

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

EXECUTIVE COMMITTEE MINUTES

Wednesday, November 17, 2021

1. CALL TO ORDER

The meeting of the Executive Committee was called to order by Chair Natasha Johnson at 12:00 p.m., via Zoom Meeting ID: 823 557 4853, in accordance with AB 361 due to state or local officials recommending measures to promote social distancing.

2. ROLL CALL

Members/Alternates Present

Jeff Hewitt
Natasha Johnson
Lesa Sobek
Jonathan Ingram
Kevin Bash
Crystal Ruiz

Members Absent

Kevin Jeffries

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Board Member Sobek.

4. PUBLIC COMMENTS

There were no requests to speak from the public.

5. ADDITIONS / REVISIONS

Chair Johnson noted that staff has requested Agenda Item 8 would be pulled from the agenda.

6. CONSENT CALENDAR – *All matters on the Consent Calendar will be approved in a single motion unless a Board Member(s) requests separate action on specific item(s).*

M/S/C (Hewitt/Sobek) to approve the following Consent Calendar items.

6A. APPROVAL OF MINUTES – OCTOBER 20, 2021

6B. PROPOSED 2022 BOARD OF DIRECTORS/EXECUTIVE COMMITTEE MEETING SCHEDULE

- 1) Adopt its 2022 Board of Directors/Executive Committee Meeting Schedule; and
- 2) Forward to the Board of Directors for final action.

6C. WESTERN RIVERSIDE COUNTY MULTIPLE SPECIES HABITAT CONSERVATION PLAN FEE COLLECTION REPORT FOR OCTOBER 2021

- 1) Receive and file the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) Fee Collection Report for October 2021; and
- 2) Forward to the Board of Directors for final action.

6D. DEVELOPMENT IMPACT FEE ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

- 1) Receive and file the Development Impact Fee Annual Report for the fiscal year ended June 30, 2021; and
- 2) Forward to the Board of Directors for final action.

6E. QUARTERLY FINANCIAL STATEMENTS

- 1) Receive and file the Quarterly Financial Statements for the three months ended September 30, 2021; and
- 2) Forward to the Board of Directors for final action.

6F. ACQUISITIONS STATUS REPORT

- 1) Receive and file the acquisitions status report as of October 31, 2021; and
- 2) Forward to the Board of Directors for final action.

6G. QUARTERLY PUBLIC ENGAGEMENT METRICS REPORT, JULY-SEPTEMBER 2021

- 1) Receive and file report summarizing the Quarterly Public Engagement Metrics; and
- 2) Forward to the Board of Directors for final action.

7. FISCAL YEAR 2021 AUDITED FINANCIAL STATEMENTS

Theresia Trevino, Chief Financial Officer, presented the results of the Fiscal Year 2021 RCA Financial and Single Audits, which were completed on November 2nd. The Financial Audit relates to RCA's basic financial statements that report on RCA's financial activity for FY 2021. The Financial Section of the Annual Report includes the Auditor's Report, Management Discussion and Analysis (MD&A), the Financial Statements, and related note disclosures.

The MD&A, beginning on page 38 of the agenda packet, provides an overview and analysis of RCA's financial activities for the year. The highlights include RCA's ending net position from its governmental activities at \$551 million compared to \$508 million in FY 2020 and the ending funding balances for governmental funds as \$72 million compared to \$54 million last year. During FY 2021, RCA acquired approximately 1,200 acres of additional reserve land, increasing capital assets by \$24 million.

The Financial Statements begin on page 48 of the agenda packet. As disclosed in Note 1 to the Financial Statements, on page 57, RCA adopted two accounting standards related to majority equity interests and differed compensation plans, neither of which had any impact on RCA's financial reporting. In FY 2022, RCA will be required to implement a new accounting standard related to leases. During FY 2021, RCA received \$36.5 million in mitigation fee payments, of which \$33.3 million is included in mitigation fee revenues and \$3.2 million is considered unearned revenue and is reported as a liability on the Financial Statements. The Management Services Agreement with RCTC, new and prior agreements with the County, and the related transactions are disclosed in Note 9 on page 67 of the agenda packet.

Ms. Trevino introduced Melissa Cabezzas, Audit Manager, to present the Auditor's Required Communications.

Ms. Cabezzas provided a presentation on the FY 2021 Audit Results. Each year, the RCA prepares a set of financial statements, whereby RCA represents or asserts to the user of the financial information contained therein, that the information is accurate, complete, and fairly presented in accordance with the Generally Accepted Accounting Principles (GAAP). As independent auditors, it is the responsibility of Brown Armstrong Certified Public Accountants to perform an engagement in accordance with professional standards and render an opinion on whether the assertions and representations are accurate.

The audit process begins with the establishment and coordination of a timeline with RCA's Financial Management, ensuring the audit commences and is completed on a timely basis. There is regular correspondence throughout the engagement period, the purpose of which is to provide updates on the status of the audit, ask any further questions, and bring to light any issues. The planning process includes review of segregation of duties and ensuring the process for capturing and accurately recording transactions. The review is accomplished through observation of staff, review of control procedures, and Board Member interviews.

During the interim period, a significant amount of time is spent documenting and intensely testing field controls, updating files of any significant changes that occurred throughout the year, reviewing Board minutes, and gathering information on any new contracts or grants. The final field work is performed at the close of the FY, this is the portion of the audit dedicated to substantiating significant financial statement line items and disclosures which are ultimately represented to the users.

The review process and report drafting usually occur after the final field work. At the same time, the legal confirmations and signed representation letter are also obtained.

A risk based approach is used, whereby all information gathered during the planning process and the interim fieldwork is assessed for the relative risk of material misstatement and the financial statement level. Attention is then focused on the areas considered to be a high risk. Areas where most of the attention is devoted include the compliance with the provision of grant agreements, expenditures of the funds, cash and investments, expenditures of capital assets, revenues, and unearned revenue.

At the conclusion of the engagement period, the auditors are required to communicate with the Board on general items related to the overall audit which includes any new accounting pronouncements implemented, the responsibility as auditors, the responsibilities of management, any difficulties encountered during the audit, corrected misstatements, disagreements with management over accounting, reporting, or auditing matters that could be significant findings, and any other issues.

There were no significant new accounting pronouncements that were implemented that affected the financial statements during 2020-2021. There were also no disagreements, no findings, and no non-compliance found during the audit.

The Audit Reports are the primary purpose of the engagement, which is the rendering of the opinion. The RCA received an unmodified or clean opinion, meaning the Financial Statements presented fairly and in all material aspects, in accordance with Accounting Principles generally accepted in the United States.

The Single Audit portion of the audit issued a report on compliance with requirements applicable to each major program and internal control with compliance in accordance with the uniform guidance. The opinion was unmodified and there were no reported weaknesses, no significant deficiencies, or instances of non-compliance.

The final procedures for the audit are the issuance and presentation of the Final Financial Statements.

Board Member Ingram thanked staff for a job well done.

Board Member Sobek thanked staff for a clean report.

M/S/C (Ingram/Ruiz) to:

- 1) Receive and file the following reports:**
 - a. Basic Financial Statements with Independent Auditors' Report for the year ended June 30, 2021;**
 - b. Single Audit Report for the year ended June 30, 2021; and**
 - c. SAS 114 Report - *The Auditors Communication with Those Charged with Governance*; and**
- 2) Forward to the Board of Directors for final action.**

9. STAKEHOLDERS COMMITTEE MEMBERSHIP APPOINTMENTS

Chair Johnson reminded the Board that one of the priorities that was set forth when going through the management merger was to reignite and reevaluate the way the Stakeholders Committee served the Board. The outreach that was done during the application period helped the RCA receive 16 applications. The applicants that met the eligibility requirements will be appointed to the Stakeholders Committee.

The bylaws require that the members of the Stakeholders Committee meet certain criteria. The Stakeholders Committee will be a tool the Board can lean on to provide recommendations and exercise the committee when guidance is needed. The Stakeholders Committee does not have an authoritative roll with RCA, only making recommendations. After reviewing all the applications received, there are 15 members that being brought forward for appointment. The appointments represent property owners, environmental advocates, or those in the building industry within the MSHCP plan area.

Along with ratifying the 15 appointments to the Stakeholders Committee, this agenda item will also direct Legal Counsel to review and recommend any conflict of interest or Fair Political Practices Commission requirements that are appropriate.

Board Member Sobek thanked Chair Johnson for the work done on this committee and noted that Council Member Matthew Liesemeyer is on the committee and wanted to ensure that was allowed. Chair Johnson stated that the role the applicant serves was identified and according to the understanding from staff, the eligibility criteria was met and there was no conflict of interest.

Board Member Hewitt noted the list of appointees reads like a who's who list, there are some very experienced people who would have a large stake in the MSHCP.

Chair Johnson added that the Stakeholders Committee will meet twice a year, and it can be exercised or leveraged if additional perspective is needed. The committee can have up to 16 members, so there is a vacancy. Heading into the next year, the Board needs to be mindful of the role of the committee and integrate their support and service of RCA.

Board Member Ingram thanked Chair Johnson and RCA staff on a job well done on screening the applications.

Board Member Bash wanted to know if any from the County Parks applied for the committee. Chair Johnson was not aware of any County Parks Employees who applied. David Knudsen, Interim External Affairs Manager, confirmed there were none received.

Anne Mayer, Executive Director, noted that while we did not send directed communication to the County Parks Department, the RCA does have a partnership and an ongoing relationship with them. Even though they may not be on the Stakeholders Committee, it does not mean there isn't a continuous communication effort with them and collaborating when it makes

sense. While there are defined criteria for the Stakeholders Committee, the RCA will continue to have outreach to all stakeholders in Western Riverside County.

M/S/C (Ruiz/Ingram) to:

- 1) Ratify the Chair's appointments to the Stakeholders Committee;**
- 2) Direct Legal Counsel to review and recommend any conflict of interest or Fair Political Practices Commission requirements appropriate to the Stakeholders Committee; and**
- 3) Forward to the Board of Directors for final action.**

10. CITY OF MORENO VALLEY FEE CREDIT REQUEST AND FEE CREDIT POLICY DISCUSSION

Aaron Hake, Interim Regional Conservation Deputy Executive Director, shared with the Board that RCA has been informally contacted by the City of Moreno Valley to discuss a potential request for an MSHCP fee credit for the World Logistics Center, in exchange for a donation of conservation lands. This item was placed on the agenda in anticipation of receiving the official request prior to the meeting but, at this time, the city is still evaluating its approach, so there is no action for the Board to take.

On Friday, the Press Enterprise published an article about the World Logistic Center and the CEQA lawsuit that has now been settled with the Friends of the Northern San Jacinto Valley. The settlement agreement commits the World Logistic Center to deed more than 2,700 acres in the Badlands Area to RCA and the California Department of Fish and Wildlife. The land contemplated by the city for the fee request may ultimately be the same or different from what was identified in the settlement agreement. RCA intends to work with the city to understand their request once it's officially been put forward and identify any next steps. It's likely that issue will need to come back to Executive Committee and the Board for a policy discussion at the appropriate time.

In RCA's discussions with the City of Moreno Valley, the city has discussed the World Logistic Center's desire to pay their MSHCP fees prior to the fee increase on January 1st. As a result, the RCA has been providing technical assistance to the city as they determine how they wish to proceed on the pre-payment.

Chair Johnson noted that this agenda item is another part of the RCA's commitment to transparency. This agenda item was added so the Board would be aware of what is potentially ahead. During the fee study, there were a few agencies who offered pre-payment options, and the City of Moreno Valley was one of them.

Board Member Ingram noted the discussion on whether the RCA should be taking land in lieu of fees has been happening for years with member agencies. This is something that probably should have come to the Board's consideration many years ago. This private lawsuit was initiated three years ago and had nothing to do with the municipality or the County in any way. The 2,700 acres from the World Logistic Center in the Badlands is within linkage and criteria, which warrants discussion as to whether it can be accepted in lieu of fees.

Chair Johnson agreed this should be a discussion as there isn't currently policy direction for this.

Dan Silver, Executive Director, Endangered Habitants League, concurred with Board Member Ingram that this mitigation fee credit policy discussion should be advanced for this and other potential opportunities that may arise to obtain high value conservation properties in an efficient way. Being able to accept properties this way helps the RCA to prioritize properties. The potential properties are long standing goals of the program and will contribute greatly to preserve assembly. Everything should be done to realize this opportunity.

Board Member Hewitt agrees this does warrant discussion, the RCA needs to find out what are the positives and the negatives to this situation. A new policy could be the accelerator to achieving the goal.

Chair Johnson clarified that currently RCA does not have a policy specific to accepting property in lieu of MSHCP fees, therefore this would be a policy creation that would need to be discussed.

Board Member Ingram noted that trades and in lieu of fees have previously been done with municipalities and property owners. Reviewing previous deals could help structure the policy.

This item is for the Committee to discuss a fee credit request from the City of Moreno Valley and provide direction regarding RCA's fee credit policy.

11. 2022 STATE AND FEDERAL LEGISLATIVE PLATFORM AND LEGISLATIVE UPDATE

Tyler Madary, Senior Management Analyst, Legislative Affairs, presented the proposed 2022 Legislative Platform. The Board adopted the first Legislative Platform at the beginning of 2021, as part of the new legislative strategy for RCA. Each year, staff will be providing the Board with the opportunity to adjust the platform and meet current legislative policy goals. The Legislative Platform serves as a framework for policy positions that the RCA may take on various pieces of legislation, administrative policies, or regulations, and address broad items that are critical in both Sacramento and DC. The platform positions allow RCA staff, Board Members, and lobbyists to communicate in a timely, effective manner with state and federal elected officials and agencies to advance the MSHCP as issues arise.

Building on the Board adopted 2021 platform, the Proposed 2022 Legislative Platform takes into consideration emerging policies at the state and federal levels. The recommended changes and revisions to the platform reflect practical lessons from the past year, as well as the need to promote Habitat Conservation Plans (HCPs) and Natural Community Conservation Planning (NCCPs) as shelf-ready, nature-based solutions that will help fulfill state and federal climate action and conservation initiatives.

Innovative policy positions that have been added to the platform are: pursue opportunities for collaboration with state and federal agencies to allow the RCA to claim full or partial credit for individual Additional Reserve Land (ARL) acquisitions; propose an increase in the frequency of meetings held by the Wildlife Conservation Board to help facilitate more timely grant approvals;

propose support for a pilot funding program that would require partial mitigation via HCPs and on a limited basis, allowing for infrastructure projects using that funding to pursue mitigation in any HCP within that state or region, as long as the land to be considered is biologically equivalent; and propose support for state and federal policies and funding that incentivize the development of wildlife crossings in HCPs and NCCPs.

The Proposed 2022 State and Federal Legislative Platform is included in the agenda packet, along with the redlined document to show the changes from the adopted 2021 version.

Mr. Madary added that a detailed state and federal legislation update was provided in the agenda item but wanted to note that on Monday, President Biden signed the bipartisan Infrastructure Invest and Jobs Act.

M/S/C (Ruiz/Sobek) to:

- 1) Adopt the 2022 State and Federal Legislative Platform for Western Riverside County Regional Conservation Authority (RCA);**
- 2) Receive and file an update on state and federal legislation; and**
- 3) Forward to the Board of Directors for final action.**

12. BOARD OF DIRECTORS / EXECUTIVE DIRECTOR REPORTS

Board Member Ingram announced that last night the City Council had the opportunity to have Murrieta Hills, which is adjacent to Menifee, presented to them. Board Member Ingram wanted to thank Anne Mayer and staff for their diligence and hard work on the project, which has been a long and arduous process which started in 1995.

Anne Mayer, Executive Director, thanked Board Member Ingram for his comments and noted that the approval of the Murrieta Hills Project was significant, even if it still has some hurdles. One of the roles of RCA that has been tasked by the Board, is to improve communication, outreach, education, collaboration, and partnerships with member agencies and staff. This project had a lot of issues, but it was an example of how the RCA can be a good partner, even if the information and requirements provided isn't favorable. Ms. Mayer thanked Aaron Hake and Tricia Campbell for their work and being true partners, seeking solutions to protect the integrity of the MSHCP.

Ms. Mayer added that since the Infrastructure Invest and Jobs Act that was signed on Monday, she participated on a panel on Federal Transportation Legislation on Tuesday at the Self-Help County Coalition Focus of the Future. The panel included US DOT representative Andrew Wishnia, who noted during a discussion on funding that there would be a significant focus on nature-based solutions and carbon credit frustrations. The California Transportation Commission will be meeting in Riverside next month, in their first partially in-person meeting in the last year and a half. They have asked RCTC to provide an example of an innovation in transportation, Aaron Hake will be giving a presentation on the Riverside County Integrated Project and the MSHCP and its benefits.

Chair Johnson noted that going into the season of thanksgiving, a season of gratitude, most people are reminded of the things to be grateful for. This year has been an incredible year for RCA, challenging but incredibly productive: RCA has absolutely increased its' transparency, education and outreach, all platforms on social media, and the website; enhanced dashboard tools for interactive access to information which is transparency for RCA, but also for the public and the agencies and jurisdictions served; the Nexus Study success was huge; there have been some incredible staffing changes, making it tight for a little while, and while it still may be a little tight, staff is performing at a very high level; there was a successful audit, a clean audit; federal recognition of the MSHCP and the work RCA is doing, which is fantastic; and the successful use and allocation of our grants, to actually use the money and put it to work for RCA. All of these are wonderfully successful milestones for RCA. With all the things we've accomplished Chair Johnson expressed her gratefulness which comes from authentic gratitude.

Chair Johnson shared the following quote, "Gratitude turns what we have into enough and more. It turns problems into gifts, failures into successes, the unexpected into perfect timing, and mistakes into important events. Gratitude makes sense of our past and it brings peace for today and creates a vision for tomorrow." Board Members should all be very grateful and have a lot of gratitude for what all RCA has created and worked hard to continue.

13. ADJOURNMENT

There being no further business for consideration by the Executive Committee, Chair Johnson adjourned the meeting at 12:52 p.m. The next meeting of the Executive Committee is scheduled to be held on **Wednesday, December 6, 2021.**

Respectfully submitted,



Lisa Mobley
Administrative Services Manager/
Clerk of the Board