



San Gabriel Valley Council of Governments

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DATE: May 2004
TO: Governing Board Members and Alternates
FROM: Nicholas T. Conway
Executive Director
RE: **SGVCOG 2004-2005 Proposed Budget**

Transmitted herewith is the San Gabriel Valley Council of Governments' (SGVCOG) proposed work program for the fiscal year 2004-2005. This document outlines the accomplishments of this last year, the proposed objectives for the coming year, and the allocation of resources to achieve those desired outcomes. It is important to note, that for the seventh consecutive year, the proposed work program does not anticipate an increase in the structure of the current dues.

Mission

SGVCOG Mission Statement: "To ensure the San Gabriel Valley's 'fair share' of scarce Federal, State and Local resources by fostering consensus among cities in the San Gabriel Valley regarding policies and programs that address issues relating to land use, air quality, transportation, solid waste and other matters deemed essential to our cities."

2003-2004 Achievements

During this last year, several major objectives were achieved in support of SGVCOG's adopted goals.

Goal #1 – Represent the San Gabriel Valley in Legislative Issues

- ✓ Established monthly legislative luncheon meetings with the State and Federal legislative staff for the San Gabriel Valley caucuses. We have hosted up to 20 people at a time at the regularly scheduled meetings. These meetings have proven to be very beneficial for both our representatives and the COG with respect to streamlining communication and priorities on items of mutual interest.
 - ✓ Wrote and sent correspondence in support of State Senate and State Assembly bills that would benefit the San Gabriel Valley bills, including AB 712 (Liu) to get the Foothill cities represented on the Gold Line Foothill Extension and SB 493 (Cedillo) in support of reforming brownfield regulations.
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- ✓ Analyzed state regulations and bills that affected Solid Waste and Environmental regulations. The Solid Waste Technical Advisory Committee actively watches the development of regulations from the California Air Resources Board and the California Integrated Waste Management Task Force and recommends appropriate correspondence through the Governing Board.
- ✓ Analyzed various regulations and proposals as to their affect on local funding. Throughout the year, letters were written to our State legislators and Governor Schwarzenegger identifying the financial impact of their actions on SGV cities. In addition, we analyzed the impact of the Los Angeles County Sheriff's proposed half-cent sales tax and its impact on San Gabriel Valley cities. Based on our analysis that was presented at a countywide meeting, subsequent changes were made that attempted to improve the equity of the proposed allocation of funds.
- ✓ Developed partnerships with the major unincorporated areas of the San Gabriel Valley by adding them as ex-officio members of the Governing Board. Members of the Altadena Town Council, Hacienda Heights Improvement Association, and Rowland Heights Community Coordinating Council are regular participants at Governing Board Meetings. With input from these large unincorporated areas, we hope to be able to better represent the needs of the whole San Gabriel Valley. An invitation has been extended to one other town council, Monrovia, Arcadia and Duarte Council, to participate in the SGVCOG.

Goal #2 – Support transit and congestion relief programs for the San Gabriel Valley

Gold Line Foothill Extension

- ✓ Celebrated the Metro Gold Line opening from the Union Station in Los Angeles to the Sierra Madre Villa in East Pasadena. The project was built on time and under budget, the first light rail to be constructed in Los Angeles in that manner.
- ✓ Developed and established a Joint Powers Authority between the Foothill cities and the San Bernardino Associated Governments (SANBAG) to move forward on the next phase of the Metro Gold Line out to Montclair in San Bernardino.
- ✓ Advocated and secured \$6.9 Million of Federal funding for the Gold Line Foothill Extension. Analyzed New Start Transit funds appropriated to the State of California and advocated for more equitable distribution of those funds to the State's largest urbanized area, Los Angeles County.
- ✓ Worked with the Foothill Extension cities, the current Pasadena Blue Line Construction Authority, and Metro on a memorandum of understanding to administer the construction of the Metro Gold Line Foothill Extension.

TEA-21

- ✓ Worked with the Valley's federal legislative caucus members so that they are fully aware of the Metro Gold Line Foothill Extension and the Alameda Corridor East rail projects need for federal transportation funds. We continue to work and wait for Congress' budget proposal to fund the transportation program. The previous bill, TEA-21, has been extended until July and we are hopeful passage of the new transportation bill will allow our projects to be federally funded.
- ✓ Worked for our fair share of State and Federal funds for San Gabriel Valley transportation projects. Our analysis shows that Los Angeles County is not receiving its fair share of scarce Federal New Start Rail funds in comparison to the Bay Area and San Diego.

Alameda Corridor East

- ✓ Assisted ACE in securing Federal funding to support the continued improvements of constructing below-grade rail crossings for faster and safer freight movement throughout the region. Congress approved a \$3.2 million earmark for FY 2004, bringing federal funding commitment to \$149 million.

Goal #3 – Develop a Growth Vision for the San Gabriel Valley

- ✓ Hosted the San Gabriel Valley Summit on Growth for the Mayors/City Councilmembers, Planning Commissioners, and other key decision makers within the San Gabriel Valley. This event, attended by more than 150 people, was successful in bringing the issues of population, jobs, and housing growth to the forefront. It was co-sponsored by several public and private agencies. Many expressed interest in continuing discussions and plan to address these changes within our respective cities. Follow up to this event is expected to be a part of our work plan for 2004-2005.
- ✓ Participated in development of the Southern California Association of Government (SCAG) 2004 Regional Transportation Plan (RTP). We hosted SCAG presentations at the Governing Board meeting and several of the Technical Advisory Committees. We submitted a response to the Draft 2004 RTP and participated in several discussions with various SCAG committees to address our concerns for the San Gabriel Valley.
- ✓ Participated in SCAG's Growth Visioning process. SCAG consultants worked with several people within the region to come up with a "consensus" for the Southern California region to look at connections between transportation and land use, in particular, jobs and housing growth.

Goal #4 – Work on Environmental Issues

- ✓ Worked on developing a plan for the Rio Hondo Watershed. SGVCOG received a Proposition 13 grant from the State Water Resources Control Board for \$200,000 to study the Rio Hondo Watershed. We brought together various stakeholders for the Rio Hondo, which runs through the western part of the San Gabriel Valley. The study

will be completed at the end of the current fiscal year and we hope to start implementing some of the recommendations from the Watershed Study. Some of the recommendations will be in cleaning up the watershed from pollutants, develop recreational spaces and connections to the Rio Hondo in the parks, and educating the public about the watershed.

- ✓ Worked on developing a brownfield inventory for the San Gabriel Valley. We prepared a \$250,000 grant application and received funds from a Proposition 40 grant from the Rivers and Mountains Conservancy to inventory all of the brownfield properties in the San Gabriel Valley. This is an important project because of the lack of undeveloped space within the San Gabriel Valley. The inventory will be used by the public agencies and developers for clean up and reuse of the properties that are currently vacant and abandoned.

Goal #5 – Build a Business Community Partnership

- ✓ Partnered with the San Gabriel Valley Economic Partnership on several initiatives: the San Gabriel Valley Summit on Growth, the Brownfield Inventory, and lobbying trips to Sacramento and Washington, DC.

General Operating Income

San Gabriel Valley Council of Governments’ annual income is derived primarily from three sources: (1) dues from member agencies which support our general fund; (2) special programmatic funds from SCAG, (3) the Metro Gold Line Foothill Extension (the SGVCOG is currently providing interim administration). Other funds may come from state grants or through other public and private agencies for special projects. As shown in Figure 1, we estimate that the SGVCOG’s revenue will increase once again this next year.

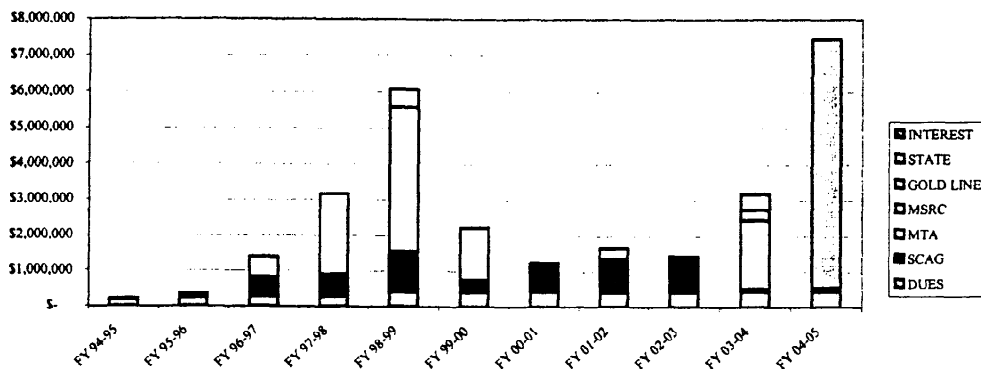


Figure 1
Operating Income per Fiscal Year

General Fund

DUES (\$448,962) = 15% from General Funds

As shown in Exhibit 1, there is an estimated \$2,900 increase in dues income. This is attributed to the population adjustment made by the State Department of Finance. The revenue from memberships and dues is the primary source of income to support SGVCOG's day-to-day operations and services. Also, this money is used to support our efforts in writing grants, providing in-kind match and seeking other categorical funds. Membership and dues monies should provide sufficient working capital to ensure stability, but must be leveraged in achieving other specific program desired outcomes, i.e. Growth Visioning, Housing studies, etc. The dues are adjusted yearly according to the California State Department of Finance population estimates. We estimate that the increase of revenue from dues is a 0.6% increase from the last Fiscal Year.

Proposition A & C – Each member city currently pays 12¢ per capita from the receipt of their City's Proposition A & C funds to support our regional transportation activities. As shown in Figure 2, this revenue source provides 42.5 percent of our general operating income.

AB2766 – Each member city currently pays 12¢ from AB2766 monies to support SGVCOG programs relating to air quality and transportation. As shown in Figure 2, monies from this revenue source represents 42.5 percent of general operating income.

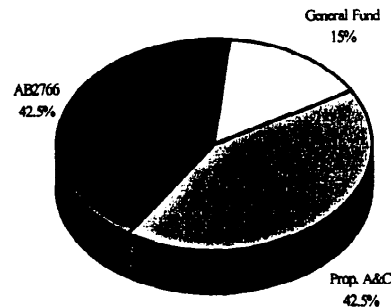


Figure 2
Percentage of Dues from Sources

City General Fund – Each member City pays a minimum contribution of \$1,500, which increases based on per ten thousand in population up to a maximum of \$3,000, to support the general administrative activities of the SGVCOG. Reliance on General Funds has decreased proportionally in the budget. As shown in Figure 2, the SGVCOG's operating monies derived from this revenue source now account for 15 percent of the SGVCOG's overall operating income.

INTEREST INCOME (\$6,000)

All SGVCOG funds are invested according to adopted policy in the Local Agency Investment Fund (LAIF). Due to low interest rates, the current investment returns are expected to yield approximately \$6,000 for this next fiscal year which is approximately 50% less than our interest income in prior years. The interest income on the principal derived from these funds has been used by the Board to support various activities, priorities and issues that may arise during the course of the year.

**Exhibit 1
Proposed Dues for 2004-2005**

City	2004 Dept. of Finance	Prop A&C \$.12/Capita	AB 2766 \$.12/Capita	General Fund	2003-2004 Dues	Proposed Dues
ALHAMBRA	89,700	\$ 10,764	\$ 10,764	\$ 2,700	\$ 24,036	\$ 24,228
ARCADIA	55,900	\$ 6,708	\$ 6,708	\$ 2,250	\$ 15,570	\$ 15,666
AZUSA	48,150	\$ 5,778	\$ 5,778	\$ 2,100	\$ 13,416	\$ 13,656
BALDWIN PARK	80,300	\$ 9,636	\$ 9,636	\$ 2,700	\$ 21,654	\$ 21,972
BRADBURY	940	\$ 113	\$ 113	\$ 1,500	\$ 1,721	\$ 1,726
CLAREMONT	36,350	\$ 4,362	\$ 4,362	\$ 1,950	\$ 10,614	\$ 10,674
COVINA	49,100	\$ 5,892	\$ 5,892	\$ 2,100	\$ 13,788	\$ 13,884
DIAMOND BAR	59,500	\$ 7,140	\$ 7,140	\$ 2,250	\$ 16,410	\$ 16,530
DUARTE	22,600	\$ 2,712	\$ 2,712	\$ 1,800	\$ 7,176	\$ 7,224
EL MONTE	123,500	\$ 14,820	\$ 14,820	\$ 3,000	\$ 30,000	\$ 30,000
GLENDORA	52,000	\$ 6,240	\$ 6,240	\$ 2,250	\$ 14,460	\$ 14,730
INDUSTRY	800	\$ 96	\$ 96	\$ 1,500	\$ 14,794	\$ 14,794
IRVINDALE	1,490	\$ 179	\$ 179	\$ 1,500	\$ 14,794	\$ 14,794
LA CANADA FLINTRIDGE	21,400	\$ 2,568	\$ 2,568	\$ 1,800	\$ 6,888	\$ 6,936
LA PUENTE	43,050	\$ 5,166	\$ 5,166	\$ 2,100	\$ 12,336	\$ 12,432
LA VERNE	33,250	\$ 3,990	\$ 3,990	\$ 1,950	\$ 9,846	\$ 9,930
MONROVIA	38,800	\$ 4,656	\$ 4,656	\$ 1,950	\$ 11,178	\$ 11,262
MONTEBELLO	65,200	\$ 7,824	\$ 7,824	\$ 2,400	\$ 17,928	\$ 18,048
MONTEREY PARK	63,900	\$ 7,668	\$ 7,668	\$ 2,400	\$ 17,616	\$ 17,736
PASADENA	144,000	\$ 17,280	\$ 17,280	\$ 3,000	\$ 30,000	\$ 30,000
POMONA	158,400	\$ 19,008	\$ 19,008	\$ 3,000	\$ 30,000	\$ 30,000
ROSEMEAD	56,700	\$ 6,804	\$ 6,804	\$ 2,250	\$ 15,714	\$ 15,858
SAN DIMAS	36,750	\$ 4,410	\$ 4,410	\$ 1,950	\$ 10,698	\$ 10,770
SAN GABRIEL	41,900	\$ 5,028	\$ 5,028	\$ 2,100	\$ 11,922	\$ 12,156
SAN MARINO	13,600	\$ 1,632	\$ 1,632	\$ 1,650	\$ 4,878	\$ 4,914
SIERRA MADRE	11,050	\$ 1,326	\$ 1,326	\$ 1,650	\$ 4,278	\$ 4,302
SOUTH EL MONTE	22,100	\$ 2,652	\$ 2,652	\$ 1,800	\$ 7,218	\$ 7,104
SOUTH PASADENA	25,500	\$ 3,060	\$ 3,060	\$ 1,800	\$ 7,860	\$ 7,920
TEMPLE CITY	35,300	\$ 4,236	\$ 4,236	\$ 1,950	\$ 10,278	\$ 10,422
WALNUT	31,700	\$ 3,804	\$ 3,804	\$ 1,950	\$ 9,486	\$ 9,558
WEST COVINA	111,400	\$ 13,368	\$ 13,368	\$ 3,000	\$ 29,520	\$ 29,736
TOTALS	1,574,330	\$ 188,920	\$ 188,920	\$ 66,300	\$ 446,077	\$ 448,962

Categorical (Program Specific) Funds

In addition to income from dues and membership, which supports our core programs, SGVCOG anticipates receiving income from the Southern California Association of Governments (SCAG), and the Metro Gold Line Foothill Extension. These funds are all earmarked to support specific projects and activities that have been funded as a result of an application or request submitted by the SGVCOG.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (\$111,296)

Each subregion executes an Overall Work Program (OWP) that is adopted by SCAG. As shown in Figure 3, SGVCOG has budgeted \$111,296 to support SCAG OWP funds and required in-kind match for FY 2004-2005. The funds provided by SCAG support important transportation planning initiatives in the Valley, namely the Metro Gold Line Foothill Extension and the Growth Visioning Project. All of the revenue received from SCAG is intended to cover direct costs incurred in providing specific agreed upon products. For example, the Gold Line funds are allocated to support the planning efforts for developing Transit Oriented Developments around the proposed Gold Line stations. The Growth Visioning funds are allocated to support continuing the ideas set forth at the San Gabriel Valley Summit on Growth. As a condition of receiving these funds, SGVCOG is required to provide a 13 percent match for in-kind services. The SGVCOG's adopted policy for providing matching funds is to use in-kind services spent in working on the various projects provided by staff from our member cities. For example, the hourly rate established for SGVCOG's Planning Director members is \$85/hour. The time spent by Planning Directors and other City staff on various committee assignments related to a project is then multiplied by the hourly rate and submitted as documentation for our matching requirement. These hours and costs are supplemented where needed by staff from Arroyo Associates, which is the SGVCOG's staffing resources.

FY 2004-2005 PROJECTS	Federal Amount	In-Kind Match	2004-2005 Funds
Gold Line Foothill Extension	\$ 10,000	\$ 1,296	\$ 100,000
Growth Visioning	\$ 88,530	\$ 11,470	\$ 11,296
TOTAL	\$ 98,530	\$ 12,766	\$ 111,296

Figure 3
2004-2005 SCAG OWP Budget

METRO GOLD LINE FOOTHILL EXTENSION (\$6,900,000)

The Metro Gold Line Foothill Extension has formed its own Joint Powers Authority to include the cities along the Foothill and the San Bernardino Associated Governments (SANBAG). The SGVCOG is providing the interim administrative and budgeting services. We expect \$6.9 million in Federal funding that will be used to support the various planning efforts related to the Metro Gold Line Foothill Extension. The funds are transferred to the Construction Authority to support agreed upon activities.

General Fund Operating Expenditures

As shown in Figure 4, the SGVCOG has four management contracts to support its ongoing operations, programs and services. These management services contracts are paid from the funds collected from member dues and are allocated to support activities.

ARROYO ASSOCIATES, INC. (AAI)

AAI is responsible for the day-to-day management of SGVCOG. The firm provides staff support to the Governing Board and all committees including the following: Gold Line Foothill Extension Construction Authority, Transportation Committee, Planning Directors Technical Advisory Committee, Public Works/Engineering Technical Advisory Committee, the Solid Waste Technical Advisory Committee, and legislative lunches. Staff represents SGVCOG at SCAG and Four Corners meetings. Staff also provides support for any other Project Advisory Committees (PAC). This past year, it included PACs such as a Growth Visioning PAC, a Rio Hondo Watershed PAC, and a Brownfield Inventory PAC.

As defined in the scope of the management services agreement, AAI prepares and distributes meeting minutes and Board actions, conducts analysis, prepares all grant applications and staff reports; prepares, copies and distributes all correspondence and mailings, oversees and manages all contracts and projects and provides all infrastructure related to the administration and

	Budget 2003-2004	Proposed 2004-2005
Arroyo Associates, Inc.	\$ 331,000	\$ 344,448
MTA	\$ 50,000	\$ 50,000
Burke Williams & Sorsensen	\$ 20,000	\$ 20,000
Accounting Services	\$ 10,000	\$ 10,000
Board Stipends	\$ 13,500	\$ 13,500
Miscellaneous (Media, Newsletter, Web, etc.)	\$ 10,000	\$ 10,000
	\$ 434,500	\$ 447,948

Figure 4
General Expenses

operation of the SGVCOG including office space, furniture, computer equipment, utilities and all ancillary services necessary to run the day-to-day operations of the SGVCOG. This year, SGVCOG's contract with Arroyo Associates, Inc. was rebid and is anticipated to be renewed. The contract provides for an annual Consumer Price Index (CPI) adjustment in fees.

BURKE, WILLIAMS AND SORENSEN (BWS)

BWS provides legal assistance to the Board in policy deliberations. A retainer agreement has been executed for \$5,000 per quarter or \$20,000 annually for the SGVCOG's legal services.

AUDITING SERVICES

A certified public accounting firm conducts our annual audit to ensure compliance with adopted rules and regulations. An annual fee of \$10,000 is paid for that audit.

METROPOLITAN TRANSPORTATION AUTHORITY (MTA)

In 1997, the Governing Board authorized execution of a contract with MTA to pay 50 percent of the staff costs involved in providing assistance to John Fasana, San Gabriel Valley MTA Board

representative. The contract amount is \$4,166.67 per month or \$50,000 annually and is intended to be matched by an equal amount from MTA for this staff position.

BOARD STIPENDS

As approved in 2002, Board members are paid \$50 per Governing Board Meeting. Based on 10 meetings during the year, \$13,500 has been budgeted to cover these reimbursements.

2004-2005 Proposed Objectives

There are several of important objectives to be achieved by our respective committees during the coming year. We will continue participating in interregional activities in pursuit of the interests of San Gabriel Valley cities. We will continue to advocate for the San Gabriel Valley cities, seeking to be represented fairly in legislative issues as they become current. However, there are several items of interest, due to their overarching importance, that need to be achieved and warrant identification and elaboration. These are listed below

Proposed Goal #1 - San Gabriel Valley Leadership in the 21st Century

The San Gabriel Valley is fortunate to have many fine elected officials who seek leadership opportunities in a variety of organizations. However, due to the advent of term limits and the stress and strains of serving in public office, we are witnessing a constant turnover of our elected leaders. If we are able to maintain our knowledge and experience as an organization, we need to commit resources in training to develop the next generation of elected and civic leaders here in the San Gabriel Valley. A number of foundations provide funding to organizations to put together a development program for future community business and political leaders. We hope to develop a program in conjunction with the San Gabriel Valley Economic Partnership and get it funded during this next year.

First Quarter: Identify a source of funding

Fourth Quarter: Graduate first class

Proposed Goal #2 - Growth Vision Implementation

The San Gabriel Valley Summit on Growth, which occurred on March 20, 2004, was a successful event that brought together the San Gabriel Valley leaders to talk about what our region could look like in the year 2030. Discussion occurred regarding the population, housing, and jobs that are expected to grow in this region mostly due to the expansion of our children's families. We also discussed opportunities to plan for the needs and locations of new developments, utilizing the opportunities that we have in regards to developing Transit Oriented Developments and optimizing our Transportation Corridors. We will begin to develop an implementation strategy on planning principals that were agreed upon at the Summit on Growth so that we can best plan for a bright future in the San Gabriel Valley. This may involve a series of workshops and conferences on a sub area basis within the Valley to gather interested parties together.

First Quarter: Develop funding for sub area workshops/conferences

Second Quarter: Conduct workshops and conferences on a sub area basis
Fourth Quarter: Develop working groups for implementation strategies

Proposed Goal #3 - Supporting the Metro Gold Line Foothill Extension

During this past Fiscal Year, we launched the Gold Line Foothill Extension JPA. Environmental assessments will need to be approved and funding will need to be secured for this \$1.3 billion project to move forward. We hope to secure \$6.9 million for this fiscal year. We will also need to take a look at the neighborhoods around the stations while sharing ideas and efforts for redevelopment and planning Transit Oriented Developments for our region.

First – Fourth Quarters: Resolve governance issues relating to the Gold Line Foothill Extension and secure Federal funding to commence construction.

Proposed Goal #4 - Funding and Project Implementation of the Alameda Corridor East (ACE)

ACE continues to be an important project for the San Gabriel Valley. While the designs for a few grade separations have already been completed and two are under construction. The next phase has been put on hold due to the State's budget crisis. We will continue to support ACE projects in gaining access to \$5 Million for this next Fiscal Year on the local, state, and federal levels.

First - Fourth Quarters: Continue supporting construction projects and seek funding for proposed projects.

Proposed Goal #5 - Implementing the Strategic Housing Plan

During this Fiscal Year, the Solimar Group completed a Strategic Housing Plan for the San Gabriel Valley. We hope to begin work to implement the Strategic Housing Plan in order to increase the supply of affordable housing in the Valley.

First Quarter: Review and discuss Strategic Housing Plan

Second - Fourth Quarters: Develop region wide guidelines

Proposed Goal #6 - Developing a Brownfield Inventory Website

By the end of this Fiscal Year, we will have nearly finished a Rivers and Mountains Conservancy funded Brownfield Inventory. This study will provide us with a better idea of the amount of space available in the San Gabriel Valley for the clean up and reuse of brownfields. As a region that is nearly built out, this inventory will help identify parcels that can be reused for development. Along with the San Gabriel Valley Economic Partnership, we hope to launch a website that can be used by developers and community leaders that would identify such parcels.

First Quarter: Completion and reporting of the Brownfield Inventory

Second Quarter: Seek sponsorship for website

Third Quarter: Provide website and inventory to the San Gabriel Valley Economic Partnership

Proposed Goal #7 - Develop and Launch a San Gabriel Valley Website

A new San Gabriel Valley website will serve as a “gateway” to San Gabriel Valley information. Such a website will serve those interested in the San Gabriel Valley by directing them to better information. This website will be developed in conjunction with the San Gabriel Valley Economic Partnership.

First Quarter: Plan and develop website

Second Quarter: Launch website

These are just a few of the issues that are likely to present themselves during the next fiscal year. They will be supplemented by those specific objects identified by the respective committees as they become organized.

On behalf of the staff, I appreciate the support and direction provided by the Governing Board during this last year. We look forward to the continuing our organization’s record of success in this coming year.

Sincerely,

Nicholas T. Conway