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EXECUTIVE COMMITTEE MEETING MINUTES Wednesday, October 21, 2020

1. CALL TO ORDER

The meeting of the Western Riverside County Regional Conservation Authority Executive Committee was called to order by Chair Ingram at 12:02 p.m., Wednesday, October 21, 2020, at the RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, California, 92501, and via Zoom.

2. ROLL CALL – was taken by April Boydd.

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT
Jonathan Ingram, Chair – City of Murrieta***	Jeff Hewitt – County of Riverside, District 5
Natasha Johnson, Vice Chair – City of Lake Elsinore***	
Larry Greene – City of Canyon Lake***	
Lesa Sobek – City of Menifee***	
Crystal Ruiz – City of San Jacinto***	
Kevin Jeffries – County of Riverside, District 1***	

Arrived after start of meeting ** Departed before meeting adjourned *~~v~~Via teleconference*

3. PUBLIC COMMENTS

There were no public comments.

4. CLOSED SESSION

(NO BUSINESS)

5. COMMITTEE MEMBER ANNOUNCEMENTS

Committee Member Sobek announced that October is Domestic Violence Awareness Month. Riverside County has a domestic violence shelter located in the City of Menifee that services all of western Riverside County. She also stated that she is collecting gift cards until the end of the month to donate to the shelter to help the women and children there for Christmas and for emergency needs. She further stated that she would send a flyer to the other members.

6. ADDITIONS/REVISIONS

There were no additions or revisions.

7. APPROVAL OF MINUTES – September 16, 2020

M/S/C (City of San Jacinto/City of Canyon Lake) to approve the minutes of the September 16, 2020, meeting of the Executive Committee as submitted.

(6 Ayes, 0 Nays, 0 Abstain)

8. WESTERN RIVERSIDE COUNTY MSHCP FEE COLLECTION REPORT FOR SEPTEMBER 2020

Jennifer Fuller, Director of Administrative Services, reported that for the month of September 2020, the total MSHCP fee collection receipts was \$1,209,085.

Chair Ingram asked for clarification about the Development Agreements. Ms. Fuller stated that the Development Agreements are agreements that were entered into before or around the time the Plan was adopted. The agreements allow those developers not to pay MSHCP fees on the related properties.

M/S/C (City of Lake Elsinore/City of Menifee) to approve this item as recommended:

- 1) Recommend that the RCA Board of Directors receive and file the Western Riverside County MSHCP Fee Collection Report for September 2020; and
- 2) Authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

9. FISCAL YEAR 2021 FIRST QUARTER CONSULTANT REPORTS

Honey Bernas, Interim Executive Director, reported on the activities and services provided by Dudek, Kadesh & Associates, LLP, Riverside County Regional Parks and Open-Space District, the Santa Ana Watershed Association, and Douglas P. Wheeler, Hogan Lovells, US LLP, during the first quarter of Fiscal Year 2021.

M/S/C (City of San Jacinto/City of Menifee) to approve this item as recommended:

- 1) Recommend that the RCA Board of Directors receive and file the Fiscal Year 2021 First Quarter Consultant Reports; and
- 2) Authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

10. NON-DEVELOPMENT HANS FUNDING LEVEL FOR FISCAL YEAR 2021

Jennifer Fuller, Director of Administrative Services, presented the Non-Development HANS funding level for Fiscal Year 2021 Revised. The MSHCP allows for property owners who do not intend to file a development application to submit their properties for evaluation and possible acquisition under the HANS process. The MSHCP requires that a separate fund and priority list be established for properties that fall within this category. RCA Land Acquisition Policy, Section 1.13 requires that the level of funding to be set aside for Non-Development HANS properties is reviewed annually and set by the RCA Board of Directors.

She stated that the established percentage has varied over the years from 1% to 3%. For fiscal year 2021, staff initially recommended leaving the percentage the same as in fiscal year 2020, at 3%. This was approved by the Board of Directors in June 2020.

Ms. Fuller continued to say that since that time, the RCA has purchased one property using the Non-Development HANS funds, three others have been approved by the Board of Directors for purchase, and six others are in the queue. RCA presented offers to purchase four of the six properties in the queue; however, only one offer has been accepted. The other three offers remain outstanding. The final two properties are still in negotiation and offers have not been presented yet. Properties will be acquired in the order in which the sellers accept the offer.

She stated due to this increase in Non-Development HANS applications, staff now recommends increasing the set-aside to 5% of the MSHCP fees collected, retroactive to July 1, 2020. Staff projects FY2021 mitigation fees at about \$10.5 million. A 5% funding level will allow for approximately \$525 thousand to be deposited in the fund for future potential Non-Development HANS properties, an increase of \$210 thousand over the amount set-aside at the 3% funding level.

M/S/C (City of Canyon Lake/City of San Jacinto) to approve this item as recommended:

- 1) Recommend that the RCA Board of Directors direct staff to set aside no more than five percent (5%) of Western Riverside County Multiple Species Habitat Conservation Plan Local Development Mitigation Fees received, effective July 1, 2020, to purchase Non-Development HANS properties under Section 1.13 of the Land Acquisition Policies; and
- 2) Authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

11. FISCAL YEAR 2020 DEVELOPMENT IMPACT FEE ANNUAL REPORT

Jennifer Fuller, Director of Administrative Services, gave an overview of the Fiscal Year 2020 Development Impact Fee Annual Report required by Government Section 66006(b). RCA's beginning fund balance as of July 1, 2019, was approximately \$9.6 million. During the year, the cities and County remitted \$16 million in fees to the RCA. The total ending fund balance for the year was approximately \$17.2 million. The fund incurred approximately \$9 million in expenditures. The RCA acquired 29 properties and 3 conservation easements, which were acquired using a combination of funds. There are 19 properties in progress to be acquired. There were no interfund transfers, loans, or refunds. She referred to page three of the report listing the Board approved properties for which RCA is legally committed to acquire in the future, known sources of funding, and the dates on which the funding is expected to be deposited into the account or fund.

M/S/C (City of San Jacinto/City of Canyon Lake) to approve this item as recommended:

- 1) Recommend that the RCA Board of Directors receive and file the attached Fiscal Year 2020 Development Impact Fee Annual Report; and
- 2) Authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

12. DISCUSSION AND POSSIBLE ACTION CONCERNING THE PROPOSED RCA'S MANAGEMENT AGENCY CHANGE

Honey Bernas, Interim Executive Director, introduced Anne Mayer, RCTC Executive Director, stating that she is here to answer any questions the Executive Committee may have about the management agency change. Ms. Bernas reported that Anne and her staff have been working very hard along with the RCA staff over the last couple

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months to complete the due diligence review concerning RCTC serving as RCA's managing agency.

Ms. Bernas reported that due diligence efforts included the review of several key areas including policy, legal, financial, contracts, and staffing. The efforts revealed opportunities for efficiencies in consolidation of administrative processes, shared resources, and consultant contracts. After careful research and review, the staff at RCTC and RCA believe there are many compelling reasons to move forward, but this is a policy decision and will require the support both the RCA Board of Directors and RCTC Commission.

On October 14, 2020 the RCTC Executive Committee was presented with a copy of the draft Management and Implementation Agreement for their initial review. Anne Mayer also provided them the results of the due diligence analysis. After discussion, the RCTC Executive Committee voted unanimously to direct staff to agendaize the matter for the November 12, 2020, Commission meeting. The RCTC Commission was also provided a brief update and did not express any concerns with moving forward.

Ms. Bernas continued the presentation discussing the rationale for the managing agency change. The implementation of the MSHCP remains one of the most important priorities for meeting the future economic, residential, and transportation needs of western Riverside County. Acquiring reserve lands and protecting habitat are essential if Riverside County is to continue developing in a manner that nurtures economic opportunity, improves mobility, and protects the environment and the quality of life of our residents.

The MSHCP is the largest conservation plan of its kind in the country. It protects 146 native species and will conserve 500,000 acres of open space habitat when completed. Ms. Bernas stated that the Plan is important and it's working. Numerous agencies, including RCTC, have saved significant taxpayer dollars thanks to the Plan and the wildlife resource permits and numerous transportation improvements have been expedited by two to three years. The Plan has allowed for the expedited construction of critically needed housing and infrastructure.

The County and RCA staff have made significant strides since the agency's creation 16 years ago and nearly 410,000 acres, or 82%, of the MSHCP lands have been assembled to date. However, ongoing and systemic challenges exist, from the loss of historical knowledge due to key personnel retirements to ongoing funding hurdles that will likely be exacerbated by the COVID-19 pandemic, which threaten to undermine the stability of the RCA and the future success of the MSCHP.

She stated that the Nexus Study update is expected to be brought before the RCA Board of Directors for consideration by the end of this year and will provide some relief to these issues. Although its approval will be critical to the future success of the MSHCP, the updated Nexus Study alone may be insufficient to ensure the assembly of the remaining acreage without organizational and management changes.

Ms. Bernas next discussed why RCTC was explored as the choice for the managing agency. She stated that RCTC has strong leadership and RCTC has a vested interest in

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the success of the RCA and the MSHCP. RCTC was a Plan signatory and was instrumental in the development of RCIP and the MSHCP. RCTC is also the single largest investor in the Plan, having contributed \$153 million in Measure A funding to the MSHCP, and as a vested stakeholder and investor in the MSHCP, RCTC is uniquely positioned to implement the MSHCP. Further, long-term efficiencies through the consolidation of professional services contracts can be realized and the collaboration between agencies on matters such as land acquisition, public outreach and awareness, internal administrative functions, and legislative affairs can be significant. RCTC has long-standing existing relationships with state and federal resource agencies and a track record of successfully delivering projects with approvals from those agencies.

While there are compelling reasons to move forward, RCA and RCTC staff wish to be transparent about setting appropriate expectations, namely that there will be up-front, one-time transition costs and both organizations must be fully staffed to meet the expectations of both Boards. Staff has identified opportunities to seek efficiencies by consolidating professional services agreements as much as possible. These consolidation efforts could result in cost efficiencies; however, such savings may not be readily achieved in the short term due to existing contractual obligations and the time needed for RCTC management to make professional assessments of how best to structure the expanded organization. Cost savings are desirable, but that is not the goal of the reorganization. The goal is to best position the MSHCP for success.

Included in the packet is an Agreement between the agencies and the necessary budget adjustments. Should an Agreement be approved by both agencies, the transition will take place on January 1, 2021.

Ms. Bernas stated that if approved, an in-depth assessment of processes, resources, and consultant contracts will begin immediately in preparation for the FY2022 budgets for both agencies. A three-stage multi-year implementation process is necessary to complete the transition. RCA investments will be necessary to ensure full staff and consultant resources are available to achieve enhanced MSHCP implementation strategies and fulfill the stated objectives of both agencies' governing Boards.

Costs and timing associated with transitions from County financial and technology systems have not yet been determined. RCA will require continued services from the County during the transition and for the foreseeable future. An updated Agreement with the County for services is still being negotiated.

Several additional shared cost staff positions will be necessary to address current and projected workload, and both RCA and RCTC will incur increased costs in the short-term. RCA will have to pay out significant leave balances to long-term employees upon their employment termination with the County. RCA will also have to make a significant payment to the County for RCA's share of the net unfunded pension liability related to County employees' service at RCA. It should be noted that the Public Employees' Retirement System (PERS) contribution will occur regardless of whether a management transition advances, and that estimated cost was already committed by the RCA Board in June 2020. Both agencies have vacant positions that need to be filled. New positions

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have been identified, including some that will support both agencies. Combining staffs of two agencies that are not fully staffed is inadvisable without a commitment to the needed human resources.

Chair Ingram asked for clarification on how staff who are working on items related to both RCTC and RCA will be paid.

Ms. Bernas stated that staff will have to track their time and RCTC will bill RCA for the portion of the time that staff worked on RCA related projects.

Ms. Bernas continued her presentation stating that in order to implement a managing agency transition from the County to RCTC, an agreement is needed between RCA and RCTC that identifies the roles and responsibilities of each agency. It is important to note that this is not a merger of the two agencies. RCA will continue as a separate legal entity and continue to be governed by its Board of Directors. This arrangement would allow RCA the means to contract with RCTC for the administration of the agency and the MSHCP. Staff funded by RCA will be fully integrated into the RCTC organization. The Agreement outlines the staffing, services, and financial and legal obligations for an initial five-year term.

Highlights of the Agreement and key implementation points to note include that RCTC staff providing services for RCA projects (which will now include former County employees assigned to RCA who are hired by RCTC) will report to and serve under the direction of the RCTC Executive Director. The RCTC Executive Director will report to the RCTC Executive Committee and the RCTC Board. Staff will be truly integrated into RCTC. RCTC will be reimbursed for all costs associated with implementing the Agreement. Existing statutory and/or joint powers authority of both agencies are not impacted by the Agreement, including, but not limited to, the roles and responsibilities under the MSHCP and its Implementing Agreement. The RCA Board will remain in place and responsible for RCA policy and financial decisions, including approval of budgets and contracts fully funded by RCA. The RCTC Commission will be responsible for approval of jointly funded and consolidated or shared contracts. RCTC general administrative policies and processes, including procurement of consultant and vendor contracts, will be utilized.

Under the Implementation and Management Services Agreement, RCTC will be assuming most of the services that the County of Riverside is currently providing. However, during the transition, it will still be necessary for RCA to receive certain services from the County. Those services include, but are not limited to, County Treasurer and Auditor-Controller services which the County currently provides the RCA.

If the transition to RCTC is approved, an amendment to the agreement with the County will be necessary. Staff is negotiating the amendment with the County.

Ms. Bernas continued on to describe the budget adjustment that will be necessary to fund the up-front costs of the transition. The total proposed budget adjustment is \$4.735 million across multiple budget units. Of that amount, \$3.1 million was already committed by the Board of Directors in June 2020.

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She stated that if the RCA Executive Committee decides to proceed with the management transition implementation there is a schedule of next steps which will be followed to get to the January 1, 2021, transition date. Approval of other actions related to budget and organization will be required concurrently with or subsequent to implementation of the Agreement. On November 2, 2020, the item will be brought before the RCA Board of Directors for consideration of the agreements and budget adjustments. The RCTC Commission will consider the agreement and budget adjustment on November 12, 2020. If both the RCA Board of Directors and RCTC Commission agree to the change, it is anticipated that conditional job offers will be made to existing County employees assigned to RCA later that same day. The updated agreement between RCA and the County of Riverside will go before the County Board of Supervisors sometime between November and December and the revised job descriptions and salary schedule will go before the RCTC Executive Committee in either November or December and to the RCTC Commission on December 9, 2020.

Ms. Bernas reiterated that the key objectives for the RCA include ensuring stability of the organization and the MSHCP, completing the acquisition of land, maintaining staff and institutional knowledge, creating cost efficiencies, eliminating contract redundancies, maximize funding opportunities, focusing resources on MSHCP implementation, strengthening the RCA's presence in Sacramento and Washington, D.C., and strengthening public engagement.

She summarized what would change after the transition. RCA staff would be fully integrated into RCTC, becoming RCTC employees, adhering to RCTC policies and procedures. The RCTC Executive Director will oversee the operations of the RCA and RCA Board agendas will follow the RCTC formatting.

She then summarized what would stay the same. All RCA staff would be offered positions with RCTC. The RCA Board of Directors will remain independent under the existing JPA and will set RCA policy direction and approve RCA budgets. RCA will remain financially independent.

Ms. Bernas completed her presentation by stating that staff recommends that the RCA Executive Committee recommend that the RCA Board of Directors approve the budget adjustments in the attached Exhibit A, approve the Implementation and Management Services Agreement between RCTC and RCA, approve the Amendment to the Management Services Agreement between RCA and County of Riverside, and that the Executive Committee authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

Anne Mayer, RCTC Executive Director, stated was pleased to be joining the RCA Executive Committee for the conversation and that she did not really have anything else to add and that the team tried to identify the parameters for the decision.

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Chair Ingram requested something that Board members could give to their cities to show how the new organization would function during the transition process, that there would be no additional liability, and that things will continue as they always have.

Committee Member Sobek asked for clarification on the statement that there would be a loss of institutional knowledge and if there would be a Deputy Executive Director assigned right away after the transition.

Ms. Mayer stated that those RCA staff members who accept the conditional job offers will move to RCTC on January 1, 2021. She is hoping that all accept. She will appoint an interim Deputy Executive Director from her current staff. For a couple months she will be working to get her arms around the organization. There is a preliminary job description for the position. The process to recruit for the position will start in the late spring but no later than the summer.

Committee Member Sobek stated that this will take some time to work through and asked for clarification on the continuation of the agreement with the County of Riverside.

Ms. Bernas said that many services will still be needed from the County of Riverside through the transition.

Mr. DeBaun stated that the agreement with the County would let us terminate services as needed.

Ms. Mayer stated that the financial system transition would be one of the last things that will transition because RCTC is in the process of upgrading its financial system.

Committee Member Sobek asked if RCA has the funding.

Chair Ingram affirmed that RCA does have the funding. He further stated that it is difficult to recruit when the benefits package is changing. He stated that he would like to move forward with filling positions as soon as possible after the transition.

Ms. Mayer stated that a number of the positions need to be filled quickly. The Deputy Clerk position for example. The other positions will be filled in sequence of which are the most critical.

M/S/C (City of Canyon Lake/City of Lake Elsinore) to approve this item as recommended:

- 1) Recommend that the RCA Board of Directors receive approve the budget adjustment in the attached Exhibit A;
- 2) Recommend that the RCA Board of Directors approve the Implementation and Management Services Agreement between RCTC and RCA;

- 3) Recommend that the RCA Board of Directors approve the Amendment to the Management Services Agreement between RCA and County of Riverside; and
- 4) Authorize staff to agendaize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

13. EXECUTIVE DIRECTOR'S REPORT

Honey Bernas, Interim Executive Director reported that she will announce at the November Board of Directors meeting that the Updated Nexus Study will be presented at the December Board of Directors meeting.

13.1 DISCUSSION OF COVID-19 RELATED EXPENDITURES

Jennifer Fuller, Director of Administrative Services, stated that RCA has incurred approximately \$30 thousand of COVID related expenditures to date. She further stated that staff received clarification from the County that no more of our expenses would be reimbursed. The increase in expenses from the prior month related to invoices from Riverside County Regional Parks and Open-Space District.

14. FUTURE AGENDA ITEMS: *(Committee members are invited to suggest additional items to be brought forward for future discussion.)*

There were no future agenda items recommended. Committee Member Sobek asked if the January 2021 Board of Directors meeting should be postponed due to the change in management agency.

Honey Bernas, Interim Executive Director, stated that we will need to ratify the Chair's appointments to the Executive Committee.

15. UNFINISHED BUSINESS

There were no updates this month on the unfinished business.

16. ADJOURNMENT

There being no more items before the Executive Committee, Chair Ingram adjourned the meeting at 12:49 p.m. The next meeting of the Western Riverside County Regional Conservation Authority Executive Committee will be held on Wednesday, November 18, 2020, at 12:00 p.m., at the Riverside Centre, 3403 Tenth Street, Suite 320, Third Floor, RCA Conference Room, Riverside, California, 92501.

Respectfully submitted:

A handwritten signature in blue ink, appearing to read 'J Fuller', is written over the printed name.

Jennifer Fuller

Director of Administrative Services/Clerk of the Board