741	67,876	108,722	87,194
Memberships and per diem	1,046	16,358	44,589	34,209
General and office expenses	12,401	626,662	720,531	240,191
Professional services	12,707	72,225	690,261	501,647
Consultants	2,415	123,111	625,102	1,888,973
Leases and maintenance	7,441	87,192	123,153	382,958
Staff training	39	2,981	3,219	16,856
Transportation and meetings	1,504	24,891	112,007	39,112
Utilities	6,556	11,485	27,543	42,847
Project costs	15,213,183	791,073	43,005,743	42,801,645
Debt service:				
Principal retirement	8,545	9,736	2,033,810	1,893,146
Interest and fiscal charges	<u>2,985</u>	<u>8,512</u>	<u>1,019,180</u>	<u>1,119,087</u>
Total Expenditures	<u>15,373,042</u>	<u>4,378,053</u>	<u>52,326,946</u>	<u>52,093,723</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,855,057)</u>	<u>646,636</u>	<u>1,131,092</u>	<u>11,417,864</u>
Other Financing Sources (Uses):				
Issuance of lease	277,384	-	1,644,291	-
Transfers in (note 6)	8,864,892	191,260	10,874,077	8,564,236
Transfers out (note 6)	<u>-</u>	<u>(339,185)</u>	<u>(10,874,077)</u>	<u>(8,564,236)</u>
Total Other Financing Sources (Uses)	<u>9,142,276</u>	<u>(147,925)</u>	<u>1,644,291</u>	<u>-</u>
Net Change in Fund Balances	<u>1,287,219</u>	<u>498,711</u>	<u>2,775,383</u>	<u>11,417,864</u>
Fund Balance (Deficit) - Beginning	<u>(3,568,998)</u>	<u>3,305,796</u>	<u>62,079,943</u>	<u>50,662,079</u>
Fund Balance (Deficit) - Ending	<u>(2,281,779)</u>	<u>3,804,507</u>	<u>64,855,326</u>	<u>62,079,943</u>

See accompanying notes to the basic financial statements.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

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

Year ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 2,775,383
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	32,002,558
Depreciation expense	(106,278)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,033,810
Issuance of debt is a revenue in the governmental funds, but increases long-term liabilities in the statement of net position.	(1,644,291)
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 revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	8,432,149
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	(30,531)
Changes in net pension liability and related deferred inflows and outflows of resources	(1,014,719)
Change in Net Position of Governmental Activities	<u>\$ 42,437,660</u>

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

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, 2023

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

Advisory Committees

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

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. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

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

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

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

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, 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, 2023

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

Leases

CVAG is a lessee of office space and equipment as detailed in Footnote 9. CVAG recognizes right to use asset 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, 2023

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 right to use IT assets in the 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, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

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

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

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

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

Governmental Fund Balances

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

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

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

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

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

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 the Measure A half-cent sales tax and is used mainly for the construction and/or improvement of the regional arterials in the Coachella Valley.

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

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

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

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

(d) Reclassification and Eliminations

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

(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, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

(f) Employee Leave Benefits

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

(g) Capital Assets

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

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

Furniture and equipment	7-25 years
Vehicles	7 years
Easements	50 years
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, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

(i) Prior Year Data

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

Note 2: Stewardship, Compliance, and Accountability

The CV Link, CV Sync and I-REN Funds reported a fund deficit at June 30, 2023 in the amounts of (\$2,493,578), (\$2,202,725) and (\$238,065) respectively. This is due to unavailable revenue at June 30, 2023 becoming available after the period of availability.

Note 3: Cash and Investments

Cash and investments of CVAG consisted of the following at June 30, 2023:

Cash on hand	\$ 13,030
Deposits with financial institutions	<u>484,332</u>
Total cash and deposits	<u>497,362</u>
Investments:	
Local Agency Investment Fund	30,636,758
Riverside County Pooled Investment Fund	<u>25,678,614</u>
Total investments	<u>56,315,372</u>
Total cash and investments	<u>\$ 56,812,734</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.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 3: Cash and Investments (Continued)

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that CVAG manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CVAG's investments in the Local Agency Investment Fund of \$30,636,758 and Riverside County Pooled Investment Fund of \$25,678,614 are available on demand.

Disclosures Relating to Credit Risk

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

Investment Type	Actual/Minimum Rating	Amount
Local Agency Investment Fund	N/A	\$ 30,636,758
Riverside County Pooled Investment Fund	AAA/AAA	25,678,614
Total		<u>\$ 56,315,372</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 3: Cash and Investments (Continued)

Investment in State Investment Pool (LAIF)

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

Investment in Riverside County Investment Pool

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

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	\$ <u>166,741</u>
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COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 5: Interfund Receivables and Payables

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

Due to	Due From	Amount
Other Governmental Funds	General Fund	\$ 595,574
Other Governmental Funds	Measure A	657,081
CV Link	Measure A	5,013,637
CV Sync	Measure A	6,832,296
		<u>12,503,014</u>
Other Governmental Funds	Other Governmental Funds	<u>2,974</u>
		<u>\$ 13,101,562</u>

Note 6: Interfund Transfers

Transfers in and out between funds for the year ended June 30, 2023 were as follows:

Transfer In	Transfer Out	Amount
Measure A	CV Link	\$ 1,670,000
CV Sync	Measure A	<u>8,864,892</u>
CV Link	Other Governmental Funds	147,925
Other Governmental Funds	Other Governmental Funds	<u>191,260</u>
		<u>339,185</u>
	Total	<u>\$ 10,874,077</u>

The largest transfer above was from the Measure A Funds to the CV Sync Fund for expenditures incurred in the amount of \$8,864,892 for the Traffic Signal Synchronization Project which utilizes Measure A as a funding source. The other transfer was from the CV Link Fund to the Measure A Fund for \$1,670,000 to return previously transferred funds for the CV Link Project to Measure A.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 7: Capital Assets

A summary of capital asset activity for the year ended June 30, 2023, is as follows:

	Balance at July 1, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Capital assets, not depreciated:					
Land	\$ 10,682,344	-	-	-	10,682,344
Construction in progress	31,796,964	21,552,443	-	(14,566,570)	38,782,837
Total capital assets, not depreciated	42,479,308	21,552,443	-	(14,566,570)	49,465,181
Capital asset, being depreciated:					
Furniture	105,149	56,164	-	(88,678)	72,635
Easement	944,449	27,732	-	-	972,181
Equipment and Vehicles	687,073	-	(15,400)	88,678	760,351
Infrastructure	-	8,721,928	-	14,566,570	23,288,498
Right to use assets	-	1,566,481	-	-	1,566,481
Subscription asset	-	77,810	-	-	77,810
Total capital assets, being depreciated	1,736,671	10,450,115	(15,400)	14,566,570	26,737,956
Less accumulated depreciation:					
Furniture	(92,540)	(680)	-	61,496	(31,724)
Easement	(19,936)	(11,230)	-	-	(31,166)
Equipment and Vehicles	(665,776)	(24,083)	15,400	(61,496)	(735,955)
Right to use assets	-	(50,832)	-	-	(50,832)
Subscription asset	-	(19,453)	-	-	(19,453)
Total accumulated depreciation	(778,252)	(106,278)	15,400	-	(869,130)
Total capital assets, being depreciated, net	958,419	10,343,837	-	14,566,570	25,868,826
Total capital assets, net	\$ 43,437,727	31,896,280	-	-	75,334,007

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

Transportation \$106,278

Note 8: Transportation Uniform Mitigation Fee Program

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 8: Transportation Uniform Mitigation Fee Program (Continued)

Fiscal Period		Fiscal Year Ending	
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
			<u>\$ 154,496,198</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, 2023, is as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Due within One Year
Revenue bonds payable	\$ 17,480,279	-	(2,010,338)	15,469,941	2,134,917
Lease liability	-	1,566,481	(6,369)	1,560,112	109,205
Subscription-based IT payable	-	77,810	(17,103)	60,707	18,605
	<u>\$ 17,480,279</u>	<u>1,644,291</u>	<u>(2,033,810)</u>	<u>17,090,760</u>	<u>2,262,727</u>

Revenue Bonds Payable

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

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

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 9: Long-Term Liabilities (Continued)

As of June 30, 2023, annual debt service requirement of the revenue bonds payable is as follows:

Fiscal Year Ending	Principal	Interest	Total
2024	\$ 2,134,917	877,317	3,012,234
2025	2,267,354	744,880	3,012,234
2026	2,408,158	604,074	3,012,232
2027	2,557,867	454,366	3,012,233
2028	2,717,055	295,178	3,012,233
2029-2031	3,384,590	129,681	3,514,271
	<u>\$ 15,469,941</u>	<u>3,105,496</u>	<u>18,575,437</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, 2023, the value of the lease payable is \$1,560,112.

As of June 30, 2023, annual debt service requirement of the revenue lease liability is as follows:

Fiscal Year Ending	Principal	Interest	Total
2024	\$ 109,205	57,853	167,058
2025	118,563	53,507	172,070
2026	128,437	48,795	177,232
2027	138,854	43,695	182,549
2028	149,846	38,180	188,026
2029-2033	915,207	92,424	1,007,631
	<u>\$ 1,560,112</u>	<u>334,454</u>	<u>1,894,566</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

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 \$20,475 to \$22,574 over the arrangement terms. The payable at June 30, 2023, was \$60,607. The future principal and interest lease payments as of June 30, 2023, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2024	\$ 18,605	1,870	20,475
2025	20,202	1,297	21,499
2026	21,900	675	22,575
	<u>\$ 60,707</u>	<u>3,842</u>	<u>64,549</u>

Note 10: Compensated Absences

CVAG's policies relating to compensated absences are described in Note 1. This liability of \$166,905 at June 30, 2023 is expected to be paid in future years from future resources and is typically liquidated from the General Fund.

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Due within One Year
Compensated absences	<u>\$ 136,374</u>	<u>147,423</u>	<u>(116,892)</u>	<u>166,905</u>	<u>125,179</u>
Totals	<u>\$ 136,374</u>	<u>147,423</u>	<u>(116,892)</u>	<u>166,905</u>	<u>125,179</u>

Note 11: Liability, Property and Workers' Compensation Protection

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The Coachella Valley Association of Governments is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The 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, 2023

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

Primary Self-Insurance Programs of the Authority

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

Primary Liability Program

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

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance.

More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Purchased Insurance

Property Insurance

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

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

Crime Insurance

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

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 2022-23.

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, 2023

Note 12: Pension Plan (Continued)

The provisions and benefits of the plan in effect at June 30, 2023, 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%	7.25%
Required employer contribution rates	11.61%	7.76%

Contribution Description

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

For the year ended June 30, 2023, the contributions recognized as part of pension expense was \$397,881.

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

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

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Measurement Date:			
Balance at: 6/30/21	\$ 11,785,074	11,840,320	(55,246)
Balance at: 6/30/22	12,751,965	11,033,425	1,718,540
Net Changes During 2021-22	<u>\$ 966,891</u>	<u>(806,895)</u>	<u>1,773,786</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 12: Pension Plan (Continued)

CVAG's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022, was as follows:

Proportion - June 30, 2021	-0.00291%
Proportion - June 30, 2022	0.03673%
Change - Increase (Decrease)	<u>0.03964%</u>

For the year ended June 30, 2023, CVAG recognized a total pension expense of \$1,451,486. At June 30, 2023, 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	\$ 445,354	-
Changes in assumptions	176,100	
Differences between expected and actual experience	34,512	23,114
Adjustment due to difference in contributions	231,704	135,849
Adjustment due to difference in proportions	460,305	176,736
Net difference between projected and actual earnings on pension plan investments	314,791	-
	<u>\$ 1,662,766</u>	<u>335,699</u>

The \$445,354 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, 2024. 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
2024	\$ 292,183
2025	251,971
2026	144,392
2027	193,167
2028	-
	<u>\$ 881,713</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 12: Pension Plan (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 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, 2023

Note 12: Pension Plan (Continued)

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ^{1,2}
Global equity - cap-weighted	30%	4.45%
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.

Subsequent Events

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

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

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

Note 12: Pension Plan (Continued)

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

The following presents the CVAG's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 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)	\$ 3,456,863	1,718,540	288,332

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, 2023

Note 13: Capital Projects and Programs

The following represents the unexpended project budgets as of June 30, 2023. Unexpended project budgets may be reprogrammed to other projects upon finalization of all pending items (final bills, disposition of change orders, etc.)

Jefferson Street and Varner Road (North of I-10)	\$ 2,888,246
Jefferson / I-10 Interchange	13,953,233
Indian Avenue (Garnet to and including Railroad Crossing Bridge)	5,264,207
Frank Sinatra Bridge over WWR	4,277,942
Madison Street (Avenue 52 to Indio Boulevard)	2,833,091
Portola Avenue (North of Gerald Ford Drive)	534,935
Hwy 111 (bet. Rubidoux St. & 760' W. of Madison St.)	21,568
Interchange Preparation Fund	15,129,476
Cathedral Canyon Bridge	254,869
Date Palm Drive Bridge	331,762
Monterey Ave. Widening (Dinah Shore to Gerald Ford)	770,034
Portola Avenue (NW of Fred Waring Dr.)	80,000
Varner Road (Intersection Impr. at Ramon Rd.)	1,164,000
Avenue 56 (Harrison Street to Hwy 111)	7,898,603
Frank Sinatra Dr. Intersection at Hwy. 111	4,277,942
Avenue 56 Grade Separation	1,509,535
Avenue 66 Grade Separation	778,191
Ramon Road Bridge Widening	6,049,808
Vista Chino Drive Bridge	7,788,472
Date Palm Drive Improvement (I-10 and Varner Rd.)	2,388,866
Avenue 50 Bridge	3,931,603
Dune Palms Road Bridge	5,829,059
East Palm Canyon Dr. Bridge (over Palm Canyon Wash)	763,981
S. Palm Canyon Dr. Bridge (over Tahquitz Creek Channel)	723,590
Portola / I-10 Interchange	8,050,598
CV Link	24,944,454
Avenue 50 (bet. Calhoun St. & Cesar Chaves (formerly Harrison St.))	5,718,936
Avenue 44 Bridge	2,650,856
North Indian Canyon Drive Widening	26,223
Avenue 48 (between Van Buren and Dillon Road)	3,698,106
Bicycle and Pedestrian Safety Program	1,398,750
Regional Traffic Signal Synchronization	93,661,700
Washington St. & Fred Waring Dr. Intersection Improvements	97,377
Avenue 50 and Jackson St. Intersection Improvements	639,058
Changeable Message Signs Palm Drive and N Indian Canyon	536,701
Monterey/I-10 Ramp Improvements	1,159,367
CV Link Connectors	1,115,504
Airport Boulevard Bridge Replacement (Orange St to Desert Cactus Drive)	4,950,000
Ave 50 Bridge (Washington St & La Quinta Evacuation Channel)	3,849,750
Total unexpended project budgets	241,940,393
Less: amounts to be provided in future years	(185,640,244)
Restricted fund balance associated with specific capital projects and programs	<u>\$ 56,300,149</u>

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Notes to the Basic Financial Statements

Year ended June 30, 2023

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,	
2019	\$ 21,619,378
2020	20,916,167
2021	26,018,189
2022	27,299,763
2023	27,829,419

Note 15: Commitments and Contingencies

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

Under the CVMSHCP, the \$30 million of transportation funds would contribute to both land acquisition and the establishment of an Endowment Fund, which would ensure monitoring and management of the acquired lands. The CVMSHCP area includes 1.1 million acres, encompassing the entire Coachella Valley and the surrounding mountains. The MSHCP will benefit the local jurisdictions by providing Take Authorization for all development, including public infrastructure projects, undertaken by the Permittees (signatories to the MSHCP) outside the Conservation Areas. By providing Take Authorization for public and private development projects, the MSHCP eliminates the need for projects to conduct biological surveys and negotiate individual project mitigation with the US Fish and Wildlife Service and the California Department of Fish and Game. At June 30, 2023, the remaining commitment to the MSHCP is \$6,175,000. 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.

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, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Member dues	\$ 532,740	532,740	538,706	5,966
Investment income (loss)	15,441	15,441	3,961	(11,480)
Miscellaneous	<u>5,500</u>	<u>5,500</u>	<u>101,438</u>	<u>95,938</u>
Total Revenues	<u>553,681</u>	<u>553,681</u>	<u>644,105</u>	<u>90,424</u>
Expenditures:				
Current:				
Salaries	115,856	115,856	170,774	(54,918)
Benefits	47,877	47,877	72,120	(24,243)
Communications	551	551	3,297	(2,746)
Advertising	214	214	983	(769)
Insurance	5,672	5,672	6,532	(860)
Memberships and per diem	21,971	21,971	13,396	8,575
General and office expenses	11,398	11,398	11,728	(330)
Professional services	6,898	6,898	9,600	(2,702)
Consultants	-	-	3,519	(3,519)
Leases and maintenance	5,566	5,566	8,059	(2,493)
Staff training	660	660	27	633
Transportation and meetings	1,989	1,989	76,495	(74,506)
Utilities	630	630	1,589	(959)
Project costs	190,169	190,169	1,366,486	(1,176,317)
Debt service:				
Principal retirement	-	-	1,061	(1,061)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,192</u>	<u>(1,192)</u>
Total Expenditures	<u>409,451</u>	<u>409,451</u>	<u>1,746,858</u>	<u>(1,337,407)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>144,230</u>	<u>144,230</u>	<u>(1,102,753)</u>	<u>(1,246,983)</u>
Other Financing Sources (Uses):				
Issuance of lease	-	-	1,366,907	1,366,907
Transfers out	<u>(4,930)</u>	<u>(4,930)</u>	<u>-</u>	<u>4,930</u>
Total Other Financing Sources (Uses)	<u>(4,930)</u>	<u>(4,930)</u>	<u>1,366,907</u>	<u>1,371,837</u>
Net Change in Fund Balance	139,300	139,300	264,154	124,854
Fund Balance - Beginning	<u>1,914,933</u>	<u>1,914,933</u>	<u>1,914,933</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,054,233</u>	<u>2,054,233</u>	<u>2,179,087</u>	<u>124,854</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, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Mitigation fees	\$ 6,746,155	6,746,155	7,739,194	993,039
Investment income	81,811	81,811	372,306	290,495
Other governmental	-	-	276,298	276,298
Total Revenues	<u>6,827,966</u>	<u>6,827,966</u>	<u>8,387,798</u>	<u>1,559,832</u>
Expenditures:				
Current:				
Salaries	324,780	324,780	243,296	81,484
Benefits	118,675	118,675	93,858	24,817
Communications	1,581	1,581	4,766	(3,185)
Advertising	1,881	1,881	1,498	383
Insurance	9,165	9,165	9,344	(179)
Memberships and per diem	12,707	12,707	4,811	7,896
General and office expenses	25,572	25,572	32,012	(6,440)
Professional services	50,454	50,454	207,253	(156,799)
Consultants	170,000	170,000	9,233	160,767
Leases and maintenance	12,830	12,830	-	12,830
Staff training	498	498	57	441
Transportation and meetings	3,850	3,850	3,182	668
Utilities	1,446	1,446	2,084	(638)
Project costs	6,000,000	6,000,000	3,377,719	2,622,281
Debt service:				
Principal retirement	-	-	1,450	(1,450)
Interest and fiscal charges	-	-	1,613	(1,613)
Total Expenditures	<u>6,733,439</u>	<u>6,733,439</u>	<u>3,992,176</u>	<u>2,741,263</u>
Net Change in Fund Balance	94,527	94,527	4,395,622	4,301,095
Fund Balance - Beginning	<u>10,919,048</u>	<u>10,919,048</u>	<u>10,919,048</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 11,013,575</u>	<u>11,013,575</u>	<u>15,314,670</u>	<u>4,301,095</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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Measure A	\$ 46,729,882	46,729,882	16,161,271	(30,568,611)
Investment income	827,380	827,380	883,678	56,298
Loan repayments	10,421	10,421	10,421	-
Other governmental	<u>1,528,431</u>	<u>1,528,431</u>	<u>200,363</u>	<u>(1,328,068)</u>
Total Revenues	<u>49,096,114</u>	<u>49,096,114</u>	<u>17,255,733</u>	<u>(31,840,381)</u>
Expenditures:				
Current:				
Salaries	524,072	524,072	338,664	185,408
Benefits	192,826	192,826	133,687	59,139
Communications	2,503	2,503	6,621	(4,118)
Advertising	3,473	3,473	2,679	794
Insurance	16,363	16,363	13,025	3,338
Memberships and per diem	11,995	11,995	8,351	3,644
General and office expenses	45,649	45,649	30,496	15,153
Professional services	97,739	97,739	377,271	(279,532)
Consultants	170,000	170,000	448,261	(278,261)
Leases and maintenance	22,907	22,907	15,205	7,702
Staff training	916	916	81	835
Transportation and meetings	6,913	6,913	5,732	1,181
Utilities	2,580	2,580	2,933	(353)
Project costs	19,929,882	19,929,882	6,838,099	13,091,783
Debt service:				
Principal	1,893,146	1,893,146	2,012,352	(119,206)
Interest	<u>1,119,087</u>	<u>1,119,087</u>	<u>1,004,129</u>	<u>114,958</u>
Total Expenditures	<u>24,040,051</u>	<u>24,040,051</u>	<u>11,237,586</u>	<u>12,802,465</u>
Excess of Revenues Over Expenditures	<u>25,056,063</u>	<u>25,056,063</u>	<u>6,018,147</u>	<u>(19,037,916)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	1,670,000	1,670,000
Transfers out	<u>(26,259,900)</u>	<u>(26,259,900)</u>	<u>(8,864,892)</u>	<u>17,395,008</u>
Total Other Financing Sources (Uses)	<u>(26,259,900)</u>	<u>(26,259,900)</u>	<u>(7,194,892)</u>	<u>19,065,008</u>
Net Change in Fund Balance	(1,203,837)	(1,203,837)	(1,176,745)	27,092
Fund Balance - Beginning, as restated	<u>49,509,164</u>	<u>49,509,164</u>	<u>49,509,164</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 48,305,327</u>	<u>48,305,327</u>	<u>48,332,419</u>	<u>27,092</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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grants	\$ 11,372,840	11,372,840	11,853,384	480,544
Investment income	-	-	40,403	40,403
Other governmental	-	-	1,670,000	1,670,000
Miscellaneous	12,941,336	12,941,336	1,063,941	(11,877,395)
Total Revenues	<u>24,314,176</u>	<u>24,314,176</u>	<u>14,627,728</u>	<u>(9,686,448)</u>
Expenditures:				
Current:				
Salaries	133,794	133,794	72,314	61,480
Benefits	106,554	106,554	33,998	72,556
Communications	1,236	1,236	1,998	(762)
Advertising	3,603	3,603	103	3,500
Insurance	10,410	10,410	4,204	6,206
Memberships and per diem	2,587	2,587	627	1,960
General and office expenses	28,095	28,095	7,232	20,863
Professional services	894,595	894,595	11,205	883,390
Consultants	3,652,000	3,652,000	38,563	3,613,437
Leases and maintenance	14,572	14,572	5,256	9,316
Staff training	1,191	1,191	34	1,157
Transportation and meetings	3,542	3,542	203	3,339
Utilities	1,641	1,641	2,896	(1,255)
Project costs	12,543,200	12,543,200	15,419,183	(2,875,983)
Debt service:				
Principal retirement	-	-	666	(666)
Interest and fiscal charges	-	-	749	(749)
Total Expenditures	<u>17,397,020</u>	<u>17,397,020</u>	<u>15,599,231</u>	<u>1,797,789</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,917,156</u>	<u>6,917,156</u>	<u>(971,503)</u>	<u>(7,888,659)</u>
Other Financing Sources (Uses):				
Transfers in	411,500	411,500	147,925	(263,575)
Transfers out	-	-	(1,670,000)	(1,670,000)
Total Other Financing Sources (Uses)	<u>411,500</u>	<u>411,500</u>	<u>(1,522,075)</u>	<u>(1,933,575)</u>
Net Change in Fund Balance	7,328,656	7,328,656	(2,493,578)	(9,822,234)
Fund Balance (Deficit) - Beginning	-	-	-	-
Fund Balance (Deficit) - Ending	<u>\$ 7,328,656</u>	<u>7,328,656</u>	<u>(2,493,578)</u>	<u>(9,822,234)</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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grants	\$ 20,473,400	20,473,400	7,517,985	(12,955,415)
Investment income	4,136	4,136	-	(4,136)
Total Revenues	<u>20,477,536</u>	<u>20,477,536</u>	<u>7,517,985</u>	<u>(12,959,551)</u>
Expenditures:				
Current:				
Salaries	64,821	64,821	50,902	13,919
Benefits	100,424	100,424	30,797	69,627
Communications	1,173	1,173	9,800	(8,627)
Advertising	202	202	4,980	(4,778)
Insurance	4,224	4,224	7,741	(3,517)
Memberships and per diem	1,050	1,050	1,046	4
General and office expenses	11,440	11,440	12,401	(961)
Professional services	8,696	8,696	12,707	(4,011)
Consultants	-	-	2,415	(2,415)
Leases and maintenance	5,913	5,913	7,441	(1,528)
Staff training	63	63	39	24
Transportation and meetings	1,437	1,437	1,504	(67)
Utilities	666	666	6,556	(5,890)
Project costs	43,778,234	43,778,234	15,213,183	28,565,051
Debt service:				
Principal retirement	-	-	8,545	(8,545)
Interest and fiscal charges	-	-	2,985	(2,985)
Total Expenditures	<u>43,978,343</u>	<u>43,978,343</u>	<u>15,373,042</u>	<u>28,605,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,500,807)</u>	<u>(23,500,807)</u>	<u>(7,855,057)</u>	<u>15,645,750</u>
Other Financing Sources (Uses):				
Issuance of lease	-	-	277,384	277,384
Transfers in	<u>23,500,805</u>	<u>23,500,805</u>	<u>8,864,892</u>	<u>(14,635,913)</u>
Total Other Financing Sources (Uses)	<u>23,500,805</u>	<u>23,500,805</u>	<u>9,142,276</u>	<u>(14,358,529)</u>
Net Change in Fund Balance	(2)	(2)	1,287,219	1,287,221
Fund Balance (Deficit) - Beginning	<u>(3,568,998)</u>	<u>(3,568,998)</u>	<u>(3,568,998)</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ (3,569,000)</u>	<u>(3,569,000)</u>	<u>(2,281,779)</u>	<u>1,287,221</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement Date	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18
Proportion of the net pension liability (asset)	0.03673%	-0.00291%	0.03868%	0.02398%	0.02306%
Proportionate share of the net pension liability (asset)	\$ 1,718,540	(55,246)	1,631,820	2,457,681	2,222,478
Covered payroll	\$ 2,151,212	1,800,316	1,787,612	1,757,237	1,399,410
Proportionate Share of the net pension liability as a percentage of covered payroll	79.89%	-3.07%	91.28%	139.86%	158.82%
Plan fiduciary net position as a percentage of the total pension liability	78.18%	90.49%	77.71%	75.26%	73.39%

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

Summary of Changes of Benefits or Assumptions:

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

Changes in Assumptions: In 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 Proportionate Share of the Net Pension Liability (Asset) - Miscellaneous Plan (Continued)

Last Ten Years*

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

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

Summary of Changes of Benefits or Assumptions:

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

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COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Pension Contributions - Miscellaneous Plan

Last Ten Years*

	2023	2022	2021	2020	2019
Actuarially determined contributions - Miscellaneous	\$ 445,354	397,881	445,354	1,341,435	294,482
Contributions in relation to the actuarially determined contribution	(445,354)	(397,881)	(445,354)	(1,341,435)	(294,482)
Contribution deficiency (excess)	\$ -	-	-	-	-
Covered payroll	\$ 2,768,533	2,151,212	1,800,316	1,787,612	1,757,237
Contributions as a percentage of covered payroll	16.09%	18.50%	24.74%	75.04%	16.76%

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

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.00%
Projected Salary	Varies by entry age and service
Inflation	2.50%
Payroll Growth	2.75%

Changes in Assumptions: 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 2020-21 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following valuation.

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Pension Contributions - Miscellaneous Plan (Continued)

Last Ten Years*

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

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

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.00%
Projected Salary	Varies by entry age and service
Inflation	2.50%
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Coachella Valley Association of Governments
Notes to Required Supplementary Information
Year ended June 30, 2023

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 \$1,337,407, as a result of entering into new leases under GASB No. 87 - Leases. This is offset by the issuance of lease revenue reported in the General Fund.

SUPPLEMENTARY INFORMATION

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2023

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
Assets:							
Cash and investments	\$ 839,716	43,962	-	540,869	90,103	16,162	14
Accounts receivable	-	-	8	-	-	-	-
Interest receivable	7,831	-	-	8,798	1,416	188	5
Due from other governments	68,952	-	237,340	183,415	-	-	-
Due from other funds	-	-	-	-	-	2,974	-
Deposits	-	-	-	-	-	-	-
Prepaid items	-	-	1,421	-	-	-	-
Total Assets	\$ 916,499	43,962	238,769	733,082	91,519	19,324	19
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):							
Liabilities:							
Accounts payable	\$ 18,396	-	725	-	9,132	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Due to other funds	469,684	-	237,955	-	-	-	-
Total Liabilities	488,080	-	238,680	-	9,132	-	-
Deferred Inflows of Resources							
Unavailable revenues	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
Fund Balances (Deficits):							
Nonspendable	-	-	1,421	-	-	-	-
Restricted:							
Transportation	428,419	23,921	-	-	-	-	-
Environmental	-	-	-	733,082	82,387	19,324	19
Homeless	-	20,041	-	-	-	-	-
Unassigned	-	-	(1,332)	-	-	-	-
Total Fund Balances (Deficits)	428,419	43,962	89	733,082	82,387	19,324	19
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 916,499	43,962	238,769	733,082	91,519	19,324	19

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2023

Special Revenue Funds (Continued)

	Street Sweeping	Homeless	Tire Amnesty	Tipping Fees	I-REN	Desert Community Energy	Total Governmental Funds
Assets:							
Cash and investments	126,185	2,267,019	-	-	-	-	3,924,030
Accounts receivable	-	47,276	-	-	-	-	47,284
Interest receivable	-	36,318	-	-	-	-	54,556
Due from other governments	4,375	298,492	22,799	349,294	345,310	183,062	1,693,039
Due from other funds	-	-	-	-	-	-	2,974
Deposits	-	2,900	-	-	-	-	2,900
Prepaid	-	28,224	-	-	343	261	30,249
Total Assets	130,560	2,680,229	22,799	349,294	345,653	183,323	5,755,032
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):							
Liabilities:							
Accounts payable	50,555	19,938	-	-	-	392	99,138
Accrued liabilities	5,006	-	-	-	-	-	5,006
Due to other governments	-	-	5,478	349,294	-	-	354,772
Due to other funds	-	-	17,321	-	347,738	182,931	1,255,629
Total Liabilities	55,561	19,938	22,799	349,294	347,738	183,323	1,714,545
Deferred Inflows of Resources							
Unavailable revenues	-	-	-	-	235,980	-	235,980
Total Deferred Inflows of Resources	-	-	-	-	235,980	-	235,980
Fund Balances (Deficits):							
Nonspendable	-	28,224	-	-	343	261	30,249
Restricted:							
Transportation	-	-	-	-	-	-	452,340
Environmental	74,999	-	-	-	-	-	909,811
Homeless	-	2,632,067	-	-	-	-	2,652,108
Unassigned	-	-	-	-	(238,408)	(261)	(240,001)
Total Fund Balances (Deficits)	74,999	2,660,291	-	-	(238,065)	-	3,804,507
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	130,560	2,680,229	22,799	349,294	345,653	183,323	5,755,032

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2023

	Special Revenue Funds						
	Other Transportation	Special Projects	Multi-Species Habitat Conservation	AB2766 Grant	Oil Grant	AB939 Grant	Air Quality Enhancement
Revenues:							
Grants	\$ 188,521	-	-	-	56,595	-	-
Investment income (loss)	12,647	-	-	5,858	1,647	49	20
Other governmental	585,000	-	946,091	420,482	-	15,826	40,000
Miscellaneous	-	27,000	-	-	-	-	-
Total Revenues	786,168	27,000	946,091	426,340	58,242	15,875	40,020
Expenditures:							
Current:							
Salaries	21,965	-	571,057	8,174	6,324	3,352	10,907
Benefits	8,844	-	241,324	3,426	2,352	1,800	4,221
Communications	449	-	10,756	158	148	70	126
Advertising	14	-	1,444	7	10,213	1	13
Insurance	835	-	22,190	306	227	118	384
Memberships and per diem	125	-	3,563	2,206	29	2,180	37
General and office expenses	1,880	-	45,147	735	839	419	696
Professional services	1,349	-	31,345	460	294	185	906
Consultants	33,344	-	4,219	91	34,190	58	2
Leases and maintenance	975	-	28,295	365	278	145	678
Staff training	5	-	147	1	1	-	15
Transportation and meetings	32	-	5,331	12	8	5	3
Utilities	184	-	5,421	58	43	21	18
Project costs	139,731	34,714	2,034	-	4,319	-	40,000
Debt service:							
Principal retirement	131	-	3,275	52	34	18	58
Interest and fiscal charges	146	-	3,686	58	38	20	66
Total Expenditures	210,009	34,714	979,234	16,109	59,337	8,392	58,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	576,159	(7,714)	(33,143)	410,231	(1,095)	7,483	(18,110)
Other Financing Sources (Uses):							
Transfers in	4,847	-	-	-	-	-	17,539
Transfers out	(152,772)	-	-	(185,435)	-	(978)	-
Total Other Financing Sources (Uses)	(147,925)	-	-	(185,435)	-	(978)	17,539
Net Change in Fund Balances	428,234	(7,714)	(33,143)	224,796	(1,095)	6,505	(571)
Fund Balance (Deficit) - Beginning	185	51,676	33,232	508,286	83,482	12,819	590
Fund Balance (Deficit) - Ending	\$ 428,419	43,962	89	733,082	82,387	19,324	19

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year ended June 30, 2023

	Special Revenue Funds (Continued)						Total Governmental Funds
	Street Sweeping	Homeless	Tire Amnesty	Tipping Fees	I-REN	Desert Community Energy	
Revenues:							
Grants	245,145	-	-	-	-	-	490,261
Investment income (loss)	-	44,091	-	-	-	-	64,312
Other governmental	150,000	1,466,667	22,799	-	-	660,671	4,307,536
Miscellaneous	26,250	-	-	-	109,330	-	162,580
Total Revenues	421,395	1,510,758	22,799	-	109,330	660,671	5,024,689
Expenditures:							
Current:							
Salaries	22,105	528,071	3,310	-	167,648	400,704	1,743,617
Benefits	9,167	259,155	1,415	-	61,266	148,078	741,048
Communications	430	9,752	66	-	3,073	7,507	32,535
Advertising	18	3,051	2	-	1,791	2,197	18,751
Insurance	849	20,656	123	-	6,512	15,676	67,876
Memberships and per diem	123	3,634	18	-	1,600	2,843	16,358
General and office expenses	1,691	533,786	322	-	11,475	29,672	626,662
Professional services	1,167	5,000	175	-	9,832	21,512	72,225
Consultants	213	47,272	40	-	989	2,693	123,111
Leases and maintenance	881	27,822	158	-	8,444	19,151	87,192
Staff training	6	136	-	-	2,544	126	2,981
Transportation and meetings	29	17,250	4	-	445	1,772	24,891
Utilities	160	144	20	-	1,531	3,885	11,485
Project costs	552,159	-	18,085	-	31	-	791,073
Debt service:							
Principal retirement	138	2,913	18	-	813	2,286	9,736
Interest and fiscal charges	156	836	21	-	916	2,569	8,512
Total Expenditures	589,292	1,459,478	23,777	-	278,910	660,671	4,378,053
Excess (Deficiency) of Revenues Over (Under) Expenditures	(167,897)	51,280	(978)	-	(169,580)	-	646,636
Other Financing Sources (Uses):							
Transfers in	167,896	-	978	-	-	-	191,260
Transfers out	-	-	-	-	-	-	(339,185)
Total Other Financing Sources (Uses)	167,896	-	978	-	-	-	(147,925)
Net Change in Fund Balances	(1)	51,280	-	-	(169,580)	-	498,711
Fund Balance (Deficit) - Beginning	75,000	2,609,011	-	-	(68,485)	-	3,305,796
Fund Balance (Deficit) - Ending	74,999	2,660,291	-	-	(238,065)	-	3,804,507



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CERTIFIED PUBLIC ACCOUNTANTS

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Single Audit Report on Federal Awards

Year Ended June 30, 2023

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Single Audit Report on Federal Awards

Year Ended June 30, 2023

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

Independent Auditor's Report

Executive Committee
Coachella Valley Association of Governments
Palm Desert, CA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the of the Coachella Valley Association of Governments (CVAG), as of and for the year ended June 30, 2023 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 30, 2024.

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.

DavisFarr LLP

Irvine, California
January 30, 2024

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, 2023. 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, 2023.

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, 2023, and the related notes to the financial statements, which collectively comprise the CVAG's basic financial statements. We issued our report thereon, dated January 30, 2024, 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 30, 2024

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing</u>	<u>Program Identification Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<u>U.S. Department of Transportation</u>				
Passed through the California Department of Transportation:				
Highway Planning and Construction Cluster:				
Active Transportation Program (ATP)	20.205	08-6164R	\$ 5,625,152	\$ -
Congestion Mitigation and Air Quality (CMAQ)	20.205	08-6164F15	3,756,826	-
Congestion Mitigation and Air Quality (CMAQ)	20.205	08-6164F15015F	<u>2,784,315</u>	-
Total Highway Planning and Construction Cluster			<u>12,166,293</u>	-
Total Expenditure of Federal Awards			<u>\$ 12,166,293</u>	<u>\$ -</u>

See Note to Schedule of Expenditures of Federal Awards.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Note to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

(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, 2023. 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, 2023

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:

CFDA Number
20.205

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

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II - Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2023.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2023.

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section IV – Summary of Prior Audit Findings and Current Status

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

2022-001 Journal Entries Detected During the Audit

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

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

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

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

Status

During the fiscal year ending June 30, 2023, there were no prior period adjustments and material audit adjustments noted, and as such, this finding is considered resolved.

ITEM 8C

**Coachella Valley Association of Governments
Executive Committee
February 26, 2024**



STAFF REPORT

Subject: **Regional Collaboration to Address Homelessness in the Coachella Valley**

Contact: Erica Felci, Chief Operating Officer (efelci@cvag.org) and Ivan Tenorio, Management Analyst (itenorio@cvag.org)

Recommendation: Following an update on Riverside County Supervisor V. Manuel Perez's Homeless Symposium, receive and file the quarterly report for the CV Housing First program, representing clients served in the fourth quarter of 2023

Homelessness Committee: The Committee received an update on the symposium from county staff and concurred with the recommendation to receive and file the Housing First report. (Meeting of February 21)

Background: The regional efforts to collaborate on addressing homelessness was the focus of Riverside County's Fourth District Homeless Symposium, which was held Feb. 1 at the Coachella Valley Rescue Mission in Indio. Riverside County Supervisor V. Manuel Perez, who hosted the event in partnership with the Riverside County Housing and Workforce Solutions Department and the County's Continuum of Care, will provide the Executive Committee with a recap of the symposium at the February 26 meeting. Following the Supervisor's remarks, CVAG staff is recommending the Executive Committee receive and file the CV Housing First 2023 annual report.

The county symposium provided an update on implementing the ideas identified in Riverside County's Homeless Action Plan, which was adopted by the Continuum of Care in March 2023 to provide a five-year framework to transition the County's services into a *"high functioning, high-performing network that sets vision and direction, engages in collective decision-making, and improves the impact of programs that address homelessness."*

The symposium also highlighted programs across the Fourth District and featured testimonials from formerly homeless individuals who are now permanently housed. The presentations at the symposium included an overview of outreach services in the City of Palm Desert, the Navigation Center that's under construction in the City of Palm Springs (further detailed in a separate staff report) and the newly opened shelter beds in the City of Desert Hot Springs.

The symposium also featured CVAG's CV Housing First program. CVAG has completed its third year of operating the CV Housing First program with staff. The program is focused on the CV 200, a by-name list of chronically homeless individuals residing in desert cities that have frequent contacts with law enforcement and who are likely to be shelter resistant or who have already fallen out of housing. The list was developed in partnership with CVAG's member jurisdictions and local law enforcement. It is also maintained in partnership with those agencies. At the end of each calendar year, CVAG staff meets with the local police departments, code enforcement and other partners identify who needs to remain on the

list 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. Staff then resets the CV 200 list by using the names and feedback from its agency partners.

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

The data is divided by CV 200 clients – the by-name list of chronically homeless individuals that CVAG maintains in partnership with law enforcement and code enforcement – and non-CV 200 clients. In 2023, CVAG staff set an internal goal of permanently housing 65 of the CV 200 clients, which the team nearly met. This 2023 total is higher than the 2022 total of 54 individuals but not quite as high as the 2021 results. CVAG staff initially reported that it had housed 75 CV 200 clients in its first year, although a recent review of the data found three names duplicated and that it was 72 individuals housed. CVAG has revised its reporting accordingly and will do so moving forward.

CV Housing First Clients – By the Numbers through December 31, 2023

CV 200 as of 12/31/2023	Q1	Q2	Q3	Q4	TOTAL
Clients housed in Crisis Stabilization Units (CSH)	25	36	21	32	114
Clients being helped through Rapid Resolution (RR)	0	0	0	0	0

Clients returned to the street (failures)	7	9	9	5	30
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Clients moved into permanent housing from CSH (successes)	18	14	7	12	39
Clients moved into permanent housing through RR (successes)	0	0	0	0	0
Clients moved into permanent housing through Outreach (successes)*	6	1	0	0	7
TOTAL HOUSED FROM LIST OF 200	24	15	7	12	58

NON-CV 200 as of 12/31/2023	Q1	Q2	Q3	Q4	TOTAL
Households Housed in CSH Units	0	0	1	0	1
Households being helped through RR	0	0	0	0	0

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

Households moved into permanent housing from CSH (successes)	0	0	0	0	0
Clients moved into permanent housing through Outreach (successes)*	0	1	0	0	1
Households moved into permanent housing from RR (successes)	0	0	0	0	0
TOTAL HOUSEHOLDS HOUSED	0	0	0	0	0
TOTAL INDIVIDUALS HOUSED	0	1	0	0	1

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.

The chart also includes a row to account for CV 200 and non-CV 200 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. This group may include CV 200 clients who timed out of a CVAG unit but still were open to outreach services, and were eventually housed by the team. The other group being non-CV 200 clients who engaged with the Housing First outreach team and were provided resources and possibly housed.

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. Over the past two years, it was not uncommon for the length of stay to exceed 100 days. For the fourth quarter, the CV 200 clients who successfully exited the program into permanent housing stayed in a crisis stabilization unit on average for 74 days. Those CV 200 clients who exited the program unsuccessfully stayed on average 61 days.

This quarter's length of stay is just under our overall 90-day goal. The work carried out by CV Housing First team during outreach to get clients ready to move into one of CVAG's residential units, hotel rooms, or apartments is a contributing factor for this decline. The Housing First outreach team has a focus on addressing the lack of vital documentation for the CV 200 clients prior to entry, including obtaining their birth certificates and identification cards that are needed to secure a housing voucher.

Of the 12 permanent housing resolutions in the fourth quarter, the breakdown of clients' Exit Destination is as follows:

- Rental With Ongoing Subsidy (Permanent Supportive Housing) – 2
- Rental With Ongoing Subsidy (Low Income Senior Housing) – 1

- Family Reunification – 1
- Rental With Ongoing Subsidy (Project-Based Vouchers) – 8

End of year recap and facing challenges in 2024

It was noted in a previous meeting that CVAG staff was tracking the delayed opening of new housing developments in the City of Riverside. CVAG's CV 200 clients were among the first to move into Oasis Senior Villas when it finally began to accept tenants in December 2023. Of the 12 housed in the fourth quarter, five of the eight project-based vouchers went to Oasis Senior Villas, and the others were placed here in the Coachella Valley.

Project-based vouchers are tied to specific sites, whereas Permanent Supportive Housing vouchers provide a bit more flexibility. These types of vouchers give choice to the consumer on where they would prefer to potentially live. Of course, flexibility does not guarantee housing, as clients have to pass credit and criminal backgrounds which pose potential delays or denials in housing.

The location of these properties can cause challenges. A few of CVAG's clients have rejected the project-based voucher at the last minute, due not wanting to uproot their life outside of the Coachella Valley. This is not to say that the majority of clients will not move into permanent housing, but it is a factor when considering placement. When a client refuses a voucher or a unit, they are essentially put back on a waiting list within Riverside County's Coordinated Entry System. This will be something the team has to overcome moving forward, such as with the Vista La Sierra property opening in 2024 in the City of Riverside. CVAG staff anticipates up to eight individuals could be housed at this property in the first quarter in 2024. Another project-based site is expected to open in the later part of 2024 called Rancho Las Bolsas in the City of Temecula, however CVAG's clients have not received referrals for this location at the time of this report.

Moving into the rest of 2024, CVAG staff will continue to find collaborative partnerships that streamline the process of getting clients into permanent housing solutions. CVAG staff is also exploring an agreement with Riverside County that would ensure landlords do not have delays in receiving money related to clients' move-in costs and initial months of rent.

Fiscal Analysis: The CV Housing First program, including the staffing and CV 200 program, is incorporated into the CV Housing First budget, which has been funded by contributions from cities and Riverside County grants.

ITEM 8D

Coachella Valley Association of Governments Executive Committee February 26, 2024



STAFF REPORT

Subject: Establish Qualified Professional Services Vendor List

Contact: Randy Bowman, Transportation Program Manager (rbowman@cvaq.org)

Recommendation: Establish the Qualified Professional Services Vendor List through June 30, 2027 and authorize the Executive Director to 1. approve additional qualified submissions from vendors throughout the term; and 2. negotiate and execute contracts for professional services up to \$50,000 from the qualified vendor list

Transportation Committee: Concurred (Meeting of February 5)

Background: CVAG is increasingly taking a lead role in the design and construction of regional transportation projects, including efforts such as the Arts and Music Line and the Addressing Climate Change, Emergencies and Sand Storms (ACCESS) along Indian Canyon. In addition, CVAG routinely procures professional services with the required expertise and capabilities to augment its in-house resources to conduct the various activities needed to seek grant funding and deliver projects on schedule.

As CVAG takes on more regional project delivery, establishing a bench of prequalified and vetted professional service vendors will reduce procurement and contracting time. Many public agencies, including some CVAG member jurisdictions, use this procurement method to streamline contracting for routine and project-related professional service needs.

CVAG Procurement Policy & Procedures (Policy 21-04) was adopted by the Executive Committee on December 6, 2021. The policy and procedures allow for the Request for Qualifications ("RFQ") method of procurement for goods and services.

CVAG has utilized the RFQ process to receive Statements of Qualifications ("SOQs") from professional service vendors interested in providing a variety of professional services CVAG may need. Staff is now recommending CVAG establish a Qualified Professional Services Vendor List. With the Committee's approval, CVAG will use the vendor list for contracting of recurring and routine professional services for capital project and non-capital needs. Following the Executive Committee's approval, and based on the Transportation Committee's feedback, staff will prepare an administrative procedure for selecting vendors from the list based on several factors including vendor interest and availability, proposed scope and fee, and firm and staff experience relevant to the requested service.

CVAG Procurement Policy & Procedures currently authorizes the Executive Director to approve expenditures up to the dollar amounts in the following table:

AGENCY	CAPITAL EXPENDITURES	NON-CAPITAL EXPENDITURES	PROJECT-SPECIFIC EXPENDITURES*
CVAG	\$50,000	\$25,000	\$50,000
CVCC	\$25,000	\$25,000	n/a
DCE	\$100,000	\$100,000	n/a

*The CVAG Executive Committee has approved project-specific spending authorities related to the CV Link and CV Sync projects.

Per the Procurement Policy & Procedures, the expenditure authority limits may be modified by the CVAG Executive Committee, the CVCC or the DCE Board. With this action, staff is recommending the Executive Director be authorized to negotiate and execute contracts up to \$50,000 with the professional services vendors on the Qualified Vendor List for CVAG capital, non-capital and project-specific expenditures. While establishing and using a vendor list certainly reduces the time for procurement and contracting, it will not limit CVAG to only those listed vendors. CVAG will remain able to conduct formal and informal procurements outside the vendor list as unique needs arise.

CVAG advertised a Request for Qualifications on December 12, 2023 for the following 18 professional service disciplines:

- Architecture
- Civil Engineering
- Construction Management
- Electrical Engineering
- Environmental Planning / Regulatory Compliance
- Geotechnical Engineering / Material Testing / Special Inspection
- GIS & CAD Drafting
- Grant Writing and Management
- Graphics / Visual Design Services
- Landscape Architecture / Planning
- Outreach / Engagement / Communications
- Professional Survey
- Right-of-Way Coordination
- Structural Engineering / Bridge Inspection
- Temporary Traffic Control Services
- Traffic Data Collection
- Traffic Engineering
- Utility / Railroad Coordination

CVAG received 42 Statements of Qualifications (SOQs) by the January 12, 2024 deadline. Staff has reviewed the SOQs and found them all to meet the requirements of the RFQ. Staff is recommending the Qualified Professional Services Vendor List include all 42 professional service vendors, which are identified as providing a variety of professional services per the attached table.

The list would remain in effect until June 20, 2027, and then be re-reviewed by CVAG. In addition, staff recommends that the Executive Director be authorized to accept SOQs through on an ongoing basis and that the Qualified Professional Services Vendor List be regularly updated with Executive Director approval, and Executive Committee ratification on an annual basis.

Fiscal Analysis: There is no additional cost to CVAG for these items. The costs of the services would be covered under various projects pursuant to the CVAG annual budget.

The recommended action would authorize the Executive Director to negotiate and execute contracts up to \$50,000 with vendors on the qualified vendor list.

While following the 2021 Procurement Policy and Procedures has enabled staff to conduct the procurement process that establishes the list, staff is reviewing the policy for any clarifications or needed updates, such as increased expenditure authority limits in light of post-pandemic inflation. Staff will bring any recommended policy updates to the Executive Committee at a future date.

Attachment: 2024 – 2027 Qualified Vendor List

CVAG QUALIFIED VENDOR LIST

Consultant Number	Consultant	Consultant Location	Number of Subconsultants	Architecture	Civil Engineering	Construction Management	Electrical Engineering	Environmental Planning / Regulatory Compliance	Geotechnical Engineering / Material Testing / Special Inspection	GIS & CAD Drafting	Grant Writing and Management	Graphics / Visual Design Services	Landscape Architecture / Planning	Outreach / Engagement / Communications	Professional Survey	Right-of-Way Coordination	Structural Engineering / Bridge Inspection	Temporary Traffic Control Services	Traffic Data Collection	Traffic Engineering	Utility / Railroad Coordination	Total Proposal Services
1	Advantec Consulting Engineers, Inc.	Irvine	5		Yes		Yes	Yes		Yes	Yes		Yes		Yes	Yes	Yes	Yes	Yes	Yes		12
2	AimTD LLC	Anaheim	0															Yes				1
3	AIX Consulting, Inc.	Long Beach	2		Yes	Yes																2
4	Albert A. Webb Associates	Riverside	5		Yes	Yes	Yes	Yes			Yes	Yes	Yes		Yes			Yes	Yes	Yes	Yes	12
5	Alta Planning + Design, Inc.	Los Angeles	0		Yes						Yes	Yes		Yes						Yes		5
6	Anser Advisory	Palm Desert	1			Yes					Yes										Yes	3
7	Arellano Associates, LLC	Chino Hills	0											Yes								1
8	AZTEC Engineering California, Inc.	Irvine	4		Yes			Yes	Yes	Yes			Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	12
9	Beam Professionals	Rancho Cucamonga	0	Yes																		1
10	Borrelli and Associates, Inc.	Fresno	0				Yes															1
11	Burke Rix Communications, LLC	Palm Springs	0									Yes		Yes								2
12	Chen Ryan Associates, Inc.	San Diego	0		Yes															Yes		2
13	Coast Surveying, Inc.	Tustin	0												Yes							1
14	Cumming Management Group, Inc.	Murrieta	0			Yes																1
15	Dokken Engineering	San Diego	5		Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	15
16	Earth Mechanics, Inc.	Corona	3					Yes	Yes													1
17	Engineering Resources of Southern California, Inc.	Redlands	4		Yes	Yes		Yes	Yes	Yes			Yes		Yes				Yes	Yes		9
18	Geocon West, Inc.	La Quinta	0						Yes													1
19	Galvin Preservation Associates Inc.	El Segundo	5					Yes														1
20	Hermann Design Group, Inc.	Palm Desert	0										Yes									1
21	Holt Architects, Inc.	Palm Desert	4	Yes	Yes		Yes						Yes				Yes					5
22	HR Green, Inc.	Palm Desert	5		Yes	Yes				Yes	Yes		Yes		Yes	Yes				Yes	Yes	9
23	Kleinfelder Construction Services, Inc.	Riverside	2									Yes		Yes		Yes						2
24	Klemanowicz & Associates, Inc.	Torrance	4	Yes	Yes	Yes	Yes						Yes				Yes					6
25	KOA Corporation	San Diego	3		Yes	Yes		Yes		Yes	Yes			Yes	Yes			Yes	Yes	Yes		10
26	Kounkouey Design Initiative, Inc.	Los Angeles	1										Yes									1
27	Leighton Consulting, Inc.	Palm Desert	0					Yes	Yes													2
28	Michael Baker International, Inc.	Palm Desert	0		Yes			Yes			Yes				Yes							4
29	Minegar & Associates, Inc.	Laguna Hills	0																	Yes		1
30	Monument ROW	Irvine	0													Yes					Yes	2
31	Ninyo & Moore Geotechnical and Environmental Sciences Consultants	Fontana	0						Yes													1
32	Overland, Pacific & Cutler, LLC	Long Beach	5													Yes						1
33	Quality Traffic Data, LLC	North Hollywood	0																Yes			1
34	Raydon Concepts	La Quinta	0									Yes										1
35	Southstar Engineering & Consulting, Inc.	Riverside	0		Yes	Yes					Yes		Yes				Yes					5
36	STC Traffic, Inc.	Carlsbad	0								Yes									Yes		2
37	The Altum Group	Palm Desert	7		Yes			Yes					Yes		Yes							4
38	TKE Engineering, Inc.	Palm Desert	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	18
39	T. Y. Lin International Group, Inc.	Ontario	0			Yes																1
40	UltraSystems Environmental, Inc.	Irvine	0					Yes														1
41	Van Dyke Landscape Architects, Inc.	Solana Beach	6	Yes	Yes		Yes	Yes	Yes				Yes				Yes					7
42	Verde Design Group Landscape Architects Inc.	Encinitas	0										Yes									1
			TOTALS	5	17	11	8	13	9	7	11	7	14	8	11	7	8	5	9	12	7	

ITEM 9a**2023/2024 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 26, 2024**



STAFF REPORT

Subject: **Status of I-10 Interchange Projects**

Contact: Gustavo Gomez, Transportation Management Analyst (ggomez@cvag.org)

Recommendation: Information

Background: Attached is the status for Interstate 10 interchange projects as of January 2024:

Completed: Indian Canyon @ I-10 (Mar '12); Gene Autry/Palm Drive @ I-10 (Mar '12); Date Palm Drive @ I-10 (May '14); Monterey Avenue Ramp @ I-10 (Apr '15); Bob Hope/Ramon @ I-10 (Sep '11); and Jefferson Street @ I-10 (Nov '17)

Monroe @ I-10: Final environmental document approved by Caltrans and PS&E phase is ongoing. The 95% plans resubmitted to Caltrans in November 2023 for review. Construction cost estimate was updated after addition of cycle track/ low-speed electric vehicle (LSEV) path. Right-of-way (ROW) acquisition to begin in early 2024.

Jackson @ I-10: Environmental document was approved in September 2021. CVAG approved funding for PS&E, which started in May 2022 and is ongoing.

Avenue 50 @ I-10: PS&E is 90% complete. Additional funding is being sought to advance the project to construction phase.

Avenue 50 @ SR 86: Funding agreement amendment for PS&E and ROW acquisition approved by Executive Committee in September 2020 for grant matching funds. Additional funding being sought to complete PS&E and ROW phases.

Dillon Road @ I-10 @ SR 86: PA&ED underway.

Golf Center Parkway @ I-10: PSR on hold.

Da Vall Drive @ I-10: PSR/PDS is complete and approved by Caltrans. Caltrans submitted an agreement to proceed with PA&ED phase for evaluation.

Portola @ I-10: County completed PS&E and obtained Caltrans approval to shelve the project in April 2022. Per CVAG approval in June 2022, the project has been suspended.

Fiscal Analysis: Funding for these projects has been budgeted through the project phase indicated and secured through various funding sources. There is no additional fiscal impact.

ITEM 9c

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
Regional Arterial Program - Project Status Report
2/22/2024



Project Description	Lead Agency	CVAG Funded						Status
		PEng	ENV	PS&E	ROW	CON	Through	
Interchanges								
Avenue 50 @ 86S	COA						ROW	CVAG approved funding for PS&E & ROW.
Avenue 50 @ I-10	COA						PS&E	PS&E contract underway.
Jackson Street @ I-10	COR						PS&E	Final Env Doc approved by Caltrans. CVAG approved PS&E funds. PS&E phase ongoing.
Monroe Street @ I-10	COR						Construction	Final Env Doc approved by Caltrans. Resubmitting 95% PSE to Caltrans Nov. 2023 with cycle track facility added.
Portola Avenue @ I-10	COR						PS&E	PS&E completed. Caltrans agreed to shelve. Suspend until funding for ROW, utilities and construction is obtained.

Arterial Links								
Avenue 48 (Van Buren St to Dillon Rd)	COR						Construction	Final design and ROW underway. CVAG approved construction funds.
Avenue 50 (Calhoun St to Harrison St)	COA						Construction	PS&E & ROW underway.
Avenue 50 (Jefferson St to Jackson St)	Indio						PS&E	Under design and environmental phase.
Date Palm Drive (I-10 to Varner Rd)	CC						PS&E	Phase II is completed. The final design for Phase III in underway.
Jackson Street Widening (Ave 49 to Ave 52)	Indio						PS&E	Environmental filed on October 2021. PS&E & ROW underway.
Jefferson Street (Ave 38 to Sun City Blvd)	Indio						Environmental	Under design and environmental phase.
Madison Street (Highway 111 to Ave 48)	Indio						Construction	Under construction.

Bridges								
Airport Boulevard Bridge	COR						Construction	CVAG Executive Committee approved funding from design to construction.
Avenue 44 Bridge over WWR	Indio						Construction	Enviro cleared. ROW cleared. Plans are at 99%. Pending funding from Caltrans.
Avenue 50 Bridge over WWR	COA						ROW	PS&E & ROW underway.
Avenue 50 Bridge over LQEC	LQ						Construction	CVAG Executive Committee approved funding from design to construction.
Avenue 66 Grade Separation over UPRR	COR						Construction	Repairing damage improvements from summer storms before final acceptance from Caltrans.
Cathedral Canyon Drive Bridge	CC						Construction	Construction complete. Completing close out documentation by Caltrans.
Dillon Road over WWR	COA						Environmental	CEQA and NEPA complete. State clarification required for eligibility of HBP funds for PS&E and construction.
Dune Palms Road Bridge over WWR	LQ						Construction	Project under construction. City constructing project by advancing Highway Bridge Project (HBP) funding.
East Palm Canyon Drive Bridge over Palm Canyon Wash	PS						ROW	In final design. Plans submitted for review.
Indian Canyon Drive (Garret Incl. RR Crossing)	PS						Construction	Project in construction.
Ramon Road Bridge	PS						ROW	ROW pending CVWD final agreement almost complete. Update plans to latest Caltrans standards.
South Palm Canyon Drive Bridge over Tahquitz Creek	PS						PS&E	Plans complete. Requesting funding from Caltrans for construction. RFB anticipated April 2024
Vista Chino Bridge over WWR	PS						PEng	Project is in PEng phase. Extensive negotiations with SCE for utility relocation.

Interchange Preparation Fund Projects								
Da Vall Drive @ I-10	CC						PSR	PSR-PDS approved by Caltrans.
Dillon Road @ I-10 & SR86	COA						PSR	PSR complete. PA&ED is underway.
Golf Center Parkway @ I-10	Indio						PSR	PSR on hold.

Regional Projects								
Broadband Strategic Plan	CVAG							Project kicked off in November, project in data collection phase.
CV Sync - Phase 1	CVAG						Construction	Executive Committee authorized CVAG to file the Notice of Completion.
CV Sync - Phase 2	CVAG						Construction	Construction underway. Contractor ordering supplies, transitioning to Phase II.
CV Sync - Phase 3	CVAG						PEng/ENV	Project kicked off in January 2024.
Flood and Blowsand - Phase 1: Indian Canyon Dr.	CVAG						PEng/ENV	ROW basemaps completed. Environmental docs complete. Hydrology & Hydraulics in CVWD review.
Flood and Blowsand - Phase 1: Varner Road	CVAG						PEng/ENV	Project kicked off in January 2024.
Flood and Blowsand - Phase 1: DHS Access Study	CVAG						PEng/ENV	Project kick-off meeting scheduled for February 2024

COR=County of Riverside; DHS=Desert Hot Springs; RM=Rancho Mirage; IW=Indian Wells; PD=Palm Desert; PS=Palm Springs; CC=Cathedral City; COA=Coachella LQ=La Quinta;
Other Acronyms: PAED = Project Approval and Environmental Design; PE = Preliminary Engineering; PSR = Project Study Report; RR = Railroad; UPRR = Union Pacific Railroad; WWR = Whitewater River; SCE = Southern California Edison; HBP = Highway Bridge Program; CVWD = Coachella Valley Water District
LATA = Local Agency Technical Assistance; RFP = Request for Proposal; RFB = Request for Bids

CVAG Funded Phase Legend	
PEng	Preliminary Engineering
ENV	Environmental
PS&E	Plans Specifications & Estimates
ROW	Right-of-way
CON	Construction

ITEM 9d**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

Bicycle & Pedestrian Safety Program - Project Status Report

2/22/2024



Bike & Pedestrian Safety Projects Project Description	Lead Agency	CVAG Funded			Status
		Design	CON	Through	
Avenue 48 Bicycle Lanes	Indio			Construction	Project completed.
Calhoun Street Improvements	Indio			Construction	Project completed.
Date Palm Sidewalk Gaps	CC			Construction	Project completed.
Dinah Shore Mid-Block Crossing	CC			Construction	Project completed.
Indian Canyon Intersection Pedestrian Enhancements	PS			Construction	Project completed.
Palm Canyon Crosswalks	PS			Construction	Project completed.
Palm Canyon Intersection Pedestrian Enhancements	PS			Construction	Project completed.
Palm Drive Signals and Lighting	DHS			Construction	Project completed.
S. Palm Canyon, E. Palm Canyon Improvements	PS			Construction	Project completed.
Vista Chino Signals	PS			Construction	Project completed.

Project Description	Lead Agency	Grant Funded			Status
		Design	App	CON	
CV Link	CVAG				Construction ongoing with additional segments authorized in December 2023
ATP - Arts & Music Line	CVAG				Design & NEPA underway. 90% plans expected end of February.
ATP - Cathedral City Downtown Connectors	CC				Contract issued for construction. Restriping bike lanes on E. Palm Canyon has begun.
ATP - DHS CV Link Extension	DHS				Under design.

COR-County of Riverside; RM-Rancho Mirage; IW-Indian Wells; PD-Palm Desert; PS-Palm Springs; CC-Cathedral City; COA-Coachella; LQ-La Quinta; DHS-Desert Hot Springs

ATP-Active Transportation Program; ROW-Right of Way, NEPA- National Environmental Policy Act, MPO-Metropolitan Planning Organization

ITEM 9e

Coachella Valley Association of Governments Executive Committee February 26, 2024



STAFF REPORT

Subject: Attendance Issues at CVAG's Standing Committee Meetings

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

Recommendation: Information

Background: All meetings of CVAG's standing committees are subject to the Ralph M. Brown Act (Gov. Code §§ 54950 *et seq.*), and must be open and public so that any member of the public may attend and participate in the meetings. When the COVID-19 pandemic started in 2020, CVAG joined agencies across the state in shifting to virtual meetings using Zoom videoconferencing. When California's emergency order related to the COVID-19 pandemic ended in February 2023, so did the Governor's Executive Orders that waived teleconferencing requirements of the Brown Act and made virtual meetings easy to conduct. CVAG's committees now meet in person with an option to use Zoom videoconference from a publicly noticed location.

CVAG's virtual meetings were well attended, to the point that CVAG staff stopped the historic practice of checking with members to ensure there would be a quorum. By June 2023, just a few months after returning to in-person meeting formats, CVAG staff was not only emailing reminders to ensure a quorum of members would be in attendance, but also calling members directly. In June 2023, staff reported to the Executive Committee that the most recent meetings of the Homelessness, Public Safety and Energy & Environmental Resources (now Energy & Sustainability) Committees did not have quorum confirmation until just before the meeting started.

The challenges of securing a quorum are becoming increasingly problematic and cause for concern. In November 2023, CVAG staff had confirmed a quorum in advance of the Homelessness Committee meeting. That morning, more than one member who had confirmed attendance did not show and the Committee did not have a quorum. Staff scrambled to call members to see if they could show up, but the Committee ultimately could not vote on the CV Housing First quarterly report or on CVAG's 2023-24 Federal and State Legislative Platform, which was including new language on advocating for vouchers.

CVAG's meeting policy states "*a vacancy may also be declared by majority vote of the committee after more than three consecutive absences of one of its committee members or less than a minimum attendance of 50% of committee meetings.*" Because CVAG works best when all its members are at the table, staff has been reluctant to recommend its committees take action to declare a vacancy. The policy does not apply to the Executive Committee, whose membership is referenced in CVAG's governing documents.

Staff sought feedback from the Administrative/ Personnel Committee when it met on January 29. The Committee supported staff's recommendation that stipends are not issued for meetings where less than a quorum of members are present. Staff would continue to take every step to

confirm a quorum. But should a quorum not be reached because members fail to show or send an alternate, then those who did attend would not receive their payments. Based on the Committee's feedback, the Executive Director is issuing letters to member jurisdictions who have demonstrated repeated absences.

CVAG staff would note that it continues to advocate for virtual meetings, and this position is reflected in CVAG's legislative platform.

Fiscal Analysis: There is no cost to CVAG for this update. Should CVAG not issue a meeting stipend, there would be nominal savings. The stipend for Executive Committee members is \$125, and all other committee members receive \$100.

ITEM 9f

Coachella Valley Association of Governments Executive Committee February 26, 2024



STAFF REPORT

Subject: Deployment of CV Sync and Phase II construction

Contact: Kris Gunterson, Program Manager (kgunterson@cvag.org)

Recommendation: Information

Background: Construction of CV Sync is well underway and is already transforming the way residents and visitors travel in the Coachella Valley. The project consists of upgrading existing traffic signal controllers and revolutionizing the way traffic is managed by using the latest technologies to coordinate traffic on major roadways. With this staff report, CVAG staff is providing an update on the construction activities and deployment at major events. At the February meeting of the Transportation Committee, staff also provided a presentation with some initial data on the before and after impacts of the signal synchronization improvements.

Phase I spanned Highway 111, Ramon Road, and Washington Street. The second phase, currently under construction, includes 19 additional roadways. Phase III design was authorized in December 2023. Ultimately, the project will span over 120 corridors and include more than 550 traffic signals in the Coachella Valley.

CV Sync 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/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.

These large regional events – which are also worldwide events – are where CV Sync's capabilities are already starting to shine. CVAG staff first deployed some of the technologies of the 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, including one scheduled for February 1, 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 proved invaluable during Tropical Storm Hilary. The record-breaking rainfall in August 2023 prompted widespread flooding, mudslides, and damaged roads. CVAG staff assisted

several cities during and after the storm, helping to identify problematic situations, and making traffic adjustments to ensure safe and efficient vehicular flow. CVAG was able to share live video footage with Riverside County directing them to flooding incidents that required attention – video footage that they would not have access to without CV Sync.

CVAG staff is also coordinating with Caltrans, which dealt with several flooded sections of Interstate 10 during the storm. CVAG's cameras were able to provide a live view of the flooded interstate and the problematic detours on Varner Road and elsewhere. CVAG staff had toured Caltrans' District 8 Traffic Management Center in Fontana the week prior to the tropical storm to discuss improved coordination. Caltrans is still in the process of bringing their CVAG workstation into operational use at the Fontana facility, which will provide live video footage along Interstate 10 that they currently don't have.

The CV Sync team, including the construction contractor Crosstown Electrical & Data Inc., is working with participating agencies' staff to provide additional training. This includes visits to member jurisdictions' Traffic Operation Centers to help local staff understand the new tools and resources that are available with the CV Sync deployment. CVAG staff also provided the local city, county and Tribal managers with a tour of the Regional Traffic Management Center in January 2024.

Notably, the project is also earning accolades. In August 2023, the CV Sync project was presented with the Intelligent Transportation Systems Award by the San Bernardino-Riverside Branch of the Los Angeles Section of the American Society of Civil Engineers. In September 2023, the CV Sync project is being recognized as a Project of Merit by the Coachella Valley Branch of the American Public Works Association.

Additional efficiencies and improvements will be realized as construction continues. Phase II remains on target for a March 2025 completion date.

Fiscal Analysis: There is no additional cost for this update. Phase II construction is being completed under a \$86.7 million contract that the CVAG Executive Committee approved in December 2022. Another \$5.6 million in work was authorized in April 2023 as part of Bid Alternate A3 – Avenue 50 for Phase II of CV Sync.

ITEM 9g

**Coachella Valley Association of Governments
Executive Committee
February 26, 2024**



STAFF REPORT

Subject: Construction of the Palm Springs Navigation Center

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

Recommendation: Information

Background: In August 2022, Riverside County and the City of Palm Springs announced they were receiving a \$19 million grant from the state's Homekey Program to build and operate the Palm Springs Navigation Center. The campus is being designed as a location where shelter, food and the full suite of support services can be co-located to expand the region's network of services for homeless individuals and reduce secondary impacts that can negatively impact quality of life.

Palm Springs Deputy City Manager Flinn Fagg provided a project update when the Homelessness Committee met on February 21. The center is scheduled to open in phases, with an early entry facility planned to open in the coming weeks and the rest of the campus open in July 2024. The project was highlighted at the February 1 homelessness symposium that was hosted by Riverside County Supervisor V. Manuel Perez, which is detailed in a separate staff report.

The navigation center is located on 3.64 acres along McCarthy Road in the City of Palm Springs. The site has three existing buildings totaling 46,760 square feet. The campus will consist of a shelter facility, 80 modular housing units and full wrap-around services that will include behavioral health care, workforce training, linkage to state and county services, and other resources to get unhoused individuals linked to permanent housing.

The center's focus will be to provide services to help individuals transition into permanent housing. In the future, in addition to providing services directly to homeless individuals, the City and the County have identified the potential to provide services to housed residents such as childcare; assisting individuals with securing health, disability, social security, and other benefits; computer skills, access to internet, employment support and assessments; basic first aid; computer labs; and referrals to other resources. An appropriately sized facility and property could also provide an opportunity to co-locate other services, including the county's mental and/or behavioral health programs, or to have an on-site medical clinic.

In addition to funding design, renovations and construction, the City and County has secured funding for operational dollars for Martha's Village & Kitchen, which has been selected by the city as the center's operator.

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

City and county officials have noted that the project's estimated costs have gone up as overall costs of construction have risen. More than \$40 million has been secured for the creation and operation of the campus, including \$18 million from Riverside County, \$8.16 million from the City of Palm Springs and the \$19 million award from the state's Homekey program.

ITEM 9h

Coachella Valley Association of Governments Executive Committee February 26, 2024



STAFF REPORT

Subject: Update from the South Coast Air Quality Management District

Contact: Tom Kirk, Executive Director (tkirk@cvaq.org)

Recommendation: Information

Background: At their January 2024 meetings, the both the Executive Committee and the Energy & Sustainability Committee had robust discussions about the region's air quality and the increasing concerns about the mud and sediment that remains on the valley floor following Tropical Storm Hilary. The discussion continued at the February meeting of the Energy & Sustainability Committee, with a presentation by Ian MacMillan, South Coast Air Quality Management District's (SCAQMD) Assistant Deputy Executive Officer for Planning, Rule Development and Implementation. The presentation covered a range of topics, including the additional data analysis being conducted since Tropical Storm Hilary and updates to the State Implementation Plan for the Coachella Valley

Impacts from Tropical Storm Hilary

The unprecedented damage caused by Tropical Storm Hilary on August 20, 2023 resulted in new mud and sediment, comprised of fine silt, that seems to be the cause of the valley's recent air quality problems. This silt is much smaller than gravel and sand that is typically deposited during storms. Such small diameter material appears to be much more likely to become airborne, even during the fall, which isn't the desert's windiest season. Currently, rough estimates are that there are more than 6,500 acres of such muddy deposits from Mission Creek's flood flows.

CVAG staff has not only been working with its member jurisdictions' staffs to encourage the application of soil stabilizer, but also raising awareness about the air quality impacts the valley will experience if left unaddressed. Poor air quality is not only bad for residents' health, but also bad for the health of the regional economy. Based on the preliminary findings of hourly PM10 data, there have been several days of extremely high levels of PM10 (Particulate Matter of 10 microns or less) since the storm.

In recent weeks, CVAG staff has coordinated with SCAQMD, the County of Riverside and the office of Supervisor V. Manuel Perez, who sits on the SCAQMD Board. CVAG staff has also reached out to the local school districts to explore opportunities for increased coordination on poor air quality days, when individuals should be staying indoors. Finally, CVAG staff has reached out to Desert Healthcare District, which recently adopted a Strategic Plan that identified air quality in the eastern Coachella Valley as part of the high priority goals.

At the February meeting, SCAQMD's MacMillan provided an update on the district's efforts to add additional monitoring stations in the desert and analyze the post-Hilary data. SCAQMD has already responded to these new, post-Hilary conditions and modified their agency's wind advisory alerts to account for the lower wind speeds that are leading to poor air quality. SCAQMD is encouraging the use of its app, which can be accessed at www.airalerts.org.

PM 10 problems have long plagued the Coachella Valley. CVAG staff will continue to advocate for additional data and collaborate to address the current conditions, as continued dusty days will inevitably hurt the public's health and the regional tourism economy.

Ozone Standards

Additionally, SCAQMD highlighted the recently released draft Contingency Measure revision to the State Implementation Plan for the Coachella Valley. This is a required element under the Clean Air Act to address attainment for the 2008 ozone standard. The Clean Air Act requires the Plan to include contingency measures that are triggered if an area fails to meet any applicable milestone or fails to attain an air quality standard by the attainment date. A comprehensive Plan was previously submitted to U.S. EPA, but recent legal actions have required an update. More information is available here: [https://www.aqmd.gov/home/air-quality/clean-air-plans/other-state-implementation-plan-\(sip\)-revisions/coachella-valley-contingency-measure-sip-revision](https://www.aqmd.gov/home/air-quality/clean-air-plans/other-state-implementation-plan-(sip)-revisions/coachella-valley-contingency-measure-sip-revision)

Fiscal Analysis: There are no additional costs to CVAG for providing this update. CVAG staff continues to work with Riverside County and local cities to provide documentation as they seek Federal Emergency Management Agency (FEMA) reimbursement for air quality mitigation work.

ITEM 9i

**Coachella Valley Association of Governments
Executive Committee
February 26, 2024**



STAFF REPORT

Subject: Update on Property Assessed Clean Energy (PACE) Program

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 quarterly updates on the PACE program to the Energy & Sustainability Committee. The attached report details the PACE activity for October through December 2023.

The following residential and commercial PACE providers are currently active in the Coachella Valley: CaliforniaFIRST/Renew Financial (Renew), HomeRun Financing/PACE Funding (HomeRun), and FortiFi (formerly known as Energy Efficient Equity or E3). Ygrene Energy Fund (Ygrene) has suspended operations as a result of an unfair practices and fraud lawsuit filed by the California Attorney General's Office on behalf of the State of California and Ygrene customers, with the Court's final judgment rendered in favor of the State. It is unclear at this time whether Ygrene will continue to service its existing customers. CVAG staff are actively monitoring this situation and will provide updates to the Energy & Sustainability Committee as they are available.

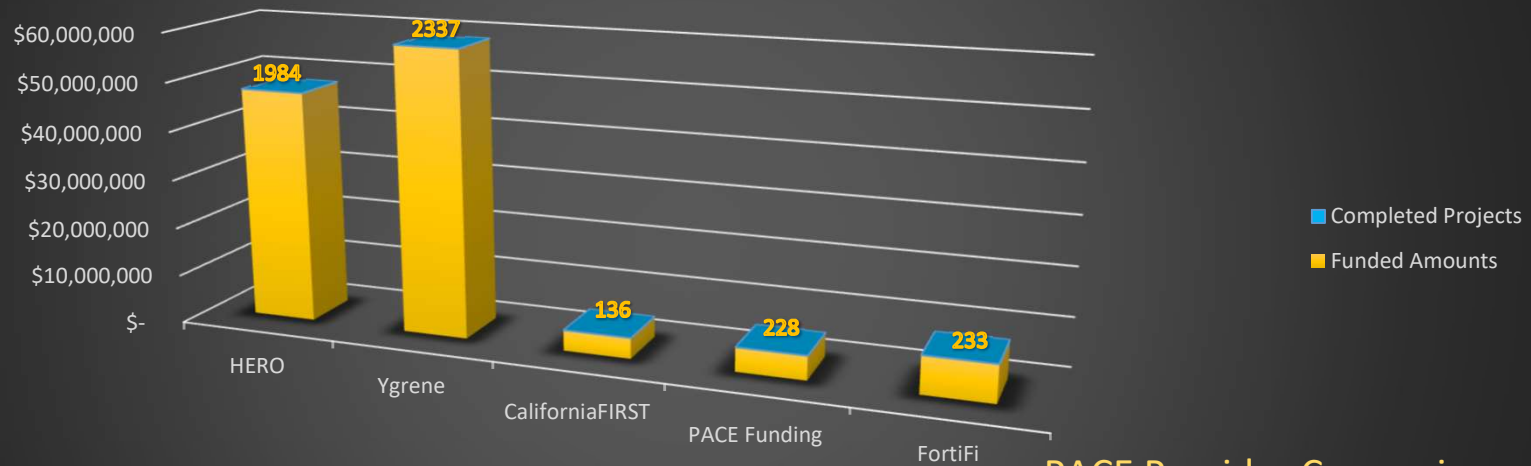
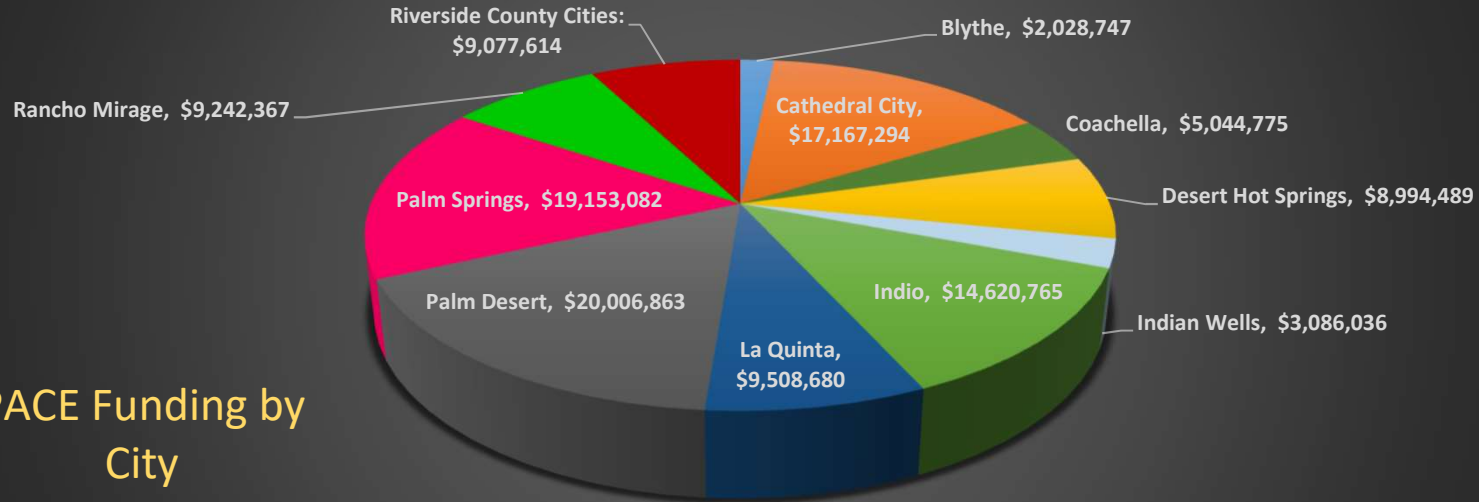
CVAG will continue to track and report on the status of the PACE residential and commercial PACE providers that operate in CVAG's member jurisdictions. However, with PACE activities slowing down and minimal involvement required of staff, PACE updates will be provided on an annual basis instead of a quarterly format.

Fiscal Analysis: There is no cost associated with this update. CVAG's staff time spent on these programs is recovered by a participation fee collected from each provider.

Attachment: PACE Activity Report for October through December 2023

CVAG PACE REPORT

PACE Funding by City



PACE Provider Comparison

CARS REMOVED FROM ROAD: 42118

PACE providers have interest rate ranges from 5.99%-10.98%

JOBS CREATED: 1072

Updated for January 25, 2024

ITEM 9j

**Coachella Valley Association of Governments
Executive Committee
February 26, 2024**



STAFF REPORT

Subject: Site tour of the future Indio Public Safety Campus

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

Recommendation: Information

Background: The City of Indio is heading towards completion of its new, 43,000-square-foot public safety campus, and law enforcement provided the Public Safety Committee with a preview as part of its February meeting.

The new, \$50 million campus is designed to accommodate the City's current needs and future growth. Spanning over three buildings it will be home to a dispatch center, Indio Fire Station 86, and administrative offices for both Indio Police Department and the Indio Fire Department.

Currently, the public safety teams are using cramped facilities that date back to the 1970s. The layout not only has space constraints – with police officers working in the hallways and in modular buildings – but it also was not designed with modern law enforcement needs in mind. The City plans to remodel the existing facility to provide additional space in the future.

Construction started in May 2022 and a public beam signing was held in January 2023. The project is scheduled to be complete this year. Indio is covering the project costs through bond sales and tax measure dollars.

At the February meeting, Committee members met in the existing Indio Police Department's auditorium, which is generally used for trainings. After an overview presentation, Committee members joined a walking tour of the current facility and new buildings. Because it is an active construction site, closed-toe shoes were required and safety vests were provided.

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

ITEM 10a

Coachella Valley Association of Governments Executive Committee February 26, 2024



STAFF REPORT

Subject: Update on CVAG's state advocacy efforts

Contact: Emmanuel Martinez, Program Manager- External Affairs (emartinez@cvaq.org)

Recommendation: Information

Background: As part of CVAG's advocacy efforts to monitor and engage on issues that may affect its operations and programs, staff regularly provides an update on legislative activities in Sacramento. In January's legislative staff report update, a significant amount of attention was devoted to the state budget given the Governor's budget was released earlier that month. As noted in last month's report, the state is facing financial woes to the tune of \$68 billion. Efforts related to the budget will continue through the month of May, and this staff report provides a brief update on the budget process that ensues now that the Governor released his budget. The report also highlights recently introduced legislation that may impact CVAG and its members jurisdictions and related matters.

In January, CVAG's advocacy team, Politico Group, invested significant time into a variety of meetings, hearings, workshops, and other outreach activities to try to get an early understanding of legislative, budget, and administrative headwinds and to position CVAG accordingly. For example, the California Transportation Commission (CTC) had a very active month with a two-day meeting in Modesto that included a workshop focused SB 1121 and developing a statewide, multimodal transportation system needs assessment; hearings on the 2024 Interregional Transportation Improvement Program and State Transportation Improvement Program; and the first of many workshops scheduled for 2024 on guidelines updates for SB 1 funded competitive and formulaic grant programs, including the Active Transportation Program (ATP), Local Partnership Program (LPP), Solutions for Congested Corridors Program (SCCP), and the Trade Corridor Enhancement Program (TCEP). CVAG staff and the Politico Group will continue to monitor these activities and engage as necessary in alignment with CVAG's adopted 2024 legislative platform.

Additionally, CVAG staff and advocacy team are constantly looking for opportunities to advance CVAG's goals and objectives and educate policymakers and stakeholders about the positive work going on in the Coachella Valley. In recent months, CVAG staff has met with Assemblymember Eduardo Garcia, Assemblymember Greg Wallis, and U.S. Rep. Raul Ruiz to elevate CVAG's priorities and projects, and to gain an understanding of the priorities for CVAG's state and federal representatives. Staff are working on coordinating a meeting with state Sen. Steve Padilla.

Leadership changes

Senate Majority Leader Mike McGuire (D-Healdsburg) assumed the role of Senate President pro Tempore when Senator Toni Atkins (D-San Diego) stepped down from leadership on February 5. Following significant changes to his leadership team and committee chairs earlier in the fall, Speaker Rivas announced new committee memberships in December. In many cases, stakeholders saw the Speaker's committee chair appointments as indicating a shift away from members who were strongly supported by environmental interest groups to members who may take a more moderate approach. In other cases, most notably housing, current policymaking trends, including greater state intervention and oversight of local land use, are likely to continue under new leadership.

Other notable and pertinent committee leaderships changes took place in the Assembly. ON the transportation side, Assemblymember Lori Wilson (D-Fairfield) replaces Assemblymember Laura Friedman (D-Burbank) as Chair of the Assembly Transportation Committee. Assemblymember Wilson represents a commuter-heavy district along the Interstate 80 corridor in Solano County, as well as parts of remote parts of eastern Contra Costa County and a small sliver of Sacramento County. Given the character of the Chair's district and her experience working in the private sector developing market-rate housing, many transportation stakeholders are watching to see how her approach will differ from Assemblymember Friedman's on issues ranging from climate change and transportation infrastructure to public transit funding. In fact, at the January CTC meeting, Assemblymember Wilson made welcoming remarks indicating that she views transportation funding issues as a quality-of-life issue that requires balanced solutions. Assemblymember Wilson was previously tapped to co-lead a working group on a proposal by Senator Wiener to increase bridge tolls in the Bay Area to support transit funding.

Assemblymember Chris Ward (D-San Diego) was tapped to replace Buffy Wicks (D-Oakland) as Chair of the Housing and Community Development Committee. Assemblymember Ward has served on the committee since his election to the Legislature in 2020 and previously served as a City of San Diego Councilmember and worked as an environmental planner. He has carried numerous significant housing bills, including AB 68 (2023), which would have dramatically changed the authority of counties and cities to develop housing in agricultural and open space areas. Despite his consistent support for a increasing the State's role in local land use planning issues, he expressed a desire for stronger state partnerships with local governments on housing upon his appointment as chair.

Legislation

The legislative deadline for new bills to be introduced was February 16. CVAG staff and lobbying team are reviewing all new bills introduced to identify those which may impact CVAG and its member agencies. Some of the notable bills that staff is tracking include:

Climate and Natural Resources

- AB 408 (Wilson) would enact the Climate-resilient Farms, Sustainable Healthy Food Access, and Farmworker Protection Bond Act of 2024, which would place a \$3.65 billion general obligation bond before voters on the November 2024 ballot.
- AB 1567 (Garcia) would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2023, which would place a \$16 billion bond on the ballot.

- SB 867 (Allen) would enact the Drought & Water Resilience, Wildfire & Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity & Nature-Based Climate Solutions, Climate Smart Agriculture, & Park Creation & Outdoor Access Bond Act of 2023, which would place a \$15.5 billion bond measure on the ballot.

Flood Protection

- AB 305 (Villapudua) would enact the California Flood Protection Bond Act of 2024, which would place a \$4.5 billion bond measure on the November 2024 ballot.
- SB 638 (Eggman) would enact the Climate Resiliency and Flood Protection Bond Act of 2024, which would place a \$6 billion bond measure on the November 2024 ballot.

Housing

- AB 1657 (Wicks) would enact the Affordable Housing Bond Act of 2024, which would place a \$10 billion general obligation bond before the voters on the March 2024 ballot.

Staff is also monitor Assemblymember Friedaman's legislation that staff reported on last year, AB 6 and AB 7. AB 6 would make changes to the California Air Resources Board's (CARB) review process for sustainable communities strategies, establish additional greenhouse gas emissions reduction targets for 2035 and 2045, and require project nominations for the Solutions for Congested Corridors Program to demonstrate how projects would contribute to achieving greenhouse gas emissions reductions, while AB 7 would require the California State Transportation Agency (CalSTA), Caltrans, and the CTC to include in their existing program funding guidelines and planning process the ten guiding principles from the Governor's Climate Action Plan for Transportation Infrastructure (CAPTI). Both these bills are currently in the Senate awaiting further action.

Budget

As reported in January, the Governor's budget represents a stark departure from the huge surpluses of recent fiscal years, but at first glance, the \$38 billion shortfall it addressed seemed much smaller than the \$68 billion budget problem identified by the Legislative Analyst's Office (LAO). One program that is significantly impacted is the Regional Early Action Planning Grant Program (REAP 2.0). The Governor is proposing \$300 million reversion from the from \$600 million included for the program in the 2021-22 budget. The Department of Housing and Community Development (HCD) has indicated that, pending resolution of the final 2024-25 state budget, they will not approve REAP 2.0 reimbursements past 50% of existing awards. This could mean that \$19.4 million worth of projects in the Coachella Valley may be placed at risk, and a separate staff report in the Committee's agenda packet provides a recommendation to increase advocacyProjects in the Coachella Valley that are impacted include:

1. \$5 million to Lift to Rise to help build 1,150 affordable housing units.
2. \$8 million to the City of Palm Desert, to address severe flooding issues that will support the development of 5,049 housing units.
3. \$2.05 million to the City of Coachella to develop a plan for a multimodal transit-supportive rail station in the city.
4. \$2.05 million to CVAG for vehicle miles travel study.
5. \$1.7 million to CVAG to build connections to CV Link, a 40-plus mile multimodal pathway spanning the Coachella Valley.
6. \$500,000 to the City of Desert Hot Springs for a plan to develop infill affordable housing in the city's downtown area.

7. \$200,000 to study the feasibility of establishing an Enhanced Infrastructure Financing District in the City of Desert Hot Springs to fund housing-support infrastructure improvements.

On January 23, the full Assembly and Senate Budget Committees met in two separate hearings to hear the overview of the Governor's Budget. Assembly Budget Committee Chair Gabriel opened his first hearing as Chair arguing that some of the solutions included in the Governor's proposal would undermine the State's response to addressing affordable housing and homelessness.

The next steps for the budget process will include dozens of subcommittee hearings by issue area in the months prior to the Governor's May Revision to his budget proposal. Politico Group will continue to monitor the budget process as additional information, including the Administration's proposed budget trailer bills, is published in the coming weeks.

Fiscal Analysis: There is no cost to this information item. Legislative advocacy efforts are covered under existing staff time and CVAG's lobbying contract.