

AGENDA ITEM NO. 7

MINUTES

March 6, 2017



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MEETING MINUTES

1. CALL TO ORDER

The meeting of the Western Riverside County Regional Conservation Authority was called to order by Chairman Ashley at 12:35 p.m. on March 6, 2017, in the Board Room of the Riverside County Administrative Center, 4080 Lemon Street, Riverside, California, 92501.

2. PLEDGE OF ALLEGIANCE

Board Member Washington led the RCA Board Members and meeting attendees in a flag salute.

3. ROLL CALL – Roll Call was noted by Rose Haro, RCA Administrative Manager.

Member Agency	Board Member Name	Status	Arrived
City of Banning	George Moyer	Absent	
City of Beaumont	Julio Martinez	Present	12:06 PM
City of Calimesa	Jeffrey Hewitt	Present	12:32 PM
City of Canyon Lake	Vicki Warren	Present	12:26 PM
City of Corona	Eugene Montanez	Absent	
City of Eastvale	Clint Lorimore	Present	12:31 PM
City of Hemet	Michael Perciful	Present	12:08 PM
City of Jurupa Valley	Verne Lauritzen	Present	12:29 PM
City of Lake Elsinore	Natasha Johnson	Present	12:28 PM
City of Menifee	Matt Liesemeyer	Present	12:25 PM
City of Moreno Valley	Jeffrey Giba	Present	12:05 PM
City of Murrieta	Jonathan Ingram	Present	12:11 PM
City of Norco	Kevin Bash	Present	12:32 PM
City of Perris	David Starr Rabb	Present	12:35 PM
City of Riverside	Andy Melendrez	Absent	
City of San Jacinto	Crystal Ruiz	Present	12:28 PM
City of Temecula	Maryann Edwards	Present	12:32 PM
City of Wildomar	Timothy Walker	Present	12:07 PM
District 1	Kevin Jeffries	Present	12:35 PM
District 2	John Tavaglione	Present	12:33 PM
District 3	Chuck Washington	Present	12:26 PM
District 4	Vacant	Absent	
District 5	Marion Ashley, Chairman	Present	12:29 PM

4. PUBLIC COMMENT

Chairman Ashley called for public comments regarding items not listed on the agenda. There were no public comments.

5. BOARD MEMBER ANNOUNCEMENTS (This item provides the opportunity for the Board Members to report on attended meetings/conferences and any other items related to RCA activities.)

Chairman Ashley called for Board Member announcements. There were no Board Member announcements.

6. ADDITIONS/REVISIONS (The Board may add an item to the Agenda after making a finding that there is a need to take immediate action on the item and that the item came to the attention of the Board subsequent to the posting of the agenda. An action adding an item to the agenda requires 2/3 vote of the Board. If there are less than 2/3 of the Board Members present, adding an item requires a unanimous vote. Added items will be placed for discussion at the end of the agenda.)

Rose Haro, RCA Administrative Manager, announced that Agenda Item 14.1 was pulled from the agenda.

7. APPROVAL OF MINUTES — February 6, 2017 meeting of the RCA Board of Directors.

RESULT:	APPROVED AS RECOMMENDED [UNANIMOUS]
MOVER:	District 3
SECONDER:	City of Moreno Valley
AYES:	Beaumont, Calimesa, Canyon Lake, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, San Jacinto, Temecula, Wildomar, District 1, District 2, District 3, District 5
ABSENT:	City of Banning, City of Corona, City of Riverside, District 4

8. CONSENT CALENDAR (All matters listed under the Consent Calendar will be approved in a single motion unless a Board Member requests separate action on specific Consent Calendar item. The item will be pulled from the Consent Calendar and placed for discussion.)

Chairman Ashley pulled agenda item 8.2 for discussion at the request of Board Member Perciful.

8.1 WESTERN RIVERSIDE COUNTY MSHCP FEE COLLECTIONS REPORT FOR JANUARY 2017

Overview

This item is for the RCA Board of Directors to receive and file the Western Riverside County MSHCP Fee Collections Report for January 2017.

Motion to: approve Agenda Item No. 8.1 as recommended

RESULT:	APPROVED AS RECOMMENDED [UNANIMOUS]
MOVER:	City of Murrieta
SECONDER:	District 2
AYES:	Beaumont, Calimesa, Canyon Lake, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, San Jacinto, Temecula, Wildomar, District 1, District 2, District 3, District 5
ABSENT:	City of Banning, City of Corona, City of Riverside, District 4

At this time, Chairman Ashley addressed the following pulled Consent Calendar item:

8.2 WESTERN RIVERSIDE COUNTY MSHCP LOCAL DEVELOPMENT MITIGATION FEE AUTOMATIC ANNUAL CPI ADJUSTMENT

Honey Bernas, Director of Administrative Services, reported that the MSHCP calls for an annual automatic CPI adjustment and fee ordinances adopted by Member Agencies reflect this requirement. She advised that the Executive Committee and staff are recommending that the CPI adjustment be approved this year.

Board Member Perciful commented that there is a shortage of new homes being constructed in California. In his opinion, if the automatic CPI increase was postponed for this year, it could help to spur new development. He stated that there is a lack of development in the San Jacinto Valley, and developers consider several factors, including fees, in determining if they will develop. He further stated that the median price for housing is in the low \$200 thousands, and as a result, the valley is not experiencing new development because developers have to take all fees into consideration before they will make the determination to build. He believes if some of these fees could be mitigated on a short-term basis, it might help to help spur development.

Vice Chairman Ingram asked Honey Bernas to expand upon the intent of CPI Adjustment and where the funding is allocated. Honey Bernas responded that the CPI Adjustment would provide additional MSCHP revenue that RCA uses to acquire land, which is a requirement under RCA's permits. She further explained that the CPI adjustment was not implemented for six years due to the economy. She stated that although the increases appear small, the cumulative impact of not implementing the adjustments over those six years was approximately \$2.4 million in revenue not received by RCA. Foregoing another CPI adjustment could equate to a loss of approximately \$216 thousand in MSHCP fees for RCA just for that year. Vice Chairman Ingram stated that during those six years, with an annual 2% escalator, the fees would have been

adjusted upward by approximately 12-12.5%. Honey Bernas stated that the adjustments equaled 8.54% for the six years the CPI adjustment was not implemented.

Chairman Ashley said when the economy was bad, everyone cut their fees in half or held back an increase. Now the economy is better, but there is a good argument that fees should not be raised due to the cost of housing. If the increase is held back another year, it could jeopardize the MSHCP, and without the MSHCP, no one will be building in Riverside County.

Board Member Edwards said that there are pockets in Riverside County which are still struggling to come out of the recession, and San Jacinto is one of those areas. She said that it appears that buying a home in San Jacinto is a great bargain, which is an excellent marketing tool. Although she understood how foregoing the CPI adjustment could appear to be an answer, but agreed with Chairman Ashley that the CPI adjustment has to be picked up at some time. Because of the many years that RCA has not implemented the CPI adjustment, it is behind the curve and needs to catch up. She wished San Jacinto Valley well and reiterated that buying a home in the San Jacinto Valley appears to be a great bargain.

Board Member Perciful responded stating that the San Jacinto Valley is a great bargain and unfortunately builders are not yet seeing the value to offset their costs. It is a great value, however, California still has a shortage of homes. It's a double edged sword. Trying to maintain and build affordable housing is a challenge. He agrees that from the top down, everyone is being bombarded with more fees. The TUMF, for one, is going up again. These are things builders have to consider. If developers start and continue to build, it will increase revenue coming into RCA.

Honey Bernas advised that the fee increase is \$20 to \$39 per residential unit. RCA has informed the BIA of this adjustment, and while they are not in favor of fee increases, they are not present to oppose this adjustment.

Vice Chairman Ingram stated that he fundamentally does not agree with increasing any fees when it can be avoided. However, this program is necessary, and as a developer of 35 years, he knows that without the MSHCP, development would come to a halt. He would have preferred that the CPI adjustment had been implemented consistently each year because not adjusting the fees has impacted RCA. The premise is to complete the MSHCP program. In order for RCA to get to the management phase, it has to assemble the reserve. **By not implementing the CPI adjustments, RCA will not complete the reserve assembly phase of the program, and this CPI adjustment is necessary.** His objective is to see this program completed successfully.

Board Member Hewitt said that he agrees with Board Member Perciful from the City of Hemet. He stated it is hard to do what one is mandated to do. On one side there is a mandate to put this program together with a certain amount of land set aside for species. On the other side, it is very tenable to bounce back from the horrible recession. He said that Honey Bernas stated that the increase is \$20 - \$39 per unit, but eventually after so many fee increases, the camel collapses. Calimesa has 7,000 units ready to be built. **It's not just the MSHCP fees, the WRCOG fees and all the rest. It is also a matter of getting water.** He stated that the biggest crisis is not animals going extinct, but human habitation going extinct because there are not enough homes. He supported delaying

the CPI adjustment in an effort to jump start development in the San Jacinto Valley and over the hill in the City of Calimesa.

Honey Bernas stated that the MSHCP fees are based on the original nexus study completed in 2003. Because the fee has not been increased for six years, RCA has held their fees very low. She stated her belief that RCA needs to protect its permits and do what is mandated.

Charles Landry advised that there has been no nexus study update, nor any significant increase since the inception of the program in 2004. The fee increase due to the CPI adjustment is relatively small, but it is meaningful to RCA.

Board Member Ruiz expressed her understanding of Board Member Perciful's frustration and worry regarding these fees because every fee hits the San Jacinto Valley twice as hard as it does others. She stated that she had weighed the proposed increase very heavily and was glad that Board Member Perciful requested that the item be pulled. She said that San Jacinto Valley is the place to go to buy a beautiful home at a decent price. She noted that the problem with is that the San Jacinto Valley is attracting a certain quality of people that want affordable prices. What needs to be considered is what type of people one wants to attract to the San Jacinto Valley and whether or not a \$39 increase is really going to affect that. The focus should be on those fees that are raised disproportionately. With regard to commercial and industrial development, the City of Hemet is doing well compared to San Jacinto. The CPI adjustment does concern Board Ruiz; however, cities want to attract quality people, and a \$39 increase is not going to affect quality people. Quality people will still want to come to the valley. In her opinion, the low income people that the City is struggling to get in are the most affected, but they will come anyway since the price of housing is low. Developers are starting to build and development is slowly moving forward. She stated that if a buyer cannot afford \$39, then perhaps they should not be buying a house.

Overview

This item is for the RCA Board of Directors to approve implementing the automatic annual CPI adjustment for Western Riverside County MSHCP Local Development Mitigation Fees effective July 1, 2017.

Motion to: approve Agenda Item No. 8.2 as recommended

RESULT:	APPROVED AS RECOMMENDED [UNANIMOUS]
MOVER:	City of Menifee
SECONDER:	City of Norco
AYES:	Beaumont, Canyon Lake, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, San Jacinto, Temecula, Wildomar, District 2, District 5
NAYS:	Calimesa, Hemet, Jurupa, District 1, District 3
ABSTAIN:	Eastvale
ABSENT:	City of Banning, City of Corona, City of Riverside, District 4

9. FISCAL YEAR 2017 SECOND QUARTER FINANCIAL REPORT

Honey Bernas, Director of Administrative Services, presented an overview of the Fiscal Year 2017 Second Quarter Financial Report as follows:

As of December 31, 2016, the RCA's cash balance was \$27.9 million, which represented a \$6.9 million decrease from the prior year's ending cash balance. Cash receipts totaled approximately \$14.9 million, and cash disbursements totaled approximately \$21.8 million. The cash balance as of March 5, 2017, was \$31.6 million, with an additional \$4.5 million set aside for the endowment for a total of \$36.1 million.

In the Operations Program, revenues of \$467 thousand exceeded expenditures of \$162 thousand by \$305 thousand. The excess was primarily due to an infrastructure contribution of \$232,670 from the City of Beaumont the Potrero Boulevard Bridge Project. Honey Bernas stated that the City of Beaumont worked with RCA for several years to ensure that the fees for this project were remitted to RCA. She expressed her appreciation for the City's efforts and collaboration.

In the Land Management and Monitoring Program, total revenues of \$1.59 million, exceeded expenditures of \$1.21 million by \$378 thousand. A budget of \$2.4 million was set for Tipping Fees. Year-end projections are \$2.7 million. A journal in the amount of \$1.5 was prepared by the Executive Office of the County of Riverside for the first six months of Fiscal Year 2017.

In the Land Acquisition Program, total expenditures of \$21.2 million exceeded revenues of \$14.3 million by \$6.9 million. There is a \$7.4 million draw on fund balance, which is due to the acquisition that RCA entered into in 2011 for the purchase of a large property in nine phases. In September 2016, the RCA Board approved accelerating the purchase of Phases 6, 7 and 8 of the project which saved RCA \$1.85 million.

During the first six months of the fiscal year, RCA acquired 12 properties totaling approximately 1,062 acres. In addition, three land donations were received with a combined total of 268 acres. In total, RCA added 1,330 acres to the reserve in the second quarter of Fiscal Year 2017.

The financial report includes a proposed budget adjustment of \$80 thousand to estimated revenues and appropriations in the Land Management and Monitoring Program. Currently, the RCA owns nine vehicles which are being operated by ten park rangers. Since its inception, the RCA's Natural Resources Manager's time has been shared between County Parks and RCA. Effective January 2017, the Reserve Manager is fully dedicated to the RCA. The vehicle assigned to the Reserve Manager was owned by County Parks and is no longer available for use on RCA lands, creating a shortage of one vehicle for RCA's Land Management Program which needs to be replaced. In addition, two of the trucks in RCA's Land Management fleet were acquired in 2006, and although operational, they have high mileage and extensive maintenance repairs are often necessary. Therefore, a proposed a budget adjustment of \$80 thousand to increase the Tipping Fees and vehicle appropriations by the same amount.

Overview

This Item is for the RCA Board of Directors to:

- 1) Receive and file the Fiscal Year 2017 Second Quarter Financial Report;
- 2) Approve the budget adjustment contained in the attached Exhibit A; and
- 3) Authorize the Chairman to direct the Auditor-Controller to make the budget adjustments as contained in the attached Exhibit A.

Motion to: approve Agenda Item No. 9 as recommended

RESULT:	APPROVED AS RECOMMENDED [UNANIMOUS]
MOVER:	District 3
SECONDER:	District 2
AYES:	Beaumont, Calimesa, Canyon Lake, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, San Jacinto, Temecula, Wildomar, District 1, District 2, District 3, District 5
ABSENT:	City of Banning, City of Corona, City of Riverside, District 4

10. PROFESSIONAL SERVICES AGREEMENT BETWEEN THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY AND ECONOMIC & PLANNING SYSTEMS, INC., FOR A NEXUS STUDY UPDATE AND DEVELOPMENT OF A FEE IMPLEMENTATION HANDBOOK

Honey Bernas, Director of Administrative Services, stated that RCA's MSHCP fees are based upon the original Nexus Study that was completed in 2003 and recommended that a Nexus Study Update be completed to revise the mitigation fee to reflect the current market conditions and the values of land needed along with Land Management and Monitoring requirements and the funding of an endowment necessary for the MSHCP. She stated that the Nexus Study Update is important at this time in order to develop options for calculating public and infrastructure contributions, update associated ordinances in order that fees can be used for reserve management, and to develop a clear, concise Fee Implementation Handbook for use by all Member Agencies. The Nexus Study developed may be useful for evaluating the status of the acquisition efforts and possible extension of the 25-year acquisition period.

In 2011 RCA did a competitive selection process, and an RCA Review Committee selected Economic & Planning Systems, Inc., (EPS) as the most qualified to complete a Nexus Study Update. The study began and EPS worked extensively with RCA staff in 2012 and 2013. However, due to the recession, efforts were discontinued. She advised that staff is requesting that RCA re-engage EPS to complete the Nexus Study Update. The proposed work program will build upon the detailed analysis which was conducted in 2012 and 2013. While the data used in that report is outdated, many of the methodologies developed can be re-applied and much of the prior data can be re-used, which will save money and considerable staff time.

Vice Chairman Ingram stated that purpose of completing this study is to ensure that when RCA comes to the end of this program, that there are sufficient funds to manage the reserve in perpetuity. He stated that this has been an issue with all of these programs that has always disturbed him. Citing the proposed CPI adjustment on today's agenda as a prime example, he asked how, at the end of the acquisition period, RCA will manage the reserve if there are no funds or not enough money in the endowments. He stated that the Nexus Study Update is a good thing, as it will provide RCA a clear path to follow and show what is required to conclude this program, which is the intent. He stated that it was his belief that everyone wants the program to come to an end at some point. It stated that it is imperative! He asked that the Nexus Study evaluate extending the program for five to ten years vs. implementing an increase that would allow RCA to expedite acquisitions without extending the period.

Overview

This item is for the RCA Board of Directors to:

- 1) Approve the Professional Services Agreement between the RCA and Economic & Planning Systems, Inc., for a Nexus Study Update and Development of a Fee Implementation Handbook; and
- 2) Authorize the Executive Directors, upon legal counsel's review and approval, to execute said agreement on behalf of the RCA.

Motion to: approve Agenda Item No. 10 as recommended

RESULT:	APPROVED AS RECOMMENDED [UNANIMOUS]
MOVER:	City of San Jacinto
SECONDER:	City of Perris
AYES:	Beaumont, Calimesa, Canyon Lake, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, San Jacinto, Temecula, Wildomar, District 1, District 2, District 3, District 5
ABSENT:	City of Banning, City of Corona, City of Riverside, District 4

11. EXECUTIVE DIRECTOR'S REPORT

11.1 Section 6 Update

Charles Landry, Executive Director, explained that Section 6 is the only federal funding that RCA is currently eligible for. The state and federal governments are responsible for approximately one-third of all the acquisitions, and to-date, they are right in line with where they are supposed to be referenced to how much money has been spent locally. The RCA has received approval to move forward with the FY2017 grant funds. The RCA was awarded \$2 million and is eligible for approximately \$1 million in potential match funds from the State of California. The RCA has also applied for FY2018 funding in the amount of \$2 million, which is the cap. Staff anticipates the results of that application in September/October 2017.

At this time, Charles Landry introduced RCA's new staff member Elizabeth "Betsy" Dionne. Betsy is RCA's Ecological Resources Specialist. She was formerly a Reserve Manager with Riverside County Regional Park & Open-Space District. She will be assisting Laurie Correa with JPR's, land management and monitoring.

12. LAND ACQUISITION UPDATE

Charles Landry, Executive Director, stated that there were no acres added to the reserve since the last Board meeting on February 6, 2017, which is unusual. He further stated that the total reserve is approximately 54,791 acres, with a little more than 98,000 yet to acquire.

13. ITEMS FOR NEXT MEETING

Chairman Ashley asked if any Board Members had items for the next meeting. There were no requested items.

14. CLOSED SESSION ITEMS:

Agenda Item No. 14.1 was pulled during the Additions/Revisions to agenda portion of this meeting and not discussed by Board of Directors.

14.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to paragraph 1 of Subdivision (d) of Government Code Section 54956.9

Case No. MCC1300351 JPR, Inc., dba Silverado Ranch Estates vs. California Department of Fish and Game; County of Riverside; Western Riverside County Regional Conservation Authority

15. ADJOURNMENT

There being no other items before the RCA Board, Chairman Ashley adjourned the meeting at 1:02 p.m. The next meeting of the Western Riverside County Regional Conservation Authority Board of Directors is scheduled for Monday, April 3, 2017, at 12:30 p.m. at the County of Riverside Administrative Center, Board Room, 4080 Lemon Street, Riverside, California.

Prepared By:



Rose Haro
RCA Administrative Manager

Respectfully submitted:



Honey Bernas
Director of Administrative Services