

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

EXECUTIVE COMMITTEE MINUTES

Monday, April 1, 2024

1. CALL TO ORDER

The meeting of the Executive Committee was called to order by Chair Kevin Bash at 11:30 a.m., in the March Field Conference Room at the County of Riverside Administrative Center, 4080 Lemon Street, Third Floor, Riverside, California, 92501.

2. ROLL CALL

Members/Alternates Present

Karen Spiegel
Chuck Washington*
Natasha Johnson
Kevin Bash
Crystal Ruiz
James Stewart
Joseph Morabito

Members Absent

*Arrived after the meeting was called to order.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Board Member Spiegel.

4. PUBLIC COMMENTS

There were no requests to speak from the public.

5. ADDITIONS / REVISIONS

There were no additions or revisions to 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 (Ruiz/Stewart) to approve the following Consent Calendar items.

6A. APPROVAL OF MINUTES – SEPTEMBER 11, 2023

6B. RECURRING CONTRACT FOR FISCAL YEAR 2024/25

- 1) Approve the single-year recurring contract with the Santa Ana Watershed Association (SAWA) for biological monitoring services in an amount not to exceed \$2,114,900, for FY 2024/25; and
- 2) Authorize the Chair or Executive Director, pursuant to legal counsel review, to execute the agreement on behalf of RCA.

At this time, Board Member Washington arrived.

7. ADOPTION OF FISCAL YEAR 2024/25 BUDGET

Jennifer Fuller, Financial Administration Manager, provided a presentation on the Proposed Budget Fiscal Year 2024/25. RCA's budget preparation began in January with finance staff working with program staff to compile budget data and revenue estimates. Today, staff is seeking Board Member input and approval to forward the FY 25 Budget to the Board of Directors.

Preparation of the FY 25 Budget continues, and staff has provided estimates for RCTC's contract amount as work is ongoing on the RCTC budget. Staff expects to include more final amounts with the proposed budget that will be brought forward to the Board of Directors in May. For the May Board meeting, staff will prepare the full Executive Summary with all the budget related information in one document. The document will provide budget polices, budget goals and objectives, budget overview with a discussion of the sources used in funding, program initiatives, fund balance, and a budget summary including budget schedules.

Staff project the fund balances by fund at the end of FY 25 to be General Fund \$21.3 million, Capital Projects Fund \$39.6 million, and Endowments Fund \$26.1 million. Staff anticipates beginning the fiscal year with a total of \$87 million in fund balance. Over 75% of this amount, or \$63.7 million, is restricted in how it can be used or is for non-spendable endowments. Another nearly 12%, or \$10.2 million, must be maintained according to the fund balance policy of the Board. Currently, there is more demand for RCA to purchase properties than supply of funds in the current year. FY 25 estimated sources are budgeted at \$60.9 million and estimated uses are budgeted at \$60.9 million as well. The budget is balanced, meaning sources and uses are estimated to match, however, RCA does estimate that the General Fund uses will exceed sources by \$3.7 million and the endowment fund sources will exceed uses by \$3.7 million.

Revenues for the upcoming fiscal year are anticipated to be \$60.9 million, which is a decrease of approximately \$15 million from the FY 24 projected actuals. The decrease is primarily attributable to a decrease in projected Local Development Mitigation Fees (LDMF), contributions and donations, and interest. RCA's major funding sources include LDMF, State and Federal grants, Land Donations, Tipping Fees from Riverside County, and Transportation Uniform Mitigation Fees (TUMF).

LDMF revenues are projected to decrease from the FY 24 projected actuals. State and Federal grant revenue will increase slightly next year and will include the possible purchase of multiple properties using the Jurupa Mountain Grant, 2 properties using the 2022 Non-Traditional Section 6 Grant, 2 properties using the 2023 Non-Traditional Section 6 Grant, and a small Local Assistance Grant for evaluating Quino-Checkerspot butterfly habitat. Staff are actively pursuing other grant opportunities and when other grants are secured, staff will return to the Board with a budget adjustment to appropriate funding. Staff anticipates the acquisition of 5 land donations with an estimated value of \$3.9 million and over 200 acres in FY 25.

Out of County tonnage is expected to remain close to current year levels at \$3.5 million for approximately 2.1 million tons. TUMF revenues approximate WRCOG projections of FY 24 revenues, staff projects \$1 million in revenues for FY 25. Other revenue sources include reimbursement for services, civic and infrastructure contributions, interest, and other revenue. Operating Transfers In relate to funding for reserve management and monitoring and program administration that will be covered by LDMF revenues. An identical amount is including in the Habitat Acquisition budget as an Operating Transfer Out.

For LDMF collections, FY 21 through FY 24 included recognized prepayments from member agencies, the majority of which were recognized in FY 21. Staff anticipates that FY 25 revenues will decrease to \$22.5 million. The LDMF fluctuates with the economy and as such is an unreliable revenue source. This is likely a conservative projection and staff will monitor the LDMF revenues throughout the fiscal year and bring forward a budget adjustment if collections are markedly different from projections.

Expenses are projected to decrease by approximately \$39 million for the upcoming fiscal year when compared with FY 24 projected actuals. This is largely due to a decrease in land purchases and offset by an increase in contracts, debt service, and other expenditures. RCA's spending for its' four programs is consistent with the core responsibilities under the MSHCP, and the 2020 Nexus Study. Program Administration and Reserve Monitoring and Management make up RCA's General Fund; Habitat Acquisition is the Capital Projects Fund; and Endowments are accounted for in Endowment Funds. Habitat Acquisition is projected to decrease significantly from FY 24 project actuals. FY 25 budget includes the purchase of nearly 20 properties and the donation of 5 properties. Approximately 76% of the cost of properties will be covered by state and federal grants or are donations. Reserve Monitoring and Manager and Program Administration are increasing in cost, mainly related to rising contract costs from vendors. Overall, proposed expenditures for the FY 25 Budget are \$60.9 million.

General Administration expenditures are nearly flat when compared to the FY 24 Amended Budget. RCA pays most of its' contracts through the RCTC Management Services Agreement, only payments for County services are paid separately. Contract expenditures will increase from the FY 24 Amended Budget. Services paid for through the Management Services Agreement with RCTC will increase from the FY 24 Amended Budget by about \$750,000 and will increase \$3.2 million from the FY 24 projected actuals. The increase from the amended budget is due to additional contracted services and an administrative allocation offset by decreases in proposed

spending on land acquisition support and legal services. The increase from the FY 24 projected actuals includes salaries and benefits, administrative allocations, and contracted services.

Land Management services with Riverside County Parks is budgeted at over \$2.2 million, a significant increase from the FY 24 Amended Budget. Parks will provide day-to-day land management activities plus additional reimbursable activities related to the deposit agreements as well as fire abatement and endowment related work. Assessment of fee expenditures of \$80,000 represents special assessments including homeowner's association fees for RCA lands subject to such fees. The Debt Services expenditures relate the note payable on the Toscana Property purchase, this is the first payment on the 4-year note. Habitat Acquisition and Maintenance budget expenditures of \$39.1 million reflects the largest decrease from the FY 24 Amended Budget. Habitat Acquisition and Maintenance includes the value of land acquired and the cost to acquire the land. The 2020 Nexus Stude permits the use of LDMF revenues for all functions of the RCA. Operating Transfers Out relates to the transfer of LDMF revenues from the Capital Projects Fund to the General Fund to assist the budget needs for reserve management and monitoring and program administration.

Habitat acquisition and maintenance budgeted expenditures of \$39.1 million reflect three different types of acquisitions. State and federal grants provide more than half of the projected budget for acquisitions in FY 25. The funding is derived from the 2022 Non-Traditional Section 6 Grants for 2 properties for nearly 60 acres, the 2023 Non-Traditional Section 6 Grants for 2 properties for over 400 acres, and the State Jurupa Mountains Grant for 7 properties for over 300 acres. The remaining acquisitions will be funded primarily by the LDMF and TUMF funds to purchase willing seller and Non-Development HANS properties. RCA will also provide funding for state and federal grants where updated appraisal has valued the properties at amounts greater than the grant amount and provide additional funding for the Lake Elsinore Back Basin properties. Staff anticipates acquiring 9 properties for approximately 450 acres. LDMF funds also support all the other costs of acquisition including appraisals, title reports, legal services, environmental reviews, surveying, and other costs associated with the acquisition of habitat. RCA staff expect to receive 5 donations during FY 25 with a projected value \$3.9 million for over 200 acres.

When RCTC became the managing agency of RCA in January 2021, staff began quickly looking for processes that could be streamlined and efficiencies gained. Many contracts were combined, and RCA now pays all contracts through RCTC, except for County provided services. Overall, the management services contract with RCTC includes salaries and benefits of \$4 million. General administration costs of \$3.8 million related to an estimated administrative cost allocation, board stipends, facilities management, legal audit, public outreach, legislative advocacy services, and other miscellaneous costs. Other habitat acquisition costs of \$1.3 million relate to appraisals, environmental fees, and outreach contracts. There is \$3.5 million for monitoring and management contracts, and \$70,000 for the Legacy Home Rebate Program.

This is a preliminary look at the budget. The budget process is ongoing, as discussed, some of the amounts are still estimates and will be finalized in the Executive Summary that is presented to the Board in May.

Chair Bash wanted to know why the contractual obligations jumped from the previous year.

Jennifer Fuller noted that there are several contracts that are increasing, and County Parks has a significant increase of over \$500,000 next year. There are some other newer contracts that have also caused the increase. The County is currently negotiating new contracts with its' bargaining units and those contracts are causing salary increases. There are also other internal service fees that the County is increasing.

Anne Mayer, Executive Director, added that the RCA has been successful in increasing the inventory of properties, but the tradeoff is higher admin costs because there is more to manage. The more habitat RCA acquires, the more the County Parks and SAWA contracts will be to manage the additional acreage.

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

- 1) ***Adopt the FY 2024/25 Budget and related Resolution No. 2024-005 "Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting the Fiscal Year 2024/25 Operating and Capital Budget Including Budget Policies."***

8. BOARD OF DIRECTORS / EXECUTIVE DIRECTOR REPORTS

Anne Mayer, Executive Director, announced that this week letters would be going out to City Managers, County Administrative Officers, and City/County Planning and Finance Directors about the fee increase that will be effective July 1st. The fee is going up 2.878% based on the Consumer Price Index (CPI) in the area.

9. ADJOURNMENT

There being no further business for consideration by the Executive Committee, Chair Bash adjourned the meeting at 11:47 a.m. The next meeting of the Executive Committee is scheduled to be held on **Monday, May 6, 2024.**

Respectfully submitted,



Lisa Mobley
Administrative Services Director/
Clerk of the Board