

# WRCOG Executive Committee

## Minutes

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### 1. CALL TO ORDER

The meeting of the WRCOG Executive Committee was called to order by Chair Crystal Ruiz at 2:20 p.m. on March 6, 2023, at the Riverside County Administrative Center, 4080 Lemon Street, 1st Floor Board Chambers, Riverside.

### 2. PLEDGE OF ALLEGIANCE

2nd Vice-Chair Rita Rogers led the Committee members and guests in the Pledge of Allegiance.

### 3. ROLL CALL

- City of Beaumont - Mike Lara
- City of Calimesa - Wendy Hewitt
- City of Canyon Lake - Mark Terry
- City of Corona - Jacque Casillas
- City of Eastvale - Christian Dinco
- City of Hemet - Jackie Peterson
- City of Jurupa Valley - Chris Barajas
- City of Menifee - Bob Karwin
- City of Moreno Valley - Elena Baca-Santa Cruz
- City of Murrieta - Ron Holliday
- City of Norco - Kevin Bash
- City of Perris - Rita Rogers
- City of Riverside - Ronaldo Fierro
- City of San Jacinto - Crystal Ruiz
- City of Temecula - James Stewart
- City of Wildomar - Joseph Morabito
- County, District 1 - Kevin Jeffries
- County, District 2 - Karen Spiegel
- County, District 3 - Chuck Washington
- County, District 5 - Yxstian Gutierrez
- Eastern Municipal Water District (EMWD) - Phil Paule
- Western Municipal Water District (WMWD) - Brenda Dennstedt

### 4. PUBLIC COMMENTS

There were no public comments.

### 5. CONSENT CALENDAR

Brian Millich from Pacific Ventures requested the approval of item 5.G to allow reimbursement for the Cajalco Road interchange project.

<b>RESULT:</b>	<b>APPROVED AS RECOMMENDED</b>
<b>MOVER:</b>	District 1
<b>SECONDER:</b>	Jurupa Valley
<b>AYES:</b>	Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, District 1, District 2, District 3, District 5, EMWD, WMWD
<b>NAYS:</b>	District 2 voted no on 5.G only

**A. Summary Minutes from the February 6, 2023, Executive Committee Meeting**

**Action:**

1. Approved the minutes from the February 6, 2023, Executive Committee meeting.

**B. Finance Department Activities Update**

**Action:**

1. Received and filed.

**C. WRCOG Committees and Agency Activities Update**

**Action:**

1. Received and filed.

**D. Report out of WRCOG Representatives on Various Committees**

**Action:**

1. Received and filed.

**E. TUMF Program Activities Update: Approval of Reimbursement Agreement and Credit Agreement**

**Actions:**

1. Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the City of Moreno Valley for the SR-60 / World Logistics Center Parkway Interchange Project in the amount of \$3,500,000.
2. Authorized the Executive Director to execute a TUMF Credit Agreement with the Riverside County / Cal Hearthstone for improvements to Briggs Road for a not to exceed amount of \$225,821.

**F. Summary of Proposed Projects for Regional Early Action Planning (REAP) Grant Program - Subregional Partnership Program (SRP) 2.0**

**Action:**

1. Directed staff to submit a grant application to the Southern California Association of Governments for the SRP under the REAP 2.0 Program in the amount of \$1.6M

## **G. City of Corona TUMF Reimbursement Request Prior to Exhaustion of TUMF Credits**

### **Actions:**

1. Denied a request from the City of Corona to provide an early developer reimbursement prior to the exhaustion of TUMF credits.
2. Directed staff to maintain the current policy prohibiting developer reimbursement prior to the exhaustion of TUMF credits.

## **H. Western Riverside County Clean Cities Coalition Activities Update**

### **Action:**

1. Received and filed.

## **6. REPORTS / DISCUSSION**

### **A. California Air Resources Board 2022 Scoping Plan Presentation**

Matt Botill, CARB Chief of the Industrial Strategies Division (ISD), provided a presentation on the 2022 Scoping Plan for Achieving Carbon Neutrality (2022 Scoping Plan). Plans are updated every five years, the most recent being in 2017. There were numerous climate policies and legislations passed in 2022. The 2022 Scoping Plan lays out a path to achieve targets for carbon neutrality and reduce anthropogenic greenhouse gas (GHG) emissions by 85% below 1990 levels no later than 2045, as directed by AB 1279.

Ambitious deployment of clean technologies such as zero-emission vehicles, hydrogen supply, and wind / solar generation will result in significant GHG emissions reductions. By 2045, the Scoping Plan looks to reduce liquid petroleum usage by 94%, and total fossil fuel usage by 86%, which would require an increase in renewable electricity/fuel to meet the energy demand. By accelerating the pace of building clean energy infrastructure, carbon dioxide removal, and clean technology deployment, we can reach a 48% reduction in GHG by 2030, and be on track to achieving carbon neutrality.

The Climate Vulnerability Metric identifies where and how to avoid disparate economic impacts of climate change, since communities face different impacts from climate change. The Scoping Plan includes over five dozen recommendations from CARB's Environmental Justice Advisory Committee on how to make the Plan more equitable. Local action should align to support state and federal air quality and climate goals.

Committee member Kevin Jeffries asked if the policy would exempt the fire service from using electric vehicles. Currently, fire engines can be operated for 48 to 72 hours non-stop, and charging a vehicle when fighting fires in a remote location like a forest would be impossible.

Mr. Botill agreed that not every vocation can use a battery electric vehicle due to a lack of access to charging stations or distance traveled according to their duty cycles. However, there will be an increase in deployment of renewable diesel and hydrogen fuels to support emergency response and other vocations to comply with regulations.

Committee member Karen Spiegel commented that the timeline of goals may not be feasible because it takes longer to get out of a mess than it took to make it. She expressed her concern about the lack of focus on drought and wildfires. The electrical grid situation has also not been addressed, and there is a lot of contradictory behavior that makes it hard for her to support this until those items are addressed.

Mr. Botill indicated the pace of deployment of electricity generation resources needs to be increased in order to meet that electricity demand. Legislature mandates a climate dashboard to track the progress of the buildout and deployment of these resources, with a two- or three-fold increase in the rate of deployment in the coming years. Climate change is predicted to reduce water supplies and increase fire risks, and he recommended that the State increase its fuels reduction activities to reduce wildfire emissions.

Committee member Christian Dinco asked what methods are being employed to reduce the agriculture emissions without moving them away from California, and what consumer protections are being put in place when we are dependent on two primary suppliers (PG&E and SoCal Edison) to ensure reasonably priced power.

Mr. Botill responded that the strategy is to utilize incentives and State grants to reduce emissions in the agricultural and livestock sectors. In terms of cost, there is a recognition among the main state energy agencies that the transition to the use of electrical infrastructure must ensure reliability and affordability.

Committee member Chris Barajas stated that nobody has addressed how we are going to generate the required energy and asked what other forms of generation CARB is looking at to achieve those goals.

Mr. Botill responded that it would be a mix of resources, such as solar and wind power, battery storage, biomass resources, and even nuclear use towards the end of the decade to meet the electricity demands. The Scoping Plan provides a pathway to clean energy, so now the California Energy Commission, the California Public Utilities Commission, and CARB will need to coordinate electricity planning efforts called for under SB 100 and lay out specific resource plans for state electricity providers. This is why it's important to build the capacity to deal with variability in electricity.

Committee member Kevin Bash commented that we should build reservoirs.

Committee member Mike Lara asked about the fiscal impact.

Mr. Botill explained that there is a potential \$22B annual increase in cost for implementing this strategy, which is offset by the health savings associated with cutting combustion and pollution. Every regulation that is meant to help achieve climate and air quality goals must go through a detailed economic analysis that looks at cost impacts across various economic strata.

Committee member James Stewart asked what percentage of California's electricity is purchased out-of-state versus produced in California.

Mr. Botill did not have the numbers, but stated that every purchase has a carbon intensity (CI) associated with it and a GHG estimate is provided with the purchase. The State has regulatory programs that incentivizes the purchase of low CI.

Committee member Bob Karwin asked what the tangible result would be if every goal in the Plan is met.

Mr. Botill replied that the outcome would be significant local air quality and health benefits. We would reduce fuel combustion, which is what drives asthma, premature mortality, birth defects, and other impacts that come from inhaling particulate matter. State legislature seeks to be a leader in climate strategies in order to reach carbon neutrality.

Committee member Ron Holliday asked about the impacts in the bordering areas.

Mr. Botill indicated that California has cooperative agreements with the Mexican government and other nations revolving around information sharing, to export the same programs and practices to those jurisdictions in their pollution reduction efforts.

Chair Crystal Ruiz expressed her concern over various issues such as implementation of electric vehicles, reduction of gas usage, and the power grid. She asked Committee members to be vigilant about the effect that these federal regulations will have on residents at a local level.

**Action:**

1. Received and filed.

**B. Approval of the WRCOG Strategic Plan**

Due to time constraints, this item was moved to the April agenda.

**Action:**

1. Moved to April.

**C. Fiscal Year 2021/2022 Agency Audit**

Brent Van Lant from Van Lant and Fanhanel (VLF) reported that the Fiscal Year (FY) 2021/2022 audit is nearly completed and expected to be finalized in early March. While the audit is not final, WRCOG's auditors do not anticipate any findings or internal control deficiencies.

Two major changes will be implemented going forward with WRCOG's financial reporting:

1. TUMF revenues will be considered a fiduciary activity, with the exception of the administrative fee; and
2. PACE bond trustee activity will be reported as a part of the PACE custodial fund.

Dr. Kurt Wilson, WRCOG Executive Director, commented that only 4% of TUMF funds will be counted in the budget since the other 96% are used for projects. Additionally, TUMF revenues did not drop.

**Action:**

1. Received and filed.

**D. WRCOG Financial Sustainability Modeling and Fiscal Year 2023/2024 Budget Introduction**

Jessica Oliphant and Andy Belknap from the consulting firm Baker Tilly, reported on the analysis

performed on WRCOG's financial position and presented a long-range financial model for WRCOG's various Programs.

Mr. Belknap indicated that it is difficult to make multi-year financial projections for WRCOG because of the variability of certain program revenues, and expressed a concern with inflation-based fee erosion. Many WRCOG fees are not indexed for inflation, so revenue tends to erode with inflation.

Six funds were modeled: the General Fund, TUMF, LTF, Clean Cities Fund, Used Oil Fund, and the REN Fund for FY 2022/2023. The General Fund is composed of disparate elements which are difficult to project. Revenue projections were conservative, especially with grants because there is uncertainty of whether WRCOG will receive them.

There are two models: one assuming no recession in the next ten years, and the other with a recession occurring in 2027. The baseline forecast for the General Fund expenses would outpace revenues by 2026, which would require budgeting strategies to break even. The model indicated consistent growth for the TUMF and LTF Fund over the next 10 years and showed potential deficiencies for the General Fund and Used Oil within the 10-year period modeled.

Overall, WRCOG is financially healthy and will remain so in the short-term. Staff will continue to work with Baker Tilly to refine the model and apply it to the FY 2023/2024 budget, and will help develop strategies to address budget shortfalls identified by the models.

Dr. Wilson indicated that WRCOG is pleased with the results, and staff received clear markers for cost-cutting and grant revenues. He gave an overview of the budget timeline, with an upcoming Budget Ad Hoc meeting later this month. The Executive Committee will focus on the revenues for the upcoming budget in next month's meeting.

Chair Ruiz asked Committee members to reach out if they would like to be a part of any of the Ad Hoc committees.

**Action:**

1. Received and filed.

**E. Fiscal Year 2022/2023 Q2 Financial Update**

Andrew Ruiz, WRCOG Chief Financial Officer, provided an update on the Q2 Budget. During Q2 of FY 2022/2023, two budget amendments were approved under the Executive Director's authority in the Clean Cities Program, and the IREN Program.

Five budget amendments were requested and approved. There was a reduction in the PACE Program revenues and expenditures based on decreased activity, going from \$200k to \$110k. Projects are anticipated to be completed before the end of the fiscal year.

There was also a reduction of the HERO Program. It still generates revenues from refunds, payoffs, delinquency sell-offs, and administrative fees. In FY 2021/2022, homeowners were taking advantage of low borrowing rates and increasing home values, so they were paying off their HERO assessments early. Due to increasing rates and flattening home values, that is no longer the case, so the budgeted

revenues have been reduced. Legal and consulting expenditures in this Program will also be reduced by \$690k.

Reduction of the I-REN Program revenues and expenditures is due to decreased activity; however, these funds will be rolled over into a later period, as I-REN has until 2027 to expend its funds. The I-REN Executive Committee approved approximately \$11.2M in contracts that span over three years, and a substantial increase in activity is expected in the last four months of the fiscal year.

The REAP Program was extended an additional 18 months, and a second iteration of REAP known as "REAP 2.0" has been added. Because of this, the budget for FY 2022/2023 will be reduced.

There was a \$5M increase in revenues for the TUMF program due to increased development activity. Single-family and retail activity is lower, while multi-family, industrial, and commercial activity is higher, so changes are being made within those sectors.

Investments in California Asset Management Program (CAMP) have benefited from the increased interest rates, and are estimated to yield 3% for the remainder of the year. This amendment will increase interest / investment earnings by \$1.6M.

Committee member Wendy Hewitt asked when I-REN will start seeing revenue coming in.

Mr. Ruiz indicated that I-REN is a reimbursement-based program, and the level of activity is not what was originally budgeted. We are now seeing an increase in revenues and expenditures in the last four months of the fiscal year.

**Action:**

1. Approved the mid-year budget amendment to the WRCOG 2022/2023 Fiscal Year Budget

<b>RESULT:</b>	<b>APPROVED AS RECOMMENDED</b>
<b>MOVER:</b>	Perris
<b>SECONDER:</b>	Corona
<b>AYES:</b>	Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Menifee, Moreno Valley, Murrieta, Perris, Riverside, San Jacinto, Wildomar, WMWD

**7. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR**

The Technical Advisory Committee Chair was not present for the meeting.

**8. REPORT FROM COMMITTEE REPRESENTATIVES**

Dr. Wilson reported that CalCOG is currently holding its annual meeting at the Riverside Convention Center, with the largest attendance ever.

Chair Ruiz reported that the SANDAG Borders Committee discussed a border issues at the U.S. / Mexico border, including air quality and water pollution.

**9. REPORT FROM THE EXECUTIVE COMMITTEE CHAIR**

Chair Ruiz gave no additional report.

## **10. REPORT FROM THE EXECUTIVE DIRECTOR**

Dr. Kurt Wilson thanked BB&K for recognizing the situation with the PACE / HERO Program and giving WRCOG a temporary reprieve on their rates for that program. Members were provided with sponsorship packets for the General Assembly to share with anyone who might be interested in attending. Registration will be done online this year, and Committee members can register through staff in your respective City Clerk or City Manager's office. We will also be requesting testimonials for great stories on partnerships or collaborations. New Committee members, please submit your form 700s. He thanked Lucy for stepping in as clerk today in Janis' absence due to a family emergency. Dr. Wilson announced that he will miss Wednesday's Administration & Finance Committee meeting due to a family obligation. He also wished Chris Gray a happy birthday.

## **11. ITEMS FOR FUTURE AGENDAS**

There were no items for future agendas.

## **12. GENERAL ANNOUNCEMENTS**

There were no general announcements.

## **13. NEXT MEETING**

The next Executive Committee meeting is scheduled for Monday, April 3, 2023, at 2:00 p.m., in the Riverside County Administrative Center, 4080 Lemon Street, 1st Floor Board Chambers, Riverside.

## **14. ADJOURNMENT**

The meeting was adjourned at 4:10 p.m. in honor of Ted Hoffman.