



**BETTY T. YEE**  
**California State Controller**

May 10, 2016

Onyx Jones, Finance Director  
City of Pomona  
505 South Garey Avenue  
Pomona, CA 91766

Dear Ms. Jones:

The State Controller's Office performed a desk review of costs claimed by the City of Pomona for the legislatively mandated Municipal Storm Water and Urban Runoff Discharges Program (Los Angeles Regional Water Quality Control Board, Order No. 01-182, Permit CAS004001, Part 4F5c3) for the period of July 1, 2012, through June 30, 2014. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to ensuring that restricted revenues were properly offset and that costs claimed were incurred during the reimbursement period.

The city claimed \$166,533 for the mandated program. Our review found that \$22,807 is allowable and \$143,726 is unallowable. The costs are unallowable because the city did not offset restricted revenues used to fund the one-time activities claimed and claimed reimbursement after the period of reimbursement expired on December 27, 2012, as described in the attached Summary of Program Costs and Review Results. The State made no payments to the city. The State will pay \$22,807, contingent upon available appropriations.

We informed you of the review finding via email on April 21, 2016. We did not receive a response from the city.

This final letter report contains an adjustment to costs claimed by the city. If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). Pursuant to Section 1185, subdivision (c), of the Commission's regulations (*California Code of Regulations*, Title 3), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless as to whether this report is subsequently supplemented, superseded or otherwise amended. You may obtain IRC information on the Commission's website at [www.csm.ca.gov/forms/IRCForm.pdf](http://www.csm.ca.gov/forms/IRCForm.pdf).

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by telephone at (916) 323-5849.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/as

Attachments

RE: S16-MCC-9024

cc: Mary Halterman, Principal Program Budget Analyst  
Local Government Unit, California Department of Finance  
Danielle Brandon, Staff Finance Budget Analyst  
Local Government Unit, California Department of Finance  
Jay Lal, Manager  
Division of Accounting and Reporting  
State Controller's Office

## Attachment 1— Summary of Program Costs July 1, 2012, through June 30, 2014

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment	Reference <sup>1</sup>
<u>July 1, 2012, through June 30, 2013</u>				
One-time activities:				
Direct costs	\$ 30,784	\$ 30,784	\$ -	
Indirect costs	+ 549	+ 549	+ -	
Total one-time activities	<u>31,333</u>	<u>31,333</u>	<u>-</u>	
Ongoing activities:				
July 1, 2012, through December 27, 2012:				
Reasonable reimbursement methodology factor	7.31	7.31	-	
Number of transit trash receptacles	× 120	× 120	× -	
Annual number of trash pickups	× 26	× 26	× -	
Total, July 1, 2012, through December 27, 2012	<u>22,807</u>	<u>22,807</u>	<u>-</u>	
December 28, 2012, through June 30, 2013:				
Reasonable reimbursement methodology factor	7.31	-	(7.31)	
Number of transit trash receptacles	× 120	× -	× (120)	
Annual number of trash pickups	× 26	× -	× (26)	
Total, December 28, 2012, through June 30, 2013	<u>22,807</u>	<u>-</u>	<u>(22,807)</u>	Finding 1
Total ongoing activities	<u>45,614</u>	<u>22,807</u>	<u>(22,807)</u>	
Subtotal	<u>76,947</u>	<u>54,140</u>	<u>(22,807)</u>	
Less offsetting revenues	<u>-</u>	<u>(31,333)</u>	<u>(31,333)</u>	Finding 2
Total program costs	<u>\$ 76,947</u>	<u>22,807</u>	<u>\$ (54,140)</u>	
Less amount paid by the State		<u>-</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 22,807</u>		
<u>July 1, 2013, through June 30, 2014</u>				
One-time activities:				
Direct costs	\$ 5,417	\$ -	\$ (5,417)	
Indirect costs	+ 428	+ -	+ (428)	
Total one-time activities	<u>5,845</u>	<u>-</u>	<u>(5,845)</u>	Finding 1
Ongoing activities:				
Reasonable reimbursement methodology factor	7.32	-	(7.32)	
Number of transit trash receptacles	× 220	× -	× (220)	
Annual number of trash pickups	× 52	× -	× (52)	
Total ongoing activities	<u>83,741</u>	<u>-</u>	<u>(83,741)</u>	Finding 1
Total program costs	<u>\$ 89,586</u>	<u>-</u>	<u>\$ (89,586)</u>	
Less amount paid by the State		<u>-</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		
<u>Summary: July 1, 2012, through June 30, 2014</u>				
Total one-time activities	\$ 37,178	\$ 31,333	\$ (5,845)	
Total ongoing activities	<u>129,355</u>	<u>22,807</u>	<u>(106,548)</u>	
Subtotal	<u>166,533</u>	<u>54,140</u>	<u>(112,393)</u>	
Less offsetting revenues	<u>-</u>	<u>(31,333)</u>	<u>(31,333)</u>	
Total program costs	<u>\$ 166,533</u>	<u>22,807</u>	<u>\$ (143,726)</u>	
Less amount paid by the State		<u>-</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 22,807</u>		

<sup>1</sup> See Attachment 2, Review Results.

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## **Attachment 2— Review Results July 1, 2012, through June 30, 2014**

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### **BACKGROUND—**

The California Regional Water Quality Control Board, Los Angeles Region (LARWQCB), adopted a 2001 storm water permit (Permit CAS004001) that requires local jurisdictions to:

Place trash receptacles at all transit stops within its jurisdiction that have shelters no later than August 1, 2002, and at all other transit stops within its jurisdiction no later than February 3, 2003. All trash receptacles shall be maintained as necessary.

On July 31, 2009, the Commission on State Mandates (Commission) determined that part 4F5c3 of the permit imposes a state mandate reimbursable under Government Code section 17561 and adopted the Statement of Decision. The Commission further clarified that each local agency subject to the permit and not subject to a trash total maximum daily load is entitled to reimbursement.

The Commission also determined that the period of reimbursement for the mandated activities begins July 1, 2002, and continues until a new National Pollutant Discharge Elimination System (NPDES) permit issued by the LARWQCB is adopted. On November 8, 2012, the LARWQCB adopted a new permit, Order No. R4-2012-0175, which became effective on December 28, 2012.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on March 24, 2011. In compliance with Government Code section 17558, the State Controller's Office issues claiming instructions to assist local agencies, school districts, and community college districts in claiming mandated program reimbursable costs.

### **FINDING 1— Expired period of reimbursement**

The city claimed reimbursement of \$112,393 for costs of the Municipal Storm Water and Urban Runoff Discharges Program incurred after December 27, 2012. We found that none of the costs claimed are allowable because the period of reimbursement had expired.

The City of Pomona is a permittee identified in the LARWQCB Order No. 01-182, Permit CAS004001; as such, the city is eligible to claim reimbursement for mandated activities. However, the LARWQCB adopted a new NPDES permit, Order No. R4-2012-0175, regulating discharges from storm sewer systems operated by a number of municipalities in Los Angeles County. The new permit was adopted by the LARWQCB on November 8, 2012, and became effective on December 28, 2012. The period of reimbursement for this mandate ended on December 27, 2012.

The parameters and guidelines (Section III. Period of Reimbursement) state:

...The filing dates of these test claims establish eligibility for reimbursement beginning July 1, 2002, pursuant to Government Code section 17557, subdivision (e), and continues until a new NPDES permit issued by the Regional Water Quality Control Board for Los Angeles is adopted.

#### Recommendation

No recommendation is applicable for this finding as the period of reimbursement expired on December 27, 2012, with the adoption of a new permit.

### **FINDING 2— Unreported offsetting revenues for one-time activities**

For fiscal year (FY) 2012-13, the city did not offset \$31,333 in restricted revenues used to fund the one-time activities claimed. In FY 2012-13, the city launched a citywide transit improvement program to install bus benches, bus shelters, and trash receptacles at various sidewalk locations along existing transit routes to meet ADA regulations. The transit improvement program was funded entirely with Proposition A money and Bus Stop Enhancement Program (BSEP) grants, both of which are restricted funding sources.

Proposition A funds are the result of a county one-half cent sales tax increase approved by the voters in 1980 and allocated to cities based on population. The Proposition A revenue must be used only for transit or transit-related projects. The BSEP grant is from Foothill Transit, a joint powers agency. Foothill Transit provided the City of Pomona with two grants, for \$35,000 each, to upgrade bus stops and bus shelters and make safety improvements.

By applying the funds authorized to be used on the program to the mandated activities, the city was not compelled to rely on the proceeds of taxes to fund the mandate. Per Article XIII B, section 6, subvention is required only when the mandated program is paid from the proceeds of tax revenues.

The parameters and guidelines, section VIII. Offsetting Revenues and Reimbursements, state:

Any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from costs claimed. In addition, reimbursement for this mandate received from any federal, state or non-local source shall be identified and deducted from this claim.

#### Recommendation

No recommendation is applicable for this finding as the period of reimbursement expired on December 27, 2012, with the adoption of a new permit.