



Western Riverside Council of Governments Finance Directors Committee

AGENDA

Thursday, October 28, 2021
1:00 PM

Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501

WRCOG'S OFFICE IS CURRENTLY CLOSED TO THE PUBLIC DUE TO COVID-19

[Join Zoom Meeting](#)

Meeting ID: 834 4570 7590

Password: 102821

Dial in: (669) 900 9128 U.S.

SPECIAL NOTICE – COVID-19 RELATED PROCEDURES IN EFFECT

Due to the State and local recommendations for social distancing resulting from the threat of Novel Coronavirus (COVID-19), this meeting is being held via Zoom under Assembly Bill 361 (Government Code Section 54953) (AB 361). Pursuant to AB 361, WRCOG does not need to make a physical location available for members of the public to observe a public meeting and offer public comment. AB 361 allows WRCOG to hold Committee meetings via teleconferencing or other electronic means and allows for members of the public to observe and address the committee telephonically or electronically.

In addition to commenting at the Committee meeting, members of the public may also submit written comments before or during the meeting, prior to the close of public comment to snelson@wrcog.us.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Suzy Nelson 72 hours prior to the meeting at (951) 405-6703 or snelson@wrcog.us. Later requests accommodated to the extent feasible.

The Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

1. **CALL TO ORDER (Javier Carcamo, Chair)**
2. **PLEDGE OF ALLEGIANCE**

3. ROLL CALL

4. PUBLIC COMMENTS

At this time members of the public can address the Committee regarding any items within the subject matter jurisdiction of the Committee that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agendized items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

5. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

A. Summary Minutes from the July 29, 2021, Finance Directors Committee Meeting

Requested Action(s): 1. Approve the Summary Minutes from the July 29, 2021, Finance Directors Committee meeting.

B. Finance Department Activities Update

Requested Action(s): 1. Receive and file.

C. Approval of Finance Directors Committee 2022 Meeting Schedule

Requested Action(s): 1. Approve the Schedule of Finance Directors Committee meetings for 2022.

6. REPORTS / DISCUSSION

Members of the public will have an opportunity to speak on agendized items at the time the item is called for discussion.

A. Regional Streetlight Program Activities Update

Requested Action(s): 1. Receive and file.

B. Presentation by CalPERS

Requested Action(s): 1. Receive and file.

C. The Economy and Financial Markets

Requested Action(s): 1. Receive and file.

7. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz

8. ITEMS FOR FUTURE AGENDAS ~ Members

Members are invited to suggest additional items to be brought forward for discussion at future Executive Committee meetings.

9. GENERAL ANNOUNCEMENTS ~ Members

Members are invited to announce items / activities which may be of general interest to the Executive Committee.

10. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, January 27, 2022, at 1:00 p.m., virtually via Zoom.

11. ADJOURNMENT

Finance Directors Committee

Minutes

1. CALL TO ORDER

The meeting of the WRCOG Finance Directors Committee was called to order on July 29, 2021, at 1:02 p.m. by Chair Matt Schenk on the Zoom platform.

2. PLEDGE OF ALLEGIANCE

Chair Schenk led members and guests in the Pledge of Allegiance.

3. ROLL CALL

- City of Beaumont - Jennifer Ustation
- City of Calimesa - Celeste Reid
- City of Jurupa Valley - Connie Cardenas
- City of Lake Elsinore - Shannon Buckley
- City of Menifee - Wendy Preece
- City of Moreno Valley - Brian Mohan
- City of Norco - Lisette Free
- City of Perris - Ernie Reyna
- City of Wildomar - Bob Howell
- Eastern Municipal Water District (EMWD) - John Adams
- Western Municipal Water District (WMWD) - Kevin Mascaro
- March Joint Powers Authority - Matt Schenk (Chair)

4. PUBLIC COMMENTS

There were no public comments.

5. SELECTION OF FINANCE DIRECTORS COMMITTEE CHAIR, VICE-CHAIR, AND 2ND VICE-CHAIR FOR FISCAL YEAR 2021/2022

Action:

1. The Finance Directors Committee selected Javier Carcamo, City of Murrieta, as Chair; Ernie Reyna, City of Perris, as Vice-Chair; and Robert Howell, City of Wildomar, as 2nd Vice-Chair.

(EMWD / Lake Elsinore) 12 yes; 0 no; 0 abstain; Item 5 was approved.

6. CONSENT CALENDAR – (Lake Elsinore / EMWD) 12 yes; 0 no; 0 abstention. Items 6.A and 6.B were approved.

A. Summary Minutes from the April 29, 2021, Finance Directors Committee Meeting

Action:

1. Approved the Summary Minutes from the April 29, 2021, Finance Directors Committee meeting.

B. Finance Department Activities Update

Action:

1. Received and filed.

7. REPORTS / DISCUSSION

A. The Economy and Financial Markets

Richard Babbe, Managing Director of Public Financial Management, provided an overview of the economic prospects as of March 31, 2021, as well as potential future fiscal policy changes. The U.S. daily case count rose slightly as the COVID-19 Delta variant has surfaced, but only approximately 12k daily cases reported, which is significantly less than what we saw in April and May of this year. Only about 50% in the U.S. are fully vaccinated. The services activity surprisingly fell from a record high, mainly due to the challenge with material shortages and the employment resources that continue to be an impediment to the business conditions. The Federal Reserve anticipates near-zero rates through 2023. According to Bloomberg, the Treasury Yield Curve steepened on economic optimism and with long-term rates lifted by rising inflation expectations buoyed by fiscal stimulus measures.

WRCOG's portfolio as of June 30, 2021, is averaging a yield at cost of .86% which has an average duration of 1.86 years. The total market value of the portfolio is \$38,530,415.

Action:

1. Received and filed.

B. TUMF Program Updates for Fiscal Year 2020/2021

Chris Gray, WRCOG Deputy Executive Director, reported that the TUMF Program reached significant levels of revenue in Fiscal Year (FY) 2020/2021 with \$60M collected. This revenue is the second highest collection since 2007. The overall trend is that collections for all Zones increased in FY 2020/2021 except for the Northwest Zone where revenue decreased from the previous fiscal year. The majority of TUMF collections is made up of the Single-Family land use of 74%.

WRCOG regularly convenes Zone Committee meetings to develop Transportation Improvement Programs (TIPs), which allocate funding to specific projects in the subregion based on projected revenues for each Zone. Projected revenue is calculated for each TIP based on the average collections from the Zone for the past three fiscal years and adjusted to account for the TUMF dollar split. Once a project is on the TIP, funding is provided to member agencies on a reimbursement basis as the projects progress. The FY 2021/2022 TIP documents for each Zone are scheduled to be adopted this fall. Staff is currently working with jurisdictions to get all the Zone meetings scheduled.

Staff is required to bring information annually on the TUMF Construction Cost Index (CCI) adjustment. This information is to be brought through the WRCOG Committee structure for discussion and

recommendation for consideration by the Executive Committee. The CCI is an administrative element of the TUMF Program and is intended to keep the dollar value of the Program whole. The 2021 CCI was brought forward and the Executive Committee approved a 3% fee increase at its July 2021 meeting. This increase will take effect on January 1, 2022.

Action:

1. Received and filed.

C. 4th Quarter Draft Budget Amendment for Fiscal Year 2020/2021

Andrew Ruiz, WRCOG Chief Financial Officer, presented on the Fiscal Year 2020/2021 4th Quarter Budget Amendment. The most significant jump was in the Transportation Department with higher than anticipated TUMF collections of approximately \$27M. There was also \$249k in additional expenses which will be offset by additional revenues.

The Administration Department expenditures exceed \$75k over the budgeted amount. This was due to additional legal fees, office equipment for staff to work remote, and consulting labor. This amount will be offset by a decrease in unused expenditures in other categories. The Environmental Department had additional advertising costs for the Used Oil Program and event support for the Clean Cities Program of \$54k, which will be offset by a decrease in unused expenditures in other categories. Lastly, the Energy Department had approximately \$2M in revenues go over budget, primarily due to additional revenues collected in the HERO residential Program due to additional payoffs. Additionally, the PACE commercial programs collected \$400k in revenue over budget. There was also \$1.3M in additional expenses due to legal and settlement costs with the HERO Program. These expenses will be offset by addition revenues.

Action:

1. Recommended that the Executive Committee approve the 4th Quarter draft Budget Amendment for Fiscal Year 2020/2021.

(Wildomar / Jurupa Valley) 12 yes; 0 no; 0 abstain; Item 7.C was approved.

8. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz presented the outgoing Chair, Matt Schenk, with a thank you plaque, thanking him for his past year of service. Mr. Ruiz introduced WRCOG's new Executive Director, Dr. Kurt Wilson.

9. ITEMS FOR FUTURE AGENDAS

Committee members requested presentations from the Riverside County Sheriff, CalPERS, and the Riverside County Auditor-Controller.

10. GENERAL ANNOUNCEMENTS

Committee member Jennifer Ustation shared that she is the Interim Finance Director since Jeff Mohlenkamp's retirement.

11. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, October 28, 2021, at 1:00 p.m., on the Zoom platform.

12. ADJOURNMENT

The meeting of the Finance Directors Committee adjourned at 1:37 p.m.



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Finance Department Activities Update
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740
Date: October 28, 2021

Requested Action(s):

1. Receive and file.
-

Purpose:

The purpose of this item is to provide an update on the Agency Audit for Fiscal Year 2020/2021 and financials through September 2021.

Background:

Fiscal Year 2020/2021 Agency Audit

WRCOG's annual Agency audit is currently in progress. Staff anticipate the audit to be completed by November 2021 and the CAFR issued by December 2021. Staff will begin to present to its various committees in January 2022. WRCOG has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past seven years and will be applying for the award once the audit has been completed.

Additionally, WRCOG will be submitting a Request for Proposal for financial audit services. WRCOG has utilized the services of the audit firm Rogers, Anderson, Malody, and Scott, LLC, for the past five years to conduct its financial audit.

Financial Report Summary Through September 2021

The Agency's Financial Report summary through September 2021, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, is provided as Attachment 1. These are preliminary numbers and have not yet been finalized for the fiscal year.

Prior Action(s):

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment(s):

Attachment 1 - Sept 2021 Financials



Western Riverside Council of Governments

Budget to Actuals

For Month Ending September 30, 2021

	Approved Budget 6/30/2022	Actual Thru 9/30/2021	Remaining Budget 6/30/2022
Total Agency Budget			
Revenues			
Member Dues	286,640	286,640	-
Overhead Transfer In	2,000,000	492,582	1,507,418
TUMF Commercial	4,800,000	251,747	4,548,253
TUMF Retail	4,800,000	604,057	4,195,943
TUMF Industrial	7,680,000	930,804	6,749,196
TUMF Single Family	19,200,000	7,531,228	11,668,772
TUMF Multi Family	9,600,000	545,128	9,054,872
TUMF Commerical - Admin Fee	200,000	10,489	189,511
TUMF Retail - Admin Fee	200,000	25,169	174,831
TUMF Industrial - Admin Fee	320,000	38,783	281,217
TUMF Single Family - Admin Fee	800,000	313,801	486,199
TUMF Multi-Family - Admin	400,000	22,714	377,286
Grant Revenue	1,663,000	138,583	1,524,417
HERO Admin Revenue	2,250,000	481,100	1,768,900
Clean Cities Revenue	240,000	151,000	89,000
Solid Waste Revenue	112,970	112,970	-
Used Oil Grants	168,023	168,023	-
Total Revenues	\$ 57,669,021	\$ 12,104,818	\$ 45,564,203
Expenses			
Salaries & Wages - Fulltime	2,745,899	631,557	2,114,342
Fringe Benefits	1,319,884	235,381	1,084,503
Overhead Allocation	1,682,458	420,615	1,261,843
General Legal Services	968,100	596,765	371,335
Commissioners Per Diem	57,500	15,150	42,350
Parking Cost	20,000	4,687	15,314
Office Lease	350,000	70,919	279,081
Fuel Expense	1,500	28	1,472
General Assembly Expense	300,000	58	299,942
Parking Validations	15,450	2,098	13,352
Staff Recognition	1,000	632	368
Coffee and Supplies	3,000	931	2,069
Event Support	95,737	17,315	78,422
Meeting Support Services	5,250	16	5,234
Program/Office Supplies	13,700	7,850	5,850
Misc. Office Equipment	1,000	1,016	(16)
Computer Equipment/Supplies	2,000	2,864	(864)
Computer Software	102,000	6,025	95,975
Membership Dues	31,750	391	31,359
Subscriptions/Publications	4,250	940	3,310
Postage	5,350	1,367	3,983
Other Household Expenses	3,250	253	2,997
Storage	5,000	1,567	3,433
Recording Fee	10,000	52	9,948
Communications - Regular Phone	16,000	3,789	12,211
Communications - Cellular Phones	13,500	3,386	10,114
Communications - Computer Services	53,000	6,041	46,959
Insurance - Errors & Omissions	15,000	9,335	5,665
Insurance - Gen/Busi Liab/Auto	99,500	67,420	32,080
TUMF Project Reimbursement	46,080,000	2,594,690	43,485,310
Seminars/Conferences	9,650	45	9,605



Western Riverside Council of Governments

Budget to Actuals

For Month Ending September 30, 2021

	Approved Budget 6/30/2022	Actual Thru 9/30/2021	Remaining Budget 6/30/2022
Total Agency Budget			
Travel - Mileage Reimbursement	9,500	679	8,821
Travel - Airfare	4,250	350	3,900
Meals	7,400	172	7,228
Training	7,500	40	7,460
Consulting Labor	2,924,616	492,258	2,432,358
Total Expenses	\$ 57,513,228	\$ 5,338,437	\$ 52,316,546



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Approval of Finance Directors Committee 2022 Meeting Schedule
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740
Date: October 28, 2021

Requested Action(s):

1. Approve the Schedule of Finance Directors Committee meetings for 2022.

Purpose:

The purpose of this item is to provide and obtain approval of a meeting schedule for 2022.

Background:

Below are the proposed 2022 meeting dates for the Finance Directors Committee (FDC). All FDC meeting dates are proposed for the 4th Thursday of the month, quarterly, at 1:00 p.m.

Day and Time	JAN	APR	JULY	OCT
Quarterly 4th Thurs. @ 1:00 p.m.	27	28	28	27

Prior Action(s):

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment(s):

None.



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Regional Streetlight Program Activities Update
Contact: Daniel Soltero, Program Manager, dsoltero@wrcog.us, (951) 405-6738
Date: October 28, 2021

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide updates from the Regional Streetlight Program.

Background:

At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program that assisted 10 member agencies and a Community Service District to purchase streetlights previously owned and operated by Southern California Edison (SCE) within their jurisdictional boundaries. Once the streetlights were purchased by the member agency, the lamps were retrofitted to light-emitting diode (LED) technology to provide more economical operations (i.e., lower maintenance costs and reduced energy use). Local control of the streetlight system provides agencies with opportunities for future revenue generation such as digital-ready networks and telecommunications and information technology strategies.

Refinancing Opportunities

By way of background, the Regional Streetlight Program developed and provided a financing structure for interested agencies to acquire streetlights from SCE and complete the LED retrofit project. In September 2016, the Executive Committee recommended that agencies interested in financing the acquisition and retrofit of streetlights utilize Bank of America Public Capital Corporation (Bank of America), as Bank of America provided the most competitive financing. By June 2019, the eight participating agencies listed below had completed a financing transaction with Bank of America:

1. City of Eastvale
2. City of Lake Elsinore
3. City of Menifee
4. City of Moreno Valley
5. City of Murrieta
6. City of Perris
7. City of San Jacinto
8. City of Wildomar

In July 2021, staff received several inquiries regarding possible refinancing options for streetlight lease agreements due to historically low interest rates. In October 2020, the City of Murrieta became the first participating agency to refinance its streetlight lease agreement with Bank of America for a lower interest rate and an estimated \$1.5M reduction in paid interest. In August 2021, the City of Lake Elsinore became the second city to refinance its streetlight lease agreement with Bank of America for a lower interest rate thereby reducing its interest over the payback period by nearly \$500,000. Most recently, in September 2021, the City of Menifee closed on its refinancing deal with Bank of America and will save over \$444,000 over the life of the financing. Given that three participating agencies have successfully refinanced their streetlight lease agreements with Bank of America, staff will be exploring refinancing options with Bank of America for the remaining five agencies. The attached Regional Streetlight Program Interest Rate Comparison table compares the interest rates from the initial financing to the current interest rate environment.

Semi-Annual Invoices & Payments

The Regional Streetlight Program provides administration services for 10 of the 11 participating agencies, including the Cities of Eastvale, Hemet, Lake Elsinore, Menifee, Murrieta, Perris, San Jacinto, Temecula, Wildomar, and the Jurupa Community Services District (JCSD). As part of the Program's administrative services, the agencies are invoiced on a semi-annual basis, due each June 1 and December 1 through the life of the Program. Depending on the agency's funding source for the acquisition and retrofit project, the semi-annual invoices may include costs for the financing such as debt service / rental payments and paying agent fees, and typically include Program costs including the WRCOG administrative fee and streetlight operations & maintenance (O&M). Starting in the years 2026 and 2027, the semi-annual invoices will also include a line item for the re-lamp reserve, which is intended to set aside funds for a future replacement of LED streetlight fixtures. As a reminder, WRCOG has submitted the December 1, 2021, semi-annual invoice to the agencies receiving the Program's administration services, which currently include all participating agencies with the exception of the City of Moreno Valley.

For context, the agencies that self-funded the project, including the Cities of Hemet and Temecula, as well as the Jurupa Community Services District, are only billed for the administrative fee and, if applicable, are also billed for O&M and re-lamp reserve. In this case, the self-funded agencies remit the semi-annual payments directly to WRCOG by the June 1 and December 1 due dates. Moreover, the agencies that utilized the financing framework for the streetlight acquisition and LED retrofit entered into agreements with Bank of America for funding and Wilmington Trust National Association (Wilmington) for escrow and paying agent services. As such, the semi-annual invoices for the financing agencies will include line items for debt service / rental payments to Bank of America, paying agent fees to Wilmington, administrative fees to WRCOG, O&M costs, and eventually the re-lamp reserve, if applicable. Once the agency receives its semi-annual invoice, it submits payment to Wilmington which then allocates the correct amount of debt service, paying agent fees, administrative fee, O&M costs, and re-lamp reserve when applicable to the appropriate accounts thereby completing the June 1 or December 1 payment.

Prior Action(s):

September 16, 2021: The Technical Advisory Committee received and filed.

September 1, 2021: The Administration & Finance Committee received and filed.

August 12, 2021: The Public Works Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment(s):

[Attachment 1 - Regional Streetlight Program Interest Rate Comparison](#)

	At Closing				Current Estimate			At Refinancing				Difference between Original Interest Rate and Current Estimate		
	Closing Dates	Total Payment (Principal + Interest)	Index	Spread	Interest Rate	10-Year U.S. Treasury Rate**	Spread***	Estimate for Interest Rate	Closing Date	Total Payment (Principal + Interest)	Spread		Interest Rate	Savings
Eastvale	9/27/2018	\$ 6,796,141.79	2.96%	2.50%	5.46%	1.53%	2.50%	4.03%	-		-	-	-	1.43%
Lake Elsinore	11/1/2018	\$ 5,252,317.20	3.08%	2.50%	5.58%	<i>Already Refinanced</i>			8/17/2021	\$4,783,522.31	Unknown	3.07%	\$ 468,794.89	2.51%
Menifee	6/27/2019	\$ 9,030,488.93	1.80%	2.50%	4.30%	<i>Already Refinanced</i>			9/10/2021	\$ 8,585,824.49	Unknown	2.99%	\$ 444,664.44	1.31%
Moreno Valley	7/27/2018	\$ 12,479,571.60	2.92%	2.50%	5.42%	1.53%	2.50%	4.03%	-		-	-	-	1.39%
Murrieta	4/10/2018	\$ 10,384,978.19	2.85%	2.50%	5.35%	<i>Already Refinanced</i>			10/14/2020	\$8,833,991.52	2.65%	3.25%	\$ 1,550,986.67	2.10%
Perris	10/11/2018	\$ 7,562,980.69	3.02%	2.50%	5.52%	1.53%	2.50%	4.03%	-		-	-	-	1.49%
San Jacinto	9/11/2018	\$ 3,322,328.74	3.09%	2.50%	5.59%	1.53%	2.50%	4.03%	-		-	-	-	1.56%
Wildomar	3/22/2019	\$ 2,266,217.76	2.69%	2.50%	5.19%	1.53%	2.50%	4.03%	-		-	-	-	1.16%

* Average life U.S. Treasury Rate Swap Index

**Proxy for index rate, as of 10/6/2021

***Assumes same spread from closing

Source:

<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Presentation by CalPERS
Contact: Kurt Schneider, Supervising Pension Actuary, CalPERS,
Kurt.Schneider@calpers.ca.gov, (916) 795-3063
Date: October 28, 2021

Requested Action(s):

1. Receive and file.
-

Purpose:

The purpose of this item is to provide information relating to future pension costs.

Background:

The item is reserved for a presentation from Kurt Schneider, Supervising Pension Actuary from CalPERS.

Prior Action(s):

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment(s):

None.



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: The Economy and Financial Markets
Contact: Michael Gardner, Vice President / Senior Portfolio Manager, CitizensTrust,
mggardner@cbbank.com, (909) 483-4390
Date: October 28, 2021

Requested Action(s):

1. Receive and file.
-

Purpose:

The purpose of this item is to provide an overview of the economic prospects of 2021, as well as potential future fiscal policy changes. Additionally, the presentation will cover an interest rate overlook as well as where equity markets are headed.

Background:

This item is reserved for a presentation from Michael Gardner and Dick McDonald of CitizensTrust.

Prior Action(s):

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment(s):

None.