

Finance Directors Committee

Minutes

1. CALL TO ORDER

The Special meeting of the WRCOG Finance Directors Committee was called to order on August 25, 2022, at 1:01 p.m. by Chair Javier Carcamo on the Zoom platform.

2. PLEDGE OF ALLEGIANCE

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

3. ROLL CALL

- City of Calimesa - Celeste Reid
- City of Canyon Lake - Terry Shea
- City of Corona - Christine Thompson*
- City of Hemet - Lorena Rocha
- City of Jurupa Valley - Connie Cardenas*
- City of Lake Elsinore - Brendan Rafferty
- City of Moreno Valley - Brian Mohan
- City of Murrieta - Javier Carcamo (Chair)
- City of Norco - Lisette Free
- City of Perris - Ernie Reyna
- City of Riverside - Kristie Thomas
- City of San Jacinto - Erika Gomez
- City of Wildomar - Bob Howell
- Eastern Municipal Water District (EMWD) - John Adams*
- Western Municipal Water District (WMWD) - Kevin Mascaro

*Arrived after Roll Call

4. PUBLIC COMMENTS

There were no public comments.

5. SELECTION OF FINANCE DIRECTORS COMMITTEE LEADERSHIP FOR FISCAL YEAR 2022/2023

A. Recognition of Outgoing Chair and Leadership Selection for Fiscal Year 2022/2023

Action:

1. Selected Ernie Reyna, City of Perris, as Chair, Connie Cardenas, City of Jurupa Valley, as Vice-Chair, and Erika Gomez, City of San Jacinto, as Second Vice-Chair.

(Perris / Murrieta) 14 yes; 0 no; 0 abstention. Item 5.A was approved.

Incoming Chair Ernie Reyna continued the meeting.

6. CONSENT CALENDAR – (Wildomar / Canyon Lake) 14 yes; 0 no; 0 abstention. Items 6.A and 6.B were approved.

A. Summary Minutes from the April 28, 2022, Finance Directors Committee Meeting

Action:

1. Approved the Summary Minutes from the April 28, 2022, 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, Public Financial Management, reported on the current market themes which includes a strong labor market, interest rates going up, unemployment continuing to be low and inflation continuing trend high. The decrease in inflation has been driven by decreases, on a relative basis, of oil prices. Increases in food were offset by decreases on a month-to-month basis of energy prices. Overall, the job market remains strong.

Nationwide, the unemployment rate continues to go down. While the Riverside / San Bernardino / Orange County area has also seen a decrease, there was a slight uptick in June.

There is some weakness in leading indicators, a composite of indices which include measures of monthly / weekly employment, building permits, the spread between various treasury yields, SMP 500 index, and consumer sentiment.

While GDP has declined for two quarters in a row, meeting the definition of a recession, there are other ways that a recession is defined; however, Bloomberg does anticipate that a recession will likely come soon, if it isn't already here.

WRCOG's investments continue to follow a conservative investment approach and have continued to outperform the benchmark Treasury Index.

Action:

1. Received and filed.

B. Approval of Revised Finance Directors Committee 2022 Meeting Schedule

Andrew Ruiz, WRCOG Chief Financial Officer, reported that staff are preparing next year's meeting

schedule to align the the Agency's budget schedule, and would like to push out the last meeting of this year from October to November to better accommodate that schedule.

Action:

1. Approved the revised Finance Directors Committee meeting schedule for 2022.

(EMWD / Wildomar) 14 yes; 0 no; 0 abstention. Item 7.B was approved.

C. 4th Quarter Draft Budget Amendment for Fiscal Year 2021/2022

Andrew Ruiz, WRCOG Chief Financial Officer, reported that overall, there will be a net increase in revenues of \$29M, primarily due to the TUMF Program having much higher-than-anticipated collections for Q4 of Fiscal Year 2021/2022.

There is no net increase in expenditures to any Program, meaning wherever there was an overage within a Program, other line items that were under budget were reduced to offset the line items that went over budget. Mr. Ruiz reviewed the budget changes of each department with Committee members.

The budget amendment process will change in Fiscal Year 2022/2023, as the Executive Director now has authority to make changes to the budget to a certain degree, but changes will still be disclosed through a mid-year budget update, and any large items will still go through the committee approval process.

Action:

1. Recommended that the Executive Committee approve the 4th Quarter draft Budget Amendment for Fiscal Year 2021/2022.

(EMWD / Canyon Lake) 15 yes; 0 no; 0 abstention. Item 7.C was approved.

D. Fiscal Year 2021/2022 TUMF Collection Update

Chris Gray, WRCOG Deputy Executive Director, reported that in Fiscal Year 2021/2022, the TUMF Program collected \$77M, which is the 3rd highest year in the history of the Program.

The agencies with the highest collections included Riverside County, and the Cities of Beaumont, Hemet, Menifee, and Moreno Valley. Agencies that saw the largest uptick in collections include the Cities of Banning, Hemet, Jurupa Valley, and Norco.

There has been a slow but steady increase since 2017/2018 with the exception of 2019/2020 with due to the COVID-19 pandemic. Approximately 67% of all collections were from single-family dwelling units with 17% of collections from industrial development.

Staff continues to monitor development applications and not seen any drop-off in the number of applications; however, staff does anticipate some drop-off from the current levels.

Action:

1. Received and filed.

8. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz, WRCOG Chief Financial Officer, reported that staff plans to meet with each Finance Director to discuss their accounting software, as WRCOG is exploring a new accounting software. Additionally, staff are also seeking input from the Finance Directors regarding WRCOG's Strategic Plan's fiscal objectives.

9. ITEMS FOR FUTURE AGENDAS

Committee member Celeste Reid would like a nuts and bolts presentation on WRCOG.

Committee member Connie Cardenas asked about the recruitment of engineers.

10. GENERAL ANNOUNCEMENTS

There were no general announcements.

11. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, November 17, 2022, at 1:00 p.m., on the Zoom platform.

12. ADJOURNMENT

The meeting of the Finance Directors Committee adjourned at 2:03 p.m.