

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.