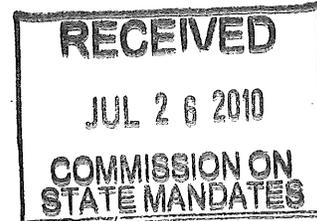




**JOHN CHIANG**  
California State Controller

July 23, 2010

Ms. Nancy Patton  
Assistant Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814



**RE: Revised Proposed Parameters and Guidelines and Reasonable Reimbursement Methodology**  
Municipal Storm Water and Urban Runoff Discharges  
03-TC-04, 03-TC-20, 03-TC-21  
Los Angeles Regional Quality Control Board Order No. 01-182  
Permit CAS004001; Part 4, Section F.5.c.3.  
County of Los Angeles, Cities of Artesia, Azusa, Beverly Hills, Carson, Commerce  
Norwalk, Rancho Palos Verdes, Westlake Village, Vernon, Bellflower, Covina, Downey,  
Monterey Park, and Signal Hill, Co-claimants

Dear Ms. Patton:

We have reviewed the revised proposed parameters and guidelines submitted by the County of Los Angeles and the various cities, respectively. Below are our comments and recommendations; proposed additions are underlined and deletions are indicated with strikethrough as follows:

**III. PERIOD OF REIMBURSEMENT**

“Actual costs for one fiscal year shall be included in each claim. ~~Estimated costs for the subsequent year may be included on the same claim, if applicable.~~ Pursuant to section 17561, subdivision (d)(1)(A) of the Government Code, all claims for reimbursement of initial years<sup>2</sup> fiscal year costs shall be submitted to the State Controller within 120 days ~~of notification by the State Controller~~ of the issuance date of claiming instructions.”

“ If the total costs for a given year do not exceed \$200 1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.”

**COMMENTS:** The County of Los Angeles' proposed revised parameters and guidelines on June 1, 2010.

*Paragraph 6, Page 9*

- a. *Delete 2<sup>nd</sup> sentence on Estimated Costs.* Chapter 6, Statutes of 2008 (effective February 16, 2008), eliminates the option of filing an estimated reimbursement claim.
- b. *Change 3<sup>rd</sup> sentence on language for minimum claim.* The language needs to be specific as to the initial fiscal year costs and the time frame 120 days from the issuance date, instead of the date of notification by SCO.

2. *7<sup>th</sup> Paragraph:*

*Change minimum amount from \$200 to \$1,000.* GC section 17564 (a) provides that no claim may be filed pursuant to Section 17551 and 17561, unless such a claim exceeds one thousand dollars (\$1,000).

#### **IV. REIMBURSABLE ACTIVITIES**

*Paragraph 1, Page 9*

~~“To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed, except where reasonable reimbursement methodology (RRM) rates are adopted as set forth in Section IV.B. To claim repetitive trash collection activities, claimants may elect to use RRM rates, their own time study or actual costs.”~~

#### **IV. A. Actual Costs**

*Paragraph 3, Page 10*

“Claimants may use time studies to support labor [salary, benefit and associated indirect] costs when an activity is task-repetitive. Time study usage is subject to the review and audit conducted by the State Controller’s Office. A time study plan is necessary before conducting a time study. The claimant must retain the time study plan for audit purposes. The plan needs to identify the following:

- Time period(s) to be studied – The plan must show that all time periods selected are representative of the fiscal year, and the results can be reasonably projected to approximate actual costs;
- Activities and/or programs to be studied – For each mandated program included, the time study must separately identify each reimbursable activity defined in the mandated program’s parameters and guidelines, which are derived from the program’s Statement of

Decision. If a reimbursable activity in the parameters and guidelines identifies separate and distinct sub-activities, these sub-activities must also be treated as individual activities;

The reimbursable time recorded on each time survey..."

#### **IV.B. Reasonable Reimbursement Methodology**

~~"Claimants may elect to be reimbursed for their transit trash collection costs using a reasonable reimbursement methodology (RRM) as set fourth below. Under this RRM, the annual standard or unit cost for each trash collection or 'pick-up' is multiplied by the annual number of trash collections to compute reimbursement for trash collection activities."~~

~~"The annual standard costs for a transit trash collection or 'pick-up' are:"~~

<del>2008-09</del>	<del>\$6.75</del>	<del>plus three annual cost of living adjustments</del>
<del>2007-08</del>	<del>\$6.75</del>	<del>plus two annual cost of living adjustments</del>
<del>2006-07</del>	<del>\$6.75</del>	<del>plus one annual cost of living adjustment</del>
<del>2005-06</del>	<del>\$6.75</del>	<del></del>
<del>2004-05</del>	<del>\$6.75</del>	<del>less one annual cost of living adjustment</del>
<del>2003-04</del>	<del>\$6.75</del>	<del>less two annual cost of living adjustments</del>
<del>2002-03</del>	<del>\$6.75</del>	<del>less three annual cost of living adjustments"</del>

#### **COMMENT:**

*Page 10, Part IV.B, Paragraph 1:*

To be eligible for mandated cost reimbursement, the claimant should be used only One-time Activity for claiming. The claimants should use the "Actual Costs" method to claim costs for Installation of Trash Receptacles (subsections 1.a. to 1.e, pp. 11-12) and Maintenance of trash receptacles (subsections 2.b to 2.e), except for subsection 2.a. For uniformity and consistency, we recommend "Actual Costs" method to claim costs for the Collection of trash, Section IV. (C)(2)(a). Consequently, we propose to delete "Reasonable Reimbursement Methodology" (RRM) method and RRM table as set forth in Section IV.B.

#### **IV.C B. Scope of Reimbursable Activities**

**COMMENT:** This would have to be "B" now ... we're eliminating "B" above.

~~The claimant is only allowed to claim, and be reimbursed for, increased costs for reimbursable activities identified below. Increased cost are limited to the costs of an activity that the claimant is required to incur as a result of the mandate.~~

~~For each eligible claimant, the following activities are reimbursable:~~

- ~~1. Installation of Trash Receptacles. The activities include: planning (identifying transit stops, evaluating and selecting trash receptacle and pad type, evaluation of placement of trash receptacles and pads and specification and drawing preparation); preliminary~~

~~engineering work (construction contract preparation and specification review, bid advertising and award process); construction and installation of trash receptacles (including fabrication and installation of pads for receptacles and foundations and construction management). The five transit trash installation claiming categories are:~~

- ~~a. Identification of locations of all transit stops within the jurisdiction required to have a trash receptacle pursuant to the Permit.~~
- ~~b. Selection of receptacle and pad type, evaluate proper placement of receptacles and prepare specifications and/or drawings.~~
- ~~c. Contract preparation, specification review process, bid advertising, and review and award of bid.~~
- ~~d. Purchase of receptacles and/or construct receptacles and install receptacles.~~
- ~~e. Repeat steps (IV.C.1.c-d) when necessary for replacement of receptacles/pads.~~

**COMMENT:**

*Paragraphs 3-10, Pages 11& 12*

We propose to delete the activities of "Installation of Trash Receptacles" as set forth in Section IV.C of subsections 1.a to 1.e, pp 11-12 because they are outside the scope of the state mandated reimbursable costs. "On September 3, 2009, the Commission adopted a Statement of Decision... (Part4F5c3 and GC section 17514 and 17556)".

**IV.D. C. Methods for Claiming Costs**

**COMMENT:**

*Page 11-12:*

We propose to delete Section IV.B. Reasonable Reimbursement Methodology above. Therefore, we recommend changing the distribution of and Section IV.C. Methods for Claiming Costs.

**V. CLAIM PREPARATION AND SUBMISSION**

**4. Capital Fixed Assets and Equipment**

"Report the purchase price paid for capital fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the capital fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed."

**COMMENT:**

*Page 13, Part V:*

We propose to change "Capital" to "Fixed" because "Capital" pertains to both Fixed Assets and Equipment.

Ms. Nancy Patton  
July 23, 2010  
Page 5

Should you have any questions regarding the above, please contact Tiffany Hoang at (916) 323-1127, e-mail [thoang@sco.ca.gov](mailto:thoang@sco.ca.gov) or Angie Lowi-Teng at (916) 323-0706, e-mail [ateng@sco.ca.gov](mailto:ateng@sco.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "JAYLAL", with a long horizontal flourish extending to the right.

JAYLAL, Manager  
Local Reimbursement Sections

JL/ATL/th