Metropolitan Washington
Council of Governments

BOARD OF DIRECTORS

Wednesday, January 11, 2017
12:00 - 2:00 P.M.
Walter A. Scheiber Board Room

AGENDA

12:00 P.M. **1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE**
Roger Berliner, COG Chairman

12:05 P.M. **2. ELECTION OF 2017 COG BOARD OFFICERS**
Roger Berliner, COG Chairman

Chairman Roger Berliner chaired the 2017 Nominating Committee for both the COG Corporate and COG Board Officers. (The Corporate Officers were elected at the COG Annual Membership and Awards Luncheon on December 14, 2016.) Chairman Berliner will submit for approval the proposed COG Board officers for 2017: Chairman Kenyan McDuffie, Vice Chairman Matt Letourneau, and Vice Chairman Derrick Davis.

Recommended Action: Adopt Resolution R1-2017.

12:10 P.M. **3. ELECTION OF 2017 POLICY COMMITTEE LEADERSHIP**
Kenyan McDuffie, COG Board Chairman

Chairman McDuffie will submit for approval the proposed slate of policy committee leadership for the Chesapeake Bay and Water Resources Policy Committee; the Climate, Energy, and Environment Policy Committee; the Human Services and Public Safety Policy Committee; the Emergency Preparedness Council; and the Region Forward Coalition.

Recommended Action: Adopt Resolution R2-2017.

12:15 P.M. **4. CHAIRMAN'S REPORT**
Kenyan McDuffie, COG Board Chairman

A. 2017 COG Board Meeting Dates
B. Policy Committee Scan
C. Metro Strategy Group

12:20 P.M. **5. EXECUTIVE DIRECTOR'S REPORT**
Chuck Bean, COG Executive Director

12:25 P.M. **6. AMENDMENTS TO THE AGENDA**
Kenyan McDuffie, COG Board Chairman

12:30 P.M. **7. APPROVAL OF THE MINUTES FROM NOVEMBER 9, 2016**
Kenyan McDuffie, COG Board Chairman

Reasonable accommodations are provided upon request, including alternative formats of meeting materials.
Visit www.mwcog.org/accommodations or call (202) 962-3300 or (202) 962-3213 (TDD).

Recommended Action: Approve minutes.

12:35 P.M. 8. ADOPTION OF CONSENT AGENDA ITEMS

Kenyan McDuffie, COG Board Chairman

A. Resolution R69-2016 – Resolution authorizing COG to procure and enter into a contract to complete the Regional Health Indicators project (approved by Executive Committee in December)

B. Resolution R70-2016 – Resolution authorizing COG to receive a grant from Kaiser Permanent Mid-Atlantic States to support the Regional Health Indicators project (approved by Executive Committee in December)

C. Resolution R71-2016 – Resolution authorizing COG to receive a grant from the Northern Virginia Health Foundation to support the Regional Health Indicators Project (approved by Executive Committee in December)

D. Resolution R72-2016 – Resolution authorizing COG to procure and enter into a contract to provide inaugural preparedness support to DC HSEMA for the 58th Presidential Inauguration (approved by Executive Committee in December)

E. Resolution R3-2017 – Resolution authorizing COG to receive a grant to provide Anacostia River Watershed Partnership-related support services

F. Resolution R4-2017 – Resolution approving technical changes to the COG By-laws

G. Resolution R5-2017 – Resolution approving the 2017 COG Board of Directors Meeting dates

Recommended Action: Ratify Resolutions R69-2016 – R72-2016 and Adopt Resolutions R3-2017 – R5-2017.

12:40 P.M. 9. FY2016 AUDITED FINANCIAL STATEMENTS

John Foust, COG Audit Committee Chairman

PBMares, LLC presented the FY-2016 audit report to the Audit Committee at its December meeting, issuing an unqualified or “clean” audit for COG. The Audit Committee has reviewed the report, and recommends acceptance. As per Resolution R20-2015, the Audit Committee completed an annual assessment of the audit firm’s performance, and is recommending extension of the contract with PBMares, LLC to perform the FY-2017 audit.

Recommended Action: Receive briefing and adopt Resolution R6-2017.

12:45 P.M. 10. APPROVAL OF MULTI-SECTOR WORKING GROUP RECOMMENDATIONS

Stuart Freudberg, COG Deputy Executive Director

COG convened a multi-sector, multi-disciplinary workgroup to examine local, regional, and state strategies for reducing the region’s greenhouse gases. The Multi-Sector Working Group proposed a set of voluntary strategies to move the region towards its greenhouse gas emission reduction goals. The board adopted Resolution R59-2015 to convene a Policy Task Force to review the proposed strategies and develop consensus recommendations. Mr. Freudberg will present the Task Force consensus recommendations for consideration and adoption by the board.

Recommended Action: Receive briefing and adopt Resolution R68-2016.

1:00 P.M. 11. 2017 LEGISLATIVE PRIORITIES
Monica Beyrouti, COG Government Relations and Member Services Coordinator

Enhancing COG's legislative priorities and strengthening relationships with state and federal elected officials continues to be a focus of COG Board leadership and COG staff. Staff has worked with COG's policy committees and the Legislative Committee to draft the region's 2017 legislative platform. The board will be briefed on the 2017 legislative priorities.

Recommended Action: Receive briefing and adopt Resolution R7-2017.

1:15 P.M. 12. GLOBAL CITIES INITIATIVE EXPORT PLAN AND MARKET ASSESSMENT
Chuck Bean, COG Executive Director
Bob Sweeney, COG Global Cities Initiative Managing Director

Through the Brookings Institution's Global Cities Initiative (GCI), COG and partners in metropolitan Washington have been working to develop a regional export strategy to boost the economy. The board will be briefed on the GCI export plan and market assessment.

Recommended Action: Receive briefing.

1:40 P.M. 13. EXECUTIVE SESSION

1:55 P.M. 14. OTHER BUSINESS

2:00 P.M. 15. ADJOURN

The next meeting is scheduled for Wednesday, February 8, 2017.

AGENDA ITEM #2

ELECTION OF 2017 COG BOARD OFFICERS

Resolution R1-2017
January 11, 2017

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION ELECTING THE 2017 COG BOARD EXECUTIVE COMMITTEE

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the 23 jurisdictions of the metropolitan Washington region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the COG By-laws state that the board shall annually elect a chair and one or two vice-chairs at the first meeting following the annual meeting of the general membership; and

WHEREAS, the 2017 Nominating Committee chaired by 2016 Board Chair Roger Berliner recommends approval of the proposed slate of COG Board officers for 2017: Chairman Kenyan McDuffie, Vice Chairman Matthew Letourneau, and Vice Chairman Derrick L. Davis.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board elects the proposed slate of COG Board officers to serve as the Executive Committee to the COG Board of Directors in 2017.

AGENDA ITEM #3

ELECTION OF 2017 POLICY COMMITTEE LEADERSHIP

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
PROPOSED 2017 COMMITTEE APPOINTMENTS

NAME	JURISDICTION	LEADERSHIP RESPONSIBILITY
COG Board of Directors		
Kenyan McDuffie	District of Columbia	COG Board Chair
Matthew Letourneau	Loudoun County	COG Board Vice Chair
Derrick Davis	Prince George's County	COG Board Vice Chair
COG Board Policy Advisory Committees		
Daniel Sze	City of Falls Church	Chair, Chesapeake Bay
Penny Gross	Fairfax County	Chair, Climate, Energy and Environment
Karen Toles	Prince George's County	Chair, Human Services and Public Safety
David Snyder	City of Falls Church	Chair, Emergency Preparedness Council
Cheryl Bass	City of Manassas	Chair, Region Forward Coalition
Budget And Finance Committee		
Kenyan McDuffie	District of Columbia	COG Board Chair
Matthew Letourneau	Loudoun County	COG Board Vice Chair
Derrick Davis	Prince George's County	COG Board Vice Chair
Bridget Newton	City of Rockville	TPB Chair
Hans Reimer	Montgomery County	MWAQC Chair
David Tarter	City of Falls Church	COG President
Kate Stewart	City of Takoma Park	COG Secretary-Treasurer
Audit Committee		
John Foust, *Chair*	Fairfax County	COG Board Member
David Meyer	City of Fairfax	COG Board Member
Brian Feldman	State of Maryland	COG Board Member
TBD		
TBD		
Employee Compensation and Benefits Review Committee		
Kenyan McDuffie	District of Columbia	COG Board Chair
Matthew Letourneau	Loudoun County	COG Board Vice Chair
Derrick Davis	Prince George's County	COG Board Vice Chair
Phil Mendelson	District of Columbia	Past COG Board Chair
David Tarter	City of Falls Church	COG President
Kate Stewart	City of Takoma Park	COG Secretary-Treasurer
Pension Plan Administrative Committee		
Chuck Bean, Chair	MWCOG	COG Executive Director
Kate Stewart	City of Takoma Park	COG Secretary-Treasurer
Penny Gross	Fairfax County	Past COG Secretary-Treasurer
Judith Davis	City of Greenbelt	Past COG Secretary-Treasurer
Imelda Roberts	MWCOG	COG OHRM
Martha Kile	MWCOG	Employee Representative
John Snarr	MWCOG	Employee Representative
Leta Simons**	MWCOG	COG CFO, ex officio

Resolution R2-2017
January 11, 2017

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION APPROVING THE 2017 COG BOARD POLICY AND ADMINISTRATIVE COMMITTEE LEADERSHIP

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the 23 jurisdictions of the metropolitan Washington region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the COG Board of Directors approves the leadership for the individual policy committees, and the administrative committees, and various other positions that report to the Board of Directors; and

WHEREAS, the COG Board is being asked to approve the attached proposed slate to serve in 2017.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board approves the attached proposed slate of individuals to serve as the 2017 leadership on the following committees:

Chesapeake Bay Policy Committee
Climate, Energy, and Environment Policy Committee
Human Services and Public Safety Policy Committee
Emergency Preparedness Council
Region Forward Coalition
Audit Committee
Budget and Finance Committee
Employee Compensation and Benefits Review Committee
Pension Plan Administrative Committee

AGENDA ITEM #4

CHAIRMAN'S REPORT

Proposed 2017 COG Board Meeting Dates

Note: The COG Board of Directors typically meet from 12–2 P.M. on the second Wednesday of every month except July and August.

2017

- January 11
- February 8
- March 8
- April 26*
- May 10
- June 14
- July 14,15,16 – Annual Retreat
- August – No Meeting
- September 13
- October 11
- November 8
- December 13 – Annual Meeting

*The board is asked to consider meeting on Wednesday, April 26, since the second Wednesday (April 12) falls on the week of Easter, Passover, and Spring Break.

AGENDA ITEM #5

EXECUTIVE DIRECTOR'S REPORT

Metropolitan Washington
Council of Governments

EXECUTIVE DIRECTOR'S REPORT

January 2017

COMMITTEE WORK | FEATURE | OUTREACH | CALENDAR | MEDIA

Policy Boards & Committees

TRANSPORTATION PLANNING BOARD (TPB)
At its November meeting, the TPB adopted an amendment to the region's Constrained Long-Range Transportation Plan (CLRP). The amendment added five major new projects, including Express Lanes on I-395 and a VRE commuter rail extension in Northern Virginia, and bus-only lanes on 16th Street in D.C. Members of the Baltimore Regional Transportation Board (BRTB) attended the December TPB meeting and discussed ongoing coordination efforts between the two metropolitan planning organizations.

METROPOLITAN WASHINGTON AIR QUALITY COMMITTEE (MWAQC)
In December, MWAQC was briefed on the CLRP performance analysis, including air emissions. The MWAQC Executive Committee approved a comment letter which was submitted to the TPB in November.

CHESAPEAKE BAY POLICY AND WATER RESOURCES COMMITTEE (CBPC)
At its November meeting, CBPC was briefed regarding Chesapeake Bay Program issues that will require decisions in early 2017 as they pertain to the new Bay Watershed Model and Phase III Watershed Implementation Plan development for the Bay TMDL (Total Maximum Daily Load) or "pollution diet".

CLIMATE, ENERGY, AND ENVIRONMENT POLICY COMMITTEE (CEEPC)
In November, CEEPC held a special work session to review the draft update of the Regional Climate and Energy Action Plan. CEEPC will be asked to adopt the plan in early 2017.

NATIONAL CAPITAL REGION EMERGENCY PREPAREDNESS COUNCIL (EPC)
At its November meeting, the EPC received a briefing on the new Homeland Security Executive Committee, which resulted from an extensive visioning process to improve regional coordination.

HUMAN SERVICES AND PUBLIC SAFETY POLICY COMMITTEE (HSPSPC)
In November, HSPSPC received briefings on the Health Officials Committee's health indicators project, local mental health intervention programs, and opioid abuse in the region.

Staff Feature:
LEAH BOGGS

Senior Environmental Planner Leah Boggs has spent much of her 17 years at COG focused on advancing energy efficiency and sustainability. She's currently guiding a major initiative to bring more alternative fuel vehicles and infrastructure to the region through Fleets for the Future, a cooperative procurement project.

READ THE 'HEART OF COG' FEATURE

Outreach and Event Highlights

COG RETURN ON INVESTMENT PRESENTATION - ARLINGTON COUNTY
COG Executive Director Chuck Bean gave a presentation to the Arlington County Board on COG's programs and discussed the benefits the county receives as a COG member.

WORLD TRADE CENTER VISIT
Chuck Bean and COG consultant Bob Sweeney met with officials at Philadelphia's World Trade Center. Expanding the exporting capabilities of local businesses through a regionally-supported world trade center has been a focus of the region's Global Cities Initiative (GCI).

COG-CONSORTIUM AGREEMENT
This November, the chief executives of COG and the Consortium of Universities of Metropolitan Washington signed a letter pledging increased partnership between local governments and universities. Their work will include GCI, economic and workforce development, and cooperative purchasing.

METRO SAFETY COMMISSION UPDATES
In November, Chuck Bean provided testimony on behalf of COG on the Metrorail Safety Commission (MSC) before the Maryland General Assembly Joint Committee on Federal Relations. D.C. Council Chairman Phil Mendelson also provided testimony. The District approved MSC compact legislation in December. Legislation has been pre-filed in Maryland and Virginia for their 2017 legislative sessions.

TRAFFIC INCIDENT MANAGEMENT CONFERENCE
The TPB hosted a half-day conference on November 2 highlighting traffic incident management best practices and ways that local leaders can champion further improvements, such as sharing more information between jurisdictions and agencies, using data to better position first responders, and keeping the lines of communication open between agencies, first responders, and travelers.

TLC "PEERX" EVENT - A SHOWCASE OF TPB-FUNDED STUDIES
Local planners gathered on December 8 to share innovative bicycle and pedestrian planning ideas and experiences learned through technical assistance projects funded by the TPB's Transportation/Land Use Connections (TLC) program. The speakers focused on projects that aim to fill gaps in the region's bicycle and pedestrian infrastructure network.

JOINT MEETING FOR HEALTH AND HOUSING OFFICIALS
Community Planning and Services staff hosted the first joint meeting of the Health Officials Committee and Housing Directors Committee on November 14 at COG.

Event Highlight:
TRANSIT CENTER OPENING

Area officials, including Chuck Bean, spoke at the opening of the Takoma/Langley Transit Center on December 20. The center was funded in part by the $58 million federal grant managed by the TPB to improve bus transit in the region. The center will be the largest, non-Metrorail transfer point in the region, projected to serve 12,000 passengers a day.

MORE ABOUT THE CENTER

Calendar

TRANSPORTATION PLANNING BOARD - January 18

CLIMATE, ENERGY, AND ENVIRONMENT POLICY COMMITTEE - January 25

CHESAPEAKE BAY AND WATER RESOURCES POLICY COMMITTEE - January 27

MORE COG MEETINGS & EVENTS

Media Highlights

OP-ED: METRO VITAL TO PRINCE GEORGE'S
Prince George's Council Chairman and COG Board Member Derrick Leon Davis discussed why restoring Metro to a world-class system is vital to the county and region. MORE FROM THE WASHINGTON BUSINESS JOURNAL.

LOCAL WATER UTILITIES RESPOND TO POTOMAC RIVER SHEEN
After a sheen on the surface of the river was reported, officials monitored water quality and took action to protect the region's drinking water. MORE FROM WTOP.

REGIONAL AIR PASSENGER ENPLANEMENTS RISE, TPB REPORTS
A TPB survey looked at data on the region's three major airports, including factors that influence travelers' airport choice. COG's Richard Roisman was interviewed for several stories. MORE FROM ABC7.

TPB ANALYZES THANKSGIVING TRAFFIC PATTERNS
The Tuesday before Thanksgiving has been the worst travel day over the last few years, according to the TPB analysis. MORE FROM THE WASHINGTON POST.

METRORAIL FEATURED IN GOVERNING MAGAZINE
Story focused on how new management team is tasked with fixing the system's problems. Chuck Bean and transit CEOs that spoke at a COG-Board of Trade forum on Metrorail were interviewed for the piece. MORE FROM GOVERNING.

Media Highlight:
STREET SMART PRESS CONFERENCE

Local officials launched the campaign to promote pedestrian, bicyclist, and driver safety during the darker commuting hours. The Fall 2016 kickoff event was held on November 4 in Southeast Washington and was covered by several media outlets.

MORE FROM NBC4

AGENDA ITEM #6

AMENDMENTS TO THE AGENDA

AGENDA ITEM #7

APPROVAL OF THE MINUTES

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 North Capitol Street, NE
Washington, D.C. 20002

MINUTES
Board of Directors Meeting
November 9, 2016

BOARD MEMBERS AND ALTERNATES: See attached chart for attendance.

STAFF:
Chuck Bean, Executive Director
Sharon Pandak, General Counsel
Stuart Freudberg, Deputy Executive Director
Leta Simons, Chief Financial Officer
Rick Konrad, Cooperative Purchasing Program Manager

GUESTS:
Penny Gross, COG Climate, Energy, and Environment Policy Committee (CEEPC) Chair
Glenna Tinney, COG Air and Climate Public Advisory Committee (ACPAC) Chair
Andy Off, WMATA Assistant General Manager of Transit Infrastructure and Engineering Services
Christian Dorsey, WMATA Board Member/COG Board Member

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE
Chairman Roger Berliner called the meeting to order at 12:03 P.M. and led the Pledge of Allegiance.

2. CLIMATE AND ENERGY LEADERSHIP AWARDS
Chairman Roger Berliner, CEEPC Chair Penny Gross, and ACPAC Chair Glenna Tinney, presented representatives from the District of Columbia Department of Energy and Environment, Fairfax County Public Schools, D.C. Sustainable Energy Utility, and Love & Carrots with the 2016 Climate and Energy Leadership Awards.

3. ANNOUNCEMENTS
A. Annual Meeting – December 14
B. COG 60th Anniversary Survey
C. 2017 COG Board Meeting Dates

4. EXECUTIVE DIRECTOR'S REPORT
Executive Director Chuck Bean announced that the City of Hyattsville will join COG as an adjunct member. Bean recognized Stephen Souder upon his recent retirement for his service on the COG 9-1-1 Directors Committee. He noted that COG's Homeland Security Executive Committee hosted a workshop for public safety and homeland security experts. He also noted that COG recently held its Annual Winter Weather Briefing. Bean announced that COG's Health Officials Committee is partnering with the VCU Center on Society and Health to create a report on factors that affect health across the region. Finally, Bean announced that the TPB completed the TIGER grant funding for 15 bus projects in the region and recognized COG Transportation Engineer Eric Randall as the Heart of COG for his work to help carry out the TIGER projects.

5. AMENDMENTS TO AGENDA
The agenda was amended to remove the proposed Multi-Sector Working Group item, move the Metrorail discussion to item 10, and add a new item 11 on COG's cooperative purchasing efforts.

6. APPROVAL OF MINUTES
The minutes from the October 26, 2016 board meeting were approved.

7. ADOPTION OF CONSENT AGENDA ITEMS
A. Resolution R64-2016 – Resolution authorizing COG to adopt the Round 9.0 Cooperative Forecasts of population, households, and employment
B. Resolution R65-2016 – Resolution authorizing COG to procure and enter into a contract for project management services for leasehold improvements
C. Resolution R66-2016 – Resolution authorizing COG to receive a grant to develop a collaborative approach to create and maintain an energy registry

ACTION: The board adopted Resolutions R64-2016 – R66-2016.

8. FY2016 YEAR END FINANCIAL STATEMENTS
COG Chief Financial Officer Leta Simons and COG Secretary-Treasurer Penny Gross provided a report of COG's financial statements for the fiscal year ending on June 30, 2016, including the Statement of Revenue, Expenses, and Change in Net Position and the Comparative Statement of Net Position.

ACTION: Received briefing.

9. APPROVAL OF THE FY2018 MEMBER DUES ASSESSMENTS AND REGIONAL FEES; AND PROPOSED BY-LAW TECHNICAL CHANGES RELATED TO THE ANNUAL BUDGET PROCESS
COG Executive Director Chuck Bean provided an overview of COG member dues for FY2018, including how member dues are used. The board was asked to adopt Resolution R67-2016, approving the FY2018 member dues. Mr. Bean and COG General Counsel Sharon Pandak introduced a technical by-law change in the annual budget process for the timing of the member dues assessment. The resolution for the proposed by-law change will be voted on at the January board meeting.

ACTION: Received briefing and adopted Resolution R67-2016.

10. METRORAIL OPERATING HOURS AND SYSTEM SAFETY ROUNDTABLE DISCUSSION
WMATA Assistant General Manager of Transit Infrastructure and Engineering Services Andy Off briefed the board on WMATA's proposal to reduce Metrorail operating hours to allow more time for preventive maintenance and explained why more time is needed to deliver safe and reliable service. COG Board Member Christian Dorsey shared his perspective as a WMATA Board Member on the proposals. COG Board members engaged in discussion on the regional perspective and impact of WMATA's plans.

ACTION: Received briefing.

11. COOPERATIVE PURCHASING
COG Cooperative Purchasing Program Manager Rick Konrad shared current and upcoming cooperative purchasing opportunities for COG members to save money through volume buying on contracts such as gasoline and diesel fuel, ice melt, bottled water, and EMS medical supplies.

ACTION: Received briefing.

12. OTHER BUSINESS
There was no other business.

13. ADJOURN
Upon motion duly made and seconded, the meeting was adjourned at 1:25 P.M.

November 2016 Attendance

Jurisdiction	Member	Y/N	Alternate	Y/N
District of Columbia				
Executive	Hon. Muriel Bowser		Brenda Donald Brian Kenner Beverly Perry Kevin Donahue	
	Mr. Rashad Young		Arlen Herrell	Y
Council	Hon. Phil Mendelson			
	Hon. Kenyan R. McDuffie	Y		
Maryland				
Bowie	Hon. G. Frederick Robinson		Courtney Glass	Y
Charles County	Hon. Ken Robinson		Hon. Amanda Stewart Hon. Peter Murphy	
City of Frederick	Hon. Randy McClement			
Frederick County	Hon. Jan Gardner		Mr. Roger Wilson	Y
College Park	Hon. Patrick Wojahn	Y	Hon. Monroe Dennis	
Gaithersburg	Hon. Ryan Spiegel	Y	Hon. Jud Ashman	
Greenbelt	Hon. Emmett Jordan	Y	Hon. Judith “J” Davis	
Montgomery County				
Executive	Hon. Isiah Leggett		Mr. Tim Firestine	
Council	***Hon. Roger Berliner***	Y		
	Hon. Nancy Navarro			
Prince George’s County				
Executive	Hon. Rushern Baker		Mr. Nicholas Majett	
Council	Hon. Karen Toles	Y		
	Hon. Derrick Leon Davis	Y		
Rockville	Hon. Bridget Newton			
Takoma Park	Hon. Kate Stewart	Y (phone)	Hon. Peter Kovar	
Maryland General Assembly	Hon. Brian Feldman			
Virginia				
Alexandria	Hon. Allison Silberberg		Hon. Redella Pepper	Y
Arlington County	Hon. Christian Dorsey	Y		
City of Fairfax	Hon. David Meyer		Hon. Jeffrey Greenfield	
Fairfax County	Hon. Sharon Bulova	Y	Hon. Catherine Hudgins	
	Hon. Penelope A. Gross	Y	Hon. Patrick Herrity	
	Hon. John Foust	Y	Hon. Kathy Smith	
Falls Church	Hon. David Tarter	Y	Hon. David Snyder	
Loudoun County	***Hon. Matt Letourneau***	Y		
Loudoun County	Hon. Phyllis Randall	Y		
Manassas	Hon. Jonathan Way			
Manassas Park	Hon. Michael Carrera	Y	Hon. Suhas Naddoni	
Prince William County	Hon. Frank Principi	Y	Pete Candland	
	Hon. Ruth Anderson	Y		
Virginia General Assembly	Hon. George Barker			

Total: 22

AGENDA ITEM #8

ADOPTION OF CONSENT AGENDA ITEMS

ADOPTION OF CONSENT AGENDA ITEMS

A. Resolution R69-2016 –Resolution authorizing COG to procure and enter into a contract to complete the Regional Health Indicators project

The board will be asked to ratify Resolution R69-2016 authorizing the Executive Director, or his designee, to expend COG funds from the Health Program of the Department of Community Planning and Services in the amount of $142,254. The resolution also authorizes the Executive Director, or his designee, to proceed with procurement for a contractor, or contractors, and enter into a contract to complete the Regional Health Indicators Project. Funding for this effort from grant awards and in FY2017 Health Programs budget of the Department of Community Planning and Services.

RECOMMENDED ACTION: Ratify Resolution R69-2016.

B. Resolution R70-2016 –Resolution authorizing COG to receive a grant from Kaiser Permanent Mid-Atlantic States to support the Regional Health Indicators project

The board will be asked to ratify Resolution R70-2016 authorizing the Executive Director, or his designee, to receive and expend grant funds from Kaiser Permanente Mid-Atlantic States in the amount of $25,000. The total project cost is $142,254 for which COG will be required to provide a match of $31,540 from the FY2017 Health Programs budget of the Department of Community Planning and Services.

RECOMMENDED ACTION: Ratify Resolution R70-2016.

C. Resolution R71-2016 – Resolution authorizing COG to receive a grant from the Northern Virginia Health Foundation to support the Regional Health Indicators Project

The board will be asked to ratify Resolution R71-2016 authorizing the Executive Director, or his designee, to receive and expend grant funds from the Northern Virginia Health Foundation in the amount of $39,425. The total project cost is $142,254 for which COG will be required to provide a match of $31,540 from the FY2017 Health Programs budget of the Department of Community Planning and Services.

RECOMMENDED ACTION: Ratify Resolution R71-2016.

D. Resolution R72-2016 – Resolution authorizing COG to procure and enter into a contract to provide inaugural preparedness support to DC HSEMA for the 58th Presidential Inauguration

The board will be asked to ratify Resolution R72-2016 authorizing the Executive Director, or his designee, to receive and expend grant funds from the District of Columbia Homeland Security and Emergency Management Agency (DC HSEMA) in the amount of $500,850. COG has been requested by DC HSEMA to procure a contractor to develop a District Special Events Planning Framework and to provide inaugural preparedness support to DC HSEMA for the 58 Presidential Inauguration. Funding for this effort will be provided through a subgrant from the SAA for the National Capital Region. No COG matching funds are required.

RECOMMENDED ACTION: Ratify Resolution R72-2016.

E. **Resolution R3-2017 – Resolution authorizing COG to receive a grant to provide Anacostia River Watershed Partnership-related support services**

The board will be asked to adopt Resolution R3-2017 authorizing the Executive Director, or his designee, to receive and expend grant funds from the Maryland Department of Natural Resources in the amount of $42,660. Funding for this effort will be provided through a grant from the Maryland Department of Natural Resources. COG will be required to provide a match of $42,660, which is available in the budget of the Department of Environmental Programs/Anacostia Restoration Programs.

RECOMMENDED ACTION: Adopt Resolution R3-2017.

F. **Resolution R4-2017 – Resolution approving technical changes to the COG By-laws**

The board will be asked to adopt Resolution R4-2017 approving two updates to the by-laws with respect to the timing of the annual approval of member fee assessments. The amendments represent technical changes to ensure the by-laws are consistent with the board's desired timetable for advancing the COG dues assessment to the members for their consideration and approval. Notice of the proposed amendments was given to the COG Board of Directors at the November 9, 2016 meeting.

RECOMMENDED ACTION: Adopt Resolution R4-2017.

G. **Resolution R5-2017 – Resolution approving the 2017 COG Board of Directors meeting dates**

The board will be asked to adopt Resolution R5-2017 approving the following 2017 COG Board of Directors meeting dates: January 11, February 8, March 8, April 26, May 10, June 14, July 14-16 for the Annual Retreat, September 13, October 11, November 8, and December 13 for the Annual Meeting.

RECOMMENDED ACTION: Adopt Resolution R5-2017.

Resolution R69-2016
December 12, 2016

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION AUTHORIZING COG TO PROCURE AND ENTER INTO A CONTRACT TO COMPLETE THE REGIONAL HEALTH INDICATORS PROJECT

WHEREAS, the Metropolitan Washington Council of Governments (COG) needs to proceed with a procurement for a contractor(s) and enter into a contract to complete the Regional Health Indicators Project as requested by COG's Health Officials Committee (HOC); and

WHEREAS, the project has been extensively discussed and endorsed by the Health Officials Committee (HOC), the Chief Administrative Officers Committee (CAOs), and the Human Services and Public Safety Policy Committee; and

WHEREAS, Virginia Commonwealth University's Center on Society and Health has developed a proposed scope of work for this project; and

WHEREAS, the total proposed project cost is $142,254 for which COG is receiving grant funds totaling more than $110,000. COG will be required to provide a match of $31,540 from the FY2017 Health Programs budget of the Department of Community Planning and Services.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The Executive Director, or his designee, is authorized to expend up to $142,254 to fund procurement of a contractor(s) to complete the Regional Health Indicators Project as requested by COG's Health Officials Committee (HOC) and to enter into a contract with the selected contractor.

Funding for this effort is available from grant awards and in FY2017 Health Programs budget of the Department of Community Planning and Services.

I HEREBY CERTIFY THAT the foregoing resolution was approved by the COG Board Executive on December 20, 2016.

Laura Ambrosio
COG Communications Specialist

Resolution R70-2016
December 12, 2016

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION AUTHORIZING COG TO RECEIVE A GRANT FROM KAISER PERMANENTE MID-ATLANTIC STATES TO SUPPORT THE HEALTH OFFICIALS COMMITTEE'S REGIONAL HEALTH INDICATORS PROJECT

WHEREAS, the Metropolitan Washington Council of Governments (COG) has been awarded a grant from Kaiser Permanente Mid-Atlantic States (Kaiser Permanent) in the amount of $25,000; and

WHEREAS, with said grant COG can begin research to support the Health Officials Committee (HOC) Regional Health Indicators Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The Executive Director, or his designee, is authorized to accept the grant in the amount of $25,000

Funding for this project is partially supported through this grant from Kaiser Permanente. The total project cost is $142,254 for which COG will be required to provide a match of $31,540 from the FY2017 Health Programs budget of the Department of Community Planning and Services.

I HEREBY CERTIFY THAT the foregoing resolution was approved by the COG Board Executive on December 20, 2016.

Laura Ambrosio
COG Communications Specialist

Resolution R71-2016
December 12, 2016

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION AUTHORIZING COG TO RECEIVE A GRANT FROM THE NORTHERN VIRGINIA HEALTH FOUNDATION TO SUPPORT THE HEALTH OFFICIALS COMMITTEE'S REGIONAL HEALTH INDICATORS PROJECT

WHEREAS, the Metropolitan Washington Council of Governments (COG) has applied for a grant from the Northern Virginia Health Foundation in the amount of $39,425; and

WHEREAS, with said grant COG can begin research to support the Health Officials Committee (HOC) Regional Health Indicators Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The Executive Director, or his designee, is authorized to accept the grant in the amount of $39,425.

Funding for this project is partially supported through this grant from the Northern Virginia Health Foundation. The total project cost is $142,254 for which COG will be required to provide a match of $31,540 from the FY2017 Health Programs budget of the Department of Community Planning and Services.

I HEREBY CERTIFY THAT the foregoing resolution was approved by the COG Board Executive on December 20, 2016.

Laura Ambrosio
COG Communications Specialist

Resolution R72-2016
December 12, 2016

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION AUTHORIZING COG TO PROCURE AND ENTER INTO A CONTRACT TO PROVIDE INAUGURAL PREPAREDNESS SUPPORT TO DC HSEMA FOR THE 58TH PRESIDENTIAL INAUGURATION

WHEREAS, the Metropolitan Washington Council of Governments (COG) serves as the Secretariat for the Urban Area Security Initiative (UASI) for the National Capital Region; and

WHEREAS, COG has been requested by the District of Columbia Homeland Security and Emergency Management Agency (HSEMA) to procure a contractor to develop a District Special Events Planning Framework and to provide inaugural preparedness support to DC HSEMA for the 58th Presidential Inauguration; and

WHEREAS, the project deliverables are focused on preparing the District of Columbia to prevent, protect and mitigate against, respond to, and recover from all threats and hazards associated with the 58th Presidential Inauguration in collaboration with regional partners; and

WHEREAS, funding for the procurement and contract will be provided to COG by State Administrative Agent (SAA) for the National Capital Region.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The Executive Director, or his designee, is authorized to receive and expend up to $500,850 to procure a contractor to develop a District Special Events Planning Framework and to provide inaugural preparedness support to the District of Columbia for the 58 Presidential Inauguration.

Funding for this effort will be provided through a subgrant from the SAA for the National Capital Region. No COG matching funds are required.

I HEREBY CERTIFY THAT the foregoing resolution was approved by the COG Board Executive on December 20, 2016.

Laura Ambrosio
COG Communications Specialist

Resolution R3-2017
January 11, 2017

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION AUTHORIZING COG TO RECEIVE A GRANT TO PROVIDE ANACOSTIA RIVER WATERSHED PARTNERSHIP-RELATED SUPPORT SERVICES

WHEREAS, the Metropolitan Washington Council of Governments (COG) has been awarded a grant by the Maryland Department of Natural Resources in the amount of $42,660; and

WHEREAS, with said grant COG can proceed with planting trees, coordinate the Anacostia portion of the Backyard Buffer Program, and hold one forestry-related workshop; and

WHEREAS, COG will be required to provide a match of $42,660, which is available in the budget of the Department of Environmental Programs/Anacostia Restoration Programs.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The Executive Director, or his designee, is authorized to accept the grant in the amount of $42,660. Funding for this effort will be provided through a grant from the Maryland Department of Natural Resources. COG will be required to provide a match of $42,660, which is available in the budget of the Department of Environmental Programs/Anacostia Restoration Programs.

Resolution R4-2017
January 11, 2017

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION AMENDING § 5.01 AND § 11.03 OF THE COG BY-LAWS

WHEREAS, based upon the recommendation of its Executive Director and General Counsel, the Metropolitan Washington Council of Governments (COG) desires to amend § 5.01 AND § 11.03 of its By-Laws; and

WHEREAS, notice was given of a proposed amendment at the regular November 9, 2016 meeting of the COG Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The following amendments to the By-Laws are hereby adopted:

§ 5.01 The Board of Directors shall be the governing board of the Council of Governments, and between meetings of the entire membership, shall be responsible for the general policies and programs of the Council of Governments and for the control of all its funds. The Board of Directors shall also be responsible for preparing agendas for the annual general and special meetings of the general membership of the Council of Governments and for the approval of an annual budget and schedule of assessment ~~for consideration at the annual general membership meeting~~. It shall have the power to transfer funds within the approved total budget in order to meet unanticipated needs or changed situations. The Board of Directors, through its officers and employees, shall be responsible for ensuring that corporate records are kept as required by law. ~~(Revised 3/2013).~~

§ 11.03 Each year, ~~upon adoption of the annual budget by the Board of Directors,~~ assessments of the annual fee for all members and other participating governments and agencies shall be fixed no later than January 31, for the subsequent fiscal year beginning July 1. Assessments shall be in amounts sufficient to provide the funds required to meet the goals and priorities of the corporation. Any member or other participant whose local government's annual assessment has not been paid by the end of the fiscal year for which the assessment was made shall forfeit all rights, privileges and prerogatives of membership and participation, until such assessment is paid in full.

Resolution R5-2017
January 11, 2017

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION APPROVING THE 2017 COG BOARD OF DIRECTORS MEETING DATES

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the 23 jurisdictions of the National Capital Region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the Board of Directors is the governing board of the Council of Governments, and between meetings of the entire membership, shall be responsible for the general policies and programs of the Council of Governments and for the control of all its funds; and

WHEREAS, the Board of Directors shall meet monthly unless otherwise determined by the board or its Chair; and

WHEREAS, board meetings are held from noon to 2:00 P.M. on the second Wednesday of most months.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The COG Board of Directors shall convene from noon to 2:00 P.M. on the following meeting dates for the 2017 calendar year:

- January 11
- February 8
- March 8
- April 26*
- May 10
- June 14
- July 14,15,16 – Annual Retreat
- August – No Meeting
- September 13
- October 11
- November 8
- December 13 – Annual Meeting

*The board is asked to consider meeting on Wednesday, April 26, since the second Wednesday (April 12) falls on the week of Easter, Passover, and Spring Break.

AGENDA ITEM #9

FY2016 AUDITED FINANCIAL STATEMENTS

Metropolitan Washington Council of Governments

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2016

PBMares

ASSURANCE, TAX & ADVISORY SERVICES

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Metropolitan Washington Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of Metropolitan Washington Council of Governments ("MWCOG"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the MWCOG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the MWCOG's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MWCOG's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the MWCOG as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 12 to the financial statements, the MWCOG has elected to change its method of accounting for its presentation of its financial statements. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the 2015 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-8 and 36-37, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the MWCOG’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016 on our consideration of the MWCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the MWCOG's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
December 20, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Executive Director, Deputy Executive Director, and Chief Financial Officer of the Metropolitan Washington Council of Governments (MWCOG) have provided this MD&A to give the reader of these statements an overview of the financial position and activities of MWCOG for the fiscal year covered by this audit report.

What We Do

MWCOG is an independent, nonprofit association that brings area leaders together to address major regional issues in the District of Columbia, suburban Maryland and Northern Virginia. Membership is comprised of 300 elected officials from 22 local governments, the Maryland and Virginia state legislatures, and U.S. Congress.

FINANCIAL HIGHLIGHTS

Statement of Net Position

The following table presents a summary of the Statement of Net Position for MWCOG as of June 30, 2016 and 2015:

Summary Statement of Net Position
June 30, 2016 and 2015

	Governmental Activities		Increase	%
	2016	2015	(Decrease)	Change
Assets:				
Current and other assets	$ 32,631,756	$ 26,403,088	$ 6,228,668	23.6%
Capital assets, net	1,379,056	1,143,539	235,517	20.6%
Total assets	34,010,812	27,546,627	6,464,185	23.5%
Deferred outflows of resources	2,179,689	618,302	1,561,387	252.5%
Liabilities:				
Current and other liabilities	17,577,774	8,783,436	8,794,338	100.1%
Long-term liabilities	597,243	52,462	544,781	1038.4%
Total liabilities	18,175,017	8,835,898	9,339,119	105.7%
Deferred inflows of resources	-	601,918	(601,918)	-100.0%
Net Position:				
Net investment in capital assets	1,379,056	1,143,539	235,517	20.6%
Restricted	8,198	8,198	-	0.0%
Unrestricted	16,628,230	17,575,376	(947,146)	-5.4%
Total net position	$ 18,015,484	$ 18,727,113	$ (711,629)	-3.8%

Due from other governments increased by $11.1 million (89%) and due to other governments increased by $8.0 million (143%), as a result of the inflow and outflow of TIGER funds at the end of the fiscal year. Cash in excess of bank balance in the amount of $1.8 million is due to checks being issued on the last day of the fiscal year (June 30), and TIGER reimbursements being received the following day, on July 1.

Changes in Net Position

The following table presents a summary of the Statement of Changes in Net Position for MWCOG as of June 30, 2016 and 2015:

Summary Statement of Changes in Net Position
Years Ended June 30, 2016 and 2015

	Governmental Activities		Increase	%
	2016	2015	(Decrease)	Change
Revenues:				
Intergovernmental:				
Federal grants	$ 51,543,687	$ 33,155,266	$ 18,388,421	55.5%
State grants	6,006,557	3,469,934	2,536,623	73.1%
Local grants	3,922,908	4,486,747	(563,839)	-12.6%
Member contributions	3,766,255	3,711,182	55,073	1.5%
Foundation contributions	998,129	304,254	693,875	228.1%
Use of money and property	865,960	708,309	157,651	22.3%
Miscellaneous	429,588	1,483,802	(1,054,214)	-71.0%
Total Revenues	67,533,084	47,319,494	20,213,590	42.7%
Expenses:				
Personnel	15,124,847	13,896,653	1,228,194	8.8%
Professional fees/subrecipient	43,815,000	24,113,116	19,701,884	81.7%
Other direct expenses/pass through	3,830,907	3,764,416	66,491	1.8%
Contributed services	688,900	822,026	(133,126)	-16.2%
Non-personnel support service costs	4,722,265	4,441,124	281,141	6.3%
Total Expenses	68,181,919	47,037,335	21,144,584	45.0%
Change in net position	(648,835)	282,159	(930,994)	-330.0%
Beginning net position, as restated	18,664,319	18,382,160	282,159	1.5%
Ending net position	$ 18,015,484	$ 18,664,319	$ (648,835)	-3.5%

MWCOG ended fiscal year 2016 with a net loss in dues-funded programs of $387,700, which was both expected and budgeted. This is 1% of total operations expense, and will be covered by surplus funds from prior years (unrestricted net position). Programs with other revenue sources also made use of their surplus funds in fiscal year 2016, reducing the balance in designated project funds by $278,000. Accounting for MWCOG's pension plan added $16,900 to the bottom line, for a total decrease in net position of $648,800. Revenue and expenses in fiscal year 2016 are approximately $20 million higher than fiscal year 2015, due to project close-out activity for the $58.8 million TIGER funds awarded to the Transportation Planning Board in 2010.

Net position refers to the resources that would remain if all obligations were settled. The table below categorizes net position into those that are non-cash (invested in capital assets), those that are designated for future capital projects and programs, funds available to support specific programs, board-designated operating reserves for emergencies and cash flow interruptions, the net pension asset based on the actuarial report as of January 1, 2016, restricted funds, and cash assets that are available for future plans (unrestricted).

Net Position by Category	Balance June 20, 2015	Increase	Decrease	Balance June 30, 2016
Net investment in capital assets	$ 1,143,539	$ 579,616	$ 344,099	$ 1,379,056
Restricted	8,198	-	-	8,198
Unrestricted				
Capital expenditure reserve	-	6,746,191	446,191	6,300,000
Designated for program funds	1,252,900	-	269,645	983,255
Operating reserve	11,263,480	-	6,536,363	4,727,117
Net pension asset	3,408,571	2,179,689	3,198,298	2,389,962
Unrestriced	1,650,425	3,908,428	3,330,957	2,227,896
Total Net Position	$ 18,727,113	$ 13,413,924	$ 14,125,553	$ 18,015,484

In fiscal year 2016, net capital assets increased by $235,500. Investments were made in office space and meeting room improvements, redesign of MWCOG's website, and upgrades to IT equipment and software, utilizing funds designated for capital projects. The amount designated for program funds was reduced by $269,600, based on analysis of project balances and work plans. Board designated operating reserves are fully funded at 16.7% of operating expenses, and Board designated capital expense reserves are fully funded at $6.3 million, based on the board-approved 5-year capital expenditure plan. Reserves and excess cash are invested in laddered certificates of deposits. Accounting standards require inclusion of the net pension obligation or asset on MWCOG's financial statements. Assets recorded for the pension plan can be used only for plan purposes, and are not available for MWCOG's operations, working reserves, or investment activities. Unrestricted net position is available for use as approved by the MWCOG Board of Directors.

ANALYSIS OF FINANCIAL INFORMATION

The following analysis is provided to help the reader understand the major operations of MWCOG, where the resources come from, and how the resources are used.

MWCOG's Sources of Funding

Of the total operating revenue, $61.0 million was from federal, state and local funds, of which $29.7 million was passed through to sub-recipients.

Member dues generated an additional $3.8 million in revenue, and were used primarily to leverage federal, state and other funding to support core programs in transportation, the environment, community planning and health, and emergency preparedness. Dues are also used to support MWCOG as a membership organization, and to provide member services such as the Cooperative Purchasing Program.

Total operating revenue in fiscal year 2016 was $67.1 million, compared to fiscal year 2015 revenue of $46.7 million. The increase in revenue is due to project close-out activity for the $58.8 million TIGER funds awarded to the Transportation Planning Board in 2010.

MWCOG owns one-third of the common stock of the Center for Public Administration and Services, Inc., a real estate investment trust (REIT) which owns and operates the office building housing MWCOG's offices. In fiscal year 2016, MWCOG recorded $560,375 in revenue from the REIT and from the sublease of a portion of its office space.

MWCOG'S Uses of Funds

Transportation planning and operations make up 73% of the expenditure budget, with the Department of Environmental Programs and Department of Public Safety & Homeland Security accounting for 11% and 13% of expenses, respectively.

Expenses by Program	June 30, 2016	June 30, 2015
Transportation	$ 49,649,530	$ 30,661,758
Community Planning, Health & Child Welfare	1,028,022	989,840
Public Safety & Homeland Security	8,490,869	7,139,460
Environmental	7,146,984	7,874,050
Member Services [1]	1,866,514	624,302
Additional Required Pension	-	(252,075)
Total Operating Expenses	$ 68,181,919	$ 47,037,335

(1) *A portion of these costs were previously included in the indirect cost pool and distributed as an allocated support service expense.*

MWCOG's Capital Assets

Capital assets are made up of furniture and equipment ($1.9 million), computer hardware ($1.2 million), computer software and website ($1.2 million), leasehold improvements ($768,000), and local area network ($300,000) recorded at cost. Accumulated depreciation and amortization at June 30, 2016 was $4.0 million, for a net book value of approximately $1.4 million. Capital expenditures in fiscal year 2016 included a backup server, improvements to the first floor conference rooms, data center fire suppressant, scheduled replacement of office chairs, and final stage development costs for the new MWCOG website.

	June 30, 2015	Net Additions	June 30, 2016	Useful Life (in Years)
Construction in progress	$ 138,480	$ 133,425	$ 271,905	
Furniture and equipment	1,788,177	70,381	1,858,558	7
Leasehold improvements	518,682	249,285	767,967	10
Computer hardware	1,135,666	114,525	1,250,191	5
Computer software	911,721	12,000	923,721	3
Local area network	300,032	-	300,032	3
Total capital assets	4,792,758	579,616	5,372,374	
Less: accumulated depreciation and amortization	3,649,219	344,099	3,993,318	
Capital assets, net	$ 1,143,539	$ 235,517	$ 1,379,056	

MWCOG's Future Changes and Trends

New Uniform Guidance regulations specifically limit inclusion of Executive Office costs in the indirect cost pool, which resulted in a shift in funding source for these costs starting in fiscal year 2016. Management will work to identify additional funding sources and/or implement necessary expense reductions to balance the budget in fiscal year 2017 and beyond.

Pass-through funds for the ARRA Regional Priority Bus Service (TIGER) projects ended on September 30, 2016. Unified Planning Work Program funding will be available to pay for salaries and overhead costs previously funded by the TIGER grants.

Other programs and funding are stable at this time. Other than what has been noted above, nothing known, enacted, adopted, contracted or agreed upon will impact MWCOG's future revenue, expenses, or assets.

CONTACT FOR FURTHER INFORMATION

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to: Metropolitan Washington Council of Governments 777 North Capitol Street, NE, Washington, D.C. 20002.

BASIC FINANCIAL STATEMENTS

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 190,640
Due from other governments	23,417,543
Other receivables	74,917
Prepaid items	652,406
Restricted cash	8,198
Investments	8,001,279
Investment in noncontributory executive retirement plan	76,500
Net pension asset	210,273
Capital assets, net	1,379,056
Total assets	34,010,812
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	2,179,689
Total deferred outflows of resources	2,179,689
LIABILITIES	
Cash in excess of bank balance	1,789,668
Accounts payable	4,275,053
Due to other governments	9,217,116
Accrued liabilities	280,806
Unearned revenue	1,644,376
Due within one year:	
Compensated absences	370,755
Noncurrent liabilities:	
Due in more than one year:	
Compensated absences	520,743
Noncontributory executive retirement plan	76,500
Total liabilities	18,175,017
NET POSITION	
Net investment in capital assets	1,379,056
Restricted	8,198
Unrestricted	16,628,230
Total net position	$ 18,015,484

See Notes to Financial Statements.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

Function/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental activities:			
Planning and administration	$ 32,587,228	$ 31,072,433	$ (1,514,795)
Planning and administration - indirect	5,888,731	5,888,731	-
Subrecipient	29,705,960	29,705,960	-
Total governmental activities	$ 68,181,919	$ 66,667,124	(1,514,795)
General revenues:			
Use of money and property			865,960
Total general revenues			865,960
Change in net position			(648,835)
Net position, beginning, as restated			18,664,319
Net position, ending			$ 18,015,484

See Notes to Financial Statements.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2016

		General Fund
ASSETS		
Cash and cash equivalents	$	190,640
Due from other governments:		23,417,543
Other receivables		74,917
Prepaid items		652,406
Restricted cash		8,198
Investments		8,001,279
Investment in noncontributory executive retirement plan		76,500
Total assets	$	32,421,483
LIABILITIES		
Cash in excess of bank balance	$	1,789,668
Accounts payable		4,275,053
Due to other governments		9,217,116
Accrued liabilities		280,806
Unearned revenue		1,644,376
Noncontributory executive retirement plan		76,500
Total liabilities		17,283,519
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		439,641
Total deferred inflows of resources		439,641
FUND BALANCE		
Nonspendable		652,406
Committed		11,027,117
Assigned		983,255
Restricted		8,198
Unassigned		2,027,347
Total fund balance		14,698,323
Total liabilities, deferred inflows of resources and fund balance	$	32,421,483

See Notes to Financial Statements.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
June 30, 2016

		General Fund
Reconciliation of fund balance on the Balance Sheet for the governmental fund to the net position of the governmental activities on the Statement of Net Position:		
Fund balance		$ 14,698,323
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net pension asset is a long-term asset and not a current financial resource and, therefore, not reported in the governmental fund.		210,273
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental fund.		
Capital assets	$ 5,372,374	
Less accumulated depreciation and amortization	(3,993,318)	
		1,379,056
Unearned revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental fund.		439,641
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental fund until then.		
Pension plan		2,179,689
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental fund.		(891,498)
Net position of governmental activities		$ 18,015,484

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
Year Ended June 30, 2016

		General Fund
Revenues:		
Intergovernmental:		
Federal grants		$ 51,104,046
State grants		6,006,557
Local grants		3,922,908
Member contributions		3,766,255
Foundation contributions		998,129
Use of money and property		865,960
Miscellaneous		429,588
Total revenues		67,093,443
Expenditures:		
Planning and administration		32,256,402
Planning and administration - indirect		5,888,731
Subrecipient		29,705,960
Capital outlay		579,616
Total expenditures		68,430,709
Net change in fund balance		(1,337,266)
Fund balance, beginning, as restated		16,035,589
Fund balance, ending		$ 14,698,323
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balance		$ (1,337,266)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays exceeded depreciation in the current period.		
Add - capital outlay	$ 579,616	
Deduct - depreciation and amortization expense	(344,099)	
Excess of capital outlays over depreciation and amortization		235,517
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		
Change in unearned revenue		439,641
Deferred outflows of resources - pension		2,179,689
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental fund.		
Compensated absences	(3,667)	
Pension expense	(2,162,749)	
		(2,166,416)
Change in net position of governmental activities		$ (648,835)

See Notes to Financial Statements.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION
FIDUCIARY FUND
June 30, 2016

	Pension Trust Fund
ASSETS	
Investments held in trust	$ 51,164,466
Total assets	$ 51,164,466
NET POSITION	
Held in trust for pension benefits	$ 51,164,466

See Notes to Financial Statements.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2016

	Pension Trust Fund
Additions:	
Contributions	$ 2,160,669
Total additions	2,160,669
Investment income:	
Interest earned on investments	1,562,524
Net increase in fair value of investments	690,054
Total income from investment activities	2,252,578
Deductions:	
Benefit payments	2,078,632
Administrative fees	146,238
Total deductions	2,224,870
Change in net position	2,188,377
Net position, beginning	48,976,089
Net position, ending	$ 51,164,466

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Metropolitan Washington Council of Governments ("the MWCOG") is an organization comprised of 22 local governments of the Washington Metropolitan area, plus area members of the Maryland and Virginia legislatures, the U.S. Senate, and the U.S. House of Representatives. The MWCOG's mission is to enhance the quality of life and competitive advantages of the Washington Metropolitan region in the global economy by providing a forum for consensus building and policy making; implementing intergovernmental policies, plans, and programs; and supporting the region as an expert information resource.

Through the MWCOG, individual counties and cities coordinate their efforts to maintain and improve the physical, economic, and social wellbeing of the area. The MWCOG's funding is obtained from member jurisdictions' annual contributions and Federal, State, and other contracts for specified projects, which are designed to further the MWCOG's goals and objectives.

The financial statements of the MWCOG have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information of the governmental activities supported by intergovernmental revenues.

The government-wide Statement of Net Position reports net position as restricted when externally imposed constraints are in effect. Internally imposed designations of resources are not presented as restricted net position.

The government-wide Statement of Activities is designed to report the degree to which the expenses of a given function are offset by program revenues. Expenses are those that are clearly identifiable with a specific function. Program revenues include contributions that are restricted to meet the operational requirements of a particular function.

The fund financial statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. Given that governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is presented which explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Separate fund financial statements are provided for the General Fund. In the fund financial statements, financial transactions and accounts of the MWCOG are organized on the basis of funds. The operation of the fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The General Fund is reported on a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance (fund equity). Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the government-wide financial statements.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements: Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues, consisting of contributions from participating jurisdictions and Federal and State funds from the Commonwealth of Virginia, the State of Maryland, and the District of Columbia, are recognized in the period the funding is made available.

Governmental Fund Financial Statements: The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. The MWCOG considers revenues to be available if they are collected within 90 days after year end. Expenditures are recorded when a liability is incurred under the full accrual method of accounting. The individual Governmental Fund is:

> *General Fund* – The General Fund is the primary operating fund of the MWCOG and is used to account for and report all revenues and expenditures applicable to the general operations of the MWCOG. Revenues are derived primarily from intergovernmental activities. The General Fund is considered a major fund for financial reporting purposes.

Fiduciary Fund: Fiduciary funds (trust and agency funds) account for assets held by the MWCOG in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The MWCOG's sole fiduciary fund is the Pension Trust Fund which accounts for activities of the MWCOG's pension benefits.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies

1. Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less.

2. Investments

Investments are stated at fair value based on quoted market prices. The MWCOG has adopted a formal investment policy that authorizes management to deposit funds, not immediately needed for operating activities, in short-term investment accounts, including money market funds, where such accounts or funds are invested in securities of the United States of America or insured by the Federal government.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements using the consumption method.

4. Restricted Cash

Restricted cash was $8,198 for governmental activities at June 30, 2016 and is comprised of a security deposit held for a sublease of office space to another entity.

5. Capital Assets

Capital assets include furniture and equipment, leasehold improvements, computer hardware, computer software and local area network with an individual cost of more than $5,000 and an estimated useful life in excess of one year. Repairs and maintenance are charged to operations as they are incurred. Additions and betterments are capitalized. The costs of assets retired and accumulated depreciation are removed from the accounts.

Depreciation and amortization of all exhaustible equipment, leasehold improvements and intangibles is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Furniture and equipment	10 years
Leasehold improvements	Shorter of useful life or life of lease
Computer hardware	5 years
Computer software	3 years
Local area network	5 years

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as an expense. There were no impaired assets at year end.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

6. Pensions

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Metropolitan Washington Council of Governments Pension Plan's ("the Plan") and the additions to/deductions from the Plan's fiduciary net position have been determined on the basis as they were reported by the Plan, which are prepared using the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

7. Compensated Absences

Employees are allowed to accumulate unused annual leave up to a maximum of 320 hours from the previous calendar year plus the amount of unused annual leave credited to the employee during the current calendar year. The MWCOG's employees earn thirteen to twenty-six vacation days in a year, depending on the length of their employment. All employees receive thirteen sick days a year. Upon termination or retirement, employees are entitled to receive compensation at their current base salary for all unused annual leave. Unused sick leave is cancelled upon termination of employment, with no compensation to the employee.

8. Unearned Revenue

Funds advanced to the MWCOG before the satisfaction of program eligibility requirements are reflected as unearned revenue in the accompanying statement of net position. The eligibility requirements applicable to the MWCOG relate to reimbursement or expenditure driven programs. The MWCOG must incur allowable costs under a program before the revenue can be recognized.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The MWCOG currently has two items that qualify for reporting in this category related to pension. Accordingly, pension contributions subsequent to the measurement date and the net difference between expected and actual experience are reported as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The MWCOG currently has one item that qualifies for reporting in this category.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

10. Fund Equity

The MWCOG reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance classification includes amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact (corpus of a permanent fund).

Restricted fund balance classification includes amounts constrained to specific purposes by their providers (higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance classification includes amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned fund balance classification includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official body to which the governing body delegates the authority.

Unassigned fund balance classification includes the residual balance of the General Fund that has not been restricted, committed or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in more than one classification, the MWCOG will consider the use of restricted, committed or assigned funds prior to the use of unassigned fund balance as they are needed.

11. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the MWCOG or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The MWCOG first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

12. Commitments and Contingencies

The MWCOG receives financial assistance from Federal government grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the MWCOG. The MWCOG's management believes such disallowance, if any, would not be material to the financials as of June 30, 2016.

13. Fringe Benefit and Indirect Cost Allocations

Fringe benefit and indirect costs are allocated to each project based on approved allocation rates. Separate rates are determined for management and administrative personnel costs, fringe benefits (excluding leave), leave (vacation and sick), and indirect non-personnel costs. The rates are calculated as follows:

a. The management and administrative (M&A) personnel costs rate is the ratio of M&A salaries over direct and temporary salaries;

b. The leave rate is the ratio of leave benefits over total salary costs;

c. The fringe benefits rate is the ratio of fringe benefit expense (excluding leave benefits) over total salary costs less temporary salaries and intern costs plus leave benefits; and

d. The indirect non-personnel rate is the ratio of total indirect costs over total salaries and benefits costs and fringe benefit costs.

The M&A, leave, fringe benefit, and indirect costs rates for the fiscal year ended June 30, 2016 were as follows:

M&A personnel costs	21.28%
Leave	20.75%
Fringe benefits	27.24%
Indirect non-personnel costs	29.72%

14. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Other Significant Accounting Policies (Continued)

15. Subsequent Events

The MWCOG has evaluated subsequent events through December 20, 2016, the date on which the financial statements were available to be issued.

Note 2. Deposits and Investments

Deposits

The MWCOG maintains its deposits at several financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, for interest bearing accounts. The amount on deposit throughout the year sometimes exceeds the federally insured limits.

Investments

The MWCOG's investments are stated at fair value as determined by quoted prices. As of June 30, 2016, the investment balance consisted of the following:

		Investment Maturities (in years)			
	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	10 Years or More
Certificate of deposit	$ 7,776,244	$ 874,199	$ 5,736,654	$ 550,602	$ 614,789
Government-backed securities	200,028	-	200,028	-	-
Money market funds - MBS	25,007	25,007	-	-	-
Money market funds - SunTrust	67,029	67,029	-	-	-
Mutual funds - SunTrust	31,613,201	31,613,201	-	-	-
New York Life	19,484,236	19,484,236	-	-	-
Mutual funds	76,500	76,500	-	-	-
Total	$ 59,242,245	$ 52,140,172	$ 5,936,682	$ 550,602	$ 614,789

The MWCOG's investments are subject to certain risks; credit risk, concentration of credit risk, and interest rate risk.

Credit Risk

Credit Risk is the risk that an issuer to an investment will not fulfill its obligations. In addition, financial institutions must have a satisfactory or outstanding Community Reinvestment Act rating, total capitalization of at least $10 million, and an FDIC Capital Classification of "Well Capitalized" or "Adequately Capitalized." As of June 30, 2016, the MWCOG's bonds with the Federal National Mortgage Association had a AAA rating by Moody's Investments Ratings and AA+ by Standard and Poor's.

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There is no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The MWCOG mitigates the interest rate risk by investing in callable bonds and segmenting its investments with various maturity dates.

Note 3. Fair Value Measurement

The MWCOG categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described below.

Level 1 Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 Valuation based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.

Level 3 Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.

	Level 1	Level 2	Level 3
Certificates of deposit	$ 7,776,244	$ -	$ -
Government-backed securities	200,028	-	-
Money market funds	92,036	-	-
Mutual funds	31,689,701	-	-
Fixed dollar accounts	-	19,484,236	-

Note 4. Due To/From Other Governments

Amounts due from other governments are as follows:

U.S. Department of Transportation	$	12,320,301
U.S. Department of Homeland Security		3,084,756
Maryland Department of Transportation		2,163,897
Virginia Department of Transportation		1,592,800
District of Columbia - Department of Transportation		1,445,955
Prince George County		570,896
District of Columbia Water and Sewer Authority		346,265
Federal Aviation Administration		276,863
Virginia Department of Rail and Public Transportation		263,369
Metropolitan Washington Airport Authority		216,344
Northern Virginia District		118,929
Washington Suburban Sanitary Commission		93,918
Other governments		923,250
	$	23,417,543

Amounts due to other governments are as follows:

District of Columbia - Department of Transportation	$	3,154,835
Maryland Transit Administration		3,147,692
Washington Metropolitan Area Transit Authority		1,867,774
Potomac and Rappahannock Transportation Commission		681,575
City of Alexandria		161,402
Other governments		203,838
	$	9,217,116

Note 5. Capital Assets

Capital assets consisted of the following as of June 30, 2016:

	June 30, 2015	Additions	June 30, 2016
Capital assets not being depreciated or amortized:			
Construction in progress	$ 138,480	$ 133,425	$ 271,905
Capital assets being depreciated or amortized:			
Furniture and equipment	1,788,177	70,381	1,858,558
Leasehold improvements	518,682	249,285	767,967
Computer hardware	1,135,666	114,525	1,250,191
Computer software	911,721	12,000	923,721
Local area network	300,032	-	300,032
Total capital assets being depreciated or amortized	4,654,278	446,191	5,100,469
Less accumulated depreciation or amortization for:			
Furniture and equipment	1,521,161	73,384	1,594,545
Leasehold improvements	343,042	44,835	387,877
Computer hardware	656,169	166,309	822,478
Computer software	828,815	59,571	888,386
Local area network	300,032	-	300,032
Total accumulated depreciation and amortization	3,649,219	344,099	3,993,318
Total capital assets being depreciated or amortized, net	1,005,059	102,092	1,107,151
Total capital assets, net	$ 1,143,539	$ 235,517	$ 1,379,056

The MWCOG calculates depreciation and amortization expense each year based on its capital assets' estimated useful lives. The depreciation and amortization expense is then allocated to each of the MWCOG's projects through its indirect cost rate. Depreciation and amortization expense for the year ended June 30, 2016, was $344,099.

Note 6. Noncurrent Liabilities

Changes in noncurrent liabilities for the year ended June 30, 2016, were as follows:

Activity	Beginning Balance July 1, 2015	Additions	Reductions	Ending Balance June 30, 2016	Due in One Year
Noncontributory executive retirement plan	$ 52,462	$ 24,038	$ -	$ 76,500	$ -
Compensated absences	887,831	964,771	(961,104)	891,498	370,755
	$ 940,293	$ 988,809	$ (961,104)	$ 967,998	$ 370,755

Note 7. Short-Term Debt

The MWCOG has a $3,000,000 revolving line of credit that can be used for operations or finance certain grant-funded projects prior to the receipt of reimbursements from the granting agencies. The revolving line of credit was not used during the year ended June 30, 2016.

Note 8. Pension Plan

A. Plan Description

The MWCOG has a single employer defined benefit pension plan known as the Metropolitan Washington MWCOG of Governments Pension Plan (the Plan), covering substantially all of its employees. The Plan is administered by the Pension Plan Administrative Committee of the MWCOG.

As a tax-exempt agent of general-purpose local governments, the MWCOG discontinued its participation in Social Security. Contributions, which would normally have gone to the Social Security Administration, are now added to the MWCOG's Plan, which provides retirement, disability, and death benefits to participants and beneficiaries.

Cost of living adjustments (COLA) of the lesser of 3% or one-half of the increase in the cost-of-living index as measured from May 31 of the preceding year to May 31 preceding the determination date are made each July 1. By action of the Board of Directors, the MWCOG may, at any time, amend, in any respect, or terminate the Plan, except that no amendment may reduce the accrued benefits of any participant or beneficiary. Participants are entitled to receive a summary of the Plan's financial reports upon written request to the Director of Human Resource Management.

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

Under the terms of the Plan, a participant may retire at age 65 with at least five years of service or at age 60 with at least 25 years of service. Normal retirement benefits are received on the first day of the month following the month the participant retires. Normal retirement benefits paid each year represent 80% of the average final compensation participants received from the MWCOG during the three calendar years in which participants received the highest compensation, multiplied by the ratio of service. In addition, effective July 1, 2004, a monthly supplemental insurance benefit of $236 is payable to all retirees. The pension benefit is payable in monthly amounts from the normal retirement date until death, with at least 120 monthly payments guaranteed.

Participants who are disabled while working for the MWCOG will receive disability payments until the normal retirement date, unless they recover or die. Disability payments are two-thirds of the participant's salary up to a maximum of $10,000 per month. Death benefits are equal to the greater of the present value of the participant's accrued benefit immediately before the date of death, or the amount of benefits that are paid under the MWCOG's group term life insurance policy. The policy will pay an amount equal to three times the annual salary (rounded up to the nearest thousand) at the time of death.

Participants who terminate employment with the MWCOG, other than by death or disability, before completing five years of vesting services, are entitled to receive, beginning after the normal retirement date, a benefit equal in value to the sum of the participant's contributions to the Plan, plus interest at 5% per year compounded annually (or the applicable Federal rate for temporary employees), and the vested portion of the part of the accrued benefits that is not based on the contributions.

Plan Membership

As of the January 1, 2016 actuarial valuation, the following members were covered by the benefit terms of the Plan:

	Number
Inactive member or their beneficiaries currently receiving benefits	38
Inactive members:	
Vested	8
Non-vested	11
Total inactive members	57
Active members	128
Total	185

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

Contributions

The MWCOG actuarially determined contribution rate for the years ended December 31, 2015 and 2014 was 19.57% and 19.84%, respectively, of covered employee compensation, based on an actuarial valuation as of January 1, 2016 and 2015, respectively. The contribution requirements of the Plan participants are established and may be amended by the MWCOG's Board of Directors. Currently, the MWCOG is required to contribute 10% and participants are required to contribute 8% of their salary in bi-weekly installments to the Plan. The contributions to the Plan from the MWCOG and the participants for the years ended June 30, 2016 and 2015 was $1,200,380 and $960,288, respectively.

B. Net Pension Asset

The MWCOG's net pension asset was measured as of December 31, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of January 1, 2016.

Actuarial Assumptions

Valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal
Asset valuation	4 year smoothed market
Amortization method	30 year open period, level dollar amortization
Discount rate	7.00%
Amortization growth rate	0.00%
Price inflation	4.00%
Salary increases	3.50% plus merit component based on employee's years of service
Mortality	Sex distinct RP-2000 Combined Mortality with generation projection using Scale AA

Note 8. Pension Plan (Continued)

B. Net Pension Asset (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the MWCOG after considering input from the MWCOG's investment consultant(s) and actuary(s), for each major asset class that is included in the MWCOG's target asset allocation as of December 31, 2015, these best estimates are summarized in the following table.

Asset Class (Strategy)	Target Weight	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	60.00%	5.50%	3.30%
Core Fixed Income	40.00%	2.50%	1.00%
Cash	0.00%	2.00%	0.00%
Total	100.00%		4.30%
Inflation		2.00%	

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 4.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8. Pension Plan (Continued)

C. Changes in the Net Pension Asset

The changes in the net pension asset as of December 31, 2015, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances at December 30, 2014	$ 47,117,268	$ 49,473,906	$ (2,356,638)
Changes for the year:			
Service cost	1,895,939	-	1,895,939
Interest	3,292,604	-	3,292,604
Difference between expected and actual experience	203,660	-	203,660
Contributions - employer	-	1,221,904	(1,221,904)
Contributions - employee	-	977,358	(977,358)
Net investment income	-	1,129,768	(1,129,768)
Benefit payments, including refunds of member contributions	(2,056,068)	(2,056,068)	-
Administrative expense	-	(83,192)	83,192
Net changes	3,336,135	1,189,770	2,146,365
Balances at December 31, 2015	$ 50,453,403	$ 50,663,676	$ (210,273)

Sensitivity of the Net Pension Asset

The following presents the net pension asset of the MWCOG as of December 31, 2015, calculated using the discount rate of 7.00%, as well as what the MWCOG's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	$ 5,333,509	$ (210,273)	$ (5,257,566)

Note 8. Pension Plan (Continued)

D. Pension Expense and Deferred Outflows of Resources ad Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the MWCOG recognized pension expense of $2,162,749. The MWCOG also reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	$ 1,634,466
Employer contributions made subsequent to measurement date	545,223
	$ 2,179,689

The $545,223 reported as deferred outflows of resources related to pensions resulting from the MWCOG's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2017.

The difference between expected and actual experiences reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2017	$ 273,837
2018	273,837
2019	273,837
2020	273,837
2021	273,837
2022	265,281
Total	$ 1,634,466

Note 9. Supplementary Retirement Plans

Defined Contribution Plan

The MWCOG sponsors defined contribution 403(b) plans. An eligible employee may, on a voluntary basis, begin participation in the defined contribution plans immediately following the date that he or she becomes an employee of the MWCOG. The MWCOG is not required, and has not made, discretionary or non-elective contributions to the defined contribution 403(b) plan.

Supplemental Executive Retirement Plan

Effective November 14, 2012, the MWCOG provides a noncontributory supplemental executive retirement plan (the SERP plan) for a certain executive under section 457(f) of the Internal Revenue Code of 1986, as amended. The MWCOG's contributions to the SERP plan are established each year at the discretion of the Board of Directors. The participant is vested based on the provisions set forth in the SERP plan document. As of June 30, 2016, the MWCOG held $76,500, of noncontributory compensation in a trust that is administered by the MWCOG, which has been recorded as an asset in the accompanying statement of net position.

Note 10. Related Party Transactions

The MWCOG owns one-third of the common stock of the Center for Public Administration and Services, Inc. (CPAS), which owns and operates the office building housing the MWCOG's offices. There is no agreement between the owners for sharing in the profits or losses of the CPAS and, therefore, MWCOG has not recorded an equity interest for their one-third ownership. The remainder of the CPAS stock is held equally by the International City Management Association Retirement Corporation (ICMA-RC) and the International City Management Association (ICMA). The owners occupy and/or sublease the majority of the building's rentable space. CPAS is a real estate investment trust (REIT) and must distribute most of its earnings to its owners each year. During the year ended June 30, 2016, CPAS distributed $550,000 of income to the MWCOG.

CPAS's summarized financial information as of and for the year ended December 31, 2015, was as follows:

Total assets	$	29,647,400
Total liabilities		38,065,141
Total stockholders' deficit	$	(8,417,741)
Revenue	$	9,296,065
Expenses		7,912,139
Net income	$	1,383,926

As of December 31, 2015, CPAS's assets included net rental property of $16,474,333. The owners of the building are jointly liable for the outstanding note payable of $36,000,000 included in total liabilities above.

Note 11. Lease Commitments

The MWCOG is obligated under a ten year operating lease agreement with 777 North Capitol Corporation. The lease expires on December 31, 2026. The lease includes basic rent, a share of real estate taxes and operating expenses, and annual rental escalations based on the Consumer Price Index (CPI).

The future minimum lease payments required under the various operating leases, excluding real estate taxes, operating expenditures and CPI adjustments as of June 30, 2016 are below.

Years Ending June 30,	Amount
2017	$ 1,204,538
2018	1,344,600
2019	1,344,600
2020	1,344,600
2021	1,344,600
2022-2026	6,050,700
	$ 12,633,638

Rent expense for the fiscal year ended June 30, 2016 was $2,550,283, which included real estate taxes, operating expenses, and CPI adjustments.

Commencing January 1, 2016, the MWCOG will lease a portion of its office space for a period of five years through December 31, 2020. Base rent in the amount of $94,458 annually will be paid by the sublessee along with a percentage of operating cost and real estate taxes. For the year ended June 30, 2016, total rental income from the tenant was $107,323. The future minimum rental payments for the next five years required to be paid by the sublessee as of June 30, 2016 are below.

Years Ending June 30,	Amount
2017	$ 94,458
2018	94,458
2019	94,458
2020	94,458
2021	47,229
	$ 425,061

Note 12. Change in Accounting Principle

For the year ended June 30, 2016, the MWCOG elected to change the presentation of its financial statements from a proprietary fund basis of accounting, which is used to account for activities similar to those of funds in the private sector. Management concluded this was not the correct presentation and elected to change the presentation to conform with a governmental fund basis of accounting, as described in Note 1.

Note 13. Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the prior period reported results.

Note 14. Restatement

A prior period adjustment to beginning equity of the General Fund and Statement of Net Position is required to correctly state the impact of unearned revenue not recorded in the prior year.

	General Fund	Statement of Net Position
Equity as originally reported, July 1, 2015	$ 16,098,383	$ 18,727,113
Adjustment to unearned revenue for revenue previously recognized that should have been presented as unearned	(62,794)	(62,794)
Equity as adjusted, July 1, 2015	$ 16,035,589	$ 18,664,319

Note 15. Pending GASB Statements

At June 30, 2016, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the MWCOG reporting entity. The statements which might impact the MWCOG are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, will improve the accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Statement No. 79 will be effective for fiscal years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

Note 15. Pending GASB Statements (Continued)

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*, will address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement No. 82 will be effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

The MWCOG has not yet determined the effect of these statements on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

SCHEDULE OF CHANGES IN EMPLOYER NET PENSION ASSET

	As of December 31, 2014	As of December 31, 2015
Total pension liability:		
Service cost	$ 1,771,873	$ 1,895,939
Interest (includes interest on service cost)	3,157,400	3,292,604
Differences between expected and actual experience	60,147	203,660
Benefit payments, including refunds of member contributions	(4,183,854)	(2,056,068)
Net change in total pension liability	805,566	3,336,135
Total pension liability - beginning	46,311,702	47,117,268
Total pension liability - ending (a)	$ 47,117,268	$ 50,453,403
Plan fiduciary net position:		
Contributions - employer	$ 1,083,695	$ 1,221,904
Contributions - employee	826,530	977,358
Net investment income	4,021,918	1,129,768
Benefit payments, including refunds of member contributions	(4,183,854)	(2,056,068)
Administrative expense	(195,512)	(83,192)
Net change in plan fiduciary net position	1,552,777	1,189,770
Plan fiduciary net position - beginning	47,921,129	49,473,906
Plan fiduciary net position - ending (b)	$ 49,473,906	$ 50,663,676
Net pension asset - ending (a) - (b)	$ (2,356,638)	$ (210,273)
Plan fiduciary net position as a percentage of the total pension liability	105.00%	100.42%
Covered-employee payroll	$ 10,331,622	$ 10,615,561
Net pension asset as a percentage of covered employee payroll	22.81%	1.98%

Notes to Schedule:

(1) **Changes of benefit terms:** There have been no actuarially material changes to the Plan benefit provisions since the prior actuarial valuation.

(2) **Changes of assumptions:** There have been no changes in assumptions since the last acturial valuation.

(3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the MWCOG will present information for those years for which information is available.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Year Ended December 31, 2014	Year Ended December 31, 2015
Actuarially determined contribution	$ 2,106,242	$ 2,403,087
Actual contribution	1,083,695	1,221,904
Contribution deficiency	$ 1,022,547	$ 1,181,183
Covered employee payroll	$ 10,331,622	$ 10,615,561
Actual contribution as a percent of covered payroll	10.49%	11.51%

Notes to Schedule:

(1) Valuation date: December 31, 2015

(2) Actuarially determined contribution rates are calculated as of December 31, six months prior to the end of the fiscal year in which contributions are reported.

(3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.00%
Projected salary increases	3.50%-6.50%
Investment rate of return	7.0%, compounded per annum

(4) These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the MWCOG will present information for those years for which information is available.

COMPLIANCE SECTION

PBMares[SM]

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the
Metropolitan Washington Council of Governments

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the remaining fund information of the Metropolitan Washington Council of Governments (MWCOG) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise MWCOG's basic financial statements, and have issued our report thereon dated December 20, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MWCOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MWCOG's internal control. Accordingly, we do not express an opinion on the effectiveness of MWCOG's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of MWCOG's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MWCOG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MWCOG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MWCOG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
December 20, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of the
Metropolitan Washington Council of Governments

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan Washington Council of Governments' (MWCOG) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of MWCOG's major federal programs for the year ended June 30, 2016. MWCOG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of MWCOG's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MWCOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MWCOG's compliance.

Opinion on Each Major Federal Program

In our opinion, MWCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of MWCOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MWCOG's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MWCOG's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
December 20, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE				
Direct Payments:				
Urban and Community Forest Program	10.675		$ -	$ 52,769
Total Department of Agriculture			-	52,769
DEPARTMENT OF TRANSPORTATION				
Direct Payments:				
Airport Improvement Program	20.106		-	371,935
TIGER Grants Transportation Investment Generating Economic Recovery - ARRA	20.932		27,903,524	28,224,272
Highway Planning and Construction Cluster:				
Direct Payments:				
Highway Planning and Construction	20.205		-	440,402
Pass-through Payments:				
D.C. Department of Transportation:				
Highway Planning and Construction	20.205	N/A	-	1,511,076
Commuter Connections Program	20.205	N/A	18,802	430,195
Virginia Department of Transportation:				
Highway Planning and Construction	20.205	N/A	-	2,123,189
Commuter Connections Program	20.205	N/A	69,957	1,600,628
Maryland Department of Transportation:				
Highway Planning and Construction	20.205	N/A	-	2,745,042
Maryland Highway & Safety Office:				
Discretionary Safety Grants	20.205	N/A	-	250,000
Total Highway Planning and Construction Cluster			88,759	9,100,532
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research:				
Direct Payments:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		262,528	328,160
Pass-through Payments:				
D.C. Department of Transportation:				
Transportation Planning Grants	20.505	N/A	-	361,364
Virginia Department of Transportation:				
Transportation Planning Grants	20.505	N/A	-	753,630
Maryland Department of Transportation:				
Transportation Planning Grants	20.505	N/A	-	1,077,872
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			262,528	2,521,026
Transit Services Programs Cluster:				
Direct Payments:				
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513		703,205	950,187
Job Access and Reverse Commute Program	20.516		502,263	665,365
New Freedom Program	20.521		10,758	154,393
Total Transit Services Programs Cluster			1,216,226	1,769,945

See Notes to Schedule of Expenditures of Federal Awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF TRANSPORTATION (Continued)				
Pass-through Payments:				
D.C. Department of Transportation:				
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528	N/A	$ -	$ 419,111
Discretionary Safety Grants	20.614	N/A	-	100,000
Virginia Highway & Safety Office:				
Discretionary Safety Grants	20.614	N/A	-	150,000
Washington Metropolitan Area Transit Authority:				
Discretionary Safety Grants	20.614	N/A	-	33,257
			-	283,257
Total Department of Transportation			29,471,037	42,690,078
DEPARTMENT OF ENERGY				
Direct Payments:				
Conservation Research and Development	81.086		-	404
Pass-through Payments:				
D.C. Mid-America Regional Council:				
Renewable Energy Research and Development	81.087	N/A	-	7,103
Virginia Electric and Power Company:				
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	N/A	-	58,174
Opotony, Inc.:				
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	N/A	-	9,273
			-	67,447
Total Department of Energy			-	74,954
DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Direct Payments:				
National Clean Diesel Emissions Reduction Program	66.039		121,800	146,695
State Clean Diesel Grant Program	66.040		-	148,519
Water Pollution Control State, Interstate and Tribal Program Support	66.419		-	75,887
Performance Partnership Grants	66.605		-	20,335
Total Department of Environmental Protection			121,800	391,436

See Notes to Schedule of Expenditures of Federal Awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY				
Pass-through Payments:				
D.C. Office of Deputy Mayor for Public Safety & Justice:				
District Crisis Communication	97.067	13-SHSP117-02	$ 143,027	$ 146,549
Personal Preparedness Incident	97.067	13-UASI117-17	24,600	24,600
Metro Public Safety Radio	97.067	13-UASI117-22	10,131	11,827
District Training Exercise	97.067	14-SHSP117-01	88,076	94,239
Emergency Preparedness Website	97.067	14-SHSP117-02	238,147	247,950
District Full Scale Exercise	97.067	14-SHSP117-03	510,380	521,683
Programmatic Support STC	97.067	14-STC117-01	335,893	387,769
Regional Incident Coordination	97.067	14-UASI117-01	69,185	72,097
PMO & Secretariat Support	97.067	14-UASI117-02	30,600	434,242
Situational Awareness Dashboard Development (SADD)	97.067	14-UASI117-03	242,000	257,638
Disaster Debris Plans	97.067	14-UASI117-04	76,788	83,926
Metro Station Emergency	97.067	14-UASI117-05	455,542	473,072
District Emergency Response	97.067	14-UASI117-08	90,128	90,128
District Recovery Plan	97.067	14-UASI117-09	140,898	143,679
District Damage Assessment	97.067	14-UASI117-11	5,624	5,624
District Mass Care Plans	97.067	14-UASI117-12	41,743	44,604
District Prevention Protection	97.067	14-UASI117-13	157,789	160,775
District Preparedness System	97.067	14-UASI117-14	122,311	125,617
District Evacuation Planning	97.067	14-UASI117-15	167,690	175,929
Heavy Transportation Rescue	97.067	14-UASI117-16	371,811	437,268
Regional Water System Threat	97.067	14UASI117-17	441,675	445,143
Regional Water System Response	97.067	14UASI117-18	388,969	516,274
District-All Hazards Inc.	97.067	14-UASI117-19	96,339	97,803
Strategic Support for HSE	97.067	14-UASI117-20	207,506	220,949
Washington Regional Threat	97.067	14-UASI117-21	2,143	21,940
Metro Public Safety Radio	97.067	14-UASI117-22	70,539	74,052
Strategic Support for HSE	97.067	15-SHSP117-01	34,185	36,966
Programmatic Support STC	97.067	15-STC 117-01	-	1,171
PMO & Secretariat Support	97.067	15-UASI117-01	74,231	680,105
District Emergency Response	97.067	15-UASI117-02	335,905	344,834
NCR Situational Awareness	97.067	15-UASI117-03	145,937	151,939
Regional Information	97.067	15-UASI117-04	156,905	163,346
Metro Shutdown	97.067	15-UASI117-05	38,203	44,205
WMATA Shutdown Planning	97.067	15-UASI117-06	51,103	57,544
Tactical Response Multi-Site	97.067	15-UASI117-07	388,783	586
Technical Rescue PPE	97.067	15-UASI117-08	123,492	395,224
District Preparedness Sys Pl	97.067	15-UASI117-09	141,225	129,347
District Preparedness Frame	97.067	15-UASI117-11	-	146,788
District All Hazards Incident Management Team	97.067	15-UASI117-12	-	4,099
District Fire Rescue Preparedness	97.067	15-UASI117-13	-	1,464
District Logistics Mgmt. & Response	97.067	15-UASI117-14	-	878
State Program Manager	97.067	15-UASI117-15	51,124	53,466
District Snow Storm After Act	97.067	15-UASI117-16	151,335	151,920
WMATA Rail Operations Control	97.067	15-UASI117-17	6,782	7,074
Metro Public Safety Communication	97.067	15-UASI117-18	56,488	57,074
District Recovery Plan	97.067	15-UASI117-19	29,603	29,603
Total Department of Homeland Security			6,314,835	7,773,010
Total Federal Awards Expended			$ 35,907,672	$ 50,982,247

See Notes to Schedule of Expenditures of Federal Awards.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Metropolitan Washington Council of Governments (MWCOG) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MWCOG, it is not intended to and does not present the financial position or changes in financial position of MWCOG.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

Pass-through Payments – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

Major Programs – The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. Major programs for MWCOG were determined using a risk-based approach in accordance with Uniform Guidance.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected on the Schedule.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by MWCOG: Transit Services Programs Cluster and Highway Planning and Construction Cluster.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

MWCOG's indirect cost rates as allowed under the Uniform Guidance are disclosed in Note 1. D. 13 to the financial statements.

Pass-through identifying numbers are presented where available and applicable.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	√ No
Significant deficiencies identified?	_____ Yes	√ None Reported
Noncompliance material to financial statements noted?	_____ Yes	√ No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	_____ Yes	√ No
Significant deficiencies identified?	_____ Yes	√ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a)?	_____ Yes	√ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research
20.932	TIGER Grants Transportation Investment Generating Economic Recovery - ARRA
97.067	Department of Homeland Security Grant Program
Highway Planning and Construction Cluster:	
20.205	Highway Planning and Construction
Transit Services Programs Cluster:	
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities
20.516	Job Access and Reverse Commute Program
20.521	New Freedom Program

Dollar threshold used to distinguish between type A and type B programs $ 1,529,467

Auditee qualified as low-risk auditee?	√ Yes	_____ No

II. FINANCIAL STATEMENT FINDINGS

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2016

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

REPORT TO THE BOARD OF DIRECTORS

DECEMBER 20, 2016

PBMares

ASSURANCE, TAX & ADVISORY SERVICES

To the Board of Directors
Metropolitan Washington Council of Governments
Washington, D.C.

We are pleased to present this report related to our audit of the basic financial statements and compliance of the Metropolitan Washington Council of Governments (MWCOG) for the year ended June 30, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the MWCOG's financial and compliance reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the MWCOG.

PBMares, LLP

Harrisonburg, Virginia
December 20, 2016

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

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METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

REQUIRED COMMUNICATIONS
Year Ended June 30, 2016

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance)* require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statements audit and compliance reporting process, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and compliance reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statements and Compliance Audit	Our responsibilities under auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of the Single Audit Act; Subpart F of Title 2 U.S. CFR 200, Uniform Guidance; and OMB's *Compliance Supplement* have been described to you in our arrangement letter dated August 5, 2016. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statements and Compliance Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the MWCOG. The MWCOG adopted GASB Statement No. 72, *Fair Value Measurement and Application,* GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

Area	Comments
Accounting Policies and Practices (Continued)	**Adoption of, or Change in, Accounting Policies (Continued)** The MWCOG elected to change the presentation of its financial statements for the year ended June 30, 2016 from a proprietary fund (business-type) basis of accounting to conform with governmental-type activity. This change in presentation resulted in a change in accounting principle. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and management of the MWCOG, including the representation letter provided to us by management, are attached as Exhibit A.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES
Year Ended June 30, 2016

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the MWCOG's June 30, 2016 financial statements:

Area	Accounting Policy	Estimation Process	Basis for Our Conclusions on Reasonableness of Estimates
Capital Assets	Estimated lives of amortizable and depreciable assets	Management assigns lives to assets purchased or constructed internally based on the expected useful life of those assets or the product associated with those assets.	While these estimates are based on historical information, management should continue to monitor the lives assigned to the MWCOG's assets to ensure the recovery period of these costs are accurate.
Pension Liability and Other Postemployment Benefits (OPEB)	Pension liability and costs for financial accounting and disclosure purposes	Management recognizes a pension liability based on market trends and industry standards.	While these estimates are based on assumptions provided by market trends and industry standards, management should monitor these estimates and compare to actual costs over time.

EXHIBIT A – Significant Written Communications Between Management and Our Firm

Arrangement Letter

PBMares SM

August 5, 2016

Metropolitan Washington Council of Governments
777 North Capitol Streets, NE, Suite 300
Washington, DC 20002

Attention: Chuck Bean, Executive Director

The Objective and Scope of the Audit of the Financial Statements

You have requested we audit the Metropolitan Washington Council of Governments' (Council) governmental activities and each major fund as of and for the year ended June 30, 2016, which collectively comprise the basic financial statements. Also, the required supplementary information presented in relation to the financial statements taken as a whole will be subjected to the auditing procedures applied in our audit of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of the Council as of June 30, 2016 so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); the provisions of the Single Audit Act; Subpart F of Title 2 U.S. CFR Part 200, Uniform Guidance; and the U.S. Office of Management and Budget's (OMB) Compliance Supplement. Those standards, regulations, and supplement require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect fraud or errors that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

No component units are to be included in the Council's basic financial statements.

The federal financial assistance programs and awards you have told us the Council participates in and are to be included as part of the single audit are listed on Attachment A.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards, regulations, and supplement identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards, regulations, and supplement identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;

2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees they will not evaluate subsequent events earlier than the date of the management representation letter referred to below;

3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;

4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;

5. For (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan, and (c) report distribution, including submitting the reporting package; and

6. To provide us with:

   a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

   b. Additional information we may request from management for the purpose of the audit;

   c. Unrestricted access to persons within the Council from whom we determine it necessary to obtain audit evidence;

   d. When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and

   e. If applicable, responses to any findings reported on the schedule of findings and questioned costs.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including, among other items, that:

1. Management has fulfilled its responsibilities as set out in the terms of this letter; and

2. It believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring the Council complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the Council involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the Council received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the required supplementary information (RSI) presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI in any document that contains the RSI and indicates the auditor has reported on such RSI. Management also agrees to present the RSI with the audited financial statements or, if the RSI will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the RSI no later than the date of issuance of the RSI and the auditor's report thereon.

The Board of Directors is responsible for informing us of its views about the risks of fraud or abuse within the Council, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the Council.

Limitations

The Board of Directors agrees it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Council agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Our association with an official statement is a matter for which separate arrangements will be necessary. The Council agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Council seeks such consent, we will be under no obligation to grant such consent or approval.

Records and Assistance

If circumstances arise relating to the condition of the Council's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Council's books and records. The Council will determine all such data, if necessary, will be so reflected. Accordingly, the Council will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Council personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Anna Douglas, Controller. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including drafting the financial statements. The GAS independence standards require the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Council, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is considerations of management's ability to effectively oversee the non-audit services to be performed. The Council has agreed that Leta Simons, Chief Financial Officer, possesses suitable skill, knowledge and experience and she understands the services to be performed sufficiently to oversee them. Accordingly, management of the Council agrees to the following:

1. The Council has designated Leta Simons, Chief Financial Officer, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;

2. Leta Simons, Chief Financial Officer, will assume all management responsibilities for subject matter and scope of the non-audit services;

3. The Council will evaluate the adequacy and results of the services performed; and

4. The Council accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the Council's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Council's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

Other Relevant Information

PBMares, LLP may mention the Council's name and provide a general description of the engagement in PBMares, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

While there is an attorney-client privilege, there is no accountant-client privilege. Accordingly, any information you provide to us is subject to discovery. Unless prohibited by law, we will notify you if we receive any subpoena, IRS summons, or other third party request for our information and/or records concerning you. If you direct us to disclose the requested information, we will comply with the subpoena or IRS summons and, in the case of a third party request, we will need you to sign a form authorizing the disclosure. If you do not direct us to disclose the requested information, we may engage counsel to protect your interest in non-disclosure. In either event, we will bill you for all of our costs associated with complying with your directions. Our bill will include, in addition to our then standard fees and charges and, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, penalties, and fines imposed because of our nondisclosure.

In accordance with GAS, a copy of our most recent peer review report can be located on our website at www.pbmares.com.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Council personnel.

2. Timely responses to our inquiries.

3. Timely completion and delivery of client assistance requests.

4. Timely communication of all significant accounting and financial reporting matters.

5. The assumption unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Our fee for the services described in this letter will not exceed $69,500 unless the scope of the engagement is changed, the assistance which the Council has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Amounts not paid within thirty days from the invoice date(s) will be subject to a late payment charge of 1.5% per month (18% per year).

Our professional standards require we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Council agrees it will compensate PBMares, LLP for any additional costs incurred as a result of the Council's employment of a partner or professional employee of PBMares, LLP.

In the event we are requested or authorized by the Council or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Council, the Council will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of PBMares, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of PBMares, LLP audit personnel and at a location designated by our firm.

Dispute Resolution

The Council and PBMares, LLP agree no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by PBMares, LLP or the date of this arrangement letter if no report has been issued. The Council waives any claim for punitive damages. PBMares, LLP's liability for all claims, damages and costs of the Council arising from this engagement is limited to the amount of fees paid by the Council to PBMares, LLP for the services rendered under this arrangement letter.

If any dispute other than fees arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes. We will agree on a mediator but, if we cannot, you consent to personal jurisdiction of the Richmond Circuit Court and either of us may apply to such court for appointment of a mediator. We will share the mediator's fees and expenses equally, but otherwise will bear our own attorneys' fees and mediation cost. Participation in such mediation shall be a condition to either of us initiating litigation. In the event of litigation, you consent to personal jurisdiction in the Richmond Circuit Court. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law.

The parties hereto both agree any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in Richmond, Virginia. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the Council in which the arbitration proceeds. In agreeing to arbitration, we both acknowledge, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Termination and Other Terms

We reserve the right to withdraw from the engagement without completing our services for any reason, including, but not limited to, your failure to comply with the terms of this engagement letter, or as we determine professional standards require.

At the completion of our engagement, the original source documents will be returned to you. Work papers and other documents created by us are our property. Such original work papers will remain in our control, and copies are not to be distributed without our prior written consent.

You may request we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope and estimated cost of these additional services. Engagements for additional services may necessitate that we amend this letter or issue a separate engagement letter to reflect the obligations of both parties. In the absence of any other written communications from us documenting additional services, our services will be limited to and governed by the terms of this engagement letter.

If any portion of this engagement letter is deemed invalid or unenforceable, such a finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

Reporting

We will issue a written report upon completion of our audit of the Council's financial statements. Our report will be addressed to the Board of Directors. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph, or withdraw from the engagement.

In addition to our report on the Council's financial statements, we will also issue the following types of reports:

1. A report on the fairness of the presentation of the Council's schedule of expenditures of federal awards for the year ended June 30, 2016;

2. Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal control;

3. Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a material effect, as defined by Subpart F of Title 2 U.S. CFR Part 200, Uniform Guidance, on each major program; and

4. An accompanying schedule of findings and questioned costs.

This letter constitutes the complete and exclusive statement of agreement between PBMares, LLP and the Council, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Sincerely,

PBMares, LLP

Michael A. Garber

Michael A. Garber, Partner

MAG/bds

Confirmed on behalf of the Council:

____

Aug. 15, 2016

ATTACHMENT A

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number
DEPARTMENT OF AGRICULTURE	
Direct Payments:	
Urban and Community Forestry Program	10.675
Pass-through payments:	
Urban and Community Forestry Program	10.675
DEPARTMENT OF TRANSPORTATION	
Direct Payments:	
Airport Improvement Program	20.106
Highway Planning and Construction	20.205
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513
Job Access and Reverse Commute Program	20.516
New Freedom Program	20.521
Pass-through payments:	
Highway Planning and Construction	20.205
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505
National Highway Traffic Safety Administration Discretionary Safety Grant	20.614
Surface Transportation - Discretionary Grants for Capital Investment	20.932
DEPARTMENT OF ENERGY	
Pass-through payments:	
Renewable Energy Research and Development	81.087
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117
ENVIRONMENTLA PROTECTION AGENCY	
Direct Payments:	
National Clean Diesel Emissions Reduction Program	66.039
DEPARTMENT OF HOMELAND SECURITY	
Pass-through payments:	
Homeland Security Grant Program	97.067

Representation Letter

Metropolitan Washington
Council of Governments

December 20, 2016

PBMares, LLP
P. O. Box 1226
Harrisonburg, Virginia 22803

This representation letter is provided in connection with your audit of the basic financial statements of Metropolitan Washington Council of Governments (MWCOG) as of and for the year ended June 30, 2016 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of December 20, 2016, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated August 8, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP, if any.

8. We agree with the restatement of the previously issued financial statements, as discussed in Note 14 to the financial statements. In that regard:

a. The restatement corrects an error in those financial statements.

b. We were not aware of the error when those financial statements were issued.

c. We are not aware of any other errors in those financial statements.

d. We do not believe it necessary to recall those financial statements and all users of those financial statements will receive a copy of the current year's financial statements and independent auditor's report thereon.

9. The following have been properly recorded and/or disclosed in the financial statements:

a. Net position and fund balance classifications.

b. The fair value of investments.

c. The effect on the financial statements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and GASB Statement No. 82, Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73, which have been issued, but which we have not yet adopted.

d. Deposits and investment securities categories of risk.

e. Line of credit

f. Guarantees, whether written or oral, under which the MWCOG is contingently liable.

10. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:

a. The MWCOG has no significant amounts of idle property and equipment.

b. The MWCOG has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.

11. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:

a. To reduce receivables to their estimated net collectable amounts, if necessary.

b. For pension obligations attributed to employee services through June 30, 2016.

12. There are no:

a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.

c. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed.

d. Agreements to repurchase assets previously sold.

e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.

f. Material concentrations known to management.

g. Security agreements in effect under the Uniform Commercial Code.

h. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.

i. Liabilities which are subordinated in any way to any other actual or possible liabilities.

j. Significant estimates and material concentrations known to management which are required to be disclosed.

k. Risk financing activities.

l. Derivative financial instruments.

m. Special or extraordinary items.

n. Arbitrage rebate liabilities.

o. Risk retentions, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2016 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2016.

p. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.

q. Material losses to be sustained as a result of purchase commitments.

r. Environmental cleanup obligations.

s. Contractual obligations for construction and purchase of real property or equipment.

13. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.

14. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders.

15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

16. Net position (restricted and unrestricted) and fund balances are properly classified and, when applicable, approved.

17. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.

18. Revenues are appropriately classified in the Statement of Activities.

19. We have no knowledge of any uncorrected misstatements in the financial statements.

20. Capital assets are properly capitalized, reported and depreciated or amortized.

21. We agree with the findings of specialists in evaluating the assertion found in footnote 8, Pension Plan, and we have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Information Provided

22. We have provided you with:

a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.

b. Additional information you have requested from us for the purpose of the audit.

c. Unrestricted access to persons within the MWCOG from whom you determined it necessary to obtain audit evidence.

d. Minutes of the meetings of the governing body and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

23. All transactions have been recorded in the accounting records and are reflected in the financial statements.

24. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

25. We have no knowledge of allegations of fraud or suspected fraud, affecting the MWCOG's financial statements involving:

a. Management.

b. Employees who have significant roles in the internal control.

c. Others where the fraud could have a material effect on the financial statements.

26. We have no knowledge of any allegations of fraud or suspected fraud affecting the MWCOG's financial statements received in communications from employees, former employees, analysts, regulators, or others.

27. We have disclosed all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing the financial statements.

28. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

29. We are aware of no significant deficiencies, including the material weakness, in the design or operation of internal controls that could adversely affect the MWCOG's ability to record, process, summarize, and report financial data.

30. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

31. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

32. With respect to Management's Discussion and Analysis and the Required Supplementary Information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:

a. We acknowledge our responsibility for the presentation of such required supplementary information.

b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.

c. The methods of measurement or presentation have not changed from those used in the prior period.

d. All underlying assumptions or interpretations are presented in the financial statements.

Compliance Considerations

In connection with your audit, conducted in accordance with Government Auditing Standards, we confirm management:

33. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

34. Is responsible for compliance with the laws, regulations, and provisions of contracts applicable to the auditee.

35. Has not identified any instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

36. Has not identified any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts that have a material effect on the determination of financial statement amounts.

37. Has not identified any instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.

38. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

39. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.

40. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.

41. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles. and Audit Requirements for Federal Awards (Uniform Guidance), we confirm:

42. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.

43. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.

44. Management is responsible for establishing and maintaining, and has established and will maintain effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.

45. Management has prepared the Schedule of Expenditures of Federal Awards in accordance with Uniform Guidance and has included expenditures made during the period being audited for all awards provided by federal agencies.

46. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

47. Management has identified and disclosed to the auditor the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

48. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies.

49. Management has not identified any amounts questioned nor any known noncompliance with the direct and material compliance requirements of federal awards.

50. Management believes that the auditee has complied with the direct and material compliance requirements.

51. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

52. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.

53. Management not identified any communications from grantors concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

54. Management has not identified any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

55. Management has stated there are no known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.

56. Management has not identified any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management

with regard to significant deficiency and material weakness in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

57. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

58. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency, as applicable.

59. Management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

60. If applicable, management has issued management decisions for audit findings that relate to federal awards it makes to subrecipients and that such management decisions are issued within six months of acceptance of the audit report by the FAC. Additionally, management has followed up to ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.

61. Management has considered the results of subrecipient monitoring and audits, and has made any necessary adjustments to the auditee's own books and records.

62. Management has charged costs to federal awards in accordance with applicable cost principles and the Uniform Guidance.

63. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.

64. The reporting package does not contain protected personally identifiable information.

65. Management will accurately complete the appropriate sections of the data collection form.

METROPOLITAN WASHINGTON COUNCIL OF
GOVERNMENTS, INC.

Leta Simons for Chuck Bean

Chuck Bean, Executive Director

Leta Simons

Leta Simons, Chief Financial Officer

Anna Douglas, Controller

To the Board of Directors
Metropolitan Washington Council of Governments
Washington, D.C.

In connection with our audit of the financial statements of the Metropolitan Washington Council of Governments ("MWCOG") for the year ended June 30, 2016, we have the following comments and suggestions for your consideration.

The following suggestions we have included for your consideration and are not considered deficiencies in controls.

Control Rights of Payroll Manager

During internal control testing and documentation, it was noted the Payroll Manager has the ability to add and edit employee information. This function should be limited to the Human Resources Department and separate from the department that processes payroll. While it was noted other mitigating controls were in place, such as the review of payroll registers and review of employee timesheets, we recommend modifying the controls eliminating the Payroll Managers ability to add or edit employee information.

Construction in Progress and Prepaid Expenses

It was noted the MWCOG is currently tracking costs related to the development of a new website in prepaid expenses. We recommend any future costs associated with either construction projects or development costs related to capital assets be tracked in a separate general ledger account identified as Construction in Progress. This will allow the MWCOG to accurately track project costs from inception to completion.

Uniform Grant Guidance

During the current fiscal year, the MWCOG was required to implement the Uniform Guidance (2 CFR 200), which superseded OMB Circular A-133. As part of the new Uniform Guidance requirements, we recommend the MWCOG adopt or amend the current policies and procedures to address these new or revised rules and regulations:

Uniform Guidance Cost Principles

Cost Principles under OMB Circular A-87 have been superseded by the Uniform Guidance Cost Principles (2 CFR 200, Subpart E – Cost Principles). We recommend the MWCOG maintain printed copies of the new Cost Principles, formally adopt as policy, and refer to them when expending federal awards.

Conflicts of Interest Policy

According to 2 CFR §200.112, "The Federal awarding agency must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy." 2 CFR §200.113 further notes, "The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in §200.338, *Remedies for Noncompliance*, including suspension or debarment."

Cash Management Policy

Under the new Uniform Guidance rules, there are documentation requirements related to cash management as it pertains to receiving federal funds in advance of expenditures occurring. We recommend the MWCOG adopt a Cash Management policy that addresses when the MWCOG receives federal funding in advance of payment of related federal expenditures. The MWCOG will need to document compliance with 2 CFR §200.302, which requires each non-federal entity to document written procedures related to the requirements of §200.305, *Payment*.

In addition, we are noting new GASB pronouncements we think should be communicated to the MWCOG.

At June 30, 2016, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the MWCOG. The statements which might impact the MWCOG are as follows:

GASB Statement No. 75, ***Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement includes OPEB plans – defined benefit and defined contribution – administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earning on those contributions are irrevocable.

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. This Statement is effective for financial statements for fiscal years beginning after June 15, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

This Statement will improve the accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

The requirements of Statement No. 79 will be effective for fiscal years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of Statement No. 82 will be effective for reporting periods beginning after June 15, 2016 except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

* * * * * *

This report is intended solely for the information and use of management, the Board of Directors of the MWCOG, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning any of these items or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2016 and express our appreciation to everyone for their cooperation during this engagement.

PBMares, LLP

Harrisonburg, Virginia
December 20, 2016

Resolution R6-2017
January 11, 2017

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH Capitol Street, N.E.
Washington, D.C. 20002

RESOLUTION ACCEPTING THE FY-2016 AUDIT, AND AUTHORIZING THE EXTENSION OF THE INDEPENDENT AUDIT FIRM'S CONTRACT TO PERFORM THE FY-2017 AUDIT

WHEREAS, in accordance with COG's procedures and in compliance with requirements established by the federal government for recipients of grants and other financial assistance programs, COG engages an independent certified public accounting firm to conduct an annual fiscal year-end audit; and

WHEREAS, the Audit Committee recommends acceptance of the FY-2016 audit report and unqualified (clean) opinion prepared by the independent audit firm PBMares, LLC; and

WHEREAS, based on the annual performance assessment, the Audit Committee recommends extension of the audit firm's contract for the FY-2017 audit,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

1. The board hereby accepts the FY-2016 audit report prepared by PBMares, LLC

2. The Executive Director, or his designee, at the direction of the Audit Committee, is hereby authorized to engage PBMares, LLC to conduct the annual fiscal year-end audit for FY-2017 and prepare the annual Form 990 not-for-profit tax return, at a cost not to exceed $76,000.

AGENDA ITEM #10

MULTI-SECTOR WORKING GROUP RECOMMENDATIONS

Metropolitan Washington
Council of Governments

RECOMMENDATION OF THE MULTI-SECTOR WORKING GROUP

The Multi Sector Working Group's Policy Task Force recommends COG Board endorse the attached set of greenhouse gas emission reducing strategies in the Energy, Built Environment, Land Use, and Transportation sectors. The recommendations fully respond to COG Board Resolution R59-2015, which convened a Policy Task Force of elected officials, representing the COG Board, the Transportation Planning Board, the Metropolitan Washington Air Quality Committee, and the Climate, Energy and Environment Policy Committee, to provide consensus recommendations for action by the COG Board based on the original analysis of the multi-sector working group.

All recommendations are voluntary and are organized into three groups:

1. Strategies implementable region-wide
    - Actions to implement the strategy could be taken by every member jurisdiction
    - A supermajority of localities (representing at least two-thirds of the region's population) and applicable state/regional entities responded to the survey
    - A majority of localities (representing more than one-half of the region's population) and applicable state/regional entities indicated the strategy is implementable
    - Localities or regional entities may implement the strategy at a different level than was analyzed
2. Strategies implementable jurisdictionally
    - Some localities and state/regional entities could implement the strategy, while others could not (not applicable or they lack authority)
    - Localities or regional entities may implement the strategy at a different level than was analyzed
3. Strategies implementable by state/federal/private entities;
    - Authority or responsibility for action is not at the jurisdictional level
    - Supporting actions could be taken by member localities/agencies
    - State and federal entities may implement the strategy at a different level than was analyzed

Each of the recommended strategies would be supported by community education and engagement actions.

Upon positive action by the COG Board, staff would advance the strategies to the COG membership and policy boards and committees for voluntary implementation as part of their planning and programming activities and action plans.

The recommendations were derived after an extensive consultation process implemented at the direction of the Policy Task Force. This process included a detailed survey of department directors and their senior staff from the local, regional, and state transportation, planning and environmental agencies to address the three primary questions of the Policy Task Force about the original group of analyzed strategies:

1. Are the proposed strategies consistent with the agency's policies and feasible for implementation?
2. Are the proposed implementation levels, over time, reasonable for the agency?
3. What actions could be taken by the agency to implement the strategies?

ENERGY & BUILT ENVIRONMENT SECTOR

Implemented Regionally	Implemented Jurisdictionally	Implemented State/Federally
Reduce emissions from solid waste management (Note that three responding localities said while this was consistent with local policy, they lacked any current implementation plan)	Increase infrastructure systems efficiency & renewable energy use	Reduce emissions from electric generation through supporting state and federal actions
Reduce energy use from new buildings (Note that some localities have limited implementation authority due to state control of building energy codes)	Reduce energy use from existing buildings	Reduce natural gas pipeline emissions
	Increase use of distributed renewable energy resources	
	Reduce emissions from non-road equipment	

LAND USE SECTOR

Implemented Regionally	Implemented Jurisdictionally	Implemented State/Federally
Increase proportion of new development in activity centers		
Reduce loss of tree cover due to land development		

TRANSPORTATION SECTOR

Implemented Regionally	Implemented Jurisdictionally	Implemented State/Federally
Increase alternate fuel vehicles in public sector fleet	Implement programs/projects to improve traffic operations on local roadways	Implement programs/projects to improve traffic operations on state and federal roadways
	Encourage cash subsidy for public and private sector commuters using alternates modes of travel	Encourage cash subsidy for state or federal employee commuters using alternates modes of travel and offer assistance through a commuter subsidy program
	Increase frequency and/or reduce run-time for local and regional transit services	Increase speed enforcement on Interstates and limited access facilities
	Implement or expand existing transit fare buy-down programs on local and regional transit services	Offer funding assistance to localities operating transit fare buy down programs.
	Promote zero emissions vehicles in private sector fleet	Implement low carbon fuel standards for roadway vehicles (with local support)
	Install electric power units at truck stops	

COG distributed a survey to gather information from 22 local and 8 regional/state agencies. COG received responses from 21 agencies, although not all jurisdictions responded to all questions.

The following reports the input from senior staff from local, regional and state transportation, planning and environmental agencies to the survey.

ENERGY AND BUILT ENVIRONMENT STRATEGIES

Reduce emissions from solid waste management

This strategy would provide for increasing diversion of solid waste from landfills and optimize energy recovery. Localities who operate solid waste management facilities such as recycling centers or material recovery plants, waste-to-energy plants, composting facilities, and landfills could take actions to implement the strategy.

- 14 localities (representing 76 percent of the region's population) and 3 regional/state agencies responded.
- The strategy was found to be consistent with local policy by all 14 of the responding localities and the 3 responding regional/state agencies.
- All 14 responding localities and the 3 regional/state respondents indicated the strategy is implementable. However, the of 3 localities (representing 31 percent of the region's population) and one of the regional entities found that while the strategy was consistent with local policy, they had no current plans to implement the strategy.

Implementation could include actions such as front-end waste reduction strategies, and expanding waste management strategies such as organic waste treatment in lieu of landfilling

Limitations noted include the difficulty in achieving a high waste management strategy compliance level in private properties and cost considerations

Reduce energy use from new buildings

This strategy would provide for actions to increase energy and water efficiency in new buildings. All localities, with assistance of the states such as through adoption of strong energy codes, could take actions to implement the strategy. Those with jurisdiction over building construction, such as through building codes, could take a stronger role.

- 18 localities (representing 98 percent of the region's population) and 3 regional/state agencies responded.
- The strategy was found to be consistent with local policy by 15 of the 18 responding localities (representing 76 percent of the region's population) and the 3 regional/state respondents. The 3 localities who responded negatively (representing 22 percent of the region's population) and a responding state agency noted that they lack the authority to implement the strategy.
- 13 localities (representing 66 percent of the region's population) and 2 of the regional respondents indicated the strategy is implementable.

Implementation could include actions such as LEED/green building policies for new local government and commercial buildings, implementation of more robust building energy codes (where authority exists), and creation of Net Zero Energy Districts.

Limitations included whether the analyzed goal could be reached when a locality has a high growth rate. Additionally, some localities lack authority to implement more stringent energy codes. Some also were unsure they could take actions to grow the numbers of net-zero buildings to the studied level.

Increase infrastructure systems efficiency & renewable energy use

This strategy would provide for increased deployment of energy efficiency and renewable energy sources across infrastructure systems. All localities, regional and state entities that operate infrastructure systems, such as water, wastewater, power, and telecommunications systems and community facilities, could implement this strategy.

- 15 localities (representing 88 percent of the region's population) and 3 regional/state agencies responded.
- The strategy was found to be consistent with local policy by 10 of the 15 responding localities (representing 56 percent of the region's population) and 2 of the regional/state respondents. 4 of the 5 localities and 1 of the regional/state agencies who responded negatively (representing 25 percent of the region's population) noted that they lack the authority to implement the strategy.
- 9 localities (representing 53 percent of the region's population) and 2 of the state/regional agencies indicated that the strategy is implementable.

Implementation actions include including improvements to system efficiency, energy recovery, and renewable energy sources in water and wastewater treatment processes, increasing use of high efficiency, and increased use of on-site green power generation through the Maryland Smart Energy Communities.

Limitations noted included the need to sometimes trade off increased reliability of service for other efficiencies.

Reduce energy use from existing buildings

This strategy would provide for actions to increase energy and water efficiency in existing buildings. All localities, with assistance of the states such as through adoption of strong energy codes, could take actions to implement the strategy. Those with jurisdiction over building construction and renovation, such as through building codes, could take a stronger role.

- 18 localities (representing 98 percent of the region's population) and 3 regional/state agencies responded.
- The strategy was found to be consistent with local policy by 15 of the 18 responding localities (representing 69 percent of the region's population) and the 3 regional/state respondents.
- 13 of the responding localities (representing 41 percent of the region's population) and the 3 regional/state respondents indicated the strategy is implementable. 3 of the localities who

responded negatively (representing 28 percent of the region's population) noted that they lack the authority to implement the strategy.

Implementation could include actions such as increasing retrofits of government buildings, promoting utility or establishing incentives for improved energy performance in private building retrofits, and achieving a higher compliance rate for energy codes for building renovations,

Limitations included whether the analyzed goal could be reached when a locality has a high growth rate, and that some localities lack the authority to require actions in privately-owned buildings.

Increase use of distributed renewable energy sources

This strategy would provide for increasing deployment of small-scale distributed renewable energy systems in the region. All localities and regional entities, with the support from the states, could implement this strategy.

- 17 localities (representing 89 percent of the region's population) and 3 regional/state agencies responded.
- The strategy was found to be consistent with local policy by 13 of the 17 responding localities (representing 78 percent of the region's population) and the 2 of the regional/state respondents. 2 of the 4 localities and the regional agency who responded negatively (representing 8 percent of the region's population) noted that they lack the authority to implement the strategy.
- 9 of the responding localities (representing 37 percent of the region's population) indicated the strategy is implementable. The other 4 localities indicated they had no local plans to implement this strategy.

Implementation actions include installing renewable power on municipal facilities, providing tax or development incentives for installation of distributed systems on private buildings, and supporting programs such as Solarize and Solar Coops to reduce system cost for local residents and businesses.

Limitations include the limited ability for commercial and multi-family properties to implement distributed renewable projects due to space constraints, lack of authority for community solar, and first-cost hurdles for renewable systems.

Reduce emissions from non-road equipment

This strategy would provide for improvements to non-road equipment such as used in construction, lawn care, and stationary power sources. All localities, with assistance from the states such as adoption of strong anti-idling policies, could take action to implement this strategy.

- 14 localities (representing 87 percent of the region's population) and 3 regional/state agencies responded.
- The strategy was found to be consistent with local policy by 13 of the 14 responding localities (representing 80 percent of the region's population) and the 3 regional/state respondents.

- Only 3 localities (representing 29 percent of the region's population) and the 3 responding regional/state agencies indicated that the strategy is implementable. 10 responding localities indicated they had no plans to or were unlikely to implement the strategy while 1 noted there was no local policy addressing this strategy.

Implementation could include actions such as promoting and enforcing anti-idling policies for non-road equipment and purchasing or retrofitting zero or low-emission equipment.

Some localities noted that enforcement of anti-idling policies are hard to enforce.

Reduce emissions from electric generation through supporting state and federal actions

This strategy would provide for supporting state implementation of the federal Clean Power Plan and supportive actions to grow utility-scale clean power sources. Maryland and Virginia, contingent upon final approval of the federal Clean Power Plan, would be the primary parties implementing this strategy. All localities and regional/state entities could take supporting actions.

- 17 localities (representing 97 percent of the region's population) and 3 regional/state agencies responded.
- The strategy was found to be consistent with local policy by 13 of the 17 responding localities (representing 68 percent of the region's population). 2 of the 4 localities who responded negatively (representing 21 percent of the region's population) and the 3 regional/state respondents noted that they lack the authority to implement the strategy.
- 9 localities (representing 39 percent of the region's population) indicated the strategy is implementable. Most of the respondents noted that they would have to review final state Clean Power Plans at the time they were developed before making a final decision on whether to support or not.

Local supporting actions include offsetting municipal government emissions from conventional electricity production through purchase of Renewable Energy Credits (RECs), purchasing electricity directly from wind and other renewable sources, and contingent on projects being compliant with land use and other local conditions, supporting utility-scale renewable development.

Limitations include limited land available to locally host utility-size renewable systems, the potential for increased electricity costs, and reliance on the continuation of the federal Clean Power Plan which may be changed or ended under the incoming federal administration

Reduce natural gas pipeline emissions

This strategy would provide for increased replacement of leaking natural gas pipes in the distribution systems serving the region. The region's natural gas utilities, with support from state public utility commissions, would implement this strategy.

- 13 localities (representing 74 percent of the region's population) and 2 regional agencies responded.
- The implementation level was found reasonable by the 2 of the 13 responding localities (representing 19 percent of the region's population).

- 8 of the 13 localities (representing 24 percent of the region's population) and the three regional/state agencies responding negatively noted that they lack the authority to implement the strategy. The remaining 3 localities (representing 31 percent of the region's population) noted that their locality lacked policy relating to this strategy.

Localities can support cost recovery of prudent infrastructure replacement costs at state utility commissions such as through Virginia's SAVE program. Respondents noted that the natural gas utilities serving their areas are taking advantage of these programs.

Limitations include that programs to recover prudent infrastructure replacement costs are subject to state public utility commission approval. Localities have no direct authority over these activities.

LAND USE STRATEGIES

Increase proportion of new development in activity centers

This strategy would provide for concentrating future residential and commercial growth in compact, mixed-use centers. All localities with jurisdiction over land use planning could implement this strategy.

- 15 localities (representing 88 percent of the region's population) and 3 regional/state agencies responded.
- The strategy was found to be consistent with local policy by all 14 of the 15 responding localities (representing 87 percent of the region's population). The 3 regional/state respondents noted they do not have the authority to implement these land use changes as these are local decisions.
- 13 localities (representing 84 percent of the region's population) indicated the strategy is implementable. The other respondent indicated it did not have plans to implement the strategy.

Implementation examples include implementation of transit-oriented, mixed use and higher intensity zoning in comprehensive plans and zoning codes and small area plans, increased connection of growing areas to high capacity transit, increased use of green building policies for higher density (FAR) buildings to increase building energy performance greater than is required by code.

Limitations include accounting for the differing development patterns in which more urban localities will inherently have more development in activity centers, and how to address pressures of continued growth, particularly when there are areas of by-right development yet to be built.

Reduce loss of tree cover due to land development

This strategy would provide for reducing loss of tree cover due to development and increasing reforestation and tree planting efforts. All localities with jurisdiction over land development, and through reforestation on public lands could implement this strategy.

- 14 localities (representing 76 percent of the region's population) and 3 regional/state agencies responded.
- The strategy was found to be consistent with local policy by all 14 of the responding localities and the 3 regional/state agencies. However, the 3 regional/state agencies noted they lack

are unlikely to implement the strategy due to lack of available land for additional tree planting.
- 13 localities (representing 55 percent of the region's population) indicated the strategy is implementable. The other respondent indicated it did not have plans to implement the strategy.

Implementation examples include greater use of smart growth policies to further concentrate growth in existing built up areas resulting in less greenspace loss (see also TLU-2), municipal tree planting programs, establishing a tree conservation ordinance including requirements to increase tree canopy on development sites and providing for developer contributions for planting trees when site constraints prevent required tree planting and supporting non-government organizations pursuing reforestation.

Limitations include reductions in proffer authority to provide for actions such as tree planting and the difficulty to provide for higher levels of tree canopy in highly urbanized communities.

TRANSPORTATION STRATEGIES

Increase use of Alternative Fuels in Public Sector Fleets

This strategy would increase the adoption and use of alternative fuels in public sector fleets. All localities, state departments of transportation, and multi-jurisdictional transit providers (WMATA, MARC, and VRE) could take actions to implement the strategy.

- 15 localities (representing 89 percent of the region's population), all 3 state DOTs, and two multi-jurisdictional transit providers responded.
- The strategy was found to be consistent with local policy by 14 of the responding localities (representing 82 percent of the region's population), and all responding state DOTs and multi-jurisdictional transit providers.
- 12 responding localities (representing 78 percent of the region's population), and all responding state DOTs and multi-jurisdictional transit providers) indicated the strategy is implementable.

Implementation action could include developing new fleet purchasing policies, providing staff training for both use and maintenance of alternative fuel vehicles, and adding alternative fuels or charging equipment to public sector fleet refueling facilities.

Limitations and challenges for some of the above actions include incremental cost of both vehicles and refueling facilities, limits on available technology for certain vehicle types, and specific requirements for some public fleet vehicles (like police vehicles).

Enhance and Improve Roadway System Operations

This strategy would result in improved roadway operating conditions implemented in part to reduce wasted fuel. This strategy mainly applies to state DOTs and localities that own and operate roads; however, all localities could work with road operators to identify locations that would benefit from improved operations.

- 13 localities (representing 17 percent of the region's population), and all 3 state DOTs responded.

- The strategy was found to be consistent with local policy by all 13 of the responding localities (representing 71 percent of the region's population), and all 3 state DOTs.
- 8 responding localities (representing 38 percent of the region's population), and all 3 state DOTs indicated the strategy is implementable. The 3 state DOTs operate a majority of road facility types in the region that would be most applicable for operational improvements. 3 of the localities that responded that the strategy was not implementable responded that it is consistent with local policy, but indicated that they do not have the specific authority to implement this strategy.

Implementation action could include implementing vehicle and roadway based technological features on freeways, arterial corridors, and collector roadways; roadway ramp metering; intersection efficiency improvements - roundabouts, traffic signal retiming; freeway operations patrols / faster incident management); promoting driving patterns to reduce rapid acceleration/deceleration and extended idling; and developing policies to support advances in technology (such as those related to connected and autonomous vehicles).

Limitations and challenges for some of the above actions include market penetration of technologies, funding and the potential impediment to pedestrian mobility goals.

Commuter Cash Subsidy for Alternative Modes

The strategy as described in the survey would ensure that 60 percent of commuters receiving a cash subsidy of $50 per month for alternative commuting modes such as transit, carpool, vanpool, or bicycle. It should be noted that there are different le ways for subsidies to be provided. Depending on how the subsidies are provided all localities and or state DOTs could be responsible to implement the strategy.

- 13 localities (representing 71 percent of the region's population) and all 3 state departments of transportation responded to the survey.
- 12 localities (representing 69 percent of the region's population) and 3 state DOT's indicated that the strategy is consistent with their policy.
- 9 localities (representing 65 percent of the region's population) and two state DOT's indicated the strategy is implementable. In the comments section, one respondent noted that there is a system in place for administering commuter benefit programs. Three respondents noted subsidies that are available to their employees. Three respondents noted that they actively encourage voluntary actions by private sector employers to provide alternative commute subsidies. Five of the respondents noted that funding would be an issue for this strategy.

Implementation action could include providing commuter subsidies to public sector employees, additional promotion of state commuter subsidy (if exists), and encouraging or requiring private businesses to provide commuter subsidies.

Limitations and challenges for some of the above actions include funding, passing legislation (if seeking to require private business to provide subsidies), ensuring that the implementation actions are developed in conjunction with other policies to meet the desired outcomes.

Transit Service Enhancements

This strategy would result in increased frequency and improve run times of transit service. This strategy is applicable to the 11 localities with transit systems (which covers 91 percent of the region's population), and the multi-jurisdictional transit providers (WMATA, MARC, and VRE).

- 8 of the 11 applicable localities (representing 64 percent of the region's population and 71 percent of the applicable localities' population) and all of the multi-jurisdictional transit providers responded
- All 8 of the localities, and two of the multi-jurisdictional transit providers responded that this strategy is consistent with policy.
- All 8 of the localities and two of the multi-jurisdictional transit providers responded that this strategy is implementable.

Implementation action could include transit priority treatments, bus on shoulders, semi-express bus routes, designating exclusive bus lanes, constructing dedicated busways, construction of new fixed rail, enforcing stopping/parking regulations, ensuring accessible bus stops, all-door boarding for buses, off-board fare payment for buses, and road and infrastructure improvements.

Limitations and challenges for some of the above actions include funding for operations and maintenance, coordination between transit providers and road operators, full cost accounting between existing conditions and proposed improvements.

Transit Fare Reduction

This strategy would result in an across the board reductions in transit fare. This strategy is applicable to the 11 localities with transit systems (which covers 91 percent of the region's population), and the multi-jurisdictional transit providers (WMATA, MARC, and VRE)

- 8 of the 11 applicable localities (representing 64 percent of the region's population and 71 percent of the applicable localities' population), and all of the multi-jurisdictional transit providers responded
- 7 localities (representing 61 percent of the region's population and 67 percent of the applicable localities' population), and two of the multi-jurisdictional transit providers responded that this strategy is consistent with policy.
- 7 localities (representing 61 percent of the region's population and 67 percent of the applicable localities' population) and one multi-jurisdictional transit provider that this measure is implementable. In the comments section, six of the respondents provided examples of discounted or free fares or passes that are available to targeted groups of riders. Three respondents noted that across the board fare reductions are something that their respective Boards could choose to do, but the issue of the potential revenue shortfall would need to be addressed.

Implementation action could include across-the-board fare reductions, reduced or free fares for targeted groups (such as students and senior citizens), reduced fare monthly passes, free transfers between services, and free or reduced fares on circulator bus service.

Limitations and challenges for some of the above actions include replacing the potential lost revenue from fare reductions and political support to reduce fares.

Promote Zero-Emission Vehicles in the Privately-owned Fleet

This strategy would provide encouragement and support for the adoption of highly fuel efficient vehicles in the privately-owned (i.e. general public and private sector business) vehicle fleet. All localities and state departments of transportation could take actions to implement the strategy.

- 15 localities (representing 89 percent of the region's population) and all 3 state DOTs responded.
- The strategy was found to be consistent with local policy by 13 of the responding localities (representing 79 percent of the region's population), and all 3 state DOTs.
- 10 responding localities (representing 43 percent of the region's population), and 2 state DOTs indicated the strategy is implementable.

Implementation actions could include implementing a "Cash for Clunkers" program to encourage replacement of older, less fuel-efficient vehicles; offering incentives for consumer/private sector purchase of electric vehicles and charging equipment; providing disincentives for purchases of fuel-inefficient vehicles (gas guzzler tax/registration fees); install and improving access to public charging facilities. Localities (with state action, if required) can require access to electric vehicle charging facilities in new developments.

Limitations and challenges for some of the above actions include funding, support from governing bodies and public at local and state levels; measuring private sector compliance.

Install Electrification Equipment at Truck Stops

One locality in the region, Frederick County, could take actions to implement this strategy.

- Frederick County responded that this strategy is both consistent with local policy and implementable.
- The strategy was found to be consistent with local policy by 14 of the responding localities (representing 82 percent of the region's population), and all responding state DOTs and regional transit providers.

Limitations and challenges for some of the above actions include additional funding to expand installation.

Reducing Speeding on Freeways

This measure would result in greater enforcement of speed limits on freeways in the region. State Police would have to implement the strategy.

- Fourteen localities (representing 71 percent of the region's population) and all 3 state DOTs responded to the survey.
- Seven localities (representing 64 percent of the region's population) and 2 state DOTs responded that this strategy was consistent with policy
- Only two localities (representing 18 percent of region's population) and one state DOT responded that it was implementable. Several noted that they do not have the authority to implement this strategy

Implementation action could include increased speed enforcement, which may include more speed patrols and/or electronic monitoring of freeway speeds.

Limitations and challenges for some of the above actions include state police coordination, and state legislation for electronic enforcement.

Support Implementation of a Low Carbon Fuel Standard

This strategy would be implemented at the state or federal level. All localities could take actions to support the implementation.

- 15 localities (representing 89 percent of the region's population) responded.
- The strategy was found to be consistent with local policy by all 15 of the responding localities.
- Implementation for this strategy would take place at the state or federal level.

Limitations and challenges for some of the above actions include support from vehicle manufactures and governing/regulatory bodies state and federal levels.

Resolution R68-2016
January 11, 2017

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION ENDORSING RECOMMENDATIONS OF THE MULTI-SECTOR WORKING GROUP ON GREENHOUSE GAS EMISSION REDUCTION STRATEGIES

WHEREAS, following requests from the Metropolitan Washington Air Quality Committee (Resolution R1-2014) and the Transportation Planning Board (Resolution TPB R10-2015), COG staff convened the Multi Sector Working Group (MSWG) to conduct an extensive examination of potential implementable greenhouse gas (GHG) reduction strategies in the Energy/Environment, Land Use and Transportation sectors; and

WHEREAS, the MSWG undertook a technical examination of potential GHG reduction strategies, including receiving input from the Metropolitan Washington Air Quality Committee, the Transportation Planning Board and the Climate, Energy and Environment Policy Committee; and

WHEREAS, the MSWG found that the region is making progress towards meeting its greenhouse gas emission reduction goals through current actions and identified additional voluntary strategies to further move towards meeting its goals; and

WHEREAS, upon presentation of the potential strategies, the COG Board directed staff to review the strategies with a Policy Task Force of elected officials representing COG's relevant policy committees; and

WHEREAS, at the direction of the MSWG Policy Task Force, COG staff surveyed COG member jurisdictions and state and regional agencies to gauge the feasibility and level of implementation of the analyzed GHG reduction strategies; and

WHEREAS, the survey found there are regionally and locally viable GHG reduction strategies that can be voluntarily implemented, and found there are other strategies that could be implemented within the purview of federal, state or other entities.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board recognizes the progress the region has made to reduce emissions through the combined work of local governments, regional entities, state and federal agencies, and private sector businesses and individuals.

The board finds the Multi Sector Working Group's Policy Task Force recommendations fully responsive to COG Board Resolution R59-2015 and endorses the attached set of voluntary greenhouse gas emission reducing strategies in the Energy, Built Environment, Land Use, and Transportation sectors.

The board encourages COG member jurisdictions, the Metropolitan Washington Air Quality Committee, the National Capital Region Transportation Planning Board, and the Climate, Energy and Environment Policy Committee to review, consider, and take appropriate actions to implement the greenhouse gas emission reducing strategies as part of their local, regional and state wide planning and programming activities.

The board offers thanks to the staff at the many local, regional and state environmental, planning and transportation departments for their invaluable assistance to the Multi-Sector Working Group.

The board directs COG staff to provide assistance to COG members, policy and technical boards and committees to support implementation of strategies and to provide periodic status reports to the boards and committees on the extent of implementation.

AGENDA ITEM #11

2017 LEGISLATIVE PRIORITIES

LEGISLATIVE PRIORITIES

Supporting the region's transportation funding, water quality, climate and energy innovation, air quality, workforce development, and human services

January 2017




Metropolitan Washington
Council of Governments

LEGISLATIVE PRIORITIES
Prepared by the COG Legislative Committee
January 2017

ABOUT COG
The Metropolitan Washington Council of Governments (COG) is an independent, nonprofit association that brings area leaders together to address major regional issues in the District of Columbia, suburban Maryland, and Northern Virginia. COG's membership is comprised of 300 elected officials from 23 local governments, the Maryland and Virginia state legislatures, and U.S. Congress.

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CERTAINTY AND ADEQUACY OF TRANSPORTATION FUNDING

Support State Safety Oversight Agencies (SSOA)

Expedite developing MAP-21 legislation of immediate enhanced authority for SSOAs of Metro and increase federal funding to support SSOA operations.

Support Dedicated Infrastructure Funding for the National Capital Region

The funding needed to maintain the National Capital Region's railroad and highway infrastructure in a state of good repair is chronically underfunded. The importance of this infrastructure for the functioning of the local, state, and federal governments in our region cannot be overstated. Congress should ensure there is a dedicated source and sufficient amount of funding for the region's roadway and railway infrastructure. Specifically ensuring the continuation of the Passenger Rail Investment and Improvement Act (PRIIA) through 2040 including $150M in its annual appropriations for Metro’s capital improvement budget.

Support Fixing the Deficit in the Federal Transportation Trust Fund (TTF)

For several years there has been a gap between the TTF’s revenue and spending – annual shortfalls that have been closed primarily with short-term measures. The FAST Act only provides funding through 2020 and covers those shortfalls through short term measures. This structural deficit has not been fixed and will return after 2020 with a continued growing deficit if not treated as a top priority.

Support Federal Funding for Operations of the Region's Metrorail System

The Metrorail system is the center piece of the metropolitan Washington region's transportation system and the back bone of its economy. Almost half of all federal employees use the Metrorail and bus system to commute to work, yet there are no federal funds being provided for the operation of the system. The federal government should act to provide its share of funding for operating the Metrorail system that its employees and the region depend on.

Support Funding for Next Generation Transportation Systems

The need for a more efficient and safer means of transportation is imperative to help achieve the nation's Energy, Efficiency, and Environmental quality goals. The private sector has made significant investments to advance the use of vehicles using alternative modes of energy, and technology assisted vehicle operations. Significant public sector investments are needed to make our public transportation infrastructure technology more efficient and safer for our residents. Governments should establish a new and dedicated source of funding to support a next generation public transportation system.

WATER QUALITY PROTECTION

Support Investments in Water Infrastructure and Workforce Development

Support mechanisms such as tax credits, infrastructure banking, Water Infrastructure Finance and Innovation Act (WIFIA) funding, state revolving funds (SRFs), and maintaining tax exemption status for municipal bonds. Ensure that investments built in local infrastructure to meet water permit load allocations and handle future population and economic growth are protected. Enhance infrastructure investments with investments in workforce development to ensure the availability of skilled water system operators.

Ensure Stormwater Regulatory Feasibility

Endorse legislation that supports a feasible pace for MS4 stormwater permits, and applies the “Maximum Extent Practicable” standard. Ensure that burden does not increase for local governments to compensate for delayed issuance of stormwater permits. Support flexibility for generating local funding for stormwater management and ensure that reporting requirements are reasonable.

Support Climate and Flood Resiliency Initiatives

Support funding to address robust climate change analysis, adaptation and resiliency planning, flood control and management, and local implementation.

Ensure Local Government Input

Ensure that local governments and wastewater and drinking water utilities are given opportunities to provide timely and meaningful input on management decisions about the Chesapeake Bay and local water quality.

Support Affordability and Regulatory Flexibility

Support cost-effective approaches for scheduling and financing of water quality programs, including efforts for streamlining and prioritization of permits.

Support Water Security

Support water quality, wastewater, and drinking water security and resiliency research, planning, and programmatic support.

Support Drinking Source Water Protection

Support drinking water source protection policies and programs that ensure people’s basic need for a clean, safe, and abundant water supply is reliably met.

CLIMATE AND ENERGY INNOVATION & AIR QUALITY PROTECTION

Support Deployment of Clean Energy Innovation and Technology

Encourage and support investment in energy-sector innovation by utilities and private companies to increase energy efficiency performance and renewable energy deployment. Support regulatory and policy changes to improve transparency and access to data. Enable business model innovation and encourage and expand the adoption of energy efficiency and clean, distributed energy generation technologies and infrastructure, and support for low and zero-emission vehicles and infrastructure.

Expand Clean Energy Finance

Expand options for and improve access to clean energy finance at the state and local levels. Foster cost effective and efficient market frameworks and reasonable regulatory frameworks that support clean energy investment across all sectors. Establish and enable key partnerships, institutions, agencies, plans, and programs to support sustainable clean energy incentives and lower the cost of doing business in the clean energy sector.

Improve Energy System Resilience

Prioritize funding for energy-sector infrastructure to improve grid resilience and reliability. Support policies and funding for energy security improvements such as energy efficiency, microgrids, district energy systems, and storage technology, especially when coupled with clean energy generation. Support community-based efforts and public-private partnerships to improve climate and energy resilience at the local level.

Further Improve Air Quality

Support policies and funding to strengthen the region’s ability to meet current and future air quality standards. Expand efforts to increase and speed adoption of low-emitting technology solutions.

Ensure Local Government Input

Ensure that local governments are recognized and given opportunities to provide timely and meaningful input on climate and clean energy programs.

WORKFORCE DEVELOPMENT AND HUMAN SERVICES

Align Education and Job Creation

Encourage the executive and legislative branches to support legislation and programs that fund local job development, career and technical education, and overall more closely align education and job creation.

Support Workforce Development at the Local Level

Support federal legislation and the Skills for America’s Future initiative to focus on workforce development and job creation at the local level, and efforts to develop industry standard credentialing and skills programs for sectors experiencing job growth in the region.

Support Local Governments and Activity Centers

Work with local governments to support sound land use planning which focuses on employer retention and new job growth in the region’s mixed use Activity Centers.

Increase Availability of and Access to Mental Health Services

Work with local, state, and federal partners to increase access to and availability of mental health services throughout the region to include psychiatric hospital beds, drug treatment programs, counseling, and other outpatient services; continued expansion of crisis intervention, mental health courts, and diversion programs where treatment is indicated rather than incarceration; and re-entry programs to reduce recidivism rates of mental health consumers.

Support School Nutrition

Support the Child Nutrition Reauthorization Act that provides for continuation of the National School Lunch Program, the School Breakfast Program, the Summer Food Service Program, the Child and Adult Care Food Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The Act maintains strong nutrition standards, strengthens farm-to-school programs, streamlines regulations for community based providers, and leverages schools beyond the school day to expand the ability to reach youth during summer and weekends.

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Resolution R7-2017
January 11, 2017

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002

RESOLUTION ADOPTING THE COG 2017 LEGISLATIVE PRIORITIES

WHEREAS, the Metropolitan Washington Council of Governments (COG) is comprised of the 23 jurisdictions of the National Capital Region's local governments and their governing officials, plus area members of the Maryland and Virginia legislatures and the U.S. Senate and House of Representatives, and COG provides a focus for action on issues of regional concern; and

WHEREAS, the draft 2017 Legislative Priorities have been reviewed by the individual policy committees and the 2017 Legislative Committee; and

WHEREAS, the COG Board has received and reviewed the draft 2017 Legislative Priorities; and

WHEREAS, the draft 2017 Legislative Priorities address the main issues the COG Board of Directors wants to communicate to state and federal officials as important concerns during the upcoming legislative session.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The board adopts the 2017 Legislative Priorities and directs its Executive Director, or his designee, to distribute the priorities to the appropriate state and federal officials representing areas of the COG member jurisdictions.

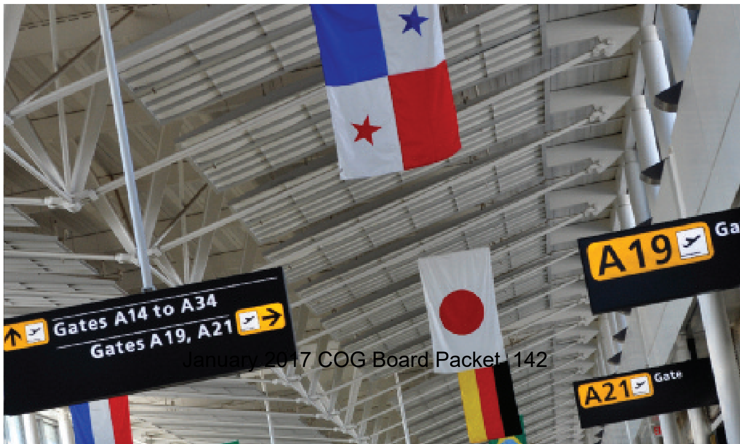
AGENDA ITEM #12

GLOBAL CITIES INITIATIVE EXPORT PLAN AND MARKET ASSESSMENT

Greater Washington Metro Export Plan

Global Cities Initiative

FINAL DRAFT



GREATER WASHINGTON METRO EXPORT PLAN

With 6.1 million people, the Greater Washington region is the sixth largest economy in the U.S. The regional economy has largely been buffered during economic downturns because of its heavy reliance on the federal government. With federal funding declining, however, regional leaders are pivoting away from reliance on the federal government and focusing on increased participation in the global economy.

This Metro Export Plan is a regional plan that aims to help increase exports developed through a collaborative effort among public, private, and civic leaders. The export plan applies market intelligence and insight gained from an in-depth research product by The Brookings Institution called *Benchmarking Greater Washington*, and a market assessment which consisted of local interviews and an extensive survey, to develop targeted and integrated export-related strategies and tactics that will ultimately create jobs by helping companies better reach global markets and customers.

Greater Washington Metro Export Plan

Global Cities Initiative

The Global Cities Initiative is a joint project of The Brookings Institution and JPMorgan Chase

January 2017

INTRODUCTION

The Brookings Institution selected Greater Washington as one of 29 cities and regions to participate in the Brookings Metropolitan Export Exchange Program. As a result, partners throughout the Greater Washington region have been working together with the Brookings Institution to develop a regional export strategy to boost the local economy and create jobs. To support the development of a strategy, the Core Team has conducted research on Greater Washington's export economy using three methods: the Market Scan, the Market Survey, and Local Intelligence Interviews. This research focused on uncovering the strengths and weaknesses of the Greater Washington export economy by combining macroeconomic research with extensive input from local business leaders, representing both exporting and non-exporting organizations. These findings represent a key first step toward the development of the regional export strategy.

Historically, the economy of the Greater Washington region has been grounded in and driven by the federal government. Over the last decade, it has become clear that direct investment by the federal government will continue to shrink, forcing the region to focus its future on investing in and supporting industry clusters with growth potential, independent of federal direct investment. Consequently, the urgency of identifying core industry clusters and a strategic plan regarding their overall growth and potential in the global economy is clear. The result has been the emergence of a coordinated effort across the public sector (through the Metropolitan Washington Council of Governments), private sector (through the Greater Washington Board of Trade), and universities (through the Consortium of Universities of the Washington Metropolitan Area) to reach consensus on specific economic goals independent of the federal government.

Metropolitan Washington
Council of Governments

GREATER WASHINGTON
Board of Trade

Consortium of Universities of the
Washington Metropolitan Area

RATIONALE FOR EXPORTS

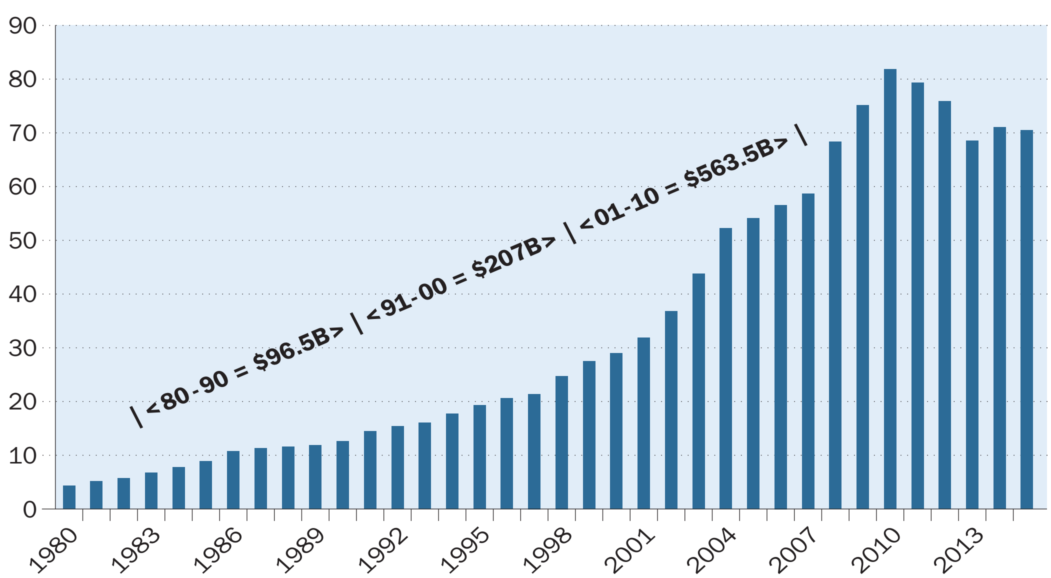
The Greater Washington economy has largely been buffered from huge losses during economic downturns because of its heavy reliance on the federal government. However, given sequestration policy and budget reductions, federal contract awards to area companies have declined. This has created an urgency among area government and business development officials to look at other ways to promote growth of the regional economy. In *Benchmarking Greater Washington's Global Reach, The National Capital Region in the World Economy*, Brookings Institution staff noted:

Greater Washington is one of the largest and wealthiest regional economies in the world. Much of its current prosperity stems from its status as capital of the world's leading advanced economy. But the region's economic growth has slowed markedly in recent years, and the federal government is becoming a less reliable contributor to Greater Washington's current and future prosperity.

There are fewer government resources available, so it is more important than ever that the public, private, and nonprofit sectors work together to create and advance important economic development programs. This pivot away from reliance on the federal government needs to result in strategic planning focused on increasing the region's participation in the global economy.

The region's economic structure poses a central challenge to its current and future growth prospects.

FEDERAL PROCUREMENT IN THE WASHINGTON METROPOLITAN AREA, 1980-2015



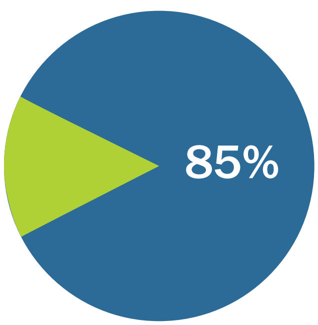
Source: George Mason Center of Regional Analysis

EXPORTS EQUATE TO GROWTH

U.S. metropolitan areas – "Regions" are engines for the nation's economic growth. Concentrating on tradeable sectors in advanced industries form the basis of a strong regional export economy. As the capital city with three international airports, Greater Washington is a global gateway and a natural hub on the East Coast of North America. The region has become the nation's sixth largest economy and one of its most dynamic markets. **In 2014, Greater Washington's exports accounted for 6.1 percent of the region's GDP, and supported more than 220,000 jobs, or nearly one in fifteen.** Moving forward in the 21st century, a region's success will depend greatly on its ability to compete in global markets.

There is a clear link between increased exports and job growth. Companies that can export are going to come from traded sectors that are typically in advanced industries and create significant numbers of indirect jobs.

The majority of economic growth is occurring outside the United States today. Rising purchasing power and growing consumer bases in countries like Mexico, India, and China are making them ever-growing opportunities.



Share Of Global Economic Growth Occuring Outside the U.S.

85%

from 2013–2018[1]

Exporting helps the bottom line.[1]

From 2005-2009 U.S. manufacturers that exported saw revenues grow by

37%

Those that did not export saw revenues fall by 7%

Workers in export-intensive industries earn

18-20%

higher salaries.[1]

Looking for Customers Beyond Our Borders

Despite the market opportunities abroad, only **5%** of U.S. firms export.

58% of those only sell to one market.

60% of middle market firms do not export at all.

Source: U.S. Census Bureau, "A Profile of U.S. Exporting and Importing Companies, 2010-2011," 2013

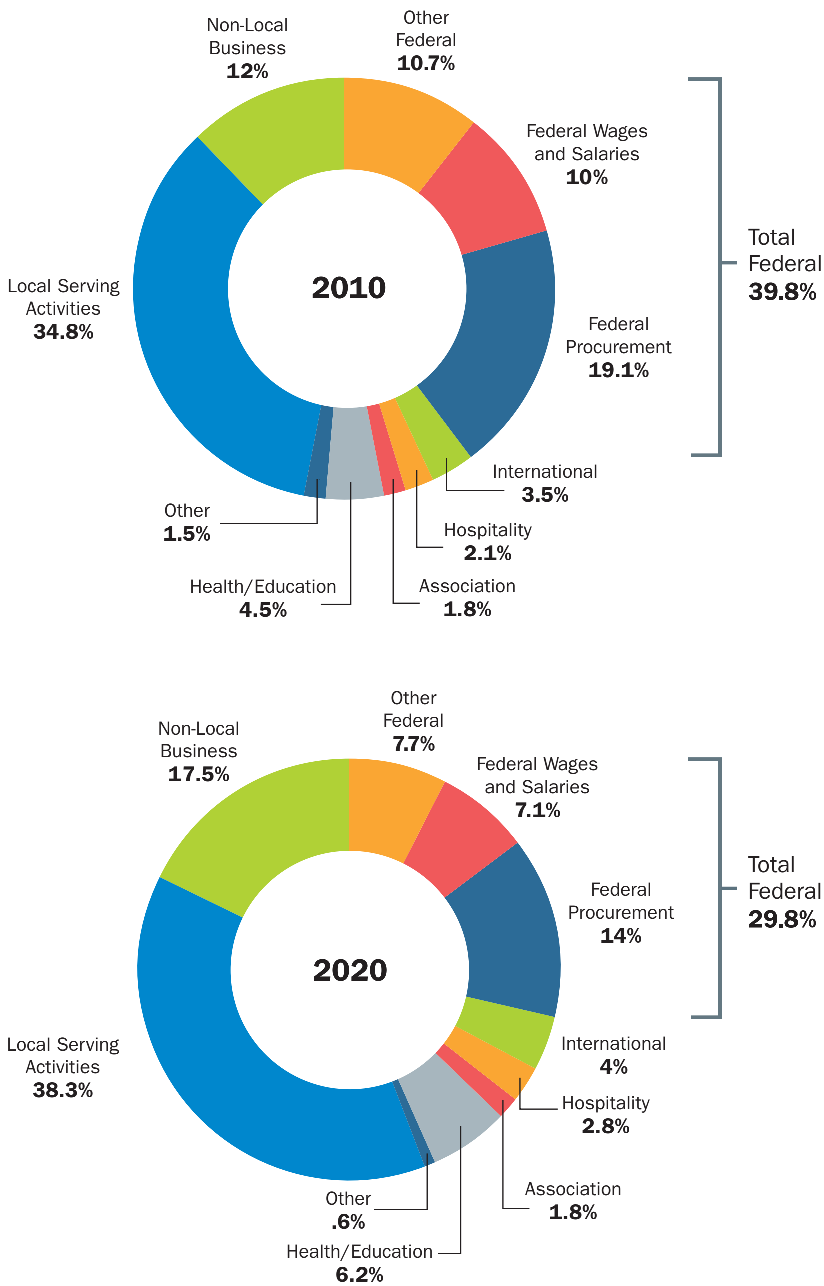
Every $1 Billion in exports supports 5,210 jobs.[1]

[1] Michael Spence, "The Evolving Structure of the American Economy and the Employment Challenge," Council on Foreign Relations, 2011; World Economic Outlook, IMF, 2013

Assessing Greater Washington's Economic Climate

REGIONAL SNAPSHOT[2]

STRUCTURE OF THE GREATER WASHINGTON ECONOMY



The influence of the federal government on the metropolitan Washington regional economy is forecast to decline by the end of the decade.

Source: GMU Center for Regional Analysis, September 2015

Metropolitan Washington faces several challenges regarding its recent economic performance, but also has considerable assets, including a skilled and educated workforce, strong connectivity to national and international markets, and an entrepreneurial climate.

The region is home to 15 Fortune 500 companies, including Fannie Mae, Freddie Mac, and Capital One in the finance sector, several large aerospace and defense support companies, including General Dynamics and Lockheed Martin, and hospitality giants such as Marriott International and Hilton Worldwide Holdings. At a rate of 77.7 percent of men and 65.5 percent of women, the regional labor force participation is higher than the national average of 69.7 percent and 57.2 percent for men and women, respectively. Almost half of the region's population over the age of 25 has a bachelor's degree or higher (versus about 30 percent nationally).[3]

However, the structure of the regional economy is changing. According to research by the Center for Regional Analysis at George Mason University, in 2010, federal wages and salaries and procurement comprised almost 40 percent of metropolitan Washington's economy, but is forecast to shrink to under 30 percent by 2020.[4]

The federal government is an important asset, providing access to national research laboratories, decision makers, and a significant number of job opportunities across industries, and at a range of skill levels. Since 2000, federal jobs have held steady at about 12 percent of all regional jobs.[5]

In contrast, federal procurement underwent rapid growth during much of this time and had been an important driver in the regional economy. Between 1980 and 2010, federal procurement spending in metropolitan Washington increased from $4.2 billion to $82.4 billion. This represents an astounding 1,862 percent increase (an average of 7.75 percent compounded annually), which eclipses the value of the federal payroll.[6]

This trend changed radically beginning in 2010. As other regional economies began to recover from the Great Recession, metropolitan Washington began to lose federal jobs during the recovery, which accelerated with federal sequestration. George Mason University's Center for Regional Analysis estimates that 8,400 federal jobs were eliminated in the region and the loss of federal contracts further eliminated some 28,000 jobs in the first year of the Sequester.[7]

Federal procurement spending has declined by $11.2 billion or 13.6 percent since the 2010 high water mark while the federal workforce declined by 22,300 workers.[8] Continued declines of both are projected for at least the next five years.[9]

Local leaders are changing how they approach economic development as a result. For instance, in 2014, Frederick County adopted a new form of government and elected their first County Executive. With this new leadership came new efforts to improve economic development within the County. To create a more competitive environment to attract new businesses and jobs, the County created three new programs. In 2015, a Business and Industry Cabinet (BIC) was established to bring together a team of business and industry leaders to serve as the eyes and ears of the business community and provide input to the County Executive and Office of Economic Development. The Cabinet is comprised of business leaders from a wide variety of industries, including biotech, retail, manufacturing, agriculture, information technology, healthcare, construction, finance, and international business. The BIC is currently working with the county to develop a new brand for economic development within Frederick.

[2] Metropolitan Washington Council of Governments (January 13, 2016). "State of the Region: Economic Competitiveness Report."
[3] Fuller, Stephen S. (July 9, 2015). "Road Map for the Washington Region's Economic Future."
[4] Ibid.
[5] US Bureau of Labor Statistics (not seasonally adjusted), GMU Center for Regional Analysis.
[6] Fuller, Stephen S. (January 23, 2015). "From Company Town to Global Business Center: Building on Strengths/Mitigating Barriers," GMU Center for Regional Analysis Presentation to the Region Forward Coalition.
[7] George Mason University (November 2014). "Improving the Washington Region's Global Competitiveness."
[8] Clower, Terry (December 2, 2015). "The Washington Area Regional Economic Landscape," GMU Center for Regional Analysis Presentation to COG City and Country Managers.
[9] Fuller, Stephen S. (January 23, 2015). "From Company Town to Global Business Center: Building on Strengths/Mitigating Barriers," GMU Center for Regional Analysis Presentation to the Region Forward Coalition.

BEYOND THE FEDERAL GOVERNMENT, CORE INDUSTRY SECTORS

Key industries aside from the Federal Government are growing in significance. The figure below shows employment in the region's Advanced Industries Clusters, which account for 27 percent of non-government jobs in metropolitan Washington. Those industries with highly skilled knowledge workers are driving job growth. In addition, average wages in each advanced industrial cluster are approximately 50 percent higher than the corresponding national average.[10] The biggest growth has been in the business and financial services and the biotech and health industries. Nearly a quarter of the region's workforce is employed in professional or business service jobs, compared to 13.7 percent nationally.

The region is also home to numerous nonprofit and advocacy organizations; in this sector, employment has grown 19 percent over the past decade.[11] The advocacy sector leverages metropolitan Washington's position as a national and global power, irrespective of federal spending. Job growth is also happening in the information and communication industries (5.5 percent) and science and security industries (10.9 percent)—two key industry clusters driving national and international economies in which the region has a competitive edge.[12]

Metropolitan Washington's regional economy is built on the creation and dissemination of knowledge. According to the Global Cities Initiative, metropolitan Washington is one of the nation's top-ranking regions in its share of jobs in research and technology-intensive "advanced" industries.[13]

Advanced education and research are at the heart of this, with the region home to 23 colleges and universities, numerous technical colleges and specialty schools, and nationally recognized research laboratories within universities and federal government. This gives the region a powerful economic edge going forward, as these institutions support the development and application of new technologies that are global in reach and scale.

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[10] GMU Center for Regional Analysis (September 22, 2015). "The Washington Region's Advanced Industrial Clusters and Their Requirements for Growth."
[11] Ibid.
[12] Ibid.
[13] Global Cities Initiative (2015). "Benchmarking Greater Washington's Global Reach."

WASHINGTON METROPOLITAN AREA ADVANCED INDUSTRAL CLUSTERS
2014 EMPLOYMENT

INDUSTRY	JOBS (THOUSANDS)	% CHANGE 2013-2014	LOCATION QUOTIENT	METRO/US WAGE RATIO
Advocacy Services	115.731	19.0	3.5	1.7
Information and Communications Technology	204.489	5.5	2.7	1.4
Science and Security Technology	112.717	10.9	1.8	1.6
Biology and Health Technology	55.396	25.1	2.0	1.6
Business and Financial Services	204.592	43.8	1.0	1.6
Media and Information Services	35.745	-20.1	1.5	1.7
Leisure and Business Hospitality Services	85.919	-1.3	1.1	1.3
Clusters	729.030	16.8	1.9	1.6

Source: George Mason University Center for Regional Analysis

MARKET ASSESSMENT

To support the development of an export strategy, the core team led research on Greater Washington's export economy using three methods: a Market Scan, a Market Survey, and Local Intelligence Interviews. This research focused on uncovering the strengths and weaknesses of the Greater Washington export economy by combining macroeconomic research by Brookings with extensive input from local business leaders, representing both exporting and non-exporting organizations. The results of this effort were compiled into the Greater Washington Market Assessment. The Market Assessment represents the first stage in stimulating the economy of the Greater Washington region.

MARKET SURVEY ANALYSIS

An online survey was created and implemented to gather additional insight on the export economy in the area. Questions were designed to collect information from businesses about current exporting activity, the export-related challenges they face, and the policies and measures that they think could encourage further export growth.

The analysis of survey results was limited to respondents within the study area: the Washington, D.C. Metropolitan Statistical Area. It is important to note that the survey, though heavily publicized, was taken on a voluntary basis and no questions were required. Survey results were intended to validate export trends identified in the market scan and local intelligence interviews. Forty percent of respondents were Virginia-based companies, 30 percent were located in Maryland, and 30 percent were in the District of Columbia. Small and medium sized enterprises (SMEs), those with 500 or fewer employees, comprise 85 percent of survey respondents (93). The remaining 15 percent are large companies (16). A strong representation of SMEs is beneficial because it provides valuable information about the export growth potential for the firms that will be targeted in the export plan.

> “Our company was crushed by sequestration. We had no idea where to start looking for help to branch away from total reliance on federal contracts; exporting wasn’t even in our vocabulary.” — Survey Respondent

A high percentage of respondents (36 percent) indicate that they currently export goods, services, or both. The companies that currently export are dominated by pure service-providers, with 31 percent of the total (34). This is not unexpected, as the Greater Washington metro economy is heavily services-based, boasting the seventh largest service economy in the world.

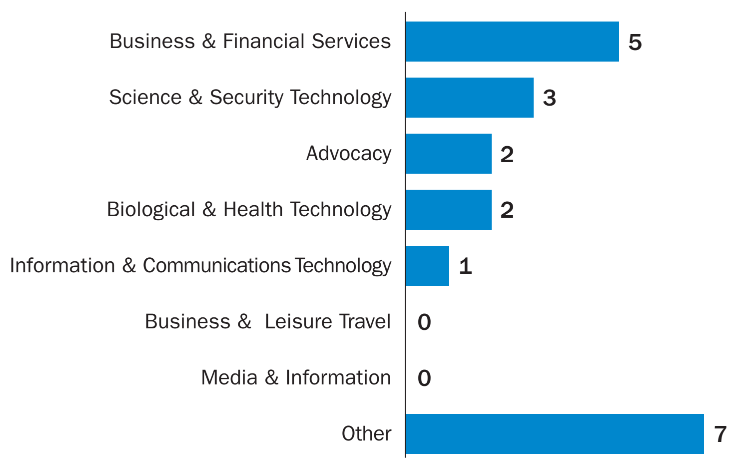
Barriers and Challenges

Among the 70 companies that do not export, the predominant reason cited is “Product/service cannot be exported” (61 percent). The high percentage of this response may be influenced by an inherent misunderstanding of services as an export. Only 11 percent say that they “Do not know enough about export potential.” It is interesting to note that no respondents named “Lack of financing” as a reason for not exporting. Companies that currently export were asked about exporting challenges. When identifying these challenges, respondents were allowed to select multiple answers. The top responses included: knowledge of foreign markets, compliance, foreign government regulations/policies, and protection of intellectual property rights.

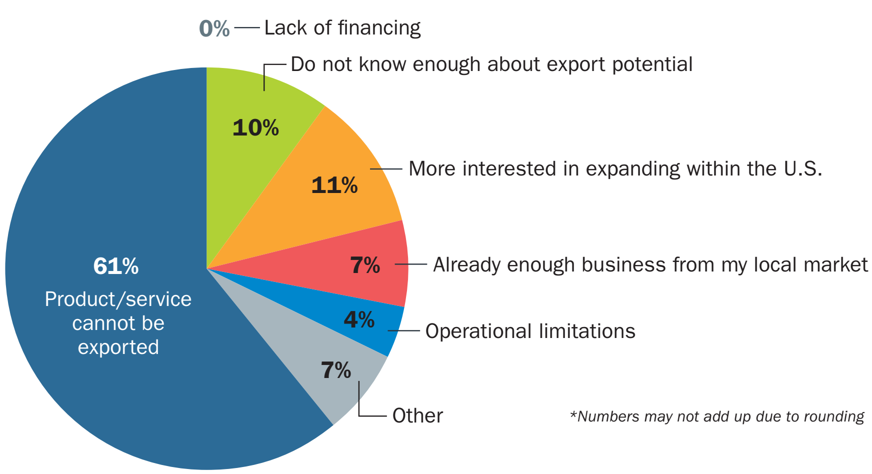
Existing Markets and Industries

Among the 39 current exporters, Europe is the largest export market, named by 16 respondents. European markets were led by the United Kingdom and Germany. Asian markets were the second highest led by China and Korea. Current exporters were asked to identify their industry sector from the list of seven key industries identified in the *2030 Roadmap* study; responses are shown in the figure below. A number of respondents skipped this question, which may indicate some lack of understanding of the industry definitions.

MARKET SURVEY, EXPORTERS BY INDUSTRY



MARKET SURVEY, COMPANIES THAT DO NOT EXPORT*



*Numbers may not add up due to rounding

“Education is the key. Any economic development plan needs to focus on access to information and guidance to the web of export service providers in the Greater Washington area.”

— Survey Respondent

Export Assistance
The market survey also asked about various types of export assistance that companies have used.

Only a small number of respondents stated that they have taken advantage of government or nonprofit export assistance or received export financing from these institutions. A higher number, 32 percent, have used the assistance of private export service providers such as freight forwarders, law firms, banks, accountants, and expeditors.

All survey respondents were asked about how federal, state, and local government can help their companies begin exporting, increase exports, or export to new country markets. A number of respondents suggested events and workshops, specifically “events to introduce businesses to prospective foreign partners.”

LOCAL INTELLIGENCE INTERVIEWS

Over several months in 2016, the core team also conducted 26 interviews throughout northern Virginia, suburban Maryland, and in the District of Columbia. The interviews covered topics including company information, regional economic development perceptions, exports, and government programs.

Key findings of the interviews include:

- Companies would like more support and incentives to help them offset the risk of start-up in international business.
- Businesses stated they did not know what entities to approach, outside of their local bank, to help them get the capital needed to begin exporting or expand into new markets.
- Export resources are fragmented and hard for companies to find, thus resources are underutilized.
- Companies that are exporting see the value to their bottom line and plan to continue expanding.
- Businesses need to be better educated about the definition and rationale for exporting.
- Financing, reliable overseas connections, and cultural differences in business practices are the biggest challenges for exporters.
- China, the European Union, Canada, Japan, and Mexico are the top export markets cited by companies.

Exporting helped Greater Washington firms improve their profitability. Increased sales and profits are benefits enjoyed by exporting organizations in all 22 interviews. As a result, every interviewee noted that their organization was preparing for expansion of production, sales, or operations within existing markets and new markets in the near future. The focus of planned expansion, in terms of target markets, generally paralleled the results of the Market Survey.

For most, initial entry into exporting was either luck or the result of strategic planning after experiencing stagnant or declining revenues from domestic markets. While some firms grow into foreign markets over time, others are viable for international business from the beginning, as a characteristic of their initial business model. Acquiring the necessary knowledge, professional talent, and foreign partners requires extensive networking or support from export assistance providers. Interviewees cited their states (Virginia and Maryland) as the key source for export market information, often noting it was the state that encouraged them to exhibit at a trade show under the state flag—which is more cost effective than going it alone.

Export assistance providers offer services such as business development outreach and sales support, all targeted at reducing the risk, costs, and challenges of entering foreign markets. Interviewees praised the benefits of these services. However, many were unaware that such services exist for them, citing their size or the idea that providers would not know/understand their business, consistent with the results of the Market Survey.

“The most important thing for government officials to focus on is building the capacity of the international trade eco-system. Financial advisors, lawyers specializing in exports and market intelligence are crucial for businesses to succeed.” — Interviewee

Interviewees offered suggestions to local leaders about the priorities for developing a Greater Washington regional export development plan. Generally, local and state economic development was perceived to be very strong; however, multiple interviewees mentioned that a regional entity that can direct or support them with international trade is nonexistent. Nearly all of the interviewees thought it would be very helpful to have an organization focused on exporting that could guide them to services such as financing, country expertise, and legal services.

KEY FINDINGS

1 **WHILE STRONG IN SOME PARTS OF THE REGION, AN OVERALL FRAGMENTED EXPORT ASSISTANCE ECOSYSTEM MAKES IT DIFFICULT FOR MID-SIZED BUSINESSES TO ACCESS SERVICES.**

2 **THOUGH THE GREATER WASHINGTON REGION IS HIGHLY RANKED FOR OVERALL EXPORTS, ITS INTERNATIONAL ACTIVITY ACCOUNTS FOR A RELATIVELY SMALL SHARE OF ITS OVERALL ECONOMY (95TH NATIONALLY).**

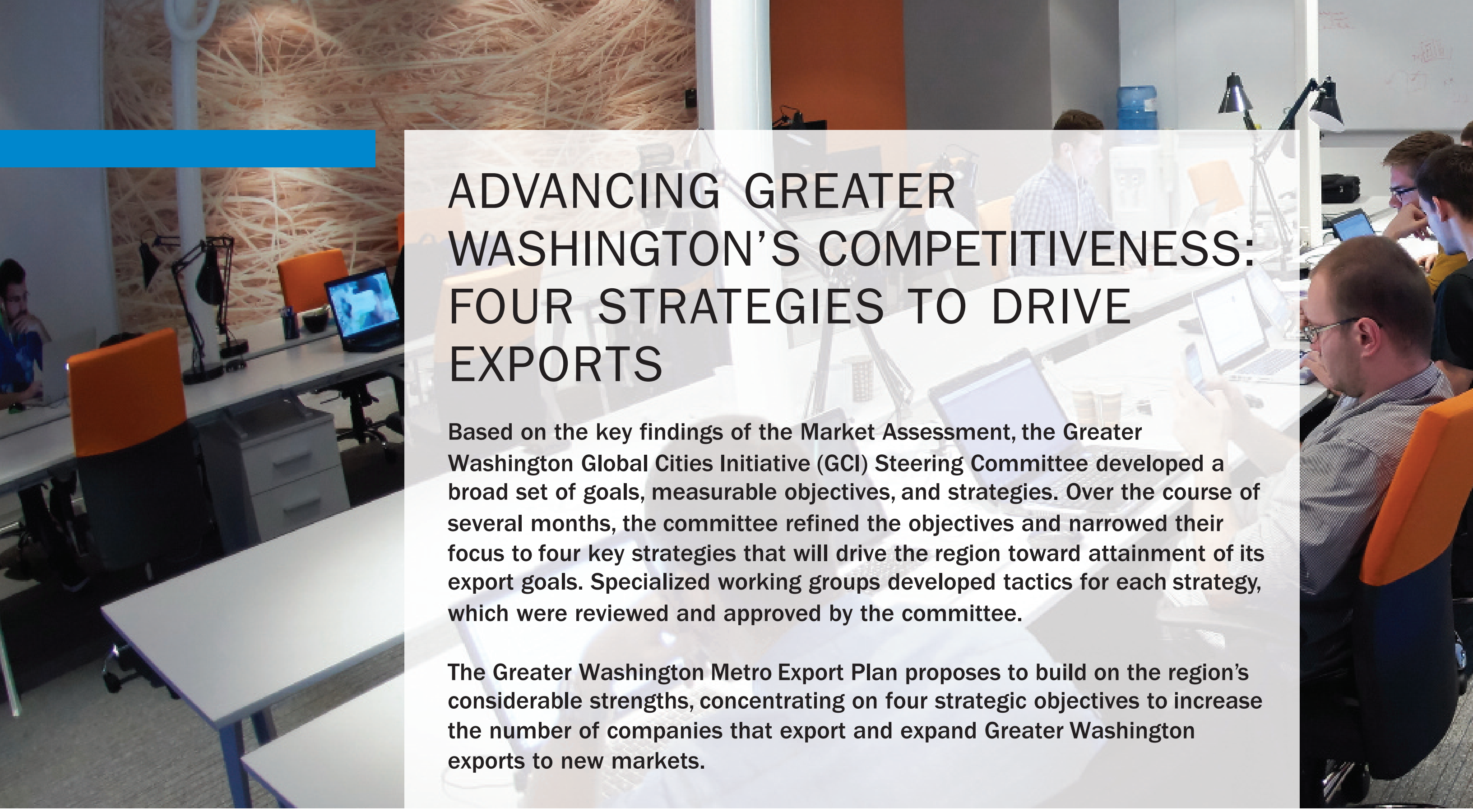
3 **DECLINING FEDERAL SPENDING REQUIRES NEW APPROACHES TO DRIVING REGIONAL ECONOMIC EXPANSION**

4 **GREATER WASHINGTON HAS STRENGTHS IN BIO-HEALTH, CYBER-SECURITY, AND INFORMATION TECHNOLOGY, YET THOSE SECTORS COULD BENEFIT FROM A STRONGER GLOBAL ORIENTATION.**

5 **WITH A SIGNIFICANT PRESENCE OF EDUCATIONAL AND TOURISM ASSETS, GREATER WASHINGTON IS ALREADY A MAJOR ANCHOR OF FOREIGN TRAVELERS AND STUDENTS.**

6 **THE REGION HAS STRONG SERVICE SECTOR ASSETS BUT THEY COULD BE BETTER LEVERAGED TOWARD MORE PURPOSEFUL INTERNATIONAL ENGAGEMENT, ESPECIALLY IN LIGHT OF CHALLENGES ASSOCIATED WITH CHANGES TO FEDERAL FACILITIES, SUCH AS BASE CLOSINGS AND REORGANIZATIONS, AS WELL AS SEQUESTRATION.**

Greater Washington's Export Plan



ADVANCING GREATER WASHINGTON'S COMPETITIVENESS: FOUR STRATEGIES TO DRIVE EXPORTS

Based on the key findings of the Market Assessment, the Greater Washington Global Cities Initiative (GCI) Steering Committee developed a broad set of goals, measurable objectives, and strategies. Over the course of several months, the committee refined the objectives and narrowed their focus to four key strategies that will drive the region toward attainment of its export goals. Specialized working groups developed tactics for each strategy, which were reviewed and approved by the committee.

The Greater Washington Metro Export Plan proposes to build on the region's considerable strengths, concentrating on four strategic objectives to increase the number of companies that export and expand Greater Washington exports to new markets.

STRATEGY 1

STRENGTHEN GLOBAL ENGAGEMENT OF MID-SIZED FIRMS IN THE BIOTECH, CYBER-SECURITY, AND INFORMATION TECHNOLOGY SECTORS

TACTICS

1. Universities and others conduct research for industry partners to target good markets for Greater Washington area companies to sell their products and services
2. Partner with the region's technology associations to convene trade missions to target foreign markets
3. Coordinate reverse trade missions utilizing the anchor of the federal government
4. Conduct individual global market analyses for GCI partner firms
5. Embed an international focus in the events and forums of the region's technology associations
6. Assist new-to-market firms in developing strategic market entry plans
7. Partner with international business programs and research centers at regional universities

STRATEGY 2

PROMOTE AND MARKET GREATER WASHINGTON'S GLOBAL ADVANTAGES TO GROW EXPORTS AND ATTRACT TRADE AND INVESTMENT

TACTICS

1. Convene economic development organizations, chambers, and business leaders in Greater Washington to educate and promote advantages of international trade
2. Create a joint Greater Washington brand for international education
3. Create marketing and communications materials based on the success stories of existing export professional services firms in Greater Washington
4. Launch an annual international trade summit to promote global engagement and connect firms to potential resources and international buyers
5. Coordinate market efforts with universities to create greater synergy in emphasizing ability to educate workforce

STRATEGY 3

STREAMLINE AND ENHANCE GREATER WASHINGTON'S EXPORT ASSISTANCE ECOSYSTEM

TACTICS

1. Create a regional export one-stop assistance organization
2. Develop an export roadmap of available services and opportunities
3. Establish partnerships to deliver export services with county economic development organizations and chambers of commerce
4. As a region, apply for Smart Traveler Enrollment Program (STEP) resources through the U.S. State Department to support overall efforts of the Greater Washington export initiative
5. Codify support for a regional international approach with the region's Governors and Mayor to sign a joint international trade agreement

STRATEGY 4

DRIVE PARTICIPATION IN EXPORTING FROM GREATER WASHINGTON'S SMALL AND MID-SIZED PROFESSIONAL SERVICES FIRMS

TACTICS

1. Establish a Greater Washington Exporters Council to identify challenges and build a network of exporters in the region
2. Enlist existing international companies and regional universities to assist in mentoring and connecting under exporting firms to global networks
3. Develop a list of top under-exporting professional services firms
4. Establish a team of professional export consultants to provide tailored assistance to professional services firms interested in expanding overseas sales
5. Participate in international partnerships and collaborations with regional universities

RECOMMENDATION

Invest in a regionally supported World Trade Center. The mission of the Greater Washington World Trade Center would be to help expand existing companies' exporting capabilities, convene the existing export ecosystem, and provide reliable research to enlighten companies and service providers with important facts about the existing export ecosystem and markets to explore.

IMPLEMENTATION

The Steering Committee agreed that a feasibility study that verifies whether a new entity created with the support of the three core founders of GCI, the Greater Washington Board of Trade, the Consortium of Universities of the Washington Metropolitan Area, and the Metropolitan Washington Council of Governments will be uniquely positioned to continue to champion and coordinate the Greater Washington Metro Export Plan over the next five years. This new organization will be a regional entity set up to support economic development officials and companies with export assistance. It will serve the entire Greater Washington region with a full-time international trade development staff.

To ensure progress toward its goal, the Greater Washington GCI Core Team will oversee the implementation of the plan. They will review and approve any necessary changes in strategies or tactics. The Core Team will provide updates and progress reports to the Steering Committee. The Steering Committee will monitor progress and performance measures established to monitor success.

In addition to private sector leaders interested in advancing exports and trade, key export service providers will be asked to form the Greater Washington Metro Export Plan Working Group.

EXPORT PLAN DEVELOPMENT

Greater Washington's participation in the Global Cities Initiative (GCI) is led by the Metropolitan Washington Council of Governments, the Consortium of Universities of the Washington Metropolitan Area, and the Greater Washington Board of Trade. Its Core Team and Steering Committee are made up of Greater Washington's civic leaders, a diverse group of more than 40 public, private, and nonprofit organizations with an interest in advancing the competitiveness of international trade in the region.

THE GREATER WASHINGTON METRO EXPORT PLAN WAS DEVELOPED BY A STEERING COMMITTEE COMPOSED OF SENIOR LEADERS FROM THE FOLLOWING ORGANIZATIONS:

- 2030 Group
- Akin, Gump, Strauss, Hauer & Feld
- American University, Kogod School of Business
- APCO Worldwide
- Arlington County
- BB&T Bank
- Booz Allen Hamilton
- BWI Thurgood Marshall Airport
- Calvert Investments
- City of Alexandria
- Commonwealth of Virginia
- Consortium of Universities of the Washington Metropolitan Area
- Fairfax County Economic Development Authority
- Federal City Council
- George Mason University
- George Washington University
- Georgetown University
- Greater Washington Board of Trade
- Henry Terrell & Associates, PLLC
- Howard University
- JP Morgan Chase & Co.
- Leadership Greater Washington
- Loudoun County
- MAG Aviation
- MedImmune
- Metropolitan Washington Airports Authority
- Metropolitan Washington Council of Governments
- Montgomery County
- Northern Virginia Chamber of Commerce
- Northern Virginia Community College
- Northern Virginia Regional Commission
- Northern Virginia Technology Council
- Pepco
- PricewaterhouseCoopers
- Prince William County
- RSM
- State of Maryland
- University of Maryland
- University of the District of Columbia
- UPS
- Virginia Economic Development
- Washington, D.C.
- WGL Holdings and Washington Gas

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ABOUT GCI

The Global Cities Initiative (GCI) is a joint project of the Brookings Institution and JPMorgan Chase designed to help metropolitan leaders advance and grow their regional economies by strengthening international connections and competitiveness on key economic indicators such as advanced manufacturing, exports, foreign direct investment, and traded sectors. GCI activities include producing data and research to guide decisions, fostering practice and policy innovations, and facilitating a peer-learning network. The Global Cities Initiative is chaired by Richard M. Daley, former mayor of Chicago and senior advisor to JPMorgan Chase. It is directed by Amy Liu, vice president and director of the Brookings Metropolitan Policy Program. For more information, see http://www.brookings.edu/projects/global-cities.aspx or www.jpmorganchase.com/globalcities.

GCI EXCHANGE DISCLAIMER

This report was developed by the Greater Washington GCI Steering Committee through the collaboration of political, business, and civic leaders of Greater Washington. The conclusions and recommendations of this report are solely those of its authors and do not reflect the views of the Brookings Institution or JPMorgan Chase. The Brookings Institution is a private non-profit organization. Its mission is to conduct high-quality, independent research and, based on that research, to provide innovative, practical recommendations for policymakers and the public. Brookings recognizes that the value it provides is in its absolute commitment to quality, independence and impact, and makes all final determinations of its own scholarly activities in the Global Cities Initiative, including the research agenda and products.

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Metropolitan Washington Council of Governments

GREATER WASHINGTON Board of Trade

Consortium of Universities of the Washington Metropolitan Area

AGENDA ITEM #13

EXECUTIVE SESSION

AGENDA ITEM #14

OTHER BUSINESS

AGENDA ITEM #15

ADJOURN