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MEETING NO. 616

REGIONAL COUNCIL

Thursday, November 7, 2019
12:15 p.m. – 2:00 p.m.

SCAG MAIN OFFICE
900 Wilshire Blvd., Ste. 1700
RC Board Room
Los Angeles, CA 90017
(213) 236-1800

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700 – RC Board Room
Los Angeles, California 90017
Thursday, November 7, 2019
12:15 PM

The Regional Council may consider and act upon any of the items on the agenda regardless of whether they are listed as Information or Action items.

CALL TO ORDER AND PLEDGE OF ALLEGIANCE *(The Honorable Bill Jahn, President)*

PUBLIC COMMENT PERIOD

Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Committee, must fill out and present a Public Comment Card to the Assistant prior to speaking. Comments will be limited to three (3) minutes per speaker. The Chair has the discretion to reduce the time limit based upon the number of speakers and may limit the total time for all public comments to twenty (20) minutes.

REVIEW AND PRIORITIZE AGENDA ITEMS

PRESENTATION ITEM

1. Highlights from the 2019 Legislative Session
Assembly Speaker Anthony Rendon (D-Lakewood)

ACTION/DISCUSSION ITEMS

2. Recommendation and Authorization to Release the Connect SoCal Draft PEIR Page 11
(Kome Ajise, Executive Director, SCAG)

RECOMMENDED ACTION FOR EEC:

Recommend that the Regional Council (RC) authorize the Executive Director to release the Connect SoCal Draft PEIR within thirty (30) days after the release of the Connect SoCal Plan for public comments.

RECOMMENDED ACTION FOR REGIONAL COUNCIL:

Authorize the Executive Director to release the Connect SoCal Draft PEIR within thirty (30) days after the release of the Draft Connect SoCal Plan for public comments.

3. Release of Draft Connect SoCal (2020 RTP/SCS) for Public Review and Comments Page 38
(Kome Ajise, Executive Director, SCAG)

RECOMMENDED ACTION FOR JOINT POLICY COMMITTEES:

Pending review, policy discussion and direction by the members of the Policy Committees, recommend to the Regional Council to authorize the Executive Director to release the Draft Connect SoCal (2020 RTP/SCS) for Public Review and Comment.

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RECOMMENDED ACTION FOR REGIONAL COUNCIL:

Pending review, policy discussion and direction by members of the Regional Council, authorize the Executive Director to release the Draft Connect SoCal (2020 RTP/SCS) for Public Review and Comment.

- 4. Recommended Draft RHNA Methodology Page 51
(Kome Ajise, Executive Director, SCAG)

RECOMMENDED ACTION:

That the Regional Council submit the draft RHNA methodology to the California Department of Housing and Community Development (HCD) for their 60-day review.

CONSENT CALENDAR

Approval Items

- 5. Minutes of the Meeting - October 3, 2019 Page 116
- 6. Approval for Additional Stipend Payments Page 126
- 7. SCAG Participation at the CIRC 2019 Opening Forum - Yangtze River Delta Rail Transit Integration, November 10 - 14, 2019 Page 127
- 8. SCAG Memberships and Sponsorships Page 131

Receive and File

- 9. SCAG Objection Letter to HCD, dated 09-18-19 Page 133
- 10. HCD Response Letter to SCAG, dated 10-15-19 Page 144
- 11. Summary of Written Comments Received Page 152
- 12. State and Federal Legislative Monthly Update Page 164
- 13. Purchase Orders \$5,000 - \$199,999; Contracts \$25,000 - \$199,999 and Amendments \$5,000 - \$74,999 Page 169
- 14. Caltrans Audits' Corrective Action Plans Status Update Page 178
- 15. CFO Monthly Report Page 271

BUSINESS REPORT

(Randall Lewis, Ex-Officio Member)

PRESIDENT'S REPORT

(The Honorable Bill Jahn, President)

EXECUTIVE DIRECTOR'S REPORT

(Kome Ajise Executive Director)

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FUTURE AGENDA ITEM/S

ANNOUNCEMENT/S

ADJOURNMENT

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Energy & Environment Committee (EEC)
Regional Council (RC)
From: Kome Ajise, Executive Director, Executive Management,
213-236-1835, Ajise@scag.ca.gov
Subject: Recommendation and Authorization to Release the Connect
SoCal Draft PEIR

EXECUTIVE DIRECTOR'S
APPROVAL

Kome Ajise

RECOMMENDED ACTION FOR EEC:

Recommend that the Regional Council (RC) authorize the Executive Director to release the Connect SoCal Draft PEIR within thirty (30) days after the release of the Connect SoCal Plan for public comments.

RECOMMENDED ACTION FOR REGIONAL COUNCIL:

Authorize the Executive Director to release the Connect SoCal Draft PEIR within thirty (30) days after the release of the Draft Connect SoCal Plan for public comments.

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians.

EXECUTIVE SUMMARY:

This staff report provides a summary of milestones that have occurred since the January 23, 2019 release of the Notice of Preparation (NOP) and major components of the Connect SoCal Draft PEIR including the environmental analysis, performance-based approach to mitigation measures, and overview of the Connect SoCal Draft PEIR's contents. Additionally, staff is seeking EEC's recommendation to the RC to authorize the Executive Director to release the Draft Connect SoCal PEIR within 30 days after the release of the Draft Connect SoCal Plan ("Connect SoCal" or "Plan") for the public comment period. Connect SoCal is expected to be authorized for release on November 7, 2019 with the public comment period starting no later than November 14, 2019 and ending on January 24, 2020.

BACKGROUND:

Pursuant to the federal Fixing America's Surface Transportation (FAST) Act (Pub. L. No. 114-94) and Section 65080 of the California Government Code, SCAG is required to adopt and update a long-range regional transportation plan (RTP) every four (4) years. SCAG's last RTP was adopted in 2016 and an updated RTP is required to be adopted by April 2020. In accordance with the Sustainable

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Communities and Climate Protection Act of 2008, or Senate Bill (SB) 375 (Steinberg), the RTP will include a Sustainable Communities Strategy (SCS) which details strategies to reduce greenhouse gas (GHG) emissions from passenger vehicles (automobiles and light-duty trucks). As one of the State's 18 MPOs, SCAG must prepare a SCS that demonstrates the region's ability to attain GHG emission-reduction targets through integrated land use, housing, and transportation planning.

CEQA and its implementing regulations (*State CEQA Guidelines*) require SCAG as the Lead Agency to prepare an EIR for any discretionary government action, including programs and plans that may cause significant environmental effects. *Connect SoCal* is a regional planning document updated every four years (see further discussion below). *Connect SoCal* would update the 2016 RTP/SCS. Given the regional level of analysis provided in *Connect SoCal*, a Program EIR (PEIR) is the appropriate CEQA document. A PEIR is a "first-tier" CEQA document designed to consider "broad policy alternatives and program wide mitigation measures" (*State CEQA Guidelines* Sec. 15168). The programmatic environmental analysis for the *Connect SoCal* PEIR will evaluate potential environmental effects consisting of direct and indirect effects, growth-inducing impacts, and cumulative impacts resulting from the Plan, and will include mitigation measures to offset any identified potentially significant adverse environmental effects. As a first-tier document, the PEIR may serve as a foundation for subsequent, site-specific environmental review documents (including Addendums, Supplemental EIRs, Subsequent EIRs) for individual transportation and development projects in the region (*State CEQA Guidelines* Sec. 15385).

In addition to fulfilling legal requirements, the PEIR will provide an opportunity to inform decision makers and the public about potential environmental effects associated with implementation of the Plan and alternatives. This first-tier, regional-scale environmental analysis will also help local agencies evaluate and reduce direct and indirect impacts, growth-inducing impacts, and cumulative environmental effects with respect to local projects.

NOTICE OF PREPARATION AND SCOPING MEETING:

As indicated in the February 7, 2019 staff report to the EEC, staff prepared the NOP for the *Connect SoCal* Draft PEIR, which was authorized for release and 30-day public review by the EAC on January 16, 2019. The public review period for the NOP occurred from January 23, 2019 to February 22, 2019. The NOP was released to notify local, state and federal agencies, and other interested agencies, organizations and individuals that SCAG plans to prepare a PEIR for *Connect SoCal*. The NOP provided a brief overview of the plan, environmental topics to be evaluated and a description of preliminary draft alternatives to be evaluated. As part of the scoping process required under CEQA, two NOP scoping meetings were conducted on February 13, 2019. Additionally, approximately 50 guests participated in the scoping meetings. SCAG received over 30 comment letters in response to the NOP and Scoping Meeting.

SUMMARY OF KEY COMMENTS:

SCAG received various comments from interested parties. Upon evaluation, SCAG determined that

several comments related to certain topics have recurred. SCAG has identified these comments as “Key Comments”. Key Comments include but are not limited to the following:

Vehicle Miles Travelled (VMT) Analysis: Several commenters have posed strong concerns over California Air Resources Board’s (CARB) use of VMT reduction targets as a strategy for greenhouse gas (GHG) reduction. Commenters have stated that the VMT reduction targets are inaccurate, unattainable, and in conflict with SB 375. Commenters who oppose VMT based analysis have requested that SCAG reject CARB’s decision to impose VMT reduction targets.

While some commenters have opposed the use of VMT reduction targets, other commenters have supported CARB’s decision, as they believe that VMT reduction would reduce greenhouse gas emissions and help in promoting the building of sustainable neighborhoods, increased public transit, and the protection of natural resources.

Climate Change and Greenhouse Gas Emissions: Several commenters have requested that SCAG’s analysis of GHG emissions include an analysis of climate resiliency and climate adaptation. Additionally, commenters have requested that SCAG refer to CARB’s Mobile Source Strategy guidelines to address GHG impacts.

Air Quality: Several commenters have requested that the PEIR be consistent with the Air Quality Management Plans (AQMPs) created by the air districts located within the region. Furthermore, commenters have requested that the PEIR incorporate best management practices (BMPs) and mitigation measures noted in the AQMPs.

Alternatives: Several commenters have requested that SCAG provide additional clarification with respect to alternatives. Some of the commenters have expressed their preference to the Intensified Land Use alternative, while others have requested to provide additional input in the scenario planning and/or alternative development process.

Environmental Justice: While not directly related to CEQA, several commenters have requested that SCAG evaluate environmental justice impacts within the PEIR. Commenters have recommended that the PEIR include an accounting of investment in disadvantaged communities that addresses discrepancies in access to transportation options. Additionally, commenters have requested that the PEIR incorporate analysis and data related to race/ethnicity, age and low income and their exposure to poor air quality and health hazards.

SUMMARY OF CONTENTS FOR THE *CONNECT SOCIAL* DRAFT PEIR:¹

SCAG has prepared a summary of contents of the Draft PEIR for the Plan. Key information regarding

¹ Table of Contents are subject to change prior to the release of the Draft PEIR. However, it is representative of all the major components that will be considered and is in accordance with the *State CEQA Guidelines*.

the contents of the Draft PEIR is summarized below:

- **Executive Summary:** This summarizes key information presented in the Draft PEIR, including a table depicting significant impacts and proposed SCAG mitigation measures as well as potential project-level mitigation measures for each significant impact discussed in Chapter 3.0 – Environmental Impact Analysis.
- **Section 1.0 – Introduction:** This chapter provides background information on SCAG’s roles and responsibilities. The introduction summarizes the results of the scoping process, and describes the PEIR as a first tier Program EIR. This Chapter describes the CEQA process, emphasizing the early identification of stakeholders and engagement through the scoping process. Supplemental materials, including the NOP of the Draft PEIR and comments received on the NOP will be attached, as appropriate, in appendices to the Draft PEIR document. It also describes consideration of CEQA streamlining opportunities, the environmental review process, and an overview of the contents of the Draft PEIR.
- **Section 2.0 – Project Description:** This chapter provides the location and boundaries of the Draft Plan; states the Draft Plan’s objectives; a general description of the Draft Plan; and includes a statement briefly describing the intended uses of the PEIR.
- **Section 3.0 – Environmental Impact Analysis–** This analysis will include: Regulatory Framework; Environmental Setting; Significance Thresholds; Analysis of Direct, Indirect, and Cumulative Impacts; Mitigation Measures; and Level of Significance after Mitigation. Twenty (20) resource categories included in Appendix G of the CEQA Guidelines will be analyzed in this section. (See discussion under *Environmental Factors Considered* for further details)
- **Section 4.0 – Alternatives -** This chapter describes a range of reasonable alternatives to the Draft Plan, which would feasibly attain most of the basic objectives of the Plan but would avoid or substantially lessen any of the significant effects of the Plan at a programmatic and region-wide level. (See discussion under *Alternatives* for further details)
- **Section 5.0 – Other CEQA Considerations:** This chapter identifies the significant unavoidable environmental effects, significant irreversible environmental effects, irreversible damage from environmental accidents, and growth inducing impacts of the Plan.
- **Section 6.0 – Persons and Sources Consulted:** This chapter lists the contributors to the preparation of the PEIR and includes a list of sources consulted and used in preparing the Draft PEIR.
- **Section 7.0 – Glossary:** This chapter includes acronyms used in the Draft PEIR document.

ENVIRONMENTAL FACTORS CONSIDERED:

The PEIR is a programmatic document that will analyze potential effects of the Plan on the environment. Although *Connect SoCal* will include individual transportation projects, the PEIR does not specifically analyze environmental effects of any individual transportation or development project. Project-level environmental analyses will be prepared by implementing agencies on a project-by-project basis as projects proceed through the design and decision-making process.

The scope of environmental effects analyzed in the *Connect SoCal* Draft PEIR are as follows:

- Aesthetics
- Agriculture and Forestry Resources
- Air Quality
- Biological Resources
- Cultural Resources
- Energy
- Geology & Soils
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning
- Mineral Resources
- Noise
- Population and Housing
- Public Services (Police, Fire, Schools, Library)
- Recreation
- Transportation, Traffic & Safety
- Tribal Cultural Resources
- Utilities and Service Systems (Solid Waste, Wastewater, Water Supply)
- Wildfire

ALTERNATIVES EVALUATED:

The development of alternatives in a PEIR is focused on avoiding or reducing potentially significant impacts of the Plan while achieving most of the project objectives. The PEIR evaluates three potential alternatives to Plan:² (1) No Project Alternative; (2) Existing Plans-Local Input Alternative; and (3) Intensified Land Use Alternative. Each Alternative, except the No Project Alternative, will vary in terms of policies and projects including, but not limited to, variations in land use development patterns or the transportation network. When approving the Plan, SCAG has the discretion to select one or more alternatives as long as they are within the range of impacts identified in the PEIR.

Section 15126.6 of the CEQA Guidelines requires that an “environmentally superior” alternative be selected among the alternatives evaluated in the PEIR. In general, the environmentally superior alternative is the alternative that would be expected to generate the fewest adverse impacts. If the No Project Alternative is identified as environmentally superior, then another environmentally superior alternative shall be identified among the other alternatives.

² Please note that titles and descriptions of alternatives may be modified between the date of this report and the release of the Draft PEIR.

No Project Alternative

The No Project Alternative is required by Section 15126.6(e)(2) of the CEQA Guidelines and assumes that the Plan would not be implemented. The No Project Alternative considers continued implementation of the goals and policies of the adopted 2016 RTP/SCS. The No Project Alternative includes only those transportation projects that are in the first two years of the previously conforming FTIP (i.e., 2018). The growth scenario included in the No Project Alternative, and all alternatives, includes the same regional totals for population, housing and employment.

Existing Plans-Local Input Alternative

This Alternative incorporates jurisdictional general plans and land use information to reflect the Plan's population, household and employment growth estimates and land use development patterns in the region. This alternative includes policies and strategies in the 2016 RTP/SCS to the extent that they have been incorporated into local jurisdictional plans. This alternative does not include additional land use strategies described in *Connect SoCal* that go beyond current local policy. This alternative includes projects planned by each County Transportation Commission.

Intensified Land Use Alternative

The Intensified Land Use Alternative is based on the transportation network for Connect SoCal with more aggressive land use development patterns than in the Connect SoCal. Specifically, it increases densities and intensifies land use patterns, especially around high quality-transit areas (HQTAs) in an effort to maximize transit opportunities and reduce growth agricultural and natural lands. The growth pattern associated with this Alternative optimizes urban areas and suburban town centers, transit-oriented developments (TODs), HQTAs, livable corridors, and neighborhood mobility areas. It also includes a greater progressive job-housing distribution optimized for TODs and infill in HQTAs.

MAJOR FEATURES OF THE DRAFT PEIR:

Utilize the 2019 State CEQA Guidelines (Updates to Appendix G)

The Draft PEIR incorporates the latest updates to the *State CEQA Guidelines*. As such, the environmental effects analyzed in the Draft PEIR include: Energy, Tribal Cultural Resources, and Wildfire.

Consultation with Sovereign Nations Pursuant to Assembly Bill (AB 52)

Pursuant to the *State CEQA Guidelines* and AB 52 (Public Resources Code Sections 21080.3.1 and 21080.3.2), SCAG initiated consultation by letter with tribal parties with respect to the PEIR for Connect SoCal to illicit input on how the plan may affect tribal cultural resources and to explore opportunities to avoid or mitigate significant adverse effects. Consultation efforts include

workshops, stakeholder outreach and information exchange (i.e., distribution of the Draft and Final PEIR), and are ongoing.

CEQA Streamlining

The Draft PEIR recognizes the importance of CEQA streamlining and provides additional clarification on streamlining approaches compared to the 2016 RTP/SCS PEIR. Streamlining provisions and parameters from SB 375, SB 226 and SB 743 are referenced throughout the document. Additionally, the Draft PEIR ties project-level mitigation measures with project level tiering opportunities (SB 375 and/or SB 226).

SCAG has provided additional language in the preamble for mitigation measures, which states:

“For projects proposing to streamline environmental review pursuant to SB 375 or SB 226, or for projects otherwise tiering off this PEIR, the project-level mitigation measures described in the Draft PEIR (or comparable measures) can and should be considered and implemented by lead agencies (and project sponsors) during the subsequent, project- or site-specific environmental reviews for transportation and development projects as applicable and feasible. However, SCAG cannot require lead agencies to adopt mitigation, and it is ultimately the responsibility of the lead agency to determine and adopt project-specific mitigation.”

Senate Bill (SB) 743 and Vehicle Miles Travelled (VMT) Analysis

The methodology for determining significance of impacts on transportation and traffic compares current regional transportation conditions to expected future 2045 conditions with the Plan. SCAG utilized the Regional Travel Demand Model (RTDM) to compare existing conditions to the Plan’s 2045 conditions. The primary metrics considered in the analysis are VMT and VHT as well as travel delay. Traditionally (prior to the passage of SB 743), SCAG has used VMT as the metric to evaluate transportation impacts and overall efficiency of the Plan. VMT is used in-lieu of Level of Service (LOS), which is focused on local impacts and fails to capture regional-scale effects of the Plan.

The Draft PEIR and the Connect SoCal recognizes the codification of SB 743. SB 743 is referenced throughout the regulatory framework of the document. The PEIR notes that SB 743 provides opportunities for CEQA streamlining to facilitate transit-oriented development (TOD), and updates the CEQA guidelines to utilize VMT as a metric to evaluate transportation impacts. As stated above, SCAG has traditionally used VMT as a metric to evaluate transportation impacts, regardless of the implementation of SB 743. However, the Draft PEIR does not recommend a regional threshold for local jurisdictions to evaluate transportation impacts as doing so would be outside of SCAG’s jurisdictional authority. Rather, the PEIR provides information on various approaches and encourages local jurisdictions to use SCAG as a resource when developing individual VMT

thresholds.

While the Draft PEIR does not establish a regional or local VMT threshold, SCAG has incorporated a program-level mitigation measure regarding SB 743 implementation, which is funded through a Caltrans Sustainable Communities Grant.

The grant-funded project, co-sponsored by SCAG and LADOT, seeks to provide technical and mitigation strategy development guidance to local jurisdictions in the six-county SCAG region to facilitate implementation of the VMT-based CEQA transportation impact analysis provisions of SB 743. This coordinated program of technical guidance, evaluation of options, and cooperative engagement with local communities will serve to smooth the transition to the new VMT-reducing development paradigm, helping to ensure a successful region-wide implementation of SB 743 and attainment of the associated GHG reduction goals. The implementation of the mitigation measure may involve feasibility studies, guidance, and establishing a nexus for VMT reduction and/or mitigation. SCAG's mitigation measure is designed to be collaborative and not prescriptive.

Greenhouse Gas Emissions

The Draft PEIR includes analysis of Greenhouse Gas Emissions. The analysis includes a discussion on the consistency of *Connect SoCal* with greenhouse gas emissions reduction goals as set forth in the Executive Order S-3-05 (80 percent reduction below 1990 levels by 2050), Executive Order B-16-12 (80 percent less than 1990 levels for 2050 from the transportation sector), and Executive Order B-30-15 and SB 32 (40 percent below 1990 levels by 2030). The analysis includes a discussion on the Draft Connect SoCal Plan per capita greenhouse gas emissions targets (19 percent) for automobiles and light trucks required by the state law, under Senate Bill (SB) 375.

The Draft PEIR concluded that the Plan meets CARB's targets for greenhouse gas emissions from light duty passenger vehicles for 2020 and 2035. However, CARB has indicated that even if all MPOs meet their regional GHG targets, the state would not meet the statewide GHG reduction goals of AB 32, SB 32, and the Scoping Plan. As recognized by CARB, MPOs do not have land use authority to implement additional VMT reductions. Furthermore, SCAG has no control or authority over the other key sectors (e.g., energy, industry, water, waste and agriculture) in meeting the AB 32, SB 32, and Scoping Plan targets; which would potentially result in significant impacts for greenhouse gas emissions.

Health Risk Assessment (HRA)

The Draft PEIR includes a Health Risk Assessment (HRA) in the Air Quality impacts analysis. The HRA evaluates potential cancer risk impacts associated with diesel emissions from transportation corridors. The HRA uses EMFAC 2014 developed by California Air Resources Board; follows the 2015 Air Toxics Hot Spots Program Guidance Manual for the Preparation of Risk Assessments by the

Office of Environmental Health Hazard Assessment (OEHHA); characterizes population (age and income) data for areas within 500 feet of transportation corridors with diesel emissions.

Performance Standards-Based Mitigation Approach:

CEQA requires that SCAG identify all feasible mitigation measures in the PEIR that will avoid or substantially lessen the significant environmental effects of the project. CEQA, however, does not require a lead agency to undertake identified mitigation measures, even if those measures are necessary to address a project's significant environmental effects, if the agency finds that the measures "are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency" (Public Resource Code Section §21081(a)(2);³ *City of Marina v. Bd. of Trustees of the Calif. State Univ.* (2006) 39 Cal.4th 341, 366; see also *Smart Rail v. Exposition Metro Line Construction Authority* (2013) 57 Cal.4th 439). Under these circumstances, the lead agency may find that the measures "can and should" be implemented by the other agency or agencies said to have exclusive responsibility/jurisdiction over the measures (*City of Marina*, 39 Cal.4th at 366). As the *CEQA Guidelines* explain, the "finding in subsection (a)(2) shall not be made if the agency making the finding has concurrent jurisdiction with another agency to deal with identified feasible mitigation measures or alternatives" (*CEQA Guidelines Section §15091(c)*).⁴

CEQA case law has also held that deferral of the specifics of mitigation is permissible where the lead agency commits itself to mitigation and, in the mitigation measure, either describes performance standards to be met in future mitigation or provides a menu of alternative mitigation measures to be selected from in the future. CEQA Guidelines section 15126.4(a)(1)(B) codifies this concept:

"Formulation of mitigation should not be deferred until some future time. However, measures may specify performance standards which would mitigate the significant effect of the project and which may be accomplished in more than one specified way."

Mitigation measures are subject to the same rules regarding level of detail appropriate to the EIR being prepared. In this case, the PEIR addresses a large-scale region with a variety of projects spread over more than 20 years. As such, this PEIR identifies program wide measures for implementation by SCAG. In addition, the PEIR identifies project-level mitigation measures for lead agencies to consider, as applicable and feasible, in subsequent project-specific design, CEQA review,

³ California Legislative Information. *Chapter 2.6. General [21080-21098]*. Available online at: http://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=PRC§ionNum=21081, accessed August 23, 2019.

⁴ CEQA. *Article 7. EIR Process*. Available online at: <http://resources.ca.gov/ceqa/guidelines/art7.html>, accessed August 23, 2019.

and decision-making processes. It is ultimately up to the lead agency to determine the appropriateness of the mitigation measure based on project-specific circumstances.

The project-level mitigation measures identified by SCAG “can and should” should be considered by lead agencies in project-specific environmental review documents as appropriate and feasible. This language mirrors CEQA Guidelines section 15091(a)(2), and it is assumed that each lead agency for specific projects would have the ability to impose and enforce these measures (i.e., that they can implement them). Lead agencies for specific projects are responsible for developing project specific mitigation measures and ensuring adherence to such mitigation measures.

Overall, the performance standards-based mitigation measures used in this PEIR recognize the limits of SCAG’s authority; distinguish between SCAG commitments and project-level responsibilities and authorities; optimize flexibility for project implementation; and facilitate CEQA streamlining and tiering (see discussion on mitigation measures above) where appropriate on a project-by-project basis determined by each lead agency.

NEXT STEPS:

Subsequent to the EEC’s recommendation and RC’s authorization to release the Draft PEIR, SCAG staff will work towards finalizing Draft PEIR and release the document to the public for review and comments, within 30-days after the Draft Plan’s release. The public review and comment period will be a minimum of 45-days. SCAG will also conduct a public workshop for the Draft Connect SoCal PEIR at SCAG’s Los Angeles Office, Room Policy Meeting-A on January 9, 2020, from 2:00 PM to 3:30 PM. Video conferencing of the public workshops will be at SCAG’s regional offices and videoconferencing sites. Dates for upcoming milestones are shown in the table below (**Table 1, Upcoming Milestones**).

Table 1, Upcoming Milestones

Milestones	Date
Release Connect SoCal Draft PEIR	Within 30-days after Connect SoCal Release
Connect SoCal PEIR Workshop	January 9, 2020
Close the public review and comment period of the Connect SoCal PEIR	January 24, 2020
Review by EEC or JPC of the summary of comments/responses/revisions of the Connect SoCal Final PEIR	March 2020
Presentation of the proposed Connect SoCal Final PEIR, RC Certification for Connect SoCal and Final PEIR	April 2020

FISCAL IMPACT:



Work associated with this item is included in the current Fiscal Year 2019/20 Overall Work Program (020.0161.04: Regulatory Compliance).

ATTACHMENT(S):

1. PowerPoint Presentation: Connect SoCal Draft PEIR

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Connect SoCal Draft PEIR for the Energy & Environment Committee

Southern California Association of Governments

November 7, 2019

www.scag.ca.gov

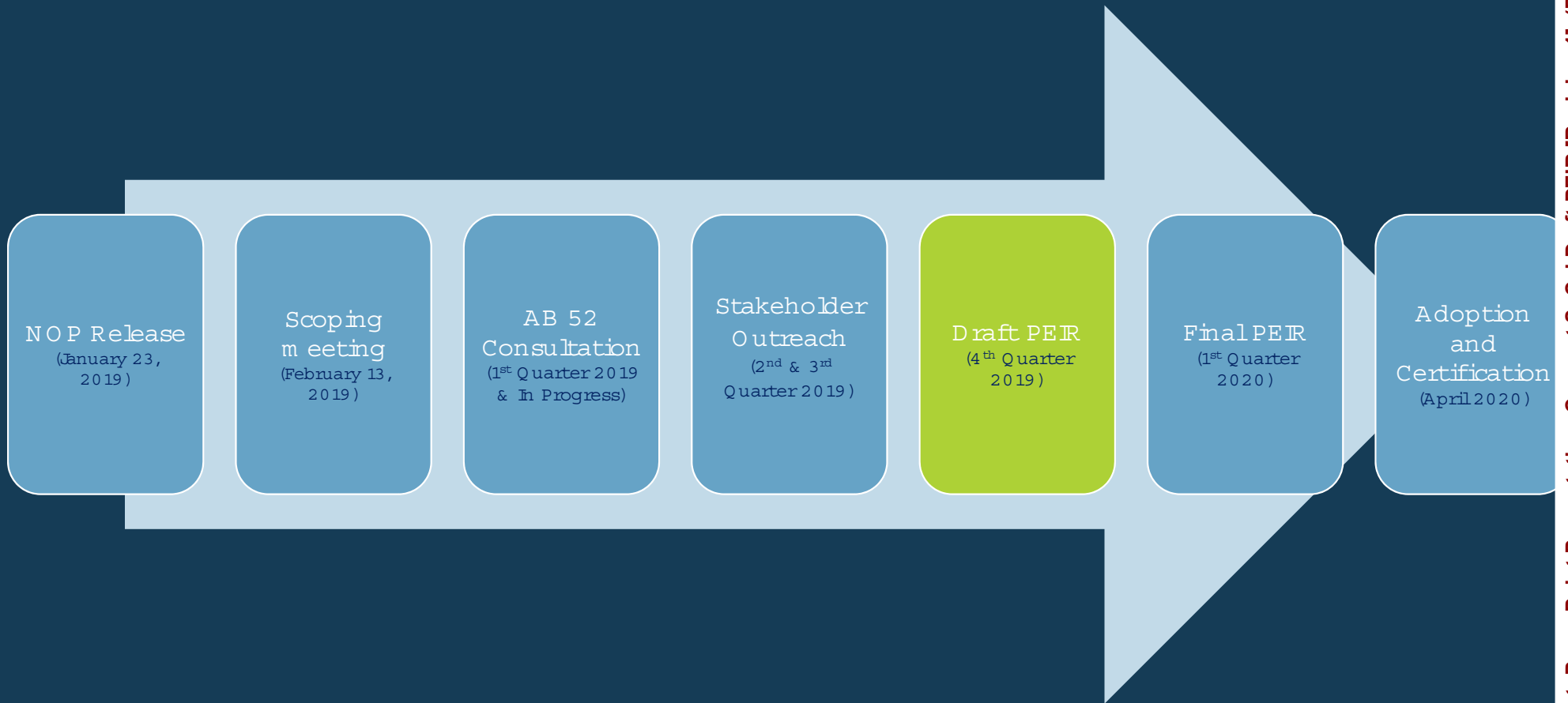


Introduction



- SCAG is developing the Connect SoCal Plan (2020 Regional Transportation Plan/Sustainable Communities Strategy) pursuant to the federal Fixing America's Surface Transportation (FAST) Act, the Sustainable Communities and Climate Protection Act of 2008, and SB 375.
- SCAG is the lead agency for the Program Environmental Impact Report (PEIR) for Connect SoCal pursuant to CEQA

Where We Are In the PEIR Process



Contents for the Connect SoCal Draft PEIR



Table of Contents

- Executive Summary
- Section 1.0 - Introduction
- Section 2.0 - Project Description
- Section 3.0 – Environmental Setting, Impacts and Mitigation Measures
- Section 4.0 – Alternatives
- Section 5.0 – Other CEQA Considerations
- Section 6.0 – Persons and Sources Consulted
- Section 7.0 – Glossary
- Appendices supporting the Draft PEIR

Connect SoCal PEIR Scope of Environmental Effects



20 Environmental Factors Considered

- Aesthetics and Views
- Agriculture and Forestry Resources
- Air Quality
- Biological Resources and Open Space
- Cultural Resources
- Energy
- Geology, Soils and Mineral Resources
- Greenhouse Gas Emissions and Climate Change
- Tribal Cultural Resources
- Hazards & Hazardous Materials
- Hydrology and Water Resources
- Land Use and Planning
- Noise
- Population and Housing
- Recreation
- Transportation/Traffic
- Public Services and Utilities
- Wildfire

Alternatives Evaluated

- No Project Alternative
- Existing Plans – Local Input Alternative
- Intensified Land Use Alternative

Other Major Features of the Draft PEIR



- Formal Consultation with Sovereign Nations (AB 52)
- CEQA Streamlining
- Senate Bill (SB) 743 & Vehicle Miles Travelled (VMT) Analysis
- Greenhouse Gas Emissions
- Health Risk Assessment
- Performance Standards Based Mitigation Approach

CEQA Streamlining



- Streamlining provisions and parameters from SB 375, SB 226 and SB 743 are referenced throughout the document.
- The Draft PEIR ties project-level mitigation measures with project-level tiering opportunities
- SCAG has provided additional language in the preamble for mitigation measures

VMT Analysis



- The Draft PEIR uses VMT/VHT and Travel Delay to evaluate transportation impacts
- VMT is used in-lieu of Level of Service (LOS), which is focused on local impacts and fails to capture regional-scale effects of the Plan.
- This approach is similar to the 2012 and 2016 RTP/SCS PEIR.

SB 743

- Referenced throughout the regulatory framework
- Streamlining opportunities are recognized
- Recognizes OPR's ruling to use VMT as a metric to evaluate transportation impacts
- The Draft PEIR does not recommend a regional threshold for local jurisdictions.
- The Draft PEIR does incorporate a program-level mitigation measure regarding SB 743 implementation.

Draft SB 743 Mitigation Measure (Program Level)



- The Mitigation measure is a grant-funded project, co-sponsored by SCAG and LADOT, focused on technical guidance, evaluation of options, cooperation, and engagement with local communities to assist in region-wide implementation of SB 743
- Implementation of mitigation measures may involve:
 - Feasibility studies, guidance, and establishing a nexus for VMT reduction and/or mitigation
- Mitigation measure is meant to be collaborative and not prescriptive

Greenhouse Gas Emissions



- Executive Order S-3-04 (80 percent reduction below 1990 by 2050)
- Executive Order B-16-12 (80 percent less than 1990 by 2050 from the transportation sector)
- Executive order B-30-15 and SB 32 (40 percent below 1990 by 2030).
- The analysis includes a discussion of the Draft Connect SoCal Plan per capita GHG targets (19 percent reduction) for automobiles and trucks, required by SB 375.

Mitigation Measures



- Similar to the 2016 RTP/SCS PEIR, mitigation measures are performance-based.
- They recognize SCAG's limited authority but fulfills SCAG's responsibilities as a lead agency under CEQA
- Mitigation measures maintain flexibility at project-level implementation
- They distinguish SCAG commitments and project-level lead agency responsibilities
- And they are designed to facilitate CEQA streamlining and tiering

Mitigation Measures (Continued)



- SCAG recognizes it's limited authority
- The project-level mitigation measures identified by SCAG “can and should” should be considered by lead agencies in project-specific environmental review documents as appropriate and feasible.
- Mitigation measures have been separated into two groups
 - SCAG Mitigation Measures
 - Project Level Mitigation Measures

Next Steps



- Release Connect SoCal Draft PEIR – within 30 days after Plan release
- Connect SoCal PEIR Workshop – January 9, 2020
- Close of public review and comment period – January 24, 2020
- Review by EEC or JPC of the Final PEIR – March 2020
- Adoption and Certification of the Final PEIR – April 2020



Thank You

To learn more about the NOP or Connect SoCal, please visit:

<http://connectsocial.org>

www.scag.ca.gov





Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Regional Council (RC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: Kome Ajise, Executive Director, Executive Management,
213-236-1835, Ajise@scag.ca.gov

Subject: Release of Draft Connect SoCal (2020 RTP/SCS) for Public
Review and Comments

RECOMMENDED ACTION FOR JOINT POLICY COMMITTEES:

Pending review, policy discussion and direction by the members of the Policy Committees, recommend to the Regional Council to authorize the Executive Director to release the Draft Connect SoCal (2020 RTP/SCS) for Public Review and Comment.

RECOMMENDED ACTION FOR REGIONAL COUNCIL:

Pending review, policy discussion and direction by members of the Regional Council, authorize the Executive Director to release the Draft Connect SoCal (2020 RTP/SCS) for Public Review and Comment.

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians.

EXECUTIVE SUMMARY:

Over the past year, the Regional Council and Policy Committees have received reports and discussed key issues, analyses, and policy issues related to the development of the Draft Connect SoCal, the region's next Regional Transportation Plan and Sustainable Communities Strategy (Draft Plan) for the planning period of 2020-2045. Informed by these discussions, staff has drafted the main components of the Draft Plan; assessed the Draft Plan's performance against federal and state requirements and regional planning goals; and completed the technical reports that provide detail on the research, analysis, outreach and planning processes SCAG pursued in preparing the Draft Plan. These materials are available on the Connect SoCal website and subject to the Policy Committees and Regional Council's review, policy discussion and direction, will be formally released for public comment.

As required by the state and federal statutes, the Draft Plan must be available for comments for a minimum of 55 calendar days. If authorized to release in November, staff anticipates closing the comment period on January 24, 2020. It should also be noted that staff is recommending release

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

of the Program Environmental Impact Report (PEIR) for Draft Connect SoCal in late November so that its comment period also ends on January 24, 2020. Staff will then document comments, prepare responses and finalize the Draft Connect SoCal and PEIR for adoption and certification on April 2, 2020, in advance of the June 1, 2020 air quality conformity expiration date of the 2016 RTP/SCS. Delay in the adoption of the Connect SoCal could potentially trigger one year federal conformity lapse grace period. The region will thereafter be out of conformity or enter into conformity lapse at the end of the one year grace period.

BACKGROUND:

Over the past year, staff has brought forth issues related to the development of the Draft Connect SoCal, the region's next Regional Transportation Plan and Sustainable Communities Strategy (Draft 2020 RTP/SCS), to the Regional Council and Policy Committees. A list of key past discussion items at the RC, CEHD, EEC and TC is provided as an attachment to this staff report for reference. Also, an overview of the key issues and items presented and discussed by the Regional Council and Policy Committees was presented in a staff report for Joint Policy Committee on August 1, 2019: <http://scag.ca.gov/committees/Pages/CommitteeL2/Granicus.aspx?CID=49>. Informed by these discussions, staff has drafted the main components of the Draft Plan; assessed the Draft Plan's performance against federal and state requirements and regional planning goals; and completed the technical reports that provide detail on the research, analysis, outreach and planning processes SCAG pursued in preparing the Draft Plan. These materials are available on the Connect SoCal website and will be the subject of staff's presentation during the November 7, 2019 Joint Policy Committee (JPC) meeting. Based on the Regional Council's direction to staff during the October 3 meeting, the staff presentation to the JPC will be brief to allow policymakers time for discussion and to provide final direction for the preparation of the Draft Connect SoCal for formal public review.

Draft Connect SoCal: Plan Preview

The Draft Connect SoCal is an update to the 2016 RTP/SCS. It is a financially constrained multi-modal transportation plan and sustainable communities strategy that looks out to 2045 (at least 20 years into the future) as the horizon year.

As required by law, the Draft Connect SoCal contains a vision/goal/policy statement, current and future population/demographic forecast, current and future land use patterns, analysis of current and future multi-modal transportation system, action element (projects, programs and policies), sustainable communities strategy element, environmental mitigation component, financial element and performance measurement and monitoring element.

Under the U.S. Department of Transportation's metropolitan planning regulations and U.S. Environmental Protection Agency's transportation conformity regulations, the Draft Connect SoCal and the Draft 2019 FTIP Amendment need to pass five transportation conformity tests: consistency between the Draft FTIP Amendment and the Draft Connect SoCal, regional emissions analysis,

timely implementation of transportation control measures, financial constraint, and interagency consultation and public involvement. Once approved by the federal agencies, the Connect SoCal and the FTIP Consistency Amendment would allow the regional transportation projects to receive the necessary federal approvals and move forward towards implementation. Staff has performed the required transportation conformity analysis for the Draft Connect SoCal and the Draft FTIP Consistency Amendment and the analysis demonstrates transportation conformity.

The Draft Connect SoCal also meets GHG Reduction Targets established for our region by the California Air Resources Board (CARB) pursuant to SB 375. The targets are 8% reduction in 2020 and 19% reduction in 2035 from 2005 level on per capita basis from auto and light duty trucks.

To meet air quality and greenhouse gas targets, while also advancing a broader range of regional planning goals, the Draft Connect SoCal builds upon the Core Vision for mobility and sustainability established in previous planning cycles, promoting the continuation and evolution of strategies to maintain and better manage the transportation network we have for moving people and goods, while expanding mobility choices by locating housing, jobs and transit closer together and increasing investment in transit and complete streets. The Draft Plan also reflects the progress and/or resolution of major capital projects discussed over several planning cycles, including:

- **I-710 North** capacity/tunnel project has been replaced by locally preferred alternative, adopted by the Metro board that focusses on TDM/TSM Strategies.
- **I-710 South Improvement** Project will reflect locally preferred alternative adopted by the Metro Board.
- **SR-60 Truck Lanes** are carried forward from the 2016 RTP/SCS as part of the constrained plan.
- **High Desert Corridor (HDC)** project will be moved to Strategic Plan (Unconstrained). However, Measure R committed funds for local improvements as well as planning/engineering work will remain in the FTIP/constrained plan.
- **California High Speed Rail Phase 1** will remain in the constrained plan as per the Southern California HSR MOU, including the \$500 million commitment in Prop. 1A funds towards Link Union Station and the Rosecrans/Marquardt Grade Separation projects.
- **Express Lane Network** has been carried forward from the 2016 RTP/SCS as part of the constrained plan.
- **Victorville to Las Vegas High Speed Train** formerly Xpress West, now Virgin Trains USA, is included in the constrained plan and entirely supported by private sources.

To augment the Core Vision and strategies, the Draft Plan proposes new strategies and regional initiatives that aim to coalesce policy discussions and advance promising strategies that leverage new technologies and partnerships to accelerate progress on regional planning goals. These new strategies, referred to as Key Connections in the Draft Plan, lie at the intersection of land-use, transportation and innovation and seek to address trends and emerging challenges while also

“closing the gap” between what can be accomplished through intensification of core planning strategies alone, and what must be done to meet increasingly aggressive greenhouse gas reduction goals. The proposed Key Connections include: Smart Cities & Job Centers, Housing Supportive Infrastructure, Go Zones, Shared Mobility & Mobility As a Service, and Accelerated Electrification.

Preparation and Release of the Connect SoCal Public Review Draft

Based on the feedback and direction provided by the Policy Committees and Regional Council and authorization to move forward, staff will finalize and release the Draft Connect SoCal and its twenty (20) associated technical reports for formal public comment. The outline of the Draft Plan is described below. These documents were posted online on October 24, 2019, for review and consideration in advance of the Joint Policy Committee meeting. The proposed Draft Connect SoCal document and technical reports may be accessed at:

<https://www.connectsocial.org/Pages/Connect-SoCal-Draft-Plan.aspx>

Outline of Draft Connect SoCal

“Making Connections” provides an overarching vision and direction for the Draft Connect SoCal. To be refined based on feedback and discussions of the policy committee members and Regional Council.

Chapter 1 provides a broad overview of the purpose and intent, statutory requirements, broad vision, goals and policies that guide the Plan, and a brief description of the transparent and open process utilized to develop the Draft Plan.

Chapter 2 sets the stage for the Plan by describing the current conditions/setting in terms of demographic makeup, economic activities, affordable housing challenges, land use patterns, multi-modal transportation system components, public health and safety conditions, and natural lands.

Chapter 3 is the action element of the Plan that describes major projects, programs, and strategies as highlighted above in the description of the Draft Plan’s Core Vision and Key Connections.

Chapter 4 summarizes our financial plan for Draft Connect SoCal. This chapter includes description of the underlying assumptions, cost of implementing the plan, and the financially constrained revenue sources. The total cost of the plan is \$638.6 billion over the plan period expressed in year of expenditure dollars as required by the federal guidelines. Core revenues (\$499 B) represent currently known and available revenue sources projected out to 2045. New revenues (\$139 B) are those that are expected to be reasonably available

within the time frame of the Connect SoCal with additional new measures and actions at the local, state or federal level.

Chapter 5 summarizes the key benefits and outcomes of Connect SoCal once implemented. Outcomes and performance include specifically mandated target achievements such as the GHG and emission reductions, core performance measures that are directly tied to the broader goals of the plan, co-benefits that can be characterized as side benefits of the plan, and finally equity analysis or environmental justice impacts associated with the plan implementation.

Chapter 6 describes new challenges and opportunities beyond what is covered by the constrained plan within the 2045 time horizon and outlines several steps to be taken to address areas of challenge and uncertainty in the region including: regional resilience in the face climate change and natural disasters, identifying and fulfilling housing needs, and the adaptation of new and emerging technologies to make all modes of transportation more accessible, efficient and reliable in a rapidly changing environment.

Conclusion recaps major components of the Draft Plan and integrates final direction from policy committee members and Regional Council on next steps. To be prepared following the November 7 meeting.

As required by the state and federal statutes, the Draft Plan must be available for comments for a minimum of 55 calendar days. If authorized to release in November, staff anticipates closing the comment period on January 24, 2020. Staff is also recommending release of the PEIR for Draft Connect SoCal in late November so that its comment period ends on January 24, 2020. Staff will then document comments, prepare responses and finalize the Draft Connect SoCal and PEIR for adoption and certification on April 2, 2020, in advance of the June 1, 2020 expiration date of the 2016 RTP/SCS. Delay in the adoption of the Connect SoCal could potentially result in federal conformity lapse and trigger one year grace period.

Next Steps

- **Nov. 7, 2019** – As part of the JPC and RC meetings, members will review, engage in policy discussion and provide final direction to staff for preparation of the Draft Connect SoCal and the RC will consider authorizing its official release for the required public review and comment. Similarly, the EEC and RC will review and consider authorizing the official release of the PEIR for Draft Connect SoCal in late November 2019.
- **January 24, 2020** - Close of comment period for Draft Connect SoCal and PEIR.
- **March 2020** – Staff to report back to Policy Committees and RC on comments and responses and final adjustments to Draft Connect SoCal and PEIR.



-
- **April 2, 2020** – Staff recommends certification of Final PEIR and adoption of Final Connect SoCal to Policy Committee and RC.

FISCAL IMPACT:

The budget for this work is primarily included in the WBS 010.0170.01 RTP Support, Development and Policy Implementation.

ATTACHMENT(S):

1. Policy Committee Items Discussed

Policy Committee Items Discussed

Transportation Committee

Sept. 6, 2018

2019 FTIP Adoption	Action
PM2 and 3 Targets	Action
Connect SoCal Goals and Policies	Information
Regional Aviation Program	Information
Goods Movement Grant Projects	Information
Connect SoCal PEIR Initiation	Receive & File
SCS Framework	Receive & File

Oct. 4, 2018

LA-SB Rail/Transit Study	Action
I-105 Corridor Study	Information
Rideshare & Transit Study	Information
Future Communities Pilot	Receive & File
HQTA Pilot Program	Receive & File

Nov. 1, 2018

Last Mile Freight Study	Information
Virgin Hyperloop One	Information
Transportation Electrification	Information
Sustainable Transportation Solutions	Information
Renewable Natural Gas	Information
Local Input Process Update	Receive & File

Feb. 2, 2019

PM1-Safety Targets	Action
Planning for Millennials	Information
TDM Strategic Plan update	Information
SCS Evaluation Draft Guidelines	Receive & File
ARB SB 150 Report	Receive & File
PEIR NOP and Scoping	Receive & File
Connect SoCal EJ Outreach	Receive & File

March 3, 2019

Where Will We Grow?	Information
Regional Aviation Update	Information
SCS Framework Update	Receive & File
Local Input process update	Receive & File

Transportation Committee (continued)

Apr. 4, 2019

How Will We Connect?	Information
Go Zone and Pricing Feasibility	Information
SCAG Active Transportation Program	Information
RHNA Methodology Survey	Receive & File
SCS Framework Update	Receive & File

June 6, 2019

I-105 Corridor Study	Action
Connect SoCal Finance Plan	Information
TDM Strategic Plan update	Information
Future of Workplace	Information
Safety Symposium	Receive & File
ADA Paratransit Forecast	Receive & File
Transit Asset Management	Receive & File
SCS Tech Methodology to ARB	Receive & File
Local Input Survey Results	Receive & File

Aug. 1, 2019

Regional Aviation Update	Information
New Mobility Framework	Information
Green Region Initiative	Receive & File
Caltrans Vulnerability Assessment	Receive & File

Sept. 5, 2019

Connect SoCal Report	Information
a. System Preservation, Management, Resilience	"
b. TDM Strategic Plan	"
c. Active Transportation	"
d. Regional Aviation	"
TAM Targets	Receive & File

Oct. 3, 2019

Connect SoCal Update	Information
a. Finance Plan	"
b. Transit and Rail	"
c. Highway and Arterials	"
d. Goods Movement	"
e. Transportation Safety	"
Connect SoCal EJ report	Receive & File

Community, Economic & Human Development

Sept. 6, 2018

Connect SoCal Goals and Policies	Information
Local Input Update	Information
Tax Increment Finance Pilot	Information
SCS Framework	Receive & File
PM2 and 3 Targets	Receive & File
GHG 2050 Pathways	Receive & File

Oct. 4, 2018

HQTA Pilot Program	Information
Go Human Campaign	Information
Future Communities Pilot	Receive & File

Nov. 1, 2018

Local Input Process Update	Information
Transportation Electrification	Information
California Climate Change	Receive & File
Connect SoCAL PEIR	Receive & File
Future Communities Guidelines	Receive & File

Feb. 7, 2019

Planning for Older Adults	Information
ARB SB 150 Report	Information
Future Communities Pilot	Receive & File
Connect SoCal EJ Outreach	Receive & File
PEIR NOP and Scoping	Receive & File
SCS Evaluation Draft Guidelines	Receive & File
Active Transportation Program Cycle 4	Receive & File

March, 7, 2019

RHNA Delegation Guidelines	Action
Where will we grow?	Information
Growth Forecast	Information
Local Input process update	Receive & File
SCS Framework Update	Receive & File

Community, Economic & Human Development (continued)

Apr. 4, 2019

How Will We Connect?	Information
RHNA Methodology Survey	Information
SCS Framework Update	Information
Economic Development Tool	Information
SCAG 2019 Active Transportation Program	Receive & File

June 6, 2019

RHNA Consultation Package	Action
Affordable Housing and Tax Increment Fin.	Information
SCS Tech Methodology to ARB	Receive & File
Economic Development Tool	Receive & File
Connect SoCal Scenarios	Receive & File
Local Input Survey Results	Receive & File

Aug. 1, 2019

RHNA Methodology	Action
Green Region Initiative	Receive & File

Sept. 5, 2019

RHNA Determination	Action
Connect SoCal Job Centers	Information

Oct. 3, 2019

Connect SoCal SCS Strategy	Information
Connect SoCal EJ report	Receive & File

Energy & Environment Committee

Sept. 6, 2018

SCS Framework	Action
Connect SoCal Goals and Policies	Information
GHG 2050 Pathways	Information
Connect SoCal PEIR Initiation	Information
SC Prog. Guidelines	Receive & File
Green Region Initiative	Receive & File
PM2 and 3 Targets	Receive & File

Oct. 4, 2018

Future Communities Pilot	Information
Go Human Campaign	Information
2018 Green Innovation Index	Information
HQTA Pilot Program	Receive & File

Nov. 1, 2018

California Climate Change	Information
AB 617 Implementation	Information
Transportation Electrification	Information
Connect SoCal PEIR	Receive & File
Local Input process update	Receive & File
Transportation Electrification	Receive & File

Feb. 7, 2019

Planning for Children and Family	Information
ARB SB 150 Report	Information
SCS Evaluation Draft Guidelines	Information
Connect SoCal EJ Outreach	Information
Public Health Framework	Information
ATP Cycle 4	Receive & File
Future Communities Pilot	Receive & File

March, 7, 2019

Where will we grow?	Information
ARB SB 150 Report	Information
SCS Evaluation Draft Guidelines	Information
SCS Framework update	Information
Local Input and RHNA Update	Receive & File
SC Program update	Receive & File

Energy & Environment Committee (continued)

Apr. 4, 2019

SCAG 2019 ATP	Information
How will we connect?	Information
SCS Framework update	Information
PEIR Update	Information
RHNA Methodology Survey	Receive & File

June 6, 2019

Local Input Survey Results	Information
Environmental Plan	Information
Safety Symposium	Information
Future of Workplace	Information
SCS Tech Methodology to ARB	Information
TDM Strategic Plan update	Information

Aug. 1, 2019

Climate Adaptation Framework	Information
Caltrans Vulnerability Assessment	Information
PEIR Update	Information
Green Region Initiative	Receive & File

Sept. 5, 2019

EV Strategy	Information
Transportation Safety	Information
Goods Movement Environmental. Strategy	Information
Connect SoCal Job Centers	Information

Oct. 3, 2019

Connect SoCal EJ report	Information
Public Health Strategy	Information
Natural and Farmland	Information
SAFE Vehicle Rule	Information

Joint Policy Committees Meetings

Feb 7, 2019

Who are we planning for? - Info

March 7, 2019

Where will we grow? - Info

April 4, 2019

How will we connect? – Info

Aug. 1, 2019

Connect SoCal Outreach - Info	Information
Connect SoCal Development - Info	“
Performance Measures - Info	“
Growth Forecast - Info	“

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Regional Council (RC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: Kome Ajise, Executive Director, Executive Management,
213-236-1835, Ajise@scag.ca.gov

Subject: Recommended Draft RHNA Methodology

RECOMMENDED ACTION:

That the Regional Council submit the draft RHNA methodology to the California Department of Housing and Community Development (HCD) for their 60-day review.

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians.

EXECUTIVE SUMMARY:

SCAG is required to develop a RHNA methodology to distribute regional existing and projected need for the 6th cycle RHNA, which will cover the planning period October 2021 through October 2029. This distribution will result in a draft RHNA allocation for all SCAG jurisdictions. SCAG staff has developed a recommended draft RHNA allocation methodology based on comments and feedback received during the proposed methodology public comment period. The recommended draft RHNA allocation methodology incorporates many of the suggestions provided from stakeholders, furthers the objectives of State housing law, and promotes SCAG's regional planning goals. In addition to a distribution mechanism for housing need, the methodology must also consider State housing objectives, local planning factors, and affirmatively furthering fair housing. The recommended draft RHNA methodology was reviewed by the RHNA Subcommittee at its October 7, 2019 meeting and the CEHD Committee at its October 21, 2019 meeting, and recommended for further action by the Regional Council.

BACKGROUND:

As part of the RHNA process SCAG must develop a proposed RHNA methodology to distribute existing and projected housing need, which will determine each jurisdiction's draft RHNA allocation as a share of the regional determination provided by the California Department of Housing and Community Development (HCD). The 6th cycle regional housing need determination, which covers the planning period of October 2021 through October 2029, was provided to SCAG by HCD in August 2019. SCAG filed an objection to HCD regarding the regional housing need determination and received a final decision from HCD on October 15, 2019. While State housing law under

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

Government Code Section 65584.04 outlines several requirements for the RHNA methodology, such as meeting five main objectives, conducting methodology surveys, and holding at least one public hearing, no specifics are provided on how the regional allocation should be distributed to individual jurisdictions.

Over the course of multiple RHNA Subcommittee meetings, SCAG staff provided different components that could be used to develop a RHNA methodology. At its July 22, 2019 meeting, the RHNA Subcommittee reviewed the proposed RHNA methodology, which contained three options developed by SCAG staff based on feedback from the Subcommittee and members of the public. The Subcommittee recommended that the Community, Economic, and Human Development (CEHD) Committee and Regional Council approve the proposed methodologies for release for public comment. On August 1, 2019, the CEHD Committee and Regional Council reviewed the proposed methodologies and recommended and approved release of the proposed methodologies and its three options to begin the public comment period.

The proposed methodologies public comment period began after the Regional Council action on Thursday, August 1 and concluded at the end of Friday, September 13, 2019. SCAG held four public hearings and one public information session on the proposed methodologies:

- August 15, 6-8 p.m. Public Workshop, Los Angeles (View-only webcasting available)
- August 20, 1-3 p.m. Public Workshop, Los Angeles (Videoconference at SCAG regional offices and View-only webcasting available)
- August 22, 1-3 p.m., Public Workshop, Irvine
- August 27, 6-8 p.m., Public Workshop, San Bernardino (View-only webcasting available)
- August 29, 1-3pm Public Information Session, Santa Clarita

Approximately 250 people attended the workshops in-person, at videoconference locations, or via webcast. Over 35 individual verbal comments were shared over the four workshops.

Almost 250 written comments were submitted by the comment deadline and included a wide range of stakeholders. Approximately 50 percent were from local jurisdictions and subregions, and the other 50 percent were submitted by advocacy organizations, industry groups, residents and resident groups, and the general public. All of the comments received, both verbal and written, were reviewed by SCAG staff, and were used as the basis for developing the draft RHNA methodology.

Recommended Draft Methodology

Based on comments received during the public comment period, SCAG staff concluded that each of the three original options failed to meet one or more of the five objectives of housing law and proceeded to develop a draft RHNA methodology that incorporates many of the components of the

proposed methodology options with additional components. After careful review, SCAG staff concludes that the recommended draft methodology furthers the five (5) objectives of State housing law and is also consistent with the Draft 2020 Connect SoCal regional plan. Consistency with the Draft Connect SoCal regional plan, SCAG’s Regional Transportation Plan/Sustainable Communities Strategy, is a requirement of SB 375 (codified in Govt. Code Section 65080(b)(2)(B)) that applies to the regional plan. While consistency is not a requirement of housing law, it nonetheless must inform the RHNA methodology to ensure the Draft Connect SoCal and RHNA planning processes can proceed in parallel and in a timely manner to meet statutory deadlines. The recommended draft RHNA methodology described below relies on planning factors and data derived from the Draft Connect SoCal ensuring a consistent planning basis for housing, transportation and sustainability planning.

Existing need	Projected need	Income categories
Household growth 2030-2045	Household growth 2020-2030	150% social equity adjustment minimum
Transit accessibility (HQTA population, 2045)	Future vacancy need	0-30% additional adjustment for areas with lowest or highest resource concentration
Job accessibility	Replacement need	
Residual distribution beyond 2020-2045 household growth		

The recommended draft methodology will apply different formulas to existing need and projected need. Projected need will be based on household growth between 2020 and 2030 (as used in the Draft Connect SoCal Growth Forecast, or “local input”), future vacancy need, and replacement need. Existing need, which is the remainder of regional need after projected need is calculated, will be based on household growth (2030-2045), transit accessibility (based on 2045 HQTA population), and job accessibility. A large number of comments provided, both verbal and written, indicated that the RHNA methodology needs to include a component specifically on jobs, and was thus included based on this important feedback. In addition, as was the case for the adopted methodology for SCAG’s 4th and 5th RHNA cycles, household growth from SCAG’s local input/growth forecast process is a factor in the recommended draft methodology for this 6th RHNA cycle.

For a number of jurisdictions, the calculated projected and existing need will result in a higher number than their projected household growth between 2020 and 2045, as reflected in the Draft Connect SoCal. The difference between the two is known as a “residual need.” The residual need will be summed for the region and then redistributed to jurisdictions with both the highest transit accessibility and highest job accessibility, though jurisdictions identified as extremely disadvantaged will not receive any residual need. The term extremely disadvantaged is applied to jurisdictions with at least 50 percent of their population within a lowest resource area (both high segregation & poverty and low resource), as identified by their California Tax Credit Allocation Committee (TCAC) and HCD opportunity index score and described in the following section.

To determine the four (4) RHNA income categories, a minimum of 150 percent social equity adjustment is applied. However, a number of comments indicated that basing the methodology on household income alone may not be sufficient in furthering the State housing law objective of affirmatively furthering fair housing. To address this, the draft RHNA methodology recommends the integration of the TCAC and HCD Opportunity mapping tool. The TCAC and HCD Opportunity mapping tool includes a total of eleven (11) census-tract level indices to measure exposure to opportunity in local communities. Regional patterns of segregation can be identified based on this tool. The indices are based on indicators such as poverty levels, low wage job proximity, pollution, math and reading proficiency. Other councils of governments have been encouraged by HCD to review the TCAC indicators in consideration of the RHNA methodology.

The TCAC and HCD Opportunity mapping tool are used in the draft methodology to enhance the social equity adjustment factor. SCAG staff calculated the population within each of the five resource categories for each jurisdiction, and then assigned a “lowest resource” or “highest resource” area designation for jurisdictions with at least 70 percent of their population within these high concentration areas. In these cases, an additional social equity adjustment of between ten (10) and thirty (30) percent additional social equity adjustment is applied. This mechanism furthers the objectives of avoiding overconcentration of income groups and furthering fair housing.

At its October 7, 2019 meeting, the RHNA Subcommittee recommended the draft RHNA methodology to the CEHD Committee for further recommendation to the Regional Council. At its specially scheduled meeting on October 21, 2019, the CEHD Committee unanimously recommended that the Regional Council submit the draft RHNA methodology to HCD for their 60-day review. **A full discussion on the recommended draft methodology is attached to this staff report.** An updated data appendix, submitted planning factor surveys, and submitted AFFH surveys, and tool to estimate a jurisdiction’s draft RHNA allocation using the recommended draft methodology are posted on the SCAG RHNA webpage: www.scag.ca.gov/rhna.

Policy Considerations and Additional Analysis

Since the completion of the public input process, staff has been asked to consider several reoccurring concerns related to the Recommended Draft Methodology. These include: use of the Growth Forecast or “Local Input” as an allocation factor for existing need, the impact of the methodology on urban “sprawl” and sustainability outcomes, and the disproportionate allocation of housing units across counties in comparison to current population. These concerns are discussed in greater detail below.

Use Growth Forecast:

SCAG’s Growth Forecast plays an important role in regional planning. The Growth Forecast is developed using reputable data sources and then reviewed by panels of experts, partner agencies, and local jurisdictions in determining future growth patterns in the region. The Growth Forecast is used as a basis for Connect SoCal transportation planning and for the Recommended Draft Methodology, is a major component of determining need. State housing law requires that the RHNA be consistent with the development pattern of the SCS (Connect SoCal) but does not specify any other requirements between the two plans. To meet this requirement, the use of the Growth Forecast for “projected need” establishes consistency between SCS and the RHNA. Staff proposed the use of the Growth Forecast as a factor for the existing need allocation as a means to ensure relevant local concerns and constraints, such as open space and high wild-fire threat areas, are reflected at the jurisdictional level. Accelerating the region’s future growth trajectory to satisfy an existing backlog is most consistent with local jurisdictions’ existing plans, and therefore, may also serve to better align housing with planned transportation and infrastructure investments.

Increasing Urban Sprawl:

The RHNA allocation is a floor, not a ceiling, for the siting and zoning of housing units. To accommodate the RHNA allocation need within the development footprint already established by a jurisdiction’s general plan, the Recommended Draft Methodology caps the RHNA allocation at a jurisdiction’s 2045 Growth Forecast, except in the region’s most transit and job rich locations (exempting Disadvantaged Communities). To help further the objective of more efficient development patterns, the Recommended Draft Methodology includes factors based on job accessibility (25%) and transit accessibility (25%) to allocate the existing need. It is important to note that RHNA allocations are made at the jurisdictional level. The siting and zoning of units within a jurisdiction, including the degree to which compact, infill development and/or mixed-use communities are prioritized, contributes to the trips generated by future development. The Draft Connect SoCal includes land-use planning tools to reduce greenhouse gas emissions through more sustainable development within a jurisdiction.

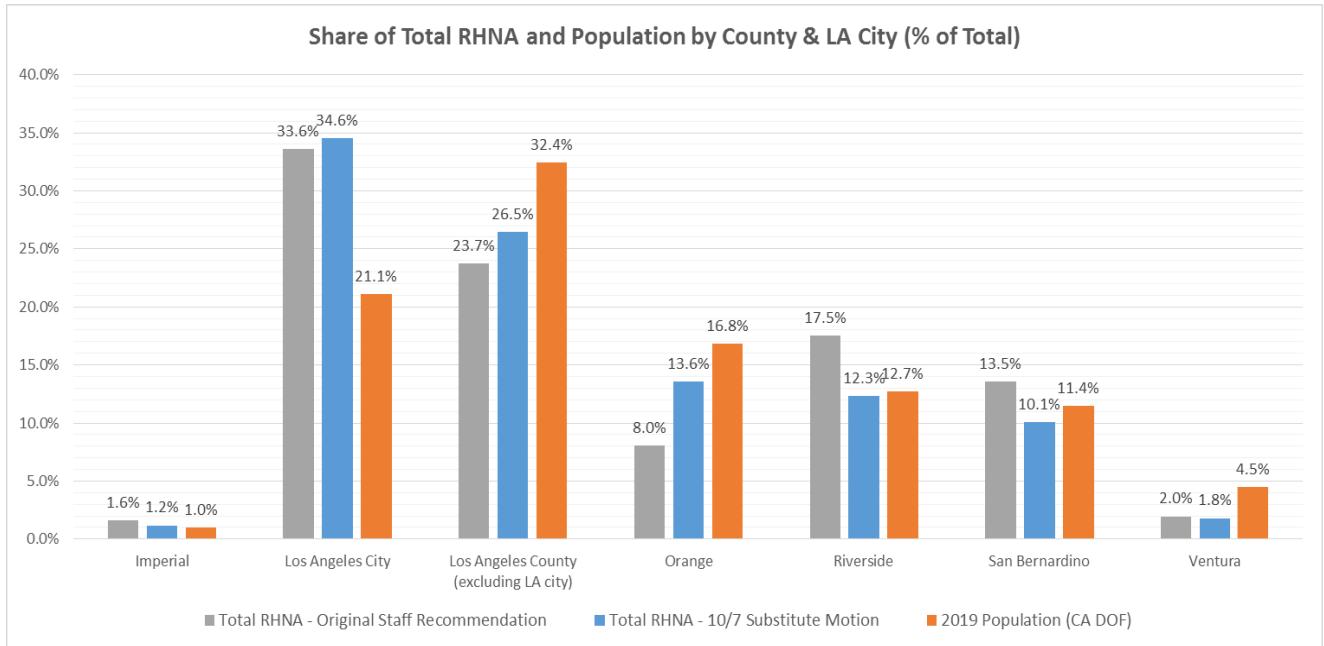
Consideration of Geographic Equity:

Several transportation funding programs in the SCAG region rely on a county’s share of the regional population in order to determine geographic equity. Increasing the housing supply and mix of housing types, tenure and affordability within each region in an equitable manner is an important

objective of RHNA. However, the law provides SCAG with discretion in defining regional equity. The Draft Recommended Methodology does not consider county population-share as an allocation factor and instead relies on share of future household growth as well as transit and job access, as described above, to allocate housing need across the region. This policy choice leads some counties to receive higher allocations, when compared to their population-share, than others as seen in the Figure below. During the October 21, CEHD meeting, it was suggested that the final RHNA housing allocation share be used to inform future funding allocations for discretionary regional funding programs, like the AB 101 resources, to ensure “geographic equity.” More detail on funding opportunities is included below under Complementary Efforts.

Staff was also asked by several members of the Regional Council to analyze for Board consideration the merits of the staff recommendation versus a substitute motion that was defeated in a 4-3 vote during the October 7, 2019, RHNA Subcommittee meeting. The motion sought to address the concerns raised above by proposing to eliminate the use of Household Growth between 2030 and 2045 as a factor in the methodology to allocate existing need. The RHNA methodology considers many factors across the complex regional geography of Southern California, and as such, changes to a single factor may have unintended consequences that should be considered and addressed. However, to be responsive to the request and for discussion purposes, staff conducted preliminary analysis of the defeated motion. In conducting the analysis, staff modified the Recommended Draft Methodology as follows to reflect the desire to eliminate the use of Household Growth between 2030 and 2045.

- The Existing Needs allocation factors were changed to only rely on “transit accessibility” and “job accessibility” factors with 50% of existing need assigned to each. The share of existing need allocated based Household Growth between 2030 and 2045 was eliminated.
- The cap on RHNA allocation to a jurisdiction’s 2045 Household Growth was eliminated for all jurisdictions except those in Disadvantaged Communities (DACs). Caps were retained in DACs and assigned within county as a measure to guard against gentrification in job and transit-accessible disadvantaged areas per HCD requirements. Removing caps reduces the impact of the “residual” redistribution to approximately 7 percent of total regional housing need, compared to 12 percent in the Recommended Draft Methodology.



The above Figure compares the SCAG region’s six counties. Due to its size, the City of Los Angeles is presented separately from the remaining 87 cities and unincorporated areas in Los Angeles County:

- Share of total RHNA allocation, draft staff recommended methodology
- Share of total RHNA allocation, policy alternative, 10/7 substitute motion
- Share of current (1/1/2019) regional population based on California Department of Finance data

To ensure it would meet the State’s housing policy test, staff also analyzed this policy alternative against the five objectives of RHNA and has determined the substitute motion meets the state policy objectives.

Complementary Efforts

Given the extraordinary number of units the region is expected to plan for in the 6th RHNA cycle to address existing and projected need, and increasingly stringent requirements for siting and zoning, SCAG staff anticipates local agencies will need technical assistance and planning resources to update their housing elements, as well as, to plan for and deliver the infrastructure needed to support new development. As reported during the October 7 CEHD meeting, SCAG is eligible to receive approximately \$50 million from HCD as a result of AB 101 to administer RHNA and provide planning services to jurisdictions in order to implement their 6th cycle RHNA allocation. Over the next several months, SCAG staff will continue to reach out to stakeholders and seek feedback from policy committees on strategies to align AB 101 and other funding resources with the RHNA

allocation methodology to ensure local agencies are supported in meeting the high demands placed on them as a result of the 6th RHNA cycle allocation.

At the October 21, 2019 CEHD meeting, a Committee member requested that SCAG utilize a similar methodology to the draft RHNA methodology when allocating future discretionary funds to the counties that will allow for jurisdictions to receive a greater proportion of State and regionally-based funding for planning related efforts to promote housing. While HCD has not yet released statewide guidelines for AB 101 funding, SCAG staff will review the draft RHNA methodology when it develops a framework for distribution. More information will be provided to the RHNA Subcommittee, CEHD Committee, and Regional Council as it becomes available.

Next Steps

SCAG staff is recommending that the Regional Council approve release of the draft methodology to HCD for their review. HCD will have up to sixty (60) days to review the draft RHNA methodology and provide comments to SCAG. Based on this schedule, SCAG staff expects comments from HCD no later than mid-January 2020.

After the HCD review period, SCAG staff will review HCD's comments and develop a recommended final RHNA methodology. The recommended final methodology will again go before the RHNA Subcommittee, CEHD Committee, and Regional Council for action, which is scheduled to occur between February and March 2020. Subsequent to the adoption of the final RHNA methodology by the Regional Council, SCAG will develop and distribute the RHNA methodology to all jurisdictions. Thereafter, an appeals process for draft allocations will occur during summer 2020. The final RHNA allocation is planned for adoption by the Regional Council in October 2020.

FISCAL IMPACT:

Work associated with this item is included in the current FY 19-20 General Fund Budget (800.0160.03: RHNA).

ATTACHMENT(S):

1. PowerPoint Presentation: Draft RHNA Methodology
2. Recommended Draft RHNA Methodology
3. RHNA and SCS Consistency

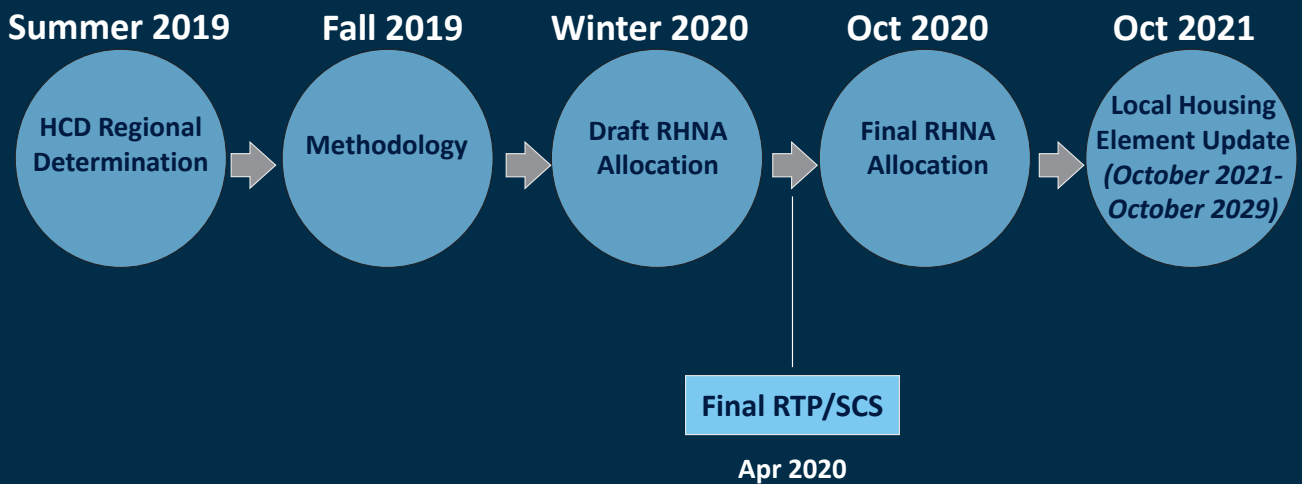
Recommended Draft RHNA Allocation Methodology

November 7, 2019
Regional Council Meeting

www.scag.ca.gov

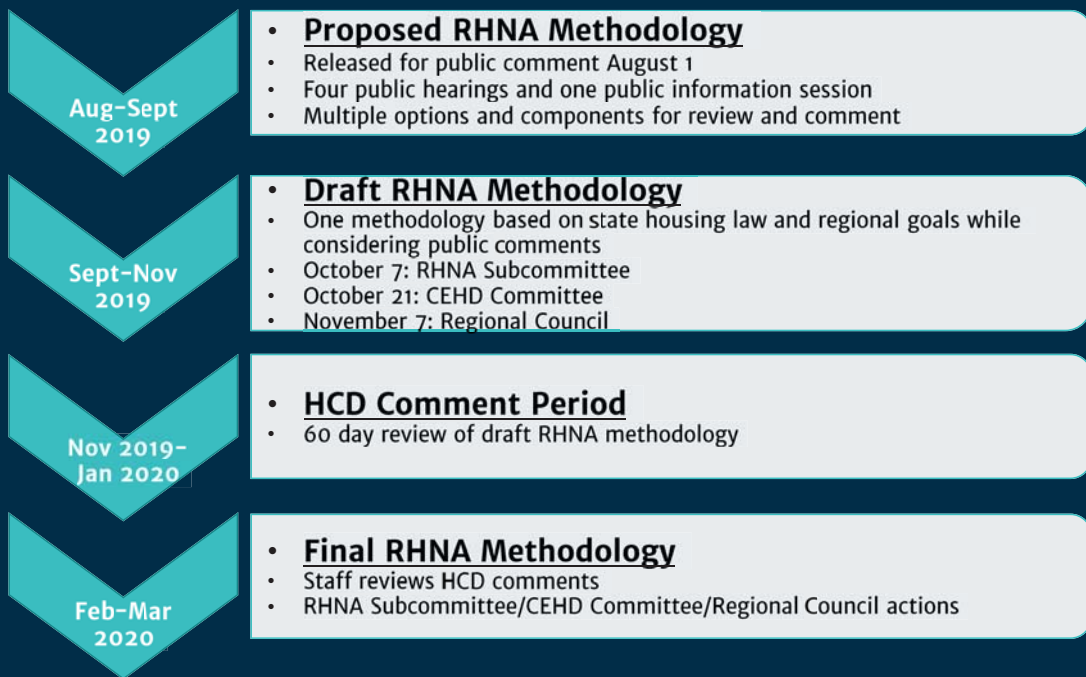


The RHNA Process



Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

The RHNA Methodology Process



Objectives of RHNA

- 1) To increase the housing supply and mix of housing types, tenure and affordability within each region in an equitable manner
- 2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns



Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

Objectives of RHNA

- 3) Promoting an improved intraregional relationship between jobs and housing
- 4) Allocating a lower proportion of housing need in income categories in jurisdictions that have a disproportionately high share in comparison to the county distribution
- 5) Affirmatively furthering fair housing (AFFH)



Proposed RHNA Methodology: Options

- Released for public comment on August 1, 2019
 - Reviewed by RHNA Subcommittee on July 22
- Three options developed based on feedback from RHNA Subcommittee and stakeholders
- Each option applies different components
- Stakeholders were invited to comment on the options and any other factors or alternative options

RHNA Methodology Public Review and Comment

- Comment period: August 1 to September 13, 2019
- Four public hearings and an information session were held in August
 - Approximately 250 people attended in-person and via webcast
 - Over 35 verbal comments shared
- Over 250 comments were submitted until the September 13 deadline
 - About 48% were submitted by local jurisdictions & Subregions
 - Advocacy organizations
 - Residents and resident groups
 - General public
- All written comments are available on the RHNA webpage:
www.scag.ca.gov/rhna

Overall Approach: Primary Allocation Factors

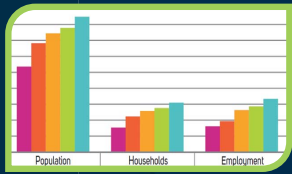


Growth Forecast

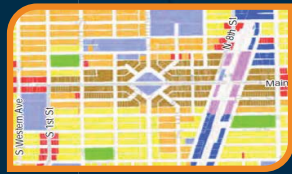
Transit Accessibility

Job Accessibility

Growth Forecast—2020-2045 Household Growth



Current and Future Population, Households, Employment



Existing and Planned Land Use, Local Transportation Infrastructure, Resource Areas, Potential Infill Parcels



Sustainability Best Practices, Transit Supportive Measures



Bottom-Up Local Input and Envisioning Process

A top-down analysis of Southern California's Regional Transportation Plan and Sustainable Communities Strategy (2015-2045) will be updated with local jurisdiction, community and other stakeholders' input to create a more detailed and localized vision for the future. This process will be iterative and ongoing, with input from local jurisdictions, community and other stakeholders. The process will be iterative and ongoing, with input from local jurisdictions, community and other stakeholders. The process will be iterative and ongoing, with input from local jurisdictions, community and other stakeholders.

Draft Data/Map Books

- Imperial County
- Los Angeles County
- Orange County
- Riverside County
- San Bernardino County
- Ventura County

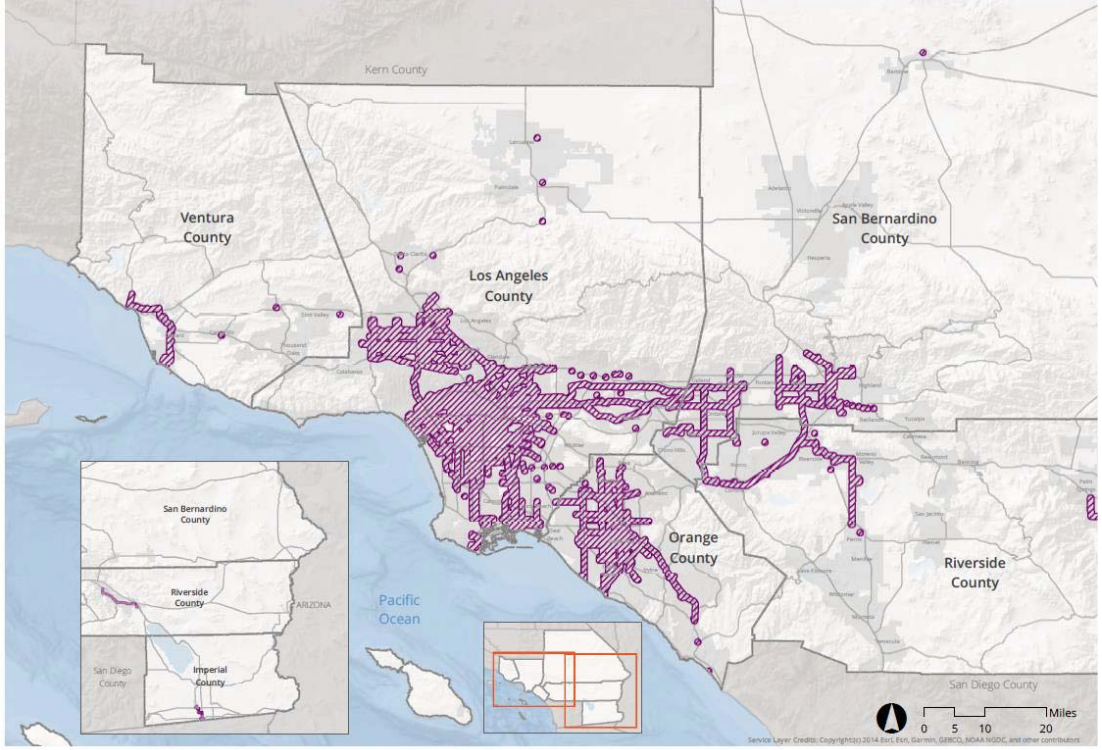


For additional information on this process, including a detailed user guide, please contact Draft Staff at DRF@scag.ca.gov.

Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

Transit Accessibility

Share of Population within High Quality Transit Areas



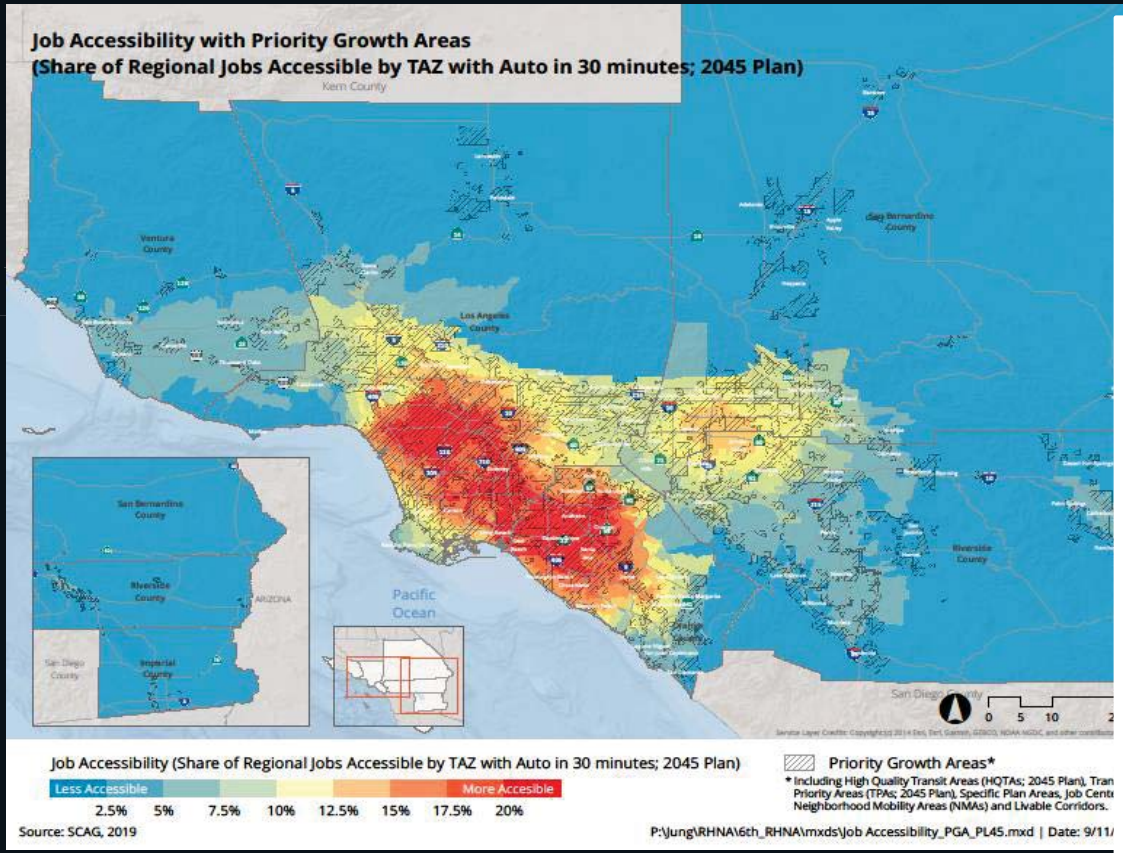
High Quality Transit Area (2045)
 HQTA

Note: To assist in identifying transit priority project areas, SCAG identifies Major Transit Stops and High Quality Transit Corridors (HQTAs), and their surrounding areas in one-half mile radius distance, as specified in Section 2.11.55.(b)(3). Major transit stops and HQTAs are extracted from 2045 plan year data of the Draft Connect SoCal. SCAG's High Quality Transit Area (HQTA) is within one-half mile from Major Transit Stops and HQTAs and developed based on the language in SB375. Please note that this map may undergo changes as SCAG continues to update its transportation network as part of the Connect SoCal development process and SCAG shall not be responsible for local jurisdiction's use of this map. Updates to this information will be forthcoming as information becomes available.

Source: SCAG, 2019

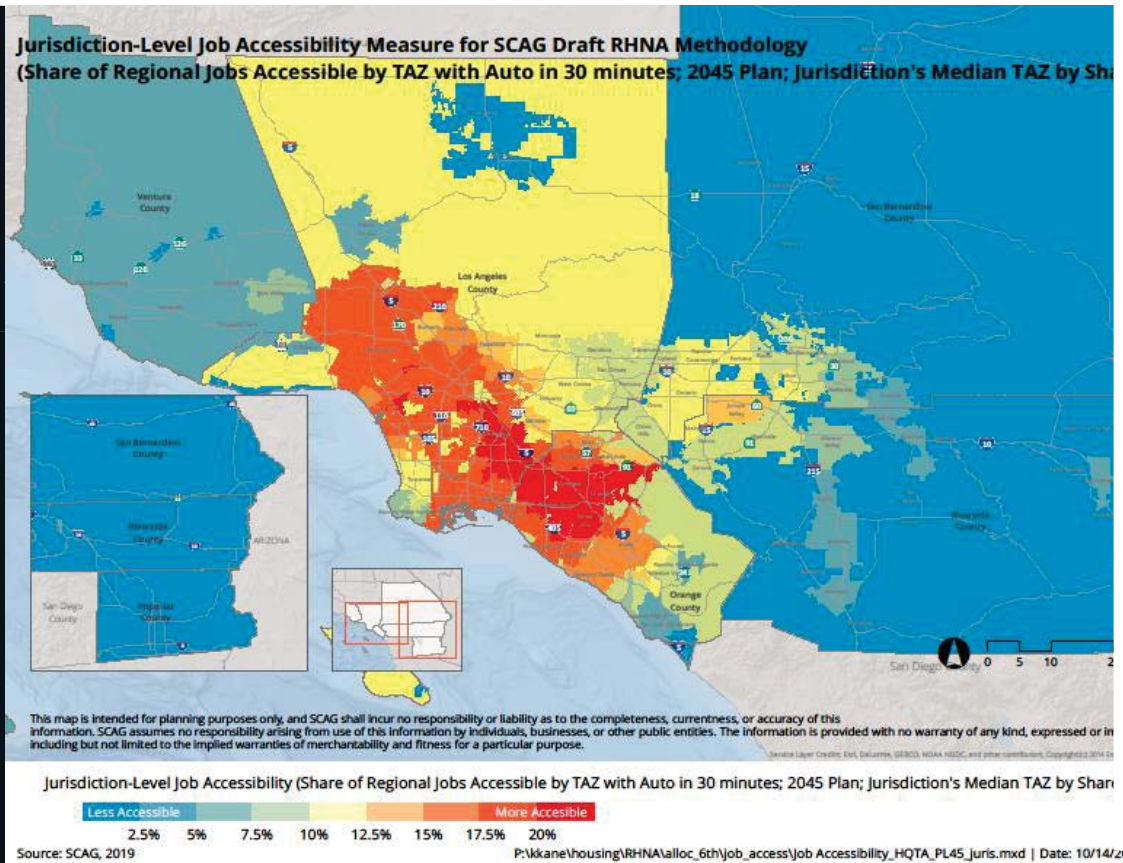
Job Accessibility

Share of Regional Jobs Accessible by Auto in 30 minutes



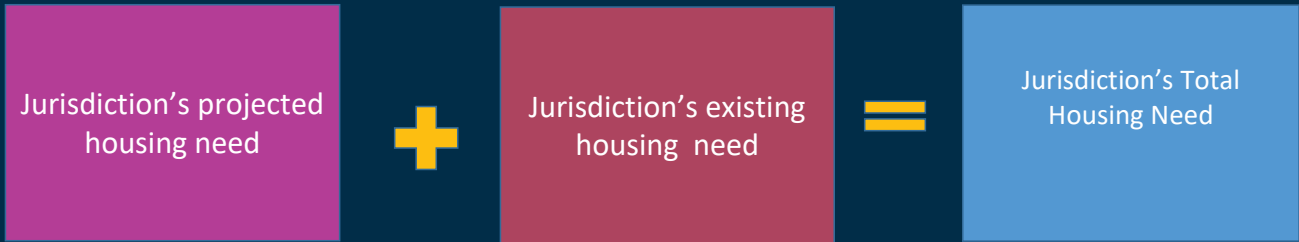
Job Accessibility

Share of Regional Jobs Accessible by Auto in 30 minutes



Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

Overall Approach: Allocation Framework



Allocation Framework



Projected need
Household growth 2020-2030
Future vacancy need
Replacement need

Attachment: PowerPoint Presentation: Draft RHINA Methodology (Recommended Draft RHINA Methodology)

Allocation Framework



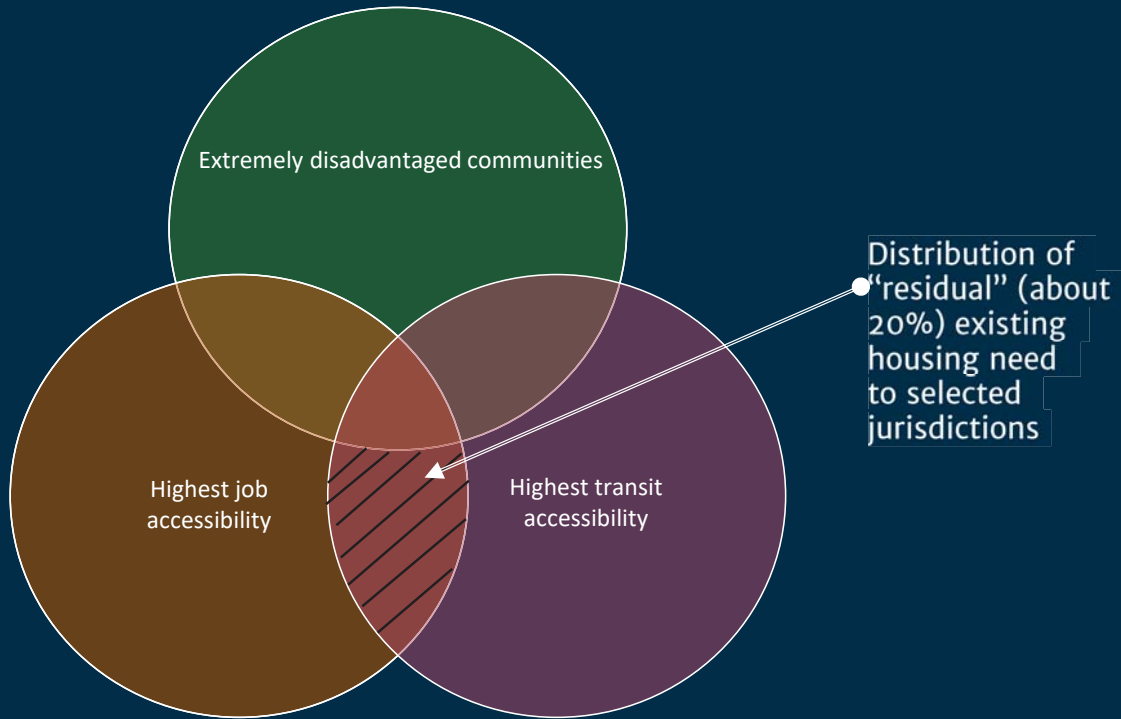
Projected need	Existing need
Household growth 2020-2030	Household growth 2030-2045
Future vacancy need	Transit accessibility (HQTA population, 2045)
Replacement need	Job accessibility

Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

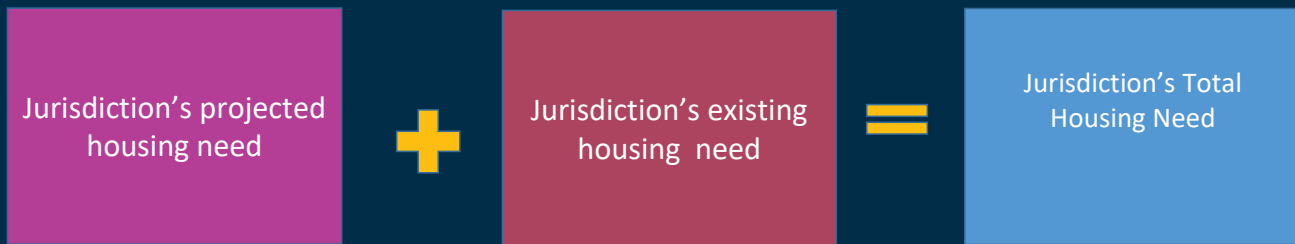
Determining Existing Housing Need: Step 1



Determining Existing Housing Need: Step 2



Overall Approach: Allocation Framework



Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

Income Categories and Social Equity Adjustment



Total RHNA Allocation

- Very low income
- Low income
- Moderate income
- Above moderate income

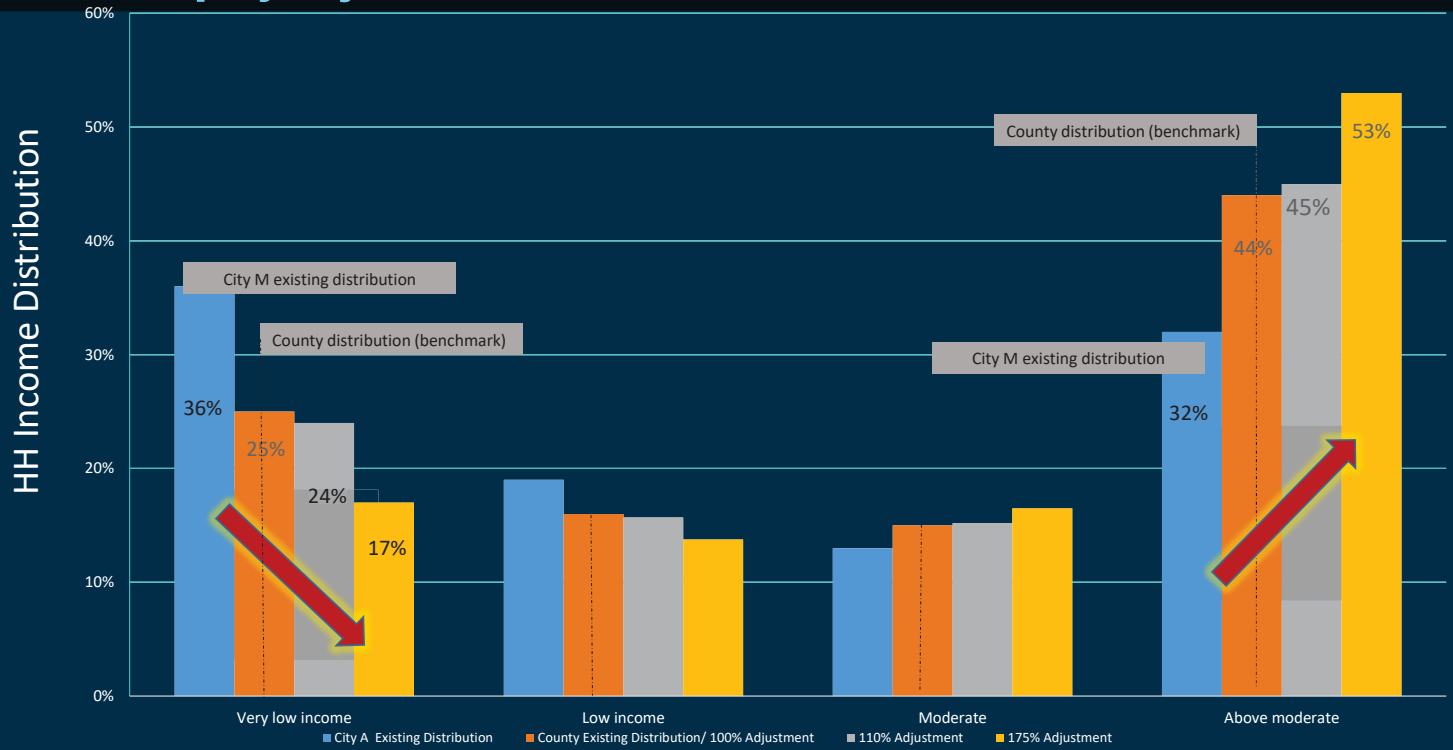
Minimum social equity adjustment: 150%

County median income will be used as benchmark for distribution

Increased adjustment up to 30% for the very highest and very lowest resourced jurisdictions

Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

Social Equity Adjustment



TCAC and HCD Opportunity Indicators

Economic	Environment	Education
Poverty	CalEnviroScreen 3.0 Indicators <ul style="list-style-type: none"> • Ozone • PM2.5 • Diesel PM • Drinking water contaminants • Pesticides • Toxic releases from facilities • Traffic density • Cleanup sites • Groundwater threats • Hazardous waste • Impaired water bodies • Solid waste sites 	Education
Adult education		Math proficiency
Employment		Reading proficiency
Low-wage job proximity		High school graduation rates
Median home value		Student poverty rate

Opportunity Indicators: Percentage of Population within Resource Areas

Jurisdictions with more than 50% of its population in lowest resource category are considered “extremely disadvantaged” and are exempt from regional residual distribution

Percentage of population	Lowest resource		Highest resource		Highest resource
	High segregation & poverty	Low resource	Moderate resource	High resource	
City A	10%	10%	30%	30%	20%
City B	90%	5%	5%	0%	0%
City C	0%	0%	10%	15%	75%

Framework of Staff Recommended RHNA Methodology

Step 3: Total RHNA and Four Income Categories



Highest areas of concentration will receive an additional social equity adjustment

Concentration of population within lowest resource or very high resource area	Additional social equity adjustment
70-80%	+10%
80-90%	+20%
90-100%	+30%

Furthering RHNA Objectives



	Increase housing supply	Promote infill development/protect open space	Jobs housing relationship	Avoid overconcentration of income groups	AFFH
Household growth	Yes				
Job accessibility		Yes	Yes		
Transit Accessibility		Yes			
Existing need redistribution		Yes	Yes	Yes	Yes
Social equity				Yes	Yes
AFFH				Yes	Yes

Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

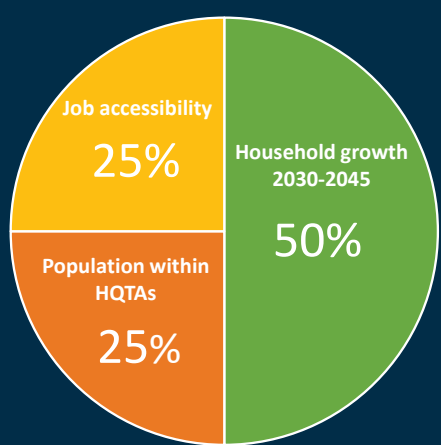
Analysis of Policy Alternative (by request)

Substitute Motion Proposed at 10/7/19 RHNA Subcommittee Meeting

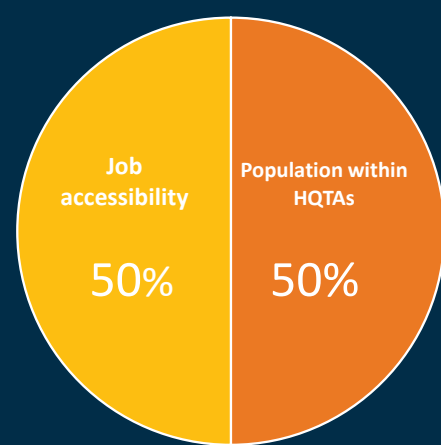
Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

Analysis of Policy Alternative: Substitute Motion Proposed at 10/7 RHNA Subcommittee Meeting (by request)

Staff Recommendation – Existing Need



10/7 Substitute Motion – Existing Need



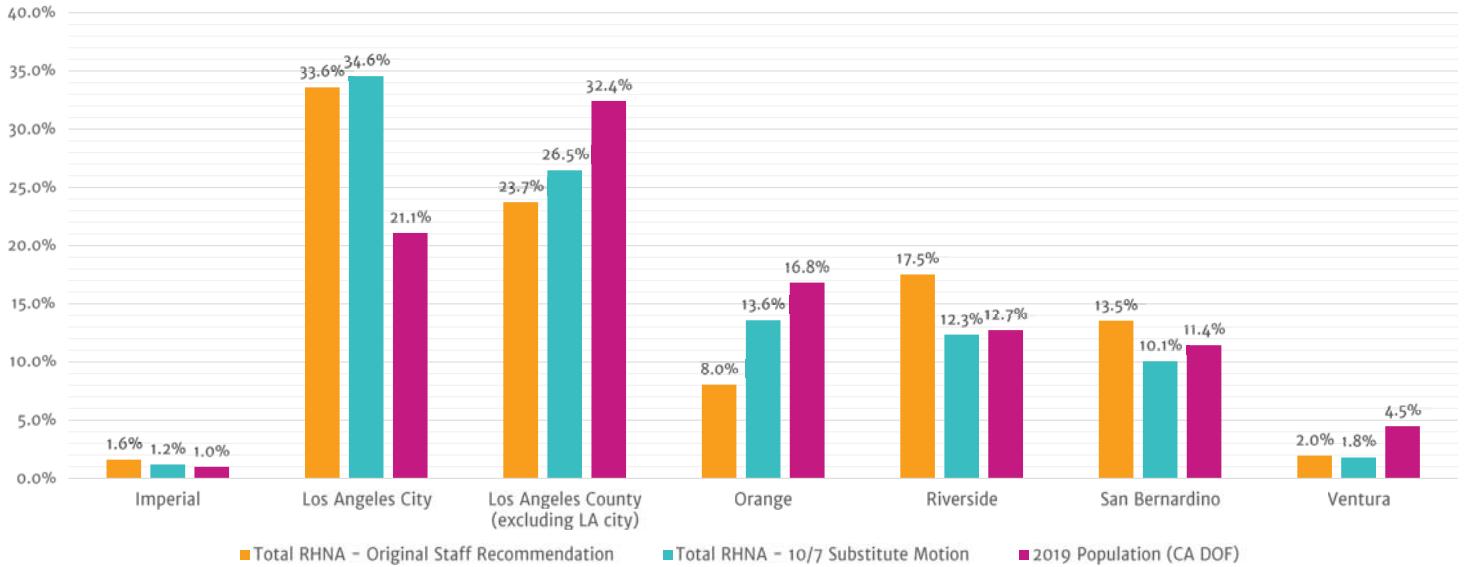
- Eliminate the household growth (2030-2045) factor
- 2045 household growth cap (residual) applied to disadvantaged communities only

Policy Alternative: Comparison Across the SCAG Region (County)



- Simple indicator of geographic equity
- Comparison against current population
- Caveat: There are many objectives of the RHNA methodology beyond this

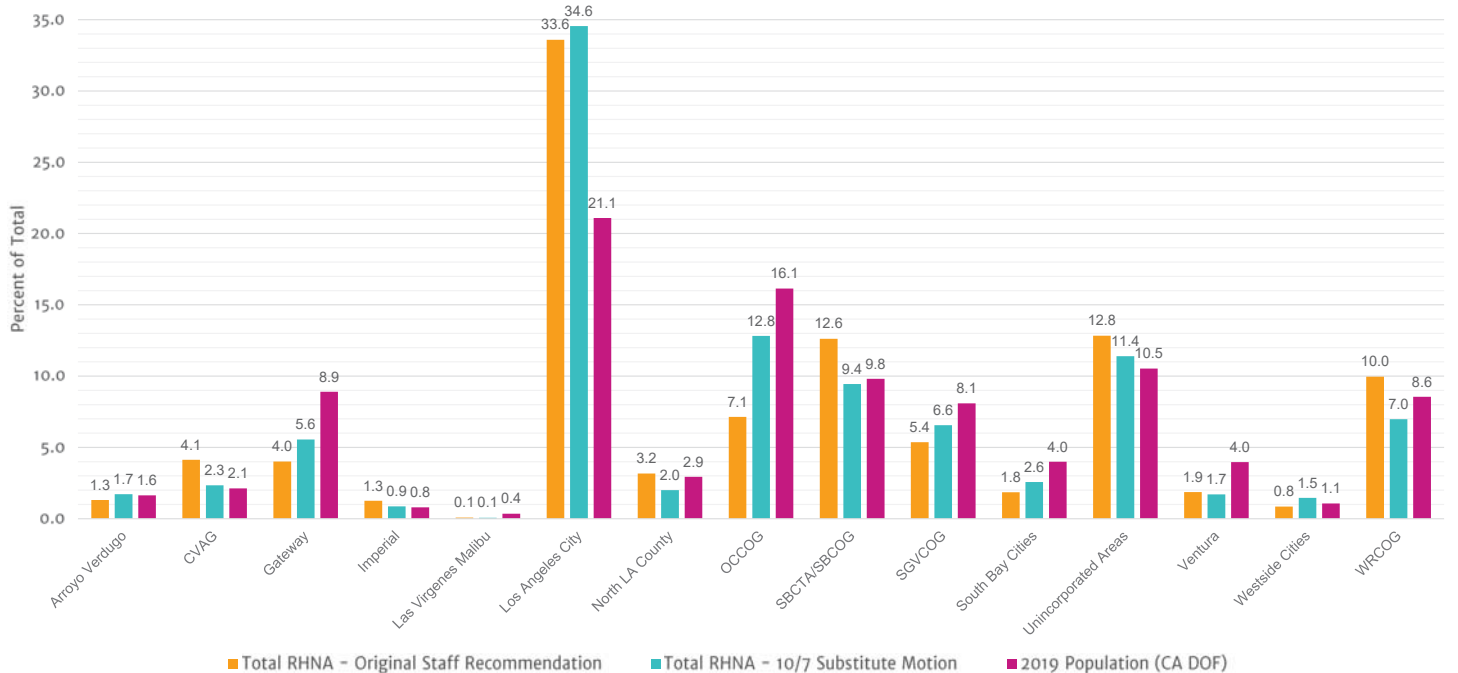
Share of Total RHNA and Population by County & LA City (% of Total)



Policy Alternative: Comparison Across the SCAG Region (Subregions)



Share of Total RHNA and Population by Subregion cities (% of Total)



Attachment: PowerPoint Presentation: Draft RHNA Methodology (Recommended Draft RHNA Methodology)

Next Steps

✓	August 1 – September 13, 2019	Proposed methodology public comment period
✓	September 23, 2019	Recommended draft methodology public workshop
✓	October 7, 2019	RHNA Subcommittee meeting
✓	October 21, 2019	Special CEHD meeting
	November 7	Regional Council meeting
	November 2019–January 2020	HCD 60-day review
	February/March 2020	Final RHNA allocation methodology

For more information:

www.scag.ca.gov/rhna

Email: housing@scag.ca.gov

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DRAFT RHNA Methodology – Presented to CEHD Committee on October 21, 2019

EXECUTIVE SUMMARY

SCAG is required to develop a draft RHNA methodology to distribute existing and projected housing need for the 6th cycle RHNA for each jurisdiction, which will cover the planning period October 2021 through October 2029. Based on extensive feedback from stakeholders during the proposed methodology comment period, SCAG staff developed a recommended draft methodology to further State housing objectives and achieves regional planning goals.

HOUSING CRISIS

There is no question that there is an ongoing housing crisis throughout the State of California. The crisis is evidenced by a variety of factors, including overcrowding and cost-burdened households, but the underlying cause is due to insufficient housing supply despite continuing population growth over decades.

As part of the RHNA process SCAG must develop a draft RHNA methodology, which will determine each jurisdiction’s draft RHNA allocation as a share of the regional determination of existing and projected housing need provided by the California Department of Housing and Community Development (HCD). There are several requirements outlined by Government Code Section 65584.04, which will be covered in different sections of this packet:

- Distribution methodology, per Government Code 65584.04(a)
- How the distribution methodology furthers the objectives State housing law, per GC 65584.04(f)
- How local planning factors are incorporated into the proposed RHNA methodology, per GC 65584.04(f)
- Furthering the objectives of affirmatively furthering fair housing (AFFH), per GC 65584.04(d)
- Public engagement, per GC 65584.04(d)

Additionally, SCAG has developed a data appendix that contains a full set of various underlying data and assumptions to support the recommended draft methodology. Due to the size of the appendix, a limited number of printed copies are available. SCAG has posted the full methodology appendix, on its RHNA webpage: www.scag.ca.gov/rhna.

Per State housing law, the RHNA distribution methodology must distribute existing and projected housing need to all jurisdictions. The following section provides the draft methodology for distributing existing and projected need to jurisdictions from the regional RHNA determination provided by the California Department of Housing and Community Development (HCD) pursuant to Government Code Section 65584.01. While the methodology development timeline is a separate process from the regional determination process, these mechanisms can still be applied regardless of the final regional number determined by HCD.

Guiding Principles for RHNA Methodology

In addition to furthering the five objectives pursuant to Government Code 65585(d), there are several guiding principles that SCAG staff has developed to use as the basis for developing the distribution mechanism for the recommended draft RHNA methodology. These principles are based on the input and guidance provided by the RHNA Subcommittee during their discussions on RHNA methodology between February 2019 and June 2019.

1. The housing crisis is a result of housing building not keeping up with growth over the last several decades. The RHNA allocation for all jurisdictions are expected to be higher than the 5th RHNA cycle.
2. Each jurisdiction must receive a fair share of their regional housing need. This includes a fair share of planning for enough housing for all income levels, and consideration of factors that indicate areas that have high and low concentration of access to opportunity.
3. It is important to emphasize the linkage to other regional planning principles to develop more efficient land use patterns, reduce greenhouse gas emissions, and improve overall quality of life.

The jurisdictional boundaries used in the recommended RHNA methodology will be based on those as of August 31, 2016. Spheres of influence in unincorporated county areas are considered within unincorporated county boundaries for purposes of RHNA.

Proposed RHNA Distribution Methodology

The **proposed RHNA methodology**, which was released for public review on August 1, contained three (3) options to distribute HCD's regional determination for existing and projected need for the SCAG region. HCD provided SCAG a regional determination of 1,344,740 units for the 6th cycle RHNA on August 22, 2019.¹

The three options were developed based on RHNA Subcommittee feedback on various factors at their meetings between February and June 2019 and feedback from stakeholders. SCAG solicited formal public comment on the three options and any other factors, modifications, or alternative options during the public comment period, which commenced on August 1 and concluded on September 13.

Four public hearings were conducted to formally receive verbal and written comments on the proposed RHNA methodology, in addition to one public information session with a total of about 250 people participated. Almost 250 written comments were submitted to SCAG specifically on the proposed methodology and over 35 verbal comments were shared at four (4) public hearings held in August 2019. Based on comments received during the public comment period, SCAG staff has developed a **draft RHNA methodology**.

¹ On September 5, 2019, the SCAG Regional Council voted to object to HCD the regional determination, per Government Code Section 65584.01. HCD has 45 days to respond to SCAG's objection and at the time of the drafting of this document, has not provided a response to the submitted objection.

Draft RHNA Methodology

Based on feedback received, a draft RHNA methodology will be recommended to the RHNA Subcommittee, Community, Economic & Human (CEHD) Committee, and the Regional Council prior to submittal to HCD for their 60-day review period. After reviewing HCD comments, which is anticipated to be received by January 2019, SCAG staff will make needed modifications to satisfy State Housing Law, if any, and provide a recommended final RHNA methodology for adoption by RHNA Subcommittee, CEHD Committee, and Regional Council in February 2020.

The draft RHNA methodology is based on a combination of the three options in the proposed methodology and further enhanced by factors suggested specifically by stakeholders. The next section describes the draft RHNA methodology mechanism to distribute existing and projected housing need to all SCAG jurisdictions, as represented by the regional determination.

Determining Existing Need and Projected Need

The draft RHNA methodology starts with the total regional determination provided by HCD and separates existing need from projected need.

Projected need is considered as household growth for jurisdictions between the RHNA projection period between July 1, 2021 and October 1, 2029, in addition to a calculated future vacancy need and replacement need. For projected household growth, SCAG’s Connect SoCal growth forecast for the years 2020-2030 is used as the basis for calculating projected housing unit need for the region. The anticipated growth in households over this period is multiplied by 0.825 to approximate growth during the 8.25-year RHNA projection period of July 1, 2021 to October 1, 2029.

For several jurisdictions, SCAG’s growth forecast includes projected household growth on tribal land. For these jurisdictions, SCAG’s estimate of household growth on tribal land from July 1, 2021 to October 1, 2029 is subtracted from the jurisdictional projected household growth (see note in accompanying calculator). A vacancy adjustment of 1.5% for owner-occupied units and 5% for renter-occupied units will be applied to projected household growth to determine future vacancy need. Next a replacement need is added, which is an estimate of expected replacement need over the RHNA period. Based on these components, the regional projected need is 506,922 units.

Existing need is considered the remainder of the regional determination after projected need is subtracted. Based on this consideration, the regional existing need is 837,818 units.

Determining a Jurisdiction’s Draft RHNA Allocation (Existing and Projected Need)

After determining the existing need and projected need for the region, the draft methodology applies a three-step process to determine a jurisdiction’s draft RHNA allocation by income category:

1. Determine a jurisdiction’s projected housing need
 - a. Assign household growth to jurisdictions based on SCAG’s Connect SoCal Regional Transportation Plan/Sustainable Communities Strategy Growth Forecast between 2020 and 2030.
 - b. Calculate a jurisdiction’s future vacancy need by applying a healthy market vacancy rate separately to the jurisdiction’s owner and renter households
 - c. Assign a replacement need to jurisdictions based on each jurisdiction’s share of regional net replacement need based on information collected from the replacement need survey submitted by local jurisdictions
2. Determine a jurisdiction’s existing housing need
 - a. Assign 50 percent of regional existing need to jurisdictions based on each jurisdiction’s share of regional household growth between 2030 and 2045²
 - b. Assign 25 percent of regional existing need based on a jurisdiction’s share of region’s population within the high quality transit areas (HQTAs) based on future 2045 HQTAs
 - c. Assign 25 percent of regional existing need based on a jurisdiction’s share of the region’s jobs that can be accessed within a 30-minute driving commute
 - d. Allocate residual existing need based on excess of jurisdictional household growth between 2020 and 2045, if any, to jurisdictions that have (i) above median job access, (ii) above median transit access, and (iii) have less than 50 percent of their population in disadvantaged areas.
3. Determine four RHNA income categories (very low, low, moderate, and above moderate)
 - a. Use a minimum of 150% social equity adjustment
 - b. Add an additional percentage of social equity adjustment to jurisdictions that have a high concentration of very low or very high resource areas using the California Tax Credit Allocation Committee (TCAC)’s index scoring
 - i. Add a 10% social equity adjustment to areas that are designated as 70-80% very high or very low resource area
 - ii. Add a 20% social equity adjustment to areas that are designated as 81-90% very high or very low resource area
 - iii. Add a 30% social equity adjustment to areas that are designated as 91-100% very high or very low resource area

² Since HCD’s regional determination of 1,344,740 exceeds SCAG’s 2020-2045 household growth forecast of 1,297,000 by 3.68 percent, for the purposes of existing need allocation, exceeding “local input” or “Connect SoCal” household growth shall mean exceeding 1.0368 times household growth.

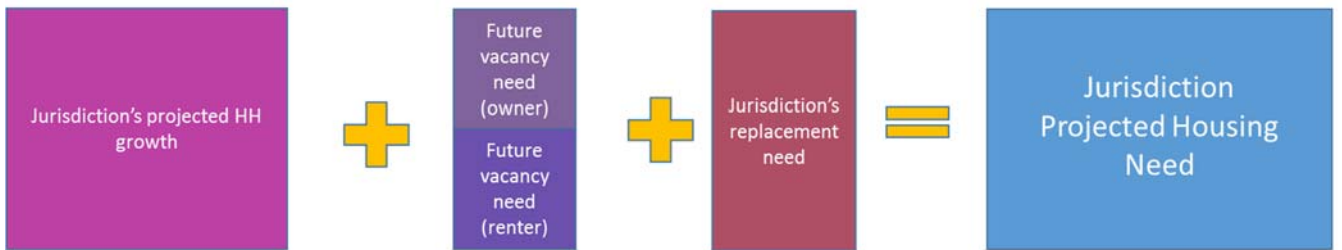
Methodology Component	Assigned units
Projected need: Household growth	468,428
Projected need: Future vacancy need	14,518
Projected need: Replacement need	23,545
Projected need subtotal	506,922

	Percentage of Existing Need	Assigned units
Existing need: Future household growth (2030-2045)	50%	418,909
Existing need: Transit accessibility	25%	209,454
Existing need: Job accessibility	25%	209,454
Existing need subtotal		837,818

Total regional need	1,344,740
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Step 1: Determine Projected Housing Need

The first step of the draft RHNA methodology is to determine a jurisdiction’s projected need. From the regional determination, projected need is considered regional household growth, regional future vacancy need, and regional replacement need.



To determine a jurisdiction’s projected need, SCAG staff recommends a three-step process:

- a. Determine the jurisdiction’s regional projected household growth based on local input
- b. Determine future vacancy need based on a jurisdiction’s existing composition of owner and renter households and apply a vacancy rate on projected household growth based on the following:
 - a. Apply a 1.5% vacancy need for owner households
 - b. Apply a 5.0% vacancy need for renter households
- c. Determine a jurisdiction’s net replacement need based on replacement need survey results

Step 1a: Projected Household Growth

SCAG's Connect SoCal regional growth forecast reflects recent and past trends, key demographic and economic assumptions, and local, regional, state, and national policy. SCAG's regional growth forecasting process also emphasizes the participation of local jurisdictions and other stakeholders. The growth forecast process kicked off on May 30, 2017 with the panel of experts meeting wherein fifteen academic scholars and leading practitioners in demographics and economics were invited to review key input assumptions for the growth forecast including expected job growth, labor force participation, birth rates, immigration and household formation rates. SCAG staff then incorporated the recommendations of the panel of experts into a preliminary range of population, household, and employment growth figures for 2016, 2020, 2030, 2035, and 2045 for the region and six counties individually.

SCAG further projects jurisdiction-level and sub-jurisdiction-level employment, population, and households using several major data sources, including:

- California Department of Finance (DOF) population and household estimates;
- California Employment Development Department (EDD) jobs report by industry;
- 2015 existing land use and General Plans from local jurisdictions;
- 2010 Census and the latest ACS data (2013-2017 5-year samples);
- County assessor parcel databases;
- 2011 and 2015 Business Installment data from InfoGroup; and
- SCAG's 2016 RTP/SCS growth forecast.

On October 31, 2017, the preliminary small area (i.e. jurisdiction and sub-jurisdiction) growth forecasts were released to local jurisdictions for their comments and input. This kicked off SCAG's *Bottom-Up Local Input and Envisioning Process* which provided each local jurisdiction with their growth forecast information as well as several other data elements both produced by SCAG and other agencies which are related to the development of Connect SoCal. Data map books were generated and provided electronically and in hard copy format and included detailed parcel-level land use data, information on resource areas, farmland, transportation, geographical boundaries and the draft growth forecast. Complete information on the Data map books and the Bottom-Up Local Input and Envisioning Process can be found at <http://scagrtpscs.net/Pages/DataMapBooks.aspx>. Over the next eight months, SCAG staff conducted one-on-one meetings with all 197 local jurisdictions to explain methods and assumptions behind the jurisdiction and sub-jurisdiction growth forecast as well as to provide an opportunity to review, edit, and approve SCAG's preliminary forecast for population, employment, and households for 2016, 2020, 2030, 2035, and 2045.

Between October 2018 and February 2019, SCAG reviewed local input on the growth forecast and other data map book elements. The local input growth forecast was evaluated at the county and regional level for the base year of 2016 and the horizon year of 2045 and was found to be technically sound. Specifically, as it relates to SCAG's local input household forecast:

- The forecast generates a 2045 regional unemployment rate of 4.7 percent which is reasonable based on past trends and ensured that the forecast is balanced, i.e. there are not too many jobs for the number of anticipated workers
- The forecast generates a 2045 population-to-household ratio of 2.9 which is consistent with the preliminary forecast and reflects expert-anticipated decreases in this ratio, ensuring that there are not too many people for the anticipated number of households region-wide
- From 2020-2045, the forecast anticipates household growth of 21 percent and population growth of 15 percent, indicating an alleviation of the region's current housing shortage over this future period.

SCAG's growth forecast for the years 2020-2030 is used as the basis for calculating projected housing unit need. Because the 6th cycle RHNA projection period covers July 1, 2021 through October 15, 2029, it is necessary to adjust reported household growth between 2020 and 2030 and adjust it to an 8.25 year projection period. The anticipated growth in households over this period is multiplied by 0.825 to approximate growth during the 8.25-year RHNA projection period (July 1, 2021 to October 15, 2029).

Step 1b: Future Vacancy Need

The purpose of a future vacancy need is to ensure that there is enough vacant units to support a healthy housing market that can genuinely accommodate projected household growth. An undersupply of vacant units can prevent new households from forming or moving into a jurisdiction. Formulaically, future vacancy need is a percentage applied to the jurisdiction's household growth by tenure (owner and renter households). While individual jurisdictions may experience different vacancy rates at different points in time, future vacancy need is independent of existing conditions and instead is a minimum need to support household growth.

To calculate a jurisdiction's future vacancy need, its proportion of owner-occupied units and renter-occupied units are determined using American Community Survey (ACS) 2013-2017 data—the most recent available. The percentages are then applied to the jurisdiction's projected household growth from the previous step, which results in the number of projected households that are predicted to be owners and those that are predicted to be renters.

Next, two different vacancy rates are applied based on the regional determination provided by HCD. The recommended draft methodology uses 1.5 percent for owner-occupied units while using a rate of 5 percent for renter-occupied units. The difference is due to the higher rates of turnover generally reported by renter units in comparison to owner-occupied units. The vacancy rates are applied to their respective tenure category to determine how many future vacant units are needed by tenure and then added together to get the total future vacancy need.

Step 1c: Replacement Need

Residential units are demolished for a variety of reasons, including natural disasters, fire, or desire to construct entirely new residences. Each time a unit is demolished, a household is displaced and disrupts the jurisdiction's pattern of projected household growth. The household may choose to live in a vacant unit or leave the jurisdiction, of which both scenarios result in negative household growth

through the loss of a vacant unit for a new household or subtracting from the jurisdictions number of households.

For these reasons, replacement need is a required component of the regional determination provided by HCD. The proposed methodology's replacement need will be calculated using a jurisdiction's net replacement need based on data submitted for the replacement need survey, which was conducted between March and April 2019.

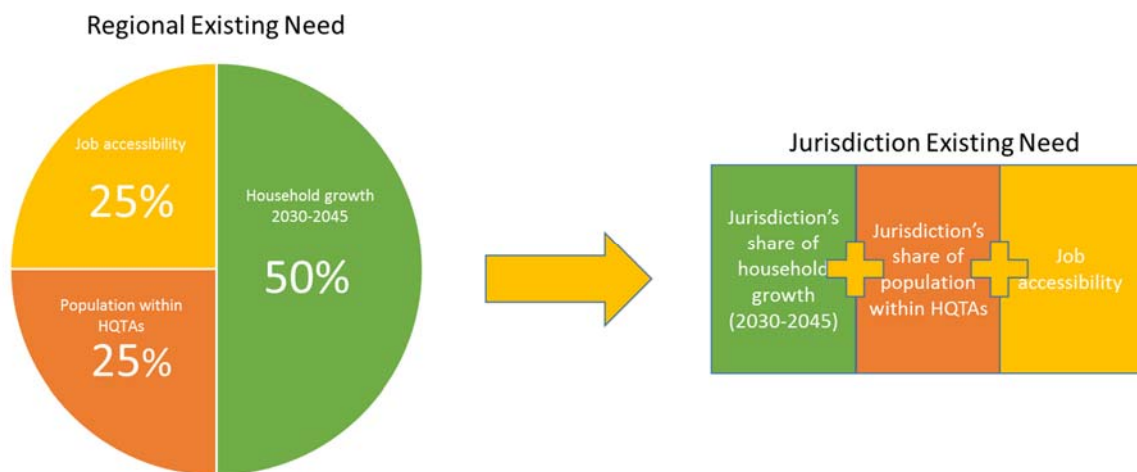
Each jurisdiction's data on historical demolitions between reporting years 2008 and 2018, which was collected from the California Department of Finance (DOF), was tabulated and provided to jurisdictions in the replacement need survey. Jurisdictions were asked to provide data on units that replaced the reported demolished units. A net replacement need was determined based on this information for each jurisdiction.

After determining each of the projected housing need components, they are combined to determine a jurisdiction's projected housing need.

Step 2: Determine Existing Housing Need

After determining a jurisdiction's projected need, the next step is to determine a jurisdiction's existing need. Following the above discussion and based on HCD's determination of total regional housing need, existing need is defined as approximately 62 percent of the regional determination. Staff's recommendation to determine this splits the regional existing need into four parts:

- Fifty (50) percent on household growth between 2030 and 2045, or 31 percent of total need
- Twenty-five (25) percent on population near transit (HQTAs), or 15.5 percent of total need
- Twenty-five (25) percent on job accessibility, or 15.5 percent of total need



Step 2a: Share of Household Growth

To distribute existing housing need, 50 percent of the regional existing need will be assigned based on each jurisdiction's share of household growth between 2030 and 2045. The source of regional population is based on the local input data provided as part of SCAG's 2020 Connect SoCal Regional Transportation Plan/Sustainable Communities Strategy Growth Forecast.

Step 2b: Share of Regional HQTAs Population

The next step involves the consideration of proximity to transit to distribute twenty-five (25) percent of the region's existing housing need, in an effort to better align transportation and housing planning. To measure proximity to transit, the draft RHNA methodology uses High Quality Transit Areas (HQTAs), which are areas that are within a half-mile of transit stations and corridors that have at least a fifteen (15) minute headway (time in between the next scheduled service) during peak hours for bus service. Other types of transit, such as commuter rail stations, are included as HQTAs as well. The source used for this information is SCAG's draft 2020 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS).

The 25 percent of the regional existing housing need will be distributed based on a jurisdiction's share of regional population within an HQTAs. Not all jurisdictions have an HQTAs within their jurisdictional boundaries and thus will not receive existing need based on this factor.

Step 2c: Job Accessibility

The concept behind job accessibility is to further the Statewide housing objective and SCAG's Connect SoCal objective of improving the relationship between jobs and housing. While none of the three options presented in the proposed RHNA methodology included a factor directly based on job accessibility, an overwhelming number of public comments expressed support for the draft methodology to include this specific component.

SCAG staff recommends that twenty-five (25) percent of regional existing need be assigned based on job accessibility. Job accessibility is defined in the draft methodology as the share of the region's jobs accessible by a thirty (30) minute commute by car in 2045.

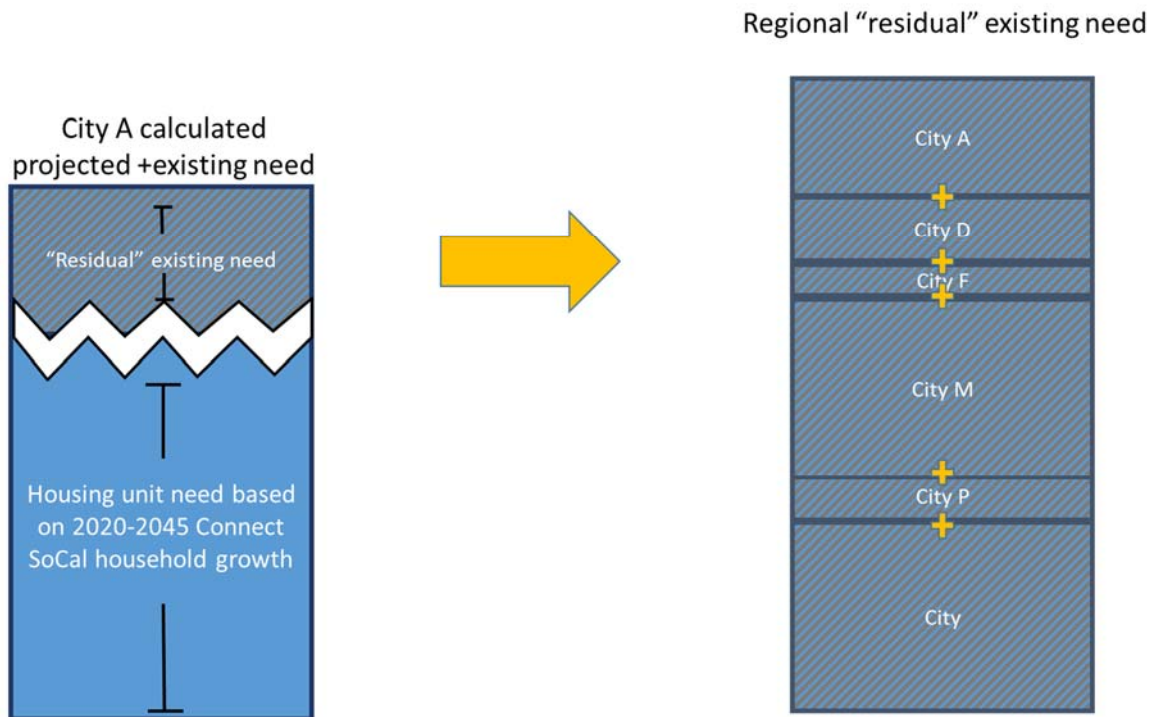
These outputs are derived at the transportation analysis zone (TAZ) level from travel demand modelling output from SCAG's draft Connect SoCal Plan. While SCAG realizes that in many jurisdictions, especially larger ones, job access may not be uniform in all parts of the city or county. However, since the RHNA process requires allocating housing need at the jurisdictional-level, staff reviewed several mechanisms whereby this TAZ-level measure could be converted into a summary of the typical commuter's experience in each city. Ultimately, the share of the region's jobs that could be accessed by a jurisdiction's *median* TAZ was found to be the best measure of jobs for the city. Based on this measure, in central parts of the region, residents of some cities can access over 20 percent of the region's jobs in a 30 minute car commute, while the average across all the region's cities was 10.5 percent.

This measure is multiplied by a jurisdiction's share of total population in order to allocate housing unit need to jurisdictions. This important step ensures that the potential beneficiaries of greater accessibility (i.e., the population in a jurisdiction with good job access) are captured in the

methodology. Based on this approach, jurisdictions with limited accessibility to jobs will receive a smaller RHNA allocation based on this component.

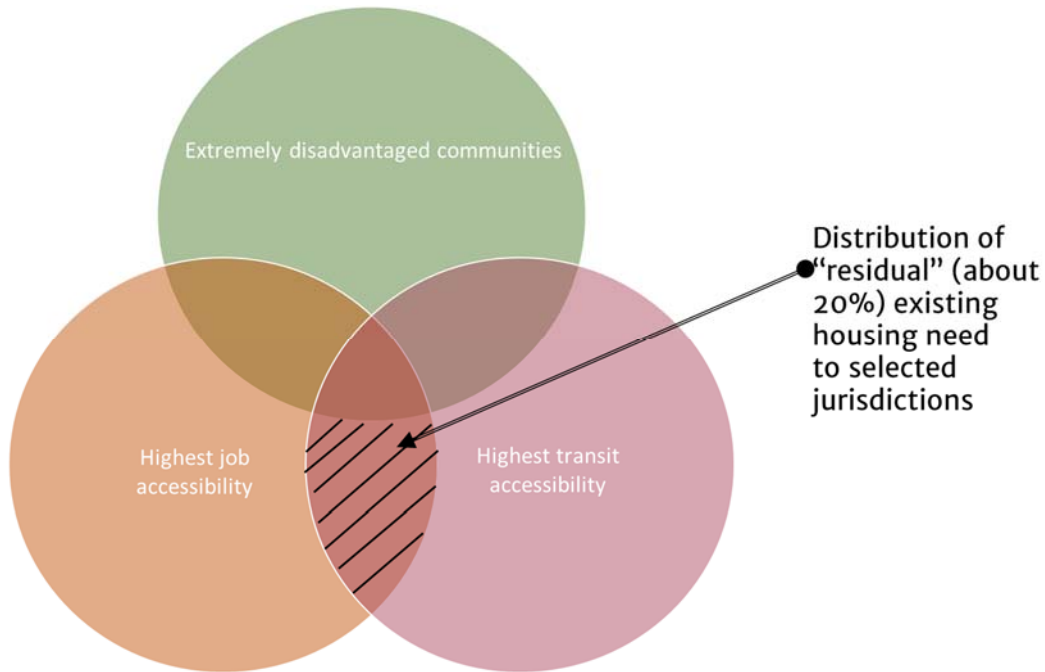
Step 2d: “Residual” Adjustment Factor for Existing Need

In a large number of jurisdictions, the calculated projected and existing need is higher than its household growth between 2020 and 2045, as determined by the SCAG Growth Forecast used in the Connect SoCal regional plan. Jurisdictions that have a need as determined by the draft methodology as higher than its 2020 to 2045 household growth³ will be considered as having a “residual” existing need. Residual need will be subtracted from jurisdictional need in these cases so that the maximum a jurisdiction will receive for existing need is its 2020 to 2045 household growth.. Not all jurisdictions will have a residual existing need.



A regional total of residual existing need, which represents about twenty (20) percent of existing need, will be calculated and then redistributed. The redistribution will be assigned to jurisdictions that have both high transit accessibility and high job accessibility, and will exclude jurisdictions which have a high share of their populations in very low resource areas using California Tax Credit Allocation Committee (TCAC) Opportunity Indices.

^{3 3} Since HCD’s regional determination of 1,344,740 exceeds SCAG’s 2020-2045 household growth forecast of 1,297,000 by 3.68 percent, for the purposes of existing need allocation, exceeding “local input” or “Connect SoCal” household growth shall mean exceeding 1.0368 times household growth.



Residual existing need will be redistributed to areas that are both in the top 50th percentile of population-weighted regional job share and top 50th percentile for population-weighted HQT population share, and are not defined as extremely disadvantaged. For this component, jurisdictions are considered extremely disadvantaged if they have at least 50% of their population within a “very low resource” area as defined by its “Opportunity index” score developed by the California Tax Credit Allocation Committee (TCAC) and HCD.

Put differently, cities in the bottom half in terms of transit access, in the bottom half of job access, *or* with more than 50 percent of their population in very low resource areas will not receive a RHNA allocation higher than the Connect SoCal 2045 forecast, as defined earlier.

Very low resource areas are areas that have least access to opportunity as measured by indicators such as poverty levels, low wage job proximity, math and reading proficiency, and pollution levels. This mechanism will help to further AFFH objectives since residual existing RHNA need, which includes additional affordable units, will be assigned to areas that are not identified as those with the lowest resources, which will increase access to opportunity. A full discussion on the TCAC opportunity indicators is provided in the following section on social equity adjustment. Data relating to the TCAC opportunity indicator categories for each jurisdiction can be found in the draft methodology data appendix and in the accompanying draft allocation estimator tool on the RHNA webpage: www.scag.ca.gov/rhna.

Step 3: Determining Four Income Categories through Social Equity Adjustment

After determining a jurisdiction’s total draft RHNA allocation, the next step is to assign the total into four RHNA income categories. The four RHNA income categories are:

- Very low (50 percent or less of the county median income);
- Low (50-80 percent);
- Moderate (80 to 120 percent); and
- Above moderate (120 percent and above)

The fourth RHNA objective specifically require that the proposed RHNA methodology allocate a lower proportion of housing need in jurisdictions that already have a disproportionately high concentration of those households in comparison to the county distribution. Additionally, the fifth objective, affirmatively furthering fair housing (AFFH), requires that the RHNA methodology further the objectives of addressing significant disparities in housing needs and access to opportunity and overcome patterns of segregation.

To further these two objectives, the draft RHNA methodology includes a minimum 150 percent social equity adjustment, along with an additional percentage of 10 to 30 percent added in areas with significant populations that are defined as very low or very high resource areas, to determine the distribution of four income categories for each jurisdiction.

Social equity adjustment



A social equity adjustment ensures that jurisdictions accommodate their fair share of each income category. First, the percentage of each jurisdiction’s distribution of four income categories is determined using the county median income as a benchmark. For example, in Los Angeles County, a household earning less than \$30,552 annually, or 50 percent of the county median income, would be considered a very low income household. A household in Los Angeles County earning more than \$73,218 annually, or 120 percent of the county median income, would be counted in the above moderate category. The number of households in each category is summed and then a percentage of each category is then calculated.

For reference, below is the median household income by county.

- Imperial County: \$44,779
- Los Angeles County: \$61,015
- Orange County: \$81,851
- Riverside County: \$60,807
- San Bernardino County: \$57,156
- Ventura County: \$81,972
- SCAG region: \$64,114

Source: American Community Survey (ACS) 2013-2017 5-year estimates

Once a jurisdiction’s existing household income distribution by income category is determined, the percentage is compared to the county’s percentage of existing household income distribution. For example, if a jurisdiction has an existing distribution of 30 percent of very low income households while the county is 25 percent, the jurisdiction is considered as having an overconcentration of very low income households compared to the county. A social equity adjustment ensures that the jurisdiction will be assigned a smaller percentage of very low income households for its RHNA allocation than both what it currently has and what its county currently has (provided that the percentage is higher than 100 percent).

If the jurisdiction is assigned a social equity adjustment of 170 percent, the formula to calculate its very low income percentage is:

Household Income Level	Formula to Calculate City A Social Equity Adjustment of 150%
Very Low Income	$30\% - [(30\% - 25\%) \times 1.5] = 22.5\%$

In this example, 22.5 percent of the jurisdiction’s total RHNA allocation would be assigned to the very low income category. This adjustment is lower than both its existing household income distribution (30 percent) and the existing county distribution (25 percent).

The inverse occurs in higher income categories. Assuming that the jurisdiction has an existing household income distribution of 20 percent for above moderate income households while the county has 25 percent, the jurisdiction will be assigned a distribution of 27.5 percent for above moderate income need.

Household Income Level	Formula to Calculate City A Social Equity Adjustment of 150%
Above moderate income	$20\% - [(20\% - 25\%) \times 1.5] = 27.5\%$

If the adjustment was 100 percent a jurisdiction’s distribution would be exactly the same as the County’s distribution. Conceptually a 150 percent adjustment means that the City meets the County distribution and goes beyond that threshold by 50 percent, resulting in a higher or lower distribution than the County depending on what existing conditions are in the City. The higher the adjustment, the more noticeable the difference between the jurisdiction’s existing household income distribution and its revised distribution.

The draft methodology recommends a minimum of 150 percent social equity adjustment with an additional 10, 20, or 30 percent added depending on whether the jurisdiction is considered a very low or very high resource area based on its Opportunity Index score.

In 2015 the U.S. Department of Housing and Urban Development (HUD) developed a set of indices, known as “Opportunity Indices” to help states and jurisdictions identify factors that contribute to fair housing issues in their region and comply with the federal Fair Housing Act. In late 2017, a Task Force convened by HCD and the California Tax Credit Allocation Committee (TCAC) released an “Opportunity mapping” tool based on these HUD indices to identify areas in California that can “offer low-income children and adults the best chance at economic advancement, high educational attainment, and good physical and mental health.”⁴

The TCAC and HCD Opportunity mapping tool includes a total of eleven (11) census-tract level indices to measure exposure to opportunity in local communities. The indices are based on indicators relating to the access of economic, environment, and education opportunities within communities. Regional patterns of segregation can be identified based on this tool. Below is a summary table of the 11 indices sorted by type:

Economic	Environment	Education
Poverty	CalEnviroScreen 3.0 indicators <ul style="list-style-type: none"> • <i>Ozone</i> • <i>PM2.5</i> • <i>Diesel PM</i> • <i>Drinking water contaminates</i> • <i>Pesticides</i> • <i>Toxic releases from facilities</i> • <i>Traffic density</i> • <i>Cleanup sites</i> • <i>Groundwater threats</i> • <i>Hazardous waste</i> • <i>Impaired water bodies</i> • <i>Solid waste sites</i> 	Math proficiency
Adult education		Reading proficiency
Employment		High school graduation rates
Low-wage job proximity		Student poverty rate
Median home value		

Based on its respective access to opportunity, each census tract is given a score that designates it under one of the following categories:

- High segregation & poverty;
- Low resource
- Moderate resource
- High resource

⁴ California Fair Housing Taskforce Revised opportunity Mapping Technology, Updated November 27, 2018: <https://www.treasurer.ca.gov/ctcac/opportunity/final-opportunity-mapping-methodology.pdf>

- Highest resource

Tract-level indices were summed to the jurisdictional-level by SCAG using area-weighted interpolation. Using 2013-2017 American Community Survey population data, SCAG determined the share of each jurisdiction’s population in each of these five categories. For example:

	Lowest Resource				Very High Resource
Opportunity Indicator Category	High segregation & poverty	Low resource	Moderate resource	High resource	Highest resource
City A Percentage of population	10%	10%	30%	30%	20%
City B Percentage of population	90%	5%	5%	0%	0%
City C Percentage of population	0%	0%	10%	15%	75%

To determine where there is a concentration of high or low resources, the recommended draft methodology identifies “very low” resource areas and “very high” resource areas by combining the two lowest and two highest measures, respectively. In the above table, City B would be considered to have a much higher concentration of lower resource areas than City A. City C would be considered to have a much higher concentration of highest resource areas.⁵

- High segregation & Poverty + Low Resource = Lowest Resource
- Highest Resource

Jurisdictions that are identified as having a between 70 and 100 percent of its population within a lowest or very high resource area are assigned an additional 10 and 30 percent social equity adjustment:

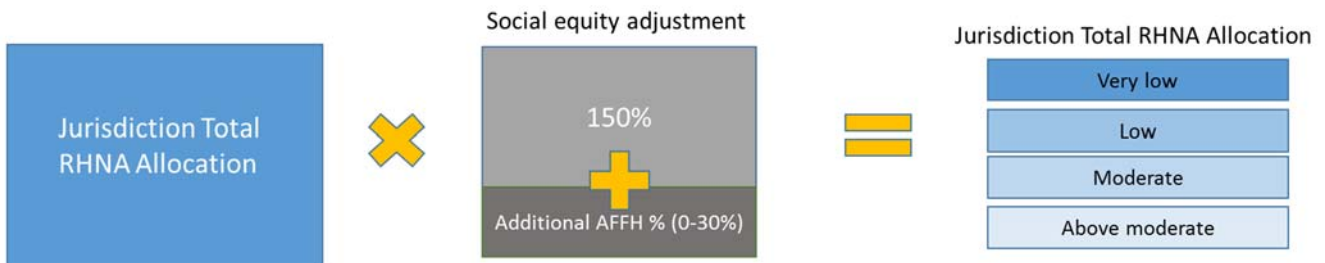
Concentration of population within very low or very high resource area	Additional social equity adjustment
70-80%	+10%
80-90%	+20%
90-100%	+30%

⁵ As a cross-reference, if City B has both a high job and transit accessibility it would be exempt from the redistribution of residual existing need from the draft methodology’s Step 2d because more than 50 percent of its population is within a very low resource area. On the other hand City A and City C, if they have a high job and transit access, would not be exempt from receiving regional residual need because they have only 20 percent and 0 percent of their respective population within a very low resource area.

In the example table, City B would receive an additional social equity adjustment of 30% because 95% of its population is within a lowest resource area (sum of high segregation & poverty and low resource measures). City C would receive an additional social equity adjustment of 10% because 75% of its population is within a very high resource area. City A would not receive a further adjustment because it does not have a high enough concentration of population within either the lowest or very high resource categories.

Assigning a higher social equity adjustment based on Opportunity Indices will result in a higher percentage of affordable housing units to areas that have higher resources. Concurrently, it will assign a lower percentage of affordable housing in areas where they is already an overconcentration. Because Opportunity Indices consider factors such as access to lower wage jobs, poverty rates, and school proficiency, the social equity adjustment in the draft RHNA methodology will result in factors beyond simply household income distribution. This additional adjustment will help to adjust the disparity in access to fair housing across the region, furthering the AFFH objective required in State housing law.

Once the social equity adjustment is determined, it is used to assign need to the four income categories.



Final Adjustments

On a regional level the final RHNA allocation plan must be the same as the regional determination, by income category, provided by HCD. The draft RHNA methodology will result in slight differences, among income categories, since income categories are required to use county distributions as benchmarks and the HCD determination does not include county-level benchmarks. For this reason, after the initial income categories are determined for jurisdictions, SCAG will apply a normalization adjustment to ensure that the regional total by income category is maintained.

Additionally, in the event that a jurisdiction receives an allocation of zero (0) units under the aforementioned draft methodology a minimum RHNA allocation of eight (8) units would be assigned. Government Code Section 65584.04(m)(2) requires that the final RHNA allocation plan ensure that each jurisdiction receive an allocation of units for low- and very low income households. Under these circumstances, SCAG will assign those jurisdictions a minimum of four (4) units in the very low income category and four (4) units in the low income category for a draft RHNA allocation of eight (8) units.

Comparison with Proposed Methodology Options 1, 2, and 3

Three separate options were released for public review and comment as the proposed RHNA methodology on August 1, 2019. Below is an overview of each of the three options. While a number of submitted comments indicated a preference for certain options, a large number of submitted comments expressed concerns with specific options or their components.

Proposed Methodology Option 1

In terms of structure, the draft methodology most closely resembles Option 1 of the proposed RHNA methodology. Projected need and existing need are separated from the regional determination and then two different formulas are applied.

1. Determine existing housing need
 - a. Assign 70 percent of regional existing need to jurisdictions based on each jurisdiction's share of the regional population
 - b. Assign 20 percent of regional existing need based on a jurisdiction's share of population within the regional high quality transit areas (HQTAs)
 - c. Assign 10 percent of regional existing need based on a jurisdiction's relative share of regional building activity
 - d. Apply a 110 percent social equity adjustment to determine three income categories (very low, low, and moderate)
2. Determine projected housing need
 - a. Assign household growth to jurisdictions based on each jurisdiction's share of regional household growth based on the local input data provided as part of SCAG's 2020 Connect SoCal Regional Transportation Plan/Sustainable Communities Strategy Growth Forecast.
 - b. Calculate a jurisdiction's future vacancy need by applying a healthy market vacancy rate separately to the jurisdiction's owner and renter households
 - c. Assign a replacement need to jurisdictions based on each jurisdiction's share of regional replacement need based on information collected from the replacement need survey submitted by local jurisdictions
 - d. Apply a 150 percent social equity adjustment to determine four income categories (very low, low, moderate, and above moderate)
3. Add the existing housing need by income category from step 1 and the projected housing need by income category from step 2 together to determine a jurisdiction's total RHNA allocation and by income category

Proposed RHNA Methodology Option 2

The second option in the proposed RHNA methodology did not separate projected need and existing need from the regional determination. The steps in Option 2 are:

1. Determine total RHNA need
 - a. Assign 80 percent of regional need to jurisdictions based on each jurisdiction's share of the regional population

- b. Assign 20 percent of regional need based on a jurisdiction's share of population within the regional high quality transit areas (HQTAs)
2. Determine four income categories from total need
- a. Apply a 150 percent social equity adjustment to determine four income categories (very low, low, moderate, and above moderate)

Proposed RHNA Methodology Option 3

A third option in the proposed RHNA methodology considered local input as the main factor in determining a total draft RHNA allocation. The total allocation assigned to a jurisdiction would be similar to the mechanism used to determine projected housing need in step 2 of Option 1, except that instead of share of regional household growth as the basis, Option 3 uses share of regional population growth. Population growth as referenced in this option is based on total population, which includes both group quarters and household population. This option most closely resembled the RHNA methodology for the 4th (2006-2018) and 5th (2013-2021) RHNA cycles.

In Option 3, the horizon year selected for share of regional population growth was based on the closest regional total to the regional determination. HCD's regional determination of 1.34 million was closest to the regional determination of 1,344,740, which is the horizon year 2045. Once the horizon year is selected, the jurisdiction's share of regional population growth between 2020 and the horizon year is calculated. The share is then applied to the RHNA regional determination provided by HCD. Future vacancy need by owner and renter and share of regional replacement need are then added to the growth to determine a jurisdiction's total draft RHNA allocation. A 150% social equity adjustment is then applied to calculate the four income categories.

Summary of Changes

As a result of public comments received from jurisdictions, stakeholders, and the general public, there are several notable changes between the components found in the proposed methodology options and the recommended draft methodology.

	Draft Methodology	Option 1	Option 2	Option 3
Existing need separate from projected need	Yes	Yes	No	No
Higher total of lower income categories	No	Yes	No	No
Transit accessibility considered	Yes, on existing need, 25%	Yes, on existing need, 20%	Yes, on total allocation, 20%	No
Job accessibility considered	Yes, on existing need, 25%	No	No	No
Credit for recent building activity	No	Yes	No	No
Social equity adjustment	Minimum of 150%, Maximum of 180%	110% for existing need 150% for projected need	150% for total need	150% for total need
Additional AFFH component	Yes	No	No	No
Local input as a component	Yes	Yes	No	Yes

The draft RHNA methodology includes components many stakeholders expressed support for during the public comment period, particularly access to transit and inclusion of local input.⁶ Additionally, the draft methodology includes components that were raised in a number of verbal and written comments, especially job accessibility and linkage to fair housing accessibility across disadvantaged populations. Hence, the draft RHNA methodology represents a collection of well supported factors while also including improvements based on submitted comments from the public.

- *Change to basis of transit accessibility (population within HQTA) to 2045 HQTAs to determine existing need*
The use of 2045, or projected, HQTAs in lieu of existing HQTAs allows for a better linkage to SCAG’s Connect SoCal regional transportation plan.
- *Addition of job accessibility to determine existing need*
An overwhelming number of comments verbal and written comments indicated that tying jobs to housing was a crucial part of regional planning and should be included in the draft methodology. After careful consideration of a variety of mechanisms, SCAG staff developed a formula based on each jurisdiction’s share of jobs accessible within a 30-minute drive commute based on transportation analysis zones (TAZs) and the jurisdiction’s 2045 population size. To strengthen the connection to the Connect SoCal plan, the draft methodology uses the number of jobs and locations based on modelling output from the Connect SoCal plan.
- *Addition of household growth to determine existing need*
To ensure consistency with transit accessibility and job accessibility components, household growth between 2030 and 2045 was added as a factor in determining existing need. The use of household growth will support any planned infrastructure and amenity improvements needed to support employment and transit areas in 2045.
- *Removal of current population share to determine existing need*
Including current population share while measuring job and transit accessibility using 2045 data will result in policy inconsistency among factors used to determine existing need. Basing current population share while using data for future employment and transit accessibility will result in gaps between infrastructure and other improvements needed to support job and transit growth.
- *Removal of permit activity to determine existing need*
After careful review of several comments on this component, SCAG staff recommends that the draft RHNA methodology not include this as a factor for housing distribution. The primary reason is that the data source used to determine building activity, the Construction Industry Research Board (CIRB), may not be perfectly consistent with jurisdictions’ own records of new residential units added. Some jurisdictions may end up with a higher or lower report on new

⁶ SCAG staff acknowledges that not all stakeholders have expressed support for these components and that there is difficulty in achieving a complete consensus due to the sheer number of stakeholders involved and affected in the SCAG region.

residential units added and would add unnecessary burden on jurisdictions to prove or disprove data as reported by CIRB. For the sake of accuracy and transparency, this component was removed from the recommended draft RHNA methodology.

- *Inclusion of AFFH in determining income categories*

Several comments indicated that household income should not be the sole factor in determining the distribution of housing need across the region in order to further State housing objectives. The inclusion of an additional social equity adjustment based on the concentration of resource availability through Opportunity Index scoring will promote the objective of AFFH. Assigning more affordable housing to high resource areas will increase access to fair housing and mitigate historical patterns of segregation while reducing overconcentration of low income households in communities where they already exist.

The Role of Local Input

The role of local input, or more accurately, SCAG's Integrated Growth Forecast reviewed by local jurisdictions, in the RHNA methodology has been raised in a large number of submitted comments. Some stakeholders support the use of household growth collected through the Growth Forecast process to varying degrees. Of those who support this component, many expressed that it should be the only factor while others contend that it should not determine the entire draft RHNA allocation. Conversely, other stakeholders have expressed that the Growth Forecast should not have any role in distribution the RHNA allocation.

While past RHNA cycles have used SCAG's Growth Forecast as the main component of determining a RHNA allocation, there has been an increased statutory emphasis on other factors such as aligning transit accessibility and increasing housing supply near employment with RHNA distribution. For this reason, the RHNA methodology should not be solely based on this component.

As mentioned above, solely using local input to the Growth Forecast as the only factor in the RHNA methodology does not further State housing objectives, yet it is equally important not to completely exclude it from the methodology. SCAG's 2020 Connect SoCal Growth Forecast has been developed over multiple years using multiple data sources, including the California Department of Finance (DOF) and the American Community Survey (ACS) and included extensive review by panels of experts and partner agencies. The use of the Growth Forecast at the jurisdictional level in determining the RHNA *projected* need also ensures the RHNA allocation is aligned and consistent with Connect SoCal, a requirement of SB 375.

Input from local jurisdictions is an important step in strengthening the Growth Forecast to ensure that relevant local concerns and conditions are reflected at the jurisdictional level. The Connect SoCal Growth Forecast captures household growth at the jurisdictional level. The RHNA methodology adds on an important policy layer, among others, assigning the total units into four RHNA income categories, as further described above. A further analysis on the consistency requirements between RHNA and Connect SoCal is attached to this document.

Additionally, the RHNA methodology also requires consideration of planning factors, such as agreements to preserve agricultural land and open space, farmworker housing, and presence of universities and colleges. A separate survey specifically focused on these local planning factors was conducted in Spring 2019 to gather additional information specified in State housing law, in which a full analysis is found in a later section of this document. These factors do not apply to all jurisdictions but the process of collecting local input on the Growth Forecast ensures that these important considerations are not conducted in a vacuum and provides a mechanism for integrating them into the RHNA allocation methodology. Local input provides a key role in identifying existing and future planning opportunities and constraints, and should have a role in the RHNA methodology.

Meeting the Objectives of RHNA

Government Code Section 65584.04(a) requires that the proposed RHNA methodology furthers the five objectives of the Regional Housing Needs Assessment. The following section provides an analysis of how the proposed methodology furthers these objectives.

- (1) Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low income households.
- (2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.
- (3) Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.
- (4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.
- (5) Affirmatively furthering fair housing.
 - (e) For purposes of this section, "affirmatively furthering fair housing" means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

Draft Methodology Component	1: Increasing housing supply and mix of housing types	2: Promoting infill development and encouraging protection of open space and encouragement of efficient development patterns	3: Promoting intraregional relationship between jobs and housing	4: Avoiding overconcentration of income groups	5: Affirmatively furthering fair housing (AFFH)
Household growth	Yes				
Job accessibility		Yes	Yes		
Transit accessibility		Yes			
Redistribution of “residual” existing housing need		Yes	Yes	Yes	Yes
Social equity adjustment				Yes	Yes
AFFH adjustment				Yes	Yes

The draft RHNA methodology distribution furthers all five objectives outlined in State housing law through its multiple distribution components.

- Using projected household growth: Objective 1*

The inclusion of local input on SCAG’s Growth Forecast for household growth between 2020 and 2030 will increase housing supply and mix of housing types, along with promoting infill development. Collected from the local input process, projected household and population growth forms the basis of the concurrent Connect SoCal (2020 Regional Transportation Plan/Sustainable Communities Strategy) development patterns. Local input reflects opportunities and constraints at the jurisdictional level, including preserving open space and agricultural resources and strategies to help reduce regional greenhouse gas emissions. The inclusion of local input to help determine projected household growth allows for the RHNA allocation to accommodate local efforts in meeting regional housing objectives.

Concurrently, inclusion of local input on projected household or population growth ensures that the resulting RHNA allocation is consistent with the development pattern of the Sustainable Communities Strategy, per Government Code Section 65584.04(m). Solely relying on household growth as the basis for RHNA methodology, which is the fundamental

mechanism of the proposed methodology option 3, does not meet all of the objectives of State housing law and thus was one of the primary reasons it was not recommended as the draft methodology.

Assigning existing housing need based on share of household growth ensures that no single jurisdiction is over-burdened with the region's existing needs. This regional approach accommodates the fact that existing need indicators, such as overcrowding and cost-burdened households, are not confined to jurisdictional boundaries. This regional-based distribution promotes an equitable approach to housing need and emphasizes that the housing crisis is a regional problem. This will increase housing supply and mix of housing types, and also encourages protection of open space due to consideration of planning factors reviewed through local input.

- *Transit Accessibility: Objective 2*

As well as being a regionally equitable approach, assigning need based on a jurisdiction's share of the region's population within HQTAs promotes additional objectives of State housing law. Linking regional housing planning to regional transportation and land use planning will increase housing supply and mix of housing types, promotes infill development, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets. Moreover, the linkage to HQTAs used in the Connect SoCal plan ensures consistency with the development pattern of the Sustainable Communities Strategy, per Government Code Section 65584.04(m).

Moreover, assigning need based on a jurisdiction's share of the region's population within HQTAs promotes an improved relationship between jobs and housing, particularly for low wage jobs and affordable housing. The linkage of housing to HQTAs will increase access to jobs particularly for lower income households. For the full results of the jobs housing balance and fit analyses and maps, please refer to the appendix of the draft RHNA methodology.

- *Job Accessibility: Objectives 2 and 3*

The draft RHNA methodology assigns part of existing need directly based on job accessibility. This factor furthers not only the objective of promoting an intraregional relationship between jobs and housing, but also encourages more efficient development patterns by encouraging more housing near employment areas, which will avoid increasing commute times regionally. Similarly, increasing access to jobs also increases housing supply and types in these areas due to the promotion of a more efficient development pattern.

- *Redistribution of "Residual" Existing Housing Need: Objectives 2, 3, 4, and 5*

Existing need that is above a jurisdiction's 2045 household growth will be redistributed back to jurisdictions based on two main factors – transit accessibility and job accessibility. This redistribution strengthens the linkage between the RHNA process and SCAG's Connect SoCal transportation and land use plan, which encourages more efficient development patterns to reduce greenhouse gas emissions, and furthers the housing objective of improving the relationship between jobs and housing.

Moreover, the redistribution of existing need exempts redistribution to extremely disadvantaged jurisdictions as identified by their low levels of resource. This furthers the objectives of avoiding overconcentration of income groups and affirmatively furthering fair housing since the additional lower income units would be assigned to areas that are identified as having more access to resources than disadvantaged jurisdictions.

- *Social Equity Adjustments: Objectives 4 and 5*

The social equity adjustments applied to existing need and projected need meet the socioeconomic equity and affirmatively furthering fair housing objectives of State housing law. By redistributing income categories across each county, a social equity adjustment avoids assigning additional need in income categories where there is already a high concentration. The higher the percentage used for social equity adjustment, the more accelerated the applied change over the eight-year planning period. This component promotes a mix of housing types, tenure, and affordability, along with socioeconomic equity and affirmatively furthering fair housing and a higher percentage accelerates these objectives.

Additionally, the percentage-based adjustment requires that areas that have a high concentration of higher income households also accommodate lower income households. This mechanism promotes a mix of housing types, tenure, and affordability, along with socioeconomic equity. This component increases the efforts to overcome patterns of segregation and remove barriers that restrict access to opportunity based on protected characteristics.

- *AFFH Adjustment: Objectives 4 and 5*

The TCAC Opportunity Indices include several measures in determining resource levels in different census tracts across the SCAG region. These measures are based on three domains: health and environment, education, and economics, which cover eleven (11) different indicators that measure local conditions relating to racial segregation and concentration of poverty. The inclusion of the Opportunity Indices in the draft RHNA methodology furthers the objectives of AFFH by increasing access to housing opportunity and addressing historical segregation patterns. By extending the use of the Opportunity Indices, it mitigates the overconcentration of income groups by shifting a higher percentage of low income households to areas with higher income and resource areas.

Additionally, the AFFH adjustment also promotes the intraregional relationship between jobs and housing, particularly the balance between low-wage jobs to housing affordable to low-wage workers. The Opportunity Indices' economic domain includes a job proximity factor based on the typical commute distance of low-wage workers. Areas that are marked as higher resource will receive a higher percentage of lower income categories to ensure that affordable housing is accommodated for and linked to low-wage jobs.

Local Planning Factors

As part of the development of the proposed RHNA methodology, SCAG must conduct a survey of planning factors that identify local conditions and explain how each of the listed factors are incorporated into the RHNA methodology. This survey, also known as the “Local Planning Factor” survey, is a specific requirement for the RHNA methodology process and is separate from the local review process of the Growth Forecast used as the basis for determining future growth in the Connect SoCal plan.

The survey was distributed to all SCAG jurisdictions in mid-March 2019 with a posted due date of May 30, 2019. One-hundred and nine (109) jurisdictions, or approximately 55%, submitted a response to the local planning factor survey. To facilitate the conversation about local planning factors, between October 2017 and October 2018 SCAG included these factors as part of the local input survey and surveyed a binary yes/no as to whether these factors impacted jurisdictions. The formal local planning factor survey was pre-populated with the pre-survey answers to help facilitate survey response. The full packet of local planning factor surveys can be downloaded at www.scag.ca.gov/rhna.

SCAG staff reviewed each of the submitted surveys to analyze planning factors opportunities and constraints across the region. The collected information was used to ensure that the methodology will equitably distribute housing need and that underlying challenges as a region are collectively addressed.

- (1) Each member jurisdiction’s existing and projected jobs and housing relationship. This shall include an estimate, based on readily available data, of the number of low-wage jobs within the jurisdiction and how many housing units within the jurisdiction are affordable to low-wage workers as well as an estimate, based on readily available data, of projected job growth and projected household growth by income level within each member jurisdiction during the planning period.*

The draft RHNA methodology directly considers job accessibility and determines a portion of housing need for each jurisdiction based on this factor. Using transportation analysis zones as a basis, the percentage of jobs accessible within a 30 minute drive for a jurisdiction’s population is determined and then weighted based on the jurisdiction’s population size to determine individual shares of regional jobs accessible. Based on a review of other potential mechanisms to factor in jobs into the RHNA methodology, SCAG staff has determined that this mechanism most closely aligns with the goals of State housing law.

One specific mechanism considered relied on setting an ideal ratio of jobs to housing for each jurisdiction and then assigning housing need based on this ratio. However, SCAG staff concluded that there is not a one-size-fits-all jobs to housing ratio for each jurisdiction and a comparison of ratios across the region will not accurately portray established commute sheds that cross jurisdictional boundaries. Notably, a worker residing near a city boundary may work in another city, complicating the integrity of an arbitrary jobs to housing ratio for the jurisdiction.

In regard to furthering the objective of increasing access to affordable housing in proximity to low-wage jobs, there are data limitations in determining an appropriate jobs housing fit, or jobs accessible to low wage workers. SCAG staff reviewed U.S. Census data (from Longitudinal Employer-Household Dynamics, or LEHD Origin-Destination Employment Statistics – LODES) that examined low wage workers and low wage jobs and concluded that basing a total RHNA allocation on this factor may not provide an accurate snapshot of spatial relationships between low wage jobs and affordable housing. Among the limitations are that the study did not include owner-occupied housing due to data complications and that low wage jobs were defined as those paying approximately \$15,000 annually, which creates a definition of low wage that is too narrow for much of the SCAG regional population. Additionally, in the circumstance of a worker holding two or more jobs, only the highest paying job is counted. These limitations would result in an analysis that will miss the bigger picture of assigning affordable housing since both the available data on low wage workers and low wage jobs provide an incomplete story on spatial and economic relationships.

However the draft RHNA methodology does consider job proximity for low-wage workers in determining distribution by income categories rather than determining the RHNA total. This is accomplished through the use of the TCAC Opportunity Indices, which include job proximity specifically for the number of jobs filled by workers with less than a bachelor's degree. Usage of Opportunity Indices furthers the objective of promoting an improved intraregional relationship between low-wage jobs and affordable housing in each jurisdiction. Generally, low-wage workers tend to commute shorter distances than higher-wage employees due to constraints on mode and cost of travel, though a higher reliance on public transit may lead to longer travel times. Areas identified as high resource areas will receive a higher percentage of affordable housing units, which will improve job access for low income earners and households.

In addition, SCAG conducted an analysis of jobs housing balance, which is a ratio of total jobs to housing units, and its Index of Dissimilarity (IOD), based on historical trends between 2012 and 2017, and on SCAG Growth Forecast projections between 2020 and 2030 at the jurisdictional, county, and regional levels. Rather than rely solely on the ratio of jobs to housing, the analysis reviewed historical and projected trends to determine whether the jobs housing balance is worsening or improving. A separate analysis on historical data for jobs housing fit, or ratio of low wage jobs to affordable rental units, was prepared though there is insufficient data to determine trends for projected jobs housing fit.

At the jurisdictional level, between 2012 and 2017 the jobs and housing balance worsened by 1.9%, and is expected to worsen again between 2020 and 2030 by 2.0%. The historical trend for jobs housing fit also weakened by 1.4% between 2012 and 2017 at the jurisdictional level.

At the county level, between 2012 and 2017 the jobs housing balance improved by 4.8%. While the projected balance is expected to improve between 2020 and 2030, the improvement is at a much smaller rate at 1.3%. Additionally, the historical trend for jobs housing fit worsened by 7.2% between 2012 and 2017 at the county level.

At the regional level, the analysis revealed that the jobs housing balance between 2012 and 2017 worsened by 5.0%, though between 2020 and 2030 the ratio is expected to improve by 1.9%. The historical jobs housing fit for the region worsened by less than 1% between 2012 and 2017.

The results of the jobs housing balance and jobs housing fit analysis indicate that while there is marginal improvement in linking housing to jobs at the regional level in the following decade, the historical trend illustrates that the balance worsened at a greater rate than it is predicted to improve in the future. At the jurisdictional level the balance will progressively worsen in the future in comparison to its historical trend. Additionally, while the overall jobs housing balance improved at the county level between 2012 and 2017, jobs housing fit worsened at a higher rate than progress made for the overall jobs housing balance.

An analysis of low wage jobs to low wage workers at the jurisdictional level outlines areas in the SCAG region that could be considered “affordable housing poor” -- that is, jurisdictions that have a higher number of low wage jobs in comparison to housing affordable to low wage workers. While it would be easy to conclude that these areas need more affordable housing, a more meaningful interpretation is that a distribution pattern based solely on historical household growth may not be the most equitable method of distribution to determine housing need in respect to job housing balance.

The draft methodology appendix contains estimates of the number of low-wage jobs within the jurisdiction, how many housing units within the jurisdiction are affordable to low-wage workers as well as an estimate of projected job growth and projected household growth by income level within each member jurisdiction. Maps illustrating job accessibility are also located within the data appendix. For the full results of the jobs housing balance and fit analyses and maps, please refer to the appendix of the draft RHNA methodology.

- (2) *The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following:*
- (A) *Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.*
 - (B) *The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions. The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management Agency (FEMA) or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flooding.*

- (C) *Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis, including land zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts conversion to non-agricultural uses.*
- (D) *County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area and land within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts its conversion to non-agricultural uses.*

Consideration of the above planning factors have been incorporated into the Growth Forecast process and results by way of analysis of aerial land use data, general plan, parcel level property data, open space, agricultural land and resource areas, and forecast surveys distributed to local jurisdictions. The bottom-up Local Input and Envisioning Process, which is used as the basis for both RHNA and SCAG's Connect SoCal (Regional Transportation Plan/Sustainable Communities Strategy) started with an extensive outreach effort involving all local jurisdictions regarding their land use and development constraints. All local jurisdictions were invited to provide SCAG their respective growth perspective and input. The draft methodology directly incorporates local input on projected household growth, which should be a direct reflection of local planning factors such as lack of water or sewer capacity, FEMA-designated flood sites, and open space and agricultural land protection.

Prior RHNA cycles did not promote direct linkage to transit proximity and the draft methodology encourages more efficient land use patterns by utilizing existing as well as future planned transportation infrastructure and preserves areas designated as open space and agricultural lands. In particular the inclusion of transit proximity places an increased emphasis on infill opportunities and areas that are more likely to support higher residential densities.

- (3) *The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.*

As indicated above, the Growth Forecast used as the basis for the Connect SoCal Plan is also used as the basis for projected household growth in the draft methodology. The weighting of a jurisdiction's population share within an HQTAs directly maximizes the use of public transportation and existing transportation infrastructure.

- (4) *Agreements between a county and cities in a county to direct growth toward incorporated areas of the county, and land within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was*

approved by the voters of the jurisdiction that prohibits or restricts conversion to nonagricultural uses.

This planning factor has been identified through the local input process and local planning factor survey collection as affecting growth within Ventura County. The urban growth boundary, known as Save Our Agricultural Resources (SOAR), is an agreement between the County of Ventura and its incorporated cities to direct growth toward incorporated areas, and was recently extended to 2050. Based on the input collected, SCAG staff has concluded that this factor is already reflected in the draft RHNA methodology since it was considered and incorporated into the local input submitted by jurisdictions.

- (5) *The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.*

The conversion of low income units into non-low income units is not explicitly addressed through the distribution of existing and projected housing need. Staff has provided statistics in the proposed methodology appendix on the potential loss of units in assisted housing developments. The loss of such units affects the proportion of affordable housing needed within a community and the region as a whole.

Local planning factor survey responses indicate that the impact of this factor is not regionally uniform. Many jurisdictions that replied some units are at-risk for losing their affordability status in the near future have indicated that they are currently reviewing and developing local resources to address the potential loss. Based on this, SCAG staff has determined that at-risk units are best addressed through providing data on these units as part of the RHNA methodology and giving local jurisdictions the discretion to address this factor and adequately plan for any at-risk unit loss in preparing their housing elements.

- (6) *The percentage of existing households at each of the income levels listed in subdivision (e) of Section 65584 that are paying more than 30 percent and more than 50 percent of their income in rent.*

An evaluation of survey responses reveals that cost-burdened households, or those who pay at least 30 percent of their household income on housing costs, is a prevalent problem throughout the region. The RHNA methodology also includes in its appendix data from the ACS 2013-2017 on cost-burdened statistics for households who pay more than 30 percent of their income on housing by owner and renter, and for renter households who pay 50 percent or more of their income on housing. The general trend is seen in both high and low income communities, suggesting that in most of the SCAG region high housing costs are a problem for all income levels.

Nonetheless a large number of jurisdictions indicated in the survey that overpaying for housing costs disproportionately impacts lower income households in comparison to higher income households. This issue is exacerbated in areas where there is not enough affordable

housing available, particularly in higher income areas. For this reason, the draft RHNA methodology incorporates not only a 150 percent social equity adjustment, but also uses the TCAC Opportunity Indices to distribute the RHNA allocation into the four income categories in areas identified as being the highest resource areas of the region. The Opportunity Indices include a proximity to jobs indicator, particularly for low-wage jobs, which identifies areas with a high geographical mismatch between low wage jobs and affordable housing. Increasing affordable housing supply in these areas can help alleviate cost-burden experienced by local lower income households because more affordable options will be available.

The reason for using social equity adjustment and opportunity indices to address cost-burden households rather than assigning total need is because it is impossible to determine through the methodology how and why the cost-burden is occurring in a particular jurisdiction. Cost-burden is a symptom of housing need and not its cause. A jurisdiction might permit a high number of units but still experiences cost-burden because other jurisdictions restrict residential permitting. Or, a jurisdiction might have a large number of owner-occupied housing units that command premium pricing, causing cost-burden for high income households and especially on lower income households due to high rents from high land costs. An analysis of existing need indicators by jurisdiction, which is part of the draft methodology data appendix, does not reveal a single strong trend to base a distribution methodology for cost-burden and thus the draft methodology distributes this existing need indicator regionally using social equity adjustment and Opportunity Indices rather than to where the indicators exist.

(7) The rate of overcrowding.

An evaluation of survey responses indicates that there is a variety of trends in overcrowding throughout the region. Overcrowding is defined as more than 1.01 persons per room (not bedroom) in a housing unit. Some jurisdictions have responded that overcrowding is a severe issue, particularly for lower income and/or renter households, while others have responded that overcrowding is not an issue at all. At the regional determination level HCD applied an overcrowding component, which is a new requirement for the 6th RHNA cycle. Because

Similar to cost-burden, overcrowding is caused by an accumulated housing supply deficit and is considered an indicator of existing housing need. The reason for not assigning need directly based on this indicator is because it is impossible to determine through the methodology how and why the overcrowding is occurring in a particular jurisdiction. A jurisdiction that has an overcrowding rate higher than the regional average might be issuing more residential permits than the regional average while the surrounding jurisdictions might not have overcrowding issues but issue fewer permits than the regional average. An analysis of existing need indicators by jurisdiction, which is part of the draft methodology data appendix, does not reveal a single strong trend to base a distribution methodology for overcrowding and thus the draft methodology distributes this existing need indicator regionally rather than to where the indicators exist.

While not specifically surveyed, several jurisdictions have indicated that density has affected their jurisdictions and have requested that the draft methodology should consider this as a factor. While density is not directly addressed as a factor, the social equity adjustment indirectly addresses density particularly for lower income jurisdictions. In housing elements, jurisdictions most demonstrate that a site is affordable for lower income households by applying a “default density”, defined in State housing law as either 20 or 30 dwelling units per acre depending on geography and population. In other words, a site that is zoned at 30 dwelling units per acre is automatically considered as meeting the zoning need for a low income household.

However there is not a corresponding default density for above moderate income zoning. Assigning a lower percentage of lower income households than existing conditions indirectly reduces future density since the jurisdiction can zone at lower densities if it so chooses. While this result does not apply to higher income jurisdictions, directing growth toward less dense areas for the explicit purpose of reducing density is in direct contradiction to the objectives of state housing law, especially for promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development pattern.

(8) The housing needs of farmworkers.

The draft methodology appendix provides data on agricultural jobs by jurisdiction as well as workers by place of residence. The survey responses indicate that most jurisdictions do not have agricultural land or only have small agricultural operations that do not necessarily require designated farmworker housing. For the geographically concentrated areas that do have farmworker housing, responses indicate that many jurisdictions already permit or are working to allow farmworker housing by-right in the same manner as other agricultural uses are allowed. Jurisdictions that are affected by the housing needs of farmworkers can be assumed to have considered this local factor when submitting feedback on SCAG’s Growth Forecast. A number of jurisdictions reiterated their approach in the local planning factor survey response.

Similar to at-risk units, the draft methodology does not include a distribution mechanism to distribute farmworker housing. However, SCAG has provided data in its draft methodology appendix related to this factor and encourages local jurisdictions to adequately plan for this need in their housing elements.

(9) The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

SCAG staff has prepared a map outlining the location of four-year private and public universities in the SCAG region along with enrollment numbers from the California School Campus Database (2018). Based on an evaluation of survey responses that indicated a presence of a university within their boundaries, SCAG staff concludes that most housing needs related to university enrollment are addressed and met by dormitories provided by

the institution both on- and off-campus. No jurisdiction expressed concern in the surveys about student housing needs due to the presence of a university within their jurisdiction.

However, some jurisdictions have indicated outside of the survey that off-campus student housing is an important issue within their jurisdictions and are in dialogue with HCD to determine how this type of housing can be integrated into their local housing elements. Because this circumstance applies to only a handful of jurisdictions, it is recommended that housing needs generated by a public or private university be addressed in the jurisdiction's housing element if it is applicable.

(10) The loss of units during a state of emergency that was declared by the Governor pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the analysis.

Replacement need, defined as units that have been demolished but not yet replaced, are included as a component of projected housing need in the draft RHNA methodology. To determine this number, HCD reviewed historical demolition permit data between 2008 and 2017 (reporting years 2009 and 2018) as reported by the California Department of Finance (DOF), and assigned SCAG a regional replacement need of 0.5% of projected and existing need, or 34,010 units.

There have been several states of emergency declared for fires in the SCAG region that have destroyed residential units, as indicated by several jurisdictions in their local planning factor survey responses. Survey responses indicate that a total of 1,785 units have been lost regionally from fires occurring after January 1, 2018. Units lost from fires that occurred prior to January 1, 2018, have already been counted in the replacement need for the 6th RHNA cycle.

In Spring 2019, SCAG conducted a replacement need survey with jurisdictions to determine units that have been replaced on the site of demolished units reported. Region wide 23,545 of the region's demolished units still needed to be replaced based on survey results. The sum of the number of units needing to be replaced based on the replacement need survey and the number of units reported as lost due to recent states of emergency, or 25,330, is lower than HCD's regional determination of replacement need of 34,010. One can reasonably conclude that units lost based on this planning factor are already included in the regional total and distributed, and thus an extra mechanism to distribute RHNA based on this factor is not necessary to meet the loss of units.

(11) The region's greenhouse gas emissions targets provided by the State Air Resources Board pursuant to Section 65080.

An assessment of survey responses indicate that a number of jurisdictions in the SCAG region are developing efforts for more efficient land use patterns and zoning that would result in greenhouse gas emissions. These include a mix of high-density housing types,

neighborhood based mixed-use zoning, climate action plans, and other local efforts to reduce greenhouse gas emissions at the regional level.

The draft RHNA methodology includes a distribution of 25 percent of regional existing need based on a jurisdiction's share of regional population within an HQT. The linkage between housing planning and transportation planning will allow for a better alignment between the RHNA allocation plan and the Connect SoCal RTP/SCS. It will promote more efficient development land use patterns, encourage transit use, and importantly reduce greenhouse gas emissions. This will in turn support local efforts already underway to support the reduction of regional greenhouse gas emissions.

Moreover the draft methodology includes the Growth Forecast reviewed with local input as a distribution component, particularly for projected housing need. Local input is a basis for SCAG's Connect SoCal Plan, which addresses greenhouse gas emissions at the regional level since it is used to reach the State Air Resources Board regional targets. An analysis of the consistency between the RHNA and Connect SoCal Plan is included as an attachment to this document.

(12) Any other factors adopted by the council of governments that further the objectives listed in subdivision (d) of Section 65584, provided that the council of governments specifies which of the objectives each additional factor is necessary to further. The council of governments may include additional factors unrelated to furthering the objectives listed in subdivision (d) of Section 65584 so long as the additional factors do not undermine the objectives listed in subdivision (d) of Section 65584 and are applied equally across all household income levels as described in subdivision (f) of Section 65584 and the council of governments makes a finding that the factor is necessary to address significant health and safety conditions.

No other planning factors were adopted by SCAG to review as a specific local planning factor.

Affirmatively Furthering Fair Housing (AFFH)

Among a number of changes due to recent RHNA legislation is the inclusion of affirmatively furthering fair housing (AFFH) as both an addition to the listed State housing objectives of Government Section 65588 and to the requirements of RHNA methodology as listed in Government Code Section 65584.04(b) and (c), which includes surveying jurisdictions on AFFH issues and strategies and developing a regional analysis of findings from the survey.

AFFH Survey

The AFFH survey accompanied the required local planning factor survey and was sent to all SCAG jurisdictions in mid-March 2019 with a posted due date of May 30, 2019. Ninety (90) of SCAG's 197 jurisdictions completed the AFFH survey, though some jurisdictions indicated that they would not be submitting the AFFH survey due to various reasons. The full packet of surveys submitted prior to the development of the proposed methodology packet can be downloaded at www.scag.ca.gov/rhna.

Jurisdictions were asked various questions regarding fair housing issues, strategies and actions. These questions included:

- Describe demographic trends and patterns in your jurisdiction over the past ten years. Do any groups experience disproportionate housing needs?
- To what extent do the following factors impact your jurisdiction by contributing to segregated housing patterns or racially or ethnically-concentrated areas of poverty?
- To what extent do the following acts as determinants for fair housing and compliance issues in your jurisdiction?
- What are your public outreach strategies to reach disadvantaged communities?
- What steps has your jurisdiction undertaken to overcome historical patterns of segregation or remove barriers to equal housing opportunity?

The survey questions were based on the U.S. Department of Housing and Urban Development (HUD) Analysis of Impediments to Fair Housing Choice survey that each jurisdiction, or their designated local Housing Authority, must submit to HUD to receive Community Development Block Grant (CDBG) funds. For the AFFH survey, jurisdictions were encouraged to review their HUD-submitted surveys to obtain data and information that would be useful for submitting the AFFH survey.

Pursuant to Government Code Section 65584.04(c), the following is an analysis of the survey results.

Themes

Several demographic themes emerged throughout the SCAG region based on submitted AFFH surveys. A high number of jurisdictions indicated that their senior populations are increasing and many indicated that the fixed income typically associated with senior populations might have an effect on housing affordability. Other jurisdictions have experienced an increase in minority populations, especially among Latino and Asian groups. There is also a trend of the loss of young adults (typically younger than 30) and a decrease in the number of families with children in more suburban locations due to the rise in housing costs.

Barriers

There was a wide variety of barriers reported in the AFFH survey, though a number of jurisdictions indicated they did not have any reportable barriers to fair access to housing. Throughout the SCAG region, communities of all types reported that community opposition to all types of housing was an impediment to housing development. Sometimes the opposition occurred in existing low income and minority areas. Some jurisdictions indicated that high opportunity resource areas currently do not have a lot of affordable housing or Section 8 voucher units while at the same time, these areas have a fundamental misunderstanding of who affordable housing serves and what affordable housing buildings actually look like. Based on these responses, it appears that community opposition to housing, especially affordable housing and the associated stigma with affordable housing, is a prevalent barrier throughout the SCAG region.

Other barriers to access to fair housing are caused by high land and development costs since they contribute to very few affordable housing projects being proposed in higher opportunity areas. The high cost of housing also limits access to fair housing and is a significant contributing factor to disparities in access to opportunity. Increasing property values were reported across the region and some jurisdictions indicated that they are occurring in existing affordable neighborhoods and can contribute to gentrification and displacement. Additionally, during the economic downturn a large number of Black and Latino homeowners were disproportionately impacted by predatory lending practices and therefore entered foreclosure in higher numbers than other populations.

Other barriers reported in the AFFH survey include the lack of funding available to develop housing after the dissolution of redevelopment agencies in 2012. Moreover, some jurisdictions indicated that the lack of regional cooperation contributes to segregation.

Strategies to Overcome Barriers

All submitted AFFH surveys indicated that their respective jurisdictions employed at least a few strategies to overcome barriers to access fair housing. These strategies ranged from local planning and zoning tools to funding assistance to innovative outreach strategies.

In regard to planning and zoning tools, a number of jurisdictions indicated they have adopted inclusionary zoning ordinances or an in-lieu fee to increase the number of affordable units within their jurisdictions. Others have adopted an accessory dwelling unit (ADU) ordinance with accommodating standards to allow for higher densities in existing single-family zone neighborhoods. A few jurisdictions indicated that they have adopted an unpermitted dwelling unit (UDU) ordinance, which legalizes unpermitted units instead of removing them provided that the units meet health and safety codes. In addition to ADU and UDU ordinances, some jurisdictions have also adopted density bonuses, which allow a project to exceed existing density standards if it meets certain affordability requirements. Some responses in the survey indicate that the establishment of some of these tools and standards have reduced community opposition to projects. In addition, some jurisdictions responded that they have reduced review times for residential permit approvals and reduced or waived fees associated with affordable housing development.

To combat gentrification and displacement, some jurisdictions have established rent-stabilization ordinances while others have established a rent registry so that the jurisdiction can monitor rents and landlord practices. Some jurisdictions have adopted relocation plans and others are actively seeking to extend affordability covenants for those that are expiring.

In regard to funding, SCAG jurisdictions provide a wide variety of support to increase the supply of affordable housing and increase access to fair housing. A number of jurisdictions provide citywide rental assistance programs for low income households and some indicated that their programs include favorable home purchasing options. Some of these programs also encourage developers to utilize the local first-time homebuyer assistance program to specifically qualify lower income applicants.

Other jurisdictions indicate that they manage housing improvement programs to ensure that their existing affordable housing stock is well maintained. Some AFFH surveys describe local multiple rental assistance programs, including Section 8 Housing Choice vouchers and financial support of tenant/landlord arbitration or mediation services.

Some jurisdictions indicated that they have focused on mobile homes as a way to increase access to fair housing. There are programs described that assist households that live in dilapidated and unsafe mobile homes in unpermitted mobile home parks by allowing the household to trade in their mobile home in exchange for a new one in a permitted mobile park. Other programs include rental assistance specifically for households who live in mobile homes.

In regard to community outreach, a large number of jurisdictions in the SCAG region have established or are seeking to establish innovative partnerships to increase access to fair housing and reduce existing barriers. Many jurisdictions work with fair housing advocacy groups such as the Housing Rights Center, which provide community workshops, counseling, and tenant-landlord mediation services. Other jurisdictions have established landlord-tenant commissions to resolve housing disputes and provide services to individuals with limited resources. Some jurisdictions have partnered with advocacy groups, such as the League of United Latin American Citizens (LULAC), to hold community-based workshops featuring simultaneous multi-lingual translations. Other innovative partnerships created by jurisdictions include those with local schools and school districts and public health institutions to engage disadvantaged groups and provide services to areas with limited resources.

A large number of jurisdictions have also indicated that they have increased their social media presence to reach more communities. Others have also increased their multi-lingual outreach efforts to ensure that limited-English proficiency populations have the opportunity to engage in local fair housing efforts.

Based on the AFFH surveys submitted by jurisdictions, while there is a wide range of barriers to fair housing opportunities in the SCAG region there is also a wide range of strategies to help overcome these barriers at the local level.

Meeting AFFH Objectives on a Regional Basis

To work towards the objective of AFFH, several benchmarks were reviewed as potential indicators of increasing access to fair housing and removing barriers that led to historical segregation patterns.

Opportunity Indices

The objectives of affirmatively furthering fair housing are to not only overcome patterns of segregation, but to also increase access to opportunity for historically marginalized groups, particularly in racially and ethnically concentrated areas of poverty. In 2015 the U.S. Department of Housing and Urban Development (HUD) developed a set of indices, known as “Opportunity Indices” to help states and jurisdictions identify factors that contribute to fair housing issues in their region and comply with the federal Fair Housing Act.

In 2015 the U.S. Department of Housing and Urban Development (HUD) developed a set of indices, known as “Opportunity Indices” to help states and jurisdictions identify factors that contribute to fair housing issues in their region and comply with the federal Fair Housing Act. In late 2017, a Task Force convened by HCD and the California Tax Credit Allocation Committee (TCAC) released an “Opportunity mapping” tool based on these HUD indices to identify areas in California that can “offer low-income children and adults the best chance at economic advancement, high educational attainment, and good physical and mental health.”

The TCAC and HCD Opportunity mapping tool includes a total of eleven (11) census-tract level indices to measure exposure to opportunity in local communities. Regional patterns of segregation can be identified based on this tool. The indices are based on indicators such as poverty levels, low wage job proximity, pollution, math and reading proficiency. Below is a summary table of the 11 indices sorted by type:

Economic	Environment	Education
Poverty	CalEnviroScreen 3.0 indicators <ul style="list-style-type: none"> • <i>Ozone</i> • <i>PM2.5</i> • <i>Diesel PM</i> • <i>Drinking water contaminates</i> • <i>Pesticides</i> • <i>Toxic releases from facilities</i> • <i>Traffic density</i> • <i>Cleanup sites</i> • <i>Groundwater threats</i> • <i>Hazardous waste</i> • <i>Impaired water bodies</i> • <i>Solid waste sites</i> 	Math proficiency
Adult education		Reading proficiency
Employment		High school graduation rates
Low-wage job proximity		Student poverty rate
Median home value		

To further the objectives of AFFH, SCAG utilizes the Opportunity indices tool at multiple points in the recommended draft RHNA methodology. Jurisdictions that have the highest concentration of population in low resource areas are exempted from receiving regional residual existing need, which will result in fewer units assigned to areas identified as having high rates of poverty and racial segregation. Additionally, jurisdictions with the highest concentration of population within highest resource areas will receive a higher social equity adjustment, which will result in more access to opportunity for lower income households.

Public Engagement

The development of a comprehensive RHNA methodology requires comprehensive public engagement. Government Code Section 65584.04(d) requires at least one public hearing to receive oral and written comments on the proposed methodology, and also requires SCAG to distribute the proposed methodology to all jurisdictions and requesting stakeholders, along with publishing the proposed methodology on the SCAG website. The official public comment period on the proposed RHNA methodology began on August 1, 2019 after Regional Council action and concluded on September 13, 2019.

To maximize public engagement opportunities, SCAG staff hosted four public workshops to receive verbal and written comment on the proposed RHNA methodology and an additional public information session in August 2019:

- August 15, 6-8 p.m. Public Workshop, Los Angeles (View-only webcasting available)
- August 20, 1-3 p.m. Public Workshop, Los Angeles (Videoconference at SCAG regional offices and View-only webcasting available)
- August 22, 1-3 p.m., Public Workshop, Irvine
- August 27, 6-8 p.m., Public Workshop, San Bernardino (View-only webcasting available)
- August 29, 1-3pm Public Information Session, Santa Clarita

Approximately 250 people attended the workshops in-person, at videoconference locations, or via webcast. Over 35 individual verbal comments were shared over the four workshops.

To increase participation from individuals and stakeholders that are unable to participate during regular working hours, two of the public workshops were held in the evening hours. One of the workshops was held in the Inland Empire. SCAG will work with its Environmental Justice Working Group (EJWG) and local stakeholder groups to reach out to their respective contacts in order to maximize outreach to groups representing low income, minority, and other traditionally disadvantaged populations.

Almost 250 written comments were submitted by the comment deadline and included a wide range of stakeholders. Approximately 50 percent were from local jurisdictions and subregions, and the other 50 percent were submitted by advocacy organizations, industry groups, residents and resident groups, and the general public. All of the comments received, both verbal and written, were reviewed by SCAG staff, and were used as the basis for developing the draft RHNA methodology.

The increased involvement by the number of jurisdictions and stakeholders beyond the municipal level compared to prior RHNA cycles indicate an increased level of interest by the public in the housing crisis and its solutions, and the efforts of SCAG to meet these interests. As part of its housing program initiatives, SCAG will continue to reach out to not only jurisdictions, but to advocacy groups and traditionally disadvantaged communities that have not historically participated in the RHNA process and regional housing planning. These efforts will be expanded beyond the RHNA program and will be encompassed into addressing the housing crisis at the regional level and ensuring that those at the local and community level can be part of solutions to the housing crisis.

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Preliminary Regional Housing Needs Assessment and Sustainable Communities Strategy Consistency

- State housing legislations in 2017 and 2018 added data elements to 65584.01(b)(1) which are closely related to “existing housing needs,” or “housing production backlog” for the 8-year RHNA. SCAG’s Growth Forecast for Connect SoCal (2020 RTP/SCS) only includes the housing needs resulting from projected growth. Therefore an alternative means of assessing and allocating this existing need is required. Planning for this additional housing production through RHNA is an important concurrent and complementary planning process to the Connect SoCal (RTP/SCS) development.
- The 2020 RHNA and 2020 SCS forecasts will be the same in terms of population, but the number of households needed to accommodate the population will be different. This is because the SCS forecast captures units needed to accommodate population growth (i.e., projected need) and the RHNA captures projected growth, plus existing need.
- While the household numbers are different, the RHNA and SCS forecasts are consistent from a statutory and policy perspective.

Statutory consistency:

Pursuant to SB 375, specifically Government Code 65080(b)(2)(B)(ii) and (iii), the Sustainable Communities Strategy shall:

- (ii) Identify areas within the region sufficient to house all the population of the region, including all economic segments of the population, over the course of the planning period of the regional transportation plan taking into account net migration into the region, population growth, household formation and employment growth;
- (iii) Identify areas within the region sufficient to house an eight-year projection of the regional housing need for the region pursuant to Section 65584.

The 2020 RHNA’s requirement does not change the total region’s population in 2045 and will not impact Connect SoCal’s consistency with section (ii) above.

For section (iii) above, SCAG staff interpretation is that the SCS needs to accommodate the projected growth for the eight-year RHNA cycle. SCAG’s practice of maintaining local input (including projected households) at the jurisdictional level for SCS provides the basis to ensure addressing the statutory requirement.

Policy Consistency & Alignment

While the housing units to accommodate “existing need” is not captured in the SCS growth forecast, the proposed methodology for allocating additional housing units due to “existing need” is consistent with the SCS policy framework. Per the proposed approach, the region would equally share in the responsibility for accommodating 50% of the “existing need”, and the remaining would be allocated to areas with High Quality Transit (25%) and near job centers (25%). Increasing housing opportunities in these areas is a primary strategy in Connect SoCal for reducing greenhouse gas emissions.

The consistency in policy direction between RHNA existing need allocation methodology and the SCS policy framework ensures that as the region makes more land-available through zoning to accommodate housing development that the location for these units aligns with greenhouse gas reduction goals. SCAG does not need to alter the SCS growth forecast to foster the policy alignment. It is captured in the “existing need” component of the RHNA allocation methodology.

Additional Consideration

To strengthen SCAG’s policy commitment to addressing “existing needs” and reflect coordination between RHNA and RTP/SCS processes, SCAG will address planning for the “existing need” in the final chapter of Connect SoCal, where future opportunities are highlighted. In this chapter, we will highlight our intent to develop a Regional Housing Strategy, as part of the Local Government Planning Support Grants Program, and support local jurisdictions in planning for existing housing needs.

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

NO. 615
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL
MINUTES OF THE MEETING
THURSDAY, OCTOBER 3, 2019

THE FOLLOWING MINUTES IS A SUMMARY OF ACTIONS TAKEN BY THE REGIONAL COUNCIL. A VIDEO RECORDING OF THE ACTUAL MEETING IS AVAILABLE ON THE SCAG WEBSITE AT: http://scag.iqm2.com/Citizens/

The Regional Council of the Southern California Association of Governments (SCAG) held its regular meeting at the SCAG main office, 900 Wilshire Boulevard, Suite 1700, Los Angeles, CA 90017.

Members Present

- Hon. Bill Jahn, President
Hon. Rex Richardson, 2nd Vice President
Hon. Clint Lorimore
Hon. Alan D. Wapner, Imm. Past Pres.
Supervisor Luis Plancarte
Supervisor Karen Spiegel
Supervisor Linda Parks
Hon. James Predmore
Hon. Peggy Huang
Hon. Jan Harnik
Hon. Ben Benoit
Hon. Cheryl Viegas-Walker
Hon. Kathleen Kelly
Hon. Rey Santos
Hon. Zak Schwank
Hon. Frank Navarro
Hon. Larry McCallon
Hon. Deborah Robertson
Hon. L. Dennis Michael
Hon. Ray Marquez
Big Bear Lake
Long Beach
Eastvale
Ontario
Holtville
Yorba Linda
Palm Desert
Wildomar
El Centro
Palm Desert
Beaumont
Temecula
Colton
Highland
Rialto
Rancho Cucamonga
Chino Hills
District 11
District 29
District 4
SBCTA
Imperial County
Riverside County
Ventura County
ICTC
TCA
RCTC
Air District Representative
District 1
District 2
District 3
District 5
District 6
District 7
District 8
District 9
District 10

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

Members Present - continued

Hon. Fred Minagar	<i>Laguna Niguel</i>	District 12
Hon. Steve Nagel	<i>Fountain Valley</i>	District 15
Hon. Cecilia Iglesias	<i>Santa Ana</i>	District 16
Hon. Charles Puckett	<i>Tustin</i>	District 17
Hon. Trevor O’Neill	<i>Anaheim</i>	District 19
Hon. Marty Simonoff	<i>Brea</i>	District 22
Hon. Sean Ashton	<i>Downey</i>	District 25
Hon. Emma Sharif	<i>Compton</i>	District 26
Hon. Ali Saleh	<i>Bell</i>	District 27
Hon. Dan Medina	<i>Gardena</i>	District 28
Hon. Margaret Clark	<i>Rosemead</i>	District 32
Hon. Jorge Marquez	<i>Covina</i>	District 33
Hon. Margaret E. Finlay	<i>Duarte</i>	District 35
Hon. Steve Tye	<i>Diamond Bar</i>	District 37
Hon. Tim Sandoval	<i>Pomona</i>	District 38
Hon. James Gazeley	<i>Lomita</i>	District 39
Hon. Judy Mitchell	<i>Rolling Hills Estates</i>	District 40
Hon. Meghan Sahli-Wells	<i>Culver City</i>	District 41
Hon. Jess Talamantes	<i>Burbank</i>	District 42
Hon. Steven Hofbauer	<i>Palmdale</i>	District 43
Hon. David Shapiro	<i>Calabasas</i>	District 44
Hon. Carmen Ramirez	<i>Oxnard</i>	District 45
Hon. David Pollock	<i>Moorpark</i>	District 46
Hon. Tim Holmgren	<i>Fillmore</i>	District 47
Hon. Steve Manos	<i>Lake Elsinore</i>	District 63
Hon. Rita Ramirez	<i>Victorville</i>	District 65
Hon. Megan Beaman Jacinto	<i>Coachella</i>	District 66
Hon. Hector Pacheco	<i>San Fernando</i>	District 67
Hon. Rusty Bailey	<i>Riverside</i>	District 68
Hon. Marisela Magana	<i>Perris</i>	District 69
Mr. Randall Lewis	<i>Lewis Group of Companies</i>	Business Representative

Members Not Present

Supervisor Kathryn Barger	Los Angeles County
Supervisor Hilda Solis	Los Angeles County
Supervisor Don Wagner	Orange County



Members Not Present - continued

Supervisor Curt Hagman		San Bernardino County
Hon. Mike T. Judge	<i>Simi Valley</i>	VCTC
Hon. Wendy Bucknum	<i>Mission Viejo</i>	District 13
Hon. Michael Carroll	<i>Irvine</i>	District 14
Hon. Stacy Berry	<i>Cypress</i>	District 18
Hon. Tri Ta	<i>Westminster</i>	District 20
Hon. Art Brown	<i>Buena Park</i>	District 21
VACANT		District 23
Hon. Sonny Santa Ines	<i>Bellflower</i>	District 24
Hon. Lena Gonzalez	<i>Long Beach</i>	District 30
Hon. Steve De Ruse	<i>La Mirada</i>	District 31
Hon. Teresa Real Sebastian	<i>Monterey Park</i>	District 34
Hon. Jonathan Curtis	<i>La Cañada Flintridge</i>	District 36
Hon. Gilbert Cedillo	<i>Los Angeles</i>	District 48
Hon. Paul Krekorian	<i>Los Angeles</i>	District 49/Public Transit Rep.
Hon. Bob Blumenfield	<i>Los Angeles</i>	District 50
Hon. David Ryu	<i>Los Angeles</i>	District 51
Hon. Paul Koretz	<i>Los Angeles</i>	District 52
Hon. Nury Martinez	<i>Los Angeles</i>	District 53
Hon. Monica Rodriguez	<i>Los Angeles</i>	District 54
Hon. Marqueece Harris-Dawson	<i>Los Angeles</i>	District 55
Hon. Curren D. Price, Jr.	<i>Los Angeles</i>	District 56
Hon. Herb Wesson, Jr.	<i>Los Angeles</i>	District 57
Hon. Mike Bonin	<i>Los Angeles</i>	District 58
VACANT	<i>Los Angeles</i>	District 59
Hon. Mitch O'Farrell	<i>Los Angeles</i>	District 60
Hon. José Huizar	<i>Los Angeles</i>	District 61
Hon. Joe Buscaino	<i>Los Angeles</i>	District 62
Hon. Lyn Semeta	<i>Huntington Beach</i>	District 64
Hon. Brian McDonald		Tribal Gov't Reg'l Plng Board
Hon. Eric Garcetti	<i>Los Angeles</i>	Member-at-Large

Staff Present

Kome Ajise, Executive Director
Darin Chidsey, Chief Operating Officer
Debbie Dillon, Chief Strategy Officer

Joann Africa, Chief Counsel/Director of Legal Services
Art Yoon, Director of Policy and Public Affairs
Basil Panas, Chief Financial Officer
Julie Loats, Chief Information Officer
Sarah Jepson, Interim Director of Planning
Tess Rey-Chaput, Office of Regional Council Support

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

President Bill Jahn called the meeting to order at 12:15PM and asked Second Vice President Clint Lorimore to lead the Pledge of Allegiance.

PRESENTATION ITEM

1. Economic Impacts of the Housing Crisis

President Jahn welcomed and introduced Professor Antonio M. Bento, USC Sol Price School of Public Policy, who will provide a presentation regarding the challenges and opportunities for sustainable development in Southern California and also provide context for policy discussions and actions that are being considered by SCAG's Regional Council and policy committees.

In light of the housing crisis, Executive Director Kome Ajise stated that policy discussions must go 'Beyond RHNA' and as a follow-up from the Executive/Administration Committee Retreat outcomes, that is to look further as a regional body that would enable the actual construction of housing in the region. In that vein, Mr. Ajise stated that Professor Bento is here today to present some perspective regarding the impacts of the housing crisis.

As a Public Policy Scholar and a sustainability expert, Professor Bento stated that he will provide perspective and regional vision regarding housing to collectively develop a regional plan that simultaneously promotes and accommodates growth while protecting the environment for current and future generations especially with the impacts of climate change. He emphasized that the goal of today's presentation is to offer a constructive criticism to HCD's regional housing needs determination and what can be done beyond the current RHNA. Professor Bento discussed some basic economic ideas regarding housing choices; market forces; implications of not building enough housing for the region; details matter when and where to build, and how much to build; and how to design programs that support affordable housing. Professor Bento emphasized going beyond RHNA as the social cost of one additional unit is not the same everywhere. He provided an example for two jurisdictions each with the same quota and shared an idea on what would be needed in a regional market. In closing, Professor Bento stated that a regional market for urban development program could be supplemented by streamlined approvals, tax increment financing and other

financing instruments for local government to support affordable housing production.

President Jahn opened the floor for comments from the Regional Council.

Discussion ensued and comments and questions were made regarding where to obtain funding to meet the building costs of the allocation; application of reasonable cap on the amount of affordable units that a city can accept; regional government and local jurisdictions' authority; concerns regarding the notion that housing is pollution in using market-based instruments; issues with meeting RHNA allocation and the challenges regarding government regulations; lack of financing and loss of redevelopment funds; and concerns regarding the market-based approach while meeting the supply and demand (Pollock, Wapner, Sahli-Wells, Manos, Hofbauer, and Mitchell).

On behalf of the Regional Council, President Jahn expressed thanks and appreciation for Professor Bento's presentation.

PUBLIC COMMENT PERIOD

President Jahn announced there were no public comment speakers.

REVIEW AND PRIORITIZE AGENDA ITEMS

There was no prioritization of the agenda.

ACTION/DISCUSSION ITEM

2. Contracts \$200,000 or Greater: 20-002-C01, Board Counsel Services

President Jahn introduced the item and asked Executive Director Kome Ajise to provide background information.

A MOTION was made (Robertson) to approve Contract No. 20-002-C01 in an amount not to exceed \$495,480 with Best Best & Krieger, LLP, to provide Board Counsel Services and as needed litigation services, subject to final review by SCAG Internal Audit and negotiation. Motion was SECONDED (Talamantes) and passed by the following votes:

FOR: Ashton, Bailey, Beaman Jacinto, Benoit, Clark, Finlay, Gazeley, Harnik, Hofbauer, Holmgren, Huang, Jahn, Kelly, Lorimore, Magana, Manos, J. Marquez, R. Marquez, McCallon, McDonald, Medina, Michael, Minagar, Mitchell, Nagel, O'Neil, Parks, Plancarte, Pollock, Predmore, Puckett, C. Ramirez, Richardson, Robertson, Sahli-Wells, Sandoval, Santos, Schwank, Shapiro, Simonoff, Spiegel, Talamantes, Tye, Viegas-Walker and Wapner (45)

AGAINST: None (0)

ABSTAIN: Iglesias and Saleh (2)

President Jahn introduced Ruben Duran, Partner, Best Best & Krieger, LLP. Mr. Duran noted that on behalf of Best Best and Krieger, he appreciated the Regional Council's approval of the contract and looked forward to serving as Board Counsel to SCAG.

CONSENT CALENDAR

Approval Items

3. Minutes of the Meeting – August 5, 2019
4. Authorization to Approve Notice of Exemption (NOE) for SCAG 2017 Disadvantaged Communities Active Transportation
5. Revise SCAG's Standard Consultant Agreement (boilerplate contract) Language Related to Penalty Clauses
6. Resolution No. 19-615-1 Regarding Acceptance of Office of Traffic Safety Grant Funds to support the Active Transportation Safety and Encouragement Campaign
7. Resolution No. 19-615-3 Approving Amendment 1 to the FY 2019-20 Overall Work Program (OWP)
8. Contracts \$200,000 or Greater: 20-003-C01, Mobility Innovations and Pricing Study

Receive and File

9. Local Government Planning Support Grants Program
 10. Final Federal Safer, Affordable, Fuel-Efficient Vehicles Rule Part I (to be distributed under separate cover)
 11. Purchase Orders \$5,000 - \$199,999; Contracts \$25,000 - \$199,999; and Amendments \$5,000 - \$74,999
 12. Connect SoCal Environmental Justice Report
-

13. State and Federal Legislative Update

14. CFO Monthly Report

President Jahn noted that the supplemental report regarding Agenda Item 10, related to the Final Federal Safer, Affordable, Fuel-Efficient Vehicles Rule Part I, has been distributed to the members and paper copies are also available at the back of the room.

A MOTION was made (Navarro) to approve Consent Calendar, Agenda Item Nos. 3 through 8; Receive and File Items 9 through 14. Motion was SECONDED (Puckett).

Councilmember Peggy Huang, TCA, stated that she will be abstaining from Agenda Item 3 only. President Jahn asked staff to note the abstention on the record and is annotated* below.

The motion passed by the following votes:

FOR: Ashton, Bailey, Beaman Jacinto, Benoit, Clark, Finlay, Gazeley, Harnik, Hofbauer, Holmgren, Jahn, Kelly, Lorimore, Magana, Manos, J. Marquez, R. Marquez, McCallon, McDonald, Medina, Michael, Minagar, Mitchell, Nagel, Navarro, O'Neil, Parks, Plancarte, Pollock, Predmore, Puckett, C. Ramirez, Richardson, Robertson, Sahli-Wells, Saleh, Sandoval**, Santos, Schwank, Shapiro, Sharif, Spiegel, Talamantes, Tye, Viegas-Walker and Wapner (46)

AGAINST: Simonoff (1)

ABSTAIN: Huang* [Agenda Item 3 only] and Iglesias (2)

While the voting results were being reviewed, Councilmember Tim Sandoval, Pomona, District 38, stated he inadvertently voted "No" and indicated that he intended to vote "Yes" on the Consent Calendar. President Jahn directed staff to correct Councilmember Sandoval's vote as a "Yes" vote and is annotated** above.

BUSINESS REPORT

As the business representative, Ex-Officio Member Randall Lewis, reported that the stock market and interest rates are down along with current manufacturing and services are also seeing signs of slowing down and what would trigger an unpredictable recession. Mr. Lewis discussed a negative interest rate that other countries in the world are experiencing whereby banks would pay a small amount of money each month to park some of their money which is a reversal of how a bank typically works. While the industrial market continues to show signs of good activity, he reported a

number of retail stores are closing down or filing for bankruptcy. With respect to real estate and the housing market, Mr. Lewis stated there has been good activity and discussed how this impacts higher loan interest rates. Apartment rentals continue to rise and see no signs of slowing down. Ownership of housing is undergoing a transformative shift where smaller homes are being built in taller buildings with micro-units and co-living with down payment sharing or equity sharing. Mr. Lewis discussed fee structures for these types of homes and optimization of cubic space including agrihoods and cited examples of when people are looking at excess capacities. In closing, Mr. Lewis commended the Transportation Committee where Safe Routes for Seniors was discussed.

PRESIDENT'S REPORT

President Jahn welcomed the following new members:

- RC Member Zak Schwank, Temecula, representing District 5
- President's Appointments to the Transportation Committee: Councilmembers Jeremy Smith, Canyon Lake, and Larry Smith, Calimesa.

President Jahn provided an update regarding the SCAG Wellness Challenge and reminded the members of the November 7 meeting schedule: 9AM – 9:30AM – EAC; 9:30AM – 11:30AM, a Joint Meeting of the RC and Policy Committees (CEHD, EEC and TC); 11:30 – 12PM, there will be an EEC meeting only; and 12:15 – 2PM, Regional Council meeting.

EXECUTIVE DIRECTOR'S REPORT

Kome Ajise, Executive Director, noted the supplement report regarding Agenda Item 10, related to the Final Federal Safer, Affordable, Fuel-Efficient Vehicles Rule Part I and provided background information and the impacts of the conformity determination analysis of Connect SoCal to the Federal Clean Air Act and consequently the 2021 FTIP. Mr. Ajise reported that SCAG has been working closely with the COGs regarding filing a joint complaint for declaratory and injunctive relief against final regulations of the National Highway Traffic Safety Administration (NHTSA). He stated that the general aspects of the SAFE Vehicles Rule are independent of the CAFÉ and GHG standards for model years 2021-2026. He stated that he will continue to provide future updates relative to the impacts of this reform.

Mr. Ajise reminded the members of upcoming meetings: the October 7 RHNA Subcommittee meeting and the October 21 Special Meeting of the CEHD Committee regarding the proposed recommended draft RHNA methodology for the Regional Council's consideration in November. Mr. Ajise reported that a response from HCD is expected regarding SCAG's objection letter to HCD's regional housing need determination.

ANNOUNCEMENTS

Councilmember Dan Medina, Gardena, District 28, announced that the Orange County Superior Court ruled in favor of the City of Gardena in its lawsuit regarding the municipal separate storm sewer system (MS4) permit requirements imposed by the Los Angeles Regional Water Quality Control Board.

Councilmember Larry McCallon, Highland, District 7, expressed concerns regarding the Connect SoCal process and the lack of significant discussions on policy issues by the Policy Committees before the release of the draft Connect SoCal.

Immediate Past President Alan Wapner, SBCTA, echoed the comments made by Councilmember McCallon. While he appreciated the staff presentation items, Past President Wapner stated the policy discussions must be driven by the Policy Committee and Regional Council members and stated that he does not see Connect SoCal as a statement from SCAG Policy Committee members or the Board. He noted substantive and pressing policy issues that were not discussed by the Transportation Committee such as high-speed rail and dedicated truck lanes, and expressed frustration that Connect SoCal is a staff-driven RTP with no policy input from Policy Committee or Regional Council members who were provided with pre-determined information with no opportunity to comment or provide policy direction to staff.

Supervisor Karen Spiegel, Riverside County, echoed comments made by Past President Wapner and shared her experience this year and compared with the last RTP process.

Kome Ajise, Executive Director, expressed appreciation for the feedback and made remarks.

First Vice President Rex Richardson, Long Beach, District 29, expressed appreciation for the comments raised and stated that given the workload this year for the Board to be thorough and engaged in two (2) quality processes—RTP/SCS and RHNA—more meetings will need to be scheduled to allow for policy discussions and suggested perhaps that a study session on Connect SoCal be scheduled.

President Bill Jahn concurred with First Vice President Richardson's suggestion and directed staff to consider how to address these comments.

Councilmember Dan Medina, Gardena, District 28, echoed similar comments.

Councilmember Margaret Clark, Rosemead, District 32, asked a question regarding the possibility of extending the approval timeline to allow for additional review. Mr. Ajise noted that we may be able



extend the timeline so long as SCAG does not jeopardize its current air quality conformity approval.

ADJOURNMENT

There being no further business, President Jahn adjourned the Regional Council meeting at 1:49 PM.



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Regional Council (RC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: Kome Ajise, Executive Director, 213-236-1835
Ajise@scag.ca.gov

Subject: Approval for Additional Stipend Payments

RECOMMENDED ACTION:

Approve additional stipend payments, pursuant to Regional Council Policy Manual, Article VIII, Section B(4) [adopted May 2018], as requested by Immediate Past President Alan Wapner.

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

EXECUTIVE SUMMARY:

Pursuant to the Regional Council Stipend Policy, staff is seeking Regional Council approval for additional stipend payments for Immediate Past President Alan Wapner.

BACKGROUND:

In accordance with the Regional Council Policy Manual, Article VIII, Section B(4) [adopted May 2018] *“Representatives of Regional Council Members may receive up to six (6) Stipends per month and the SCAG President may authorize two (2) additional Stipends in a single month on a case-by-case basis. SCAG’s First Vice President, Second Vice President and Immediate Past President may receive up to nine (9) Stipends per month. SCAG’s President may receive up to twelve (12) Stipends per month. Approval by the Regional Council is required for payment of any Stipends in excess of the limits identified herein.”*

For the month of September 2019, Immediate Past President Alan Wapner attended the following for SCAG which will count towards his 10th and 11th stipend requests:

No.	Meeting Date	Meeting Name
10 th	Sep 26	Mobility 21 Reception
11 th	Sep 27	Mobility 21 Summit

FISCAL IMPACT:

Funds for stipends are included in the General Fund Budget (800-0160.01: Regional Council).

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Regional Council (RC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: Kome Ajise, Executive Director, Executive Management,
213-236-1835, Ajise@scag.ca.gov

Subject: SCAG Participation at the CIRC 2019 Opening Forum - Yangtze
River Delta Rail Transit Integration, November 10 - 14, 2019

RECOMMENDED ACTION:

Recommend that the Regional Council approve the travel and participation of Kome Ajise, Executive Director, to the China International Railway Conference for Urban and Intercity Transit (CIRC) 2019 Opening Forum - Yangtze River Delta Rail Transit Integration, scheduled for November 10 - 14, 2019, and approve an expenditure of up to \$300 to cover incidentals and SCAG travel-related costs which will be allocated from SCAG's FY19-20 General Fund Budget. Per SCAG's Travel Policy, foreign travel requires the Regional Council's approval.

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 2: Advance Southern California's policy interests and planning priorities through regional, statewide, and national engagement and advocacy.

EXECUTIVE SUMMARY:

The World Bank Beijing Office invited Kome Ajise, Executive Director, to attend the Opening Forum of the China International Railway Conference for Urban and Intercity Transit (CIRC) 2019 – Yangtze River Delta Rail Transit Integration Forum, scheduled for November 10 - 14, 2019. Mr. Ajise was also invited to speak regarding "MPO and Regional Planning for Collaboration and Sustainability in the U.S."

As part of the invitation, The World Bank Beijing Office offered to cover the cost of Mr. Ajise's travel expenses including round-trip air; hotel accommodation; and international ground transportation. Per SCAG Travel Policy, foreign travel requires Regional Council approval.

BACKGROUND:

Participation in the conference is one of SCAG's many existing international partnership efforts with other nations to exchange information and ideas. As the nation's largest Metropolitan Planning Organization (MPO), SCAG develops long-range transportation and sustainable community plans. Highly regarded for its innovative, collaborative and data-driven planning processes, Executive

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Director Kome Ajise was invited by The World Bank Beijing Office, to represent SCAG by attending the Opening Forum of the China International Railway Conference for Urban and Intercity Transit (CIRC) 2019 – Yangtze River Delta Rail Transit Integration Forum, scheduled for November 10 - 14, 2019.

Mr. Ajise was also invited to speak regarding “*MPO and Regional Planning for Collaboration and Sustainability in the U.S.*,” which aligns with SCAG’s Connect SoCal (2020-2045 Regional Transportation Plan/Sustainable Communities Strategy). As part of the invitation, The World Bank Beijing has offered to cover the cost of Mr. Ajise’s travel expenses including round-trip airfare; hotel accommodations; and international ground transportation (see attached Invitation Letter).

SCAG staff is seeking approval for Mr. Ajise’s travel and participation at the conference, as well as an expenditure up to \$300 for incidentals and SCAG travel-related expenses. Per SCAG Travel Policy, foreign travel requires the Regional Council’s approval.

For more information regarding the CIRC 2019 Conference, please follow this link:
<http://www.railmetrochina.com/en/2019-circ>

FISCAL IMPACT:

Expenditures to cover Mr. Ajise’s incidentals and travel-related costs which will be allocated from SCAG’s FY19-20 General Fund Budget.

ATTACHMENT(S):

1. Invitation Letter CIRC 2019

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September 17th, 2019

Mr. Kome Ajise
Executive Director
Southern California Association of Governments
Los Angeles, USA

**Letter of Invitation to CIRC 2019 Opening Forum - Yangtze River Delta
Rail Transit Integration Forum 2019
November 10th, 2019, Shanghai**

Dear Mr. Ajise,

I am pleased to inform you that World Bank Beijing Office is co-organizing the Opening Forum of the China International Railway Conference for Urban & Intercity Transit (CIRC) 2019 - Yangtze River Delta Rail Transit Integration Forum 2019 on November 10th, 2019. I am writing to sincerely invite you to attend the meeting, as well as deliver a speech of *'MPO and Regional Planning for Collaboration and Sustainability in US'* to share the international experiences from the institutional coordination perspective. The one day forum will be held in Shanghai New International Exhibition Center. The attendees will include officials from Chinese central governments, selected provincial and municipal governments of Yangtze River Delta Region, research institutes, and related enterprises.

The topics to be discussed during the forum will include: (i) Integrated Transportation Networks in Delta Regions in China and Abroad; (ii) Integrating Rail Transit Networks and Enhancing Service Innovation in the Yangtze Delta; (iii) Transport Oriented Development (TOD) in the Yangtze River Delta Region.

The Bank's engagement in this forum aims to: (i) share international best practices, and explore how to incorporate these experiences into China's city cluster development; (ii) map out key areas in which the World Bank and the Chinese governments to further establish cooperation and present the value added which the Bank would bring in those areas.

All your travel expenses including air tickets and hotel accommodation to be incurred during the trip will be covered by the World Bank. If any question, please contact Ms. Ruifeng Yuan (Tel: 8610-5861-7853; Email: ryuan@worldbank.org). We look forward to your attendance to make this event a success.

Yours sincerely,



Binyam Reja
Practice Manager
Central Asia, China and Mongolia
World Bank, Beijing Office



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)

From: Art Yoon, Director of Policy and Public Affairs, Policy and
Public Affairs Division, (213) 236-1840, ArtYoon@scag.ca.gov

Subject: SCAG Memberships and Sponsorships

**EXECUTIVE DIRECTOR'S
APPROVAL**

RECOMMENDED ACTION:

Approve

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal

EXECUTIVE SUMMARY:

At its meeting on October 15, 2019, the Legislative/Communications and Membership Committee (LCMC) recommended approval of up to \$10,000 in sponsorships for CoMotion LA's 2019 Leadership Conference.

BACKGROUND:

Item 1: CoMotion LA's 2019 Leadership Conference

Type: Sponsorship **Amount:** \$10,000

The CoMotion LA's 2019 Leadership Conference will be held from November 14-15, 2019. Through curated discussions, expert meetings, press conferences and private receptions, the event will bring together key players across disciplines and industries to emerge with new policy and innovation mandates for a more connected, innovative and sustainable urban future. CoMotion LA is the leading global conference and expo focused on New Mobility. It is an initiative of the NewCities Foundation, the Montreal-based non-profit institution dedicated to improving the quality of life and work in 21st century cities around the world. CoMotion LA has the support of L.A. Mayor Eric Garcetti, the Los Angeles County Metropolitan Transportation Authority (Metro), the International Organization for Public Transport Authorities (UITP), and other leading city, state, national, and international organizations, both public and private. Over a thousand international leaders, including mayors, policymakers, CEOs, leading researchers, innovators, non-profit, and civil society leaders, will gather to discuss the nexus of innovation, business, and policy as they pertain to mobility.

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SCAG sponsored this event last year and the feedback was very positive due to the integration of the agency's *GoHuman* campaign. SCAG staff recommends sponsorship of this event in the amount of \$10,000, which will provide SCAG with the following:

- SCAG to be branded as a CoMotion LA '19 Partner, which includes branding on websites, print, marketing materials, social media channels, and on-site signage;
- Speaking opportunity for SCAG's Executive Director during conference;
- Five (5) admission passes for senior SCAG executives and leadership team and/or clients to the thought-leadership conference and for the duration of the event;
- Possibility of integrating and showcasing SCAG's assets throughout CoMotion LA (i.e. Parklets, GoHuman Campaign, etc.); and
- SCAG news to be shared on CoMotion newsletters. Specifically, possibility for SCAG to contribute original Mobility perspectives (op-eds) to be included on the CoMotion newsletter and shared by LA CoMotion social media channels.

FISCAL IMPACT:

\$10,000 for memberships/sponsorships is included in the approved FY 19-20 General Fund budget.



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Regional Council (RC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: Kome Ajise, Executive Director, 213-236-1835
ajise@scag.ca.gov

Subject: SCAG Objection Letter to HCD, dated 09-18-19

RECOMMENDED ACTION:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 2: Advance Southern California's policy interests and planning priorities through regional, statewide, and national engagement and advocacy.

ATTACHMENT(S):

1. 2019 09 18 SCAG Objection Letter Regional Determination

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SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T: (213) 236-1800
www.scag.ca.gov

September 18, 2019

Mr. Doug McCauley
Acting Director
Housing & Community Development (HCD)
2020 W. El Camino Ave.
Sacramento, CA 95833

Subject: SCAG’s Objection to HCD’s Regional Housing Need Determination

Dear Mr. McCauley,

This letter represents the Southern California Association of Governments (SCAG)’s formal objection to HCD’s Regional Housing Need Determination as submitted to SCAG on August 22, 2019 and is made in accordance with Government Code Section 65584.01(c)(2)(A) and (B). At the outset, please know that SCAG is fully aware that the State of California is in the midst of a housing crisis and that resolving this crisis requires strong partnerships with state, regional and local entities in addition to private and non-profit sectors.

As such, SCAG desires to be an active and constructive partner with the State and HCD on solving our current housing crisis, and this objection should not suggest otherwise. We are in fact currently setting up a housing program that will assist our local jurisdictions on activities and policies that will lead to actual housing unit construction.

In the context of the 6th cycle Regional Housing Needs Assessment (RHNA) process, SCAG appreciates the collaboration with HCD as reflected in the numerous consultation sessions on the regional determination and other staff engagement on housing issues with the objective of making RHNA a meaningful step toward addressing our housing crisis.

As you are aware, HCD transmitted its Regional Housing Needs Determination of 1,344,740 units for the SCAG region last month. This number reflects the housing units that local jurisdictions in the region must plan for during the 8-year period from October 2021 to October 2029. At the September 5, 2019 meeting, SCAG Regional Council authorized staff to file an objection to HCD on regional housing need determination pursuant to Government Code Section 65584.01(c).

REGIONAL COUNCIL OFFICERS

- President
Bill Jahn, Big Bear Lake
- First Vice President
Rex Richardson, Long Beach
- Second Vice President
Clint Lorimore, Eastvale
- Immediate Past President
Alan D. Wapner, San Bernardino County Transportation Authority

COMMITTEE CHAIRS

- Executive/Administration
Bill Jahn, Big Bear Lake
- Community, Economic & Human Development
Peggy Huang, Transportation Corridor Agencies
- Energy & Environment
Linda Parks, Ventura County
- Transportation
Cheryl Viegas-Walker, El Centro

Attachment: 2019 09 18 SCAG Objection Letter_Regional Determination (SCAG Objection Letter to HCD, dated 09-18-19)

I would like to note that SCAG's objection focuses on the process and adherence to state housing law requirements and not necessarily to the regional housing need determination number. The ultimate aim of this objection, as discussed at length by the Regional Council, is to ensure the most technically and legally credible basis for a regional determination so that the 197 local jurisdictions in the SCAG region can approach the difficult task of zoning to accommodate regional needs with the backing of the most robust and realistic target that is possible.

One of our major concerns is that HCD did not base its determination on SCAG's RTP/SCS Growth Forecast, which was inconsistent with Government Code 65584.01(c)(2)(A). Another major concern is that pursuant to Government Code 65584.01(c) (2) (B), HCD's determination of housing need in the SCAG region is not a reasonable application of the methodology and assumptions described in statute. Specifically, HCD compared household overcrowding and cost-burden rates in the SCAG region to national averages rather than to rates in comparable regions as statutorily required. These and two additional basis for objections are described in detail in the section below which also includes a deduction for household growth on tribal land and a concern that the vacancy rate standards used by HCD are not substantiated by data, analysis, or literature. In addition, the attached EXCEL worksheet and technical documentation contain SCAG's alternative proposed 6th cycle RHNA determination, which would consist of a range of total housing unit need between 823,808 and 920,772.

BASIS FOR SCAG OBJECTION

Use of SCAG's Population Forecast

HCD did not base its determination on SCAG's RTP/SCS Growth Forecast, which was provided in the original consultation package and via follow-up email to HCD. Government Code 65584.01(a) indicates [emphasis added]:

*“(a) The department's determination shall be based upon population projections produced by the Department of Finance and regional population forecasts used in preparing regional transportation plans, in consultation with each council of governments. **If the total regional population forecast for the projection year, developed by the council of governments and used for the preparation of the regional transportation plan, is within a range of 1.5 percent of the total regional population forecast for the projection year by the Department of Finance, then the population forecast developed by the council of governments shall be the basis from which the department determines the existing and projected need for housing in the region.** If the difference between the total population projected by the council of governments and the total population projected for the region by the Department of Finance is greater than 1.5 percent, then the department and the council of governments shall meet to discuss variances in methodology used for population projections and seek agreement on a population projection for the region to be used as a basis for determining the existing and projected housing need for the region. If no agreement is reached, then the population projection for the region shall be the population projection for the region prepared by the Department of Finance as may be modified by the department as a result of discussions with the council of governments.”*

SCAG projects total regional population to grow to 20,725,878 by October, 2029. SCAG's projection differs from Department of Finance (DOF) projection of 20,689,591, which was issued by DOF in May, 2018, by 0.18%. The total population provided in HCD's determination is 20,455,355, reflecting an updated DOF projection, differs from SCAG's projection by 1.32%. As SCAG's total projection is within the statutory tolerance of 1.5%, accordingly HCD is to use SCAG's population forecast.

While HCD has emphasized that consistency in approach to the 6th cycle RHNA across regions is a priority, deference to the Council of Governments' forecast as specified in statute is an important aspect of regional planning. Federal requirements for SCAG's Regional Transportation Plan necessitate a forecast of population, households, and employment for evaluating future land use patterns and measuring future travel demand as well as air quality conformity under the federal Clean Air Act. In addition, under SB 375, the State requires SCAG to develop a Sustainable Communities Strategy which is a coordination of transportation and land use in the regional planning process to achieve State's climate goals. Both federal and State requirements are predicated on SCAG's forecast of population, households and employment.

As a result, SCAG has a long-established and well-respected process for producing a balanced forecast of population, households, and employment for the region, the details of which can be found in each Regional Transportation Plan (e.g. http://scagrtpscs.net/Documents/2016/final/f2016RTPSCS_DemographicsGrowthForecast.pdf). SCAG's quadrennial growth forecast begins with a consensus on appropriate assumptions of fertility, migration, immigration, household formation, and job growth by a panel of state and regional experts including members of DOF's Demographic Research Unit. In addition, SCAG co-hosts an annual demographic workshop with the University of Southern California to keep state and regional experts and stakeholders apprised of demographic and economic trends (<https://www.scag.ca.gov/calendar/Pages/DemographicWorkshop.aspx>).

SCAG places a high priority on generating its own forecasts of population, households, and employment and ensuring the highest possible degree of consistency and integrity of its projections for transportation, land use, and housing planning purposes.

Use of Comparable Regions

Pursuant to Government Code 65584.01(c)(2)(B), HCD's determination of housing need in the SCAG region is not a reasonable application of the methodology and assumptions described in statute. Specifically, HCD compared household overcrowding and cost-burden rates in the SCAG region to national averages rather than to rates in comparable regions as statutorily required.

SCAG's initial consultation package provided an approach using comparable regions to evaluate household overcrowding. SCAG staff met with HCD staff in-person in both Los Angeles and Sacramento to discuss adjustment criteria and how to define a comparable region to Southern California, as our region's size precludes a straightforward comparison. At the direction of HCD, SCAG staff refined its methodology for identifying comparable regions and provided a state-of-the-practice analysis supported by recent demographic and economic literature which determined

that the most appropriate comparison to the SCAG region would be an evaluation against the San Jose, New York, San Francisco, Miami, Seattle, Chicago, San Diego, Washington D.C., Houston, and Dallas metropolitan areas. Despite this collaboration on the subject between HCD and SCAG, HCD elected to reject this approach and instead used national average statistics, which include small metropolitan areas and rural areas having little in common with Southern California.

HCD's choice to use national averages:

- Is inconsistent with the statutory language of SB 828, which added the comparable region standard to RHNA law in order to improve the technical robustness of measures of housing need.
- Is inconsistent with empirical data as economic and demographic characteristics differ dramatically based on regional size and context. For comparison, the median-sized metropolitan region in the country is Fargo, North Dakota with a population of 207,500. That is not a meaningful basis of comparison for the nation's largest MPO.
- Is inconsistent with HCD's own internal practice for the 6th cycle of RHNA. The regional need determination for the Sacramento Area Council of Governments (SACOG), issued on July 18, 2019, was the first 6th cycle RHNA determination following SB 828's inclusion of the comparable region standard. During their consultation process with HCD, SACOG also produced a robust technical analysis to identify comparable regions for the purposes of using overcrowding and cost-burden statistics to determine regional housing needs. However, HCD's final determination for SACOG used this analysis while the SCAG region was held to a different and less reasonable standard.

Improved Vacancy Rate Comparison

HCD seemingly uses unrealistic comparison points to evaluate healthy market vacancy, which is also an unreasonable application of the methodology and assumptions described in statute. While SB 828 specifies a vacancy rate for a healthy rental housing market as no less than 5 percent, healthy market vacancy rates for for-sale housing are not specified. HCD's practice is to compare actual, ACS vacancy rates for the region versus a 5 percent total vacancy rate (i.e. owner and renter markets combined).

During the consultation process, SCAG discussed this matter with HCD staff and provided several points of comparison including historical data, planning standards, and comparisons with other regions. In addition, SCAG staff illustrated that given tenure shares in the SCAG region, HCD's suggestion of a 5 percent total vacancy rate is mathematically equivalent to an 8 percent rental market vacancy rate plus a 2.25 percent for-sale housing vacancy rate. However, in major metropolitan regions, vacancy rates this high are rarely experienced outside of severe economic recessions such as the recent, housing market-driven Great Recession. Given the region's current housing shortage, the high volume of vacant units envisioned in HCD's planning target would be rapidly absorbed, making it an unrealistic standard.

SCAG staff's original suggestion of 5 percent rental vacancy and 1.5 percent for-sale vacancy (resulting in a 3.17 percent total vacancy rate based on current tenure shares) is in fact *higher* than the observed rate in the comparable regions defined above. It is also above Federal Housing Authority standards for regions experiencing slow or moderate population growth. It is also above the very liberal standard of 6 percent for for-rent housing and 2 percent for for-sale housing suggested by the California Office of Planning and Research (equivalent to 3.90 percent total vacancy based on SCAG tenure shares) which would also be a more reasonable application of the methodology.¹

Additional Considerations

In addition to the three key points above, SCAG's proposed alternative includes several other corrections to technical shortcomings in HCD's analysis of regional housing needs.

1. HCD's evaluation of replacement need is based on an arbitrary internal standard of 0.5 percent to 5.0 percent of total housing units. 2010-2019 demolition data provided by DOF suggest that over an 8.25-year period, it is reasonable to expect that 0.14 percent of the region's total housing units will be demolished, but not replaced. This would form the basis of a more reasonable housing needs determination, as DOF's survey represents the most comprehensive and robust data available.
2. Anticipated household growth on tribal land was not excluded from the regional determination as indicated in the consultation package and follow-up communications. Tribal entities within the SCAG region have repeatedly requested that this estimate be excluded from the RHNA process entirely since as sovereign nations, state law does not apply. SCAG's proposed approach is to subtract estimates of household growth on tribal land from the regional determination and ensure that these figures are also excluded from local jurisdictions' annual progress reports (APRs) of new unit construction to HCD during the 6th cycle.
3. A refinement to the adjustment for cost burden would yield a more reasonable determination of regional housing needs. SCAG has repeatedly emphasized the shortcomings of and overlap across various ACS-based measures of housing need. Furthermore, the relationship between new unit construction and cost burden is poorly understood (i.e., what will be the impact of new units on cost, and by extension, cost-burden). Nonetheless, SCAG recognizes that the region's cost burden exceeds that of comparable regions and proposes one modification to HCD's methodology, which currently considers cost burden separately by lower and higher income categories.

While housing security is dependent on income, it is also heavily dependent on tenure. While spending above 30 percent of gross income on housing for renters can reflect true housing insecurity, spending above this threshold for owners is substantially less problematic. This is particularly true for higher income homeowners, who generally benefit from housing shortages as it results in home value appreciation. Thus, a more reasonable application of cost burden

¹ See Nelson, AC. (2004), *Planner's Estimating Guide Projecting Land-Use and Facility Needs*. Planners Press, American Planning Association, Chicago. P. 25.

statistics would exclude cost-burden experienced by moderate and above-moderate owner households and instead make an adjustment based on three of the four income and tenure combinations: lower-income renters, higher-income renters, and lower-income owners.

4. From our review, HCD's data and use of data is not current. In large metropolitan regions, there is no reasonable basis for using 5-year ACS data, which reflects average conditions from 2013 to 2017. For cost-burden adjustments, HCD relies on 2011-2015 CHAS data. By the beginning of the 6th cycle of RHNA, some of the social conditions upon which the determination is based will be eight years old.

During the consultation process, SCAG staff provided HCD with Excel-version data of all inputs needed to replicate their methodology using ACS 2017 1-year data (the most recent available); however, this was not used. The Census bureau is scheduled to release ACS 2018 1-year data on September 26, 2019. SCAG staff would support replicating the same analysis, but substituting 2018 data when it becomes available in order to ensure the most accurate estimates in planning for the region's future.

Finally, given that the manner and order in which modifications are made affects the total housing need, the attachments demonstrate two alternatives with varying interpretations of three of the above points (see boldface, red text in attachments):

- Vacancy rate comparison – SCAG's originally proposed values versus an alternative which emerged from the consultation process
- Replacement need – DOF survey value versus HCD's current practice
- Cost burden measure – whether or not to include higher-income homeowners in this adjustment

We appreciate your careful consideration of this objection. RHNA is a complex process and we recognize the difficult positions that both SCAG and HCD are in but are hopeful that our agencies can reach a reasonable conclusion with respect to the regional need determination. Please contact me if you have questions. I look forward to continuing our close partnership to address the housing crisis in our state.

Sincerely,



Kome Ajise
Executive Director

Attachments

1. SCAG Alternative Determination
2. Excel version: SCAG Alternative Determination and supporting data
3. HCD Letter on Regional Need Determination, August 22, 2019

**Attachment 1
SCAG Alternative Determination**

1	OPTION A: SCAG region housing needs, June 30 2021-October 1 2029 (8.25 Years)			
2	Population: Oct 1, 2029 (SCAG 2020 RTP/SCS Forecast)			20,725,878
3	- Less Group Quarters Population (SCAG 2020 RTP/SCS Forecast)			-327,879
4	Household (HH) Population, Oct 1, 2029			20,397,998
		SCAG Projected HH Population	Headship rate - see Table 2	Projected Households
	Household Formation Groups			
		20,397,998		6,668,498
	under 15 years	3,812,391		n/a
	15 - 24 years	2,642,548		147,005
	25 - 34 years	2,847,526		864,349
	35 - 44 years	2,821,442		1,304,658
	45 - 54 years	2,450,776		1,243,288
	55 - 64 years	2,182,421		1,116,479
	65 -74 years	1,883,181		1,015,576
	75 - 84 years	1,167,232		637,415
	85+	590,480		339,727
5	Projected Households (Occupied Unit Stock)			6,668,498
6	+ Vacancy	Owner	Renter	
	Tenure Share (ACS 2017 1-year)	52.43%	47.57%	
	Households by Tenure	3,496,058	3,172,440	
	Healthy Market Vacancy Standard	1.50%	5.00%	
	SCAG Vacancy (ACS 2017 1-year)	1.13%	3.30%	
	Difference	0.37%	1.70%	
	Vacancy Adjustment	12,953	53,815	66,768
7	+ Overcrowding (Comparison Point vs. Region ACS %)	5.20%	9.82%	4.62%
				308,264
8	+ Replacement Adj (Actual DOF Demolitions)		0.14%	9,335
	- Household Growth on Tribal Land (SCAG Estimate)			-2,766
9	- Occupied Units (HHs) estimated June 30, 2021 (from DOF data)			-6,250,261
10	+ Cost-burden Adjustment (Comparison Point vs. Region)			23,969
	6th Cycle Regional Housing Need Assessment (RHNA)			823,808

Attachment: 2019 09 18 SCAG Objection Letter_Regional Determination (SCAG Objection Letter to HCD, dated 09-18-19)

1	OPTION B: SCAG region housing needs, June 30 2021–October 1 2029 (8.25 Years)			
2	Population: Oct 1, 2029 (SCAG 2020 RTP/SCS Forecast)			20,725,878
3	- Less Group Quarters Population (SCAG 2020 RTP/SCS Forecast)			-327,879
4	Household (HH) Population, Oct 1, 2029			20,397,998
	Household Formation Groups	SCAG Projected HH Population	Headship rate - see Table 2	Projected Households
		20,397,998		6,668,498
	under 15 years	3,812,391		n/a
	15 - 24 years	2,642,548		147,005
	25 - 34 years	2,847,526		864,349
	35 - 44 years	2,821,442		1,304,658
	45 - 54 years	2,450,776		1,243,288
	55 - 64 years	2,182,421		1,116,479
	65 -74 years	1,883,181		1,015,576
	75 - 84 years	1,167,232		637,415
	85+	590,480		339,727
5	Projected Households (Occupied Unit Stock)			6,668,498
6	+ Vacancy	Owner	Renter	
	Tenure Share (ACS 2017 1-year)	52.43%	47.57%	
	Households by Tenure	3,496,058	3,172,440	
	Healthy Market Vacancy Standard	2.00%	6.00%	
	SCAG Vacancy (ACS 2017 1-year)	1.13%	3.30%	
	Difference	0.87%	2.70%	
	Vacancy Adjustment	30,433	85,540	115,973
7	+ Overcrowding (Comparison Point vs. Region ACS %)	5.20%	9.82%	4.62%
8	+ Replacement Adj (HCD minimum standard)		0.50%	33,340
	- Household Growth on Tribal Land (SCAG Estimate)			-2,766
9	- Occupied Units (HHs) estimated June 30, 2021 (from DOF data)			-6,250,261
10	+ Cost-burden Adjustment (Comparison Point vs. Region)			47,724
	6th Cycle Regional Housing Need Assessment (RHNA)			920,772

1	Projection period: Gov. Code 65588(f) specifies RHNA projection period start is December 31 or June 30, whichever date most closely precedes end of previous RHNA projection period end date. RHNA projection period end date is set to align with planning period end date. The planning period end date is eight years following the Housing Element due date, which is 18 months following the Regional Transportation Plan adoption rounded to the 15th or end of the month.
2-5	Population, Group Quarters, Household Population, & Projected Households: Pursuant to Government Code Section 65584.01, projections were extrapolated from SCAG's Regional Transportation Plan projections. <u>Population</u> reflects total persons. <u>Group Quarter Population</u> reflects persons in a dormitory, group home, institution, military, etc. that do not require residential housing. <u>Household Population</u> reflects persons requiring residential housing. <u>Projected Households</u> reflect the propensity of persons, by age-groups, to form households at different rates based on Census trends.
6	Vacancy Adjustment: Pursuant to Government Code 65584.01, a 5% minimum is considered to be healthy market vacancy in the for-rent housing market. Vacancy rates in the for-sale market are unspecified in statute. SCAG's analysis of vacancy rates suggests a healthy market standard of 5% for fore-rent housing and 1.5% for for-sale housing. After extensive consultation with HCD, a review of historical trends, regional and national comparison, and various planning standards, a more liberal vacancy standard of 6% for for-rent housing and 2% for for-sale housing may also be supported by this analysis. These standards are compared against ACS 2017 1-year data based on the renter/owner share in the SCAG region.
7	Overcrowding Adjustment: In regions where overcrowding is greater than the Comparable Region Rate, an adjustment is applied based on the amount the region's overcrowding rate (9.82%) exceeds the Comparable Region Rate (5.20%). Data is from 2017 1-year ACS.
8	Replacement Adjustment: A replacement adjustment is applied based on the current 10-year average % of demolitions according to local government annual reports to Department of Finance. While these data suggest an adjustment of 0.14% is most appropriate, SCAG recognizes that HCD's internal practice is to use an adjustment factor of 0.5%.
9	Occupied Units: Reflects DOF's estimate of occupied units at the start of the projection period (June 30, 2021).
10	Cost Burden Adjustment: A cost-burden adjustment is applied to the projected need by comparing the difference in cost-burden by income and tenure group for the region to the cost-burden by income and tenure group for comparable regions. Data are from 2017 1-year ACS and the ACS \$50,000/year household income threshold is used to distinguish between lower and higher income groups. The lower income RHNA is increased by the percent difference between the region and the comparison region cost burden rate for households earning approximately 80% of area median income and below (88.89%-84.39%=4.51% for renters and 27.33%-20.97%=6.36% for owners), then this difference is applied to very low- and low-income RHNA proportionate to the share of the population these groups currently represent (Very Low=63% of lower, Low=37% of lower). The higher income RHNA is increased by the percent difference between the region and the comparison region cost burden rate (67.15%-65.53%=1.62% for renters and 23.78%-17.06%=6.72% for owners) for households earning above 80% Area Median Income, then this difference is applied to moderate and above moderate income RHNA proportionate to the share of the population these groups currently represent (Moderate=29% of higher, Above Moderate=71% of higher). SCAG's analysis of the cost-burden measure suggests that it may be less appropriate to apply for higher-income owners and it may be excluded from the adjustment.

Option A: Regional Housing Need Allocation (RHNA) Determination

SCAG Region

June 30, 2021 through October 1, 2029

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low *	25.8%	212,284
Low	15.1%	124,375
Moderate	17.1%	140,601
Above-Moderate	42.1%	346,547
Total	100.0%	823,808
* Extremely-Low	14.6%	included in Very-Low Category

Option B: Regional Housing Need Allocation (RHNA) Determination

SCAG Region

June 30, 2021 through October 1, 2029

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low *	25.8%	231,084
Low	15.1%	135,390
Moderate	17.1%	159,982
Above-Moderate	42.1%	394,316
Total	100.0%	920,772
* Extremely-Low	14.6%	included in Very-Low Category

Income Distribution : Income categories are prescribed by California Health and Safety Code (Section 50093, et.seq.). Percents are derived based on ACS reported household income brackets and county median income, then adjusted based on the percent of cost-burdened households in the region compared with the percent of cost burdened households nationally.

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Regional Council (RC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: Kome Ajise, Executive Director, 213-236-1835
ajise@scag.ca.gov

Subject: HCD Response Letter to SCAG, dated 10-15-19

RECOMMENDED ACTION:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 2: Advance Southern California’s policy interests and planning priorities through regional, statewide, and national engagement and advocacy.

ATTACHMENT(S):

- 1. SCAG_finaldetermination10152019

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California’s Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



October 15, 2019

Kome Ajise
Executive Director
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

Dear Executive Director Ajise,

RE: Final Regional Housing Need Assessment

The California Department of Housing and Community Development (HCD) has received and reviewed your objection to the Southern California Association of Governments (SCAG)'s Regional Housing Needs Assessment (RHNA) provided on August 22, 2019. Pursuant to Government Code (Gov. Code) section 65584.01(c)(3), HCD is reporting the results of its review and consideration, along with a final written determination of SCAG's RHNA and explanation of methodology and inputs.

As a reminder, there are several reasons for the increase in SCAG's 6th cycle Regional Housing Needs Assessment (RHNA) as compared to the 5th cycle. First, as allowed under Gov. Code 65584.01(b)(2), the 6th cycle RHNA applied housing need adjustment factors to the region's total projected households, thus capturing existing and projected need. Second, overcrowding and cost burden adjustments were added by statute between 5th and 6th cycle; increasing RHNA in regions where incidents of these housing need indicators were especially high. SCAG's overcrowding rate is 10.11%, 6.76% higher than the national average. SCAG's cost burden rate is 69.88% for lower income households, and 18.65% for higher income households, 10.88% and 8.70% higher than the national average respectively. Third, the 5th cycle RHNA for the SCAG region was impacted by the recession and was significantly lower than SCAG's 4th cycle RHNA.

This RHNA methodology establishes the minimum number of homes needed to house the region's anticipated growth and brings these housing need indicators more in line with other communities, but does not solve for these housing needs. Further, RHNA is ultimately a requirement that the region zone sufficiently in order for these homes to have the potential to be built, but it is not a requirement or guarantee that these homes will be built. In this sense, the RHNA assigned by HCD is already a product of moderation and compromise; a minimum, not a maximum amount of planning needed for the SCAG region.

For these reasons HCD has not altered its RHNA approach based on SCAG's objection. However, the cost burden data input has been updated following SCAG's objection due to the availability of more recent data. Attachment 1 displays the minimum RHNA of **1,341,827** total homes among four income categories for SCAG to distribute among its local governments. Attachment 2 explains the methodology applied pursuant to Gov. Code section 65584.01.

Attachment: SCAG_finaldetermination10152019 (HCD Response Letter to SCAG, dated 10-15-19)

The following briefly responds to each of the points raised in SCAG's objection:

Use of SCAG's Population Forecast

SCAG's overall population estimates for the end of the projection period exceed Department of Finance's (DOF) population projections by 1.32%, however the SCAG household projection derived from this population forecast is 1.96% lower than DOF's household projection. This is a result of SCAG's population forecast containing 3,812,391 under 15-year old persons, compared to DOF's population projection containing 3,292,955 under 15-year old persons; 519,436 more persons within the SCAG forecast that are anticipated to form no households. In this one age category, DOF's projections differ from SCAG's forecast by 15.8%.

Due to a greater than 1.5% difference in the population forecast assessment of under 15-year olds (15.8%), and the resulting difference in projected households (1.96%), HCD maintains the use of the DOF projection in the final RHNA.

Use of Comparable Regions

While the statute allows for the council of government to determine and provide the comparable regions to be used for benchmarking against overcrowding and cost burden, Gov. Code 65584.01(b)(2) also allows HCD to "accept or reject information provided by the council of governments or modify its own assumptions or methodology based on this information." Ultimately, HCD did not find the proposed comparable regions an effective benchmark to compare SCAG's overcrowding and cost burden metrics to. HCD used the national average as the comparison benchmark, which had been used previously throughout 6th cycle prior to the addition of comparable region language into the statute starting in January 2019. As the housing crisis is experienced nationally, even the national average does not express an ideal overcrowding or cost burden rate; we can do more to reduce and eliminate these worst-case housing needs.

Vacancy Rate

No changes have been made to the vacancy rate standard used by HCD for the 6th cycle RHNA methodology.

Replacement Need

No changes have been made to the replacement need minimum of adjustment .5%. This accounts for replacement homes needed to account for homes potentially lost during the projection period.

Household Growth Anticipated on Tribal Lands

No changes have been made to reduce the number of households planned in the SCAG region by the amount of household growth expected on tribal lands. The region should plan for these homes outside of tribal lands.

Overlap between Overcrowding and Cost Burden

No changes have been made to overcrowding and cost burden methodology. Both factors are allowed statutorily, and both are applied conservatively in the current methodology.

Data Sources

No changes have been made to the data sources used in the methodology. 5-year American Community Survey data allows for lower margin of error rates and is the preferred data source used throughout this cycle. With regard to cost burden rates, HCD continues to use the Comprehensive Housing Affordability Strategy, known as CHAS data. These are custom tabulations of American Community Survey requested by the U.S. Department of Housing and Urban Development. These custom tabulations display cost burden by income categories, such as lower income, households at or below 80% area median income; rather than a specific income, such as \$50,000. The definition of lower income shifts by region and CHAS data accommodates for that shift. The 2013-2016 CHAS data became available August 9, 2019, shortly prior to the issuance of SCAG's RHNA determination so that data is now used in this RHNA.

Next Steps

As you know, SCAG is responsible for adopting a RHNA allocation methodology for the *projection* period beginning June 30, 2021 and ending October 15, 2029. Pursuant to Gov. Code section 65584(d), SCAG's RHNA allocation methodology must further the following objectives:

- (1) Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very-low income households.
- (2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.
- (3) Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.
- (4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.
- (5) Affirmatively furthering fair housing.

Pursuant to Gov. Code section 65584.04(e), to the extent data is available, SCAG shall include the factors listed in Gov. Code section 65584.04(e)(1-12) to develop its RHNA allocation methodology. Pursuant to Gov. Code section 65584.04(f), SCAG must explain in writing how each of these factors was incorporated into the RHNA allocation methodology and how the methodology furthers the statutory objectives described above. Pursuant to Gov. Code section 65584.04(h), SCAG must consult with HCD and submit its draft allocation methodology to HCD for review.

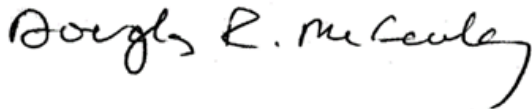
HCD appreciates the active role of SCAG staff in providing data and input throughout the consultation period. HCD especially thanks Ping Chang, Ma'Ayn Johnson, Kevin Kane, and Sarah Jepson.

HCD looks forward to its continued partnership with SCAG to assist SCAG's member jurisdictions meet and exceed the planning and production of the region's housing need. Just a few of the support opportunities available for the SCAG region this cycle include:

- SB 2 Planning Grants and Technical Assistance (application deadline November 30, 2019)
- Regional and Local Early Action Planning Grants
- Permanent Local Housing Allocation

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Megan Kirkeby, Assistant Deputy Director for Fair Housing, at megan.kirkeby@hcd.ca.gov.

Sincerely,



Douglas R. McCauley
Acting Director

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION

SCAG: June 30, 2021 – October 15, 2029 (8.3 years)

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	26.2%	351,796
Low	15.4%	206,807
Moderate	16.7%	223,957
Above-Moderate	41.7%	559,267
Total	100.0%	1,341,827
* Extremely-Low	14.5%	Included in Very-Low Category

Notes:

Income Distribution:

Income categories are prescribed by California Health and Safety Code (Section 50093, et.seq.). Percents are derived based on ACS reported household income brackets and regional median income, then adjusted based on the percent of cost-burdened households in the region compared with the percent of cost burdened households nationally.

Attachment: SCAG_finaldetermination10152019 (HCD Response Letter to SCAG, dated 10-15-19)

ATTACHMENT 2

**HCD REGIONAL HOUSING NEED DETERMINATION
SCAG: June 30, 2021 – October 15, 2029 (8.3 years)**

Methodology

SCAG: June 30, 2021-October 15, 2029 (8.3 Years) HCD Determined Population, Households, & Housing Need				
1.	Population: DOF 6/30/2029 projection adjusted +3.5 months to 10/15/2029			20,455,355
2.	- Group Quarters Population: DOF 6/30/2029 projection adjusted +3.5 months to 10/15/2029			-363,635
3.	Household (HH) Population: October 15, 2029			20,079,930
	Household Formation Groups	HCD Adjusted DOF Projected HH Population	DOF HH Formation Rates	HCD Adjusted DOF Projected Households
		20,079,930		6,801,760
	under 15 years	3,292,955	n/a	n/a
	15 – 24 years	2,735,490	6.45%	176,500
	25 – 34 years	2,526,620	32.54%	822,045
	35 – 44 years	2,460,805	44.23%	1,088,305
	45 – 54 years	2,502,190	47.16%	1,180,075
	55 – 64 years	2,399,180	50.82%	1,219,180
	65 – 74 years	2,238,605	52.54%	1,176,130
	75 – 84 years	1,379,335	57.96%	799,455
	85+	544,750	62.43%	340,070
4.	Projected Households (Occupied Unit Stock)			6,801,760
5.	+ Vacancy Adjustment (2.63%)			178,896
6.	+ Overcrowding Adjustment (6.76%)			459,917
7.	+ Replacement Adjustment (.50%)			34,010
8.	- Occupied Units (HHs) estimated (June 30, 2021)			-6,250,261
9.	+ Cost Burden Adjustment (Lower Income: 10.63%, Moderate and Above Moderate Income: 9.28%)			117,505
6th Cycle Regional Housing Need Assessment (RHNA)				1,341,827

Explanation and Data Sources

- 1-4. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Government Code Section 65584.01, projections were extrapolated from Department of Finance (DOF) projections. Population reflects total persons. Group Quarter Population reflects persons in a dormitory, group home, institution, military, etc. that do not require residential housing. Household Population reflects persons requiring residential housing. Projected Households reflect the propensity of persons, by age-groups, to form households at different rates based on Census trends.
5. Vacancy Adjustment: HCD applies a vacancy adjustment based on the difference between a standard 5% vacancy rate and the region's current "for rent and sale" vacancy percentage to provide healthy market vacancies to facilitate housing availability and resident mobility. The adjustment is the difference between standard 5% and region's current vacancy rate (2.37%) based on the 2013-2017 5-year American Community Survey (ACS) data. For SCAG that difference is 2.63%.
6. Overcrowding Adjustment: In region's where overcrowding is greater than the U.S overcrowding rate of 3.35%, HCD applies an adjustment based on the amount the region's overcrowding rate (10.11%) exceeds the U.S. overcrowding rate (3.35%) based on the 2013-2017 5-year ACS data. For SCAG that difference is 6.76%.

Continued on next page

7. Replacement Adjustment: HCD applies a replacement adjustment between .5% & 5% to total housing stock based on the current 10-year average of demolitions in the region's local

government annual reports to Department of Finance (DOF). For SCAG, the 10-year average is .14%, and SCAG's consultation package provided additional data on this input indicating it may be closer to .41%; in either data source the estimate is below the minimum replacement adjustment so the minimum adjustment factor of .5% is applied.

8. Occupied Units: Reflects DOF's estimate of occupied units at the start of the projection period (June 30, 2021).
9. Cost Burden Adjustment: HCD applies an adjustment to the projected need by comparing the difference in cost-burden by income group for the region to the cost-burden by income group for the nation. The very-low and low income RHNA is increased by the percent difference ($69.88\% - 59.01\% = 10.88\%$) between the region and the national average cost burden rate for households earning 80% of area median income and below, then this difference is applied to very low- and low-income RHNA proportionate to the share of the population these groups currently represent. The moderate and above-moderate income RHNA is increased by the percent difference ($18.65\% - 9.94\% = 8.70\%$) between the region and the national average cost burden rate for households earning above 80% Area Median Income, then this difference is applied to moderate and above moderate income RHNA proportionate to the share of the population these groups currently represent. Data is from 2013-2016 Comprehensive Housing Affordability Strategy (CHAS).



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Regional Council (RC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: Kome Ajise, Executive Director, 213-236-1835
ajise@scag.ca.gov

Subject: Summary of Written Comments Received

RECOMMENDED ACTION:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 2: Advance Southern California’s policy interests and planning priorities through regional, statewide, and national engagement and advocacy.

ATTACHMENT(S):

- 1. Written Comments Received 102919

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California’s Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

Written Comments Received on the 6th Cycle RHNA (as of 10/29/19)

Date of Letter	Organization	Name	Topic(s)
10/11/2018	City of Beverly Hills	Hon. John Mirisch	Subcommittee membership
12/2/2018	City of Mission Viejo	Gail Shiomoto-Lohr	Subcommittee charter, subregional delegation, growth forecast
1/17/2019	City of Beverly Hills	Hon. John Mirisch	Urban sprawl
2/4/2019	City of Beverly Hills	Hon. John Mirisch	Role of housing supply, single family homes, subcommittee membership
3/11/2019	City of Beverly Hills	Hon. John Mirisch	Subcommittee membership, upzoning, single family homes
3/30/2019	City of Beverly Hills	Hon. John Mirisch	Upzoning, urbanism, density
5/2/2019	Central Cities Association of Los Angeles	Jessica Lall	Regional Determination
5/6/2019	City of Irvine	Marika Poynter	Regional determination, existing need distribution, social equity adjustment
5/20/2010	City of Redondo Beach	Sean Scully	Existing housing need and zoning
5/23/2019	UCLA Luskin School of Public Affairs	Paavo Monkkonen	Zoning, housing prices, and regulation
5/28/2019	Orange County Council of Governments (OCCOG)	Hon. Stacy Berry	Regional determination consultation package
5/29/2019	City of Anaheim	Chris Zapata	Regional determination consultation package
5/31/2019	City of Yorba Linda	David Brantley	Regional determination consultation package
6/1/2019	City of Mission Viejo		Regional determination consultation package; distribution methodology
6/3/2019	City of Newport Beach	Seimone Jurjis	Regional determination consultation package
6/3/2019	UCLA	Paavo Monkkonen	Regional determination consultation package
6/4/2019	City of Tustin	Elizabeth Binsack	Regional determination consultation package
6/4/2019		Henry Fung	Public outreach and engagement; regional determination consultation package
6/5/2019		Hunter Owens	Regional determination consultation package
6/5/2019	City of Santa Ana	Kristine Ridge	Regional determination consultation package
6/5/2019	City of Newport Beach	Seimone Jurjis	Regional determination consultation package
6/5/2019	City of Calabasas	Mayor David Shapiro	RHNA methodology
6/5/2019		Vyki Englert	Regional determination consultation package
6/5/2019		Juan Lopez	Regional determination consultation package
6/5/2019		Louis Mirante	Regional determination consultation package
6/5/2019		Carter Rubin	Regional determination consultation package
6/6/2019		Hon. Meghan Sahli-Wells, City of Culver City	Regional determination consultation package
6/5/2019		Andy Freeland	Regional determination consultation package
6/5/2019		Eve Bachrach	Regional determination consultation package
6/6/2019		Emily Groendyke	Regional determination consultation package
6/6/2019		Timothy Hayes	Regional determination consultation package
6/6/2019		Carter Moon	Regional determination consultation package
6/6/2019		Jesse Lerner-Kinglake	Regional determination consultation package
6/6/2019		Alex Fisch	Regional determination consultation package
6/6/2019		Jed Lowenthal	Regional determination consultation package
6/6/2019	City of Moorpark	Karen Vaughn	Proposed RHNA Methodology
6/6/2019	City of La Habra	Jim Gomez	Regional determination package
6/6/2019	County of Orange	Supervisor Donald Wagner	Regional determination package
6/18/2019		Thomas Glaz	Proposed RHNA methodology
6/18/2019		Brendan Regulinski	Proposed RHNA methodology
6/18/2019		Chris Palencia	Proposed RHNA methodology
6/19/2019		Henry Fung	Action on regional determination; proposed RHNA methodology; public hearing and outreach process
6/21/2019		Glenn Egelko	Subcommittee member remarks
6/22/2019		Donna Smith	Proposed RHNA methodology
6/24/2019		Fred Zimmerman	Regional determination package

Attachment: Written Comments Received 102919 (Summary of Written Comments Received)

Written Comments Received on the 6th Cycle RHNA (as of 10/29/19)

Date of Letter	Organization	Name	Topic(s)
6/24/2019		Antoine Wakim	Regional determination package
6/24/2019		Darrell Clarke	Regional determination package
6/24/2019		Marcos Rodriguez Maciel	Regional determination package
6/24/2019		Taylor Hallam	Regional determination package
6/24/2019		Phil Lord	Regional determination package
6/24/2019		Edwin Woll	Regional determination package
6/24/2019		Steven Guerry	Regional determination package
6/24/2019		Prabhu Reddy	Regional determination package
6/24/2019		Judd Schoenholtz	Regional determination package
6/24/2019		Bret Contreras	Regional determination package
6/24/2019		Mark Montiel	Regional determination package
6/24/2019		Hardy Wronske	Regional determination package
6/24/2019		William Wright	Regional determination package
6/24/2019		Nicholas Burns III	Regional determination package
6/24/2019		Brendan Regulinski	Regional determination package
6/24/2019		Gabe Rose	Regional determination package
6/24/2019		Sean McKenna	Regional determination package
6/24/2019		Lolita Nurmamade	Regional determination package
6/24/2019		Paul Moorman	Regional determination package
6/24/2019		Ryan Welch	Regional determination package
6/24/2019		Gerald Lam	Regional determination package
6/24/2019		Carol Gordon	Regional determination package
6/24/2019		Anthony Dedousis	Regional determination package
6/24/2019		Christopher Cooper	Regional determination package
6/24/2019		Colin Frederick	Regional determination package
6/24/2019		Joe Goldman	Regional determination package
6/24/2019		David Douglass-Jaimes	Regional determination package
6/24/2019		Liz Barillas	Regional determination package
6/24/2019		Andy Freeland	Regional determination package
6/24/2019		Grayson Peters	Regional determination package
6/24/2019		Andrew Oliver	Regional determination package
6/24/2019		Kyle Jenkins	Regional determination package
6/24/2019		Matthew Ruscigno	Regional determination package
6/24/2019		Amar Billoo	Regional determination package
6/24/2019		Joshua Blumenkopf	Regional determination package
6/24/2019		Leonora Camner	Regional determination package
6/24/2019		Ryan Tanaka	Regional determination package
6/24/2019		Partho Kalyani	Regional determination package
6/24/2019		Victoria Englert	Regional determination package
6/24/2019		Josh Albrektson	Regional determination package
6/24/2019		Matt Stauffer	Regional determination package
6/24/2019		Brooks Dunn	Regional determination package
6/24/2019		Nancy Barba	Regional determination package
6/24/2019		Sandra Madera	Regional determination package
6/25/2019		Gregory Dina	Regional determination package
6/25/2019		Brent Gaisford	Regional determination package
6/25/2019		Andrew Kerr	Regional determination package
6/25/2019		Hunter Owens	Regional determination package
6/25/2019		Alexander Murray	Regional determination package
6/25/2019		Eric Hayes	Regional determination package

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Date of Letter	Organization	Name	Topic(s)
6/25/2019		Brent Stoll	Regional determination package
6/25/2019		Matthew Dixon	Regional determination package
6/25/2019		Mark Yetter	Regional determination package
6/25/2019		Chase Engelhardt	Regional determination package
6/25/2019		Hugh Martinez	Regional determination package
6/25/2019		Christopher Palencia	Regional determination package
6/25/2019		Nathan Pope	Regional determination package
6/25/2019		Lauren Borchard	Regional determination package
6/25/2019		Shane Philips	Regional determination package
6/25/2019		Alexander Naylor	Regional determination package
6/25/2019		Andy May	Regional determination package
6/25/2019		Jon Dearing	Regional determination package
6/25/2019		David Barboza	Regional determination package
6/26/2019		Sofia Tablada	Regional determination package
6/26/2019		Amanda Wilson	Regional determination package
6/26/2019		Mike Bettinardi	Regional determination package
6/26/2019		Emily Skehan	Regional determination package
6/26/2019	City of Long Beach	Patrick West	Proposed RHNA methodology
6/27/2019		Jesse Silva	Regional determination package
6/27/2019		Ryan Rubin	Regional determination package
6/27/2019	City of Garden Grove	Mayor Steve Jones	Regional determination package; proposed RHNA methodology
6/27/2019	County of Los Angeles	Amy Bodek	Proposed RHNA methodology
6/28/2019		Maggie Rattay	Regional determination package
6/28/2019		Brittney Hojo	Regional determination package
6/28/2019		Thomas Irwin	Regional determination package
6/28/2019		Steph Pavon	Regional determination package
7/3/2019		Tyler Lindberg	Regional determination package
7/3/2019		Ji Son	Regional determination package
7/3/2019		David Kitani	Regional determination package
7/3/2019		Chase Andre	Regional determination package
7/3/2019		Taily Pulido	Regional determination package
7/5/2019		Stephanie Palencia	Regional determination package
7/6/2019		Charlie Stigler	Regional determination package
7/8/2019		Chris Rattay	Regional determination package
7/9/2019		Holly Osborne	Proposed RHNA Methodology
7/9/2019	City of Ojai	James Vega	Proposed RHNA Methodology
7/10/2019	City of South Gate	Joe Perez	Proposed RHNA Methodology
7/11/2019	City of Malibu	Reva Feldman	Proposed RHNA Methodology
7/16/2019	City of Los Angeles, 15 th District	Aksel Palacios	Affordable Housing Solutions
7/17/2019	City of Culver City	Mayor Meghan Sahli-Wells	Regional Determination
7/18/2019	League of Women Voters of Los Angeles	Sandra Trutt	Zoning and Homelessness
7/18/2019	County of Riverside	Juan Perez	Proposed RHNA allocation
7/19/2019	League of Women Voters of Los Angeles County	Marge Nichols	Regional Determination
7/20/2019		Therese Mufic Neustaedter	Regional Determination
7/23/2019	County of Ventura – Board of Supervisors	Steve Bennett	Proposed RHNA Methodology
7/25/2019		Jose Palencia	Regional Determination
7/27/2019		Henry Fung	Proposed RHNA Methodology
7/29/2019		Paavo Monkkonen	Proposed RHNA Methodology
7/29/2019		Paavo Monkkonen	Proposed RHNA Methodology

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Date of Letter	Organization	Name	Topic(s)
7/29/2019	Endangered Habitats League	Dan Silver	Proposed RHNA methodology
7/31/2019	League of Women Voters Los Angeles County	Marge Nichols	Regional Determination; Proposed RHNA Methodology
7/31/2019	City of Beverly Hills	Mayor John Mirisch	Proposed RHNA Methodology
7/31/2019	City of Beverly Hills	Mayor John Mirisch	Proposed RHNA Methodology
7/31/2019		Assm. Richard Bloom	Proposed RHNA Methodology
8/1/2019	League of Women Voters Santa Monica	Natalya Zernitskaya	Proposed RHNA Methodology
8/1/2019	City of Malibu	Bonnie Blue	Proposed RHNA Methodology; SB 182
8/1/2019	People for Housing OC	Elizabeth Hansburg	Regional Determination
8/1/2019	City of Big Bear Lake	Jeff Matthieu	Proposed RHNA Methodology
8/2/2019		Donna Smith	?
8/4/2019		Gary Drucker	Proposed RHNA Methodology
8/5/2019		Valerie Fontaine	Proposed RHNA Methodology
8/5/2019		Jay Ross	Proposed RHNA Methodology
8/7/2019		Miriam Cantor	Proposed RHNA Methodology
8/8/2019		Jonathan Baty	Population growth
8/12/2019		City of Yucaipa	Proposed RHNA methodology
8/12/2019		Paul Lundquist	?
8/12/2019		Leonora Camner	Proposed RHNA Methodology
8/12/2019		Ryan Tanaka	Proposed RHNA Methodology
8/12/2019		Jesse Silva	Proposed RHNA Methodology
8/12/2019		Joshua Gray-Emmer	Proposed RHNA Methodology
8/12/2019		Chase Engelhardt	Proposed RHNA Methodology
8/12/2019		Drew Heckathorn	Proposed RHNA Methodology
8/12/2019		Liz Barillas	Proposed RHNA Methodology
8/12/2019		Jonah Bliss	Proposed RHNA Methodology
8/12/2019		Angus Beverly	Proposed RHNA Methodology
8/12/2019		Gregory Dina	Proposed RHNA Methodology
8/12/2019		Eduardo Mendoza	Proposed RHNA Methodology
8/12/2019		Carol Gordon	Proposed RHNA Methodology
8/12/2019		Joanne Leavitt	Proposed RHNA Methodology
8/12/2019		Mark Yetter	Proposed RHNA Methodology
8/12/2019		Meredith Jung	Proposed RHNA Methodology
8/12/2019		Nicholas Burns III	Proposed RHNA Methodology
8/12/2019		Judd Scoenholtz	Proposed RHNA Methodology
8/12/2019		Lee Benson	Proposed RHNA Methodology
8/12/2019		Kate Poisson	Proposed RHNA Methodology
8/12/2019		Joshua Blumenkopf	Proposed RHNA Methodology
8/12/2019		Anthony Dedousis	Proposed RHNA Methodology
8/12/2019		Christopher Tausanovitch	Proposed RHNA Methodology
8/12/2019		Emerson Dameron	Proposed RHNA Methodology
8/12/2019		Grayson Peters	Proposed RHNA Methodology
8/12/2019		Tami Kagan-Abrams	Proposed RHNA Methodology
8/12/2019		Lauren Borchard	Proposed RHNA Methodology
8/12/2019		Alec Mitchell	Proposed RHNA Methodology
8/12/2019		Andy Freeland	Proposed RHNA Methodology
8/12/2019		Michelle Castelletto	Proposed RHNA Methodology
8/12/2019		Brent Gaisford	Proposed RHNA Methodology
8/12/2019		Rebecca Muli	Proposed RHNA Methodology
8/12/2019		Ryan Welch	Proposed RHNA Methodology

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Date of Letter	Organization	Name	Topic(s)
8/12/2019		Prabhu Reddy	Proposed RHNA Methodology
8/12/2019		Matthew Dixon	Proposed RHNA Methodology
8/12/2019		Richard Hofmeister	Proposed RHNA Methodology
8/12/2019		David Barboza	Proposed RHNA Methodology
8/12/2019		Michael Drowsky	Proposed RHNA Methodology
8/12/2019		Allison Wong	Proposed RHNA Methodology
8/13/2019		Justin Jones	Proposed RHNA Methodology
8/13/2019		Yurhe Lim	Proposed RHNA Methodology
8/13/2019		Ryan Koyanagi	Proposed RHNA Methodology
8/13/2019		William Wright	Proposed RHNA Methodology
8/13/2019		Norma Guzman	Proposed RHNA Methodology
8/13/2019		Mary Vaiden	Proposed RHNA Methodology
8/13/2019		Andy May	Proposed RHNA Methodology
8/13/2019		Gerald Lam	Proposed RHNA Methodology
8/13/2019		Kelly Koldus	Proposed RHNA Methodology
8/13/2019		Thomas Irwin	Proposed RHNA Methodology
8/14/2019		Susan Decker	Proposed RHNA Methodology
8/14/2019		Michael Busse	Proposed RHNA Methodology
8/14/2019		Rosa Flores	Proposed RHNA Methodology
8/14/2019		Pedro Juarez	Proposed RHNA Methodology
8/14/2019		Zennon Ulyate-Crow	Proposed RHNA Methodology
8/16/2019		Ron Javorsky	
8/16/2019	County of Riverside	Robert Flores	RHNA Public Outreach
8/17/2019		Marianne Buchanan	
8/17/2019		Carolyn Byrnes	Other
8/17/2019		Sharon Willkins	
8/17/2019		Natalya Zernitskaya	Proposed RHNA Methodology
8/19/2019		Kawauna Reed	
8/19/2019		Manuel Chavez (Costa Mesa Councilmember, District 4)	Proposed RHNA Methodology
		Cassius Rutherford (Parks Commissioner, Costa Mesa)	
		Chris Gaarder (Planning Commission Chair, Fullerton)	
		Brandon Whalen-Castellanos (Transportation Commission Chair, Fullerton)	
		Luis Aleman (Parks Commission, Santa Ana)	
8/19/2019		Theopilis Hester	Proposed RHNA Methodology
8/20/2019	City of Santa Monica	Rick Cole	Proposed RHNA Methodology
8/20/2019	City of Rancho Palos Verdes	Octavio Silva	Proposed RHNA Methodology
8/20/2019	City of Yorba Linda	Mayor Tara Campbell	Proposed RHNA Methodology
8/22/2019	City of Redondo Beach	Mayor William Brand	Proposed RHNA Methodology
8/22/2019	Orange County Council of Governments (OCCOG)	Marnie O. Primmer	Proposed RHNA Methodology
8/23/2019		Bruce Szekes	Public Outreach
8/23/2019	Center for Demographic Research		Proposed RHNA Methodology
8/23/2019		Laura Smith	Housing Distribution
8/23/2019	City of Beverly Hills	Mayor John Mirisch	Proposed RHNA Methodology
8/24/2019		Sharon Commins	Proposed RHNA Methodology
8/26/2019	City of El Segundo		Proposed RHNA Methodology
8/26/2019		Sean McKenna	Proposed RHNA Methodology
8/26/2019		Mark Chenevey	Proposed RHNA Methodology
8/26/2019		Derek Ryder	Proposed RHNA Methodology

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Date of Letter	Organization	Name	Topic(s)
8/26/2019	City of Long Beach	Patrick West	Proposed RHNA Methodology
8/27/2019	City of Mission Viejo	Elaine Lister	Proposed RHNA Methodology data correction
8/27/2019		Shawn Danino	Proposed RHNA Methodology
8/27/2019		Jeffery Alvarez	Proposed RHNA Methodology
8/27/2019		Claudia Vu	Proposed RHNA Methodology
8/27/2019		Laila Delgado	Proposed RHNA Methodology
8/27/2019		Madeline Swim	Proposed RHNA Methodology
8/27/2019		Nicholas Paganini	Proposed RHNA Methodology
8/27/2019		David Aldama	Proposed RHNA Methodology
8/27/2019		Hannah Winnie	Proposed RHNA Methodology
8/27/2019		Akif Khan	Proposed RHNA Methodology
8/27/2019		Gianna Lum	Proposed RHNA Methodology
8/27/2019		Bradley Ewing	Proposed RHNA Methodology
8/27/2019		Anne Martin	Proposed RHNA Methodology
8/27/2019		Mysten Walker	Proposed RHNA Methodology
8/27/2019		Verity Freebern	Proposed RHNA Methodology
8/27/2019		Ryan Oillataguerre	Proposed RHNA Methodology
8/27/2019		Emma Desopo	Proposed RHNA Methodology
8/27/2019		Elyssa Medina	Proposed RHNA Methodology
8/27/2019		Judith Trujillo	Proposed RHNA Methodology
8/27/2019		Kenia Agaton	Proposed RHNA Methodology
8/27/2019	OC Business Council	Alicia Berhow	Proposed RHNA Methodology
8/27/2019	Palms Neighborhood Council	Eryn Block	Proposed RHNA Methodology
8/27/2019	County of Riverside	Juan Perez	Proposed RHNA Methodology
8/28/2019		Sophia Parmisano	Proposed RHNA Methodology
8/28/2019		Anthony Castelletto	Proposed RHNA Methodology
8/28/2019		Minh Le	Proposed RHNA Methodology
8/28/2019		Carol Luong	Proposed RHNA Methodology
8/28/2019		Chitra Patel	Proposed RHNA Methodology
8/28/2019		Misha Ponnuraju	Proposed RHNA Methodology
8/27/2019		Griffin McDaniel	Proposed RHNA Methodology
8/28/2019		Lauren Walker	Proposed RHNA Methodology
8/28/2019		Robert Flores	Proposed RHNA Methodology
8/28/2019		Hailey Maxwell	Proposed RHNA Methodology
8/28/2019		Carey Kayser	Proposed RHNA Methodology
8/28/2019		Annie Bickerton	Proposed RHNA Methodology
8/29/2019	City of Fullerton	Matt Foulkes	Proposed RHNA Methodology
8/29/2019	City of Norco	Steve King	Proposed RHNA Methodology
8/29/2019	City of Signal Hill	Mayor Lori Wood	Proposed RHNA Methodology
8/29/2019	SCANPH	Francisco Martinez	Proposed RHNA Methodology
8/29/2019		Ross Heckmann	Proposed RHNA Methodology
8/30/2019		Dottie Alexanian	Proposed RHNA Methodology
8/30/2019		Judith Deutsch	Proposed RHNA Methodology
8/30/2019	City of Tustin	Elizabeth Binsack	Proposed RHNA Methodology
8/30/2019	City of Menifee	Cheryl Kitzerow	Proposed RHNA Methodology
8/31/2019		Paavo Monkkonen	Proposed RHNA Methodology
8/31/2019		Paavo Monkkonen and 27 professors	Proposed RHNA Methodology
8/31/2019		Ryan Kelly	Proposed RHNA Methodology
8/31/2019		Hydee Feldstein	Proposed RHNA Methodology
8/31/2019		Alex Ivina	Proposed RHNA Methodology

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Date of Letter	Organization	Name	Topic(s)
8/31/2019		Steve Rogers	Proposed RHNA Methodology
8/31/2019		Phil Davis	Proposed RHNA Methodology
8/31/2019		Kathy Hersh	Proposed RHNA Methodology
9/1/2019		Jane Demian	Proposed RHNA Methodology
9/1/2019		Diana Stiller	Proposed RHNA Methodology
9/1/2019		Paula Bourges	Proposed RHNA Methodology
9/1/2019		Raymond Goldstone	Proposed RHNA Methodology
9/1/2019		Christopher Palencia	Proposed RHNA Methodology
9/2/2019		Doris Roach	Proposed RHNA Methodology
9/3/2019		Judy Saunders	Proposed RHNA Methodology
9/3/2019		Susan Ashbrook	Proposed RHNA Methodology
9/3/2019		Marcelo & Irene Olavarria	Proposed RHNA Methodology
9/3/2019		Margret Healy	Proposed RHNA Methodology
9/3/2019		Genie Saffren	Proposed RHNA Methodology
9/3/2019	City of Rancho Santa Margarita	Cheryl Kuta	Proposed RHNA Methodology
9/3/2019	City of Corona	Joanne Coletta	Proposed RHNA Methodology
9/3/2019	City of Desert Hot Springs	Rebecca Deming	Proposed RHNA Methodology
9/3/2019		Karen Boyarsky	Regional Determination
9/3/2019		Nancee L.	Proposed RHNA Methodology
9/3/2019		Tracy St. Claire	Regional Determination
9/4/2019		Shelly Carlo	Housing Distribution
9/4/2019		Bill Zimmerman	Proposed RHNA Methodology
9/4/2019		Mark Vallianatos	Proposed RHNA Methodology
9/4/2019		Marilyn Frost	Housing Distribution
9/4/2019		Matthew Stevens	Proposed RHNA Methodology
9/4/2019		Georgianne Cowan	Regional Determination
9/4/2019		Lisa Schechter	Regional Determination
9/4/2019		Carol Watkins	Regional Determination
9/4/2019		Mark Robbins	Regional Determination
9/4/2019		Susan Horn	Regional Determination
9/4/2019		Barbara Broide	Regional Determination
9/4/2019		Joseph Sherwood	Regional Determination
9/4/2019		Linda Sherwood	Regional Determination
9/4/2019		Darren Swimmer	Regional Determination
9/4/2019		Lee Zeldin	Regional Determination
9/4/2019		Nancy Rae Stone	Regional Determination
9/4/2019		Rachael Gordon	Regional Determination
9/4/2019		Martha Singer	Regional Determination
9/4/2019		Laurie Balustein	Regional Determination
9/4/2019		Henry Fung	Regional Determination
9/4/2019		Brad Pennington	Regional Determination
9/4/2019		Mike Javadi	Regional Determination
9/4/2019		Lauren Thomas	Regional Determination
9/4/2019		Keith Solomon	Regional Determination
9/4/2019		Linda Blank	Regional Determination
9/4/2019		Valerie Brucker	Regional Determination
9/4/2019		Craig Rich	Regional Determination
9/4/2019		Wansun Song	Regional Determination
9/4/2019		Robert Seligman	Regional Determination
9/4/2019	City of Newport Beach	Seimone Jurjis	Regional Determination

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Date of Letter	Organization	Name	Topic(s)
9/4/2019	City of Calabasas	Mayor David Shapiro	Regional Determination
9/4/2019		Paul Soroudi	Regional Determination
9/4/2019		Terrence Gomes	Regional Determination
9/4/2019		Kimberly Fox	Regional Determination
9/4/2019		Mra Tun	Regional Determination
9/4/2019		Laura Levine Lacter	Regional Determination
9/4/2019		Stephen Resnick	Regional Determination
9/4/2019		Kimberly Christensen	Regional Determination
9/4/2019		Rita Villa	Regional Determination
9/4/2019	City of San Clemente	James Makshanoff	Proposed RHNA Methodology
9/4/2019	City of Beaumont	Julio Martinez	Proposed RHNA Methodology
9/4/2019	City of Hawthorne	Arnold Shadbeh	Proposed RHNA Methodology
9/5/2019	City of Murrieta	Mayor Kelly Seyarto	Proposed RHNA Methodology
9/5/2019	City of Canyon Lake	Jim Morrissey	Proposed RHNA Methodology
9/5/2019		Hunter Owens	Proposed RHNA Methodology
9/5/2019		Stephen Twining	Regional Determination
9/5/2019		Paul Callinan	Regional Determination
9/5/2019		C. McAlpin	Regional Determination
9/5/2019		Isabel Janken	Regional Determination
9/5/2019		Ann Hayman	Regional Determination
9/5/2019		Meg Sullivan	Housing Production
9/5/2019	City of Moreno Valley	Patty Nevins	Proposed RHNA Methodology
9/5/2019		Massy Mortazavi	Regional Determination
9/5/2019		Fred Golan	Regional Determination
9/5/2019		Debbie & Howard Nussbaum	Regional Determination
9/5/2019		Devony Hastings	Regional Determination
9/5/2019	League of Women Voters of Los Angeles County	Marge Nichols	RHNA Methodology
9/5/2019		Larry Blugrind	Housing Distribution
9/5/2019		Terry Tegnazian	Regional Determination
9/5/2019	Gateway Cities Council of Governments (GCCOG)	M. Diane DuBois	RHNA Methodology
9/5/2019		Denson Fujikawa	Other
9/5/2019		Tracy Fitzgerald	Regional Determination
9/5/2019	City of Pomona	Anita Gutierrez	Proposed RHNA Methodology
9/5/2019		Minhlinh Nguyen	Regional Determination
9/5/2019		Anita Gutierrez	Proposed RHNA Methodology
9/5/2019	City of Fountain Valley	Steve Nagel	Proposed RHNA Methodology
9/5/2019	City of Camarillo	Kevin Kildee	Proposed RHNA Methodology
9/5/2019		Denson Fujikawa	Other
9/6/2019	City of Sierra Madre	Gabriel Engeland	Proposed RHNA Methodology
9/6/2019	City of Laguna Hills	Donald White	Proposed RHNA Methodology
9/6/2019		David Oliver	Regional Determination
9/6/2019	City of Chino Hills	Joann Lombardo	Proposed RHNA Methodology
9/7/2019		David Ting	Regional Determination
9/9/2019	City of Azusa	Sergio Gonzalez	Proposed RHNA Methodology
9/9/2019	City of Alhambra	Jessica Binnquist	Proposed RHNA Methodology
9/9/2019	Los Angeles Chamber of Commerce	Maria Salinas	RHNA Methodology
9/9/2019	City of Ranchos Palos Verdes	Octavio Silva	Proposed RHNA Methodology
9/9/2019		Kathy Whooley	Regional Determination

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Date of Letter	Organization	Name	Topic(s)
9/9/2019	San Gabriel Valley Council of Governments (SGVCOG)	Cynthia Sternquist	Proposed RHNA Methodology
9/9/2019		Matthew Hinsley	Regional Determination
9/9/2019	City of Agoura Hills	Greg Ramirez	Proposed RHNA Methodology
9/10/2019	City of Redondo Beach	Laura Emdee	Regional Determination
9/10/2019		Jessica Sandoval	Proposed RHNA Methodology
9/10/2019	City of Redondo Beach	Bill Brand	Proposed RHNA Methodology
9/10/2019		Yesenia Medina	Regional Determination
9/10/2019		Jeannette Mazul	Regional Determination
9/10/2019		Jocelyne Irineo	Proposed RHNA Methodology
9/10/2019		Cristina Resendez	Proposed RHNA Methodology
9/10/2019		Carla Bucio	Proposed RHNA Methodology
9/10/2019	City of Redondo Beach	Bill Brand	Proposed RHNA Methodology
9/10/2019	City of Redondo Beach	Laura Emdee	Proposed RHNA Methodology
9/10/2019	City of Garden Grove	Steve Jones	Proposed RHNA Methodology
9/10/2019		Henry Fung	Overall RHNA Process
9/10/2019	City of San Marino	Aldo Cervantes	Proposed RHNA Methodology
9/10/2019	City of South Gate	Jorge Morales	Proposed RHNA Methodology
9/10/2019	City of Torrance	Patrick Furey	Proposed RHNA Methodology
9/10/2019	City of Rancho Cucamonga	John Gillison	Proposed RHNA Methodology
9/10/2019		Jeannette Mazul	Affordable Housing
9/10/2019		Tina Kim	Proposed RHNA Methodology
9/11/2019	City of South Pasadena	Stephanie DeWolfe	Proposed RHNA Methodology
9/11/2019	City of Glendora	Jeff Kugel	Proposed RHNA Methodology
9/11/2019	City of Ojai	John F. Johnson	Proposed RHNA Methodology
9/11/2019	City of Oxnard	Tim Flynn	Proposed RHNA Methodology
9/11/2019	City of Westlake Village	Ned E. Davis	Proposed RHNA Methodology
9/11/2019	City of Cerritos	Art Gallucci	Proposed RHNA Methodology
9/11/2019	City of Hemet	Christopher Lopez	Proposed RHNA Methodology
9/11/2019	City of La Palma	Laurie Murray	Proposed RHNA Methodology
9/11/2019	City of Bell	Ali Saleh	Proposed RHNA Methodology
9/11/2019		Karen Rivera	Regional Determination
9/11/2019		David Coffin	Regional Determination
9/12/2019	City of Lomita	Alicia Velasco	Proposed RHNA Methodology
9/12/2019	City of Wildomar	Matthew Bassi	Proposed RHNA Methodology
9/12/2019	City of Aliso Viejo	David Doyle	Proposed RHNA Methodology
9/12/2019	City of Commerce	Vilko Domic	Proposed RHNA Methodology
9/12/2019	City of El Monte	Betty Donovanik	Proposed RHNA Methodology
9/12/2019	South Bay Cities Council of Governments (SBCCOG)	Christian Horvath	Proposed RHNA Methodology
9/12/2019	City of Huntington Beach	Dave Kiff	Proposed RHNA Methodology
9/12/2019	City of Rosemead	Gloria Molleda	Proposed RHNA Methodology
9/12/2019	City of Dana Point	Matt Schneider	Proposed RHNA Methodology
9/12/2019	City of Placentia	Rhonda Shader	Proposed RHNA Methodology
9/12/2019	City of Palos Verdes Estates	Carolynn Petru	Proposed RHNA Methodology
9/12/2019	City of Palmdale	Mark Oyler	Proposed RHNA Methodology
9/12/2019	City of Hawthorne	Alejandro Vargas	Proposed RHNA Methodology
9/12/2019	City of Irvine	Mayor Christina L. Shea	Proposed RHNA Methodology
9/12/2019	City of Walnut	Rob Wishner	Proposed RHNA Methodology
9/12/2019	City of Maywood	Jennifer Vasquez	Proposed RHNA Methodology

Attachment: Written Comments Received 102919 (Summary of Written Comments Received)

Written Comments Received on the 6th Cycle RHNA (as of 10/29/19)

Date of Letter	Organization	Name	Topic(s)
9/12/2019	City of Culver City	Meghan Sahli-Wells	Proposed RHNA Methodology
9/12/2019	City of Buena Park	Joel Rosen	Proposed RHNA Methodology
9/12/2019	City of Santa Clarita	Thomas Cole	Proposed RHNA Methodology
9/12/2019	City of Temecula	Luke Watson	Proposed RHNA Methodology
9/12/2019	City of Lake Elsinore	Richard MacHott	Proposed RHNA Methodology
9/12/2019	City of San Dimas	Ken Duran	Proposed RHNA Methodology
9/12/2019	City of Irwindale	William Tam	Proposed RHNA Methodology
9/12/2019	City of Santa Ana	Kristine Ridge	Proposed RHNA Methodology
9/12/2019	City of La Mirada	Jeff Boynton	Proposed RHNA Methodology
9/12/2019	City of Anaheim	Chris Zapata	Proposed RHNA Methodology
9/12/2019	City of Costa Mesa	Lori Ann Farrell Harrison	Proposed RHNA Methodology
9/12/2019	City of Huntington Park	Sergio Infanzon	Proposed RHNA Methodology
9/12/2019	Westside Neighborhood Council	Terri Tippit	Proposed RHNA Methodology
9/12/2019	City of Eastvale	Bryan Jones	Proposed RHNA Methodology
9/12/2019		John Birkett	Regional Determination
9/12/2019		Lourdes Petersen	Regional Determination
9/12/2019		Jesse Silva	Proposed RHNA Methodology
9/12/2019		Anne Hilborn	Proposed RHNA Methodology
9/12/2019		Henry Fung	Proposed RHNA Methodology
9/13/2019		Holly Osborne	Proposed RHNA Methodology
9/13/2019		Niall Huffman	Proposed RHNA Methodology
9/13/2019		Michael Hoskinson	Proposed RHNA Methodology
9/13/2019	San Bernardino County Transportation Authority/Council of Governments (SBCTA/SBCOG)	Darcy McNaboe	Proposed RHNA Methodology
9/13/2019	City of Downey	Aldo Schindler	Proposed RHNA Methodology
9/13/2019	City of Bellflower	Elizabeth Corpuz	Proposed RHNA Methodology
9/13/2019	City of Lakewood	Abel Avalos	Proposed RHNA Methodology
9/13/2019	City of Orange	Rick Otto	Proposed RHNA Methodology
9/13/2019	City of Paramount	John Carver	Proposed RHNA Methodology
9/13/2019	City of Rolling Hills	Jeff Pieper	Proposed RHNA Methodology
9/13/2019	City of San Fernando	Nick Kimball	Proposed RHNA Methodology
9/13/2019	City of Mission Viejo	Dennis Wilberg	Proposed RHNA Methodology
9/13/2019	City of Moorpark	Karen Vaughn	Proposed RHNA Methodology
9/13/2019	American Planning Association (CA Chapter)	Eric Phillips	Proposed RHNA Methodology
9/13/2019	County of Ventura	David Ward	Proposed RHNA Methodology
9/13/2019	City of Chino	Nicholas Liguori	Proposed RHNA Methodology
9/13/2019	One Step A La Vez	Kate English	Housing Development
9/13/2019	American Planning Association (Los Angeles Section)	Ryan Kurtzman	Proposed RHNA Methodology
9/13/2019	City of Laguna Beach	Scott Drapkin	Proposed RHNA Methodology
9/13/2019	Santa Monicans for Renters' Rights	Patricia Hoffman and Denny Zane	Proposed RHNA Methodology
9/13/2019	Western Riverside Council of Governments (WRCOG)	Rick Bishop	Proposed RHNA Methodology
9/13/2019	City of Los Angeles	Mayor Eric Garcetti	Proposed RHNA Methodology
9/13/2019	City of West Hollywood	Mayor John D'Amico	Proposed RHNA Methodology
9/13/2019	City of San Juan Capistrano	Joel Rojas	Proposed RHNA Methodology
9/13/2019	City of Thousand Oaks	Mark Towne	Proposed RHNA Methodology
9/13/2019	City of Newport Beach	Seimone Jurjis	Proposed RHNA Methodology
9/13/2019	City of Laguna Niguel	Jonathan Orduna	Proposed RHNA Methodology

Attachment: Written Comments Received 102919 (Summary of Written Comments Received)

Written Comments Received on the 6th Cycle RHNA (as of 10/29/19)

Date of Letter	Organization	Name	Topic(s)
9/13/2019	County of San Bernardino	Terri Rahhal	Proposed RHNA Methodology
9/13/2019	City of Indio	Kevin Snyder	Proposed RHNA Methodology
9/13/2019	City of Avalon	Anni Marshall	Proposed RHNA Methodology
9/13/2019	City of Burbank	Patrick Prescott	Proposed RHNA Methodology
9/13/2019	City of Santa Monica Housing Commission	Michael Soloff	Proposed RHNA Methodology
9/13/2019	City of Riverside	Jay Eastman	Proposed RHNA Methodology
9/13/2019	City of Whittier	Conal McNamara	Proposed RHNA Methodology
9/13/2019	City of San Gabriel	Arminé Chaparyan	Proposed RHNA Methodology
9/13/2019	City of San Buenaventura (Ventura)	Peter Gilli	Proposed RHNA Methodology
9/13/2019	City of Temple City	Scott Reimers	Proposed RHNA Methodology
9/13/2019	City of Palm Desert	Ryan Stendell	Proposed RHNA Methodology
9/13/2019	City of Monterey Park	Ron Bow	Proposed RHNA Methodology
9/13/2019	LA Thrives Et Al. (19 total organizations)	LA Thrives Et Al. (19 total organizations)	Proposed RHNA Methodology
9/13/2019	Leadership Council for Justice and Accountability Et Al. (7 total organizations)	Leadership Council for Justice and Accountability Et Al. (7 total organizations)	Proposed RHNA Methodology
9/13/2019	Southern California Business Coalition (7 total organizations)	Southern California Business Coalition (7 total organizations)	Proposed RHNA Methodology
9/15/2019		Michelle Schumacher	Other
9/30/2019	Homeowners of Encino	Eliot Cohen	Proposed RHNA Methodology
9/30/2019		Trudy Sokol	Other
10/1/2019	City of Barstow	Michael Massimini	Proposed RHNA Methodology
10/2/2019	County of Orange	Supervisor Donald Wagner	Draft RHNA Methodology
10/3/2019	County of Riverside	Charissa Leach	Draft RHNA Methodology
10/4/2019	City of Irvine	Mayor Christina L. Shea	Draft RHNA Methodology
10/6/2019	UCLA Luskin School of Public Affairs	Paavo Monkkonen	Draft RHNA Methodology
10/7/2019	City of Costa Mesa	Lori Ann Farrell Harrison	Draft RHNA Methodology
10/8/2019	South Bay Cities Council of Governments (SBCCOG)	Christian Horvath	Draft RHNA Methodology
10/9/2019	Del Rey Residents Association	Tara Walden	Other
10/10/2019		Karen Davis Ferlauto	Other
10/11/2019	Abundant Housing LA	David Bonaccorsi	Draft RHNA Methodology
10/11/2019	City of Oxnard	Mayor Tim Flynn	Draft RHNA Methodology
10/16/2019	County of Riverside	Charissa Leach	Draft RHNA Methodology
10/21/2019	City of Newport Beach	Seimone Jurjis	Draft RHNA Methodology
10/21/2019	San Bernardino County Transportation Authority/Council of Governments (SBCTA/SBCOG)	Ray Wolfe	Draft RHNA Methodology
10/23/2019		Barbara Broide	Draft RHNA Methodology
10/25/2019		Robert Flores	Draft RHNA Methodology
10/25/2019		Reed Bernnet	Draft RHNA Methodology

All comments are posted online at www.scag.ca.gov/rhna. Comments can be submitted to: housing@scag.ca.gov



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: Art Yoon, Director of Policy and Public Affairs, Policy and
Public Affairs Division, (213) 236-1840, ArtYoon@scag.ca.gov

Subject: State and Federal Legislative Monthly Update

RECOMMENDED ACTION:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 2: Advance Southern California's policy interests and planning priorities through regional, statewide, and national engagement and advocacy.

STATE

California Transportation Commission and California Air Resources Board Hold Joint Meeting

On October 10, 2019, the California Transportation Commission (CTC) and California Air Resources Board (CARB) held the second joint meeting of 2019 in Modesto, CA. Assembly Bill (AB) 179 (Cervantes, 2017) requires the CTC and CARB to meet at least twice a year to coordinate implementation of transportation programs and policies. The joint meeting was held the following day after the regular CTC meeting.

The joint meeting covered numerous relevant issues impacting transportation, air quality conformity, and housing, including the Federal Safer Affordable Fuel Efficient (SAFE) Vehicles Rule, state housing requirements, Governor Newsom's Executive Order N-19-19, and general updates provided by CTC Director Susan Bransen and CARB Executive Officer Richard Corey. Starting in 2020, AB 185 (Grayson and Cervantes, 2019) will require a representative from the Department of Housing and Community Development (HCD) also to participate in joint meetings.

Governor Newsom's Statewide Rent and Housing Tour

During the week of October 7, 2019, Governor Newsom launched a statewide tour to sign a series of bills that impact the housing crisis. In Oakland, CA, Governor Newsom signed into law AB 1482 (Chiu, D-San Francisco), which creates a statewide rent cap and eviction protections for tenants. The following day in San Diego, the Governor signed into law Senate Bill (SB) 113 (Committee on

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Budget and Fiscal Review), a bill meant to “clean up” some of the language in the larger housing trailer bill. To recap, the housing trailer bill funds the Local Government Planning Support Grants program, which provides one time funding of \$250 million to cities, counties, and regions to help update planning documents. Of this total, half is provided for councils of governments (COGs) that administer the Regional Housing Needs Assessment (RHNA) in their regions. SB 113 specifies that COGs are allowed to apply for a portion of the Local Government Planning Support Grants Program to assist with putting together the entire program application. Finally, in Los Angeles, the Governor signed SB 330 (Skinner, D-Berkeley) into law, which suspends local practices that are obstacles to housing production, such as housing moratoriums and certain fees. The Governor also signed several bills supporting the production of Accessory Dwelling Units (ADUs), as well as other legislation to streamline production.

Governor Newsom’s Action on Bills with SCAG Position

October 13, 2019 was the deadline for Governor Newsom to act on bills sent to him by the Legislature. Overall, 1,042 bills were sent to the Governor’s desk; 870 were signed and 172 were vetoed. Since the beginning of session, the Regional Council adopted positions on 16 bills covering SCAG’s main issue areas of housing and transportation. Of the 16 bills, only eight (8) were approved by the Legislature and sent to the Governor’s desk. The other half of bills with SCAG positions did not meet certain bill deadlines and were held in various policy committees. The table below details all of the Assembly and Senate bills with SCAG-adopted positions in numerical order:

Bill Number	Bill Name	Author	SCAG Position	Status
AB 10	Income taxes: credits low-income housing: farmworker housing	Chiu (D-San Francisco)	Support	Held in Senate Appropriations Committee.
AB 11	Community Redevelopment Law of 2019	Chiu (D-San Francisco)	Support If Amended	Re-referred to Assembly Appropriations Committee.
AB 47	Driver records: points: distracted driving	Daly (D-Anaheim)	Support	Approved by the Governor and chaptered on 10/08/19.
AB 185	California Transportation Commission: transportation and transportation-	Grayson (D-Concord) and Cervantes (D-Riverside)	Support	Approved by the Governor and chaptered on 10/07/19.

	related policies: joint meetings			
AB 252	Department of Transportation: environmental review process: federal program	Daly (D-Anaheim)	Support	Approved by the Governor and chaptered on 07/31/19.
AB 335	Imperial County Transportation Commission	Garcia (D-Coachella)	Support	Approved by the Governor and chaptered on 06/26/19.
AB 1093	Municipal separate storm sewer systems: financial capability analysis	Rubio (D-Baldwin Park)	Support	Vetoed by the Governor on 09/27/19.
AB 1568	Housing law compliance: prohibition on applying for state grants	McCarty (D-Sacramento)	Oppose	Hearing postponed in Assembly Appropriations Committee.
SB 5	Affordable Housing and Community Development Investment Program	Beall (D-San Jose)	Support	Vetoed by the Governor on 10/13/19.
SB 128	Public contracts: Best Value Construction Contracting for Counties Pilot Program	Beall (D-San Jose)	Neutral	Originally a support position but bill underwent a significant gut and amend; SCAG adopted neutral position.
SB 168	Climate change: Chief Climate Resilience Officer	Wieckowski (D-Fremont)	Support And Amend	Held in Assembly Appropriations Committee.
SB 277	Road Maintenance and Rehabilitation Program: Local Partnership	Beall (D-San Jose)	Watch	Vetoed by the Governor on 10/12/19.

	Program			
SB 307	Water conveyance: use of facility with unused capacity	Roth (D-Riverside)	Oppose	Approved by the Governor and chaptered on 07/31/19.
SB 498	Trade Corridors Improvement Fund: grant program: short-line railroads	Hurtado (D-Sanger)	Oppose	SB 498 did not advance but language was placed in state's budget bill.
SB 592	Housing development: Housing Accountability Act: permit streamlining	Wiener (D-San Francisco)	Oppose Unless Amended	Re-referred to Assembly Committee on Rules.
SB 664	Electronic toll and transit fare collection systems	Allen (D-Santa Monica)	Support	Re-referred to Assembly Committees on Privacy and Consumer Protection and Judiciary.

FEDERAL

Federal Appropriations Update

On September 27, 2019, President Trump signed into law House Resolution (H.R.) 4378, a continuing resolution (CR) that maintains current funding levels through Thursday, November 21, 2019. Passage of this CR averted a federal government that would have started on October 1, 2019. Congress now has eight weeks to finish its work on the dozen appropriation bills that will form the FY2020 budget. Failure to pass a budget or another CR by November 21, 2019 would mean a government shutdown.

To recap, the House of Representatives and Senate diverged in their approaches to the dozen appropriation bills. The House of Representatives has passed 10 of the 12 federal agency funding bills. However, over in the Senate, the full chamber has yet to pass any of the 12 funding bills, though the Senate Appropriations Committee has begun to approve some of the appropriation bills. Once the Senate Appropriations Committee approves a funding bill, it will be eligible for a full vote by the Senate. The Senate decided to wait until a spending limit agreement was in place, which came at the start of August, eliminating the possibility of mandatory across the board budget cuts to federal agencies.

Electric Bus Manufacturers Provision in National Defense Authorization Act

The National Defense Authorization Act (NDAA) is a yearly package of federal laws that specifies annual budget and expenditures of the U.S. Department of Defense. For the Fiscal Year (FY) 2020 NDAA, both the House and Senate versions contain provisions dealing with acquisition of rolling stock from Chinese manufacturers. Specifically, in the House NDAA, there is a provision (Section 896) that would prohibit transit agencies from using federal dollars to purchase rail cars from Chinese state-owned, controlled, or subsidized companies. The Senate's version goes one step further and adds bus manufacturers to contract prohibitions (Section 6015). By including buses, the Senate's version would eliminate one of the three major manufacturers of electric buses in the United States. BYD would be the sole manufacturer affected by this provision and its facility is located in Lancaster, CA, where nearly 1,000 individuals are currently employed.

The NDAA has already been approved by the House and Senate. Appointed conference committee members are currently resolving differences between both bills of which this provision is of great importance. It should also be noted that the Los Angeles County Board of Supervisors voted on October 15, 2019 to send a letter to its Congressional Delegation in support of the House's version of the NDAA and opposing the Senate's version. That motion can be found here: <https://bit.ly/2IRBVsk>.

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)

From: Basil Panas, Chief Financial Officer, Finance, 213-236-1817,
panas@scag.ca.gov

Subject: Purchase Orders \$5,000 - \$199,999; Contracts \$25,000 -
\$199,999 and Amendments \$5,000 - \$74,999

**EXECUTIVE DIRECTOR'S
APPROVAL**

RECOMMENDED ACTION:

For Information Only - No Action Required

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

BACKGROUND:

SCAG executed the following Purchase Orders (PO's) more than \$5,000 but less than \$200,000

<u>Vendor</u>	<u>PO Purpose</u>	<u>PO Amount</u>
Public Agency Retirement Services	FY20 PARS Retirement Plan	\$100,000
JW Marriott Desert Springs Resort & Spa	Deposit For 2020 General Assembly	\$50,000
CALCOG	FY20 CALCOG Membership	\$42,750
ENO Transportation Foundation	FY20 ENO Transportation Membership	\$10,500
City Fare, Inc.	FY20 Regional Council Meeting Provisions	\$10,000
Futureports	FY20 Future Membership	\$10,000
Info USA Marketing, Inc.	FY20 US Historical Business Data	\$9,800
Thomson West	FY20 Legal Subscription	\$9,600
Politico	FY20 Subscription	\$8,190
County Of Ventura- Assessor	Ventura County Parcel Attributes	\$7,706
American Public Transportation Assoc.	F20 APTA Membership	\$5,772
Citilabs Inc.	F20 Citilabs Software Renewal	\$5,490
Mobility 21	2019 Mobility 21 Summit Sponsorship	\$5,000

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SCAG executed the following Contract more than \$25,000 but less than \$200,000

<u>Consultant/Contract #</u>	<u>Contract's Purpose</u>	<u>Contract Amount</u>
1. Civilian, Inc. (19-022-C02)	Consistent with the requirements of the State of California, Office of Traffic Safety Grant that funds this project, the consultant shall provide work on the <i>Go Human</i> program (an advertising campaign that promotes walking, biking and traffic safety) through local community engagement by offering co-branded campaign materials to at least 25 local public agencies or non-profit organizations region-wide.	\$102,980
2. Partners for Better Health (20-013-C01)	The purpose of this project is to implement a Randall Lewis Public Health and Data Science Policy Fellowship (“Fellowship”) in the Southern California region. Specifically, the consultant will place students from local universities seeking their master degrees in public health and data science positions with SCAG or local (city or county) agencies to facilitate collaboration and better understanding of various public health issues and support the implementation of technology/data analytics projects related to the implementation of SCAG’s 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS – currently referred to as Connect SoCal).	\$100,000

SCAG executed the Amendment more than \$5,000 but less than \$75,000

<u>Consultant/Contract #</u>	<u>Amendment's Purpose</u>	<u>Amendment Amount</u>
1. Center for the Continuing Study of the California Economy (CCSCE) (17-033-C1)	This amendment enables the consultant to continue to provide as-needed technical assistance to support region-	\$14,974

SCAG executed the Amendment more than \$5,000 but less than \$75,000

<u>Consultant/Contract #</u>	<u>Amendment's Purpose</u>	<u>Amendment Amount</u>
2. Regional Analysis & Planning Services Inc.	<p>level integrated growth forecasting, housing research efforts, and analysis of state-level policy changes impacting each.</p> <p>This amendment enables the consultant to continue to provide expert assistance with responding to the findings and recommendations made by Caltrans in their audits of SCAG's Incurred Costs and Indirect Cost Allocation Plan.</p>	\$6,725

ATTACHMENT(S):

1. Contract Summary 19-022-C02
2. Contract Summary 20-013-C01
3. Contract Summary 17-033-C1 Amendment 5
4. Contract Summary 19-010-C01 Amendment 1

CONSULTANT CONTRACT 19-022-C02

Recommended Consultant:	Civilian, Inc.
Background & Scope of Work:	Consistent with the requirements of the State of California, Office of Traffic Safety Grant that funds this project, the consultant shall provide work on the <i>Go Human</i> program (an advertising campaign that promotes walking, biking and traffic safety) through local community engagement by offering co-branded campaign materials to at least 25 local public agencies or non-profit organizations region-wide.
Project's Benefits & Key Deliverables:	The project's benefits and key deliverables include, but are not limited to: <ul style="list-style-type: none">• Support for partner agencies and local jurisdictions with traffic safety strategies through the development of co-branded materials that promote safer driving, bicycling and pedestrian safety; and• Co-branding, printing and delivery of materials for 25 partners.
Strategic Plan:	This item supports SCAG's Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians; and Goal 4: Provide innovative information and value-added services to enhance member agencies' planning and operations and promote regional collaboration.
Contract Amount:	Total not to exceed \$102,980 Civilian, Inc. (prime consultant)
Contract Period:	August 19, 2019 through September 23, 2019
Project Number(s):	225-3564J4.13 \$102,980 Funding source: Office of Traffic Safety Grant (OTS)
Request for Proposal (RFP):	Not applicable
Selection Process:	Staff originally awarded the contract to a company named Orchestr8. But shortly after starting the contract in July 2019, this company informed staff that they were not able to perform the work on this time sensitive project (staff had to use the project's OTS grant funds by September 22, 2019). Accordingly, to meet this time table, staff requested and the Office of Traffic Safety approved awarding a sole source contract to Civilian, Inc. Staff selected Civilian, Inc., based on previous successful engagement with this consultant for similar work. Civilian, Inc. was selected because of their expertise, further described in the Basis for Selection below.
Basis for Selection:	SCAG staff selected Civilian, Inc. for the contract award because the consultant: <ul style="list-style-type: none">• Demonstrated a complete understanding of the project, specifically the consultant understands the goals and context priorities of SCAG's Go Human campaign;• Exhibited a strong familiarity with project deliverables and identified streamlined processes to provide the greatest value and efficiencies; and• Provided an excellent overall value for the level of effort proposed.

CONSULTANT CONTRACT 20-013-C01

Recommended Consultant:	Partners for Better Health																		
Background & Scope of Work:	<p>The purpose of this project is to implement a Randall Lewis Public Health and Data Science Policy Fellowship (“Fellowship”) in the Southern California region. Specifically, the consultant will place students from local universities seeking their master degrees in public health and data science positions with SCAG or local (city or county) agencies to facilitate collaboration and better understanding of various public health issues and support the implementation of technology/data analytics projects related to the implementation of SCAG’s 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS – currently referred to as Connect SoCal). Each student, referred to as a “Randall Lewis Public Health or Data Science Fellow,” will complete a total of four hundred (400) working hours with SCAG or a local agency. Partners for Better Health conducts screenings and selection of all cities and applicants for the fellowship and is responsible for placing the fellows and monitoring their progress.</p>																		
Project’s Benefits & Key Deliverables:	<p>The project’s benefits and key deliverables include, but are not limited to:</p> <ul style="list-style-type: none">• Resources for local cities interested in conducting public health and healthy transportation policy changes;• Resources for local cities for data science projects related to transportation and reducing VMT and GHG emissions; and• Building a workforce of talented health policy and data science professionals to support the region meeting the goals of the RTP/SCS.																		
Strategic Plan:	<p>This item supports SCAG’s Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians and Goal 3: Provide innovative information and value-added services to enhance member agencies’ planning and operations and promote regional collaboration.</p>																		
Contract Amount:	Total not to exceed \$100,000																		
Contract Period:	October 1, 2019 through June 30, 2020																		
Project Number(s):	<table border="0"><tr><td>280.4840U5.01</td><td>FY19 SB 1 Formula</td><td>\$31,870</td></tr><tr><td>280.4840E.01</td><td>TDA</td><td>\$4,130</td></tr><tr><td>280.4840U5.01</td><td>FY19 SB 1 Formula</td><td>\$8,853</td></tr><tr><td>280.4840E.01</td><td>TDA</td><td>\$1,147</td></tr><tr><td>050.0169B.08</td><td>FTA 5303</td><td>\$47,806</td></tr><tr><td>050.0169E.08</td><td>TDA</td><td>\$6,194</td></tr></table> <p>Funding sources: Fiscal Year 19 Senate Bill 1 (SB 1) Formula, Federal Highway Administration, Metropolitan Planning (FHWA PL), and Transit Development Act (TDA).</p>	280.4840U5.01	FY19 SB 1 Formula	\$31,870	280.4840E.01	TDA	\$4,130	280.4840U5.01	FY19 SB 1 Formula	\$8,853	280.4840E.01	TDA	\$1,147	050.0169B.08	FTA 5303	\$47,806	050.0169E.08	TDA	\$6,194
280.4840U5.01	FY19 SB 1 Formula	\$31,870																	
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280.4840U5.01	FY19 SB 1 Formula	\$8,853																	
280.4840E.01	TDA	\$1,147																	
050.0169B.08	FTA 5303	\$47,806																	
050.0169E.08	TDA	\$6,194																	
Request for Proposal (RFP):	Staff awarded a non-profit sole source contract to them pursuant to State of California Contracts Manual, Sections 3.15 and 3.17 regarding Subvention and Local Assistance Contracts.																		

Attachment: Contract Summary 20-013-C01 (Purchase Orders \$5,000 - \$199,999; Contracts \$25,000 - \$199,999 and Amendments \$5,000 -

Selection Process: SCAG originally entered into a partnership with Partners for Better Health to provide technical assistance resources around the issues of public health and transportation to support implementation of the 2016 RTP/SCS. Through the partnership SCAG has provided partial funding to fellows working on transportation and health issues with local cities to encourage policy change and health built environments. Partners for Better Health was originally selected due to their expertise in administering a health policy fellowship that aligned with SCAG’s desired outcomes and goals. Since then they have provided excellent services in the selection of fellows and administration of the fellowship which has supported SCAG in expanding the understanding of how the build environment affects health across the region.

Basis for Selection: As previously stated, given Partners for Better Health’s unique niche expertise, staff awarded a non-profit sole source contract to them pursuant to State of California Contracts Manual, Sections 3.15 and 3.17 regarding Subvention and Local Assistance Contracts.

CONTRACT 17-033-C1 AMENDMENT 5

Consultant: Center for the Continuing Study of the California Economy (CCSCE)

Background & Scope of Work: On May 3, 2017 staff awarded Contract 17-033-C1 to CCSCE to develop and execute the best practice forecast framework that ensures the updated regional growth forecasts are consistent with assumptions of regional demographic and economic trends. Staff requires additional as-needed technical assistance to support region-level integrated growth forecasting, housing research efforts, and analysis of state-level policy changes impacting each.

This amendment increases the contract value from \$50,037 to \$65,011 (\$14,974). This increase is due to the continued need for outside expert assistance regarding the integration of growth forecasting into long-range housing and transportation planning jointly, as the 2020 Regional Transportation Plan /Sustainable Communities Strategy (RTP/SCS – or Connect SoCal) and 6th cycle Regional Housing Needs Assessment (RHNA) progress in a landscape of changing state priorities.

Project’s Benefits & Key Deliverables: This project’s benefits and key deliverables include, but are not limited to the socioeconomic growth forecasts used as input for the 2020 RTP/SCS and 6th cycle RHNA and their continued refinement given changes to key state policy regarding both. Key deliverables include identification consultation, memoranda, technical analyses, and presentations.

Strategic Plan: This item supports SCAG’s Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective: a) Create and facilitate a collaborative and cooperative environment to produce forward thinking regional plans.

Amendment	Amendment 5	\$14,974
Amount:	Amendment 4 (administrative - no change to contract’s value)	\$0
	Amendment 3 (administrative - no change to contract’s value)	\$0
	Amendment 2 (administrative - no change to contract’s value)	\$0
	Amendment 1 (administrative - no change to contract’s value)	\$0
	Original contract value	<u>\$50,307</u>
	Total contract value is not to exceed	\$65,011

This amendment does not exceed \$75,000 or 30% of the contract’s original value. Therefore, in accordance with the SCAG Procurement Manual (dated 12/01/16) Section 8.3, it does not require the Regional Council’s approval.

Contract Period: June 30, 2019 to June 30, 2020

Project Number: 055-4856B.01 \$21,689.77

Funding sources: Consolidated Planning Grant – Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) Transportation Development Act (TDA).

Basis for the Amendment:

While SCAG's integrated growth forecast for the 2020 RTP/SCS and the 6th cycle of RHNA have been developed, continued changes to the way in which state agencies regulating these processes have impacted the way in which growth forecasts are to be used for transportation and housing planning. The consultant's longstanding expertise in this area is needed to ensure that SCAG can support its forecasting efforts and develop improvements for the future.

CONTRACT 19-010-C01 AMENDMENT 1

Consultant: Regional Analysis & Planning Services Inc.

Background & Scope of Work: On September 7, 2018, SCAG awarded Contract 19-010-C01 to Regional Analysis & Planning Services Inc. to provide expert assistance with responding to the findings and recommendations made by Caltrans in their audits of SCAG’s Incurred Costs and Indirect Cost Allocation Plan. Regional Analysis and Planning Services, Inc. (RAPS) is the 501 c 3. non-profit arm of the Association of Monterey Bay Area Governments. SCAG hired RAPS because the principals of the firm are former heads of Caltrans Office of Independent Audits and Investigations (the department that conducted SCAG’s audits). Given the ongoing need for the consultant’s services at a critical point in time, SCAG requires further assistance to in its efforts to fully respond to the audit findings and negotiate a resolution to the disallowed costs (beginning June 21, 2019).

This amendment increases the contract value from \$22,575, to \$29,300 (\$6,725) and extends the contract term from 6/30/19 to 12/31/19.

Project’s Benefits & Key Deliverables: The project’s benefits and key deliverables include, but are not limited to:

- Responding fully to the issues cited in the Caltrans audits, and
- Negotiating a settlement of the disallowed costs.

Strategic Plan: This item supports SCAG’s Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

Amendment Amount:	Amendment 1	\$6,725
	Original contract value	<u>\$22,575</u>
	Total contract value is not to exceed	\$29,300

This amendment does not exceed \$75,000 or 30% of the contract’s original value. Therefore, in accordance with the SCAG Procurement Manual (dated 12/01/16) Section 8.3, it does not require the Regional Council’s approval.

Contract Period: September 7, 2018 through December 31, 2019

Project Number: 800-0160.04 \$29,300
Funding source: General Fund

Basis for the Amendment: Staff made the original contract award in accordance with the Regional Council Policy Manual, Article VIII, Section 1.2 (updated September 2009, pg. 26), and the SCAG Procurement Manual (sections 3.3. and 3.4) which authorizes the Executive Director or his designee (the Chief Financial Officer) to approve a consultant contract without competition, if the contract is less than \$200,000 and paid for from the General Fund.

Given the ongoing need for the consultant’s services at a critical point in time, SCAG requires further assistance to in its efforts to fully respond to the audit findings and negotiate a resolution to the disallowed costs (beginning June 21, 2019).

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)

From: Kome Ajise, Executive Director, 213-236-1835,
Ajise@scag.ca.gov

Subject: Caltrans Audits' Corrective Action Plans Status Update

**EXECUTIVE DIRECTOR'S
APPROVAL**

RECOMMENDED ACTION:

For Information Only - No Action Required

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

EXECUTIVE SUMMARY:

At its August 1, 2019 Regional Council meeting, staff reported that SCAG had filed responses to the final Caltrans Corrective Action Plans, along with Plans of Cost Substitution, on July 12, 2019. This was in connection with the Incurred Cost Audit report and the Indirect Cost Allocation Plan Audit report which were issued by Caltrans in September 2018 and January 2019, respectively. The August 1st report and all attachments are attached to this report.

On October 8, 2019, SCAG received Caltrans' reply to SCAG's July 12 submittal acknowledging receipt as well as requesting supporting information and documentation to be sent to Caltrans by November 7, 2019. Copies of the Caltrans letters are attached. Staff will respond to this request and comply with all CAP provisions by the stated deadlines in the October 8th letters. This report, which was shared with the Audit Committee on October 23, 2019, provides a status update on the CAPs as well as other agency efforts underway to support continuous improvement for project management and related processes, policies, and procedures.

BACKGROUND:

Corrective Action Plans

Caltrans issued the final Corrective Action Plans (CAPs) for the Incurred Cost Audit (ICA) and Indirect Cost Allocation Plan (ICAP) Audit on May 7, 2019. At the time of receipt SCAG had already began the process of implementing the required steps in late 2018 based on preliminary audit reports from Caltrans. Since staff submitted its July response both Caltrans Planning and Modal Programs staff and SCAG staff agreed to extend the milestone for several findings that was listed as October 31, 2019 to November 30, 2019.

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

The table below summarizes our progress to date:

Audit Type	100 % Complete	90%+ Complete	< 90% Complete	Total Recommendations
ICA	14	8	1	23
ICAP	10	6	0	16

As can be seen from the table above, this work is nearing its completion and is on schedule for completion by November 30, 2019, with the exception of fully implementing a Project Management Office which is the outstanding item related to the ICA recommendation not 90% complete.

Amongst the most significant steps taken so far include:

- (a) Adoption of the new Event Sponsorship Policy by the Regional Council at the August 1, 2019 meeting.
- (b) Establishment of the 4 P’s staff committee on August 13, 2019, whose purpose is to meet Caltrans Corrective Action Plan requirements, as well as identify and establish best practices for project management and all related processes, policies and procedures. The 4 P’s are co- led by the Chief Strategy Officer and Chief Financial Officer. The team consists of a core team of the Finance Managers, and a Regional Planner Specialist from Planning and includes advisory members of the Chief Counsel and Internal Auditor and Executive Sponsor, Chief Operations Officer. This team meets weekly and reports progress regularly at the Executive Team meetings, other management meetings and the All Staff Meeting.
- (c) The implementation of a new Travel Policy effective September 1, 2019 which is compliant with the State’s HR policy. Training is occurring in October.
- (d) Completion of Caltrans training by key staff regarding the procurement of Architectural and Engineering projects. Additional training recently became available on demand through a Caltrans Webinar and will be made available to all staff required to take it.

The remaining work entails updating SCAG’s Accounting, Budget & Grants, Procurement and Project Management Manuals to capture all of the Caltrans recommendations and then training staff on their implementation. The updated Procurement Manual which will include SCAG’s written policies and procedures for architectural and engineering procurements will be subject to review and approval by the Regional Council in accordance with federal law. The completion target date for updated manuals and associated first round of training is November 30, 2019. An important element in going forward is providing ongoing training for new and existing employees to ensure the processes, policies and procedures are embedded in the organization’s work.

The work on the Caltrans CAPs is the first part of a trio of initiatives under way as part of the 4 P's staff committee. While the CAPs work has a deadline of November 30, 2019, the other two initiatives will take longer to complete.

Procurement Process Streamlining

The second initiative relates mainly to SCAG streamlining its procurement model. In addition to the findings of the Caltrans Audit, SCAG staff also conducted a vendor survey to gain feedback and insights into how it can improve its processes to better serve the vendor population and increase the number of qualified bidders for SCAG work. The survey results overlapped with areas in the Caltrans Audit findings as well as general observations and views held by staff. A summary of the results are attached to this report. Since the survey was completed the 4 P's Committee has been charged with incorporating the results into the overall 4 P's effort.

It is also focused on finding ways to:

- (a) Reduce the number of contract amendments SCAG performs, and
- (b) Shorten SCAG's procurement cycle
- (c) Improving the overall process

Project Management

The third initiative concerns SCAG's project management. Several of the Caltrans findings confirmed that its overall project management practices and expertise were in need of improvement. As SCAG has grown over the years in scale and complexity, staff have adapted by implementing new procedures aimed at particular situations without thoroughly evaluating systemic improvements. Under the leadership of the Planning Director at the time, SCAG hired an outside consultant to evaluate all of SCAG's project management practices, including related procurement and financial processes, and to develop a cohesive and comprehensive package of improvements. The consultant's work has been completed and the 4 P's are working through implementing the improvements identified. This effort includes process improvement and establishment of an enterprise Project Management Office by June 30, 2020 which is intended to ensure solid agency wide project management practices are embedded and followed consistently.

This initiative will take the longest to complete since it requires process improvement work, and staffing not currently included in the SCAG budget.

FISCAL IMPACT:

The final Corrective Action Plans issued by Caltrans seek \$4,401,565 in reimbursement from SCAG as follows: \$2,148,589 for disallowed costs in Incurred Cost Audit and \$2,252,976 for disallowed costs in the Indirect Cost Allocation Plan Audit. The final amount of repayment is subject to Caltrans review of SCAG's submissions to the October 8th letters, due November 7th, as well as satisfactory compliance with all CAP provisions. Staff have formally proposed using other allowable

project costs to substitute for the disallowed costs. The October 8th letters indicates that the determination will be subject to Caltrans and Federal agencies' (FHWA and FTA) review and approval following SCAG's response to the October 8th letters and submittal of supporting documentation.

ATTACHMENT(S):

1. Caltrans Response ICAP Audit CAP 10.8.19
2. Caltrans Response SCAG IC Audit CAP 10.8.19
3. CAPs on RC Agenda of 8-1-19
4. ICA Matrix as of 10-15-19
5. ICAP Matrix as of 10-15-19
6. Vendor Survey
7. Survey Comments

DEPARTMENT OF TRANSPORTATION

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Making Conservation
 a California Way of Life.

October 8, 2019

Mr. Kome Ajise
 Executive Director
 Southern California Association of Governments
 900 Wilshire Blvd, Suite 1700
 Los Angeles, CA 90017

Dear Mr. Ajise:

This letter is in response to the Southern California Association of Governments (SCAG) letter dated July 11, 2019, regarding the SCAG Fiscal Year (FY) 2016-17 Indirect Cost Allocation Plan (ICAP) Audit Corrective Action Plan. The California Department of Transportation (Caltrans) appreciates SCAG's response to outline the corrective actions that have or will be implemented as well as their cooperation and coordination with implementing the corrective action plan. In reviewing SCAG's responses, Caltrans requires additional clarification and documentation to fully resolve the audit findings and ensure the corrective actions will be implemented. Caltrans requests that SCAG respond within 30 days of this letter to provide additional information and acknowledge that supporting documentation is required upon completion of the corrective actions. Please note, the request for further clarification and documentation for corrective actions requested below may fulfill multiple findings. For findings where training is identified as a corrective action, SCAG must establish re-occurring training as a refresher to current staff and training for new staff.

Finding # 1—Improper Procurement Practices

SCAG's procurement practices for ten IT consultant procurements tested did not support that fair and open competition was performed, or that proper procurement procedures were followed as required by Caltrans agreement provisions, federal and State procurement requirements, and SCAG's policies and procedures. The noncompliant procurement practices resulted in unallowable costs billed direct to Caltrans in the amount of \$627,179 and unallowable indirect costs included in the FY 2014-15 actual indirect cost pool in the amount of \$164,628. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide documentation that demonstrates how SCAG ensures costs that are not in compliance with federal and State procurement regulations are excluded

- from the indirect cost pool. SCAG should establish a review policy or procedure to ensure all unallowable costs are being excluded from their indirect cost pool.
- B. Provide an estimated date of completion for SCAG's Procurement Policies and Procedures manual. Please provide copy of the updated Procurement Policies and Procedures Manual and written guidance addressing the major changes made that comply with federal and State regulations issued by the SCAG Chief Financial Officer to all staff. Please provide a staff sign-in sheet and training materials for the training that will be provided to staff by November 30, 2019.
 - C. Provide an estimated date of completion for this corrective action. Provide a staff sign-in sheet and training materials for training conducted on February 11, 2019. Caltrans will work with SCAG to identify non-Architectural and Engineering (A&E) training and guidance.
 - D. Provide documentation to support that proper procurement procedures were followed for one executed contract that was executed after the issuance of the final audit report on January 9, 2019. Please provide a copy of the detailed sign-off sheet used by the Manager of Contracts to review and approve procurement actions.
 - E. Provide an estimated date of completion for this corrective action. Provide registration confirmation and a staff sign-in sheet for staff that attended the Caltrans' A&E training on August 15, 2019.
 - F. Please provide a staff sign-in sheet and training materials for "Using the American Association of State Highway Transportation Officials Audit Guide for the Procurement and Administration of A&E Contracts" training on May 22, 2019. Provide a staff sign-in sheet, agenda, and procurement training materials for the future All Staff Meeting.
 - G. Provide supporting documentation (such as, contract administration files, etc.) for the Division of Transportation Planning (DOTP) to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).
 - H. Caltrans acknowledges that this corrective action is complete.
 - I. Caltrans acknowledges that this corrective action is complete.

Finding # 2–Deficient Charging Practices

SCAG's charging practices related to billing indirect and direct costs to Caltrans were deficient and resulted in billings that were not in compliance with Caltrans agreement provisions and federal and State regulations. Specifically, SCAG billed an indirect rate for FY 2016-17 that included unallowable direct and indirect costs and billed indirect and ineligible direct labor costs to a direct project/work element. The charging practices implemented by SCAG did not ensure the proper segregation of direct, indirect, and unallowable costs in the accounting records and costs included on the billings to Caltrans.

Finding 2A–Unallowable Indirect Costs Included in the FY 2016–17 ICAP

In testing 41 transactions within 15 indirect cost accounts for the FY 2014-15 carryforward, Caltrans found that SCAG included direct, unallowable, and unsupported costs in the indirect cost pool. Unallowable costs totaling \$196,617 were due to weak internal controls, improper charging practices, and non-compliant vendor procurements. Unallowable mileage costs totaling \$11,986 were also included in the indirect cost pool of SCAG's FY 16-17 ICAP. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Caltrans acknowledges that this corrective action is complete.
- B. Caltrans acknowledges that this corrective action is complete.
- C. Provide an estimated completion date for this corrective action. Provide a copy of the updated Accounting Manual indicating that SCAG will review indirect accounts to ensure costs are in compliance with federal and State regulations; are properly segregated between direct, indirect and allowable; and are supported by original source documentation. Provide a staff sign-in sheet and training materials for training provided to staff by November 30, 2019.
- D. Caltrans acknowledges that this corrective action is complete.
- E. Provide an estimated completion date for this corrective action. Please submit a copy of the updated Accounting Manual indicating the established written policies and procedures for segregating direct and indirect legal costs in compliance with federal and State regulations. Please provide a staff sign-in sheet and training materials for the staff training that will be conducted by November 30, 2019.
- F. Provide an estimated completion date for this corrective action. Please submit

a copy of the updated Accounting Manual indicating that language which excludes the Internal Auditor from reviewing and approving travel expenses. Please provide a staff sign-in sheet and training materials for the staff training that will be conducted by November 30, 2019.

- G. Provide a copy of SCAG's new travel policy that is compliant with federal and State regulations regarding travel. Please provide a staff sign-in sheet and training materials for staff training that will be conducted by November 30, 2019.

Finding 2B–Unallowable Labor Costs

The Incurred Cost Audit, dated July 24, 2018, identified indirect and ineligible costs charged to the Work Element 120 which was established for direct costs related to development and administration of the Overall Work Program (OWP). This will impact the FY 2016–17 ICAP. Eligible tasks included the development of the OWP, preparation of the annual budget and amendments to the budget, and preparation of Quarterly Progress Reports. In the Incurred Cost Audit, Caltrans found that SCAG accountants and contract administrators charged time for the review and approval of consultant invoices which were ineligible and indirect in nature. SCAG's charging practices remained unchanged for FY 2016–17 and unallowable costs were billed to Work Element 120. Based on an analysis of SCAG's labor reports for FY 2016–17, \$1,625,797 of indirect labor related to accountants, contract administrators, and an internal auditor were inappropriately charged direct to the Work Element 120.

SCAG does not have adequate policies and procedures related to labor charging practices. In addition to billing ineligible costs identified, the inappropriate charging practices result in SCAG lacking accurate historical information related to actual costs for future budget purposes and overhead rate calculations. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide supporting documentation (such as contract administration files, etc.) for the DOTP to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the FHWA and the FTA.
- B. Provide a copy of the Finance Manual and the Project Management Manual upon completion indicating the new policies and procedures to ensure billings to Caltrans are based on actual labor costs incurred. Please provide a staff sign-in sheet and training materials for the training that will be provided to staff by November 30, 2019.
- C. Provide a copy of the Finance Manual and the Project Management Manual

Mr. Kome Ajise
October 8, 2019
Page 5

upon completion indicating proper and consistent labor charging practices and charging practices for staff meetings and other non-project or work element activities. Please provide a staff sign-in sheet and training materials for the training that will be provided to staff by November 30, 2019.

Conclusion:

Please provide the recommended documentation and anticipated completion dates for the corrective actions above to Erin Thompson, Chief, Office of Regional Planning within 30 days of this letter. After the proper course of action has been decided upon, SCAG must repay Caltrans for the disallowed costs according to a mutually-determined repayment method and schedule.

It is imperative that SCAG provide all requested documentation and completion of the audit corrective actions to ensure accountability for future SCAG projects and approval of FY 2020-21 OWP. No future federal and State expenditures will be approved by Caltrans, FHWA, or FTA unless a satisfactory resolution to all findings has been made. A final report detailing how and when all corrective actions were resolved will be due to the Caltrans DOTP upon the satisfactory fulfillment of all corrective actions. Caltrans has consulted with the FHWA and the FTA regarding the above course of action.

The Independent Office of Audits and Investigations may perform a follow-up audit after all corrective actions have been made to determine if SCAG has implemented adequate corrective measures for each audit finding and to ensure compliance with Caltrans agreements and federal and State rules and regulations. SCAG's progress with regards to the corrective actions and final resolutions will be closely monitored by Caltrans staff, including any follow-up audit work that may be performed. Additionally, all support documentation and corrective actions provided by SCAG will be reviewed by Caltrans staff.

We appreciate SCAG's cooperation and coordination during this process. If you have any questions, please contact Erin Thompson, Chief, Caltrans Office of Regional Planning, at (916) 654-2596 or by email sent to erin.thompson@dot.ca.gov.

Sincerely,



DAVE MOORE
Acting Deputy Director
Planning and Modal Programs

Mr. Kome Ajise
October 8, 2019
Page 6

- c: Debbie Dillon, Deputy Executive Director, Administration, SCAG
Basil Panas, Chief Financial Officer, SCAG
Rodney Whitfield, Director of Financial Services, FHWA
Tashia Clemons, Director, Planning and Environment, FHWA
Veneshia Smith, Financial Manager, FHWA
John Bulinski, District Director, District 7, Caltrans
Marsue Morrill, Chief, External Audits-Local Governments, Independent Office of
A&I, Caltrans
Marlon Flournoy, Division Chief, DOTP, Caltrans
Rihui Zhang, Chief, DLA, Caltrans
Felicia Haslem, Acting Chief, Office of Guidance and Oversight, DLA, Caltrans
Gilbert Petrissans, Chief, Division of Accounting
Steve Novotny, DLA Engineer, District 7, Caltrans

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to enhance California's economy and livability"*

DEPARTMENT OF TRANSPORTATION

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Making Conservation
 a California Way of Life.

October 8, 2019

Mr. Kome Ajise
 Executive Director
 Southern California Association of Governments
 900 Wilshire Blvd, Suite 1700
 Los Angeles, CA 90017

Dear Mr. Ajise:

This letter is in response to the Southern California Association of Governments (SCAG) letter dated July 12, 2019, regarding the SCAG Fiscal Year (FY) 2014-15 Incurred Cost Audit Corrective Action plan. The California Department of Transportation (Caltrans) appreciates SCAG's response to outline the corrective actions that have or will be implemented, as well as their cooperation and coordination with implementing the corrective action plan. In reviewing SCAG's responses, Caltrans requires additional clarification and documentation to fully resolve the audit findings and ensure the corrective actions will be implemented. Caltrans requests that SCAG respond within 30 days of this letter to provide additional information and acknowledge that supporting documentation is required upon completion of the corrective actions. Please note, the request for further clarification and documentation for corrective actions requested below may fulfill multiple findings. For findings where training is identified as a corrective action, SCAG must establish re-occurring training as a refresher to current staff and training for new staff.

Finding # 1—Improper Procurement Practices

SCAG did not ensure that fair and open competition was performed or that proper procurement procedures were followed as required by federal and State regulations and the Caltrans agreement provisions. Additionally, SCAG's Procurement Policy and Procedures Manual that was in effect during the period of procurements tested did not fully comply with federal and State procurement regulations and Caltrans agreement provisions. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide an estimated date of completion for SCAG's updated Procurement Policies and Procedures manual. SCAG must adopt the guidance and federal regulations for Architectural and Engineering (A&E) contracting in Chapter 10 of

the Local Assistance Procedures Manual within their updated Procurement Policies and Procedures. Once the update to the policies and procedures is complete, please provide a copy of the Manual indicating compliance with all applicable federal and State procurement regulations. This includes revising section 6.6.2 to describe the different competitive procurement processes available and when each should be used in compliance with federal and State regulations.

- B. Provide registration confirmation and a staff sign-in sheet for staff that attended the Caltrans' A&E training on August 15, 2019.
- C. Provide a staff sign-in sheet and training materials for contracts and procurement training conducted on February 11, 2019. Caltrans will work with SCAG to identify non-A&E training and guidance.
- D. Provide the revised job descriptions or duty statements for the Contract Administrators and Manager of Contracts to indicate the restructured work assignments and roles and responsibilities.
- E. Provide documentation to support that proper procurement procedures were followed for one contract that was executed after the issuance of the final audit report on September 21, 2018. Please provide a copy of the detailed sign-off sheet used by the Manager of Contracts to review and approve procurement actions.
- F. Provide an estimated date of completion for this corrective action. Please provide a staff sign-in sheet and training materials for "Using the American Association of State Highway Transportation Officials Audit Guide for the Procurement and Administration of A&E Contracts" training on May 22, 2019. Provide a staff sign-in sheet, agenda, and procurement training materials for the future All Staff Meeting.

Finding # 2—Contract Management Deficiencies

SCAG's contract management system did not comply with federal and State regulations and Caltrans agreement provisions. We found that SCAG billed Caltrans for unsupported and unallowable consultant costs. Furthermore, we found that SCAG improperly managed consultant contracts, did not properly close-out consultant contracts, executed amendments on expired contracts, and could not support that all local match requirements were met. Additionally, SCAG lacked contract management policies and procedures detailing proper processes to manage

consultant and sub-recipient contracts and detailed procedures for reviewing and approving invoices. SCAG billed and was reimbursed \$590,537 in unsupported consultant costs and \$361,426 on an expired consultant contract. These costs are disallowed. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide a copy of the procurement and contract management procedures upon completion and take training as prescribed in the corrective actions for Finding 1.
- B. Provide supporting documentation (such as contract administration files, etc.) for the Division of Local Assistance (DLA) to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the Federal Highway Administration (FHWA).
- C. Provide supporting documentation (such as contract administration files, etc.) for the Division of Transportation Planning (DOTP) to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the FHWA and the Federal Transit Administration (FTA).
- D. Provide an estimated date of completion for this corrective action. Please provide documentation of SCAG's amended contract template. Once SCAG has completed the update of the Procurement Policies and Procedures Manual and Accounting Manual to require the consultant to submit invoices that identify the work performed by task/activity and work element, please provide a copy to Caltrans. Provide a staff sign-in sheet and training materials for staff training conducted by November 30, 2019.
- E. Define the PMO office and clarify the acronym. Please provide documentation including, an updated organizational chart, established roles and responsibilities and work assignments for the staff of the PMO office, processes, tools, and procedures once actions have been implemented by June 30, 2020.
- F. Provide an estimated date of completion for the updated Grants Management Policies and Procedures and the Project Management Policies and Procedures manual. Once both documents are completed, please provide a copy to Caltrans.
- G. Provide documentation of the "Funding Summary" for a consultant contract indicating the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.

- H. Provide an estimated date of completion for this corrective action. Please provide a copy of the updated Procurement Policies and Procedures Manual and identify compliance with all federal and State regulations over the administration of consultant contracts and that the contracts contain language as required in the Caltrans' agreements. Please provide a copy of one contract that was executed after the issuance of the final audit report on September 21, 2018, that demonstrates compliance.
- I. Provide a copy of the updated sub-recipient Memo of Understanding (MOU) agreement template as well as the revised Grants Policies and Procedures Manual that identifies new MOU language. Please provide a staff sign-in sheet and training materials for the training for project managers that will be completed by November 30, 2019.
- J. Provide a copy of the 2019 Grants Policies and Procedures Manual. Please provide a staff sign-in sheet and training materials that demonstrate staff is appropriately trained on the administration and management of consultant and sub-recipient pass-through funds by November 30, 2019.

Finding # 3–Labor and Fringe Benefit Deficiencies

SCAG's labor and fringe benefit charging practices do not comply with Caltrans Agreement requirements, and federal and State regulations. SCAG does not have adequate policies and procedures related to labor charging practices, no documented procedures to account for timesheet corrections or retroactive pay and merit increases. In addition to billing ineligible costs, the inappropriate charging practices result in SCAG lacking accurate historical information related to actual costs for future budget purposes and overhead rate calculations. SCAG billed and was reimbursed a total of \$1,558,051 in ineligible labor charges to the Overall Work Program (OWP) work element 120. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide supporting documentation (such as contract administration files, etc.) for DOTP to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the FHWA and the FTA.
- B. Provide documentation of the new policies and procedures for labor charging, the finance manuals, and the new Project Management Manual to demonstrate SCAG's billings to Caltrans are based on actual labor costs incurred. Please

provide a staff sign-in sheet and training materials for the training that will take place to all staff by November 30, 2019.

- C. Provide documentation for the new procedure for retroactive pay that SCAG implemented in October 2018 ensuring accounting methodology for retroactive pay and merit increases provides for an audit trail for changes made to the employee timesheets and costs are allocated to the appropriate pay periods.
- D. Provide a copy of the updated Accounting Manual and new Project Management Manual that demonstrates the implementation of written policies and procedures for proper and consistent labor charging practices for staff meetings and other non-project or work element activities. Please provide a staff sign-in sheet and training materials for the training for all staff that will be conducted by November 30, 2019.
- E. Provide a copy of the updated Accounting Manual, demonstrating the inclusion of procedures for timesheet corrections and retroactive pay and merit increases. Provide staff a sign-in sheet and training materials for the training for all staff that will be conducted by November 30, 2019.
- F. Provide documentation of the new fringe benefit allocation methodology for non-regular staff, interns, and student assistants that were implemented in the accounting system in July 2018. Upon completion, please provide a copy of the updated 2019 Budget and Grants Policies and Procedures manual.

Finding #4–Billing and Reporting Deficiencies

SCAG did not submit required documentation with their requests for reimbursement to support costs billed and did not submit Quarterly Progress Reports in accordance with the DOTP Master Fund Transfer Agreement and the DLA Master Agreement. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide a copy of the billing document checklist for billings to Caltrans that demonstrates the inclusion of all applicable information and supporting documentation that traces the billed costs and SCAG's financial management system. Caltrans DOTP acknowledges that SCAG submits a consolidated Planning Grant IT Report with each billing.

- B. Provide any policies, procedures, or documentation that ensures supporting schedules provided with the billings include appropriate descriptions detailing where costs are being charged.

Finding #5–Possible Conflict of Interest with Sponsorship Program

SCAG's Sponsorship Program gives the appearance of a possible conflict of interest. SCAG created a Sponsorship Program to solicit donations from individuals, entities, and organizations with an interest in accessing participants of SCAG's General Assembly for networking, relationship building, business opportunities, and information sharing. We noted that SCAG solicits and receives donations from consultants for its Sponsorship Program with whom they also enter into consultant contracts to perform work. SCAG lacks a documented process over the Sponsorship Program to ensure a conflict of interest does not occur. Additionally, SCAG does not have documented policies and procedures over the administration and management of the Sponsorship Program. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide clarification regarding the consultant database referenced in the Event Sponsorship Policy document. Please specify the consultants/vendors that are included in the database and if the database only includes current or past consultants/vendors of SCAG. Please provide a copy of the SCAG Event Sponsorship Policy once adopted.
- B. Provide a copy of the SCAG Event Sponsorship Procedures once adopted.
- C. Provide a copy of the Conflict of Interest Statement of Certification form to document compliance with SCAG's policies and procedures once adopted.

Conclusion:

Please provide the recommended documentation and anticipated completion dates for the corrective actions above to Erin Thompson, Chief, Office of Regional Planning, and Felicia Haslem, Acting Chief, Office of Guidance and Oversight, within 30 days of this letter. After the proper course of action has been decided upon, SCAG must repay Caltrans for the disallowed costs according to a mutually-determined repayment method and schedule.

It is imperative that SCAG provides all requested documentation and completion of the audit corrective actions to ensure accountability for future SCAG projects and approval of the FY 2020-21 OWP. No future federal and State expenditures will be approved by Caltrans, the FHWA, or the FTA unless a satisfactory resolution to all

Mr. Kome Ajise
October 8, 2019
Page 7

findings has been made. A final report detailing how and when all corrective actions were resolved will be due to the Caltrans DOTP and the DLA upon the satisfactory fulfillment of all corrective actions. Caltrans has consulted with the FHWA and the FTA regarding the above course of action.

The Independent Office of Audits and Investigations may perform a follow-up audit after all corrective actions have been made to determine if SCAG has implemented adequate corrective measures for each audit finding and to ensure compliance with Caltrans agreements and federal and State rules and regulations. SCAG's progress with regards to the corrective actions and final resolutions will be closely monitored by Caltrans staff, including any follow-up audit work that may be performed. Additionally, all support documentation and corrective actions provided by SCAG will be reviewed by Caltrans staff.

We appreciate SCAG's cooperation and coordination during this process. If you have any questions, please contact Erin Thompson, Chief, Caltrans Office of Regional Planning, at (916) 654-2596 or by email sent to erin.thompson@dot.ca.gov or Felicia Haslem, Acting Chief, Office of Guidance and Support, at (916) 653-7759 or by email sent to felicia.haslem@dot.ca.gov.

Sincerely,



DAVE MOORE
Acting Deputy Director
Planning and Modal Programs

c: Debbie Dillon, Deputy Executive Director, Administration, SCAG
Basil Panas, Chief Financial Officer, SCAG
Rodney Whitfield, Director of Financial Services, FHWA
Tashia Clemons, Director, Planning and Environment, FHWA
Veneshia Smith, Financial Manager, FHWA
John Bulinski, District Director, District 7, Caltrans
Marsue Morrill, Chief, External Audits-Local Governments, Independent Office of Audits and Investigations, Caltrans
Marlon Flournoy, Division Chief, DOTP, Caltrans
Erin Thompson, Chief, Regional Planning, DOTP, Caltrans
Rihui Zhang, Chief, DLA, Caltrans
Felicia Haslem, Acting Chief, Office of Guidance and Oversight, DLA, Caltrans
Gilbert Petrissans, Chief, Division of Accounting
Steve Novotny, DLA Engineer, District 7, Caltrans

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to enhance California's economy and livability"*



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
August 1, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)

EXECUTIVE DIRECTOR'S
APPROVAL

From: Kome Ajise, Executive Director, Executive Management, 213-
236-1835, Ajise@scag.ca.gov

Subject: Caltrans Audits' Final Corrective Action Plans

RECOMMENDED ACTION FOR EAC:

For Information Only

RECOMMENDED ACTION FOR RC:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

EXECUTIVE SUMMARY:

At the Audit Committee meeting of June 27, 2019, staff reported that on May 7, 2019, SCAG had received from Caltrans the final Corrective Action Plans to address the findings in the Incurred Cost Audit issued on September 21, 2018 and the Indirect Cost Allocation Plan Audit issued on January 9, 2019. Staff also reported that SCAG's Executive Management had met with representatives from Caltrans, FHWA and FTA in Sacramento on June 21, 2019 to discuss SCAG's approach for finalizing its responses to the Corrective Action Plans (CAPs) which were due to Caltrans August 1, 2019. SCAG did file formal responses to the final CAPS, along with Plans of Cost Substitution, on July 12, 2019. SCAG staff is awaiting the State's reply to SCAG's formal responses.

BACKGROUND:

On May 5, 2016 Caltrans informed SCAG that it would be audited with respect to certain incurred and indirect costs. The scope of the audit was to determine:

- Whether costs claimed by and reimbursed to SCAG between April 1, 2015 and June 30, 2015, are adequately supported and in accordance with respective Caltrans Agreement Provisions and state and federal regulations.
- Whether SCAG's FY2015/15 Indirect Cost Rate Proposal was prepared in accordance

OUR MISSION

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Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)



with Title 2 Code of Federal Regulations Part 200, Chapter 5 of the Caltrans Local Assistance Procedures Manual.

Caltrans issued the final Incurred Cost Audit report on September 21, 2018 and the final Indirect Cost Allocation Audit Report on January 9, 2019 (attached). The reports cited:

- Improper procurement practices
- Deficient charging practices
- Contract management deficiencies
- Labor and fringe benefit deficiencies
- Billing and reporting deficiencies
- Possible conflict of interest with the sponsorship program

Caltrans issued the final CAPs for both audits on May 7, 2019. The corrective steps are very similar to the recommendations found in the final audit reports therefore SCAG began the process of implementing the required steps in late 2018.

At a meeting in Sacramento on June 21, 2019, SCAG updated representatives from Caltrans, FTA and FHWA on the steps taken so far to implement the Corrective Action Plans and on the associated organizational changes made recently, specifically the creation of the position of Chief Strategy Officer and the Office of Project Management. SCAG also proposed an alternative approach regarding the repayment of the costs disallowed in the two audits. Specifically, SCAG proposed substituting other allowable project costs, paid from local funds, sufficient to cover the amounts of the disallowances.

On July 12, 2019, SCAG transmitted its formal responses to the Corrective Actions for the final Incurred Cost Audit report and Indirect Cost Allocation Plan Audit report. Those documents are attached and include matrixes summarizing the progress achieved with regard to the CAPs:

- Incurred Cost Audit: 11 of 24 recommendations have been fully implemented and another 6 are between 70% and 95% implemented.
- Indirect Cost Allocation Plan Audit: 10 of 16 recommendations have been fully implemented and another 5 are between 70% and 95% implemented

Staff will continue to apprise the Regional Council regarding the progress made with respect to fulfilling the CAPs. The documents also contain an alternative approach regarding the repayment of the costs disallowed in the two audits. Specifically, SCAG has proposed substituting other allowable project costs, paid from local funds, sufficient to cover the amounts of the disallowances.



Accordingly, SCAG attached a Plan of Cost Substitution for each audit's disallowed costs as part of the agency's formal responses.

Finally, included in the formal response to the Incurred Cost Audit's Corrective Actions are the draft Event Sponsorship Policy and the draft Event Sponsorship Procedures. These were reviewed and approved by the Legislative/Communications and Membership Committee on July 16, 2019. They are scheduled to be reviewed by the Regional Council and finalized and implemented by September 30, 2019.

FISCAL IMPACT:

The final Corrective Action Plans issued by Caltrans seek \$4,401,565 in reimbursement from SCAG as follows: \$2,148,589 for disallowed costs in Incurred Cost Audit and \$2,252,976 for disallowed costs in the Indirect Cost Allocation Plan Audit. The final amount of repayment is subject to ongoing negotiations. Staff have formally proposed using other allowable project costs to substitute for the disallowed costs.

ATTACHMENT(S):

1. SCAG RESPONSE - Caltrans Final ICA 7 12 9
2. SCAG RESPONSE - Caltrans Final ICAP Audit Report Corrective Actions



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T (213) 236-1800
www.scag.ca.gov

July 12, 2019

Ms. Coco Briseno
Deputy Director
Planning and Modal Programs
California Department of Transportation
P.O. Box 942873, MS-49
Sacramento, CA 94273-0001

Subject: SCAG Response to Caltrans Final Incurred Cost Audit Report
Corrective Actions

Dear Ms. Briseno:

Thank you for the opportunity to respond to the corrective action plan developed by Caltrans Division of Transportation Planning and the Division of Local Assistance in response to Caltrans' Incurred Cost Audit (ICA) of the Southern California Association of Governments (SCAG).

SCAG began the process of implementing many of the prescribed corrective actions prior to the issuance of the final audit report on September 21, 2018. As you will see from the attached matrix included as Attachment A, SCAG has fully implemented eleven of the twenty-four recommendations. Another six of the recommendations are between seventy and ninety-five percent implemented.

SCAG has been regularly updating its Audit Committee on the status of the ICA including at its June 27th meeting. A link to the meeting is included below for your reference:

<http://www.scag.ca.gov/committees/Pages/COMMDL.aspx>

Of significant concern is Caltrans' requirement that SCAG reimburse \$2,148,589. A reimbursement of this magnitude will have a devastating effect on SCAG, and by extension, Caltrans, FTA and FHWA. The financial impact of reimbursing Caltrans this amount will severely impact SCAG's ability to meet its program objectives. This effect is amplified by the cost recoveries Caltrans is seeking in both the Incurred Cost and the Indirect Cost Allocation Plan audits. Taken in total, the \$4,401,565 will negatively impact SCAG's ability to meet its planning objectives as defined by the Overall Work Plan (OWP).

Another concern is the fact that disallowing costs based on procedural deficiencies ignores the fact that SCAG, Caltrans, the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) received significant value from those expenditures.

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- Transportation
Cheryl Viegas-Walker, El Centro

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

I would like to take this opportunity to thank you and your staff for your continuing efforts to clarify the requirements for both Architectural and Engineering and Non- Architectural and Engineering procurements. I am especially encouraged that the Division of Transportation Planning has reached out to various MPO staff well-versed in procurement requirements and challenges to assist in the development of guidance for Non-Architectural and Engineering procurements.

Caltrans Final Incurred Cost Audit Report Corrective Actions:

Finding# 1-Improper Procurement Practices

SCAG did not ensure that fair and open competition was performed or that proper procurement procedures were followed as required by federal and State regulations and the Caltrans agreement provisions. Additionally, SCAG's Procurement Policy and Procedures Manual that was in effect during the period of procurements tested did not fully comply with federal and State procurement regulations and Caltrans agreement provisions. Specifically, we found the following procurement deficiencies:

Corrective Actions Required:

SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly, to ensure:

- Compliance with all applicable Caltrans requirements and federal and State procurement regulations. This includes revising Section 6.6.2 to describe the different competitive procurement processes available and when each should be used in compliance with federal and State regulations.
- Proper management decisions are made when preparing Request for Proposals that include tasks or sub-tasks that require an Architectural and Engineering (A&E) consultant to perform the work for compliance with federal and State procurement regulations.
- Management and staff receive proper training in procurement procedures.
- Staff that are involved in the consultant procurement process perform all required actions and comply with SCAG policies and procedures, Caltrans requirements, and federal and State procurement regulations.
- All documentation is maintained to support that proper procedures are followed in accordance with federal and State regulations.
- SCAG must also take the DLA A&E consultant procurement training either in person or online. A training webinar is tentatively scheduled to be posted in late May.
- If SCAG elects to take the online training, they must provide a list to the DLA Audits Coordinator for those staff who have completed the online training when available. The list shall contain staff names, phone numbers, e-mail addresses, date(s) of completion, and a verification signature by the staffs' supervisor.

SCAG's Corrective Action

SCAG is taking aggressive action to address deficiencies identified in the agency's procurement practices. The update of the SCAG's procurement manual is approximately 70% complete. During the intervening period, SCAG's Chief Financial Officer is periodically issuing interim written guidance and providing training to staff.

On February 11, 2019, general procurement training was provided to SCAG staff. Building on that foundation, SCAG management and staff are investigating best practices, incorporating those practices where appropriate and informing staff regularly. Periodic formalized training is also planned.

SCAG is awaiting formal training from Caltrans regarding the procurement of Architectural and Engineering (A&E) services and plans to have staff attend the on-site sessions in Highland and Los Angeles in August 2019. In the interim period, staff is closely adhering to the A&E guidance detailed in Chapter 10 of the Local Assistance Procedures Manual. Attendance at the training provided by Caltrans will be documented and maintained.

SCAG has also improved the internal controls over the procurement process. Specifically, the duties of the Contract Manager have been refined to provide increased oversight to ensure compliance with SCAG policies as well as state and federal requirements, including the preparation and receipt of independent cost estimates. The Contracts Manager has also adopted a tool to document his review and approval of procurement actions.

Finding # 2-Contract Management Deficiencies

SCAG's contract management system did not comply with federal and State regulations and Caltrans agreement provisions. We found that SCAG billed Caltrans for unsupported and unallowable consultant costs. Furthermore, we found that SCAG improperly managed consultant contracts, did not properly close-out consultant contracts, executed amendments on expired contracts, and could not support that all local match requirements were met.

Additionally, SCAG lacked contract management policies and procedures detailing proper processes to manage consultant and sub-recipient contracts and detailed procedures for reviewing and approving invoices. SCAG billed and was reimbursed \$590,537 in unsupported consultant costs, and \$361,426 on an expired consultant contract. These costs are disallowed.

Corrective Actions:

Please see the following regarding the \$951,963 in disallowed costs:

- 1) DLA will not require reimbursement of the \$361,426 disallowed for time extensions incurred after the initial expiration date for the Parsons Brinkerhoff, Inc. contract. Instead, DLA will address this finding with a programmatic solution that will require SCAG to update procurement and contract management procedures (see below), and to take training as prescribed in the corrective actions to Finding 1.

- 2) SCAG must reimburse Caltrans DLA \$338,986 in disallowed costs for the contract with AECOM Technical Services, Inc. The removal of sub-consultants and task 7 (Consensus) at contract execution, and then reinstating Task 7 at an increase of \$619,940 over the initial budget bear significant noncompliance to warrant reimbursement of the costs disallowed in the audit.
- 3) SCAG must reimburse Caltrans DOTP \$251,552 of disallowed costs to Caltrans. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.

In addition, SCAG must also strengthen procurement and contract management procedures to address the below deficiencies.

- Ensure consultants provide adequate invoice detail to support costs claimed in compliance with consultant contract terms and 2 CFR Part 200 (which superseded 49 CFR Part 18, and 2 CFR Part 225). Additionally, ensure consultants are required to submit invoices that identify the work performed by task/activity and work element so proper documentation is maintained to support consultant billings. Ensure compliance with all federal and State regulations over the administration of consultant contracts.
- Establish procedures that identify and define each staff's roles and responsibilities regarding consultant invoice reviews.
- Revise the Grants Management Policies and Procedures and develop a Project Management Policies and Procedures Manual to ensure compliance with all applicable federal and State regulations and provide staff with detailed processes to follow.
- Ensure consultant contracts identify the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.
- Ensure compliance with all federal and State regulations over the administration of consultant contracts and that the contracts contain language as required in the Caltrans' agreements.
- Ensure compliance with all federal and State regulations over the administration of sub-recipient (MOU) agreements, that agreements contain language as required in the Caltrans' agreements, and include specific contract end dates.
- Ensure staff are properly trained on the administration and management of consultant and sub-recipient pass through funds.

SCAG Corrective Actions

SCAG appreciates that DLA will address the issue of the \$361,426 disallowed costs for time extensions incurred after the initial expiration date for the Parsons Brinkerhoff, Inc. contract with a programmatic solution that will require SCAG to update procurement and contract management procedures. SCAG has made many improvements to its procurement procedures which are addressed under Finding 1 above.

SCAG has taken aggressive action to address the internal control and procedural deficiencies identified in this finding, including changes to the Procurement and Accounting Manuals, updates to the Grants Policies and Procedures Manual and engaging a Project Management

consultant to develop a Project Management Procedures Manual and provide training to staff. The specific seven actions are detailed in the attached matrix. Three of the seven actions are fully implemented.

In response to the reimbursement of \$338,986 to DLA for the removal of a task order which was later reinstated at a greater cost, SCAG would like to propose an alternative solution. SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$338,986. A schedule of the proposed substitutions is included with this letter. It is Attachment B titled: Incurred Cost Audit Plan of Cost Substitution. See row 6, columns N through P.

SCAG would also like to propose a similar solution to reimbursing DOTP \$251,552. SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$251,552 (\$103,971 + \$134,083 + \$13,498). See the schedule of the proposed substitutions included with this letter. . It is Attachment B titled: Incurred Cost Audit Plan of Cost Substitution. See cells W7, R8, and S9.

Finding# 3-Labor and Fringe Benefit Deficiencies

SCAG's labor and fringe benefit charging practices do not comply with Caltrans Agreement requirements, and federal and State regulations. SCAG does not have adequate policies and procedures related to labor charging practices, no documented procedures to account for time sheet corrections or retroactive pay and merit increases. In addition to billing ineligible costs, the inappropriate charging practices result in SCAG lacking accurate historical information related to actual costs for future budget purposes and overhead rate calculations. SCAG billed and was reimbursed a total of \$1,558,051 in ineligible labor charges to Overall Work Program (OWP) work element 120.

Corrective Actions:

SCAG must reimburse the \$1,558,051 of disallowed costs to Caltrans DOTP. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment. After the method of repayment is agreed upon, SCAG may make a request to DOTP to include the disallowed costs in the Fiscal Year (FY) 2014-15 indirect cost allocation pool (ICAP). If the request is approved, SCAG will then need to submit a revised FY 2016-17 ICAP to the Independent Office of Audits and Investigation that includes the adjustments to the carry forward year for review and approval prior to seeking reimbursement for any variance in the rate. Additionally, SCAG must:

- Ensure billings to Caltrans are based on actual labor costs incurred.
- Ensure the accounting methodology for retroactive pay and merit increases provides for an audit trail for changes made to the employee time sheets and costs are allocated to the appropriate pay periods.
- Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.

- Update the Accounting Manual to include procedures for time sheet corrections and retroactive pay and merit increases and train staff accordingly.
- Develop separate fringe benefit allocation methodologies for regular staff, interns, and student assistants.

SCAG Corrective Action

SCAG has taken aggressive action to address the internal control and procedural deficiencies identified in this finding. The specific five actions are detailed in the attached matrix. Three of the five actions are fully implemented and the remaining two are ninety-five and seventy-five percent complete, respectively.

The audit characterized the \$1,558,051 as disallowed costs because they were deemed misclassified as direct costs as opposed to indirect costs. The Department's Corrective Action Plan requires that SCAG first reimburse Caltrans, then reclassify the costs as indirect, recalculate the indirect rate and rebill for the same costs. To do so will require that SCAG engage in the a time consuming and expensive bookkeeping process, which involves recalculating prior year indirect cost pools, re-opening closed accounting records, recasting successive years of indirect cost rates and associated billings. It also requires adjustments to previous years' cost accounting and financial reporting records. Executing the Department's corrective action will also require considerable effort on the part of Caltrans DOTP, Accounting and the Office of the Independent Auditor.

At the core, the costs are eligible and are reimbursable. Embarking on a laborious, time consuming and expensive bookkeeping process that will ultimately have minimal impact on the final outcome does not appear to be in SCAG's, Caltrans' or the public interest. In fact, the process provides no public benefit at substantial public cost.

The approach also has a deleterious effect on SCAG and by extension Caltrans, FTA and FHWA. The financial impact of reimbursing Caltrans \$1,588,051 will severely impact SCAG's ability to meet its objectives. This effect is amplified by the cost recoveries Caltrans is seeking in both the Incurred Cost and the Indirect Cost Allocation Plan audits. Taken in total, the \$4,401,565 will negatively impact SCAG's ability to meet its planning objectives as defined by the OWP.

SCAG proposes an alternative solution. SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$1,558,051. See the schedule of proposed substitutions included with this letter. It is Attachment B titled: Incurred Cost Audit Plan of Cost Substitution. . See row 10, columns Q through Z.

Finding #4-Billing and Reporting Deficiencies

SCAG did not submit required documentation with their requests for reimbursement to support costs billed and did not submit Quarterly Progress Reports in accordance with the DOTP Master Fund Transfer Agreement and the DLA Master Agreement.

Corrective Actions:

SCAG must revise their billing and reporting procedures to ensure the following:

- Billings to Caltrans include all applicable information and supporting documentation that trace to the billed costs and SCAG's financial management system. This includes ensuring the Consolidated Planning Grant IT Reports (or equivalent information) are provided and totaled by task associated to the respective work elements that are approved in the current OWP by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).
- Supporting schedules provided with the billings include appropriate descriptions detailing where costs are being charged.

SCAG Corrective Action:

In September 2018, SCAG implemented new procedures for ensuring the accuracy and completeness of billings to Caltrans. The process includes a billing checklist and ensuring that the Consolidated Planning Grant Reports are submitted. The billing checklist requires verification of completeness by both the Accounting Manager and the Caltrans staff member who takes physical receipt of the billing package.

SCAG also changed its practice of describing consultant costs billed to another funding source from an overly general category titled "Other Project". The change requires that the funding source be identified separately and that the Manager of Accounting reviews all invoices for compliance.

Finding #5-Possible Conflict of Interest with Sponsorship Program

SCAG's Sponsorship Program gives the appearance of a possible conflict of interest. SCAG created a Sponsorship Program to solicit donations from individuals, entities, and organizations with an interest in accessing participants of SCAG's General Assembly for networking, relationship building, business opportunities, and information sharing. We noted that SCAG solicits and receives donations from consultants for its Sponsorship Program with whom they also enter into consultant contracts to perform work. SCAG lacks a documented process over the Sponsorship Program to ensure a conflict of interest does not occur. Additionally, SCAG does not have documented policies and procedures over the administration and management of the Sponsorship Program.

Corrective Actions:

In order to avoid the appearance of a possible conflict of interest, SCAG must:

- Establish procedures over the Sponsorship Program to ensure there is no real or appearance of a conflict of interest with consultants that provided donations to the Sponsorship Program and are awarded consultant contracts.
- Develop policies and procedures over the administration and management of the Sponsorship Program to ensure compliance with all federal and State regulations.

- Create a Conflict of Interest Statement Certification form to document compliance with SCAG's own policies and procedures referenced above.

SCAG Corrective Action:

SCAG has drafted a policy and procedure for the Sponsorship program which addresses conflict of interest concerns and ensures compliance with all federal and state regulations. This effort is approximately seventy percent complete. This policy requires approval by SCAG's governing body and is expected to occur in August 2019. Upon finalization of the policy and procedures, SCAG will develop a Conflict of Interest Statement of Certification to document compliance with SCAG's policy and procedures. The current draft of both of these documents is included as Attachments C and D to this letter.

Should you have any questions about this letter or need further information, please contact Debbie Dillon, Chief Strategy Officer, at 213-236-1870 or dillon@scag.ca.gov. I look forward to your response.

Sincerely,



Kome Ajise
Executive Director
ajise@scag.ca.gov
213-236-1835

Attachments:

- A - Incurred Cost Audit Corrective Action Plan Matrix
- B – Incurred Cost Audit Plan of Cost Substitution
- C – SCAG Draft Sponsorship Policy
- D – SCAG Draft Sponsorship Procedure

Cc: Rodney Whitfield, Director of Financial Services, FHWA
Tashia Clemons, Director, Planning and Environment, FHWA
Veneshia Smith, Financial Manager, FHWA
John Bulinski, District Director, District 7, Caltrans
Steve Novotny, DLA Engineer, District 7, Caltrans
MarSue Morrill, Chief, External Audits-Local Governments, Independent Office of Audits and Investigations, Caltrans
Lisa Pacheco, Acting Division Chief, DOTP, Caltrans
Erin Thompson, Chief, Regional Planning, DOTP, Caltrans
Rihui Zhang, Chief, DLA, Caltrans
Kamal Sah, Chief, Office of Guidance and Oversight, DLA, Caltrans
Gilbert Petrissans, Chief, Division of Accounting, Caltrans
Darin Chidsey, Chief Operating Officer, SCAG
Debbie Dillon, Chief Strategy Officer, SCAG
Basil Panas, Chief Financial Officer, SCAG

**Incurring Cost Audit
Corrective Action Plan Matrix
Attachment A**

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN

FINDINGS	REQUIRED CORRECTIVE ACTION		STATUS	% COMPLETE	SCAG CORRECTIVE ACTION
FINDING #1- Improper Procurement Procedures	SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly, to ensure:	A. Compliance with all applicable Caltrans requirements and federal and State and federal procurement regulations. This includes revising section 6.6.2 to describe the different competitive procurement processes available and when each should be used in compliance with federal and State regulations.	In Process	70%	In advance of finalizing an update to the procurement manual, the CFO has and will continue, to implement interim written guidance and provide training at various staff meetings on changes made since Audit Findings submitted to SCAG.
		B. Proper management decisions are made when preparing Requests for Proposal that include tasks or sub-tasks that require an Architectural & Engineering (A&E) consultant to perform the work for compliance with federal and State procurement regulations.	Completed and ongoing	100%	SCAG have taken the A&E training. Certificates of completion are attached. Information about A&E procurements will be included in the training SCAG will do for its staff regarding its various process changes.
		C. Management and staff receive proper training in procurement procedures.	In Process	75%	On 2/11/19, Julie Wiley, SANDAG Special Counsel and Manager of Contracts and Procurement, conducted training at SCAG. Since then SCAG has also been actively collecting best practices, updating practices and communicating regularly at All Staff meetings and management meetings. SCAG will continue to conduct period training to ensure education and updated information is shared on a continuous basis.
		D. Staff that are involved in the consultant procurement process perform all required actions and comply with SCAG policies and procedures, Caltrans requirements, and federal and State procurement regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager to the Contract Administrators. This now enables the Manager of Contracts to spend more time spent on oversight to ensure compliance with SCAG policies and procedures, Caltrans requirements, and federal and State procurement guidelines.
		E. All documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager and to the Contract Administrators. This now enables the Manager of Contracts to spend more time on oversight to ensure that all documentation is maintained to support that proper procurement procedures are followed in accordance with state and federal regulations. Particular attention is being paid to documenting the preparation and receipt of the independent cost estimates. The Manager of Contracts now uses a more detailed sign-off sheet to review and approve procurement actions.
		F. SCAG must also take the DLA A&E consultant procurement training either in person or online. A training webinar is tentatively scheduled to be posted in late May. If SCAG elects to take the online training, they must provide a list to the DLA Audits Coordinator for those staff who have completed the online training when available. The list shall contain staff names, phone numbers, e-mail addresses, date(s) of completion, and a verification by the staff's supervisor.	In Process	25%	SCAG have taken the A&E training. Certificates of completion are attached. Information about A&E procurements will be included in the training SCAG will do for its staff regarding its various process changes.

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN

FINDINGS	REQUIRED CORRECTIVE ACTION		STATUS	% COMPLETE	SCAG CORRECTIVE ACTION
FINDING #2 – Contract Management Deficiencies		SCAG must reimburse Caltrans DLA \$338,986 in disallowed costs for the contract with AECOM Technical Services, Inc. The removal of sub-consultants and Task 7 (Consensus) at contract execution, and then reinstating Task 7 at an increase of \$619,940 over the initial budget, bear significant noncompliance to warrant reimbursement of the costs disallowed in the audit.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$338,986.
		SCAG must reimburse Caltrans DOTP \$251,552 of disallowed costs to Caltrans. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$251,552
	SCAG must strengthen procurement and contract management procedures to address the following deficiencies:	A. Ensure consultants provide adequate invoice detail to support costs claimed in compliance with consultant contract terms and 2 CFR Part 200 (which superseded 49 CFR Part 18, and 2 CFR Part 225). Additionally, <u>ensure consultants are required to submit invoices that identify the work performed by task/activity and work element</u> so proper documentation is maintained to support consultant billings. Ensure compliance with all federal and State regulations over the administration of consultant contracts.	Completed and ongoing	100%	SCAG has communicated the requirements to staff and consultants and increased monitoring of non-compliant consultants to ensure the contract provision which requires all invoices to be accompanied by a progress report that states the percentage of work completed. SCAG has amended its contract template, and drafted changes to its Procurement Policies and Procedures Manual and Accounting Manual to require that consultant invoices show the billings applicable to each project/cost element. Invoices that do not comply are rejected. SCAG will provide training to staff by October 31, 2019.
		B. Establish procedures that identify and define each staff's roles and responsibilities regarding consultant invoice reviews.	In Process	25%	SCAG engaged a project management consultant to: (a) Assist in process improvement including role and responsibilities definition; (b) Develop a procedures manual; and (c) Provide training. They completed their Scope of Work and SCAG is in the process of establishing a PMO office that reports directly to the Executive Office. SCAG is in the process of hiring staff for the PMO who will be responsible for establishing, and monitoring best practices agency wide. Goal is to have roles/responsibilities, processes, tools and procedures completed and fully implemented by June 30, 2020.
		C. Revise the Grants Management Policies and Procedures and develop a Project Management Policies and Procedures Manual to ensure compliance with all applicable federal and State regulations and provide staff with detailed processes to follow.	In Process	25%	The updates to the Grants Policy and Procedures Manual have been made in draft form. They will be reviewed and finalized. The status of the PMO is described above.
		D. Ensure consultant contracts identify the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.	Completed and ongoing	100%	The Funding Summary (formerly Contract Exhibit "D") shows the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.
	E. Ensure compliance with all federal and State regulations over the administration of consultant contracts and that the contracts contain language as required in the Caltrans' agreements.	In process	95%	SCAG implemented the contract closeout procedures required by the Local Assistance Procedures Manual Chapter 10.8 and PCC section 10369 in June 2018 and has updated its Procurement Policies and Procedures Manual accordingly. SCAG ceased the practice of retroactive contract amendments in December 2017. Deliverables have been stored in the electronic folder for the applicable contract beginning with FY17 deliverables (received June - August 2018). SCAG will also change its method for the annual funding of multi-year contracts to help reduce the number of contract amendments. Each year's funding shall be done by way of a purchase order and not a contract amendment.	

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN

FINDINGS	REQUIRED CORRECTIVE ACTION		STATUS	% COMPLETE	SCAG CORRECTIVE ACTION
		F. Ensure compliance with all federal and State regulations over the administration of sub-recipient (MOU) agreements, that agreements contain language as required in the Caltrans' agreements and include specific contract end dates.	Completed and ongoing	100%	SCAG has updated its MOU template to: (1) Require project related travel and subsistence expenses of contractors consistent with California Department of Personnel Administration rates; (2) Reference 48 CFR Ch. 1 Part 31 when discussing sub-contractor and third party compliance for applicable cost principles. SCAG has updated its MOU template to require that the type of contract be specified as required by the Caltrans Local Assistance Procedures Manual in Chapter 10, and to include specific contract end dates. The Grants Policies and Procedures Manual has been revised to include the revised MOU language on page 26 and the revised MOU template as Exhibit 10. The revised MOU language was implemented in December 2018 and has been used in the most recent MOUs. Finance will provide training to project managers by October 31, 2019.
		G. Ensure staff are properly trained on the administration and management of consultant and sub-recipient pass through funds.	In Process	80%	Budget & Grants staff is knowledgeable of federal regulations for administering pass-through funds and financial monitoring of sub-recipients. The policies and procedures for subrecipient monitoring are documented in the 2019 Grants Policies & Procedures Manual beginning on page 28. Finance will conduct training for project managers responsible for the administration and management of consultant and sub-recipient pass through funds by October 31, 2019.
FINDING #3 - Labor and Fringe Benefit Deficiencies	SCAG must:	Reimburse the \$1,558,051 of disallowed costs to Caltrans DOTP.	TBD		SCAG requests that Caltrans DOTP address this finding with a programmatic solution recognizing that SCAG has made the necessary internal control and procedural changes to address the finding and prevent a future recurrence.
	Additionally SCAG must:	A. Ensure billings to Caltrans are based on actual labor costs incurred.	Completed and ongoing	100%	SCAG is actively monitoring labor charges to ensure that staff charge time to the correct work element or non-project activities. New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.
		B. Ensure the accounting methodology for retroactive pay and merit increases provides for an audit trail for changes made to the employee time sheets and costs are allocated to the appropriate pay periods.	Completed and ongoing	100%	SCAG's implemented a new procedure for retroactive pay in October 2018 whereby the retroactive amount is applied to the periods covered by the increase. Thus, the projects & non-work time categories that were charged by the employee during the period covered by the retroactive pay share the cost of the increase. The support documents for these adjustments is retained for audit purposes.

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	
		C. Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.	In Process	75%	Starting with FY18, no time is charged to Work Element 120 except for Budget and Grants staff. Staff meetings and other non-project or work element activities are charged to the Indirect Cost fund in a new indirect cost activity (810-0120.06). New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Accounting Manual and in the new project management manual. Finance will provide training to all staff by October 31, 2019.
		D. Update the Accounting Manual to include procedures for time sheet corrections and retroactive pay and merit increases and train staff accordingly.	In Process	95%	New procedures were implemented in October 2018 where retroactive pay increases are coded to the proj/task combinations where the employee charged time after the effective date of the pay rate increase. Changes to the Accounting Manual have been drafted to reflect the new procedures and training will be provided by October 31, 2019.
		E. Develop separate fringe benefit allocation methodologies for regular staff, and interns and student assistants.	Completed	100%	The new fringe benefit allocation methodology for non-regular staff was implemented in the accounting system in July 2018 and in the budget effective in FY20. Both were reviewed and approved by the CFO. Budget & Grants will develop a written policy and procedure and include in the 2019 Budget & Grants Policies & Procedures Manual by October 31, 2019.
FINDING #4 – Billing and Reporting Deficiencies	SCAG must revise their billing and reporting procedures to ensure the following:	A. Billings to Caltrans include all applicable information and supporting documentation that trace to the billed costs and SCAG's financial management system. This includes ensuring the Consolidated Planning Grant IT Reports (or equivalent information) are provided and totaled by task associated to the respective work elements that are approved in the current OWP by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).	Completed and ongoing	100%	SCAG has developed a billing document checklist for billings to Caltrans. It includes the CPG IT report. The checklist requires the signature of the Accounting Manager and the Caltrans staff member who takes physical receipt of the billing package. This was put into effect with the September 2018 billings.
		B. Supporting schedules provided with the billings include appropriate descriptions detailing where costs are being charged.	Completed and ongoing	100%	SCAG no longer uses the term "Other Project" to describe consultant costs billed to another funding source. The funding source is identified separately. The Manager of Accounting reviews all invoices to Caltrans for compliance with this requirement.
FINDING #5 – Possible Conflict of Interest with Sponsorship Program	In order to avoid the appearance of a possible conflict of interest, SCAG must:	A. Establish procedures over the Sponsorship Program to ensure there is no real or appearance of a conflict of interest with consultants that provided donations to the Sponsorship Program and are awarded consultant contracts.	In Process	95%	Staff has drafted a policy and procedure for the Sponsorship program which addresses the conflict of interest concerns. The Policy requires board approval which is anticipated to occur in August.
		B. Develop policies and procedures over the administration and management of the Sponsorship Program to ensure compliance with all federal and State regulations.	In Process	95%	Staff has drafted a policy and procedure for the Sponsorship program which ensures compliance with all federal and State regulations. The Policy is subject to board approval which is expected in August.
		C. Create a Conflict of Interest Statement of Certification form to document compliance with SCAG's own policies and procedures referenced above.	In Process	0%	SCAG will draft a Certification form after approval for the Policy by the board.

Incurred Cost Audit
Plan of Cost Substitution
Attachment B

SCAG
Incurred Cost Audit
Plan of Cost Substitution

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z										
1	DISALLOWED COSTS											SUBSTITUTE COSTS																								
2	Federal/State Project Number	Funded by	Caltrans Agreement No.	Project Name/Description	Work Elements	Consultants/ SCAG Staff	Consultant Contract Amount	Period Costs Incurred	Finding 2 Contract Management	Finding 3 Labor	Total Disallowed Costs Paid by Caltrans	Total of Substitute Costs	Labor in 265-2125.01			Labor in 265-2125.02			Consultant in 130-0162.10			Labor in 266-0715.01			Consultant in 015-0159.02			Labor in 055-1531.01		Labor & consultant in 225-2659.01		Consult in 264-3920.01				
3												Express Travel Choices	East-West Freight Corridor 1-15			TDA - funded Projects	Mileage-based User Fee - Ground			So. Cal. Econ. Strategy	Comp Planning for Open Space Strategic Plan	East-W Freighl Corrid														
4											FY15		FY16	FY17	FY16		FY17	FY18	FY17				FY16	FY17	FY18	FY15	FY15	FY16								
5	VPPP-6049(010) VPPP-6049(015)	DOLA	53-6049R	Value Pricing Pilot Project	265	Parsons Brinckerhoff, Inc.	\$ 2,058,303	3/29/13 - 3/30/18	\$ 361,426		\$ 361,426	\$ -																								
6	VPPP-6049(010) VPPP-6049(015)	DOLA	53-6049R	Value Pricing Pilot Project	265	AECOM Technical Services, Inc.	\$ 4,071,936	4/25/13 - 3/30/18	\$ 338,986		\$ 338,986	\$ 338,986	\$ 117,805	\$ 87,545	\$ 133,636																					
7	Overall Work Program FY14/15	DOTP	74A0822	Federal Overall Work Program	015	AECOM Technical Services, Inc.	\$ 4,071,936	4/25/13 - 3/30/18	\$ 103,971		\$ 103,971	\$ 103,971										\$ 103,971														
8	Overall Work Program FY14/15	DOTP	74A0822	Federal Overall Work Program	010, 015, 130	System Metrics Group, Inc.	\$ 2,462,322	4/23/13 - 3/30/18	\$ 134,083		\$ 134,083	\$ 134,083				\$ 134,083																				
9	Overall Work Program FY14/15	DOTP	74A0822	Federal Overall Work Program	130	Cambridge Systematics, Inc.	\$ 420,404	4/30/14 - 3/30/18	\$ 13,498		\$ 13,498	\$ 13,498						\$ 13,498																		
10	Overall Work Program FY14/15	DOTP	74A0822	Federal Overall Work Program	120	Accountants/Contract Administrators & Legal Staff	N/A	7/1/14 - 6/30/15		\$ 1,558,051	\$ 1,558,051	\$ 1,558,051				\$ 51,971	\$ 107,304	\$ 1,223	\$ 141,070	\$ 34,682	\$ 450,000	\$ 118,499	\$ 146,125	\$ 307,743	\$ 199,											
11							\$ 9,012,965		\$ 951,964	\$ 1,558,051	\$ 2,510,015	\$ 2,148,589	\$ 117,805	\$ 87,545	\$ 133,636	\$ 51,971	\$ 241,387	\$ 14,721	\$ 141,070	\$ 34,682	\$ 450,000	\$ 222,470	\$ 146,125	\$ 307,743	\$ 199,											
12																																				

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

Incurring Cost Audit
SCAG Draft Sponsorship Policy
Attachment C

Purpose

Each year, the Southern California Association of Governments (SCAG) administers events to foster innovation in transportation and regional planning, and the exchange of information and ideas in the field. As the nation's largest metropolitan planning organization (MPO), SCAG's leadership is important in not only providing a forum for its members to engage with the public and private sectors, but also to provide opportunities for interested parties to develop an affiliation with, and support, the agency's long-range transportation planning efforts. The relationships SCAG maintains with external organization are vital in furthering innovation in the field resulting in potential solutions to various regional issues of concern.

For these reasons, and in an effort to optimize the use of public funds and resources for SCAG events to the public's benefit, SCAG provides opportunities for interested parties to sponsor such events.

The primary goals of the Event Sponsorship Policy ("Policy") and attached Event Sponsorship Procedures ("Procedures") are as follows:

- Ensure that SCAG's sponsorship program for events administered by SCAG is carried out in accordance with this Policy and Procedures.
- Ensure sponsorship offers are solicited and accepted in compliance with applicable conflict of interest requirements under federal and state laws, regulations, and guidelines, as well as SCAG policies (i.e., Personnel Rules, Ethics Policy, Regional Council Policy Manual, etc.).
- Ensure sponsorships do not compromise the larger goals and objectives of SCAG in its primary role as the region's MPO.

Definitions

Consultant Database: Businesses, individuals or other entities listed in SCAG's vendor/consultant database known as PlanetBids.com (<https://www.planetbids.com/hub/hub.cfm>).

SCAG Representatives: SCAG General Assembly delegates and alternates, Regional Council members, Policy Committee members, Host Committee members, SCAG executive management and staff.

Sponsorship: A mutually beneficial business arrangement between SCAG and an external organization, business, individual or other interested party ("Sponsor") wherein the Sponsor contributes any funds or in-kind products and services, or any combination thereof, to an event administered by SCAG in return for any combination of services, recognition, acknowledgement, and/or other promotional consideration.

Policy Guidelines

Any funds, in-kind products and services, or any combination thereof received from a Sponsor in support of events administered by SCAG shall go towards the administration of the event for which sponsorship is provided. Recognizing the importance of SCAG relationships with external organizations and the opportunities provided with a SCAG sponsorship, SCAG may allow sponsorships from SCAG consultants under certain parameters. Acknowledging the various conflict of interest requirements, funds received by SCAG from a Sponsor that does or may do business with SCAG (i.e., contacts listed in the Consultant Database) shall not be used by SCAG to pay for any expenses which confer or may be perceived to confer a personal benefit to a public official, such as meals, transportation, lodging for the public official. For purposes of this Policy, a public official includes any person who is required to file a Form 700, California Fair Political Practices (FPPC) Statement of Economic Interests, pursuant to SCAG's Conflict of Interest Code. In addition, funds received by SCAG from a Sponsor that does or may do business with SCAG (i.e., contacts listed in the Consultant Database) shall be segregated from other Sponsorship funds and appropriately accounted for by SCAG's Finance Department in accordance with this Policy and Procedures.

Conflict of Interest

SCAG employees must exercise the highest level of integrity, ethics, and objectivity in their actions and relationships and shall, to the maximum extent possible, endeavor to eliminate any actual or appearance of impropriety or conflict of interest and ensure compliance with applicable conflict of interest laws and regulations. SCAG employees have the duty to act in the best interest of SCAG at all times, and in accordance with Section 3 of SCAG's Ethics Policy, "all employees shall receive a copy of this [Ethics] Policy and shall acknowledge receipt of this [Ethics] Policy in writing as part of new employee orientation and annually." SCAG's Personnel Rules, Section 13.4, also prohibits SCAG employees from accepting any favors, gifts or gratuities from individuals or corporations that do or may do business with SCAG.

Moreover, SCAG employees serving on a Proposal Review Committee (PRC) in relation to a request for proposal (RFP) for consultant services are also required to complete a Non-Disclosure/Conflict of Interest Statement to make known any such personal conflicts of interest that may exist. If none exists, the employee shall acknowledge that no member of the employee's family has any direct or personal interest which conflicts substantially, or appears to conflict substantially, with the employee's duties as a member of the PRC.

To further avoid an actual or appearance of a conflict of interest, and to ensure compliance with applicable conflict of interest laws and regulations, SCAG will require the following:

- SCAG Representatives involved in the SCAG's sponsorship program shall be required to complete and submit a Conflict of Interest Statement Certification, pertaining specifically to the solicitation of sponsorships in support of events administered by SCAG, and to document compliance with SCAG's policies and procedures.
- SCAG staff from the Media & Public Affairs Department shall check sponsorship solicitation mailing lists to ensure that such lists do not contain contacts from SCAG's Consultant Database. SCAG Representatives shall not initiate any communications or transmit materials

to contacts listed in such Consultant Database regarding Sponsorship opportunities. However, SCAG Representatives may respond to inquiries for more information regarding sponsorship opportunities from contacts listed in the Consultant Database.

- In the event that SCAG staff receives a Sponsorship offer from a contact listed in the Consultant Database, SCAG staff may accept such offer in accordance with the following procedures:
 - Accounting staff shall immediately segregate any funds received from such sources, apart from all other sources of funding for SCAG events.
 - Funds received from such sources shall not be utilized to pay for any expenses for SCAG events which may confer or be perceived to confer a personal benefit including but not limited to travel, meals or lodging expenses.

- In the event a situation arises where a staff member of the Media & Public Affairs Department serves on a PRC in relation to an RFP for consultant services and the applicant/proposer was a Sponsor for an event administered by SCAG, and the SCAG staff member had a role in soliciting, accepting, or approving the Sponsorship from the applicant/proposer in question, the SCAG staff member shall recuse himself or herself from the PRC, and not participate in the PRC process.

Invoicing

Benefits of sponsorship, promotion, and/or services to be provided by SCAG, as negotiated with SCAG staff for a specified event, will be outlined in the invoice provided to Sponsors. Invoices to Sponsors that are not in SCAG’s Consultant Database shall include the following disclaimer:

Note – Sponsorship of an event administered by SCAG does not:

- *Imply endorsement from SCAG of any past, current, or future business, product, or service that was, is, or may be provided by the organization named above that has committed to sponsorship of the event named herein.*
- *Imply any future submission or application by the organization named above to a SCAG request for proposal (RFP) for consultant services, or any other form of contract services, will be successful due to prior financial sponsorship of an event administered by SCAG.*
- *Relinquish control from SCAG, to the organization named above, of any program, service delivery, facility management, or event planning considerations related to the facilitation of an event administered by SCAG.*

Invoices to Sponsors that are listed in SCAG’s Consultant Database shall additionally include the following disclaimer:

Note – Sponsorship funds provided by your organization will not be utilized to cover the costs of meals, lodging, travel or any other expenses which may or be perceived to confer a personal benefit to any public official. In addition, sponsorship of an event administered by SCAG does not:

- *Imply endorsement by SCAG of any past, current, or future business, product, or service that was, is, or may be provided by the organization named above that has committed to sponsorship of the event named herein.*

- *Imply any future submission or application by the organization named above to a SCAG request for proposal (RFP) for consultant services, or any other form of contract services, will be successful due to prior sponsorship of an event administered by SCAG.*
- *Relinquish control by SCAG, to the organization named above, of any program, service delivery, facility management, or event planning considerations related to the facilitation of an event administered by SCAG.*

Sponsorship Selection

SCAG will consider sponsorship offers from interested external organizations without any guarantee of acceptance. SCAG exercises sole discretion over decisions to accept Sponsorships in accordance with this Policy.

Incurring Cost Audit
SCAG Draft Sponsorship Procedure
Attachment D

Conflict of Interest Form

- SCAG Representatives as defined under the Event Sponsorship Policy, (“Policy”) shall be required to complete and submit a Conflict of Interest Statement Certification pertaining to SCAG’s sponsorship program in support of events administered by SCAG, to document compliance with these Event Sponsorship Procedures (“Procedures”) and SCAG’s other applicable policies and procedures.

Preparation and Transmittal of Sponsorship Materials

SCAG Sponsorship staff as assigned by the Director of Policy and Public Affairs, or the Manager of Media and Public Affairs shall:

- Annually update brochures (which outline sponsorship levels and corresponding benefits for each respective level) and other related materials for each event that SCAG considers Sponsorships, consistent with the Policy, taking into consideration feedback received from the prior year’s Post-Event Survey, as well as current trends, targeted audience, sponsorship levels and benefit levels.
- Ensure such brochures and other materials regarding Sponsorships are not transmitted to contacts in SCAG’s Consultant Database.
- Adapt for publication on SCAG’s website (on an event-specific page), Sponsorship brochures and related materials for each event, and include on such page information regarding the Policy.
- Update language for the invoice template for Sponsorships to reflect any necessary changes required by the Policy (e.g. disclaimers).
- Ensure language for the email templates which are utilized to transmit information regarding Sponsorship opportunities for SCAG events comply with the Policy.

SCAG Accounting staff shall:

- Review invoices received by Sponsors to ensure compliance with the Policy including containing language required by the Policy (e.g., disclaimers).
- For each SCAG event, segregate in a separate account any funds received by Sponsors listed in SCAG’s Consultant Database known as PlanetBids.com (<https://www.planetbids.com/hub/hub.cfm>), from all other sources of funding, and ensure expenditures of funds received from such sources comply with the requirements of the Policy.

Host Committee (If Applicable)

- For the SCAG annual Regional Conference & General Assembly, a Host Committee comprised of Regional Council members, plays an integral role in ensuring that sponsorship goals are met.
- The Host Committee will review the list of prospective sponsors developed by staff, as well as identify and/or recruit new potential sponsors. Such list of prospective sponsors shall not include contacts from SCAG’s Consultant Database.

- SCAG staff will assist Host Committee members with filing of Fair Political Practices Commission (FPPC) Form 803 for sponsorships over \$5,000 (if necessary).

Solicitation

- With supporting materials completed, the process for identifying potential sponsors can commence. Potential sponsors may include:
 - Sponsors from prior years' events.
 - New contacts collected from conferences, expos, outside meetings, or other events.
 - New or existing contacts identified by Host Committee members (if applicable).
- SCAG Representatives as defined under the Policy, shall not initiate any sponsorship-related communications with contacts in SCAG's Consultant Database, but may respond to general inquiries for more information regarding sponsorship opportunities received from such contacts.
- Sponsorship staff will prepare and send out communications for Sponsorship solicitation:
 - Emails, with a Sponsorship brochure attached, are sent to sponsors from prior years' events and new potential sponsors identified by sponsorship staff and/or Host Committee members (if applicable).
- Sponsorship staff shall request approval from the Director of Policy & Public Affairs in the event a potential sponsor which is listed on SCAG's Consultant Database, seeks to develop a customized sponsor package.
- The Director of Policy and Public Affairs shall approve customized sponsor packages and any other sponsorships involving contacts listed in SCAG's Consultant Database.

Fulfillment

- Once an external individual or organization has committed to sponsorship, sponsorship staff will facilitate the following to ensure benefits of sponsorship are delivered:
 - Send a confirmation email to the Sponsor that includes the following information:
 - Sponsorship Level
 - Sponsorship Level-Specific Benefits
 - Logo/Advertising Graphics Requirements (If Applicable)
 - Deadlines
 - An attached invoice to sponsor that includes the following information:
 - Sponsorship level
 - Sponsorship level-specific benefits
 - Coordinate sponsor's representative(s) on sponsorship benefits:
 - Exhibition Space (and Related Logistical Needs)
 - Logo/Advertising
 - Product Placement
 - Conference Registrations
 - VIP Reception Registrations
 - Coordinate with SCAG's Finance/Accounting department to ensure receipt of Sponsorship funds and reconciliation of outstanding invoices.

Day(s) of Event

- On the day (or for the duration) of a SCAG event, SCAG Sponsorship staff shall ensure all event-specific sponsorship benefits are delivered satisfactorily to the sponsor (in accordance with their respective sponsorship level), including:
 - Assigning exhibition space to sponsors. This includes ensuring coordination with event space staff of specific logistical requirements for exhibition space (e.g., power, internet, etc.).
 - Assisting with sponsor networking.

Post-Event

- After the event, Sponsorship staff will commit to archiving relevant information pertaining to the agency's Sponsorship solicitation efforts.
 - Administrative tasks include:
 - Updating and finalizing the matrix of sponsors.
 - Archiving templates for invoices and emails, sponsorship solicitation materials, notes from Host Committee meetings (if applicable), and key correspondence.
 - Final reconciliation with the Accounting department.
 - Sponsor follow-up actions include:
 - Compose and send thank you letters to all sponsors.
 - Create and send a post-event satisfaction survey to all sponsors.
 - Address concerns raised or feedback received by sponsors (whether received through direct communication with the sponsor or through the post-event satisfaction survey).



July 11, 2019

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS 900 Wilshire Blvd., Ste. 1700 Los Angeles, CA 90017 (213) 236-1800 www.scag.ca.gov

Ms. Coco Briseno Deputy Director Planning and Modal Programs California Department of Transportation P.O. Box 942873, MS-49 Sacramento, CA 94273-0001

REGIONAL COUNCIL OFFICERS

- President Bill Jahn, Big Bear Lake
First Vice President Randon Lane, Murrieta
Second Vice President Rex Richardson, Long Beach
Immediate Past President Alan D. Wapner, San Bernardino County Transportation Authority

COMMITTEE CHAIRS

- Executive/Administration Bill Jahn, Big Bear Lake
Community, Economic & Human Development Peggy Huang, Transportation Corridor Agencies
Energy & Environment Linda Parks, Ventura County
Transportation Cheryl Viegas-Walker, El Centro

Subject: SCAG Response to Caltrans Final ICAP Audit Report Corrective Actions

Dear Ms. Briseno:

Thank you for the opportunity to respond to the corrective action plan developed by Caltrans Division of Transportation Planning and the Division of Local Assistance in response to Caltrans' Indirect Cost Allocation Plan Audit of SCAG.

In general, the Southern California Association of Governments (SCAG) is in agreement with corrective actions identified. In fact, SCAG began the process of implementing many of the prescribed corrective actions well in advance of the issuance of the final audit report on January 9, 2019. As you will see from the attached matrix, SCAG has fully implemented ten of the sixteen recommendations. Another five of the recommendations are between seventy and ninety-five percent implemented. See Attachment A: Indirect Cost Allocation Plan Audit Action Plan Matrix.

SCAG has been regularly updating its Audit Committee on the status of the ICA including at its June 27th meeting. A link to the meeting is included below for your reference: http://www.scag.ca.gov/committees/Pages/COMMDL.aspx

Of significant concern is Caltrans' requirement that SCAG reimbursement \$2,252,976. Reimbursement of this magnitude will have a devastating effect on SCAG, and by extension, Caltrans, FTA and FHWA. The financial impact of reimbursing Caltrans this amount will severely impact SCAG's ability to meet its program objectives. This effect is amplified by the cost recoveries Caltrans is seeking in both the Incurred Cost and the Indirect Cost Allocation Plan audits. Taken in total, the \$4,401,565 will negatively impact SCAG's ability to meet its planning objectives as defined by the OWP.

Another concern is the fact that disallowing costs based on procedural deficiencies ignores that the MPO, the state and the federal funding agencies got value from the investments made.

I would like to take this opportunity to thank you and your staff for your continuing efforts to clarify the requirements for both

Architectural and Engineering and Non- Architectural and Engineering procurements. I am especially encouraged that the Division of Transportation Planning has reached out to various MPO staff well-versed in procurement requirements and challenges to assist in the development of guidance for Non-Architectural and Engineering procurements.

Caltrans Final Indirect Cost Allocation Plan Audit Report Corrective Actions:

Finding# 1-Improper Procurement Practices

SCAG's procurement practices for ten IT consultant procurements tested did not support that fair and open competition was performed, or that proper procurement procedures were followed as required by Caltrans agreement provisions, federal and State procurement requirements, and SCAG's policies and procedures. The noncompliant procurement practices resulted in unallowable costs billed direct to Caltrans in the amount of \$627,179 and unallowable indirect costs included in the FY 2014-15 actual indirect cost pool in the amount of \$164,628.

Corrective Actions:

SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly, to:

- Ensure costs that are not in compliance with the federal and State procurement regulations are excluded from the indirect cost pool.
- Revise SCAG's Procurement Policy and Procedures Manual to ensure they are current and comply with all applicable federal and State regulations.
- Ensure management and staff receive proper training in procurement procedures.
- Ensure all documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.
- Take Caltrans, Division of Local Assistance (DLA), Audits and Engineering (A&E) consultant procurement training either in person or online at <http://www.dot.ca.gov/hq/LocalPrograms/training.html>

In addition, SCAG must:

- Reimburse Caltrans \$627,179 for the disallowed IT consultant contract costs identified in the audit report. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.
- Adjust the FY 2014-15 actual indirect cost pool by \$164,628 for the unallowable IT consultant costs identified in the audit report.
- Determine the amount incurred and included in the FY 2016-17 indirect cost pool for the seven unallowable IT consultant contracts and adjust the FY 2016-17 indirect cost pool accordingly.

SCAG's Corrective Action

SCAG is taking aggressive action to address deficiencies identified in agency procurement practices. The update of the agency procurement manual is approximately 70% complete. During the intervening period, SCAG's Chief Financial Officer is issuing interim written guidance and providing training to staff.

On February 11, 2019, general procurement training was provided to SCAG staff. Building on that foundation, SCAG management and staff are investigating best practices, incorporating those practices where appropriate and informing staff regularly. Periodic formalized training is also planned.

SCAG has registered for the formal training from Caltrans scheduled for August 2019 regarding procurements of Architectural and Engineering (A&E) services. In the interim period, staff is closely adhering to the A&E guidance detailed in Chapter 10 of the Local Assistance Procedures Manual. Attendance at training provided by Caltrans will be documented and maintained.

SCAG has also improved the internal controls over the procurement process. Specifically, the duties of the Contract Manager have been refined to provide increased oversight to ensure compliance with SCAG policies and state and federal requirements, including the preparation and receipt of independent cost estimates. The Contracts Manager has also adopted a tool to document his review and approval of procurement actions.

In response to the reimbursement of \$627,179 for the disallowed IT consultant contracts, SCAG would like to propose an alternative solution. SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$627,179. A schedule of proposed substitutions is included with this letter. It is Attachment B titled: Plan of Cost Substitution for Disallowed Consultant Costs. See columns O through V.

In November 2018, SCAG made the indirect cost pool adjustments required in this finding.

Finding # 2-Deficient Charging Practices

SCAG's charging practices related to billing indirect and direct costs to Caltrans were deficient and resulted in billings that were not in compliance with Caltrans agreement provisions and federal and State regulations. Specifically, SCAG billed an indirect rate for FY 2016-17 that included unallowable direct and indirect costs and billed indirect and ineligible direct labor costs to a direct project work element. The charging practices implemented by SCAG did not ensure the proper segregation of direct, indirect, and unallowable costs in the accounting records and costs included on the billings to Caltrans.

Finding 2A Unallowable Indirect Costs Included in the. FY 2016-17 ICAP

In testing 41 transactions within 15 indirect cost accounts for the FY 2014-15

carry forward, Caltrans found that SCAG included direct, unallowable, and unsupported costs in the indirect cost pool. Unallowable costs totaling \$196,617 were due to weak internal controls, improper charging practices, and non-compliant vendor procurements. Unallowable mileage costs totaling \$11,986 were also included in the indirect cost pool of SCAG's FY 16-17 ICAP.

Corrective Actions:

- Adjust the FY 2014-15 actual indirect cost pool by \$196,617 for the unallowable costs identified in the audit report.
- Remove \$11,986 from the indirect cost pool for FY 2016-17 for the unallowable travel costs.
- Review all indirect accounts to ensure costs are in compliance with federal and State regulations; are properly segregated between direct, indirect and unallowable; and are supported by original source documentation.
- Adjust the FY 2016-17 indirect cost pool by all unallowable costs identified.
- Establish written policies and procedures for segregating direct and indirect legal costs in compliance with federal and State regulations.
- Establish written policies and procedures that prevent the Internal Auditor from reviewing and approving travel expense.
- Ensure staff provide adequate documentation supporting any and all travel expenses and comply with SCAG travel policies and procedures and Caltrans Agreement provisions related to travel. Also, report to the board monthly of all travel related expenses incurred by the Executive Director.

SCAG Corrective Action

SCAG has taken aggressive action to address the internal control and procedural deficiencies identified in this finding. The specific seven actions are detailed in the attached matrix. See Attachment A. Five of the seven actions are substantially complete.

SCAG has strengthened its procedures regarding the review of charges to the indirect cost pool and has institutionalized those changes in revisions to its Accounting Manual.

SCAG has also developed a new travel policy compliant with all federal and state regulations regarding travel expenses to implement and train staff by August 31, 2019. However, SCAG respectfully disagrees with the requirement that the Executive Director's travel related expenses be reported to the Board on a monthly basis, proposing instead to report in response to Board inquiry.

In November 2018, SCAG complied with the audit recommendation by adjusting the FY 2014/15 indirect cost pool by \$196,617 and removing \$11,986 from the FY 2016/17 indirect cost pool.

Finding 2B-Unallowable Labor Costs

The Incurred Cost Audit (dated July 24, 2018) identified indirect and ineligible costs charged to Work Element 120 which was established for direct costs related to development and administration of the Overall Work Program (OWP). This will impact the FY 2016-17 ICAP. Eligible tasks included the development of the OWP, preparation of the annual budget and amendments to the budget, and preparation of Quarterly Progress Reports. In the Incurred Cost Audit, Caltrans found that SCAG accountants and contract administrators charged time for the review and approval of consultant invoices which were ineligible and indirect in nature.

SCAG's charging practices remained unchanged for FY 2016-17 and unallowable costs were billed to Work Element 120. Based on an analysis of SCAG's labor reports for FY 2016-17, \$1,625,797 of indirect labor related to accountants, contract administrators, and an internal auditor were inappropriately charged direct to Work Element 120.

SCAG does not have adequate policies and procedures related to labor charging practices. In addition to billing ineligible costs identified, the inappropriate charging practices result in SCAG lacking accurate historical information related to actual costs for future budget purposes and overhead rate calculations.

Corrective Actions:

- Reimburse Caltrans \$1,625,797 in unallowable labor costs. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.
- Ensure billings to Caltrans are based on actual labor costs incurred.
- Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.

Once SCAG repays Caltrans the full \$1,625,797 in disallowed costs, they can request to include the disallowed costs in the FY 2016-17 indirect cost pool. If approved, SCAG will then be required to resubmit a revised FY 2016-17 ICAP including the adjustments.

SCAG Corrective Action

SCAG has taken aggressive action to address the internal control and procedural deficiencies identified in this finding. The specific actions are detailed in the attached matrix.

The audit characterized the \$1,625,797 as disallowed costs because they were deemed misclassified as direct costs as opposed to indirect costs. The Department's Corrective Action requires that SCAG, in essence, reimburse Caltrans, reclassify the costs as indirect and rebill for the same costs. To do so will require that SCAG engage in the a time consuming expensive and complex process which involves recalculating prior year indirect cost pools, re-opening closed accounting records, recasting successive years of indirect cost rates and associated billings. It also requires adjustments to previous

years' cost accounting and financial reporting records. Executing the Department's corrective action will also require considerable effort on the part of Caltrans DOTP, Accounting and the Office of the Independent Auditor.

At the core, the costs are eligible and are reimbursable. Embarking on a laborious, time consuming and expensive process that will ultimately have minimal impact on the final result, does not appear to be in SCAG's, Caltrans' or the public interest.

The approach also has a deleterious effect on SCAG and by extension Caltrans, FTA and FHWA. The financial impact of reimbursing Caltrans \$1,625,797 will severely impact SCAG's ability to meet its program objectives. This effect is amplified by the cost recoveries Caltrans is seeking in both the Incurred Cost and the Indirect Cost Allocation Plan audits. Taken in total, the \$4,401,565 will negatively impact SCAG's ability to meet its planning objectives as defined by the OWP.

SCAG proposes an alternative solution. As a result of this audit, SCAG was required to restate its ICAP for the FY15/16 and FY16/17 and compute the FY18/19 rate without the carry-forward from 16/17. This resulted in an under-recovery of \$598,330 at June 30, 2017. SCAG proposes to apply this amount to the requested reimbursement of \$1,625,797, leaving \$1,027,467.

Further, SCAG proposes to substitute other locally funded allowable costs associated with the audit period for the remaining \$1,027,467. A second schedule of proposed substitutions is included with this letter. It is Attachment C titled: Plan of Cost Substitution for WE 120 Costs Disallowed.

Should you have any questions about this letter or need further information, please contact Debbie Dillon, Chief Strategy Officer, at 213-236-1870 or dillon@scag.ca.gov. I look forward to your response.

Sincerely,



Kome Ajise
Executive Director
ajise@scag.ca.gov
213-236-1835

Attachments:

- A. Indirect Cost Allocation Plan Audit Corrective Action Plan Matrix
- B. Indirect Cost Allocation Plan Audit - Plan of Cost Substitution for Disallowed Consultant Costs
- C. Indirect Coat Allocation Plan Audit - Plan of Cost Substitution for WE 120 Costs Disallowed

Cc: Rodney Whitfield, Director of Financial Services, FHWA
Tashia Clemons, Director, Planning and Environment, FHWA

Veneshia Smith, Financial Manager, FHWA
John Bulinski, District Director, District 7, Caltrans
Steve Novotny, DLA Engineer, District 7, Caltrans
MarSue Morrill, Chief, External Audits-Local Governments, Independent Office of
Audits and Investigations, Caltrans
Lisa Pacheco, Acting Division Chief, DOTP, Caltrans
Erin Thompson, Chief, Regional Planning, DOTP, Caltrans
Rihui Zhang, Chief, DLA, Caltrans
Kamal Sah, Chief, Office of Guidance and Oversight, DLA, Caltrans
Gilbert Petrissans, Chief, Division of Accounting, Caltrans
Darin Chidsey, Chief Operating Officer, SCAG
Debbie Dillon, Chief Strategy Officer, SCAG
Basil Panas, Chief Financial Officer, SCAG

Indirect Cost Allocation Plan Audit
Corrective Action Plan Matrix
Attachment A

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	CORRECTIVE ACTIONS	
FINDING 1- Improper Procurement Procedures	SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly to:	A. Ensure costs that are not in compliance with federal and State procurement regulations are excluded from the indirect cost pool.	Completed and ongoing	100%	SCAG's Manager of Contracts reviews its procurements to ensure they comply with federal and State requirements. If any do not comply, they are funded with local funds.
	B. Revise SCAG's Procurement Policy & Procedures Manual to ensure they are current and comply with all applicable federal and State regulations.	In process	70%	SCAG's Procurement Policies & Procedures Manual will be amended and staff will be trained by October 31, 2019. The CFO will issue written guidance to all staff addressing major changes made and implemented up to the issuance of the new manual detailing incremental revisions.	
	C. Ensure management and staff receive proper training in procurement procedures.	In process	80%	On February 11, 2019, Julie Wiley, SANDAG Special Counsel and Manager of Contracts and Procurement, conducted training at SCAG. Since then SCAG has also been actively collecting best practices, updating practices and communicating regularly at All Staff meetings and management meetings. SCAG will continue to conduct periodic training to ensure education and updated information is shared on a continuous basis.	
	D. Ensure all documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager and to the Contract Administrators. This now enables the Manager of Contracts to spend more time on oversight to ensure that all documentation is maintained to support that proper procurement procedures are followed in accordance with state and federal regulations. Particular attention is being paid to documenting the preparation and receipt of the independent cost estimates. The Manager of Contracts now uses a more detailed sign-off sheet to review and approve procurement actions.	
	E. Take Caltrans, Division of Local Assistance (DLA) A&E consultant procurement training either in person or online at http://www.dot.ca.gov/hq/LocalPrograms/training.html	In process	25%	SCAG will take the A&E training scheduled at Caltrans District 7 on August 15, 2019. To help prepare for this training and better identify A&E type projects and how to procure and administer them, on May 22 2019, procurement staff attended "Using the AASHTO Audit Guide for the Procurement and Administration of A/E Contracts." Following the August training, SCAG procurement staff will disseminate the information at a SCAG's All Staff Meeting to further support ongoing procurement training efforts pending the complete update of the SCAG Procurement Manual. Staff attempted to take the online training but the link would fail during the training. That link has now been removed.	
	In addition, SCAG must:	Reimburse Caltrans \$627,179 for the disallowed IT consultant contract costs identified in the audit report.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$627,179.
		Adjust the FY2014-15 actual indirect cost pool by \$164,628 for the unallowable IT consultant costs identified in the audit report.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	CORRECTIVE ACTIONS
	Determine the amount incurred and included in the FY2016-17 indirect cost pool for the seven unallowable IT consultant contracts and adjust the FY2016-17 indirect cost pool accordingly.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.
FINDING 2A – Unallowable Indirect Costs Included in the FY2016/17 ICAP	A. Adjust the FY 2014/15 actual indirect cost pool by \$196,617 for the unallowable costs identified in the audit report.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.
	B. Remove \$11,986 from the indirect cost pool for FY 2016/17 for the unallowable travel costs.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.
	C. Review all indirect accounts to ensure costs are in compliance with federal and State regulations; are properly segregated between direct, indirect and allowable; and are supported by original source documentation.	Completed and ongoing	100%	Accounting staff review the charges to Indirect Cost accounts for propriety and this procedure has been added to the Accounting Manual in draft form. SCAG will review and finalize the Manual and train staff by October 31, 2019.
	D. Adjust the FY 2016/17 indirect cost pool by all unallowable costs identified.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.
	E. Establish written policies and procedures for segregating direct and indirect legal costs in compliance with federal and State regulations.	In process	70%	Changes to the Accounting Manual have been drafted. They will be reviewed and finalized and staff will be trained by October 31, 2019. The CFO has met with the Chief Counsel to convey the needs of this finding with respect to invoices for legal services.
	F. Establish written policies and procedures that prevent the Internal Auditor from reviewing and approving travel expense.	In process	70%	Changes to the Accounting Manual have been drafted to specifically exclude Internal Audit from the travel expense review process. SCAG will review and finalize the Manual and train staff by October 31, 2019.
	G. Ensure staff provide adequate documentation supporting any and all travel expenses and comply with SCAG travel policies and procedures and Caltrans Agreement provisions related to travel. Also, report to the board monthly all travel related expenses incurred by the Executive Director.	Completed with the exception of reporting Executive Director travel to the board monthly. SCAG respectfully disagrees that this is required by CalTrans and therefore should it be requested by the Board, it will be provided.	100%	SCAG has developed a new travel policy to be compliant with all federal and State regulations regarding travel. The policy will be issued and staff training provided by August 31, 2019.
Finding 2B - Unallowable Labor Costs	A. Reimburse Caltrans \$1,625,797 in unallowable labor costs	TBD		SCAG requests that Caltrans DOTP address this finding with a programmatic solution recognizing that SCAG has made the necessary internal control and procedural changes to address the finding and prevent a future recurrence.
	B. Ensure billings to Caltrans are based on actual labor costs incurred.	Completed and ongoing	100%	SCAG is actively monitoring labor charges to ensure that staff charge time to the correct work element or non-project activities. New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION		STATUS	% COMPLETE	CORRECTIVE ACTIONS
		C. Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.	In process	70%	Starting with FY 2017-18, no time is charged to Work Element 120 except for Budget and Grants staff. Staff meetings and other non-project or work element activities are charged to the Indirect Cost fund in a new indirect cost activity (810-0120.06). New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.

Indirect Cost Allocation Plan Audit
Plan of Cost Substitution for Disallowed Consultant Costs
Attachment B

SCAG
Indirect Cost Allocation Plan Audit
Plan of Cost Substitution for Disallowed Consultant Costs

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	
												DISALLOWED COSTS	SUBSTITUTE COSTS										
	Consultant	Contract Number	Original Contract Amount	Final Contract Amount	Contract Execution Date	Contract Expiration Date	No. of Amendments	No. of Amendments on Expired Contracts	No. of Amendments with No Documentation	Unallowable Consultant Contract	Unallowable Amounts in the FY2014/15 ICAP	Unallowable Costs Billed Direct FY 2014/15 thru 2016/17	Total of Substitute Costs	Consultant costs in 045-0142.22	Consultant costs in 050-0169.03	Consultant costs in 055-0133.05	Consultant costs in 055-0133.06	Consultant costs in 055-1531.01	Consultant costs in 065-0137.09	Consultant costs in 065-2663.02	Consultant 140-011		
														Planning System Development	Active Transportation: Economic Impact Study	Regional Growth & Policy Analysis	University Partnerships & Collaboration	So. Cal. Economic Strategy	CEO Sustainability Working Group	RTP/SCS Land Use Policy & Program Development	LA-S Bernar Interco Connectivi		
														FY16	FY16	FY16	FY16	FY16	FY16	FY16	FY16		
5	AgreeYa Solutions, Inc.	13-034-C1	\$ 34,000	\$ 243,000	3/12/2013	7/31/2013	6	2	1	X	\$ 101,018												
6	Allied Network Solutions, Inc.	14-004-C1	\$ 124,000	\$ 503,000	8/6/2013	6/30/2015	6	3	4	X	\$ 185,629	\$ 185,629	\$ 75,033	\$ 99,710	\$ 10,887								
7	Celer Systems, Inc.	15-025-C1	\$ 90,000	\$ 260,000	2/5/2015	6/30/2015	2	2	1	X													
8	22nd Century Technologies, Inc.	15-018-C1	\$ 75,000	\$ 292,110	2/2/2015	6/30/2015	3	2	1	X	\$ 188,104	\$ 188,104		\$ 23,434	\$ 108,894	\$ 55,776							
9	22nd Century Technologies, Inc.	15-018-C2	\$ 75,000	\$ -	2/5/2015	-	-	N/A	-														
10	Logic House Ltd. Corp.	14-005-C1	\$ 170,000	\$ 478,896	10/15/2013	6/30/2015	3	2	2	X	\$ 78,485	\$ 78,485					\$ 45,097	\$ 33,388					
11	Acro Service Corp.	13-017-C1	\$ 100,000	\$ 373,600	11/15/2012	-	4	N/A	2	X	\$ 57,596												
12	RADgov, Inc.	13-016-C1	\$ 175,000	\$ 627,632	9/24/2012	12/19/2013	5	3	3	X	\$ 6,014	\$ 174,961	\$ 174,961						\$ 71,612	\$ 42,346	\$		
13	AgreeYa Solutions, Inc.	14-021-C1	\$ 156,000	\$ 255,201	6/3/2014	-	7	N/A	-														
14	Civic Resource Group, LLC	14-021-C1	\$ 162,181	\$ 204,293	6/5/2015	-	5	N/A	-														
15							41	14	14		\$ 164,628	\$ 627,179	\$ 627,179	\$ 75,033	\$ 99,710	\$ 34,321	\$ 108,894	\$ 100,873	\$ 105,000	\$ 42,346	\$		

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

Indirect Cost Allocation Plan Audit
Plan of Cost Substitution for WE 120 Costs Disallowed
Attachment C

**SCAG
Indirect Cost Allocation Plan Audit
Plan of Cost Substitution for WE120 Costs Disallowed**

Category	Period Costs Incurred	Total Disallowed Costs Paid by Caltrans
Accountants/Contract Administrators and Legal Staff charged to WE 120	FY17	\$ <u>1,625,797</u>
Indirect costs under-recovered at June 30, 2017 in accordance with revised ICAP:		\$ <u>598,330</u>
Substitute Costs in:		
055-0133.06 University Partnerships & Collaboration	FY17	133,672
055-1531.01 So. Cal. Economic Growth Strategy	FY17	91,185
090-0148.01 Public Information & Communication	FY17	802,610
Total Costs to be Substituted		\$ <u>1,027,467</u>
Total of Indirect Cost Under-Recovery and Substituted Costs		<u>1,625,797</u>

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN
10-15-19

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	Count	100% complete	90% + complete	<90% complete	
FINDING #1- Improper Procurement Procedures	SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly, to ensure:	A. Compliance with all applicable Caltrans requirements and federal and State and federal procurement regulations. This includes revising section 6.6.2 to describe the different competitive procurement processes available and when each should be used in compliance with federal and State regulations.	In Process	70%	In advance of finalizing an update to the procurement manual, the CFO has and will continue, to implement interim written guidance and provide training at various staff meetings on changes made since Audit Findings submitted to SCAG.	1	YES	YES	
		B. Proper management decisions are made when preparing Requests for Proposal that include tasks or sub-tasks that require an Architectural & Engineering (A&E) consultant to perform the work for compliance with federal and State procurement regulations.	Completed and ongoing	100%	Until SCAG staff attend the August 15th A&E training currently scheduled at District 7, SCAG staff are following the A&E guidance in the Local Assistance Procedures Manual.	2	YES		
		C. Management and staff receive proper training in procurement procedures.	In Process	75%	On 2/11/19, Julie Wiley, SANDAG Special Counsel and Manager of Contracts and Procurement, conducted training at SCAG. Since then SCAG has also been actively collecting best practices, updating practices and communicating regularly at All Staff meetings and management meetings. SCAG will continue to conduct period training to ensure education and updated information is shared on a continuous basis.	3		YES	
		D. Staff that are involved in the consultant procurement process perform all required actions and comply with SCAG policies and procedures, Caltrans requirements, and federal and State procurement regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager to the Contract Administrators. This now enables the Manager of Contracts to spend more time spent on oversight to ensure compliance with SCAG policies and procedures, Caltrans requirements, and federal and State procurement guidelines.	4	YES		
		E. All documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager and to the Contract Administrators. This now enables the Manager of Contracts to spend more time on oversight to ensure that all documentation is maintained to support that proper procurement procedures are followed in accordance with state and federal regulations. Particular attention is being paid to documenting the preparation and receipt of the independent cost estimates. The Manager of Contracts now uses a more detailed sign-off sheet to review and approve procurement actions.	5	YES		
		F. SCAG must also take the DLA A&E consultant procurement training either in person or online. A training webinar is tentatively scheduled to be posted in late May. If SCAG elects to take the online training, they must provide a list to the DLA Audits Coordinator for those staff who have completed the online training when available. The list shall contain staff names, phone numbers, e-mail addresses, date(s) of completion, and a verification by the staff's supervisor.	In Process	80%	SCAG will take the A&E training scheduled at Caltrans District 7 on August 15, 2019. To help prepare for this training and better identify A&E type projects and how to procure and administer them, on May 22, 2019, procurement staff attended "Using the AASHTO Audit Guide for the Procurement and Administration of A/E Contracts." Following the August training, SCAG procurement staff will disseminate the information at SCAG's All Staff Meeting to further support ongoing procurement training efforts pending the complete update of the SCAG Procurement Manual. Staff attempted to take the online training but the link would fail during the training. That link has now been removed.	6		YES	

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN
10-15-19

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	Count	100% complete	90% + complete	< 90% complete
FINDING #2 – Contract Management Deficiencies	SCAG must reimburse Caltrans DLA \$338,986 in disallowed costs for the contract with AECOM Technical Services, Inc. The removal of sub-consultants and Task 7 (Consensus) at contract execution, and then reinstating Task 7 at an increase of \$619,940 over the initial budget, bear significant noncompliance to warrant reimbursement of the costs disallowed in the audit.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$338,986.				
	SCAG must reimburse Caltrans DOTP \$251,552 of disallowed costs to Caltrans. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$251,552				
SCAG must strengthen procurement and contract management procedures to address the following deficiencies:	A. Ensure consultants provide adequate invoice detail to support costs claimed in compliance with consultant contract terms and 2 CFR Part 200 (which superseded 49 CFR Part 18, and 2 CFR Part 225). Additionally, ensure consultants are required to submit invoices that identify the work performed by task/activity and work element so proper documentation is maintained to support consultant billings. Ensure compliance with all federal and State regulations over the administration of consultant contracts.	Completed and ongoing	100%	SCAG has communicated the requirements to staff and consultants and increased monitoring of non-compliant consultants to ensure the contract provision which requires all invoices to be accompanied by a progress report that states the percentage of work completed. SCAG has amended its contract template, and drafted changes to its Procurement Policies and Procedures Manual and Accounting Manual to require that consultant invoices show the billings applicable to each project/cost element. Invoices that do not comply are rejected. SCAG will provide training to staff by October 31, 2019.	7	YES		
	B. Establish procedures that identify and define each staff's roles and responsibilities regarding consultant invoice reviews.	In Process	25%	SCAG engaged a project management consultant to: (a) Assist in process improvement including role and responsibilities definition; (b) Develop a procedures manual; and (c) Provide training. They completed their Scope of Work and SCAG is in the process of establishing a PMO office that reports directly to the Executive Office. SCAG is in the process of hiring staff for the PMO who will be responsible for establishing, and monitoring best practices agency wide. Goal is to have roles/responsibilities, processes, tools and procedures completed and fully implemented by June 30, 2020.	8			YES
	C. Revise the Grants Management Policies and Procedures and develop a Project Management Policies and Procedures Manual to ensure compliance with all applicable federal and State regulations and provide staff with detailed processes to follow.	In Process	25%	The updates to the Grants Policy and Procedures Manual have been made in draft form. They will be reviewed and finalized. The status of the PMO is described above.	9		YES	
	D. Ensure consultant contracts identify the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.	Completed and ongoing	100%	The Funding Summary (formerly Contract Exhibit "D") shows the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.	10	YES		
	E. Ensure compliance with all federal and State regulations over the administration of consultant contracts and that the contracts contain language as required in the Caltrans' agreements.	In process	95%	SCAG implemented the contract closeout procedures required by the Local Assistance Procedures Manual Chapter 10.8 and PCC section 10369 in June 2018 and has updated its Procurement Policies and Procedures Manual accordingly. SCAG ceased the practice of retroactive contract amendments in December 2017. Deliverables have been stored in the electronic folder for the applicable contract beginning with FY17 deliverables (received June - August 2018). SCAG will also change its method for the annual funding of multi-year contracts to help reduce the number of contract amendments. Each year's funding shall be done by way of a purchase order and not a contract amendment.	11		YES	

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN
10-15-19

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	Count	100% complete	90% + complete	< 90% complete
	F. Ensure compliance with all federal and State regulations over the administration of sub-recipient (MOU) agreements, that agreements contain language as required in the Caltrans' agreements and include specific contract end dates.	Completed and ongoing	100%	SCAG has updated its MOU template to: (1) Require project related travel and subsistence expenses of contractors consistent with California Department of Personnel Administration rates; (2) Reference 48 CFR Ch. 1 Part 31 when discussing sub-contractor and third party compliance for applicable cost principles. SCAG has updated its MOU template to require that the type of contract be specified as required by the Caltrans Local Assistance Procedures Manual in Chapter 10, and to include specific contract end dates. The Grants Policies and Procedures Manual has been revised to include the revised MOU language on page 26 and the revised MOU template as Exhibit 10. The revised MOU language was implemented in December 2018 and has been used in the most recent MOUs. Finance will provide training to project managers by October 31, 2019.	12	YES		
	G. Ensure staff are properly trained on the administration and management of consultant and sub-recipient pass through funds.	In Process	80%	Budget & Grants staff is knowledgeable of federal regulations for administering pass-through funds and financial monitoring of sub-recipients. The policies and procedures for subrecipient monitoring are documented in the 2019 Grants Policies & Procedures Manual beginning on page 28. Finance will conduct training for project managers responsible for the administration and management of consultant and sub-recipient pass through funds by October 31, 2019.	13		YES	
FINDING #3 - Labor and Fringe Benefit Deficiencies	SCAG must:	Reimburse the \$1,558,051 of disallowed costs to Caltrans DOTP.	TBD	SCAG requests that Caltrans DOTP address this finding with a programmatic solution recognizing that SCAG has made the necessary internal control and procedural changes to address the finding and prevent a future recurrence.				
	Additionally SCAG must:	A. Ensure billings to Caltrans are based on actual labor costs incurred.	Completed and ongoing	100%	SCAG is actively monitoring labor charges to ensure that staff charge time to the correct work element or non-project activities. New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.	14	YES	
		B. Ensure the accounting methodology for retroactive pay and merit increases provides for an audit trail for changes made to the employee time sheets and costs are allocated to the appropriate pay periods.	Completed and ongoing	100%	SCAG's implemented a new procedure for retroactive pay in October 2018 whereby the retroactive amount is applied to the periods covered by the increase. Thus, the projects & non-work time categories that were charged by the employee during the period covered by the retroactive pay share the cost of the increase. The support documents for these adjustments is retained for audit purposes.	15	YES	

Attachment: ICA Matrix as of 10-15-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN
10-15-19

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	Count	100% complete	90% + complete	<90% complete	
		C. Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.	In Process	75%	Starting with FY18, no time is charged to Work Element 120 except for Budget and Grants staff. Staff meetings and other non-project or work element activities are charged to the Indirect Cost fund in a new indirect cost activity (810-0120.06). New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Accounting Manual and in the new project management manual. Finance will provide training to all staff by October 31, 2019.	16		YES	
		D. Update the Accounting Manual to include procedures for time sheet corrections and retroactive pay and merit increases and train staff accordingly.	In Process	95%	New procedures were implemented in October 2018 where retroactive pay increases are coded to the proj/task combinations where the employee charged time after the effective date of the pay rate increase. Changes to the Accounting Manual have been drafted to reflect the new procedures and training will be provided by October 31, 2019.	17		YES	
		E. Develop separate fringe benefit allocation methodologies for regular staff, and interns and student assistants.	Completed	100%	The new fringe benefit allocation methodology for non-regular staff was implemented in the accounting system in July 2018 and in the budget effective in FY20. Both were reviewed and approved by the CFO. Budget & Grants will develop a written policy and procedure and include in the 2019 Budget & Grants Policies & Procedures Manual by October 31, 2019.	18	YES		
FINDING #4 – Billing and Reporting Deficiencies	SCAG must revise their billing and reporting procedures to ensure the following:	A. Billings to Caltrans include all applicable information and supporting documentation that trace to the billed costs and SCAG's financial management system. This includes ensuring the Consolidated Planning Grant IT Reports (or equivalent information) are provided and totaled by task associated to the respective work elements that are approved in the current OWP by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).	Completed and ongoing	100%	SCAG has developed a billing document checklist for billings to Caltrans. It includes the CPG IT report. The checklist requires the signature of the Accounting Manager and the Caltrans staff member who takes physical receipt of the billing package. This was put into effect with the September 2018 billings.	19	YES		
		B. Supporting schedules provided with the billings include appropriate descriptions detailing where costs are being charged.	Completed and ongoing	100%	SCAG no longer uses the term "Other Project" to describe consultant costs billed to another funding source. The funding source is identified separately. The Manager of Accounting reviews all invoices to Caltrans for compliance with this requirement.	20	YES		
FINDING #5 – Possible Conflict of Interest with Sponsorship Program	In order to avoid the appearance of a possible conflict of interest, SCAG must:	A. Establish procedures over the Sponsorship Program to ensure there is no real or appearance of a conflict of interest with consultants that provided donations to the Sponsorship Program and are awarded consultant contracts.	Completed	100%	Staff has drafted a policy and procedure for the Sponsorship program which addresses the conflict of interest concerns. The Policy requires board approval which is anticipated to occur in August.	21	YES		
		B. Develop policies and procedures over the administration and management of the Sponsorship Program to ensure compliance with all federal and State regulations.	Completed	100%	Staff has drafted a policy and procedure for the Sponsorship program which ensures compliance with all federal and State regulations. The Policy is subject to board approval which is expected in August.	22	YES		
		C. Create a Conflict of Interest Statement of Certification form to document compliance with SCAG's own policies and procedures referenced above.	Completed	100%	SCAG will draft a Certification form after approval fo the Policy by the board.	23	YES		
-						14	8	1	

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	CORRECTIVE ACTIONS	Count	100% complete	90% + complete	< 90% complete
FINDING 1- Improper Procurement Procedures	SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly to:	A. Ensure costs that are not in compliance with federal and State procurement regulations are excluded from the indirect cost pool.	Completed and ongoing	100%	SCAG's Manager of Contracts reviews its procurements to ensure they comply with federal and State requirements. If any do not comply, they are funded with local funds.	1	YES	
		B. Revise SCAG's Procurement Policy & Procedures Manual to ensure they are current and comply with all applicable federal and State regulations.	In process	70%	SCAG's Procurement Policies & Procedures Manual will be amended and staff will be trained by October 31, 2019. The CFO will issue written guidance to all staff addressing major changes made and implemented up to the issuance of the new manual detailing incremental revisions.	2		YES
		C. Ensure management and staff receive proper training in procurement procedures.	In process	80%	On February 11, 2019, Julie Wiley, SANDAG Special Counsel and Manager of Contracts and Procurement, conducted training at SCAG. Since then SCAG has also been actively collecting best practices, updating practices and communicating regularly at All Staff meetings and management meetings. SCAG will continue to conduct periodic training to ensure education and updated information is shared on a continuous basis.	3		YES
		D. Ensure all documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager and to the Contract Administrators. This now enables the Manager of Contracts to spend more time on oversight to ensure that all documentation is maintained to support that proper procurement procedures are followed in accordance with state and federal regulations. Particular attention is being paid to documenting the preparation and receipt of the independent cost estimates. The Manager of Contracts now uses a more detailed sign-off sheet to review and approve procurement actions.	4	YES	
		E. Take Caltrans, Division of Local Assistance (DLA) A&E consultant procurement training either in person or online at http://www.dot.ca.gov/hq/LocalPrograms/training.html	In process	25%	SCAG will take the A&E training scheduled at Caltrans District 7 on August 15, 2019. To help prepare for this training and better identify A&E type projects and how to procure and administer them, on May 22, 2019, procurement staff attended "Using the AASHTO Audit Guide for the Procurement and Administration of A/E Contracts." Following the August training, SCAG procurement staff will disseminate the information at a SCAG's All Staff Meeting to further support ongoing procurement training efforts pending the complete update of the SCAG Procurement Manual. Staff attempted to take the online training but the link would fail during the training. That link has now been removed.	5		YES
		In addition, SCAG must:	Reimburse Caltrans \$627,179 for the disallowed IT consultant contract costs identified in the audit report.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$627,179.		

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	CORRECTIVE ACTIONS	Count	100% complete	90% + complete	< 90% complete
	Adjust the FY2014-15 actual indirect cost pool by \$164,628 for the unallowable IT consultant costs identified in the audit report.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	6	YES		
	Determine the amount incurred and included in the FY2016-17 indirect cost pool for the seven unallowable IT consultant contracts and adjust the FY2016-17 indirect cost pool accordingly.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	7	YES		
FINDING 2A – Unallowable Indirect Costs Included in the FY2016/17 ICAP	A. Adjust the FY 2014/15 actual indirect cost pool by \$196,617 for the unallowable costs identified in the audit report.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	8	YES		
	B. Remove \$11,986 from the indirect cost pool for FY 2016/17 for the unallowable travel costs.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	9	YES		
	C. Review all indirect accounts to ensure costs are in compliance with federal and State regulations; are properly segregated between direct, indirect and allowable; and are supported by original source documentation.	Completed and ongoing	100%	Accounting staff review the charges to Indirect Cost accounts for propriety and this procedure has been added to the Accounting Manual in draft form. SCAG will review and finalize the Manual and train staff by October 31, 2019.	10	YES		
	D. Adjust the FY 2016/17 indirect cost pool by all unallowable costs identified.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	11	YES		
	E. Establish written policies and procedures for segregating direct and indirect legal costs in compliance with federal and State regulations.	In process	70%	Changes to the Accounting Manual have been drafted. They will be reviewed and finalized and staff will be trained by October 31, 2019. The CFO has met with the Chief Counsel to convey the needs of this finding with respect to invoices for legal services.	12		YES	
	F. Establish written policies and procedures that prevent the Internal Auditor from reviewing and approving travel expense.	In process	70%	Changes to the Accounting Manual have been drafted to specifically exclude Internal Audit from the travel expense review process. SCAG will review and finalize the Manual and train staff by October 31, 2019.	13		YES	
	G. Ensure staff provide adequate documentation supporting any and all travel expenses and comply with SCAG travel policies and procedures and Caltrans Agreement provisions related to travel. Also, report to the board monthly all travel related expenses incurred by the Executive Director.	Completed with the exception of reporting Executive Director travel to the board monthly. SCAG respectfully disagrees that this is required by CalTrans and therefore should it be requested by the Board, it will be provided.	100%	SCAG has developed a new travel policy to be compliant with all federal and State regulations regarding travel. The policy will be issued and staff training provided by August 31, 2019.	14	YES		
Finding 2B - Unallowable Labor Costs	A. Reimburse Caltrans \$1,625,797 in unallowable labor costs	TBD		SCAG requests that Caltrans DOTP address this finding with a programmatic solution recognizing that SCAG has made the necessary internal control and procedural changes to address the finding and prevent a future recurrence.				

Attachment: ICAP Matrix as of 10-15-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

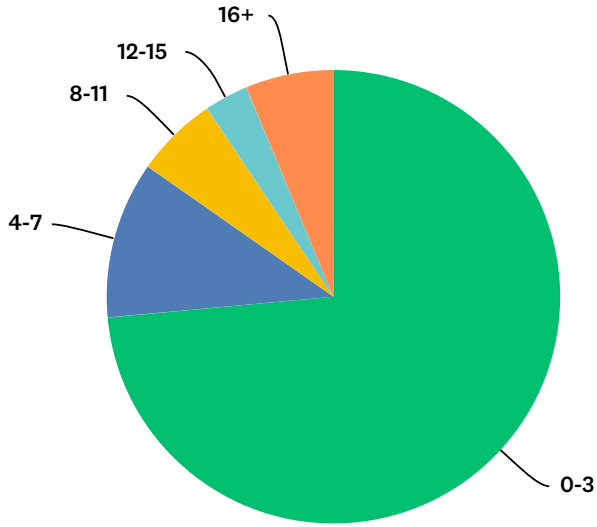
FINDING	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	CORRECTIVE ACTIONS	Count	100% complete	90% + complete	< 90% complete
	B. Ensure billings to Caltrans are based on actual labor costs incurred.	Completed and ongoing	100%	SCAG is actively monitoring labor charges to ensure that staff charge time to the correct work element or non-project activities. New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.	15	YES		
	C. Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.	In process	70%	Starting with FY 2017-18, no time is charged to Work Element 120 except for Budget and Grants staff. Staff meetings and other non-project or work element activities are charged to the Indirect Cost fund in a new indirect cost activity (810-0120.06). New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.	16		YES	
					-	10	6	0

	A	B	C	D	E	F	G	H
1			RAW DATA					
2			0 - 3	4 - 7	8 - 11	12 - 15	16+	Total
3	1	How many times have you bid on SCAG work?	164	25	13	7	14	223
4								
5	2	How many SCAG contracts have you been awarded?	196	18	2	2	5	223
6								
7	3	How many other California Public Agencies do you conduct work for?	69	59	24	16	55	223
8								
9			Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	
10	4	The scope of work in SCAG's RFPs is easy to understand .	20	96	73	24	10	223
11								
12	5	The scope of work in SCAG's RFPs is defined well enough for you to prepare a responsive proposal.	20	89	78	25	11	223
13								
14	6	SCAG allows you enough time to respond to RFPs.	17	106	75	20	5	223
15								
16	7	SCAG is responsive to your questions about the RFP.	17	82	106	13	5	223
17								
18	8	SCAG is responsive to your concerns about not being awarded the contract.	6	35	145	20	17	223
19								
20	9	It is easy to comply with SCAG's contract template.	10	58	104	36	15	223
21								
22	10	It is easy to comply with the pre-award review performed by SCAG's Internal Auditor.	5	45	131	26	16	223
23								
24	11	SCAG's requirements regarding contract amendments are not more cumbersome than other public agencies.	7	48	131	18	19	223
25								
26	12	SCAG staff provide clear and consistent guidance for contract and invoicing issues.	11	49	131	21	11	223
27								
28	13	SCAG's requirements regarding invoicing are not more cumbersome than other public agencies.	6	38	134	21	24	223
29								
30	14	SCAG pays its vendors on a timely basis.	8	46	150	11	8	223
31								
32	15	I am satisfied with the payment method SCAG uses (paper check or electronic payment).	12	57	150	2	2	223
33								
34	16	It is not more worthwhile to pursue contracting opportunities at public agencies other than SCAG.	10	25	112	42	34	223
35								
36		Total	149	774	1,520	279	177	2,899
37								
38			32%		52%	16%		
39			Unfavorable		Neutral	Favorable		

VENDOR SURVEY

Q1 How many times have you bid on SCAG work?

Answered: 223 Skipped: 0



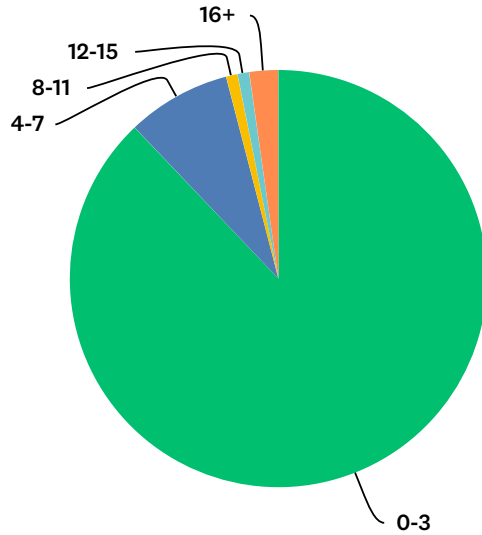
ANSWER CHOICES	RESPONSES	
0-3	73.54%	164
4-7	11.21%	25
8-11	5.83%	13
12-15	3.14%	7
16+	6.28%	14
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q2 How many SCAG contracts have you been awarded?

Answered: 223 Skipped: 0

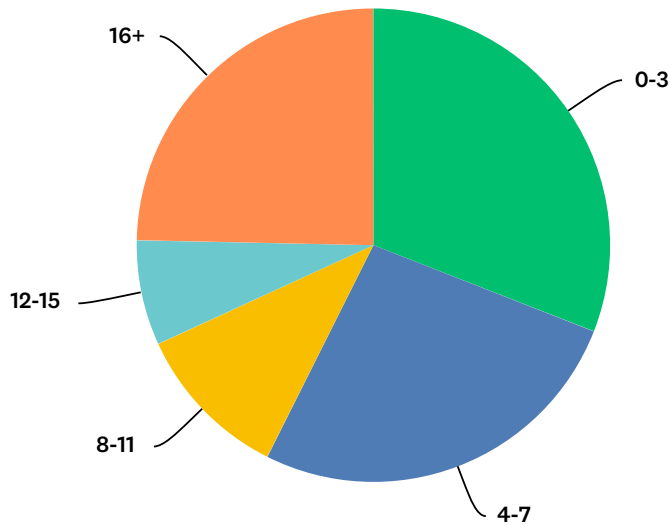


ANSWER CHOICES	RESPONSES	
0-3	87.89%	196
4-7	8.07%	18
8-11	0.90%	2
12-15	0.90%	2
16+	2.24%	5
TOTAL		223

VENDOR SURVEY

Q3 How many other California Public Agencies do you conduct work for?

Answered: 223 Skipped: 0



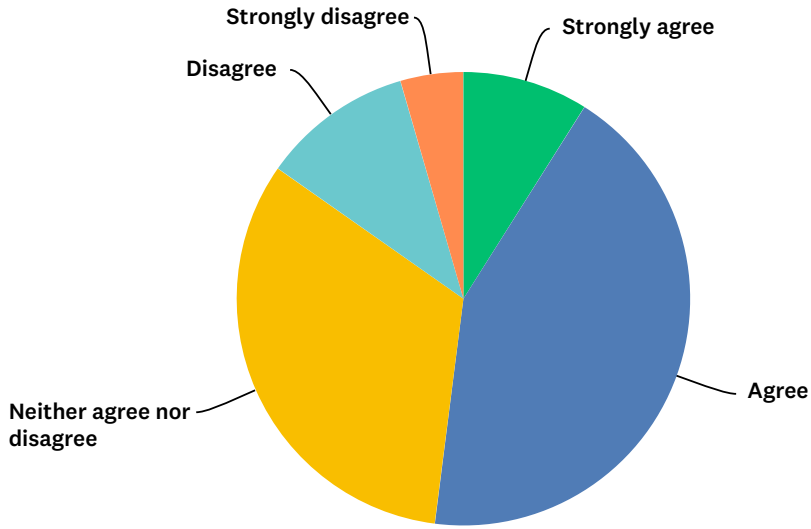
ANSWER CHOICES	RESPONSES	
0-3	30.94%	69
4-7	26.46%	59
8-11	10.76%	24
12-15	7.17%	16
16+	24.66%	55
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q4 The scope of work in SCAG's RFPs is easy to understand .

Answered: 223 Skipped: 0

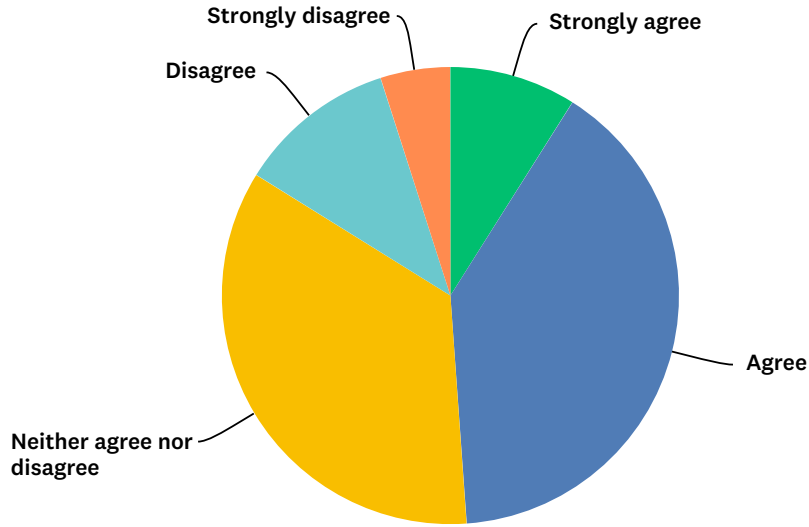


ANSWER CHOICES	RESPONSES	
Strongly agree	8.97%	20
Agree	43.05%	96
Neither agree nor disagree	32.74%	73
Disagree	10.76%	24
Strongly disagree	4.48%	10
TOTAL		223

VENDOR SURVEY

Q5 The scope of work in SCAG's RFPs is defined well enough for you to prepare a responsive proposal.

Answered: 223 Skipped: 0



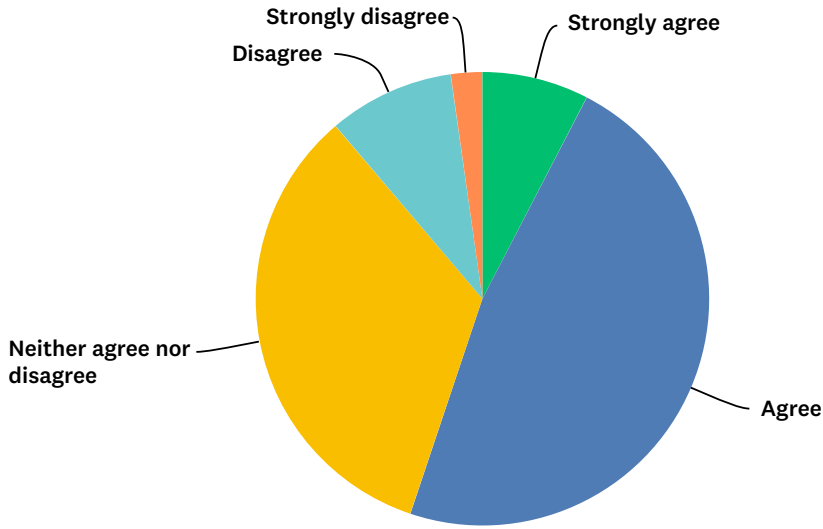
ANSWER CHOICES	RESPONSES	
Strongly agree	8.97%	20
Agree	39.91%	89
Neither agree nor disagree	34.98%	78
Disagree	11.21%	25
Strongly disagree	4.93%	11
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q6 SCAG allows you enough time to respond to RFPs.

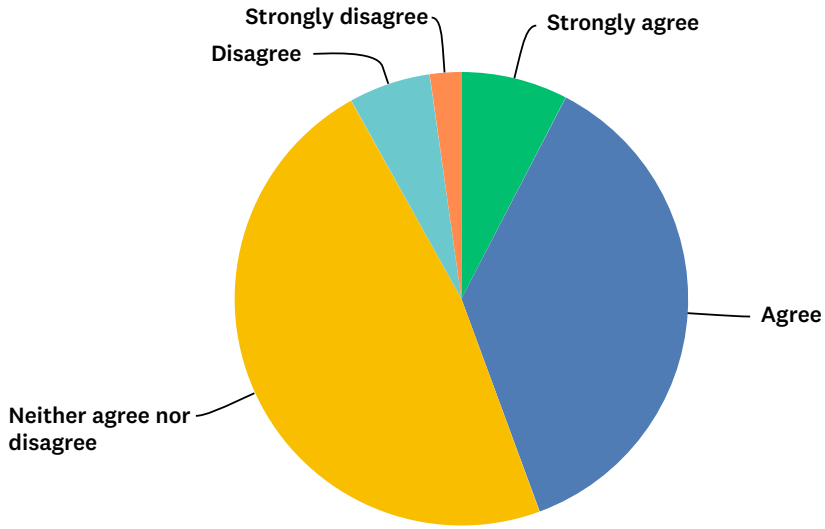
Answered: 223 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	7.62%	17
Agree	47.53%	106
Neither agree nor disagree	33.63%	75
Disagree	8.97%	20
Strongly disagree	2.24%	5
TOTAL		223

Q7 SCAG is responsive to your questions about the RFP.

Answered: 223 Skipped: 0

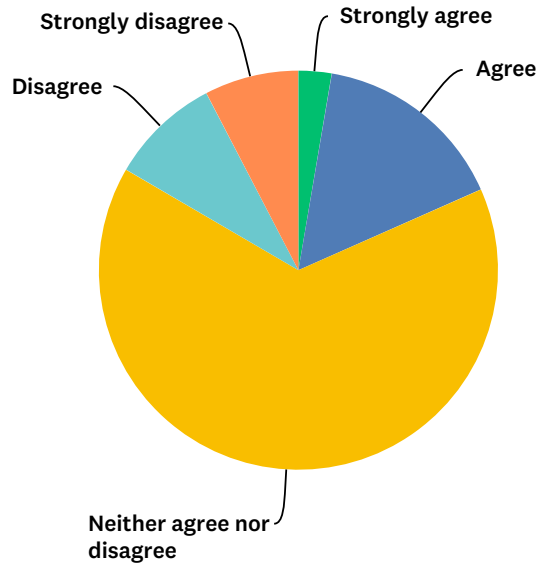


ANSWER CHOICES	RESPONSES	
Strongly agree	7.62%	17
Agree	36.77%	82
Neither agree nor disagree	47.53%	106
Disagree	5.83%	13
Strongly disagree	2.24%	5
TOTAL		223

VENDOR SURVEY

Q8 SCAG is responsive to your concerns about not being awarded the contract.

Answered: 223 Skipped: 0



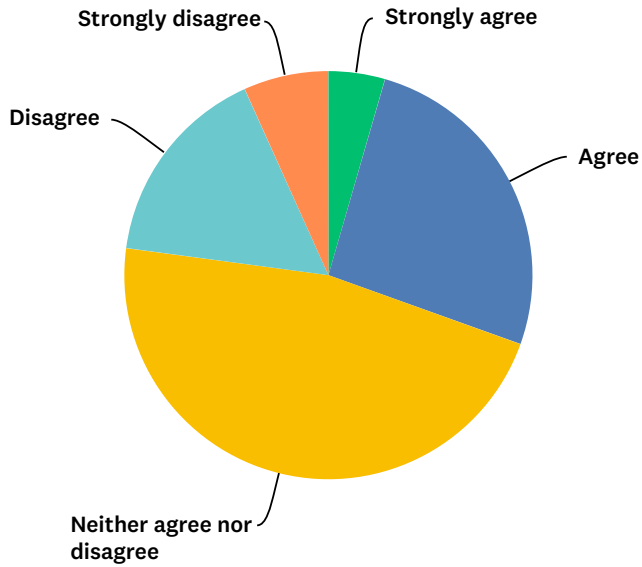
ANSWER CHOICES	RESPONSES	
Strongly agree	2.69%	6
Agree	15.70%	35
Neither agree nor disagree	65.02%	145
Disagree	8.97%	20
Strongly disagree	7.62%	17
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q9 It is easy to comply with SCAG's contract template.

Answered: 223 Skipped: 0

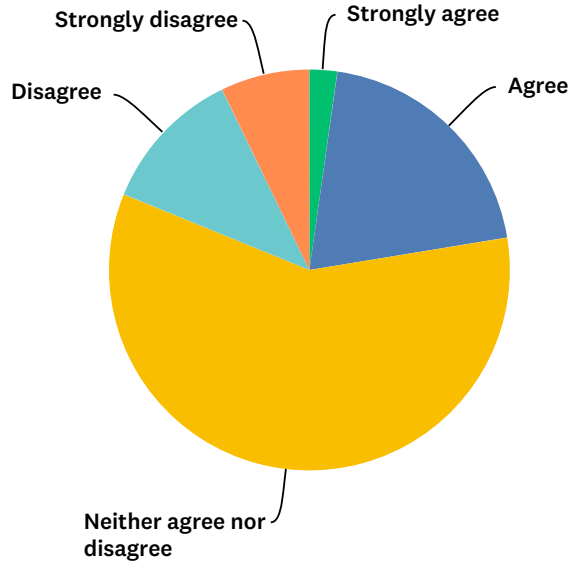


ANSWER CHOICES	RESPONSES	
Strongly agree	4.48%	10
Agree	26.01%	58
Neither agree nor disagree	46.64%	104
Disagree	16.14%	36
Strongly disagree	6.73%	15
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

Q10 It is easy to comply with the pre-award review performed by SCAG's Internal Auditor.

Answered: 223 Skipped: 0



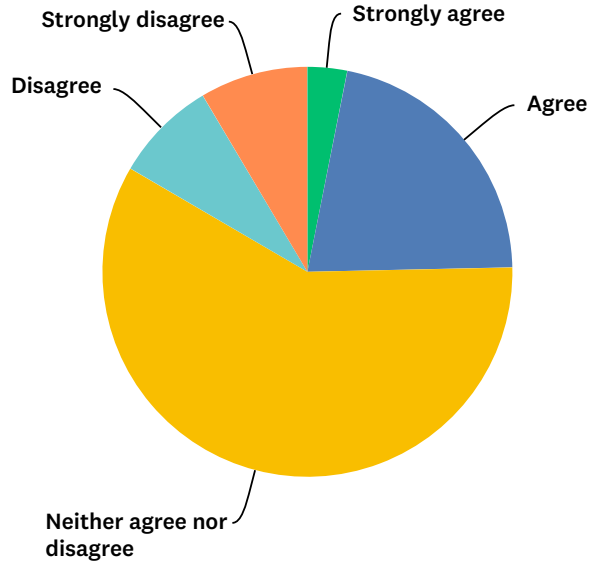
ANSWER CHOICES	RESPONSES	
Strongly agree	2.24%	5
Agree	20.18%	45
Neither agree nor disagree	58.74%	131
Disagree	11.66%	26
Strongly disagree	7.17%	16
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q11 SCAG's requirements regarding contract amendments are not more cumbersome than other public agencies.

Answered: 223 Skipped: 0

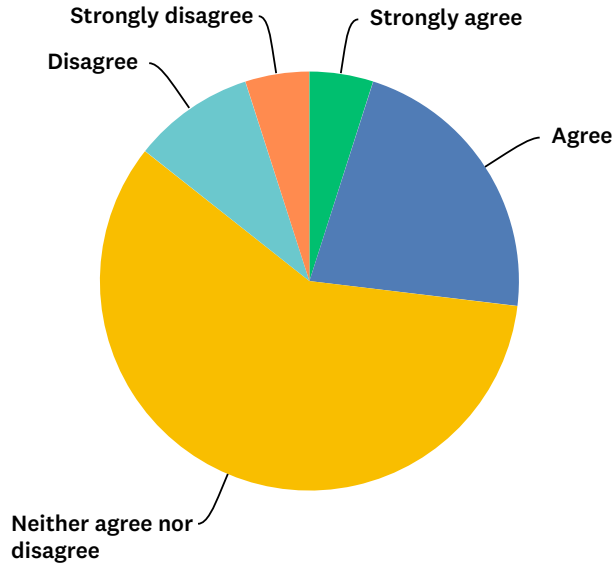


ANSWER CHOICES	RESPONSES	
Strongly agree	3.14%	7
Agree	21.52%	48
Neither agree nor disagree	58.74%	131
Disagree	8.07%	18
Strongly disagree	8.52%	19
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

Q12 SCAG staff provide clear and consistent guidance for contract and invoicing issues.

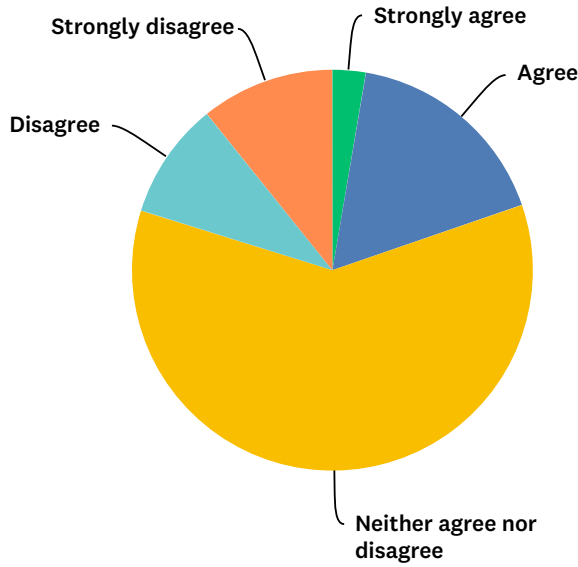
Answered: 223 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	4.93%	11
Agree	21.97%	49
Neither agree nor disagree	58.74%	131
Disagree	9.42%	21
Strongly disagree	4.93%	11
TOTAL		223

Q13 SCAG's requirements regarding invoicing are not more cumbersome than other public agencies.

Answered: 223 Skipped: 0

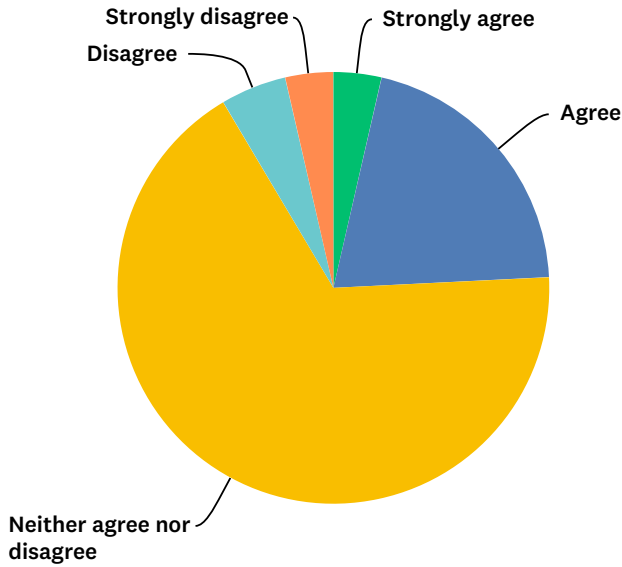


ANSWER CHOICES	RESPONSES	
Strongly agree	2.69%	6
Agree	17.04%	38
Neither agree nor disagree	60.09%	134
Disagree	9.42%	21
Strongly disagree	10.76%	24
TOTAL		223

VENDOR SURVEY

Q14 SCAG pays its vendors on a timely basis.

Answered: 223 Skipped: 0

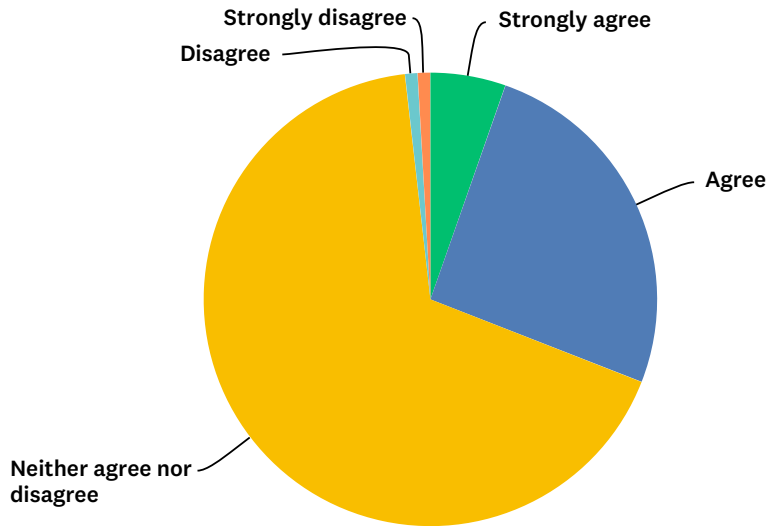


ANSWER CHOICES	RESPONSES	
Strongly agree	3.59%	8
Agree	20.63%	46
Neither agree nor disagree	67.26%	150
Disagree	4.93%	11
Strongly disagree	3.59%	8
TOTAL		223

VENDOR SURVEY

Q15 I am satisfied with the payment method SCAG uses (paper check or electronic payment).

Answered: 223 Skipped: 0



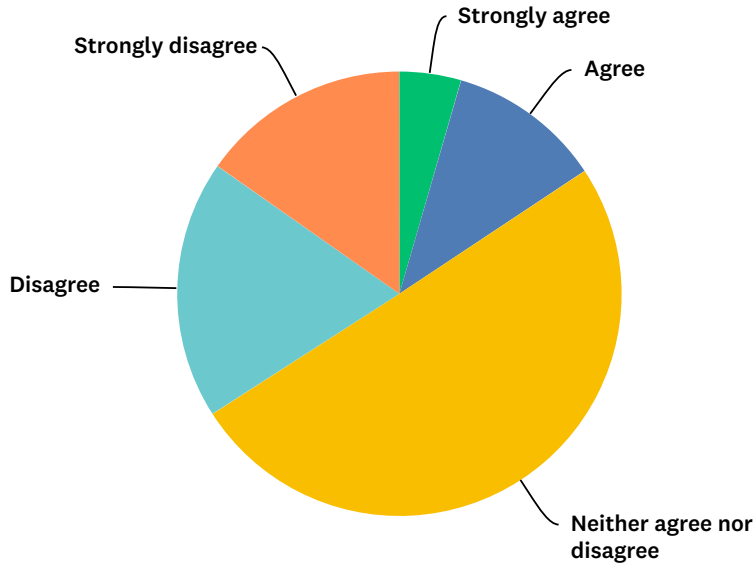
ANSWER CHOICES	RESPONSES	
Strongly agree	5.38%	12
Agree	25.56%	57
Neither agree nor disagree	67.26%	150
Disagree	0.90%	2
Strongly disagree	0.90%	2
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q16 It is not more worthwhile to pursue contracting opportunities at public agencies other than SCAG.

Answered: 223 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	4.48%	10
Agree	11.21%	25
Neither agree nor disagree	50.22%	112
Disagree	18.83%	42
Strongly disagree	15.25%	34
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q17 Please provide input on any other areas not covered by the survey questions.

Answered: 223 Skipped: 0

#	RESPONSES	DATE
1	none	4/18/2019 10:54 AM
2	While we have not experienced major difficulties with SCAG, reviewing contracting and simplifying procedures is always a good idea.	4/17/2019 3:27 PM
3	Nothing to add.	4/17/2019 8:07 AM
4	Please share feedback to vendors on their submissions	4/16/2019 10:10 PM
5	N/A	4/16/2019 7:55 PM
6	None	4/16/2019 5:12 PM
7	I have not submitted to a SCAG RFP in my current role so cannot provide much insight. As a marketer, I do appreciate the effort to gather information about the RFP/Q process.	4/16/2019 11:04 AM
8	Due to the cumbersome process and procedures of working with SCAG, we (as a small firm of 10-15 employees) will probably not be pursuing many more SCAG RFPs. The amount of admin time needed to even administer a SCAG project eats up too much time and project budget. It is very very difficult overall, and that is what I am hearing from most other small-medium sized firms I have spoken with.	4/16/2019 10:26 AM
9	none	4/16/2019 8:53 AM
10	i hardly ever receive notifications from scag for new work	4/16/2019 8:15 AM
11	Have not had a SCAG Project	4/16/2019 8:15 AM
12	Not applicable	4/16/2019 7:51 AM
13	We're a startup so of course some of the requirements are going to be hard for us to comply with. I think SCAG could get around this by having some innovation-specific programming allowing them to capitalize on innovation without being cumbersome or taking on too much risk.	4/16/2019 7:28 AM
14	nope	4/16/2019 12:18 AM
15	No other comments . I always enjoy working with the SCAG staff. Everyone is very communicative and professional.	4/15/2019 11:04 PM
16	none	4/15/2019 10:26 PM
17	Insurance requirements for sub-contractors (sub-consultants to primes) is TOTALLY unreasonable and unrealistic. As a sole proprietor DBA...the automobile insurance requirements would require me to purchase additional insurance that equals at least half of the revenue that I would bring in on "said contract" over a 1-2 year period...totally NOT worth it. You need to realistically review the specific contract and the actual WORK entailed, and THEN determine insurance requirements based on actual RISK.	4/15/2019 9:50 PM
18	Not sure what to add	4/15/2019 9:32 PM
19	N/A	4/15/2019 7:44 PM
20	x	4/15/2019 7:42 PM
21	We're a HVAC contractor how can we get RFPs.	4/15/2019 7:18 PM
22	I think I am not receiving RFPs.	4/15/2019 7:06 PM
23	None at this juncture	4/15/2019 5:06 PM
24	None	4/15/2019 4:58 PM
25	n/a	4/15/2019 4:31 PM

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26	If you haven't been awarded a contract through SCAG, then it is difficult to answer a bunch of the questions.	4/15/2019 4:06 PM
27	We are in telecom and data and there hasn't ever been a contract come up for that. I would like to know how those contracts get fulfilled if they are never put out for bid?	4/15/2019 4:01 PM
28	I have not used SCAG yet. Just registered	4/15/2019 3:59 PM
29	Nothing to add	4/15/2019 3:43 PM
30	No comment	4/15/2019 3:37 PM
31	None	4/15/2019 3:11 PM
32	.	4/15/2019 2:50 PM
33	We tried to respond to a planning and design RFP disbursing federal funds. The RFP was inadequately prepared because it misrepresented the requirements of obtaining an engineering/architectural design contract under federal guidelines. Under a grant to SCAG we would be a subcontractor who would not carry the same burden as SCAG in proving the cost of services. Yet you require the same which makes it impossible for a small company to compete with large contractors that have the internal auditing power to produce such documents and clearances. Normally this would not prevent us from submitting data. Our fees are highly competitive with large design firms because, as a small firm, we can work efficiently and reduce cost. Savings can then be retained to grow the company and pay working principals with pass through profits that truly reflects their fair income from which they cover their "benefits" external to company accounting. Your required accounting practice creates a huge advantage for large firms that can show high hourly salaries, massive benefits, and high overhead for bonuses, company vehicles, and lavish offices. If we save money and work efficiently you become the sole beneficiary of these savings whereas large companies are rewarded for their spending and can justify higher fees. Your requirement is that upon an audit of our finances we would have to pay back fees received if your audit shows lower actual cost -- regardless if such fees are entirely reasonable within the context of commonly accepted standards. That allows you to reduce our fees arbitrarily, after the fact. Signing a contract with you could conceivably result in the burden to pay back fees years after the work has been completed. Undoubtedly some will sign your paperwork without understanding what it really means, ultimately risking to send their company into bankruptcy. I am not saying that this is what you are trying to do. But your required paperwork makes this possible. So if you ever ask yourselves the question why you cannot retain small efficient consultants that are connected to your local community -- here is the answer: only fools would sign the dotted line. What can be done? You need to understand what is really required. When you hire an engineering/design consultant and you are the recipient of a federal grant you are the prime contractor and they are the subcontractor. You are not required for them to show the same level of accounting that you fall under. You only have to make sure that cost is reasonable. Your statutes for contracting and your RFP language was written by someone who does not understand this. You need to review your statutes and change requirements, where applicable, so that you can receive truly competitive contractors instead of putting up insurmountable hurdles.	4/15/2019 2:19 PM
34	Invoicing requirements do seem to have evolved over time and consultants are not always informed by SCAG as to the reason or he fact that there has been a change in the requirement, which can impact the timeliness of payment as we revise invoices to meet changing requirements.	4/15/2019 2:15 PM
35	Sometimes the scope of work is fairly broad, leading to the possibility of different levels of effort. This may make the comparisons between proposals very difficult. This is further compounded if a high degree of the weighting is based on price. It would be appreciated if more guidance is provided at the pre-proposal meeting stage. This would allow respondents to provide a better proposal and SCAG to have proposals with similar level of effort assumptions.	4/15/2019 2:04 PM
36	.	4/15/2019 2:04 PM
37	none	4/15/2019 2:00 PM
38	n/a	4/15/2019 1:53 PM
39	N/A	4/15/2019 1:36 PM
40	Requests do not match our capabilities (digital and traditional graphic artist illustration including realistic and painterly styles for food, people, products, maps, technical & medical, and scenics.	4/15/2019 1:36 PM
41	It has been a while since our firm has submitted to SCAG due in part to the agency not needing the services offered by our firm. This makes it very difficult to provide valuable input.	4/15/2019 1:32 PM

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42	good job most areas cover	4/15/2019 1:25 PM
43	RFP scope understandability and definition varies. Time to respond to RFP is adequate. Disallowing hours from people not previously approved, even low-wage employees, is a problem.	4/15/2019 1:20 PM
44	No input.	4/15/2019 1:08 PM
45	NA	4/15/2019 1:05 PM
46	n/a	4/15/2019 1:02 PM
47	None.	4/15/2019 12:57 PM
48	My firm once bid on a project. The original evaluation sheets showed that we were the clear winner. Those evaluation sheets were changed and the project awarded to a firm less qualified than ours. We protested and were told by the executive director and his lawyer "too bad" we have the right to change evaluations. It was a corrupt process	4/15/2019 12:54 PM
49	please make contracting easier.	4/15/2019 12:46 PM
50	I wish I could provide more focus to the opportunities I receive. Most are way to broad for our expertise.	4/15/2019 12:45 PM
51	It seems SCAG only favors certain vendors. Therefore many companies stay out and do not bid since it is a waste of time.	4/15/2019 12:45 PM
52	N/A	4/15/2019 12:41 PM
53	It may be necessary to lower the requirements for DBE/SBEs, and make it easier and faster to get work going; and to allow DBE participation in all contract opportunities, or perhaps create opportunities for DBE/SBE only.	4/15/2019 12:37 PM
54	Expansion of Answers: Q6--Most of the time (not always) enough time allowed. Should be commensurate w/ job size and # of disciplines needed. Q7--When no one asks questions, it'd be nice if, just after the questions deadline has passed, there could be a posting stating that there were no questions. (A couple of times when we asked questions, the Q&A posting was late by a day or 2; so now, if we didn't ask questions, we wonder if we should keep checking just to be sure.) Oftentimes, we must wait for Q&A to determine if/which subs to bring on; this also means it's important to have ample time AFTER we see Answers since that's when the real work can start--first ID'ing team members as this so often is dependent on the Answers. Q9--Working w/ LIB template is ok but having space for 1 level of subtasks would be helpful (but not critical). Also, the template is now locked down, but there are a number of errors in it (not related to formulas). Just one example: when we complete it, we cannot see the totals because the columns are not wide enough to hold so we can only see X's. This creates a problem, so we've had to take extra time to copy the spreadsheet out into a new document just to be able to see what it's doing. Another example: some of the variable fields (those that are different with every proposal) are locked down and shouldn't be. Qs 10-16--I am the Marketing Manager (head wrangler, quals writer, final reviewer) and prepare along w/ technical staff the proposal), so I can't really respond well to these contract-related questions. If you haven't already, you might consider sending this survey to our Contracts Manager; her email address is kkosel@placeworks.com. Thank you so much for sending out this thoughtful survey! :)	4/15/2019 12:33 PM
55	None	4/15/2019 12:29 PM
56	We strictly provide media planning and buying services as well as Radio and TV creative but have not received any opportunities to bid on such work.	4/15/2019 12:19 PM
57	I've reviewed your RFP's - have not applied for any contracts yet.	4/15/2019 12:15 PM
58	Don't know what agencies use SCAG	4/15/2019 12:13 PM
59	No other "areas"	4/15/2019 12:13 PM
60	Responses are predominantly neither agree nor disagree because of our limited experience and knowledge of SCAG contracts and procedures.	4/15/2019 12:12 PM
61	Other agencies easier to respond to. Tend to feel SCAG has "pre-determined legacy" vendors	4/15/2019 12:08 PM
62	thank you	4/15/2019 12:05 PM
63	na	4/15/2019 12:03 PM
64	N/A	4/15/2019 12:01 PM

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65	SCAG's invoicing requirements and the pre-award review tend to be the biggest hurdles. It tends to be especially burdensome on smaller firms, which limits potential partnership and sub-contracting opportunities.	4/15/2019 12:00 PM
66	I haven't really bid on much or dealt with SCAG, so I would throw out my response. Just FYI	4/15/2019 11:56 AM
67	Don't have any.	4/15/2019 11:56 AM
68	Nothing	4/15/2019 11:56 AM
69	N/a	4/15/2019 11:55 AM
70	Please note that (1) I have never bid on SCAG projects as a prime, only as a sub. (2) I just started work on my first-ever SCAG project last month, so my billing/invoicing history is not long enough to form much of an opinion.	4/15/2019 11:55 AM
71	I don't have any at this time	4/15/2019 11:51 AM
72	na	4/15/2019 11:51 AM
73	Doing this since 2001, never given timely notice of opportunities.	4/15/2019 11:48 AM
74	No	4/15/2019 11:48 AM
75	None	4/15/2019 11:48 AM
76	SCAG invoicing is the most burdensome of all agencies n my experience. it is not welcoming to SBEs in terms of the extra work required to comply with your accounting requirements. Your invoicing requirements require most small businesses to hire a specialist to work through your invoicing.	4/15/2019 11:48 AM
77	We have never pursue any of SCAG's RFP's.	4/15/2019 11:44 AM
78	N/A	4/15/2019 11:43 AM
79	no comment	4/15/2019 11:43 AM
80	I wish the contract encouraged participation from public universities in California	4/15/2019 11:41 AM
81	Since we were not awarded work and/or the project was cancelled, I do not have direct relevant experience to answer many of the contracting questions.	4/15/2019 11:41 AM
82	NONE	4/15/2019 11:40 AM
83	none	4/15/2019 11:40 AM
84	Na	4/15/2019 11:40 AM
85	Why are Qs 13 and 16 worded so obliquely? Also: I strongly disagree with SCAG's policy of not putting guidance about project budgets in its RFPs. For things where there are easily established market rates, like toilet paper or office supplies, I can see it, but for professional services where there are many alternative ways to approach a project, then you are doing everyone a disservice by being coy about how much you expect to pay for a project. Do your homework!	4/15/2019 11:39 AM
86	I'm a GIS Vendor. This is an emerging technology that is difficult to include in an RFP. More inclusion for GIS as part of SOW and assistance on responding for GIS work.	4/15/2019 11:39 AM
87	awards go to those that have insight to your Technical staff.. They seem to get a jump on other bidders..	4/15/2019 11:37 AM
88	We work directly for cities, school districts, colleges. I don't understand what you guys do.	4/15/2019 11:36 AM
89	previous 2 efforts were a total waste of time - very disappointing	4/15/2019 11:36 AM
90	NONE	4/15/2019 11:36 AM
91	I haven't bid on any projects.	4/15/2019 11:35 AM
92	n/a	4/15/2019 11:34 AM
93	We are an east coast firm that had worked for BLM in the San Bernardino County area and wanted to continue working on similar types of projects, but have yet to pursue anything	4/15/2019 11:34 AM

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94	Very unresponsive employees when asking for details on RFP or any other requests. I feel that the whole organization has become extremely bureaucratic and benefits only larger companies offering what we, as a very small company, offer. It used to be easier and beneficial for both parties.	4/15/2019 11:34 AM
95	None	4/15/2019 11:33 AM
96	No additional comment.	4/15/2019 11:33 AM
97	Na	4/15/2019 11:31 AM
98	It appears that many of the awards are predetermined for a particular vendor.	4/15/2019 11:31 AM
99	none thank you	4/15/2019 11:30 AM
100	no input	4/15/2019 11:30 AM
101	n/a	4/15/2019 11:30 AM
102	n/a	4/15/2019 11:29 AM
103	innovative projects and project types are great, but unless we can all get equally oriented to them ahead of time, it seems like someone else will have an inside track.	4/15/2019 11:29 AM
104	none	4/15/2019 11:29 AM
105	Vendors from different States should also get chance to perform on the task orders under any contract. We have one contract with SCAG and out of 13 TO's, we've won only one and on that TO, we've been performing since 2 years with no complaints from the client site.	4/15/2019 11:28 AM
106	I actually pass on RFPs to consultants . . . I have retired my firm however still pass on consultant work without pay . . thank you	4/15/2019 11:28 AM
107	Most of the contracts issued by SCAG don't necessarily have geotechnical scopes of work involved; therefore, we are not often on teams preparing proposals.	4/15/2019 11:27 AM
108	n/a	4/15/2019 11:27 AM
109	We have exclusively served the role of subconsultant on SCAG contracts making many of the questions once removed from our ability to answer.	4/15/2019 11:26 AM
110	Need to provide quick feedback in regards to positions submitted to California government. Submitted need to at least telephonic screening first and second round should be in person if they are interested with consultant to hire.	4/15/2019 11:26 AM
111	Your agency outta service bad for small biz. U are only looking for large primes like everyone else. If want to fix thing the. Actually solicite to small biz and hell with large primes.	4/15/2019 11:26 AM
112	nothing more for now	4/15/2019 11:24 AM
113	Would love to bid and had hoped more projects in our business area (software consulting) would be available. Will continue to try.	4/15/2019 11:24 AM
114	I've been told it is impossible to get off this list, despite the fact that I have now completely retired and asked to be removed. That seems remarkably inefficient.	4/15/2019 11:24 AM
115	None	4/15/2019 11:22 AM
116	n/a	4/15/2019 11:22 AM
117	None	4/15/2019 11:21 AM
118	No additional input.	4/14/2019 6:25 AM
119	none	4/13/2019 5:15 PM

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120	We have received and read SCAG proposals. We have not submitted to SCAG because most agencies already know who they want and the proposal is just a formality or loop that is required by law. For most agencies, the proposal process is not a selection process. For example, we have an 8 million dollar contract with the California High Speed Rail and a two million dollar contract with the California Waterfix for surveying and right of way mapping. Our contract with the High Speed Rail began as a \$3M and expanded over time to \$8M due to the quality and responsiveness of our work. Riverside County Transportation Commission (RCTC) issued an on-call right of way and surveying contract. RCTC determined that we were not qualified to clean the restroom. So unless we have time to do the political marketing in advance of the RFP, we don't submit. SCAG may be different, but we don't know that. We do appreciate the survey.	4/11/2019 12:55 PM
121	We would like to do work for SCAG, but we have not.	4/10/2019 8:43 PM
122	N/A	4/10/2019 2:42 PM
123	Pursuing opportunities listed on SCAG is often a waste of time and money. We have the strong belief that 'insiders' are awarded contracts and that new and/or little-known firms are at a strong disadvantage.	4/10/2019 9:39 AM
124	There is no cultivation of vendors who have performed well but have small marketing staff. SCAG seems to really be for the big firms.	4/10/2019 9:28 AM
125	sdkfnsdnd	4/9/2019 4:47 PM
126	The contract staff has not been helpful in explain the way to complete standard forms, giving answers like, "do your best" and "the instructions are there." This isn't helpful for small businesses that are not experts in public contracting. We can do what is expected if it was clearer.	4/9/2019 3:55 PM
127	SCAG provides good guidance throughout the contract	4/9/2019 2:03 PM
128	Because we only do Noise and Vibration most of the contract require much effort for use to be seen as a subcontractor. Therefore we do not pursue work we know we could save money for SCAG	4/9/2019 12:33 PM
129	n/a	4/9/2019 12:26 PM
130	As a solo proprietor, it is difficult to win SCAG contracts without being a sub-contractor.	4/9/2019 12:11 PM
131	It is extremely difficult working with SCAG. The RFPs are usually not well written, once a project is awarded, it takes a very long time (months) to get a contract, SCAG invoicing and progress report process is extremely time consuming, costing a great amount of staff time that could be better spent on project work, guidance from SCAG PMs varies between SCAG PMs (given different direction from two different SCAG PMs, even on the same project), SCAG takes months to pay invoices, and it is extremely hard to make any changes to SOW even when for the benefit of the client city/county.	4/9/2019 11:33 AM
132	No other input to offer	4/9/2019 6:55 AM
133	It takes a team to respond to what one man can and should be able to doI should not have to hire 4 people to go after govt contracts	4/9/2019 5:52 AM
134	none	4/9/2019 1:41 AM
135	As a small business, working with SCAG has been challenging because of invoicing requirements, very long payment timeframes, etc. Other local and regional agencies are supportive of small businesses. Working with SCAG project managers is wonderful and SCAG projects are wonderful and special. It is the invoicing, audit department, and payment systems that are unfriendly to small businesses.	4/8/2019 11:18 PM
136	Provide a way to stop emails re bidding for SCAG work. I was a contractor to SCAG 2-3 decades ago. I have no interest in RFQs or bid solicitations at this time, but cannot unsubscribe or block emails. Please provide that option.	4/8/2019 10:58 PM
137	Suggest that SCAG consider adding a pre-screening process of potential contractors specific and verifiable qualifications, competencies and successful related projects. Would help to advance a process of pre-screening and identifying pre-qualified firms. Good luck!	4/8/2019 10:09 PM
138	N/A	4/8/2019 9:36 PM
139	None	4/8/2019 8:02 PM
140	Sorry I could not provide more information	4/8/2019 8:01 PM

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141	We do understand the complexity of working with local jurisdictions through SCAG versus working directly with SCAG. Aligning SCAG goals with local jurisdictions can make RFPs more complex and we try to respond accordingly.	4/8/2019 8:00 PM
142	I don't know why I am filling out this survey	4/8/2019 6:46 PM
143	Unfortunately, government bids are awarded on a price only decision. As a taxpayer, this is disappointing - as i see deteriorated equipment and lack of oversight of the vendors awarded jobs. I also see vendors awarded business due to "small business", DV status, or microbusiness. This is not always true, as many larger businesses just run a bid through a company or person that can claim that status. This defeats the purpose of that clause and is disappointing that it is allowed. The awards we have received were on RFP's, not RFQ's. We have won performance awards, water savings awards and energy savings awards for our government customers - and their equipment inspections are outstanding.... so we are providing value through savings, asset life management, and reduced costs (such as heat transfer efficiency, etc). Our customers save money by writing performance based bids that are evaluated based on the exact type of equipment they want to be used and results they expect to see. Bids are awarded points for a vendor's compliance to the request and the results that they can achieve. This type of bid is much better for both the site and the taxpayers. Awarding business to a low cost supplier is a terrible way to do business and all the government needs to do is change how they write their bid so that they get good results.	4/8/2019 6:40 PM
144	Requirements for build up of labor hours from direct costs precludes us from working with SCAG most of the time.	4/8/2019 5:46 PM
145	I did not understand what question 16 was asking.	4/8/2019 5:21 PM
146	I like the location of SCAG's new office.	4/8/2019 5:16 PM
147	RFPs are generally well-written and easy to follow. Awards of contract we don't get do not show up on the website for several months; so difficult to know if anything has been awarded or not. Pre-award review is cumbersome and overly picky. Invoicing has very cumbersome requirements that do not make sense for small contracts. I get it for a \$500k contract, but not for a \$30k contract which requires several hours to do an invoice.	4/8/2019 4:33 PM
148	NA	4/8/2019 3:52 PM
149	United Imaging was a previous vendor for SCAG for various printer imaging supplies for more than 10 years. We have not been invited to bid on any office supply, or toner, ink, or equipment related items in more than 3 years. When asked if we are still on Bid/vendor list, I am told yes, but have not received any RFP or Bids to participate in. Wondering if these type of commodities are not part of an actual bid process any longer.	4/8/2019 3:18 PM
150	N/A	4/8/2019 3:03 PM
151	Appreciate asking for input	4/8/2019 2:55 PM
152	Since i have worked with SCAG before it is a great organization to work for.	4/8/2019 2:51 PM
153	SCAG delves more into the business practices of its contractors than any other contractor, including the State of California, other than the federal government. In attempting to somehow control costs by pursuing the details, SCAG is more likely to drive away bidders, and incenot other bidders to find ways around SCAG's audit review in a manner that drives up SCAG's overall costs.	4/8/2019 2:46 PM
154	I was a consult to SCAG in the late 80s thru the 90s, but I am no longer interested in being involved. Please remove my firm from you mailing list. Thank you, Dennis Flanzer, Dennis Flanzer Associates, Inc.	4/8/2019 2:26 PM
155	I'm a marketing and proposals coordinator for an environmental consultant. We often incorporate and cite SCAG reports and GIS data in our land use planning and conservation research and environmental studies.	4/8/2019 2:26 PM
156	your contract process is really cut for a standard model of consulting practice makes it harder for unconventional practices/small practices to pursue work.	4/8/2019 2:21 PM
157	Response time is incredibly slow. Had to re-bid on two occasions. Lots of work with no results and no actionable feedback. Likely will not bid again.	4/8/2019 2:15 PM
158	.	4/8/2019 1:48 PM
159	Procurement notice information	4/8/2019 1:47 PM

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160	N/A	4/8/2019 1:46 PM
161	I would appreciate the opportunity to provide an Architectural, Structural or M,P,E type projects. My firm has over 50 years of experience in southern California. GV Salts cell number 951/377-6009	4/8/2019 1:41 PM
162	SCAG has been a nightmare administratively to work with. The invoicing and contracting people are difficult, give confusing and sometimes conflicting instructions, and are extremely inflexible on even the most menial items. We won't work with SCAG again until there is a wholesale overhaul of how SCAG works, and treats its consultants with respect, timeliness, and competency.	4/8/2019 1:33 PM
163	N/A	4/8/2019 1:23 PM
164	Our firm has been "awarded" however it has been over a year since we have received further information.	4/8/2019 1:17 PM
165	/	4/8/2019 1:13 PM
166	SCAG's lack of providing available budget information (even rough ballparks) as part of the RFP has resulted in the submittal of scopes that are wildly above what is available. SCAG's tight control over project staffing and the ability to easily use different staff (to achieve the best project results) throughout the life of the project is very challenging, and overly restrictive. SCAG's requirement to submit timesheets (showing all staff time -- on SCAG project and on non-SCAG projects, as well as paystubs and the like) places a very high, and unique to SCAG, administrative burden on the contractor. SCAG is very unique is the very high administrative burden its processes place on completing work for SCAG.	4/8/2019 1:09 PM
167	Our firm does extensive work in local government. Our experiences in bidding for work at SCAG have been negative, not because we didn't win the contracts, but we were treated in a demeaning manner both during the orals and when we asked for feedback. After trying several times, have no desire to waste our firm's capital in bidding on work at SCAG.	4/8/2019 1:09 PM
168	Inconsistent billing and invoices guidance and procedures within contract periods can become incredibly cumbersome for a small firm to deal with, especially when communications or requests for corrections may include a lag time of months, resulting in payment delays in excess of 6 months. Given these types of issues, we understand why some firms no longer bid on SCAG RFPs.	4/8/2019 1:07 PM
169	I stopped pursuing SCAG contracts several years ago. My company has been around for three plus decades and has pursued and won hundreds of government contracts throughout the Western United States. We currently have upwards of 10 government contracts. Years ago I won a SCAG contract as a subconsultant. After the award recommendation we were asked to update the scope of work, refine the budget and attend several meetings. After my firm completed all of that work the then-director of SCAG "removed" us from the prime's contract and instead awarded the work to a competing agency, that did not bid on the contract, and also happened to be where his wife was employed at the time. I called the SCAG director to confront him about this. He was evasive and claimed to know nothing about this and passed me on to a subordinate who was unhelpful and unwilling to review this further. These actions were unethical and are the principal reason my firm no longer pursues work with SCAG.	4/8/2019 1:04 PM
170	No further input.	4/8/2019 12:55 PM
171	n/a	4/8/2019 12:51 PM
172	no comment	4/8/2019 12:50 PM
173	Difficulty with contract negotiations or applying changes in staffing to an existing contract have made it hard for our company to comply with SCAG's policies. This has deterred us from bidding on new opportunities with SCAG despite qualifications and interest in bids.	4/8/2019 12:50 PM
174	Your RFPs are overly complex and long.	4/8/2019 12:49 PM
175	None.	4/8/2019 12:48 PM
176	no additional comments	4/8/2019 12:43 PM
177	Once a contract is awarded to multiple vendors, it should result in all vendors getting some of the work. They should use a rotation system to be fair to all vendors who have worked hard to write a quality proposal to win a piece of the contract.	4/8/2019 12:40 PM
178	n/a	4/8/2019 12:29 PM

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179	RFPs are usually very cumbersome to sift through and the amount of required forms daunting so we tend to not pursue that often due to workload	4/8/2019 12:28 PM
180	No comment	4/8/2019 12:25 PM
181	I have not heard from you in awhile.	4/8/2019 12:25 PM
182	Scag makes proposing difficult because no budgets are published, an no look ahead is provided. we need to know the order of magnitude to know if a company's size is appropriate for the size of the project. It is also very discouraging to propose because SCAG dictates billing rates, limits profit mark up, and does not allow CCOs even when the scope is shifting, especially when local agencies are in charge of the scope. Lastly SCAG disallows time charges too liberally and wrongly. It is a sure thing that a reasonable block of hours will get rejected for an unfair reason. With limits on overhead and profit, it is a sure thing that virtually every SCAG job will result in a loss.	4/8/2019 12:22 PM
183	SCAG needs to be more flexible in contracting. As consultants our goal is to deliver the product to the clients satisfaction. Quite often contracts do not start as advertised and our proposed staffing resources may need be shuffled. We should have the flexibility to use whatever staff we have available to complete tasks and the project. As private companies, we are mindful of the bottom line. As long as SCAG and the local agency are satisfied with the final product, we should be left alone to do it as we choose.	4/8/2019 12:20 PM
184	na	4/8/2019 12:19 PM
185	Scag has a history of playing fast and loose with budgets	4/8/2019 12:18 PM
186	none	4/8/2019 12:16 PM
187	none	4/8/2019 12:15 PM
188	NA	4/8/2019 12:14 PM
189	I have yet to answer an RFP, so I cannot be of much help on this survey. Sorry.	4/8/2019 12:14 PM
190	NA	4/8/2019 12:12 PM
191	Communication about the status of vendor selection could be enhanced with regular communication when the selection process is delayed.	4/8/2019 12:11 PM
192	The detailed breakdown of budgets by dribble, overhead etc is very cumbersome. Most public agencies we work for simple ask for fixed price or fixed price by task.	4/8/2019 12:09 PM
193	Our contracts are in combination with other agencies and SCAG.	4/8/2019 12:08 PM
194	--	4/8/2019 12:08 PM
195	Classification notification is poor. Such as for anything related to a natural gas refueling station	4/8/2019 12:07 PM
196	I represent an architectural firm and don't think we've ever responded to an RFP from SCAG.	4/8/2019 12:07 PM
197	N/A	4/8/2019 12:05 PM
198	No additional input.	4/8/2019 12:04 PM
199	We have not done any work through SCAG so were unable to provide meaningful feedback.	4/8/2019 12:04 PM
200	Frustrating for DVBE to win awards	4/8/2019 12:04 PM
201	Although SCAG is a very good agency and among the best probably in SoCal - SCAG as a client has a really bad reputation (and maybe the worst as per what I hear from clients as I have never done any work there) in that it is a rigid client / many primes avoid even proposing on SCAG work / there is no consideration for small businesses what so ever	4/8/2019 12:02 PM
202	.	4/8/2019 12:01 PM
203	For companies that have never received a contract through SCAG the majority of the questions are not relevant.	4/8/2019 11:58 AM
204	none	4/8/2019 11:57 AM
205	Our professional experience with SCAG is that the staff have no intention on looking at better solutions. They have no intention or inclination on meeting vendors who might have superior products to offer.	4/8/2019 11:57 AM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

206	Never knew SCAG sends RFQ out and haven't had a chance to review them.	4/8/2019 11:57 AM
207	The need to have vendors split out their hourly rates by base rate, direct overhead, and indirect overhead is unnecessary and prevents many vendors from bidding.	4/8/2019 11:57 AM
208	I haven't participated in any scag Bids.	4/8/2019 11:56 AM
209	I am a small DBE/WBE/SBE/LBE and I find it hard to stay aware of SCAG RFPs, difficult to compete with larger firms and difficult to develop responsive RFPs with such limited guidance on budgets, award criteria and project priorities. I've received no useful feedback on previous bids or work with SCAG.	4/8/2019 11:56 AM
210	n/a	4/8/2019 11:56 AM
211	SCAG contracting is so terrible that my organization and many others are not interested in even bidding. After taking an entire year to come to agreement on contract terms, SCAG does not allow those same terms to be used in another contract between the two parties. I've had to walk away from more than 1 awarded SCAG projects because of contracting issues. This is a major issue and I appreciate this survey but there's going to need to be an entire overhaul of the process in order for SCAG to get bids from the high-quality consultancy community in the LA region.	4/8/2019 11:55 AM
212	True or not, the perception of working for your agency is that it is an insider's game. We typically rank in the top 5 in the LA basin and we have never shortlisted at SCAG. We quit submitting years ago.	4/8/2019 11:55 AM
213	To my knowledge everything is covered Thank You	4/8/2019 11:55 AM
214	None	4/8/2019 11:54 AM
215	None.	4/8/2019 11:54 AM
216	We have a specialized product so the potential for bidding is somewhat limited.	4/8/2019 11:53 AM
217	I no longer pursue contracts with government agencies because they have been extremely hard to obtain for very small minority/women-owned businesses.	4/8/2019 11:52 AM
218	I do not feel that SCAG is truly interested in working with the very small SBE. My firm, is a one person, certified SBE. I do not feel that SCAG wants to do business with my firm.	4/8/2019 11:52 AM
219	The RFP process is still cumbersome and difficult. Improved slightly, but not significantly.	4/8/2019 11:51 AM
220	Have not found any SCAG work applicable to our business so have not completed a bid nor been awarded a bid so the "neither agree nor disagree" responses are based on lack of experience with those areas	4/8/2019 11:50 AM
221	N/A	4/8/2019 11:49 AM
222	none	4/8/2019 11:49 AM
223	it would be nice to meet in person at some point during the process	4/8/2019 11:49 AM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)

From: Basil Panas, Chief Financial Officer, Finance, 213-236-1817,
panas@scag.ca.gov

Subject: CFO Monthly Report

**EXECUTIVE DIRECTOR'S
APPROVAL**

RECOMMENDED ACTION:

For Information Only - No Action Required

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

AUDITS:

Caltrans - On October 8, 2019, SCAG received the State’s reply to SCAG’s formal responses to Caltrans Final Corrective Action Plans regarding the State’s Incurred Cost Audit and Indirect Cost Allocation Plan Audit of SCAG. As you may recall, SCAG submitted these formal responses and its Cost Substitution proposal to the State in July 2019. In its reply, Caltrans has requested additional documentation to demonstrate SCAG’s implementation efforts thus far. In addition, Caltrans has requested additional documentation to support the costs paid from local funds that SCAG has proposed to substitute for the total \$4.4 million of repayments sought by the State in the Audits. SCAG has thirty (30) days from the date of the letters to respond, which SCAG will do. A separate staff report [please see Caltrans Audits’ Corrective Action Plans Status Update] is included in today’s agenda packet providing more detail on the matter as well as copies of the October 8, 2019 letters from Caltrans. This matter was also discussed by the Audit Committee as part of its meeting on October 23, 2019.

Annual Audit - SCAG’s outside independent auditors, Eide Bailly LLP, are currently drafting their FY19 audit report and we plan to issue the Comprehensive Annual Financial Report in late November or early December.

MEMBERSHIP DUES:

68% of the FY20 dues assessment was collected as of October 14th. Reminders were sent to the members who had not paid by October 1.

BUDGET & GRANTS (B&G):

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California’s Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

On October 3, 2019, the Regional Council approval formal amendment 1 to the FY 2019-20 (FY20) Overall Work Program (OWP) in the amount of \$3.6 million, increasing the OWP budget from \$79.2 million to \$82.8 million. Amendment 1 includes: adding two new grants for the Active Transportation Program; adding a new grant for the FY20 Office of Traffic Safety - Pedestrian and Bicycle Safety Program; and adding five new grants for the FY20 Caltrans Sustainable Transportation Planning Grant Program. This amendment also includes: adding Transportation Development Act (TDA) funds and other local funds for the required match to support the new grants; and adjustments to staff time allocations in various OWP projects.

On October 3, 2019, Caltrans issued a reconciliation letter to confirm unexpended totals of \$12.9 million in Consolidated Planning Grant (CPG) funds and \$11.4 million in State Planning Grant funds at the end of fiscal year 2018-19. The available funds will be programmed in future budget amendments.

CONTRACTS:

In September 2019, the Contracts Department issued nine (9) Requests for Proposal, awarded one (1) contract; issued eight (8) contract amendments; and processed 55 Purchase Orders to support ongoing business and enterprise operations. Staff also administered 112 consultant contracts. Contracts staff continued to negotiate better pricing and reduced costs for services.

ATTACHMENT(S):

1. 110719 CFO Charts



Office of the Chief Financial Officer

Monthly Status Report

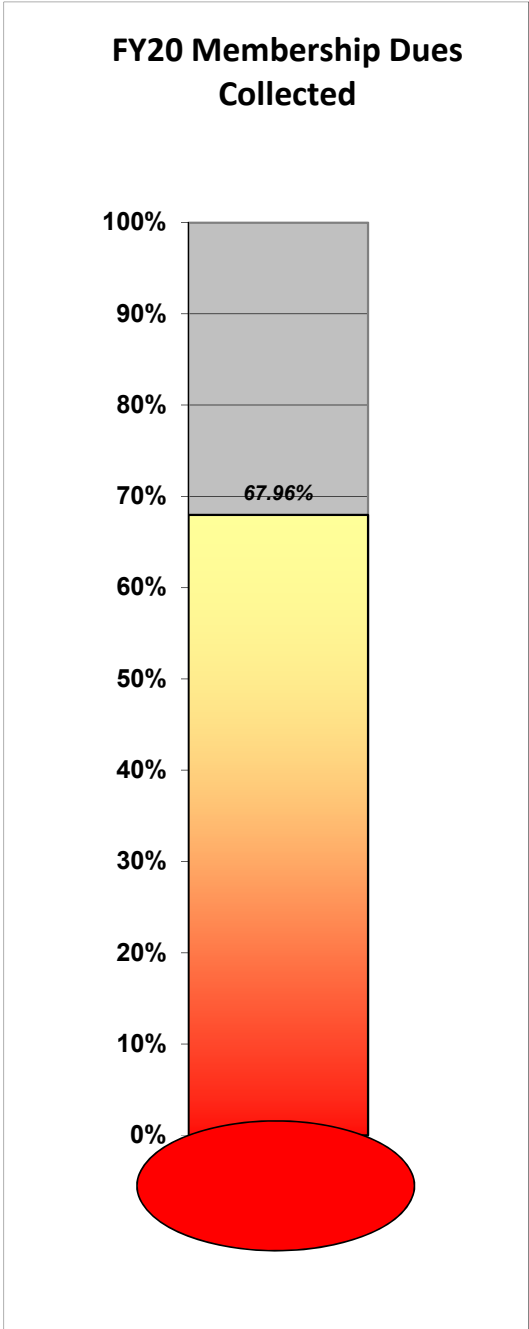
SEPTEMBER 2019

OVERVIEW

As of October 14, 2019, 163 cities and 5 counties had paid their FY20 dues. This represents 68.0% of the dues assessment. 26 cities and one county had yet to pay their dues. Two cities are being recruited for membership.

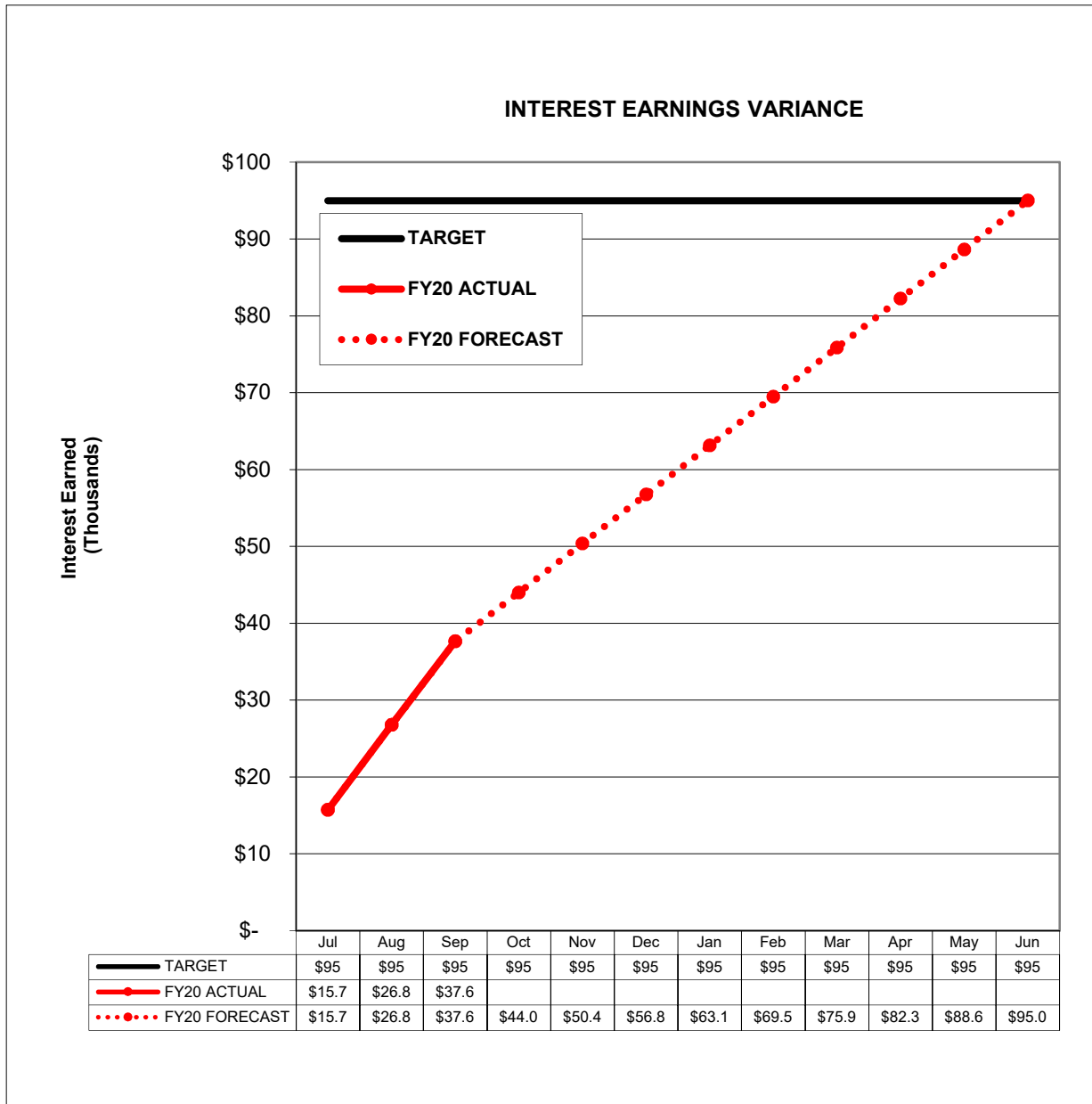
SUMMARY

FY20 Membership Dues	<u>\$ 2,113,909</u>
Total Collected	<u>\$ 1,436,703</u>
Percentage Collected	<u>67.96%</u>





Office of the CFO
Interest Earnings Variance



Attachment: 110719 CFO Charts (CFO Monthly Report)

OVERVIEW

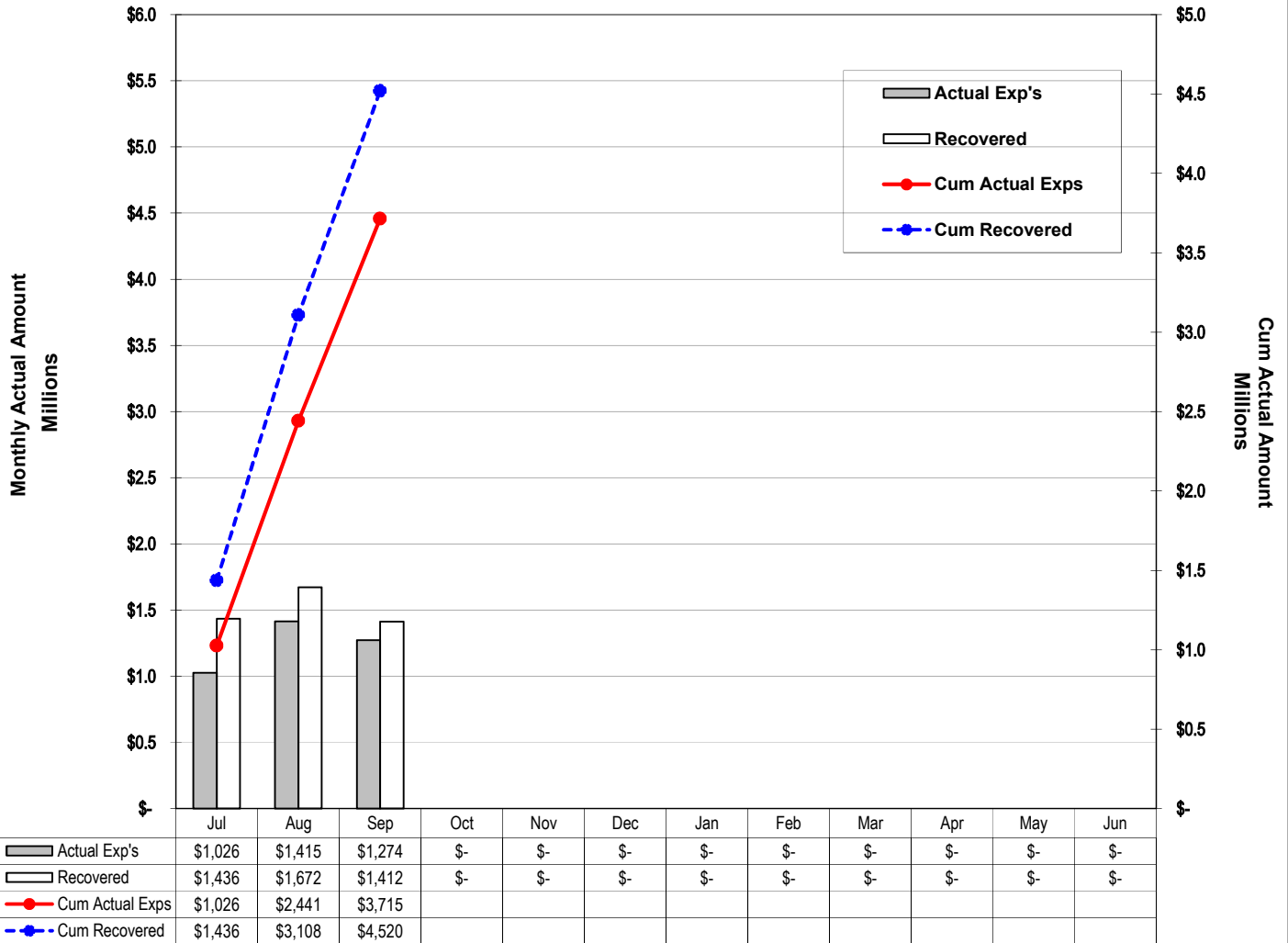
Actual interest income is plotted against the target amount. The amount credited to SCAG's account through September was \$37,643. The LA County Pool earned 2.04% in August.

SUMMARY

The amount projected for FY20 is \$95,000.



FY20 INDIRECT COST & RECOVERY



Attachment: 110719 CFO Charts (CFO Monthly Report)

OVERVIEW

A comparison of Indirect Cost (IC), incurred by SCAG vs. IC recovered from SCAG's grants.

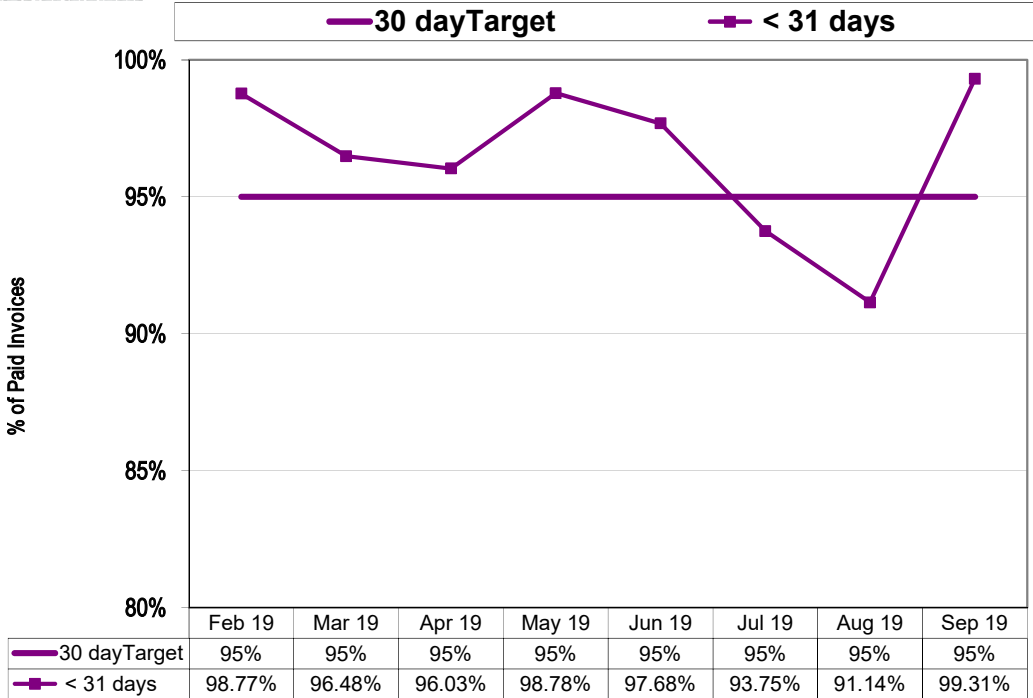
SUMMARY

Through September 2019, SCAG was over-recovered by \$804,890 due to unspent Indirect Cost budget.

Office of the CFO
Invoice Aging



INVOICE AGING



OVERVIEW

The percent of total invoices paid within 30 days. The target is to pay 95% of all invoices within 30 days. This goal was met.

SUMMARY

99.31% of September 2019 payments were made within 30 days of invoice receipt.

At month-end, 54 invoices remained unpaid less than 30 days.

Actual

OVERVIEW

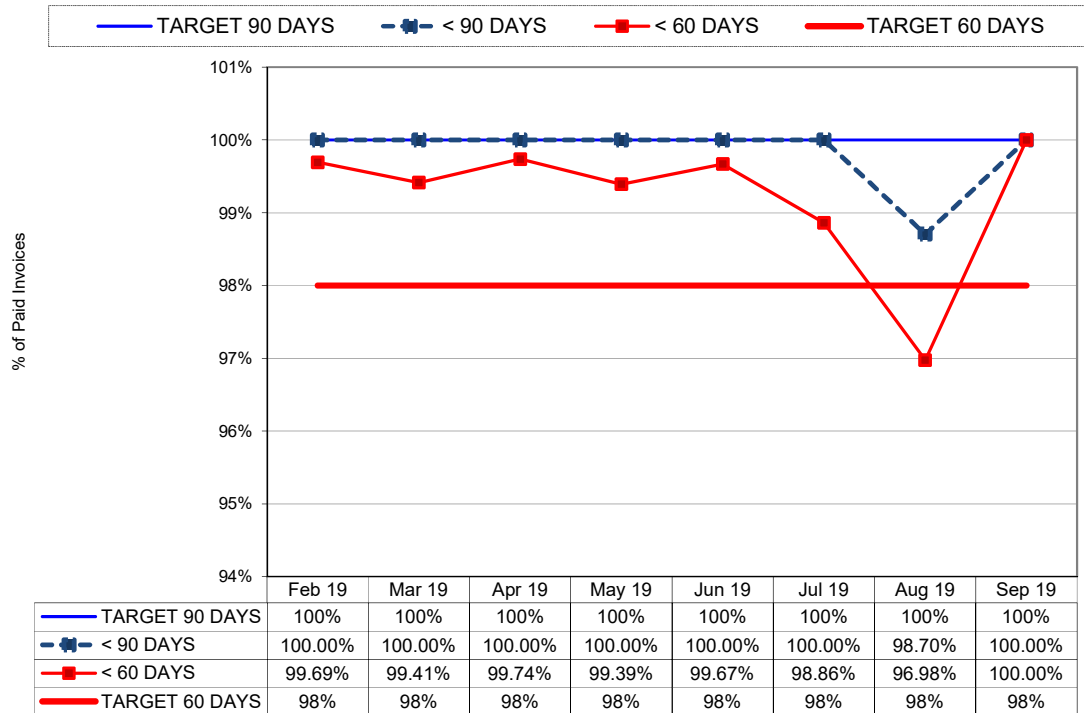
The percent of total invoices paid within 60 and 90 days. The target is to pay 98% of invoices within 60 days and 100% within 90 days.

SUMMARY

These goals were met during this period.

100.00% of September 2019's payments were within 60 days of invoice receipt and 100.00% within 90 days. Invoices unpaid 30-60 days totaled 21; 60-90 days: 1; >90 days: 1.

INVOICE AGING



Attachment: 110719 CFO Charts (CFO Monthly Report)



Office of the CFO
Consolidated Balance Sheet

	8/31/2019	9/30/2019	Incr (decr) to equity	COMMENTS
Cash at Bank of the West	\$ 1,336,988	\$ 4,406,525		
LA County Investment Pool	\$ 6,743,508	\$ 4,859,136		
Cash & Investments	\$ 8,080,496	\$ 9,265,660	\$ 1,185,164	Received \$824K in TDA, \$92K in dues & \$25K from VCTC; other activity nets to increase of \$244K.
Accounts Receivable	\$ 9,454,404	\$ 9,896,016	\$ 441,612	Billings of \$2.2M to FHWA partially offset by collections from FTA 5303 & 5304 (\$1.04M + 252K) and from SB1 of 685K.
Other Current Assets	\$ 6,443,668	\$ 5,628,086	\$ (815,583)	Net amort of \$635K in prepaids combined with IC fund over-recovered \$138K and a decrease of \$43K in Accrued Int. Rec.
Fixed Assets - Net Book Value	\$ 6,672,535	\$ 6,672,535	\$ -	No change.
Total Assets	\$ 30,651,103	\$ 31,462,297	\$ 811,194	
Accounts Payable	\$ (84,027)	\$ (400,278)	\$ (316,252)	Increase in invoice activity
Employee-related Liabilities	\$ (604,538)	\$ (679,544)	\$ (75,006)	August had 10 unpaid working days while September had 11.
Deferred Revenue	\$ (204,059)	\$ (229,059)	\$ (25,000)	VCTC Cash Match for VC Freight Corridor Study
Total Liabilities and Deferred Revenue	\$ (892,623)	\$ (1,308,881)	\$ (416,258)	
Fund Balance	\$ 29,758,480	\$ 30,153,416	\$ 394,935	
WORKING CAPITAL				
	8/31/2019	9/30/2019	Incr (decr) to working capital	
Cash	\$ 8,080,496	\$ 9,265,660	\$ 1,185,164	
Accounts Receivable	\$ 9,454,404	\$ 9,896,016	\$ 441,612	
Accounts Payable	\$ (84,027)	\$ (400,278)	\$ (316,252)	
Employee-related Liabilities	\$ (604,538)	\$ (679,544)	\$ (75,006)	
Working Capital	\$ 16,846,335	\$ 18,081,853	\$ 1,235,518	

Attachment: 110719 CFO Charts (CFO Monthly Report)



Office of the CFO
Fiscal Year-To-Date Expenditure Report Through September 30, 2019

COMPREHENSIVE BUDGET

		Adopted Budget	Amended Budget	Expenditures	Commitments	Budget Balance	% Budget Spent
1	Staff & Allocated Fringe Benefits	540,920	540,920	127,200	-	413,720	23.5%
2	51001 Allocated Indirect Costs	674,563	674,563	158,618	-	515,945	23.5%
3	54300 SCAG Consultants	291,400	278,847	-	31,648	247,199	0.0%
4	54340 Legal costs	120,000	120,000	-	15,000	105,000	0.0%
5	55210 Software	-	12,553	12,553	-	0	100.0%
6	55441 Payroll, bank fees	12,500	12,500	813	11,687	(0)	6.5%
7	55460 Mat & equip <\$5K	-	-	-	-	-	#DIV/0!
8	55510 Office Supplies	-	-	-	-	-	#DIV/0!
9	55580 Outreach	-	-	-	-	-	#DIV/0!
10	55600 SCAG Memberships	116,000	116,000	76,069	5,772	34,159	65.6%
11	55610 Professional Membership	11,500	11,500	4,120	556	6,824	35.8%
12	55620 Res mat/sub	2,000	2,000	531	-	1,469	26.5%
13	55730 Capital Outlay > \$5,000	-	-	-	-	-	#DIV/0!
14	55801 Recruitment Other	-	-	-	-	-	#DIV/0!
15	55830 Conference - Registration	1,000	1,000	-	-	1,000	0.0%
16	55860 Scholarships	32,000	32,000	-	-	32,000	0.0%
17	55910 RC/Committee Mtgs	25,000	25,000	-	-	25,000	0.0%
18	55912 RC Retreat	10,000	10,000	12,616	-	(2,616)	126.2%
19	55914 RC General Assembly	672,000	672,000	-	-	672,000	0.0%
20	55915 Demographic Workshop	28,000	28,000	-	8	27,992	0.0%
21	55916 Economic Summit	100,000	100,000	15,000	1	84,999	15.0%
22	55918 Housing Summit	20,000	20,000	-	-	20,000	0.0%
23	55919 Go Human	-	-	-	-	-	#DIV/0!
24	55920 Other Meeting Expense	75,000	75,000	18,107	45,487	11,406	24.1%
25	55925 RHNA Subgrl Delegation	500,000	500,000	-	-	500,000	0.0%
26	55xxx Miscellaneous other	101,966	101,966	28,870	19,092	54,004	28.3%
27	55940 Stipend - RC Meetings	210,485	210,485	39,100	-	171,385	18.6%
28	56100 Printing	30,000	30,000	-	-	30,000	0.0%
29	58100 Travel - outside SCAG region	92,500	92,500	2,016	-	90,485	2.2%
30	58101 Travel - local	36,500	36,500	6,145	-	30,355	16.8%
31	58110 Mileage - local	28,500	28,500	7,258	-	21,242	25.5%
32	58150 Travel Lodging	13,500	13,500	4,172	-	9,328	30.9%
33	58800 RC Sponsorships	200,000	200,000	37,485	36,800	125,715	18.7%
34	Total General Fund	3,945,334	3,945,334	550,672	166,052	3,228,611	14.0%
35							
36	Staff & Allocated Fringe Benefits	15,383,005	15,383,005	3,497,653	-	11,885,352	22.7%
37	51001 Allocated Indirect Costs	19,182,124	19,182,124	4,361,574	-	14,820,550	22.7%
38	54300 SCAG Consultants	29,075,454	29,075,454	439,332	5,328,702	23,307,420	1.5%
39	54302 Non-Profits/IHL	485,000	485,000	-	3,731	481,269	0.0%
40	54303 Consultants TC - FTA 5303	6,265,889	6,265,889	5,938	-	6,259,951	0.1%
41	54340 Legal Services - FTA 5303	200,000	200,000	-	200,000	-	0.0%
42	54360 Pass-through Payments	4,480,619	4,480,619	-	1,950,755	2,529,864	0.0%
43	55210 Software Support	250,000	250,000	146,386	9,230	94,384	58.6%
44	55250 Cloud Services	489,330	489,330	-	240,000	249,330	0.0%
45	5528x Third Party Contributions	5,739,013	5,739,013	934,092	-	4,804,921	16.3%
46	55284 Toll Credits	718,703	718,703	-	-	718,703	0.0%
47	55310 F&F Principal	239,928	239,928	58,895	181,033	-	24.5%
48	55315 F&F Interest	27,635	27,635	7,674	19,961	-	27.8%
49	55320 AV Principal	133,703	133,703	32,748	100,954	0	24.5%
50	55325 AV Interest	6,390	6,390	1,763	4,627	0	27.6%
51	55xxx Office Expenses	2,000	2,000	151	-	1,849	7.6%
52	55520 Hardware Supp	5,000	5,000	843	843	3,314	16.9%
53	55580 Outreach/Advertisement	50,000	50,000	-	-	50,000	0.0%
54	55610 Professional Memberships	2,500	2,500	-	-	2,500	0.0%
55	55620 Resource Materials - subscrib	934,455	934,455	38,401	19,048	877,006	4.1%
56	55730 Capital Outlay	300,000	300,000	-	-	300,000	0.0%
57	55810 Public Notices	57,000	57,000	62	187	56,751	0.1%
58	55830 Conf. Registration	3,500	3,500	223	-	3,277	6.4%
59	55920 Other Meeting Expense	54,000	54,000	594	842	52,564	1.1%
60	55930 Miscellaneous	294,228	294,228	-	-	294,228	0.0%
61	56100 Printing	15,000	15,000	-	-	15,000	0.0%
	58xxx Travel	293,750	293,750	19,138	-	274,612	6.5%
66	59090 Exp - Local Other	6,268,529	6,268,529	-	-	6,268,529	0.0%
	Total OWP & TDA Capital	90,956,755	90,956,755	9,545,467	8,059,912	73,351,376	10.5%
	Comprehensive Budget	94,902,089	94,902,089	10,096,139	8,225,964	76,579,987	10.6%

Attachment: 110719 CFO Charts (CFO Monthly Report)

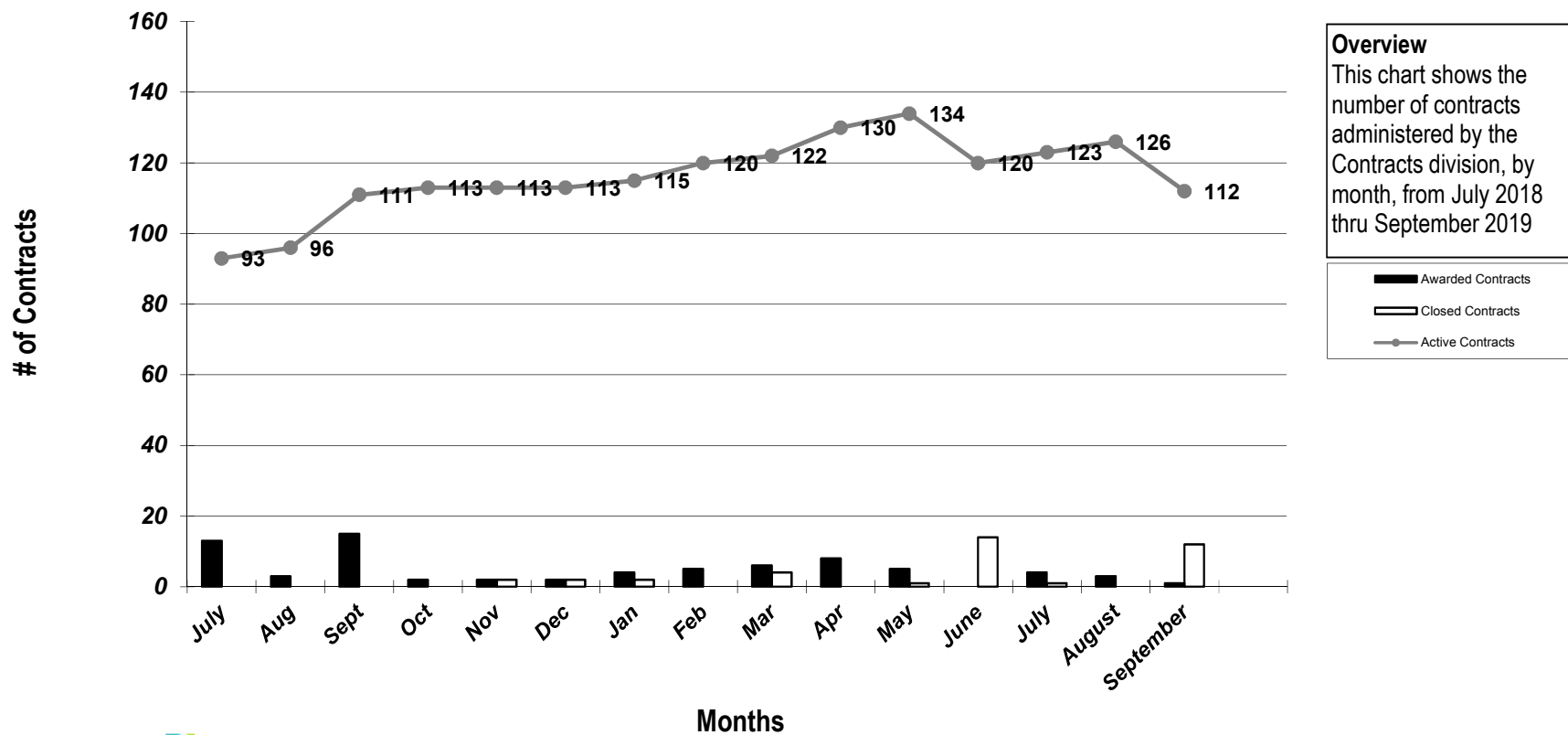


INDIRECT COST EXPENDITURES

			Adopted Budget	Amended Budget	Expenditures	Commitments	Budget Balance	% Budget Spent
1	50010	Regular Staff	5,649,706	5,649,706	1,597,117		4,052,589	28.3%
2	50013	Regular OT	1,000	1,000	1,031		(31)	103.1%
3	50014	Interns, Temps, Annuity	75,000	75,000	35,511		39,489	47.3%
4	50030	Severance	80,000	80,000	-		80,000	0.0%
5	51xxx	Allocated Fringe Benefits	4,507,099	4,507,099	1,089,898	-	3,417,201	24.2%
6	54300	SCAG Consultants	292,150	292,150	9,498	4,800	277,853	3.3%
7	54301	Consultants - Other	1,041,600	1,041,600	61,448	84,962	895,191	5.9%
8	54340	Legal	40,000	40,000	-	1,500	38,500	0.0%
9	55210	Software Support	519,400	519,400	253,009	9,825	256,566	48.7%
10	55220	Hardware Supp	415,000	415,000	99,281	183,883	131,836	23.9%
11	55230	Computer Maintenance	250,000	250,000	-	-	250,000	0.0%
12	55240	Repair & Maint Non-IT	26,500	26,500	3,580	22,919	0	13.5%
13	55270	Software Purchases	-	-	3,597	(3,597)	(0)	#DIV/0!
14	55315	F&F Interest	11,604	11,604	3,222	-	8,382	27.8%
15	55325	AV Interest	19,745	19,745	5,448	-	14,297	27.6%
16	55400	Office Rent DTLA	1,538,000	1,538,000	232,889	1,305,111	0	15.1%
17	55410	Office Rent Satellite	260,000	260,000	69,507	190,493	0	26.7%
18	55415	Offsite Storage	5,000	5,000	906	2,132	1,962	18.1%
19	55420	Equip Leases	100,000	100,000	13,295	66,206	20,500	13.3%
20	55430	Equip Repairs & Maint	1,000	1,690	1,690	-	1	100.0%
21	55435	Security Services	100,000	100,000	9,966	61,730	28,305	10.0%
22	55440	Insurance	238,385	238,385	86,307	-	152,078	36.2%
23	55441	Payroll / Bank Fees	15,000	15,000	2,362	12,638	(0)	15.7%
24	55445	Taxes	5,000	5,000	-	-	5,000	0.0%
25	55460	Mater & Equip < \$5,000 *	64,000	63,310	1,230	1,230	60,850	1.9%
26	55510	Office Supplies	73,800	73,800	7,833	65,967	0	10.6%
27	55520	Graphic Supplies	2,500	2,500	-	-	2,500	0.0%
28	55530	Telephone	195,000	195,000	38,528	108,934	47,538	19.8%
29	55540	Postage	10,000	10,000	306	9,694	0	3.1%
30	55550	Delivery Svc	5,000	5,000	498	4,502	(0)	10.0%
31	55580	Outreach/Advertisement	-	-	-	-	0	#DIV/0!
32	55600	SCAG Memberships	76,200	76,200	26,668	25,163	24,369	35.0%
33	55610	Prof Memberships	1,500	1,500	240	-	1,260	16.0%
34	55611	Prof Dues	1,350	1,350	120	-	1,230	8.9%
35	55620	Res Mats/Subscrip	70,800	70,800	25,012	9,150	36,638	35.3%
36	55700	Deprec - Furn & Fixt	185,000	185,000	-	-	185,000	0.0%
37	55710	Deprec - Computer Equipment	-	-	-	-	0	#DIV/0!
38	55715	Amortiz - Software	1,684	1,684	-	-	1,684	0.0%
39	55720	Amortiz - Leasehold Improvements	62,500	62,500	-	-	62,500	0.0%
40	55800	Recruitment Notices	25,000	25,000	5,289	5,289	14,423	21.2%
41	55801	Recruitment - other	45,000	45,000	2,411	42,589	0	5.4%
42	55810	Public Notices	2,500	2,500	-	-	2,500	0.0%
43	55820	In House Training	30,000	30,000	-	-	30,000	0.0%
44	55830	Networking Meetings/Special Events	22,500	22,500	2,123	-	20,377	9.4%
45	55840	Training Registration	65,000	65,000	13,868	-	51,132	21.3%
46	55920	Other Mtg Exp	2,500	2,500	-	-	2,500	0.0%
47	55950	Temp Help	105,000	105,000	3,412	-	101,588	3.2%
48	55xxx	Miscellaneous - other	6,500	6,500	-	-	6,500	0.0%
49	56100	Printing	23,000	23,000	1,070	-	21,930	4.7%
50	58100	Travel - Outside	82,800	82,800	4,592	-	78,208	5.5%
51	58101	Travel - Local	19,500	19,500	761	-	18,739	3.9%
52	58110	Mileage - Local	23,500	23,500	1,522	-	21,978	6.5%
53	58120	Travel Agent Fees	3,000	3,000	258	-	2,742	8.6%
54		Total Indirect Cost	16,396,323	16,396,323	3,715,302	2,215,118	10,465,903	22.7%

Attachment: 110719 CFO Charts (CFO Monthly Report)

SCAG Contracts (Year to Date)



Summary

The chart shows that the Contracts Department is managing One hundred-twelve. Forty-five are Cost Plus Fixed Fee contracts, 30 are fixed price contracts, and the remaining 37 are Time and Materials (T&M) contracts (includes Labor Hour and Retainer contracts). The Contracts Department anticipates issuing approximately 60 contracts for FY 2019-20. Note, due to the nature of SCAG's work, the majority of SCAG contracts have a one year term and end on June 30th each year.

Office of the CFO
Staffing Report as of October 1, 2019



GROUPS	Authorized Positions	Filled Positions	Vacant Positions
Executive	8	7	1
Legal	2	2	0
Policy & Public Affairs	18	17	1
Administration	48	43	5
Planning & Programs	73	68	5
Total	149	137	12

OTHER POSITIONS

GROUPS	Limited Term Positions	Interns or Volunteers	Temp Positions	Agency Temps
Executive	0	0	0	0
Legal	0	0	0	0
Policy & Public Affairs	1	2	4	0
Administration	0	0	1	0
Planning & Programs	3	9	1	0
Total	4	11	6	0

Attachment: 110719 CFO Charts (CFO Monthly Report)