

ITEM 5

REVISED PROPOSED DECISION AND PARAMETERS AND GUIDELINES

*California Regional Water Quality Control Board, Los Angeles Region,
Order No. R4-2012-0175, Part VI.E.1.c. and Attachments M, O, P, and Q,
(which incorporate by reference Part VI.E.3.)*

13-TC-01 and 13-TC-02

Period of reimbursement December 28, 2012, through December 31, 2017

EXECUTIVE SUMMARY

This Proposed Decision and Parameters and Guidelines have been revised in accordance with the Corrected Decision on the Test Claim, and in response to late comments on the Draft Proposed Decision and Parameters and Guidelines from the claimants, to include the City of Irwindale to the list of permittees mandated to comply with the U.S. EPA-adopted TMDL, San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007, which was inadvertently omitted, and to include the City of Irwindale as an eligible claimant. (See Test Claim 13-TC-01, page 1072 (Attachment K to the test claim permit). All revisions are in underline or double underline.

I. Summary of the Mandate

These Parameters and Guidelines address state-mandated activities arising from National Pollutant Discharge Elimination System Program (NPDES) permit, Order No. R4-2012-0175 (test claim permit), adopted by the Los Angeles Water Quality Control Board (Regional Board) on November 8, 2012, and effective on December 28, 2012.

On December 5, 2025, and corrected on January 30, 2026, the Commission on State Mandates (Commission) adopted a Decision partially approving this Test Claim for reimbursement beginning December 28, 2012, and found that Part VI.E.1.c. and Attachments M, O, P, and Q, which incorporate by reference Part VI.E.3. of the test claim permit, impose a reimbursable state mandated program for the pro rata costs to develop and submit a WMP or EWMP for only the U.S. EPA-adopted TMDLs identified below and in accordance with Part VI.E.3. as follows:

- a. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall propose BMPs to achieve the WLAs contained in the applicable U.S. EPA-established TMDL, and a schedule for implementing the BMPs that is as short as possible, in a WMP or EWMP.
- b. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below may either individually submit a WMP or may jointly submit a WMP or EWMP

with other Permittees subject to the WLAs contained in the U.S. EPA-established TMDL.

- c. At a minimum, each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall include the following information in its WMP or EWMP, relevant to each applicable U.S. EPA-established TMDL:
- Available data demonstrating the current quality of the Permittee's MS4 discharge(s) in terms of concentration and/or load of the target pollutant(s) to the receiving waters subject to the TMDL;
 - A detailed description of BMPs that have been implemented, and/or are currently being implemented by the Permittee to achieve the WLA(s), if any;
 - A detailed time schedule of specific actions the Permittee will take in order to achieve compliance with the applicable WLA(s);
 - A demonstration that the time schedule requested is as short as possible, taking into account the time since USEPA establishment of the TMDL, and technological, operation, and economic factors that affect the design, development, and implementation of the control measures that are necessary to comply with the WLA(s); and
 - If the requested time schedule exceeds one year, the proposed schedule shall include interim requirements and numeric milestones and the date(s) for their achievement.
- d. Each Permittee subject to a WLA in a TMDL established by U.S. EPA-identified below shall submit a draft of a WMP or EWMP to the Regional Water Board Executive Officer for approval per the schedule Part VI.C.4.¹

These requirements apply only to the following U.S. EPA-adopted TMDLs:

- Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL (effective March 26, 2012 (Attachment O)).²
- Los Angeles Area Lakes TMDLs, effective March 26, 2012 (Attachment O for the TMDLs Los Angeles River Watershed Management Area, which include the

¹ Exhibit A, Corrected Test Claim Decision, pages 275-276 citing to Exhibit A, Test Claim 13-TC-01, pages 742, 746-747, 1100, 1105, 1115, 1142, 1143-1154, 1155-1160, and 1161 (test claim permit, Parts VI.E.1.c., VI.E.3., and Attachments M, O, P, and Q, which incorporate by reference Part VI.E.3.).

² Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, page 1142. The following permittees are required to comply with the Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL: Los Angeles County Flood Control District and Signal Hill. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1176 citing to Exhibit A, Test Claim 13-TC-01, pages 1070-1071 (test claim permit, Attachment K).)

following: Lake Calabazas Nutrient; Echo Park Lake PCBs, Chlordane, and Dieldrin; and Legg Lake Nutrient Peck Road Park Lake Nutrient, PCBs, Chlordane, DDT, and Dieldrin; and Attachment P for the TMDLs in the San Gabriel River Watershed Management Area, which include the Puddingstone Reservoir Nutrient, Mercury, PCBs, Chlordane, Dieldrin, DDT TMDLs.)³

- Los Cerritos Channel Metals TMDL, effective March 17, 2010 (Attachment Q).⁴
- San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007 (Attachment P).⁵
- Malibu Creek Watershed Nutrients TMDL, effective March 21, 2003 (Attachment M).⁶

³ Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, pages 1143-1154, 1155-1160, 1071 et seq. The following permittees are required to comply with the Los Angeles Area Lakes TMDLs: Los Angeles County Flood Control District, County of Los Angeles, and the Cities of Los Angeles, Arcadia, Bradbury, Calabazas, Duarte, El Monte, Irwindale, Monrovia, Sierra Madra, and South El Monte. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1169-1171 (test claim permit, Attachment K).)

The permittees in the San Gabriel River Management Area include the Cities of Azusa, Claremont, Irwindale, La Verne, Pomona, San Dimas, the County of Los Angeles, and Los Angeles County Flood Control District. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

⁴ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161. The following permittees are required to comply with the Los Cerritos Channel Metals TMDL: Bellflower, Cerritos, Downey, Lakewood, County of Los Angeles, Los Angeles County Flood Control District, Paramount, and Signal Hill. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1178 citing to Exhibit A, Test Claim 13-TC-01, page 1074 (test claim permit, Attachment K).)

⁵ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161. The following permittees are required to comply with the San Gabriel River and Impaired Tributaries Metals and Selenium TMDL: Arcadia, Artesia, Azusa, Baldwin Park, Bellflower, Bradbury, Cerritos, Claremont, Covina, Diamond Bar, Downey, Duarte, El Monte, Glendora, Hawaiian Gardens, Industry, Irwindale, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, County of Los Angeles, and Los Angeles County Flood Control District, Monrovia, Norwalk, Pico Rivera, Pomona, San Dimas, Santa Fe Springs, South El Monte, Walnut, West Covina, and Whittier. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1179 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

⁶ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1105. The following permittees are required to comply with the Malibu

Reimbursement for these activities is denied beginning January 1, 2018, because the claimants have fee authority sufficient as a matter of law to cover the costs of these activities pursuant to Government Code section 17556(d) and, thus, there are no costs mandated by the state.

In addition, reimbursement for these mandated activities from any source, including but not limited to, state and federal funds, any service charge, fees, or assessments to offset all or part of the costs of this program, and any other funds that are not the claimant's proceeds of taxes that are used to pay for the mandated activities, shall be identified and deducted from any claim submitted for reimbursement.

All other sections, activities, and costs pled in the Test Claim are denied.

II. Procedural History

On December 5, 2025, the Commission adopted the Test Claim Decision.⁷ On December 10, 2025, Commission staff issued the Draft Expedited Parameters and Guidelines.⁸ On December 30, 2025, the claimants filed comments on the Draft Expedited Parameters and Guidelines.⁹ On December 31, 2025, the State Controller's Office filed comments on the Draft Expedited Parameters and Guidelines, recommending clarifying changes.¹⁰ On January 7, 2026, Commission staff issued the Draft Proposed Decision and Parameters and Guidelines.¹¹ ~~No comments were filed on the Draft Proposed Decision and Parameters and Guidelines.~~ On January 29, 2026, the claimants filed late comments on the Draft Proposed Decision and Parameters and Guidelines to indicate that the City of Irwindale should be listed as a permittee mandated to comply with the U.S. EPA-adopted TMDL, San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007, in accordance with the test claim permit and requests that this inadvertent mistake be corrected.¹² On January 30, 2026, the Commission issued a Corrected Test Claim Decision to correct this error.¹³

Creek Watershed Nutrients TMDL: Agoura Hills, Calabasas, and Hidden Hills, County of Los Angeles, Los Angeles County Flood Control District, Malibu, and Westlake Village. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1180 citing to Exhibit A, Test Claim 13-TC-01, pages 1065-1066 (test claim permit, Attachment K).)

⁷ Exhibit A, Corrected Test Claim Decision.

⁸ Exhibit B, Draft Expedited Parameters and Guidelines.

⁹ Exhibit C, Claimants' Comments on the Draft Expedited Parameters and Guidelines.

¹⁰ Exhibit D, Controller's Comments on the Draft Expedited Parameters and Guidelines.

¹¹ Exhibit E, Draft Proposed Decision and Parameters and Guidelines.

¹² Exhibit F, Claimants' Late Comments on the Draft Proposed Decision and Parameters and Guidelines.

¹³ Exhibit A, Corrected Test Claim Decision.

III. Discussion

A. Eligible Claimants (Section II. of the Parameters and Guidelines)

The cities, county, and special district required to comply with the U.S. EPA-adopted TMDLs listed in these Parameters and Guidelines, which are subject to the taxing restrictions of articles XIII A and XIII C, and the spending limits of article XIII B, of the California Constitution, whose increased costs as a result of this program are paid from proceeds of taxes, are eligible to claim reimbursement. Section II. has been amended to specifically identify the eligible claimants required to comply with the U.S. EPA-adopted TMDLs.

B. Period of Reimbursement (Section III. of the Parameters and Guidelines)

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The claimant filed the test claim on June 14, 2014, establishing eligibility for reimbursement for the 2012-2013 fiscal year. However, the test claim permit has a later effective date and therefore the period of reimbursement for this program begins on the permit's effective date, December 28, 2012. Beginning January 1, 2018, there are no costs mandated by the state because the claimants have fee authority sufficient as a matter of law to cover the costs of these activities pursuant to Government Code section 17556(d). Therefore, costs incurred from December 28, 2012, through December 31, 2017, are reimbursable, and this has been made clear throughout the Parameters and Guidelines.

On December 30, 2025, the claimants filed comments stating they “do not concede that they have fee authority as set for in [the parameters and guidelines] and request [deletion of this language], but acknowledge that the test claim decision contains this finding.”¹⁴

Staff recommends no changes to the period of reimbursement. As indicated above, the Commission found that reimbursement is denied beginning January 1, 2018, because the claimants have the authority to impose stormwater fees sufficient as a matter of law to cover the costs of the reimbursable activities pursuant to Government Code section 17556(d) and, thus, there are no costs mandated by the state.¹⁵ The Parameters and Guidelines have to be consistent with the Commission's Corrected Test Claim Decision.¹⁶

¹⁴ Exhibit C, Claimants' Comments on the Draft Expedited Parameters and Guidelines, pages 1-2.

¹⁵ Exhibit A, Corrected Test Claim Decision, pages 262-263 citing Government Code sections 53750 and 53751 (Stats. 2017, ch. 536 (SB 231)); *Department of Finance v. Commission on State Mandates* (2022) 85 Cal.App.5th 535, 579-581; *Paradise Irrigation District v. Commission on State Mandates* (2019) 33 Cal.App.5th 174, 194.

¹⁶ Government Code section 17557.

C. Reimbursable Activities (Section IV. of the Parameters and Guidelines)

Section IV. of the Parameters and Guidelines identifies the mandated activities approved by the Commission.

D. Claim Preparation and Submission (Section V. of the Parameters and Guidelines)

Section V. of the Parameters and Guidelines (Claim Preparation and Submission) identifies the direct costs that are eligible for reimbursement.

E. Offsetting Revenues and Reimbursements (Section VII. of the Parameters and Guidelines)

Section VII. of the Parameters and Guidelines contains boilerplate language for offsetting revenues and reimbursements and identifies the potential offsetting revenues identified in the Commission's Corrected Test Claim Decision as follows:

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 the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any other funds that are not the claimant's proceeds of taxes shall be identified and deducted from any claim submitted for reimbursement. Such offsetting revenue or reimbursement includes the following:

- Revenue from the Los Angeles Flood Control Act, which authorizes the Flood Control District to impose a fee or charge, in compliance with article XIII D of the California Constitution, to pay the costs and expenses of carrying out projects and providing services to improve water quality and reduce stormwater and urban runoff pollution in the District.¹⁷
- Revenues from property-related stormwater fees.

The claimants request that the first bullet be edited to add the highlighted text as follows:

Revenue from the Los Angeles Flood Control Act, which authorizes the Flood Control District to impose a fee or charge, in compliance with article XIII D of the California Constitution, to pay the costs and expenses of carrying out projects and providing services to improve water quality and reduce stormwater and urban runoff pollution in the District, **but not proceeds of taxes."**

¹⁷ Water Code Appendix, section 28-2 (Stats. 2010, ch, 602 (AB 2554, sections 8a and 8b)).

Staff recommends no changes to the language since the proposed language is duplicative and ambiguous. The language proceeding the bulleted language expressly says that “funds that are *not* the claimant’s proceeds of taxes shall be identified and deducted from any claim submitted for reimbursement. Such offsetting revenue or reimbursement includes,” which is followed by the bulleted text. Thus, the language proposed is duplicative. In addition, the existing language is consistent with pages 241-242 of the Commission’s Corrected Test Claim Decision, which found that reimbursement is not required to the extent the claimants receive fee revenues charged by the Los Angeles Flood Control District, which are not the claimants’ proceeds of taxes, and apply those funds to the reimbursable activities.¹⁸

F. Remaining Sections of the Parameters and Guidelines

The remaining sections of the Parameters and Guidelines contain standard boilerplate language.

IV. Staff Recommendation

Staff recommends that the Commission adopt the Proposed Decision and Parameters and Guidelines and authorize staff to make any technical, non-substantive changes to the Proposed Decision following the hearing.

¹⁸ Exhibit A, Corrected Test Claim Decision, pages 241-242.

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE PARAMETERS AND GUIDELINES

California Regional Water Quality Control Board, Los Angeles Region, Order No. R4-2012-0175, Part VI.E.1.c. and Attachments M, O, P, and Q, (which incorporate by reference Part VI.E.3.)

Period of reimbursement from December 28, 2012, through December 31, 2017

Case Nos.: 13-TC-01; 13-TC-02

California Regional Water Quality Control Board, Los Angeles Region, Order No. R4-2012-0175

DECISION PURSUANT TO GOVERNMENT CODE SECTION 17500 ET SEQ.; CALIFORNIA CODE OF REGULATIONS, TITLE 2, DIVISION 2, CHAPTER 2.5, ARTICLE 7.

(Adopted February 13, 2026)

DECISION

The Commission on State Mandates (Commission) heard and decided the Decision and Parameters and Guidelines during a regularly scheduled hearing on February 13, 2026. [Witness list will be included in the adopted Decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code sections 17500 et seq., and related case law.

The Commission [adopted/modified/rejected] the Revised Proposed Decision and Parameters and Guidelines by a vote of [vote will be included in the adopted Decision], as follows:

| Member | Vote |
|---|-------------|
| Lee Adams, County Supervisor | |
| Deborah Gallegos, Representative of the State Controller, Vice Chairperson | |
| Karen Greene Ross, Public Member | |
| Renee Nash, School District Board Member | |
| William Pahland, Representative of the State Treasurer | |
| Michele Perrault, Representative of the Director of the Department of Finance, Chairperson | |
| Alexander Powell, Representative of the Director of the Office of Land Use and Climate Innovation | |

I. Summary of the Mandate

These Parameters and Guidelines address state-mandated activities arising from National Pollutant Discharge Elimination System Program (NPDES) permit, Order No. R4-2012-0175 (test claim permit), adopted by the Los Angeles Water Quality Control Board (Regional Board) on November 8, 2012, and effective on December 28, 2012.

On December 5, 2025, and corrected on January 30, 2026, the Commission on State Mandates (Commission) adopted a Decision partially approving this Test Claim for reimbursement beginning December 28, 2012, and found that Part VI.E.1.c. and Attachments M, O, P, and Q, which incorporate by reference Part VI.E.3. of the test claim permit, impose a reimbursable state mandated program for the pro rata costs to develop and submit a WMP or EWMP for only the U.S. EPA-adopted TMDLs identified below and in accordance with Part VI.E.3. as follows:

- a. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall propose BMPs to achieve the WLAs contained in the applicable U.S. EPA-established TMDL, and a schedule for implementing the BMPs that is as short as possible, in a WMP or EWMP.
- b. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below may either individually submit a WMP or may jointly submit a WMP or EWMP with other Permittees subject to the WLAs contained in the U.S. EPA-established TMDL.
- c. At a minimum, each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall include the following information in its WMP or EWMP, relevant to each applicable U.S. EPA-established TMDL:
 - Available data demonstrating the current quality of the Permittee's MS4 discharge(s) in terms of concentration and/or load of the target pollutant(s) to the receiving waters subject to the TMDL;
 - A detailed description of BMPs that have been implemented, and/or are currently being implemented by the Permittee to achieve the WLA(s), if any;
 - A detailed time schedule of specific actions the Permittee will take in order to achieve compliance with the applicable WLA(s);
 - A demonstration that the time schedule requested is as short as possible, taking into account the time since USEPA establishment of the TMDL, and technological, operation, and economic factors that affect the design, development, and implementation of the control measures that are necessary to comply with the WLA(s); and
 - If the requested time schedule exceeds one year, the proposed schedule shall include interim requirements and numeric milestones and the date(s) for their achievement.

- d. Each Permittee subject to a WLA in a TMDL established by U.S. EPA-identified below shall submit a draft of a WMP or EWMP to the Regional Water Board Executive Officer for approval per the schedule Part VI.C.4.¹⁹

These requirements apply only to the following U.S. EPA-adopted TMDLs:

- Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL (effective March 26, 2012 (Attachment O)).²⁰
- Los Angeles Area Lakes TMDLs, effective March 26, 2012 (Attachment O for the TMDLs Los Angeles River Watershed Management Area, which include the following: Lake Calabazas Nutrient; Echo Park Lake PCBs, Chlordane, and Dieldrin; and Legg Lake Nutrient Peck Road Park Lake Nutrient, PCBs, Chlordane, DDT, and Dieldrin; and Attachment P for the TMDLs in the San Gabriel River Watershed Management Area, which include the Puddingstone Reservoir Nutrient, Mercury, PCBs, Chlordane, Dieldrin, DDT TMDLs.)²¹
- Los Cerritos Channel Metals TMDL, effective March 17, 2010 (Attachment Q).²²

¹⁹ Exhibit A, Corrected Test Claim Decision, pages 275-276 citing to Exhibit A, Test Claim 13-TC-01, pages 742, 746-747, 1100, 1105, 1115, 1142, 1143-1154, 1155-1160, and 1161 (test claim permit, Parts VI.E.1.c., VI.E.3., and Attachments M, O, P, and Q, which incorporate by reference Part VI.E.3.).

²⁰ Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, page 1142. The following permittees are required to comply with the Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL: Los Angeles County Flood Control District and Signal Hill. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1176 citing to Exhibit A, Test Claim 13-TC-01, pages 1070-1071 (test claim permit, Attachment K).)

²¹ Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, pages 1143-1154, 1155-1160, 1071 et seq.). The following permittees are required to comply with the Los Angeles Area Lakes TMDLs: Los Angeles County Flood Control District, County of Los Angeles, and the Cities of Los Angeles, Arcadia, Bradbury, Calabazas, Duarte, El Monte, Irwindale, Monrovia, Sierra Madra, and South El Monte. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1169-1171 (test claim permit, Attachment K).)

The permittees in the San Gabriel River Management Area include the Cities of Azusa, Claremont, Irwindale, La Verne, Pomona, San Dimas, the County of Los Angeles, and Los Angeles County Flood Control District. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

²² Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161. The following permittees are required to comply with the Los Cerritos Channel Metals TMDL: Bellflower, Cerritos, Downey, Lakewood, County of Los Angeles, Los Angeles County Flood Control District, Paramount, and Signal Hill.

- San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007 (Attachment P).²³
- Malibu Creek Watershed Nutrients TMDL, effective March 21, 2003 (Attachment M).²⁴

Reimbursement for these activities is denied beginning January 1, 2018, because the claimants have fee authority sufficient as a matter of law to cover the costs of these activities pursuant to Government Code section 17556(d) and, thus, there are no costs mandated by the state.

In addition, reimbursement for these mandated activities from any source, including but not limited to, state and federal funds, any service charge, fees, or assessments to offset all or part of the costs of this program, and any other funds that are not the claimant's proceeds of taxes that are used to pay for the mandated activities, shall be identified and deducted from any claim submitted for reimbursement.

All other sections, activities, and costs pled in the Test Claim are denied.

II. Procedural History

On December 5, 2025, the Commission adopted the Test Claim Decision.²⁵ On December 10, 2025, Commission staff issued the Draft Expedited Parameters and Guidelines.²⁶ On December 30, 2025, the claimants filed comments on the Draft

(Exhibit A, Corrected Test Claim Decision, page 277, footnote 1178 citing to Exhibit A, Test Claim 13-TC-01, page 1074 (test claim permit, Attachment K).)

²³ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161. The following permittees are required to comply with the San Gabriel River and Impaired Tributaries Metals and Selenium TMDL: Arcadia, Artesia, Azusa, Baldwin Park, Bellflower, Bradbury, Cerritos, Claremont, Covina, Diamond Bar, Downey, Duarte, El Monte, Glendora, Hawaiian Gardens, Industry, Irwindale, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, County of Los Angeles, and Los Angeles County Flood Control District, Monrovia, Norwalk, Pico Rivera, Pomona, San Dimas, Santa Fe Springs, South El Monte, Walnut, West Covina, and Whittier.

(Exhibit A, Corrected Test Claim Decision, page 277, footnote 1179 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

²⁴ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1105. The following permittees are required to comply with the Malibu Creek Watershed Nutrients TMDL: Agoura Hills, Calabasas, and Hidden Hills, County of Los Angeles, Los Angeles County Flood Control District, Malibu, and Westlake Village. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1180 citing to Exhibit A, Test Claim 13-TC-01, pages 1065-1066 (test claim permit, Attachment K).)

²⁵ Exhibit A, Corrected Test Claim Decision.

²⁶ Exhibit B, Draft Expedited Parameters and Guidelines.

Expedited Parameters and Guidelines.²⁷ On December 31, 2025, the State Controller's Office filed comments on the Draft Expedited Parameters and Guidelines, recommending clarifying changes.²⁸ On January 7, 2026, Commission staff issued the Draft Proposed Decision and Parameters and Guidelines.²⁹ ~~No comments were filed on the Draft Proposed Decision and Parameters and Guidelines.~~ On January 29, 2026, the claimants filed late comments on the Draft Proposed Decision and Parameters and Guidelines to indicate that the City of Irwindale should be listed as a permittee mandated to comply with the U.S. EPA-adopted TMDL, San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007, in accordance with the test claim permit and requests that this inadvertent mistake be corrected.³⁰ On January 30, 2026, the Commission issued a Corrected Test Claim Decision to correct this error.³¹

III. Party Positions

A. Claimants' Position

The claimants filed comments on the Draft Expedited Parameters and Guidelines stating the following:

Page 3 of the Draft Ps and Gs includes the following paragraph:

"Reimbursement for these activities is denied beginning January 1, 2018, because the claimants have fee authority sufficient as a matter of law to cover the costs of these activities pursuant to Government Code Section 17556(d) and, thus, there are no costs mandated by the state."

Claimants do not concede that they have fee authority as set for in this paragraph, and request its deletion, but acknowledge that the test claim decision contains this finding.³²

The claimants also recommend the addition of the following highlighted language to the offsetting revenue and reimbursement paragraph:

²⁷ Exhibit C, Claimants' Comments on the Draft Expedited Parameters and Guidelines.

²⁸ Exhibit D, Controller's Comments on the Draft Expedited Parameters and Guidelines.

²⁹ Exhibit E, Draft Proposed Decision and Parameters and Guidelines.

³⁰ Exhibit F, Claimants' Late Comments on the Draft Proposed Decision and Parameters and Guidelines.

³¹ Exhibit A, Corrected Test Claim Decision.

³² Exhibit C, Claimants' Comments on the Draft Expedited Parameters and Guidelines, pages 1-2.

Claimants request that the Commission make clear that such offsetting revenues do not include proceeds of taxes, and therefore request that the Commission add to this section the bold, underlined wording:

"Offsetting revenue or reimbursement includes the following:

Revenue from the Los Angeles Flood Control Act, which authorizes the Flood Control District to impose a fee or charge, in compliance with article XIII D of the California Constitution, to pay the costs and expenses of carrying out projects and providing services to improve water quality and reduce stormwater and urban runoff pollution in the District, **but not proceeds of taxes.**"³³

On January 29, 2026, the claimants filed late comments on the Draft Proposed Decision and Parameters and Guidelines to indicate that the City of Irwindale should be listed as a permittee mandated to comply with the U.S. EPA-adopted TMDL, San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007, in accordance with the test claim permit and requests that this inadvertent mistake be corrected.³⁴

B. State Controller's Office

The State Controller's Office filed comments on December 31, 2025, recommending clarifying changes to Section II, Eligible Claimants, to specifically identify the eligible claimants to the mandated program, and to Section III, Reimbursement Period, to identify when the period of reimbursement ends.³⁵

IV. Discussion

The Parameters and Guidelines contain the following information:

A. Eligible Claimants (Section II. of the Parameters and Guidelines)

Section II. of the Parameters and Guidelines identifies the eligible claimants as follows:

The cities, county, and special district required to comply with the U.S. EPA-adopted TMDLs listed below, which are subject to the taxing restrictions of articles XIII A and XIII C, and the spending limits of article XIII B, of the California Constitution, whose increased costs for this

³³ Exhibit C, Claimants' Comments on the Draft Expedited Parameters and Guidelines, page 2.

³⁴ Exhibit F, Claimants' Late Comments on the Draft Proposed Decision and Parameters and Guidelines.

³⁵ Exhibit D, Controller's Comments on the Draft Expedited Parameters and Guidelines. It should be noted that the Controller's comments identify the permit and permittees to a San Francisco Regional Water Quality Control Board, and not to the test claim permit at issue in this claim. Nevertheless, the comment is understood and clarifications are made herein.

program are paid from proceeds of taxes, are eligible to claim reimbursement.

- The following permittees required to comply with the Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL, effective March 26, 2012 (Attachment O to test claim permit):
Los Angeles County Flood Control District and the City of Signal Hill.³⁶
- The following permittees required to comply with the Los Angeles Area Lakes TMDLs, effective March 26, 2012 (Attachments O and P to the test claim permit for the TMDLs in the Los Angeles River Watershed Management Area and the TMDLs in the San Gabriel River Watershed Management Area):
The following permittees in the Los Angeles River Watershed Management Area (Attachment O to the test claim permit): Los Angeles County Flood Control District, County of Los Angeles, and the Cities of Los Angeles, Arcadia, Bradbury, Calabasas, Duarte, El Monte, Irwindale, Monrovia, Sierra Madra, and South El Monte.³⁷
The following permittees in the San Gabriel River Management Area (Attachment P to the test claim permit): Cities of Azusa, Claremont, Irwindale, La Verne, Pomona, and San Dimas; County of Los Angeles; and Los Angeles County Flood Control District.³⁸
- The following permittees required to comply with the Los Cerritos Channel Metals TMDL, effective March 17, 2010:
Cities of Bellflower, Cerritos, Downey, Lakewood, Paramount, and Signal Hill; County of Los Angeles; and Los Angeles County Flood Control District.³⁹
- The following permittees required to comply with the San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007 (Attachment P):

³⁶ Exhibit A, Corrected Test Claim Decision, page 276, footnote 1176 citing to Exhibit A, Test Claim 13-TC-01, pages 1070-1071 (test claim permit, Attachment K).

³⁷ Exhibit A, Corrected Test Claim Decision, pages 276-277, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1169-1171 (test claim permit, Attachment K).

³⁸ Exhibit A, Corrected Test Claim Decision, page 277, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).

³⁹ Exhibit A, Corrected Test Claim Decision, page 277, footnote 1178 citing to Exhibit A, Test Claim 13-TC-01, page 1074 (test claim permit, Attachment K).

Cities of Arcadia, Artesia, Azusa, Baldwin Park, Bellflower, Bradbury, Cerritos, Claremont, Covina, Diamond Bar, Downey, Duarte, El Monte, Glendora, Hawaiian Gardens, Industry, Irwindale, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, Monrovia, Norwalk, Pico Rivera, Pomona, San Dimas, Santa Fe Springs, South El Monte, Walnut, West Covina, and Whittier; County of Los Angeles; and Los Angeles County Flood Control District.⁴⁰

- The following permittees required to comply with the Malibu Creek Watershed Nutrients TMDL, effective March 21, 2003 (Attachment M):

Cities of Agoura Hills, Calabasas, Hidden Hills, Malibu, and Westlake Village; County of Los Angeles; and Los Angeles County Flood Control District.⁴¹

B. Period of Reimbursement (Section III. of the Parameters and Guidelines)

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The claimant filed the test claim on June 14, 2014, establishing eligibility for reimbursement for the 2012-2013 fiscal year. However, the test claim permit has a later effective date and therefore the period of reimbursement for this program begins on the permit's effective date, December 28, 2012. Beginning January 1, 2018, there are no costs mandated by the state because the claimants have fee authority sufficient as a matter of law to cover the costs of these activities pursuant to Government Code section 17556(d). Therefore, costs incurred from December 28, 2012, through December 31, 2017, are eligible for reimbursement.

The claimants state they “do not concede that they have fee authority as set for in [the Parameters and Guidelines] and request [deletion of this language], but acknowledge that the test claim decision contains this finding.”⁴²

The Commission denies the claimants' request. As indicated in the Corrected Test Claim Decision, the Commission found that reimbursement is denied beginning January 1, 2018, because the claimants have the authority to impose stormwater fees sufficient as a matter of law to cover the costs of the reimbursable activities pursuant to Government Code section 17556(d) and, thus, there are no costs mandated by the

⁴⁰ Exhibit A, Corrected Test Claim Decision, page 277, footnote 1179 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).

⁴¹ Exhibit A, Corrected Test Claim Decision, page 277, footnote 1180 citing to Exhibit A, Test Claim 13-TC-01, pages 1065-1066 (test claim permit, Attachment K).)

⁴² Exhibit C, Claimants' Comments on the Draft Expedited Parameters and Guidelines, pages 1-2.

state beginning January 1, 2018.⁴³ The Parameters and Guidelines are required to be consistent with the Commission's Corrected Test Claim Decision.⁴⁴ Thus, the period of reimbursement is from December 28, 2012, through December 31, 2017.

C. Reimbursable Activities (Section IV. of the Parameters and Guidelines)

The Commission partially approved the Test Claim, authorizing reimbursement for the following mandated activities from December 28, 2012, through December 31, 2017:

- The pro rata costs to develop and submit a WMP or EWMP for only the U.S. EPA-adopted TMDLs identified below and in accordance with Part VI.E.3. as follows:
 - a. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall propose BMPs to achieve the WLAs contained in the applicable U.S. EPA-established TMDL, and a schedule for implementing the BMPs that is as short as possible, in a WMP or EWMP.
 - b. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below may either individually submit a WMP or may jointly submit a WMP or EWMP with other Permittees subject to the WLAs contained in the U.S. EPA-established TMDL.
 - c. At a minimum, each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall include the following information in its WMP or EWMP, relevant to each applicable U.S. EPA-established TMDL:
 - Available data demonstrating the current quality of the Permittee's MS4 discharge(s) in terms of concentration and/or load of the target pollutant(s) to the receiving waters subject to the TMDL;
 - A detailed description of BMPs that have been implemented, and/or are currently being implemented by the Permittee to achieve the WLA(s), if any;
 - A detailed time schedule of specific actions the Permittee will take in order to achieve compliance with the applicable WLA(s);
 - A demonstration that the time schedule requested is as short as possible, taking into account the time since USEPA establishment of the TMDL, and technological, operation, and economic factors that affect the design, development, and implementation of the control measures that are necessary to comply with the WLA(s); and

⁴³ Exhibit A, Corrected Test Claim Decision, pages 262-263, citing Government Code sections 53750 and 53751 (Stats. 2017, ch. 536 (SB 231)); *Department of Finance v. Commission on State Mandates* (2022) 85 Cal.App.5th 535, 579-581; *Paradise Irrigation District v. Commission on State Mandates* (2019) 33 Cal.App.5th 174, 194.

⁴⁴ Government Code section 17557.

- If the requested time schedule exceeds one year, the proposed schedule shall include interim requirements and numeric milestones and the date(s) for their achievement.
- d. Each Permittee subject to a WLA in a TMDL established by U.S. EPA-identified below shall submit a draft of a WMP or EWMP to the Regional Water Board Executive Officer for approval per the schedule Part VI.C.4.⁴⁵

These requirements apply only to the following U.S. EPA-adopted TMDLs:

- Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL (effective March 26, 2012 (Attachment O)).⁴⁶
- Los Angeles Area Lakes TMDLs, effective March 26, 2012 (Attachment O for the TMDLs Los Angeles River Watershed Management Area, which include the following: Lake Calabazas Nutrient; Echo Park Lake PCBs, Chlordane, and Dieldrin; and Legg Lake Nutrient Peck Road Park Lake Nutrient, PCBs, Chlordane, DDT, and Dieldrin; and Attachment P for the TMDLs in the San Gabriel River Watershed Management Area, which include the Puddingstone Reservoir Nutrient, Mercury, PCBs, Chlordane, Dieldrin, DDT TMDLs.)⁴⁷

⁴⁵ Exhibit A, Corrected Test Claim Decision, pages 275-276 citing to Exhibit A, Test Claim 13-TC-01, pages 742, 746-747, 1100, 1105, 1115, 1142, 1143-1154, 1155-1160, and 1161 (test claim permit, Parts VI.E.1.c., VI.E.3., and Attachments M, O, P, and Q, which incorporate by reference Part VI.E.3.).

⁴⁶ Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, page 1142. The following permittees are required to comply with the Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL: Los Angeles County Flood Control District and Signal Hill. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1176 citing to Exhibit A, Test Claim 13-TC-01, pages 1070-1071 (test claim permit, Attachment K).)

⁴⁷ Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, pages 1143-1154, 1155-1160, 1071 et seq. The following permittees are required to comply with the Los Angeles Area Lakes TMDLs: Los Angeles County Flood Control District, County of Los Angeles, and the Cities of Los Angeles, Arcadia, Bradbury, Calabazas, Duarte, El Monte, Irwindale, Monrovia, Sierra Madra, and South El Monte. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1169-1171 (test claim permit, Attachment K).)

The permittees in the San Gabriel River Management Area include the Cities of Azusa, Claremont, Irwindale, La Verne, Pomona, San Dimas, the County of Los Angeles, and Los Angeles County Flood Control District. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

- Los Cerritos Channel Metals TMDL, effective March 17, 2010 (Attachment Q).⁴⁸
- San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007 (Attachment P).⁴⁹
- Malibu Creek Watershed Nutrients TMDL, effective March 21, 2003 (Attachment M).⁵⁰

These activities are identified in the Parameters and Guidelines.

D. Claim Preparation and Submission (Section V. of the Parameters and Guidelines)

Section V. of the Parameters and Guidelines (Claim Preparation and Submission) identifies the direct costs that are eligible for reimbursement.

E. Offsetting Revenues and Reimbursements (Section VII. of the Parameters and Guidelines)

Section VII. of the Parameters and Guidelines governs offsetting revenues (i.e., funds that are not a claimant's proceeds of taxes), which are required to be identified and deducted from the costs claimed. Section VII. of the Parameters and Guidelines states the following:

⁴⁸ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161. The following permittees are required to comply with the Los Cerritos Channel Metals TMDL: Bellflower, Cerritos, Downey, Lakewood, County of Los Angeles, Los Angeles County Flood Control District, Paramount, and Signal Hill. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1178 citing to Exhibit A, Test Claim 13-TC-01, page 1074 (test claim permit, Attachment K).)

⁴⁹ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161. The following permittees are required to comply with the San Gabriel River and Impaired Tributaries Metals and Selenium TMDL: Arcadia, Artesia, Azusa, Baldwin Park, Bellflower, Bradbury, Cerritos, Claremont, Covina, Diamond Bar, Downey, Duarte, El Monte, Glendora, Hawaiian Gardens, Industry, Irwindale, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, County of Los Angeles, and Los Angeles County Flood Control District, Monrovia, Norwalk, Pico Rivera, Pomona, San Dimas, Santa Fe Springs, South El Monte, Walnut, West Covina, and Whittier. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1179 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

⁵⁰ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1105. The following permittees are required to comply with the Malibu Creek Watershed Nutrients TMDL: Agoura Hills, Calabasas, and Hidden Hills, County of Los Angeles, Los Angeles County Flood Control District, Malibu, and Westlake Village. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1180 citing to Exhibit A, Test Claim 13-TC-01, pages 1065-1066 (test claim permit, Attachment K).)

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 the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any other funds that are not the claimant's proceeds of taxes shall be identified and deducted from any claim submitted for reimbursement. Such offsetting revenue or reimbursement includes the following:

- Revenue from the Los Angeles Flood Control Act, which authorizes the Flood Control District to impose a fee or charge, in compliance with article XIII D of the California Constitution, to pay the costs and expenses of carrying out projects and providing services to improve water quality and reduce stormwater and urban runoff pollution in the District.⁵¹
- Revenues from property-related stormwater fees.

The claimants request that the first bullet be edited to add the following highlighted text:

Revenue from the Los Angeles Flood Control Act, which authorizes the Flood Control District to impose a fee or charge, in compliance with article XIII D of the California Constitution, to pay the costs and expenses of carrying out projects and providing services to improve water quality and reduce stormwater and urban runoff pollution in the District, **but not proceeds of taxes."**

The Commission denies the claimants' request since the proposed language is duplicative and ambiguous. The language proceeding the bulleted language expressly says that "funds that are *not* the claimant's proceeds of taxes shall be identified and deducted from any claim submitted for reimbursement. Such offsetting revenue or reimbursement includes," which is followed by the bulleted text. Thus, the language proposed is duplicative and not necessary.

In addition, the existing language is consistent with pages 241-242 of the Commission's Corrected Test Claim Decision, which found that reimbursement is not required to the extent the claimants receive fee revenues charged by the Los Angeles Flood Control District, which are not the claimants' proceeds of taxes, and apply those funds to the reimbursable activities as follows:

However, reimbursement is not required to the extent the claimants receive fee revenue and used that revenue to pay for the state-mandated activities, or used any other revenues, including but not limited to grant funding, assessment revenue, and federal funds, that are *not* the claimants' proceeds of taxes. When state-mandated activities do not

⁵¹ Water Code Appendix, section 28-2 (Stats. 2010, ch, 602 (AB 2554, sections 8a and 8b)).

compel the increased expenditure of local “proceeds of taxes,” reimbursement under section 6 is not required.⁵²

In this respect, the Legislature amended the Los Angeles Flood Control Act in Assembly Bill 2554 to authorize the Flood Control District to impose a fee or charge, in compliance with article XIII D of the California Constitution, to pay the costs and expenses of carrying out projects and providing services to improve water quality and reduce stormwater and urban runoff pollution in the District.⁵³ The statute requires the District to allocate the revenues derived from the fees as follows: ten percent to the district for implementation and administration of water quality programs; forty percent to the cities within the boundaries of the district and to the County of Los Angeles for water quality improvement programs; and 50 percent to the nine watershed authority groups to implement collaborative water quality improvement plans or programs.⁵⁴ The Fact Sheet *estimates* the revenues generated and allocated pursuant to Assembly Bill 2554 as follows:

In addition to current funding options, future funding options continue to be created. Assembly Bill 2554, known as the Los Angeles County Flood Control District’s Water Quality Funding Initiative, is currently under consideration by the LACFCD’s Board of Supervisors. If the Board of Supervisors approve the fee proposal and no majority protest is received, then it will be submitted for voter approval and could create an estimated annual revenue of \$300 million to be utilized for various storm water projects including but not limited to:

- New and Existing Water Quality Projects and Programs
- Maintenance of Existing Facilities
- TMDL and MS4 Permit Implementation

⁵² *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487 (Reimbursement is required only when “the costs in question can be recovered solely from tax revenues.”). See also, *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1283; *County of Los Angeles v. Commission on State Mandates* (2003) 110 Cal.App.4th 1176, 1189; *Bell Community Redevelopment Agency v. Woosley* (1985) 169 Cal.App.3d 24, 32; *Redevelopment Agency v. Commission on State Mandates* (1997) 55 Cal.App.4th 976, 986-987; *City of El Monte v. Commission on State Mandates* (2000) 83 Cal.App.4th 266, 281.

⁵³ Water Code Appendix, section 28-2 (Stats. 2010, ch, 602 (AB 2554, sections 8a and 8b)).

⁵⁴ Water Code Appendix, section 28-2 (Stats. 2010, ch, 602 (AB 2554, section 8b)).

Of the annual revenue, forty percent would be returned to the municipalities to create new local projects and programs and maintenance. Below are the estimated revenues that would be allocated to certain municipalities based on the estimated annual revenue of \$300 million.

| Municipalities | Estimated Annual Revenue |
|--|--------------------------|
| City of Los Angeles | \$37 million |
| City of Santa Monica | \$1 million |
| El Segundo | \$600,000 |
| Manhattan Beach | \$300,000 |
| Redondo Beach | \$750,000 |
| Unincorporated Areas on Los Angeles County | \$15 million |

Fifty percent of the annual revenue would be spread across nine watershed authority groups (WAGs) to develop Water Quality Improvement Plans and implement regional projects and programs. Some examples of the possible annual revenues available to the WAGs are provided below:

| WAG | Estimated Revenue |
|-------------------------|-------------------|
| Santa Monica Bay | \$12 million |
| Upper Los Angeles River | \$36 million |
| Lower Los Angeles River | \$15 million |
| Upper San Gabriel River | \$17 million |

The remaining ten percent of the annual revenues would be allocated to the Los Angeles County Flood Control District for administration of the program and other district water quality projects and programs. [Fn. omitted.]

The Fact Sheet also shows funding that can be applied to stormwater costs from local Propositions A and O, and other state and grant funds. [Fn. omitted.]

Funds received from the Los Angeles Flood Control Act are not the claimants' proceeds of taxes. Accordingly, no changes to Section VII. of the Parameters and Guidelines are recommended.⁵⁵

Accordingly, no changes to Section VII. of the Parameters and Guidelines have been made.

⁵⁵ Exhibit A, Corrected Test Claim Decision, pages 241-242.

F. The Remaining Sections of the Parameters and Guidelines

The remaining sections of the Parameters and Guidelines contain standard boilerplate language.

V. Conclusion

Based on the foregoing, the Commission hereby adopts the Proposed Decision and Parameters and Guidelines.

PARAMETERS AND GUIDELINES⁵⁶

*California Regional Water Quality Control Board, Los Angeles Region,
Order No. R4-2012-0175, Part VI.E.1.c. and Attachments M, O, P, and Q,
(which incorporate by reference Part VI.E.3.)*

13-TC-01 and 13-TC-02

Period of reimbursement ~~begins~~ is from December 28, 2012, to December 31, 2017

I. SUMMARY OF THE MANDATE

These Parameters and Guidelines address state-mandated activities arising from National Pollutant Discharge Elimination System Program (NPDES) permit, Order No. R4-2012-0175 (test claim permit), adopted by the Los Angeles Water Quality Control Board (Regional Board) on November 8, 2012, and effective on December 28, 2012.

On December 5, 2025, and corrected on January 30, 2026, the Commission on State Mandates (Commission) adopted a Decision partially approving this Test Claim for reimbursement beginning December 28, 2012, and found that Part VI.E.1.c. and Attachments M, O, P, and Q, which incorporate by reference Part VI.E.3. of the test claim permit, impose a reimbursable state mandated program for the pro rata costs to develop and submit a WMP or EWMP for only the U.S. EPA-adopted TMDLs identified below and in accordance with Part VI.E.3. as follows:

- a. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall propose BMPs to achieve the WLAs contained in the applicable U.S. EPA-established TMDL, and a schedule for implementing the BMPs that is as short as possible, in a WMP or EWMP.
- b. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below may either individually submit a WMP or may jointly submit a WMP or EWMP with other Permittees subject to the WLAs contained in the U.S. EPA-established TMDL.

⁵⁶ Please note that the Decision and Parameters and Guidelines is a single document and must be read as a whole. It is not intended to be separated and should be posted in its entirety.

- c. At a minimum, each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall include the following information in its WMP or EWMP, relevant to each applicable U.S. EPA-established TMDL:
- Available data demonstrating the current quality of the Permittee's MS4 discharge(s) in terms of concentration and/or load of the target pollutant(s) to the receiving waters subject to the TMDL;
 - A detailed description of BMPs that have been implemented, and/or are currently being implemented by the Permittee to achieve the WLA(s), if any;
 - A detailed time schedule of specific actions the Permittee will take in order to achieve compliance with the applicable WLA(s);
 - A demonstration that the time schedule requested is as short as possible, taking into account the time since USEPA establishment of the TMDL, and technological, operation, and economic factors that affect the design, development, and implementation of the control measures that are necessary to comply with the WLA(s); and
 - If the requested time schedule exceeds one year, the proposed schedule shall include interim requirements and numeric milestones and the date(s) for their achievement.
- d. Each Permittee subject to a WLA in a TMDL established by U.S. EPA-identified below shall submit a draft of a WMP or EWMP to the Regional Water Board Executive Officer for approval per the schedule Part VI.C.4.⁵⁷

These requirements apply only to the following U.S. EPA-adopted TMDLs:

- Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL (effective March 26, 2012 (Attachment O)).⁵⁸
- Los Angeles Area Lakes TMDLs, effective March 26, 2012 (Attachment O for the TMDLs Los Angeles River Watershed Management Area, which include the following: Lake Calabazas Nutrient; Echo Park Lake PCBs, Chlordane, and Dieldrin; and Legg Lake Nutrient Peck Road Park Lake Nutrient, PCBs, Chlordane, DDT, and Dieldrin; and Attachment P for the TMDLs in the San

⁵⁷ Exhibit A, Corrected Test Claim Decision, pages 275-276 citing to Exhibit A, Test Claim 13-TC-01, pages 742, 746-747, 1100, 1105, 1115, 1142, 1143-1154, 1155-1160, and 1161 (test claim permit, Parts VI.E.1.c., VI.E.3., and Attachments M, O, P, and Q, which incorporate by reference Part VI.E.3.).

⁵⁸ Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, page 1142. The following permittees are required to comply with the Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL: Los Angeles County Flood Control District and Signal Hill. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1176 citing to Exhibit A, Test Claim 13-TC-01, pages 1070-1071 (test claim permit, Attachment K).)

Gabriel River Watershed Management Area, which include the Puddingstone Reservoir Nutrient, Mercury, PCBs, Chlordane, Dieldrin, DDT TMDLs.)⁵⁹

- Los Cerritos Channel Metals TMDL, effective March 17, 2010 (Attachment Q).⁶⁰
- San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007 (Attachment P).⁶¹
- Malibu Creek Watershed Nutrients TMDL, effective March 21, 2003 (Attachment M).⁶²

⁵⁹ Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, page 1143-1154, 1155-1160, 1071 et seq.. The following permittees are required to comply with the Los Angeles Area Lakes TMDLs: Los Angeles County Flood Control District, County of Los Angeles, and the Cities of Los Angeles, Arcadia, Bradbury, Calabasas, Duarte, El Monte, Irwindale, Monrovia, Sierra Madra, and South El Monte. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1177, citing to Exhibit A, Test Claim 13-TC-01, pages 1169-1171 (test claim permit, Attachment K).)

The permittees in the San Gabriel River Management Area include the Cities of Azusa, Claremont, Irwindale, La Verne, Pomona, San Dimas, the County of Los Angeles, and Los Angeles County Flood Control District. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

⁶⁰ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161). The following permittees are required to comply with the Los Cerritos Channel Metals TMDL: Bellflower, Cerritos, Downey, Lakewood, County of Los Angeles, Los Angeles County Flood Control District, Paramount, and Signal Hill. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1178 citing to Exhibit A, Test Claim 13-TC-01, page 1074 (test claim permit, Attachment K).)

⁶¹ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161. The following permittees are required to comply with the San Gabriel River and Impaired Tributaries Metals and Selenium TMDL: Arcadia, Artesia, Azusa, Baldwin Park, Bellflower, Bradbury, Cerritos, Claremont, Covina, Diamond Bar, Downey, Duarte, El Monte, Glendora, Hawaiian Gardens, Industry, Irwindale, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, County of Los Angeles, and Los Angeles County Flood Control District, Monrovia, Norwalk, Pico Rivera, Pomona, San Dimas, Santa Fe Springs, South El Monte, Walnut, West Covina, and Whittier. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1179 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

⁶² Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1105. The following permittees are required to comply with the Malibu Creek Watershed Nutrients TMDL: Agoura Hills, Calabasas, and Hidden Hills, County of Los Angeles, Los Angeles County Flood Control District, Malibu, and Westlake

Reimbursement for these activities is denied beginning January 1, 2018, because the claimants have fee authority sufficient as a matter of law to cover the costs of these activities pursuant to Government Code section 17556(d) and, thus, there are no costs mandated by the state.

In addition, reimbursement for these mandated activities from any source, including but not limited to, state and federal funds, any service charge, fees, or assessments to offset all or part of the costs of this program, and any other funds that are not the claimant's proceeds of taxes that are used to pay for the mandated activities, shall be identified and deducted from any claim submitted for reimbursement.

All other sections, activities, and costs pled in the Test Claim are denied.

II. ELIGIBLE CLAIMANTS

The cities, county, and special district required to comply with the U.S. EPA-adopted TMDLs listed below, which are subject to the taxing restrictions of articles XIII A and XIII C, and the spending limits of article XIII B, of the California Constitution, whose increased costs for this program are paid from proceeds of taxes, are eligible to claim reimbursement.

- The following permittees required to comply with the Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL, effective March 26, 2012 (Attachment O to test claim permit):

Los Angeles County Flood Control District and City of Signal Hill.⁶³

- The following permittees required to comply with the Los Angeles Area Lakes TMDLs, effective March 26, 2012 (Attachments O and P to the test claim permit for the TMDLs in the Los Angeles River Watershed Management Area and the TMDLs in the San Gabriel River Watershed Management Area:

The following permittees in the Los Angeles River Watershed Management Area (Attachment O to the test claim permit): Los Angeles County Flood Control District, County of Los Angeles, and the Cities of Los Angeles, Arcadia, Bradbury, Calabasas, Duarte, El Monte, Irwindale, Monrovia, Sierra Madra, and South El Monte.⁶⁴

The following permittees in the San Gabriel River Management Area (Attachment P to the test claim permit): Cities of Azusa, Claremont,

Village. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1180 citing to Exhibit A, Test Claim 13-TC-01, pages 1065-1066 (test claim permit, Attachment K).)

⁶³ Exhibit A, Corrected Test Claim Decision, page 276, footnote 1176 citing to Exhibit A, Test Claim 13-TC-01, pages 1070-1071 (test claim permit, Attachment K).

⁶⁴ Exhibit A, Corrected Test Claim Decision, pages 276-277, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1169-1171 (test claim permit, Attachment K).

Irwindale, La Verne, Pomona, and San Dimas; County of Los Angeles; and Los Angeles County Flood Control District.⁶⁵

- The following permittees required to comply with the Los Cerritos Channel Metals TMDL, effective March 17, 2010:

Cities of Bellflower, Cerritos, Downey, Lakewood, Paramount, and Signal Hill; County of Los Angeles; and Los Angeles County Flood Control District.⁶⁶

- The following permittees required to comply with the San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007 (Attachment P):

Cities of Arcadia, Artesia, Azusa, Baldwin Park, Bellflower, Bradbury, Cerritos, Claremont, Covina, Diamond Bar, Downey, Duarte, El Monte, Glendora, Hawaiian Gardens, Industry, Irwindale, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, Monrovia, Norwalk, Pico Rivera, Pomona, San Dimas, Santa Fe Springs, South El Monte, Walnut, West Covina, and Whittier; County of Los Angeles; and Los Angeles County Flood Control District.⁶⁷

- The following permittees required to comply with the Malibu Creek Watershed Nutrients TMDL, effective March 21, 2003 (Attachment M):

Cities of Agoura Hills, Calabasas, Hidden Hills, Malibu, and Westlake Village; County of Los Angeles; and Los Angeles County Flood Control District.⁶⁸

~~The cities, county, and special district required to comply with the U.S. EPA-adopted TMDLs listed in these Parameters and Guidelines, which are subject to the taxing restrictions of articles XIII A and XIII C, and the spending limits of article XIII B, of the California Constitution, whose costs for this program are paid from proceeds of taxes and incurs increased costs as a result of this mandate, are eligible to claim reimbursement.~~

⁶⁵ Exhibit A, Corrected Test Claim Decision, page 277, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).

⁶⁶ Exhibit A, Corrected Test Claim Decision, page 277, footnote 1178 citing to Exhibit A, Test Claim 13-TC-01, page 1074 (test claim permit, Attachment K).

⁶⁷ Exhibit A, Corrected Test Claim Decision, page 277, footnote 1179 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).

⁶⁸ Exhibit A, Corrected Test Claim Decision, page 277, footnote 1180 citing to Exhibit A, Test Claim 13-TC-01, pages 1065-1066 (test claim permit, Attachment K).

III. PERIOD OF REIMBURSEMENT

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The claimant filed the Test Claim on June 30, 2014, establishing eligibility for reimbursement for the 2012-2013 fiscal year. However, since the test claim permit has a later effective date, the potential period of reimbursement for this claim begins on the permit's effective date, or December 28, 2012. Beginning January 1, 2018, there are no costs mandated by the state because the claimants have fee authority sufficient as a matter of law to cover the costs of these activities pursuant to Government Code section 17556(d). Therefore, costs incurred are reimbursable ~~on or after~~ from December 28, 2012, through December 31, 2017.

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.
2. Pursuant to Government Code section 17561(d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller (Controller) within 120 days of the issuance date for the claiming instructions.
3. Pursuant to Government Code section 17560(a), a local agency may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
4. If revised claiming instructions are issued by the Controller pursuant to Government Code section 17558(c), between November 15 and February 15, a local agency filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim. (Gov. Code §17560(b).)
5. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564(a).
6. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event, or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

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

For each eligible claimant that incurs increased costs, the following is reimbursable:

- The pro rata costs to develop and submit a WMP or EWMP for only the U.S. EPA-adopted TMDLs identified below and in accordance with Part VI.E.3. as follows:
 - a. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall propose BMPs to achieve the WLAs contained in the applicable U.S. EPA-established TMDL, and a schedule for implementing the BMPs that is as short as possible, in a WMP or EWMP.
 - b. Each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below may either individually submit a WMP or may jointly submit a WMP or EWMP with other Permittees subject to the WLAs contained in the U.S. EPA-established TMDL.
 - c. At a minimum, each Permittee subject to one of the U.S. EPA-adopted TMDLs identified below shall include the following information in its WMP or EWMP, relevant to each applicable U.S. EPA-established TMDL:
 - Available data demonstrating the current quality of the Permittee's MS4 discharge(s) in terms of concentration and/or load of the target pollutant(s) to the receiving waters subject to the TMDL;
 - A detailed description of BMPs that have been implemented, and/or are currently being implemented by the Permittee to achieve the WLA(s), if any;
 - A detailed time schedule of specific actions the Permittee will take in order to achieve compliance with the applicable WLA(s);
 - A demonstration that the time schedule requested is as short as possible, taking into account the time since USEPA establishment of the TMDL, and technological, operation, and economic factors that affect the design, development, and implementation of the control measures that are necessary to comply with the WLA(s); and

- If the requested time schedule exceeds one year, the proposed schedule shall include interim requirements and numeric milestones and the date(s) for their achievement.
- d. Each Permittee subject to a WLA in a TMDL established by U.S. EPA-identified below shall submit a draft of a WMP or EWMP to the Regional Water Board Executive Officer for approval per the schedule Part VI.C.4.⁶⁹

These requirements apply only to the following U.S. EPA-adopted TMDLs:

- Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL (effective March 26, 2012 (Attachment O)).⁷⁰
- Los Angeles Area Lakes TMDLs, effective March 26, 2012 (Attachment O for the TMDLs Los Angeles River Watershed Management Area, which include the following: Lake Calabazas Nutrient; Echo Park Lake PCBs, Chlordane, and Dieldrin; and Legg Lake Nutrient Peck Road Park Lake Nutrient, PCBs, Chlordane, DDT, and Dieldrin; and Attachment P for the TMDLs in the San Gabriel River Watershed Management Area, which include the Puddingstone Reservoir Nutrient, Mercury, PCBs, Chlordane, Dieldrin, DDT TMDLs.)⁷¹

⁶⁹ Exhibit A, Corrected Test Claim Decision, pages 275-276 citing to Exhibit A, Test Claim 13-TC-01, pages 742, 746-747, 1100, 1105, 1115, 1142, 1143-1154, 1155-1160, and 1161 (test claim permit, Parts VI.E.1.c., VI.E.3., and Attachments M, O, P, and Q, which incorporate by reference Part VI.E.3.).

⁷⁰ Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, page 1142. The following permittees are required to comply with the Long Beach City Beaches and Los Angeles River Estuary Bacteria TMDL: Los Angeles County Flood Control District and Signal Hill. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1176 citing to Exhibit A, Test Claim 13-TC-01, pages 1070-1071 (test claim permit, Attachment K).)

⁷¹ Exhibit A, Corrected Test Claim Decision, page 276 citing to Exhibit A, Test Claim 13-TC-01, pages 1143-1154, 1155-1160, 1071 et seq. The following permittees are required to comply with the Los Angeles Area Lakes TMDLs: Los Angeles County Flood Control District, County of Los Angeles, and the Cities of Los Angeles, Arcadia, Bradbury, Calabazas, Duarte, El Monte, Irwindale, Monrovia, Sierra Madra, and South El Monte. (Exhibit A, Corrected Test Claim Decision, page 276, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1169-1171 (test claim permit, Attachment K).)

The permittees in the San Gabriel River Management Area include the Cities of Azusa, Claremont, Irwindale, La Verne, Pomona, San Dimas, the County of Los Angeles, and Los Angeles County Flood Control District. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1177 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

- Los Cerritos Channel Metals TMDL, effective March 17, 2010 (Attachment Q).⁷²
- San Gabriel River and Impaired Tributaries Metals and Selenium TMDL, effective March 26, 2007 (Attachment P).⁷³
- Malibu Creek Watershed Nutrients TMDL, effective March 21, 2003 (Attachment M).⁷⁴

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV., Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits

⁷² Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161. The following permittees are required to comply with the Los Cerritos Channel Metals TMDL: Bellflower, Cerritos, Downey, Lakewood, County of Los Angeles, Los Angeles County Flood Control District, Paramount, and Signal Hill. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1178 citing to Exhibit A, Test Claim 13-TC-01, page 1074 (test claim permit, Attachment K).)

⁷³ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1161. The following permittees are required to comply with the San Gabriel River and Impaired Tributaries Metals and Selenium TMDL: Arcadia, Artesia, Azusa, Baldwin Park, Bellflower, Bradbury, Cerritos, Claremont, Covina, Diamond Bar, Downey, Duarte, El Monte, Glendora, Hawaiian Gardens, Industry, Irwindale, La Habra Heights, La Mirada, La Puente, La Verne, Lakewood, County of Los Angeles, and Los Angeles County Flood Control District, Monrovia, Norwalk, Pico Rivera, Pomona, San Dimas, Santa Fe Springs, South El Monte, Walnut, West Covina, and Whittier. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1179 citing to Exhibit A, Test Claim 13-TC-01, pages 1072-1073 (test claim permit, Attachment K).)

⁷⁴ Exhibit A, Corrected Test Claim Decision, page 277 citing to Exhibit A, Test Claim 13-TC-01, page 1105. The following permittees are required to comply with the Malibu Creek Watershed Nutrients TMDL: Agoura Hills, Calabasas, and Hidden Hills, County of Los Angeles, Los Angeles County Flood Control District, Malibu, and Westlake Village. (Exhibit A, Corrected Test Claim Decision, page 277, footnote 1180 citing to Exhibit A, Test Claim 13-TC-01, pages 1065-1066 (test claim permit, Attachment K).)

divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

4. Fixed Assets

Report the purchase price paid for fixed assets (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset 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.

B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both: (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement in accordance with the Office of Management and Budget Circular 2 CFR, Chapter I and Chapter II, Part 200 et al. Claimants have the option of using the federal de minimis indirect cost rate percentage of direct labor identified in the Office of Management and Budget Circular, at Code of Federal Regulations, title 2, section 200.414(f), excluding fringe benefits, or preparing

an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds the de minimis rate.⁷⁵

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in 2 CFR, Chapter I and Chapter II, Part 200 et al.) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in 2 CFR, Chapter I and Chapter II, Part 200 et al.). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be: (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.); (2) direct salaries and wages; or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in 2 CFR, Chapter I and Chapter II, Part 200 et al.) shall be accomplished by: (1) classifying a department's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage that the total amount of allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in 2 CFR, Chapter I and Chapter II, Part 200 et al.) shall be accomplished by: (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount of allowable indirect costs bears to the base selected.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5(a), a reimbursement claim for actual costs filed pursuant to this chapter⁷⁶ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date

⁷⁵ Effective October 1, 2024, the federal de minimis rate was raised from 10 percent to 15 percent. (Code of Federal Regulations, title 2, § 200.414(f) (89 FR 30046, 30092.)

⁷⁶ This refers to title 2, division 4, part 7, chapter 4 of the Government Code.

of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV., must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING REVENUES AND REIMBURSEMENTS

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 the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any other funds that are not the claimant's proceeds of taxes shall be identified and deducted from any claim submitted for reimbursement. Such offsetting revenue or reimbursement includes the following:

- Revenue from the Los Angeles Flood Control Act, which authorizes the Flood Control District to impose a fee or charge, in compliance with article XIII D of the California Constitution, to pay the costs and expenses of carrying out projects and providing services to improve water quality and reduce stormwater and urban runoff pollution in the District.⁷⁷
- Revenues from property-related stormwater fees.

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558(b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 90 days after receiving the adopted parameters and guidelines from the Commission, to assist local governments in claiming costs to be reimbursed. The claiming instructions shall be derived from these parameters and guidelines and the decisions on the test claim and parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561(d)(1), issuance of the claiming instructions shall constitute a notice of the right of the eligible claimants to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of an eligible claimant, the Commission shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters

⁷⁷ Water Code Appendix, section 28-2 (Stats. 2010, ch, 602 (AB 2554, sections 8a and 8b)).

and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557(d), and California Code of Regulations, title 2, section 1183.17.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The decisions adopted for the test claim and parameters and guidelines are legally binding on all parties and interested parties and provide the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record. The administrative record is on file with the Commission.