

Regional Conservation Authority

Cost Recovery Policy

Staff Contact:

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Background:

At the Board meeting of April 5, 2006, staff recommended adoption of a resolution that established a cost recovery process for joint project reviews and other administrative actions provided for in the Plan. The Board referred the matter to the Administrative Committee for further review specifically relating to the following:

1. Does the Plan grant authority to the RCA to charge administrative fees?
2. Were these costs intended to be absorbed in the Plan's overall funding program?

Regarding the first question, attached is an excerpt from the funding and financing section of the Plan (Section 8.3.4) which states: *"Staff for the RCA and staff from the cities and County working on a specific project will charge their time directly to that project either through the County's deposit fee program or the processing fees charged by cities."* Staff believes this authorizes the adoption of processing and review fees by the RCA. Although it suggests that the fees are collected by the Permittees, our proposal recommends that the fees be deposited directly with our agency.

In regard to tapping other funding sources to recover these administrative costs, please recall that our largest source, the MSHCP development impact fee is restricted to funding land purchase and costs associated with purchase. Other funds, such as the MSHCP component of TUMF and infrastructure contributions, could be in the same category (we are attempting to resolve this with WRCOG and RCTC). Landfill tipping fees, while flexible, offer the only reliable funding source for our management and monitoring programs.

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Staff Recommendation:

Staff continues to recommend adoption of the Resolution No. 06-05 establishing a deposit based cost recovery program.

FINANCIAL INFORMATION	
Fiscal Year 2005-06 Budget: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Cost: \$ N/A Annual Cost: \$
Source of Funds: New Admin. Service Fee	Budget Adjustment: From To
Approved by:	Date:

Attachment:

Excerpt from Section 8 of MSHCP

8.0 MSHCP Funding/Financing of Reserve Assembly and Management



8.3.4 Program Administration Costs

Program Administration costs will cover a portion of the RCA's, County's and Cities' costs to perform the daily activities necessary to implement the Plan as required under the terms of the Implementing Agreement. Staff for the RCA and staff from the Cities and County working on a specific project will charge their time directly to that project either through the County's Deposit Fee Program or the Processing Fees charged by Cities. Staffing for the RCA and its committees, annual reporting and other costs not directly related to a specific case will be funded under the MSHCP's overall funding program. Appendix B-04 of this document contains a budget for the RCA, as well as an estimate of annual costs for the RCA that will be funded through the administrative costs. The annual estimate is approximately \$1.2 million for the first 25 years. Once the acquisition phase is completed, the major role of the RCA will shift to management, in particular, administering the management and monitoring programs. Approximately \$500,000 per year for the remaining life of the Plan is anticipated to support the RCA's reporting and coordinating role. The local administrative program is described in Section 6.6 of this document.

8.3.5 Adaptive Management Costs

Adaptive Management costs include funding for pilot projects to evaluate the best management tools to apply in the MSHCP Conservation Area; studies to react to findings of the monitoring program to address needs of individual species, groups of species or habitat types; programs to enhance the conservation values of properties in the MSHCP Conservation Area; and funds to address changed circumstances as described in Section 6.8.3 of this document. Adaptive Management is a component of the overall management of the MSHCP Conservation Area. The local funding program will provide a pool of funds of approximately \$100 million at the end of the 25 year acquisition period, \$70 million of this amount would go toward the endowment for Adaptive Management. At a 5% rate of return, this endowment will provide approximately \$3.5 million per year to undertake Adaptive Management activities. In addition, the local funding plan anticipates an amount for Adaptive Management being available annually over the first 25 years. This amount increases proportionally to the cumulative amount of locally acquired lands. An annual prioritization of programs to fund under Adaptive Management will be made by the RCA. The Cash Flow Analysis in Appendix B-05 of this document reflects both the annual amount available for Adaptive Management and the build up of a MSHCP Conservation Area to fund the endowment by year 25.