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EXECUTIVE COMMITTEE MEETING MINUTES

Wednesday, November 18, 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, November 18, 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***	
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***	
Jeff Hewitt – County of Riverside, District 5***	

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

3. PUBLIC COMMENTS

There were no public comments.

4. CLOSED SESSION

(NO BUSINESS)

5. COMMITTEE MEMBER ANNOUNCEMENTS

There were no committee member announcements.

6. ADDITIONS/REVISIONS

There were no additions or revisions.

7. APPROVAL OF MINUTES – October 21, 2020

M/S/C (City of Canyon Lake/City of Lake Elsinore) to approve the minutes of the October 21, 2020, meeting of the Executive Committee as submitted.

(6 Ayes, 0 Nays, 0 Abstain)

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

Jennifer Fuller, Director of Administrative Services, reported that for the month of October 2020, the total MSHCP fee collection receipts was \$1,394,406.

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 Western Riverside County MSHCP Fee Collection Report for October 2020; and
- 2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

9. PROPOSED 2021 RCA BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE MEETING SCHEDULE

Jennifer Fuller, Director of Administrative Services, presented the proposed 2021 RCA Board of Directors and Executive Committee meeting schedule.

Chair Ingram requested that the Board of Directors' meeting in January 2021 be dark to accommodate a request from RCTC as that is the first day of the transition.

M/S/C (City of Canyon Lake/City of San Jacinto) to approve this item as recommended and include marking the January 4, 2021 meeting of the RCA Board of Directors as dark:

- 1) Recommend that the RCA Board of Directors adopt the Proposed 2021 Meeting Schedule of the RCA Board of Directors and Executive Committee; and
- 2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

(7 Ayes, 0 Nays, 0 Abstain)

Representative from the City of Menifee arrived during Agenda Item No. 9.

10. FISCAL YEAR 2021 FIRST QUARTER FINANCIAL REPORT

Jennifer Fuller, Director of Administrative Services, presented the Fiscal Year 2021 first quarter financial report. She noted that the financials presented did not include the budget adjustments or projections related to the change in managing entity. Those figures will be included in the second quarter report.

Ms. Fuller reported that as of September 30, 2020, the cash balance was \$53.2 million, an increase of \$1.3 million from the prior year's ending cash balance. Cash receipts of \$9.8 million included mitigation fees of \$3.8 million (including prior year accruals), Dehli Sands flower-loving fly mitigation fee of \$3.8 million, tipping fees of \$1.9 million (including prior year accruals), and other miscellaneous revenues. Cash disbursements of \$8.5 million included capital acquisitions of \$6.8 million, general expenditures of \$1 million (including prior year accruals), and salaries and benefits of \$649 thousand (including prior year accruals). The cash balance as of November 16, 2020, was \$56.4 million and an additional \$7.1 million is set aside as restricted for endowment for a total of \$63.5 million.

She discussed the Operations program position next stating that revenues of \$133 thousand exceeded expenditures of \$102 thousand by \$31 thousand. The excess revenue is primarily attributable to interest earnings in the first quarter exceeding expectations by 6% in addition to receipt of participating special entity fees, tipping fees, and joint project review fees.

She stated that in the Land Management and Monitoring program, total revenues of \$833 thousand exceeded expenditures of \$751 thousand by \$82 thousand. Tipping fees in both the Operations and Land Management and Monitoring programs were approximately \$834 thousand for the first quarter of Fiscal Year 2021. That represents 26% of the projected revenue of \$3.3 million. Staff anticipates that the tipping fee revenue budget will be met for the year. However, she noted that the projected first quarter tonnage collections decreased about 5%, from 583 out-of-county tonnage in Fiscal Year 2020 to an estimated 556 thousand out-of-county tonnage in the current fiscal year.

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Ms. Fuller discussed the Land Acquisitions program result next stating that total revenues of \$7.9 million exceeded expenditures of \$7.8 million by \$99 thousand. Total developer mitigation fees of \$3.8 million represents 37% of the budgeted mitigation fees of \$10.5 million. The highest contributors so far are the County of Riverside at \$1.2 million, the City of Jurupa Valley at \$821 thousand, and the City of Menifee at \$622 thousand.

During the first three months of the fiscal year, the RCA acquired three properties totaling approximately 199.2 acres valued at about \$490 thousand. In addition, the RCA acquired 50 conservation credits for protection of the Delhi Sands flower-loving fly in the amount of \$6.25 million, plus \$750 thousand in fee credit.

Additionally, the RCA received one land donation of 3.2 acres with a value of \$73 thousand. The total Additional Reserve Land (ARL) acquired this fiscal year as of September 30, 2020, is 252.4 acres.

Ms. Fuller discussed the need for a budget adjustment stating that the RCA has been actively coordinating the issuance of a new Certificate of Inclusion (COI) with Southern California Edison for the Valley-Ivyglen Subtransmission Line Project, Phase 2. The issuance of the certificate generated an additional \$2.3 million in Participating Special Entity (PSE) revenue (in early October) which was not anticipated in the original budget. In an effort to increase the endowment fund, 10% of the PSE revenue was deposited into RCA's endowment fund. Exhibit A in the packet outlines the proposed budget adjustment to reflect an increase of estimated PSE revenues of \$2.1 million to the Operations program. No increase in appropriations is proposed at this time.

M/S/C (City of Canyon Lake/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 Financial Report;
- 2) Recommend that the RCA Board of Directors approve the budget adjustment contained in Exhibit A;
- 3) Recommend that the RCA Board of Directors authorize the Chair to direct the Auditor-Controller to make the budget adjustment contained in Exhibit A; and
- 4) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

(7 Ayes, 0 Nays, 0 Abstain)

11. FISCAL YEAR 2020 AUDITED FINANCIAL STATEMENTS

Jennifer Fuller, Director of Administrative Services, presented the Fiscal Year 2020 Audited Financial Statements. She stated that this is the fourth year the RCA has been audited by Brown Armstrong Accountancy Corporation. Due to COVID restrictions, the

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auditors conducted the audit from their office and worked with RCA staff remotely. The audit went smoothly, and no problems were encountered.

The Independent Auditor's Report indicates that the financial statements present fairly in all material respects, the financial position of the RCA as of June 30, 2020. The opinion was "clean" or "unmodified" which means that the RCA's accounting and financial reporting is consistent with GAAP (Generally Accepted Accounting Principles).

Ms. Fuller stated that revenues exceeded expenditures in the General Fund by \$1.2 million. This is a direct result of Landfill Tipping Fees of \$3.8 million and interest of \$416 thousand. Both of these revenue sources exceeded budget expectations. The General Fund's Fund Balance increased from \$25.7 million in Fiscal Year 2019 to \$26.9 million by the end of Fiscal Year 2020. Of this amount, \$23.8 million is unassigned, which means the RCA can use it toward of any of its programs without restrictions. The RCA Board committed \$3.1 million on June 11, 2020, toward pension retirement for County staff dedicated to RCA. An additional \$82 thousand of the General Fund's Fund Balance is restricted by outside agencies for Burrowing Owl related expenditures.

Ms. Fuller discussed the Capital Projects Fund next. She stated that in the Capital Projects Fund, revenues of \$22.8 million exceeded expenditures of \$14.7 million in Fiscal Year 2020 by \$8.1 million. The RCA received \$16.1 million in Mitigation Fees for Fiscal Year 2020, which was 9% less than the \$17.8 million collected in Fiscal Year 2019. During Fiscal Year 2020, Member Agencies collected MSHCP fees on approximately 6,657 residential units and 463 acres of industrial/commercial new development. In addition, the Capital Projects Fund received \$3 million in Measure A funds and \$2 million in TUMF funds toward land acquisition.

The Capital Projects' Fund Balance increased by \$8.1 million, from \$12.1 million in Fiscal Year 2019 to \$20.1 million in Fiscal Year 2020.

Ms. Fuller stated the RCA's capital assets increased by \$13.7 million during Fiscal Year 2020. RCA acquired 29 new properties and 3 conservation easements. The ARL acquired during the year was 1,088 acres.

During the year, the Permanent Endowment Fund received one permanent contribution of \$267 thousand. This brings the total permanent endowment fund balance to \$4.6 million. In addition, the RCA has assigned \$1.3 million in fund balance in the permanent endowment fund by setting aside 10% of PSE fees since 2013 and committing \$500 thousand from tipping fees in Fiscal Year 2019. Interest earned and restricted for endowment funds is \$432 thousand since inception. Total fund balance is \$6.8 million.

RCA was not required to undergo a Single Audit for Fiscal Year 2020 which is required for entities with expenditures over \$750 thousand in federal funds. In Fiscal Year 2020, the RCA expended about \$457 thousand in federal funds, including \$20 thousand in CARES funds. Currently, the RCA staff is negotiating various properties eligible for federal funds which amount to at least \$6.5 million. RCA currently has \$11.3 million in

federal grants awarded (\$1.3 million in 2017 and \$10 million 2019 Section 6 grant funds).

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 Basic Financial Statements and Independent Auditors' Report for the Year ended June 30, 2020;
- 2) Recommend that the RCA Board of Directors receive and file the SAS 114 Report – The Auditors' Communication with Those Charged with Governance; and
- 3) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

(7 Ayes, 0 Nays, 0 Abstain)

12. 2020 NEXUS STUDY; REVISED MSHCP LOCAL DEVELOPMENT MITIGATION FEE ORDINANCE, RESOLUTION, MSHCAP MITIGATION FEE IMPLEMENTATION MANUAL; AND RESOLUTION 2020-013 TO REPEAL RESOLUTION NOS. 2007-04 AND 2016-003, AND THE "TENANTS RELATING TO LOCAL INFRASTRUCTURE CONTRIBUTION"

Dan Silver, MD, Executive Director of the Endangered Habitats League (EHL), offered public comment in support of the Nexus Study but at a different length of the extension of acquisition period. Dr. Silver stated that he wanted to make the case for a 5-year extension of the acquisition period rather than a 15-year. He stated that the initially low mitigation fee was based on assumptions that did not materialize. It was set too low and should have been raised years ago when it was determined that the assumptions were not panning out. The result is that the RCA has not had the funding to be as proactive as he would like and quickly and effectively acquire properties. He stated that he knows of a rural subdivision in the Sage area that is compromising key areas for the Quino checkerspot butterfly, a covered species. Also, the longer reserve assembly takes, the more conservation opportunities could be lost. If there is an ability to be proactive, there will be less conflicts with development. He agrees that the amounts for no extension would be steep. He felt that the five-year extension would be a reasonable increase, while still only a fraction of the total cost. A five-year extension would help to better balance the competing interests. He stated that while low costs for developers and infrastructure is certainly a valid concern, so is the need to effectively assemble the reserve and maintain the permits. If the five-year would not work, he suggested the ten-year. The 15-year is an outlier, and he would recommend going with one of the others. Dr. Silver also provided written testimony that was provided to the Committee Members.

Chair Ingram stated that he does not believe it would be prudent to go with the five-year extension. The RCA staff, consultants, and Executive Committee have worked very hard on this and a five-year extension would discourage development, and RCA

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needs that nexus between development in the County and funding of the RCA. He does not believe that the entire 15-year extension period will be needed.

Honey Bernas, Interim Executive Director, stated that staff looked at extension periods from 5-years to 20-years and worked with the Executive Committee and the Building Industry Association (BIA).

Committee Member Sobek stated that she remembered looking at the numbers, working with the BIA, and wanting to preserve the habitat. She said it is a balance and would benefit both parties. She stated she appreciated the public comment.

Chair Ingram stated he agrees with the public comment that there should have been increases a long time ago, and if that had happened, this increase would not be so large. This is a large lift now, especially in light of COVID and not knowing what will transpire over the next year. He stated that we need to work with the community while also looking for other funding sources.

Steve DeBaun, General Counsel, made the Committee aware that staff and RCA's consultant had a report prepared if the Committee chose to hear it.

Committee Member Greene stated that the Committee has reviewed this before and should go with what the recommendations are.

Committee Member Sobek stated that she would like to be as transparent as possible.

Committee Member Jeffries stated that Dr. Silver knows the Plan very well. He stated that his concern is that the RCA will never have the revenue stream it needs unless the federal and state governments pitch in. RCA could raise fees, but no one likes to talk about raising taxes. He suggested postponing the discussion and let RCTC evaluate if the increase in the fee is all that should be done or if there a more global solution.

Committee Member Hewitt stated that is a balance trying to find a balance between raising fees too quickly and getting things done as quickly as possible. He stated that he believes the 15-year extension is the best compromise. He does not have a problem with going forward with the fee and the extension.

Chair Ingram stated that the tolerance level is better for the 15-year mark, and the RCA will still have to look at peripheral funding. He has spoken with Dr. Silver and is willing to work with him and look for other funding sources. He asked Anne Mayer, RCTC Executive Director, for her opinion.

Ms. Mayer stated that she would defer to the Executive Committee related to the preference on the Nexus Study. Regardless of what the Committee decides, RCA will need to look for other funding sources. Her concern with not approving now would be to lose the momentum from the progress that has been made to date. Approving the recommendations will not alter the focus from looking at other funding sources at the state and federal levels.

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Chair Ingram asked for clarification on when the fee changes would be implemented.

Ms. Bernas stated that there would be a 50% increase in July 2021 and the full fee would be implemented January 2022.

Chair Ingram stated that waiting until July 2021 to implement the first increment of the fee would give developers an incentive to pull their permits before that time.

Ms. Bernas stated that the longer the fee increase is delayed, the larger the fee increase will need to be to ensure the reserve can be assembled. The need for this increase is because the fee has not been increased. RCA staff and its consultant have put a lot of work into the Nexus Study. She believes it is a start. Staff has done everything possible to make it palatable, and the RCA needs funding to be able to acquire properties and maintain its permits. There are timelines that must be followed to purchase properties and the Plan needs to stay in Rough Step. She stated that she defers to the Executive Committee, but she would like to get something in place for the RCA.

Chair Ingram stated that not implementing until July would allow developers to pull permits under the current fees. He asked Anne Mayer if she thought that would incentivize development.

Ms. Mayer stated that it seems like it would in the time frame that they would have. It would also give the RCTC team time to look at other longer-term funding strategies. She stated that those conversations would be happening with the Board of Directors over the next year. If those conversations lead to opportunities for a change in the Nexus Study, then that is a potential conversation as well. This is a foundation to build upon.

Chair Ingram stated that he will ask Dr. Silver for assistance with Sacramento.

Dr. Silver stated that he is willing to help, and he would not delay approval of the Nexus Study. He stated that the Executive Committee should make their recommendation then tackle the other funding sources aggressively.

Committee Member Jeffries asked if the fees apply to a single-family home on an existing subdivided lot.

Ms. Bernas stated that yes, development of a single-family homes would be subject to a rooftop fee as they are currently.

Committee Member Jeffries stated that he has reservations, but he understands.

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

- 1) Recommend that the RCA Board of Directors:

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- a. Adopt the findings of the 2020 Nexus Study;
 - b. Extend the period to assemble the reserve by 15 years, until June 30, 2044;
 - c. Direct staff to send a revised Fee Ordinance and Resolution to the Member Agencies for adoption prior to the implementation of the new Fee on July 1, 2021;
 - d. Approve Resolution No. 2020-013, Resolution of the Board of Directors Repealing Resolution Nos. 2007-04 and 2016-003 and the "Tenents Relating to Local Infrastructure Contribution adopted on February 7, 2007;
 - e. Approve the use of the MSHCP Mitigation Fee Implementation Manual; and
- 2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 1 Nay, 0 Abstain)

Committee Member Jeffries voted no on the item.

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

Honey Bernas, Interim Executive Director, stated that RCTC voted unanimously to approve the management transition. Staff members have been offered positions, and the transition will become effective on January 1, 2021. The staff members' first day of work would be January 4, 2021. She advised that Anne Mayer, RCTC Executive Director, is in attendance should the Executive Committee have any questions for her.

Committee Member Sobek asked how the transition with the County of Riverside is going.

Ms. Bernas stated that the revised agreement with the County of Riverside was delayed and is now expected to be on the Board of Supervisors December 8, 2020, agenda.

Anne Mayer thanked the Committee for the opportunity to serve in this role. She stated that the RCTC team is excited to get started and for the opportunities this will provide. RCTC made job offers to all existing County staff assigned to RCA last week. She knows this is a difficult transition and decision for many of the staff. RCTC staff members have made themselves available to answer questions. On Monday, RCTC began advertising to fill several vacant positions so the team can hit the ground running on January 4, 2021.

Anne Mayer announced that she appointed Aaron Hake, RCTC Director of External Affairs, to a special assignment. Aaron will serve as the Interim RCA Deputy Executive Director. Aaron has had extensive political conversations throughout the County,

Sacramento, and Washington, D.C. He has served on both the Riverside County Planning Commission and the Corona Planning Commission. Aaron will serve in this role until the position is filled on a permanent basis.

RCTC has heard loud and clear that there are real challenges on the development side so they will begin an outreach to stakeholders after the first of the year.

Ms. Mayer stated the Lisa Mobley will serve as Clerk of the Board. She thanked the County for allowing April Boydd to continue to clerk the meetings until RCTC is up to speed. RCTC will be hiring a Deputy Clerk of the Board to handle the day-to-day activities. She looks forward to working with the Executive Committee and the Board of Directors and implementing their priorities.

14. EXECUTIVE DIRECTOR'S REPORT

14.1 DISCUSSION OF COVID-19 RELATED EXPENDITURES

Jennifer Fuller, Director of Administrative Services, stated that RCA COVID related expenditures have not changed since last month. Once the monthly billing from Riverside County Regional Parks and Open-Space District is received, it is likely the costs will increase.

14.2 DISCUSSION OF MINOR AMENDMENT FOR ROADS

Tricia Campbell, Director of Reserve Management and Monitoring, stated that the role of the RCA is to assist permittees with their minor amendments and to submit the package to the Wildlife Agencies. The RCA has no role in providing consistency findings for minor amendments. Only the Wildlife Agencies have that role.

However, in 2015, a draft minor amendment for roads was created that would expressly call out the ability of covered road exchange as a type of minor amendment and to have the RCA become part of the formal Consistency Findings process.

After much vigilance in working to get this amendment finalized, it has been decided by the California Department of Fish and Wildlife Counsel that having the RCA involved in providing concurrence on minor amendments is not necessary and that having a minor amendment specifically for road exchanges is not necessary. Any proposed covered road exchange needs to be minor and/or clerical in nature and as such no amendment is needed.

Ms. Campbell stated that this means that a letter will go out to Permittees letting them know that RCA will only be providing assistance and the draft road amendment is no longer applicable to their road amendment submittals.

15. 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.

16. UNFINISHED BUSINESS

16.1 UPDATE REGARDING FIRE MANAGEMENT PLAN

Tricia Campbell, Director of Reserve Management and Monitoring, stated that there was no update regarding the fire management plan.

16.2 UPDATE CONCERNING THE CALIFORNIA POPPIES ON RCA RESERVE LAND IN THE WALKER CANYON AREA

Tricia Campbell, Director of Reserve Management and Monitoring, stated that staff would present a draft policy to the Executive Committee in December.

16.3 DISCUSSION AND POSSIBLE ACTION CONCERNING MOUNTAIN BIKING IN THE MURRIETA HILLS AREA

Tricia Campbell, Director of Reserve Management and Monitoring, stated that RCA just reached to the mountain biking community again. About two months ago, RCA held a meeting with some members of the biking community who were going to map some trails. The members are going to be moving forward with that activity in the Murrieta Hills area, and they will be communicating through social media asking that the signage and other accoutrements they have constructed on RCA lands in the Temecula Escarpment area be removed.

16. ADJOURNMENT

There being no more items before the Executive Committee, Chair Ingram adjourned the meeting at 12:45 p.m. The next meeting of the Western Riverside County Regional Conservation Authority Executive Committee will be held on Wednesday, December 16, 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:



Jennifer Fuller

Director of Administrative Services/Clerk of the Board