



**BETTY T. YEE**  
California State Controller

October 16, 2015

Robert P. Elliot, Director of Finance  
City of Glendale  
141 N. Glendale Avenue, Room 346  
Glendale, CA 91206

Dear Mr. Elliot:

The State Controller's Office performed a desk review of costs claimed by the City of Glendale for the legislatively mandated Municipal Storm Water and Urban Runoff Discharges Program (Los Angeles Regional Water Quality Control Board, Order No. 01-182, Permit CAS004001, Part 4F5c3) for the period of July 1, 2008, through June 30, 2010. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to verifying the city's eligibility for reimbursement.

The city claimed \$187,009 for the mandated program. Our review found that \$19,363 is allowable (\$21,514 less a \$2,151 penalty for filing a late claim) and \$167,646 is unallowable. The costs are unallowable because the city is not eligible to claim reimbursement after September 22, 2008, as described in the attached Summary of Program Costs and the Review Results. The State made no payments to the city. The State will pay \$19,363, contingent upon available appropriations.

We informed Shu-Jun Li, Accounting Manager, of the review finding via a telephone conference call on September 21, 2015. On September 30, 2015, Ms. Li responded, via email, that the city agrees with the adjustment.

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

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/lis

Attachments

RE: S16-MCC-9015

cc: Shu-Jun Li, Accounting Manager  
City of Glendale  
Evelyn Sues, Principal Program Budget Analyst  
Mandates Unit, California Department of Finance  
Jay Lal, Manager  
Division of Accounting and Reporting  
State Controller's Office

## Attachment 1— Summary of Program Costs July 1, 2008, through June 30, 2010

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment <sup>1</sup>
<u>July 1, 2008, through June 30, 2009</u>			
Ongoing activities:			
<i>July 1, 2008, through September 22, 2008:</i>			
Reasonable reimbursement methodology factor	\$ 6.74	\$ 6.74	\$ -
Number of transit receptacles	× 266	× 266	× -
Annual number of trash pickups	× 12	× 12	× -
Subtotal, July 1, 2008, through September 22, 2008	21,514	21,514	-
<i>September 23, 2008, through June 30, 2009:</i>			
Reasonable reimbursement methodology factor	6.74	6.74	6.74
Number of transit receptacles	× 266	× -	× (266)
Annual number of trash pickups	× 40	× 40	× 40
Subtotal, September 23, 2008, through June 30, 2009	71,714	-	(71,714)
Total ongoing activities	93,228	21,514	(71,714)
Less late filing penalty <sup>2</sup>	-	(2,151)	(2,151)
Total program costs	\$ 93,228	19,363	\$ (73,865)
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		\$ 19,363	
<u>July 1, 2009, through June 30, 2010</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.78	\$ 6.78	\$ 6.78
Number of transit receptacles	× 266	× -	× (266)
Annual number of trash pickups	× 52	× 52	× 52
Total program costs	\$ 93,781	-	\$ (93,781)
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		\$ -	
<u>Summary: July 1, 2008, through June 30, 2010</u>			
Ongoing activities	\$ 187,009	\$ 21,514	\$ (165,495)
Less late filing penalty <sup>2</sup>	-	(2,151)	(2,151)
Total program costs	\$ 187,009	19,363	\$ (167,646)
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		\$ 19,363	

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

<sup>2</sup> The city filed its fiscal year 2008-09 initial reimbursement claim after the due date specified in Government Code section 17560. Pursuant to Government Code section 17561, subdivision (d)(3), the State assessed a late filing penalty equal to 10% of allowable costs, with no maximum penalty amount (for claims filed on or after September 30, 2002).

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## Attachment 2— Review Results July 1, 2008, through June 30, 2010

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**BACKGROUND—**

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

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

On July 31, 2009, the Commission on State Mandates (Commission) determined that part 45Fc3 of the permit imposes a state mandate reimbursable under Government Code section 17561 and adopted the Statement of Decision. The Commission further clarified that each local agency subject to the permit and not subject to a trash total maximum daily load (TMDL) is entitled to reimbursement.

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

**FINDING—  
Ineligible claimant**

For fiscal year (FY) 2008-09 and FY 2009-10, the city claimed reimbursement of \$187,009 for costs of the Municipal Storm Water and Urban Runoff Discharges Program. We found that \$19,363 is allowable (\$21,514 less a \$2,151 penalty for filing a late claim) and \$167,646 is unallowable. The costs are unallowable because the city is not eligible to claim reimbursement after September 22, 2008.

The City of Glendale is located entirely within the Los Angeles River Watershed and is subject to the trash TMDL requirements, which became effective on September 23, 2008. As such, the city does not maintain transit stops located in areas not covered by the Los Angeles River Trash TMDL requirement.

The parameters and guidelines (Section II. Eligible Claimants) state:

Beginning September 23, 2008, the following local agency permittees that are subject to the Los Angeles River trash TMDL are eligible to claim reimbursement for the mandated activities only to the extent they have transit stops located in areas not covered by the Los Angeles River trash TMDL requirements:

Alhambra, Arcadia, Bell, Bell Gardens, Bradbury, Burbank, Calabasas, Carson, Commerce, Compton, Cudahy, Downey, Duarte, El Monte, Glendale, Hidden Hills, Huntington Park,

Irwindale, La Canada Flintridge, Los Angeles (City),  
Los Angeles County, Lynwood, Maywood, Monrovia,  
Montebello, Monterey Park, Paramount, Pasadena, Pico  
Rivera, Rosemead, San Fernando, San Gabriel, San Marino,  
Santa Clarita, Sierra Madre, Signal Hill, Simi Valley, South El  
Monte, South Gate, South Pasadena, Temple City, and Vernon.

Recommendation

We recommend that the city ensure that it file reimbursement claims only for mandated programs for which it is an eligible claimant.