

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

EXECUTIVE COMMITTEE MINUTES

Monday, May 5, 2025

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
Julio Martinez*
Natasha Johnson
Kevin Bash
Crystal Ruiz

Members Absent

Carole Kendrick

*Arrived after the meeting was called to order.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Board Member Johnson.

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/Spiegel) to approve the following Consent Calendar items.

6A. APPROVAL OF MINUTES – MARCH 3, 2025

6B. RECURRING CONTRACTS FOR FISCAL YEAR 2025/26

- 1) Approve the single-year recurring contract with the Santa Ana Watershed Association (SAWA) for biological monitoring services in an amount not to exceed \$2,215,715, for FY 2025/26; and
- 2) Authorize the Chair or Executive Director, pursuant to legal counsel review, to execute the agreement on behalf of RCA.

7. DUDEK CONTRACT AMENDMENT

Jennifer Fuller, Financial Administration Manager, provided a presentation on the Dudek Contract Amendment. Dudek authored the MSHCP and RCA has contracted with Dudek since October 2004 related to MSHCP project compliance. Dudek's expertise with the MSHCP is not easily duplicated. Dudek is an important partner to assist with many of the mandated functions of the RCA including joint project reviews, participating in special entity reviews, determination of biological equivalent or superior preservation reviews, and communicating with permittees and consultants regarding questions on MSHCP compliance.

PSE reviews are when a land use entity such as a special district, like Southern California Edison or Ranch California Water District, has a project and seeks MSHCP coverage. In these circumstances, it is the RCA that provides a Certificate of Inclusion to the entity that allows them to receive coverage under the MSHCP. A Determination of Biologically Equivalent or Superior Preservation (DBESP) review is needed when a project is impacting one of the MSHCP species or resources that triggers mitigation so there is no loss of such resources in the Plan Boundary.

At this this, Board Member Martinez joined the meeting.

On June 7, 2021, the Board approved a five-year agreement with Dudek that expires in June 2026. The total contract amount was not to exceed \$1.25 million. Over the term of the contract, staff have asked Dudek to take on additional compliance responsibilities due to the increase in the number and complexity of the projects. This increase in volume and complexity has resulted in contract funds being expended faster than expected.

To date, over \$1,000,000 of the contract funds have been expended and staff anticipate at least another \$100,000 will be expended by the end of the fiscal year. As such, staff is requesting to add \$430,000 to the contract to cover the expected contract expenditures in Fiscal Year 2026. This request is only to add funds to the contract. It does not extend the term of the agreement.

Board Member Ruiz wanted clarification on the amount not to exceed mentioned in the recommendation. Jennifer Fuller stated that the new total not to exceed amount includes the additional funds that are being requested today.

M/S/C (Johnson/Washington) to:

- 1) **Approve Agreement No. 17001-02, Amendment No. 2 to Agreement No. 17001, with Dudek for environmental consulting and Multiple Species Habitat Conservation Plan implementation services for an additional amount of \$430,000, and a total amount not to exceed \$1,680,000; and**
- 2) **Authorize the Chair or Executive Director, pursuant to legal counsel review, to execute the amendment on behalf of RCA.**

8. ADOPTION OF FISCAL YEAR 2025/26 BUDGET

Jennifer Fuller, Financial Administration Manager, provided a presentation on the Proposed Budget Fiscal Year 2025/26. RCA's budget preparation began in January with finance staff working with program staff to compile budget data and revenue estimates. Staff also monitor fund balance throughout the year to ensure sufficient funding exists to meet operating and capital needs.

Staff prepared an Executive Summary with all budget related information in one document. The document includes budget policies, goals and objectives, an overview with a discussion on the sources and uses of funding, program initiatives, fund balance, and a budget summary including the related schedules. The inclusion of a summary of policies impacting the budget promotes fiduciary responsibility and organizational excellence. The policies include:

- Funding the endowment with 15 percent of Local Development Mitigation Fund (LDMF) revenues in accordance with the 2020 Nexus Study.
- Setting the Non-Development HANS funding level at 5 percent of LDMF collections.
- The economic stability policy which requires that the capital funds maintain at least \$9 million in cash.
- The fund balance policy requires the general fund to maintain the fund balance at least equal to next year's levels, in this case \$10.8 million.
- Funding allocations stating that LDMF can be used for all types of costs.
- The RCTC deposit, in this case \$1.7 million.

The Executive Summary also includes two appendices. The first is simply a glossary of terms and acronyms. The second is the 2026 Workplan that describes the monitoring activities planned and the schedule for field work with a cost estimate for personnel and operating costs. The MSHCP requires a biological monitor program to collect data on the MSHCP 146-covered species and their associated habitats to assess the MSHCP effectiveness at meeting conservation objectives. The Monitoring Program Administrator submits an annual workplan and cost estimate for the monitoring program to be approved by the Board of Directors.

Staff anticipate beginning the fiscal year with \$97.3 million in total balance. Over 77 percent of this amount, or \$74.7 million is restricted in how it can be spent, is for non-spendable endowments. Another nearly 23 percent or \$22.6 million is unrestricted, however, of that amount, \$10.8 million must be maintained according to the fund balance policy set by the Board. Staff projects the fund balances by fund at the end of FY 2026 will be general fund \$19 million, capital projects fund nearly \$25 million, and endowments fund \$33.2 million. Currently, there is more demand for RCA to purchase properties than supply of funds.

The FY 2026 estimated uses are budgeted at \$74.8 million and exceed the estimated sources which are budgeted at \$54.5 million. Total use of fund balance is projected at \$20.3 million. Staff anticipate the use of \$3.7 million of fund balance in the general fund to offset increasing contract costs and the use of \$21.1 million of capital projects fund to purchase Additional Reserve Land (ARL) offset by an increase in fund balance in the endowment fund of \$4.5 million. This use of fund balance is using funds accumulated over prior years to fund future needs.

Revenues for the upcoming fiscal year are anticipated to be \$54.5 million, a decrease of approximately \$14.7 million from FY 2025 projected actuals. The decrease is primarily attributable to a decrease in projected LDMF and state and federal grants, offset by a projected increase in capital contributions and donations. RCA's major funding sources include LDMF, state and federal grants, land donations, tipping fees from Riverside County, and Transportation Uniform Mitigation Fee (TUMF) from the Western Riverside Council of Governments (WRCOG).

LDMF revenues are projected to decrease from the FY 2025 projected actuals. State and federal grant revenues will decrease by more than half next year, as the Jurupa Mountain Grant was fully expended in FY 2025. The FY 2026 amount includes the 2023 Non-Traditional Section 6 grant for \$7.1 million, and a Caltrans Arroyo Toad cooperative agreement for \$1.5 million. Staff are actively pursuing other grant opportunities and when grants are secured, staff will return to the Board with a budget adjustment to appropriate funding.

Staff anticipate the acquisition of 10 land donations with an estimated value of \$9.9 million, and nearly 460 acres of ARL. Out of county tonnage is expected to remain close to current year's levels, at \$3.6 million for approximately 2.1 million tons. TUMF revenue approximates WRCOG's projections of FY 2026 at \$1.1 million. Other revenue sources include reimbursements for services, civic and infrastructure contributions, interest, and other revenue. The large increase from FY 2025 Amended Budget is primarily due to continued strong interest collections. 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 included in the habitat acquisition budget as operating transfers out. The proposed FY 2026 Budget anticipates \$54.5 million in total sources.

Staff are conservatively projecting LDMF for FY 2026 at FY 2025 budgetary levels. The LDMF fluctuates with the economy, and as such, is a variable revenue source. This is likely a prudent projection, and staff will monitor LDMF revenues throughout the fiscal year and will bring forward a budget amendment if collections are markedly different than the projection.

Expenditures are projected to increase by approximately \$7.6 million for the upcoming fiscal year, when compared to FY 2025 projected actuals, largely due to an increase in land purchases. Program administration and reserve monitoring and management make up RCA's general fund, habitat acquisition is the capital projects fund, and the endowments are in the endowments fund. Habitat acquisition is projected to increase by about \$5.6 million from FY 2025 projected actuals. The FY 2026 Budget includes the purchase of 13 properties and the donation of 10 properties, approximately 36 percent of the cost of properties will be covered by state and

federal grant funds or are donations. This is also the second year of the debt service related to the Toscana Property, funding for this year's payment totals \$6.4 million.

Reserve management and monitoring and program administration are increasing mainly due to contract costs from vendors. Overall, proposed expenditures for FY 2026 are \$74.8 million.

General administration expenditure will decrease by about \$210,000, when compared to FY 2025 Amended Budget. RCA pays the majority of its' contracts through an RCTC Management Services Agreement, only payment for county services is done directly. Contract expenditures will decrease from the FY 2025 Amended Budget. Services paid for through the management services agreement with RCTC will decrease by about \$772,000 and will increase \$2.5 million from the FY 2025 projected actuals. The decrease from the amended budget is due to a decrease in the administrative allocation, lower costs for the Strategic Improvement Assessment and Action Plan (SIAAP) contract, and a decrease in proposed spending for acquisition support. The increase from FY 2025 projected actuals includes salary and benefits, administrative, and contracted services.

Land Management Services with Riverside County Parks is budgeted for over \$2.3 million, a 3.8 percent increase from the FY 2025 Amended Budget. Parks will provide day-to-day land management activities plus additional reimbursable activities related to deposit agreements, fire abatement, and endowment related work. Assessment and fee expenditures of \$90,000 represent special assessments or homeowner's association fees for RCA lands subject to such fees. Debt services expenditure refers to the note payable on the Toscana Property, this is the second payment of the four-year note. Habitat acquisition and maintenance budgeted expenditures of \$54.2 million reflect a \$3 million decrease from the FY 2025 Amended Budget. Habitat acquisition and maintenance includes the value of the land acquired and the cost to acquire it. The 2020 Nexus Study permits the use of LDMF revenues for all functions of the RCA. Operating transfers out relates to the transfer of LDMF revenue from the capital projects fund to the general fund to assist in budget needs for reserve monitoring and management, and program administration.

In FY 2024, RCA entered into a loan agreement for the purchase of the Toscana Property. The total amount of the loan was \$24.1 million. In FY 2026, RCA will make the second payment on the note, leaving two payments remaining. The total debt service including interest payable in FY 2026 is \$6.4 million.

Habitat acquisition and maintenance budgeted expenditures of \$51.7 million reflect three different types of acquisitions. State and federal grants provide \$8.6 million of projected budget for acquisitions in FY 2026. The funding is derived from the 2023 Non-Traditional Section 6 Grants for 2 properties for about 200 acres and a cooperative agreement with Caltrans for the purchase of Arroyo Toad inhabited properties. The remaining acquisitions will be funded primarily by LDMF and some TUMF to purchase Development and Non-Development HANS, and willing seller properties. Staff anticipate acquiring 11 properties for approximately 700 acres. LDMF funds also support all other costs of acquisitions: appraisals, title reports, legal services,

environmental reviews, surveying, and any other costs. RCA expects to receive 10 donations during FY 2026, with a projected value of \$9.9 million for nearly 460 acres of ARL.

Board Member Johnson noted that the last time RCA did a lobbying trip, the fact that RCA is one of the only Habitat Conservation Plans (HCP) with federal and state commitments was discussed. Though RCA has yet to truly see any federal support, it would not be a good time to point out that fact.

Aaron Hake, Executive Director, stated that RCA receives federal funds through the Section 6 program, an annual competition that RCA has been successful with. The problem with the program is that it is \$26 million for the entire country. All that money could be spent at RCA on a single property. RCA is preparing to approach the new administration to reintroduce this HCP, and the concept of the Land and Waters Fund that receives money from gas drilling leases can be reallocated within the program for different uses of which the RCA offers good value for transportation and development projects.

Board Member Johnson remembered that the last time RCA spoke with them, they all mentioned the new administration. Aaron Hake added that determining who to speak with in the new administration is at the top of RCA's list.

Board Member Martinez wanted to confirm the details of the Non-Development HANS and the properties that were listed. Jennifer Fuller stated the total cost of the properties will go over \$2.2 million, and the RCA only puts about \$1 - \$1.5 million in the fund each year. Of two properties, one is \$4.8 million. RCA is hoping the seller will sign the agreement and then use LDMF fees to offset the cost.

Aaron Hake explained that each year the RCA examines what the right amount is to move over for the Non-Development HANS. For the time being, RCA has kept the amount where it is to not tie up funds until there is more certainty. RCA is currently weathering the financial storm well and currently has the capacity to say yes to this property.

Board Member Martinez wondered if there were any realty issues that have been seen or will be coming our way. Aaron Hake asked Aaron Gabbe, Regional Conservation Director, if RCA staff were aware of any high-cost property in the pipeline.

Aaron Gabbe stated it was not known for sure, and all the details are not known, but it is not anticipated there will be any big one as there have been over the last two years. Though this is all relative to RCA's financial situation.

Aaron Hake noted that staff were good with the number, and the Non-Development HANS category is one of the few that RCA has real control over, because the properties do not have a timeline by which the RCA must acquire them. When RCA has the luxury of not being pressed for time, keeping the fund relatively small is to our financial advantage.

Jennifer Fuller added that this Non-Development HANS property, being \$4.8 million is out of the norm, most properties are around \$1 million or less.

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

- 1) **Adopt the Fiscal Year 2025/26 Budget and related Resolution No. 2025-010 “Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting the Fiscal Year 2025/26 Operating and Capital Budget Including Budget Policies”; and**
- 2) **Approve the Biological Monitoring Program Work Plan and Cost Estimate included as Appendix B in the Fiscal Year 2025/26 Budget.**

9. BOARD OF DIRECTORS / EXECUTIVE DIRECTOR REPORTS

There were no comments or reports.

10. ADJOURNMENT

There being no further business for consideration by the Executive Committee, Chair Bash adjourned the meeting at 11:58 a.m. The next meeting of the Executive Committee is scheduled to be held on **Monday, July 7, 2025.**

Respectfully submitted,



Lisa Mobley
Administrative Services Director/
Clerk of the Board