

**Administration & Finance Committee
January 9, 2019
Summary Minutes**

Item 3.A

1. CALL TO ORDER

The meeting of the Administration & Finance Committee (Committee) was called to order at 12:04 p.m. by Chair Chuck Washington at WRCOG's Office, Citrus Conference Room.

Members present:

Mike Lara, City of Beaumont
Bonnie Wright, City of Hemet
Brian Tisdale, City of Lake Elsinore
Kelly Seyarto, City of Murrieta
Kevin Bash, City of Norco
Rita Rogers, City of Perris
Rusty Bailey, City of Riverside (12:50 p.m. departure)
Ben Benoit, City of Wildomar
Chuck Washington, County of Riverside, District 3 (Chair)
Karen Spiegel, County of Riverside, District 2
Brenda Dennstedt, Western Municipal Water District

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Rick Bishop, Executive Director
Barbara Spoonhour, Deputy Executive Director – Operations
Andrew Ruiz, Interim Chief Financial Officer
Christopher Gray, Director of Transportation & Planning
Casey Dailey, Director of Energy and Environmental Programs
Michael Wasgatt, Program Manager
Andrea Howard, Program Manager
Tyler Masters, Program Manager
Janis Leonard, Administrative Services Manager
Kyle Rodriguez, Staff Analyst
Sofia Perez, Staff Analyst
Rayza Sison, Intern
Ivana Medina, Intern

Guests present:

Mrunal Shaw, Best Best & Krieger

2. PUBLIC COMMENTS

There were no public comments.

3. MINUTES – (Murrieta / Riverside) 7 yes; 0 no; 4 abstention. Item 3.A was approved. The Cities of Beaumont, Norco, and Perris, and the County, District 2 abstained.

A. Summary Minutes from the November 14, 2018, Administration & Finance Committee Meeting are Available for Consideration.

Action: 1. *Approved the Summary Minutes from the November 14, 2018, Administration & Finance Committee meeting.*

4. CONSENT CALENDAR – (Perris / Hemet) 11 yes; 0 no; 0 abstention. Item 4.A was approved.

A. Finance Department Activities Update

Action: 1. Received and filed.

5. REPORTS / DISCUSSION

A. Nomination for WRCOG 2nd Vice-Chair Positions for the Remainder of Fiscal Year 2018/2019

Rick Bishop reported that in the recent election Laura Roughton, who served as the 2nd Vice-Chair, was not re-elected, which created this vacancy. Nominations were solicited from all the Executive Committee members and alternates; four members expressed interest.

Committee member Kelly Seyarto indicated that when Mrs. Roughton was nominated before, it was done so that there was representation from different areas. Since nominee Kevin Bash is from the same area, it makes sense to keep the rotation in that area.

Action: 1. Nominated Council member Kevin Bash, City of Norco, for the position of 2nd Vice-Chair for the remainder of Fiscal Year 2018/2019.

(Murrieta / WMWD) 11 yes; 0 no; 0 abstention. Item 5.A was approved.

B. PACE Programs Activities Update

Steve DeBaun stepped out during this presentation.

Casey Dailey provided a brief background on the Program for the new Committee members. Staff are working to actively expand the commercial aspect of the Program. Providers in this area include Greenworks, CleanFund, and, if this Committee forwards the requested action being presented today, Lord Capital will be the latest commercial provider. Lord Capital is a PACE provider located in New York, NY, and has a vested interest in pursuing the PACE market.

Staff recently visited Lord Capital's facility. The PACE Ad Hoc Committee received a presentation from Lord Capital and is recommending that Lord Capital be brought on as a commercial PACE provider. If approved, WRCOG will be the first interaction in the state of California for Lord Capital.

The California Energy Commission (CEC) recently announced that beginning in the year 2020, the statewide building code – Title 24 – will be updated. Solar will be required on all new homes built in California. In Riverside County alone, approximately 4,000 new homes will be built this year. There will be significant growth in renewable energy deployment come 2020.

Staff believes that it makes sense to have the state allow solar and PACE financing on new residential construction. Since October, staff have met with representatives from the Building Association, staff from the CEC, and spoken with several state legislators regarding legislation which would go into effect next year allowing PACE financing on new residential construction.

There seems to be general support across the board for this approach. The legislation would be modeled after the residential Program in which there is the senior debt, and then an equity portion, also known as mezzanine financing. Often times the developer will borrow the mezzanine financing.

Commercial PACE interest rates are between 6% and 8%, compared to traditional mezzanine financing of 12% to 14%. There is economic value for developers to use PACE as part of the capital stack. Staff are looking at this same model for new construction, working with developers which are building many homes.

WRCOG's legal counsel has drafted legislation language which can be used to introduce a bill. An author will need to be determined to push this bill through Committee and to conduct lobbying efforts in Sacramento.

Committee member Karen Spiegel asked, regarding solar, when does the point of saturation occur, and how do the electric companies feel about this?

Mr. Dailey responded that he is unaware of how the utility companies feel about the new legislation, but with the amount of solar which will be deployed statewide, it will have an impact on the grid. Having said that, the CEC controls the building codes and is the agency driving the policy.

Chairman Washington asked if the developers do not need financing, can they still have access to the Program's vendors and participate in the Program.

Mr. Dailey responded that if a developer did not need financing there would most likely not be the need to participate in the Program because the vendors are in effect the conduit to the contractors. The developers would most likely have a more direct line with the contractors themselves. However, if a small business wanted to install solar and did not require financing, it could also work directly with any PACE certified contractor.

Committee member Brenda Dennstedt asked if anyone else is engaging in this proposed legislation.

Mr. Dailey responded that WRCOG is leading the effort; however, there is a lot of support from the Building Industry, the CEC, and PACE providers. It seems to be self-serving if the PACE industry were to push legislation to expand PACE. From a public policy standpoint, there is a financing option – PACE – specifically for energy efficient renewable energy and water conservation purposes, and it makes sense for WRCOG to push the effort. Staff have had conversations with staff at the California Statewide Communities Development Authority, the other large bond issuer in California, and they are in support of this idea, and the League of CA Cities and the Coachella Valley Association of Governments would also support it.

Committee member Bonnie Wright asked what the current climate is with the real estate industry.

Mr. Dailey responded that within the last six months, the local real estate associations have changed their position on PACE from opposed to neutral.

Committee member Wright recommended that staff revisit those located in the southwest area.

Mr. Dailey responded that he will reach out to them.

The way the legislation is being posed is that there will be the ability to transfer the property from one owner to another and still be able to obtain an FHA loan. The way to accomplish this is by having the PACE lien below the senior mortgage; it would hit the tax roll already in the second position.

Committee member Brian Tisdale asked if there is funding for work on a bill.

Mr. Dailey responded that there is available funding in the consulting labor line item within the budget.

Andrew Ruiz added that the funding was not originally budgeted; however, the PACE Program has not paid out as much in consulting fees as was anticipated, so there are surplus funds available there.

Committee member Dennstedt asked what lobbyist WRCOG will use.

Mr. Dailey responded that WRCOG's legal counsel has a lobbyist in Sacramento that WRCOG would utilize. Expenses will be billed on a month-by-month basis in the event the bill does not proceed.

Lastly, the PACE Ad Hoc Committee requires two additional members to replace those no longer in office, and staff are seeking volunteers.

Committee members Rita Rogers and Kelly Seyarto volunteered.

Action: 1. *Recommended that the Executive Committee authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Lord Capital under WRCOG's Commercial PACE umbrella.*

(Riverside / Wildomar) 11 yes; 0 no; 0 abstention. Item 5.B was approved.

C. Appointment of WRCOG Representatives to Various Committees

Rick Bishop reported that several appointments were made to various Committees, and subsequent to that there were some elected officials who did not win their bid for re-election. There is a policy in place which indicates that Executive Committee members are to be given preference in appointments due to the report back process.

Chairman Washington indicated that this issue is revisited every couple of years because the Agency does not run on a calendar year.

Committee member Brenda Dennstedt indicated that appointments should be moved to align with the election cycle.

Mr. Bishop responded that a few years ago the Executive Committee indicated that appointments should all be made at the same time and should run for a two-year period. Appointments are made at the end of the even-numbered calendar year, and the representatives begin attending meetings in January.

Committee member Karen Spiegel indicated that the problem with making appointments in January is that there may be newly elected officials who are not up to par on the other agencies; making appointments in June would allow time for the newly elected officials to get up to speed.

Committee member Ben Benoit indicated that making the appointments in December ensure that there are appointed representatives for meetings which begin in January, such as the SCAG meetings.

Actions: 1. *Recommended that Councilmember Micheal Goodland, City of Jurupa Valley, be appointed as the alternate representative to the California Association of Councils of Governments for a term commencing January 1, 2019, ending December 31, 2020.*

(Perris / Riverside) 11 yes; 0 no; 0 abstention. Item 5.C.1 was approved.

2. *Recommended that Councilmember Larry Smith, City of Calimesa, and Councilmember Joseph Tessari, City of Eastvale, be appointed as the two alternate representatives to the County of Riverside Waste Management Task Force for a term commencing January 1, 2019, ending December 31, 2020.*

(Perris / Murrieta) 11 yes; 0 no; 0 abstention. Item 5.C.2 was approved.

3. *Recommended that Mayor Rusty Bailey, City of Riverside, be appointed as the one representative to the Santa Ana Watershed Project Authority's One Water One Watershed Steering Committee for a term commencing January 1, 2019, ending December 31, 2020.*

(Perris / Lake Elsinore) 11 yes; 0 no; 0 abstention. Item 5.C.3 was approved.

4. *Recommended that Councilmember Kevin Bash, City of Norco, be appointed as the one representative to the SCAG Community, Economic & Human Development Committee for a term commencing January 1, 2019, ending December 31, 2020.*

(Wildomar / Murrieta) 10 yes; 0 no; 0 abstention. Item 5.C.4 was approved. The City of Riverside was not present.

D. Update on the Development of a Sustainability Indicators Report

Christopher Gray reported that the Sustainability Framework was drafted back in 2012 and included 40+ key indicators to focus on. That list has been narrowed down to 15. The retail and hospitality service industry has added the most jobs in the region over the last five years. These jobs do not pay very well and are likely to become automated. Over 60% of Western Riverside County residents travel to other counties for employment each day. Household income in this subregion is \$60k per household; the medium is \$80k. Adjusted for inflation over the last five years, the amount has actually decreased.

Chairman Washington indicated that the numbers appear to be from 2012 – 2016 and that there are probably better numbers for 2018.

Mr. Gray indicated that he will investigate more current numbers. Violent crime decreased in 2017. It is important for the subregion to benchmark ourselves and see how we compare to others. We are investing billions of dollars in transportation and development, and we are not following-up to determine if we are getting results out of this. Water use has decreased significantly. Energy use has decreased per capita.

Rick Bishop added that the Executive Committee had asked for six specific priority areas in which WRCOG could be involved. Some of those items are contained in the Sustainability and Economic Development Framework; this is an update to that. Staff can determine initiatives in which the results are lacking based upon that data.

Action: 1. *Received and filed.*

E. Approval of Revised Purchasing and Procurement Policy

Casey Dailey reported that WRCOG's Purchasing and Procurement Policy was initially adopted in 2005 and has not been updated since. Staff have recently begun exploring grant funding opportunities through CalRecycle. One of the requirements to apply for funding is that WRCOG must have an adopted, environmentally friendly, Purchasing and Procurement Policy.

Committee member Kelly Seyarto asked if the updated Policy is focused on being environmentally friendly, will it end up costing the Agency more money?

Mr. Dailey responded that it will not cost the Agency more money to enforce the Policy.

Action: 1. *Recommended that the Executive Committee adopt WRCOG Resolution Number 01-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments Adopting a Revised Purchasing and Procurement Policy.*

(Perris / Wildomar) 10 yes; 0 no; 0 abstention. Item 5.E was approved. The City of Riverside was not present.

6. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

7. GENERAL ANNOUNCEMENTS

There were no general announcements

8. NEXT MEETING: **The next meeting is scheduled for Wednesday, February 13, 2019, at 12:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.**

9. ADJOURNMENT: **The meeting of the Administration & Finance Committee adjourned at 12:59 p.m.**