



Western Riverside Council of Governments Finance Directors Committee

AGENDA

**Thursday, April 27, 2023
1:00 PM**

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

Committee members are asked to attend this meeting in person unless remote accommodations have previously been requested and noted on the agenda. The below Zoom link is provided for the convenience of members of the public, presenters, and support staff.

[Public Zoom Link](#)

Meeting ID: 853 3662 1181

Passcode: 762575

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

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Finance Directors Committee meeting, please contact WRCOG at (951) 405-6706. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 3390 University Avenue, Suite 200, Riverside, CA, 92501.

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 lfelix@wrcog.us.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Lucy Felix 72 hours prior to the meeting at (951) 405-6706 or

lfelix@wrcog.us. Later requests will be 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 (Ernie Reyna, Chair)

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PUBLIC COMMENT

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 agenda 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 February 23, 2023, Finance Directors Committee

Requested Action(s): 1. Approve the Summary Minutes from the February 23, 2023, Finance Directors Committee

B. Finance Department Activities Update

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

6. REPORTS / DISCUSSION

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

A. Fiscal Year 2023/2024 Budget

Requested Action(s): 1. Discuss and provide feedback.

B. The Economy and Financial Markets

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

C. 2022 Fee Comparison Analysis Update - Final Report

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

D. Non-Residential Development Outlook

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

7. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz

8. ITEMS FOR FUTURE AGENDAS

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

9. GENERAL ANNOUNCEMENTS

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

10. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, May 25, 2023, at 1:00 p.m., in WRCOG's office at 3390 University Avenue, Suite 200, Riverside.

11. ADJOURNMENT

Finance Directors Committee

Minutes

1. CALL TO ORDER

The meeting of the WRCOG Finance Directors Committee was called to order on February 23, 2023, at 1:04 p.m. by Chair Ernie Reyna on the Zoom platform.

2. ROLL CALL

- City of Beaumont - Lisa Leach
- City of Calimesa - Celeste Reid*
- City of Canyon Lake - Terry Shea
- City of Corona - Kim Sitton
- City of Eastvale - Amanda Wells
- City of Lake Elsinore - Brendan Rafferty
- City of Perris - Ernie Reyna (Chair)
- City of San Jacinto - Erika Gomez
- City of Wildomar - Adam Jantz
- Eastern Municipal Water District (EMWD) - John Adams
- Western Municipal Water District (WMWD) - Kevin Mascaro

*Arrived after Roll Call

3. PUBLIC COMMENTS

There were no public comments.

4. CONSENT CALENDAR – (EMWD / Wildomar) 10 yes; 0 no; 1 abstention. Items 4.A - 4.C were approved. The City of Beaumont abstained from the Minutes only.

A. Summary Minutes from the November 17 2022, Finance Directors Committee Special Meeting

Action:

1. Approved the Summary Minutes from the November 17, 2022, Finance Directors Committee Special meeting.

B. Finance Department Activities Update

Action:

1. Received and filed.

C. The Economy and Financial Markets and Investment Portfolio Performance

Action:

1. Received and filed.

5. REPORTS / DISCUSSION

A. Fiscal Year 2021/2022 Agency Audit

Brent Van Lant from Van Lant and Fankhanel reported that the Fiscal Year 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.

WRCOG implemented GASB 87, which resulted in a lease liability and right to use asset relating to WRCOG's office lease.

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

1. Ninety six percent of TUMF revenues will be considered a fiduciary activity, with the exception of the remaining 4% for the administrative fee.
2. There were numerous Fiscal Agent accounts in WRCOG's name, which are considered conduit debt. The PACE bond trustee activity will be reported as a part of the PACE custodial fund.

The audit is expected to be completed by mid-March. WRCOG's Chief Financial Officer, Andrew Ruiz, will email audit reports and summaries to members of the Finance Directors Committee.

Action:

1. Received and filed.

B. WRCOG Financial Sustainability Modeling and Fiscal Year 2023/2024 Budget

Jessica Oliphant from consulting firm Baker Tilly gave a presentation on the sustainability planning and financial forecasting. An analysis on WRCOG's financial position and to long-range financial model for WRCOG's various Programs was performed. There were two models: one assuming no recession in the next ten years, and the other with a recession occurring in 2027. While the model presented is not final, it 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 Program within the 10-year period modeled.

Committee member Celeste Reid asked about the interest rates increasing by 4%, which she deemed to be high.

Andrew Ruiz, WRCOG Chief Financial Officer, clarified that in the short-term, interest rates continue to go up, with funds yielding 4.25%. This may go down in the next 10 years, but for now it has been forecasted to remain around 4%.

The Inland Regional Energy Network Program will run through 2027, with a potential to extend it for another six years. WRCOG Deputy Executive Director Chris Gray explained that it was similar to a long-term grant in which WRCOG would apply on an ongoing basis.

Staff will continue to work with Baker Tilly to refine the model and apply it to the Fiscal Year 2023/2024 budget, and will help develop strategies to address budget shortfalls identified by the models. There will be audit-related changes and changes to the existing budget format in the Administration Department and performing a consolidation of accounts. WRCOG is looking into implementing a new accounting software and is currently putting together Request for Proposals.

Committee member Reid asked how many employees have been added in Fiscal Years 2022 and 2023.

Mr. Ruiz responded that there were four new positions added, but there have also been some positions that were eliminated due to the closing of some programs.

Action:

1. Received and filed.

C. Fiscal Year 2022/2023 Q2 Financial Update

Andrew Ruiz, WRCOG Chief Financial Officer, presented a budget update for Q2 of Fiscal Year 2022/2023.

Three budget amendments were approved under the Executive Director's Authority. All three amendments presented no net increase in expenditures:

1. The Used Oil Program increased its advertising budget by \$12k, with an offset in event support.
2. The Clean Cities Program budget was amended by \$2,800 in the Travel and Equipment categories.
3. Approximately \$515k in expenditures for the I-REN Program were moved in various categories, mainly in Membership dues.

Four budget amendments were requested and approved:

1. Commercial PACE budgets decreased 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 PACE 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 will also be reduced.
2. A reduction of the I-REN Program revenues and expenditures 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.
3. 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.
4. 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.

Committee member Reid asked about unrealized gains and losses in the TUMF Program.

Mr. Ruiz responded that based on feedback received, adjustments will be made to the models in future iterations.

Action:

1. Recommended that the Executive Committee approve the mid-year budget amendment to the WRCOG 2022/2023 Fiscal Year Budget.

(Jurupa Valley / EMWD) 12 yes; 0 no; 0 abstention. Item 5.C was approved.

6. ITEMS FOR FUTURE AGENDA

There were no items for future agendas.

7. GENERAL ANNOUNCEMENTS

WRCOG'S Chief Financial Officer, Andrew Ruiz, reiterated that under direction of the Executive Committee, future meetings will be in person. Remote participation will be allowed as long as the Committee is compliant with the Brown Act requirements, and asked that members notify WRCOG 10 days prior to the meeting if they plan on participating remotely.

Chair Ernie Reyna mentioned a new initiative in which cities can raise fees. The bill made the ballot for November and will impact some jurisdictions. He asked Mr. Ruiz to look into it having a member of the League of California Cities to talk more about it.

Mr. Ruiz also extended an invitation for members to get involved in CSMFO Local Chapter meetings.

8. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, April 27, 2023, at 1:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 200, Riverside.

9. ADJOURNMENT

The meeting of the Finance Directors Committee adjourned at 1:56 PM



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: April 27, 2023

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide an update on the Agency financials through February 2023.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #3 - Ensure fiscal solvency and stability of the Western Riverside Council of Governments.

Background:

On April 3, 2023, the Executive Committee adopted a new Strategic Plan with specific fiscal-related goals:

1. Maintain sound, responsible fiscal policies.
2. Develop a process to vet fiscal impact(s) and potential risk(s) for all new programs and projects.
3. Provide detailed financial statements for public review online.

Regarding goal #1, staff have planned out a process to go through and revise all of its fiscal-related policies. They plan to have them vetted and revised by the end of the fiscal year. Staff will begin by updating its investment policy with the assistance of its financial advisor, Public Financial Management (PFM), and will seek input from the Finance Directors Committee at its next meeting.

Regarding goal #3, staff have updated the public financial statements with significantly more detail, including breaking out each line item by fund, department, and program. These detailed financial statements provide more transparency into each of the Agency's funds and programs.

As staff continue to work through these goals, input from WRCOG's Committee structure will be important to ensure the goals are met.

Financial Report Summary Through February 2023

The Agency's Financial Report summary through February 2023, a detailed overview of WRCOG's financial statements in the form of combined Agency revenues and costs, plus a detailed breakout, are

provided as an attachment to this Staff Report.

The Financial Report also includes a fund-level, budget-to-actual report, as well as additional graphs. Additionally, some account descriptions have been broken out and cleaned up. These changes have been made based on input received from members of WRCOG's various committees.

Fiscal Year (FY) 2023/2024 Agency Budget

While work on the Fiscal Year 2023/2024 budget process started earlier in the Fiscal Year with the Classification and Compensation Study and long-range fiscal modeling, staff have started to bring forward items related to the Fiscal Year 2023/2024 budget to its various committees, starting with the Finance Directors Committee in February. A separate item on the budget is in this agenda packet with additional details.

Prior Action(s):

April 12, 2023: The Administration & Finance Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact. Finance Department activities are included in the Agency's adopted Fiscal Year 2022/2023 Budget under the Administration Department under Fund 110.

Attachment(s):

[Attachment 1 - February 2023 Agency Financials](#)

Attachment

February 2023
Agency Financials



Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Description	Actual	FY 23 Budget	Variance
Revenues			
Member Dues	294,410	294,410	-
Fellowship	81,948	100,000	18,052
Operating Transfer Out	1,359,145	2,476,847	1,117,701
Solid Waste - SB1383	117,593	117,593	-
HERO Admin Revenue	337,685	1,130,000	792,315
Greenworks PACE Commercial Revenue	69,021	100,000	30,979
Twain PACE Commercial Revenue	-	10,000	10,000
PACE Funding Recording Revenue	38	-	(38)
Regional Streetlights Revenue	131,852	135,542	3,691
Solid Waste	174,206	173,157	(1,049)
Used Oil Grants	198,398	198,398	-
Clean Cities	123,800	270,167	146,367
Inland Regional Energy Network (I-REN)	614,991	7,738,349	7,123,358
REAP Revenue	230,186	750,000	519,814
LTF Revenue	1,072,500	1,072,500	-
Other Misc Revenue-RIVTAM	17,500	25,000	7,500
TUMF Commercial - Admin Fee	39,778	72,000	32,222
TUMF Retail - Admin Fee	36,449	72,000	35,551
TUMF Industrial - Admin Fee	341,913	480,000	138,087
TUMF Single Family - Admin Fee	1,010,786	1,320,000	309,214
TUMF Multi Family - Admin Fee	395,815	456,000	60,185
TUMF Commercial - Program Revenue	1,057,278	1,728,000	670,722
TUMF Retail - Program Revenue	677,113	1,728,000	1,050,887
TUMF Industrial - Program Revenue	9,013,947	11,520,000	2,506,053
TUMF Single Family - Program Revenue	23,117,161	31,680,000	8,562,839
TUMF Multi Family - Program Revenue	9,084,549	10,944,000	1,859,451
Beaumont TUMF Settlement Revenue	1,955,458	10,884,000	8,928,542
General Fund Investment / Interest Revenue	90,508	180,000	89,492
TUMF Investment Revenue / Earnings	797,305	1,985,000	1,187,695
Total Revenues	\$ 52,441,335	\$ 87,640,963	\$ 35,199,628



Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

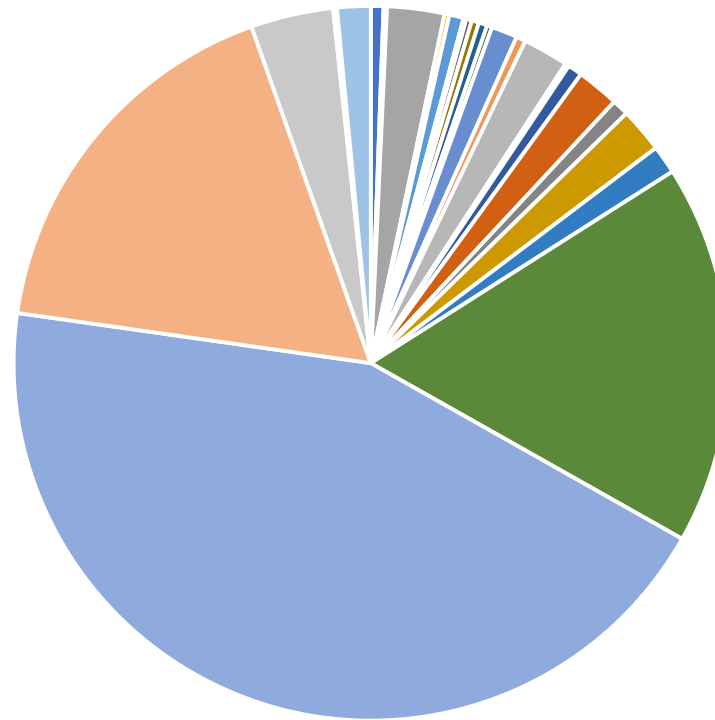
Description	Actual	FY 23 Budget	Variance
Expenses			
Salaries & Wages - Fulltime	1,782,219	3,254,202	1,471,983
Fringe Benefits	811,872	1,448,358	636,486
Overhead Allocation	1,157,638	2,174,586	1,016,947
General Legal Services	1,391,414	2,057,092	665,678
Audit Svcs - Professional Fees	-	30,000	30,000
Bank Fees	3,525	67,008	63,483
Commissioners Per Diem	43,050	72,000	28,950
Parking Cost	19,309	28,000	8,691
Office Lease	225,581	340,000	114,419
WRCOG Auto Fuels Expenses	104	1,000	896
WRCOG Auto Maintenance Expense	-	500	500
Parking Validations	4,820	20,712	15,892
Staff Recognition	2,547	3,100	553
Coffee and Supplies	411	2,500	2,089
Event Support	81,618	164,750	83,132
Program/Office Supplies	8,999	22,550	13,551
Computer Supplies	2,669	7,000	4,331
Computer Software	38,762	102,500	63,738
Rent/Lease Equipment	8,440	15,000	6,560
Membership Dues	17,497	362,250	344,753
Subscriptions/Publications	22,822	9,200	(13,622)
Meeting Support Services	357	3,350	2,993
Postage	4,034	7,850	3,816
Other Expenses	1,698	4,600	2,902
Storage	3,703	5,500	1,797
Printing Services	1,856	6,650	4,794
Computer Hardware	1,410	11,700	10,290
Misc Office Equipment	-	3,000	3,000
Communications - Regular Phone	14,771	17,500	2,729
Communications - Cellular Phones	7,717	17,650	9,933
Communications - Computer Services	5,743	40,000	34,257
Communications - Web Site	6,610	8,000	1,390
Equipment Maintenance	290	7,500	7,210
Maintenance - Building and Improvement	13,034	12,000	(1,034)



Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

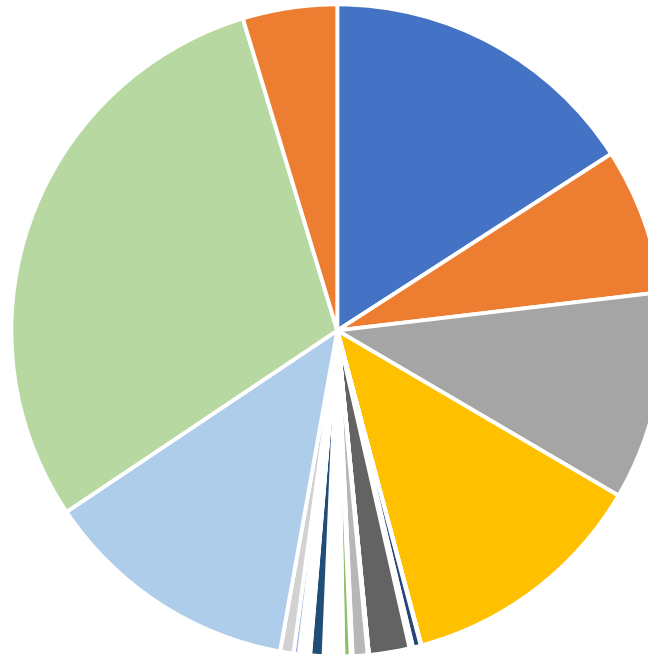
Description	Actual	FY 23 Budget	Variance
Insurance - Gen/Busi Liab/Auto	73,569	104,266	30,697
WRCOG Auto Insurance	3,181	6,000	2,819
Data Processing Support	15,649	8,000	(7,649)
Recording Fee	5,362	13,000	7,638
Seminars/Conferences	11,659	31,850	20,191
Travel - Mileage Reimbursement	4,013	31,910	27,897
Travel - Ground Transportation	932	15,050	14,118
Travel - Airfare	2,876	56,750	53,874
Lodging	9,469	110,100	100,631
Meals	4,096	16,990	12,894
Other Incidentals	29	1,500	1,471
Training	3,137	159,375	156,238
OPEB Repayment	-	110,526	110,526
Supplies/Materials	1,232	8,650	7,418
Advertising Media - Newspaper Ad	29,000	29,048	48
Staff Education Reimbursement	-	7,500	7,500
Compliance Settlements	75,280	100,000	24,720
Direct Costs	-	1,111,056	1,111,056
Consulting Labor	1,434,721	5,241,110	3,806,389
TUMF Project Reimbursement	3,333,405	25,000,000	21,666,595
COG REN Reimbursement	-	1,474,000	1,474,000
Beaumont Settlement Distributions	525,000	6,488,595	5,963,595
Total Expenses	\$ 11,217,128	\$ 50,452,884	\$ 39,235,756

Revenues



- | | | |
|--|---------------------------------------|--------------------------------------|
| ■ Member Dues | ■ Fellowship | ■ Operating Transfer Out |
| ■ Solid Waste - SB1383 | ■ HERO Admin Revenue | ■ Greenworks PACE Commercial Revenue |
| ■ Twain PACE Commercial Revenue | ■ PACE Funding Recording Revenue | ■ Regional Streetlights Revenue |
| ■ Solid Waste | ■ Used Oil Grants | ■ Clean Cities |
| ■ Inland Regional Energy Network (I-REN) | ■ REAP Revenue | ■ LTF Revenue |
| ■ Other Misc Revenue-RIVTAM | ■ TUMF Commercial - Admin Fee | ■ TUMF Retail - Admin Fee |
| ■ TUMF Industrial - Admin Fee | ■ TUMF Single Family - Admin Fee | ■ TUMF Multi Family - Admin Fee |
| ■ TUMF Commercial - Program Revenue | ■ TUMF Retail - Program Revenue | ■ TUMF Industrial - Program Revenue |
| ■ TUMF Single Family - Program Revenue | ■ TUMF Multi Family - Program Revenue | ■ Beaumont TUMF Settlement Revenue |
| ■ General Fund Investment / Interest Revenue | ■ TUMF Investment Revenue / Earnings | |

Expenditures



- Salaries & Wages - Fulltime
- Audit Svcs - Professional Fees
- Office Lease
- Staff Recognition
- Computer Supplies
- Subscriptions/Publications
- Storage
- Communications - Regular Phone
- Equipment Maintenance
- Data Processing Support
- Travel - Ground Transportation
- Other Incidentals
- Advertising Media - Newspaper Ad
- Consulting Labor
- Fringe Benefits
- Bank Fees
- WRCOG Auto Fuels Expenses
- Coffee and Supplies
- Computer Software
- Meeting Support Services
- Printing Services
- Communications - Cellular Phones
- Maintenance - Building and Improvement
- Recording Fee
- Travel - Airfare
- Training
- Staff Education Reimbursement
- TUMF Project Reimbursement
- Overhead Allocation
- Commissioners Per Diem
- WRCOG Auto Maintenance Expense
- Event Support
- Rent/Lease Equipment
- Postage
- Computer Hardware
- Communications - Computer Services
- Insurance - Gen/Busi Liab/Auto
- Seminars/Conferences
- Lodging
- OPEB Repayment
- Compliance Settlements
- COG REN Reimbursement
- General Legal Services
- Parking Cost
- Parking Validations
- Program/Office Supplies
- Membership Dues
- Other Expenses
- Misc Office Equipment
- Communications - Web Site
- WRCOG Auto Insurance
- Travel - Mileage Reimbursement
- Meals
- Supplies/Materials
- Direct Costs
- Beaumont Settlement Distributions

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Administration								
Revenues								
110	12	40001	0000	0000	Member Dues	\$ 294,410	\$ 294,410	\$ -
110	12	49001	0000	0000	Interest Revenue - Other	90,508	180,000	89,492
110	12	97001	0000	0000	Operating Transfer Out	1,359,145	2,476,847	1,117,701
Total Revenues						\$ 1,744,064	\$ 2,951,257	\$ 1,207,193
Expenses								
110	12	60001	0000	0000	Salaries & Wages - Fulltime	\$ 550,068	\$ 989,480	\$ 439,412
110	12	61000	0000	0000	Fringe Benefits	368,383	449,211	80,829
110	12	65101	0000	0000	General Legal Services	51,745	115,000	63,255
110	12	65401	0000	0000	Audit Svcs - Professional Fees	-	30,000	30,000
110	12	65505	0000	0000	Bank Fees	-	2,000	2,000
110	12	65507	0000	0000	Commissioners Per Diem	43,050	70,000	26,950
110	12	71615	0000	0000	Parking Cost	19,309	28,000	8,691
110	12	73001	0000	0000	Office Lease	225,581	340,000	114,419
110	12	73003	0000	0000	WRCOG Auto Fuels Expenses	104	1,000	896
110	12	73004	0000	0000	WRCOG Auto Maintenance Expense	-	500	500
110	12	73102	0000	0000	Parking Validations	1,559	10,000	8,442
110	12	73104	0000	0000	Staff Recognition	2,287	3,100	813
110	12	73106	0000	0000	Coffee and Supplies	411	2,500	2,089
110	12	73107	0000	0000	Event Support	14,400	45,000	30,600
110	12	73108	0000	0000	Program/Office Supplies	8,854	20,000	11,146
110	12	73109	0000	0000	Computer Equipment/Supplies	2,669	5,500	2,831
110	12	73110	0000	0000	Computer Software	24,735	35,000	10,265
110	12	73111	0000	0000	Rent/Lease Equipment	8,440	15,000	6,560
110	12	73113	0000	0000	Membership Dues	14,952	30,000	15,048
110	12	73114	0000	0000	Subscription/Publications	13,630	6,000	(7,630)
110	12	73115	0000	0000	Meeting Support Services	95	500	405
110	12	73116	0000	0000	Postage	3,662	5,000	1,338
110	12	73117	0000	0000	Other Household Exp	1,698	1,500	(198)
110	12	73119	0000	0000	Storage	432	1,500	1,068
110	12	73120	0000	0000	Printing Services	1,856	1,000	(856)

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
110	12	73122	0000	0000	Computer Hardware	1,410	8,000	6,590
110	12	73201	0000	0000	Communications - Regular Phone	14,771	17,500	2,729
110	12	73204	0000	0000	Communications - Cellular Phones	2,981	7,500	4,519
110	12	73206	0000	0000	Communications - Computer Services	5,743	40,000	34,257
110	12	73209	0000	0000	Communications - Web Site	6,610	8,000	1,390
110	12	73302	0000	0000	Equipment Maintenance - Comp/Software	290	5,000	4,710
110	12	73303	0000	0000	Maintenance - Building and Improvement	13,034	12,000	(1,034)
110	12	73405	0000	0000	Insurance - Gen/Busi Liab/Auto	73,569	100,266	26,697
110	12	73407	0000	0000	WRCOG Auto Insurance	3,181	6,000	2,819
110	12	73601	0000	0000	Seminars/Conferences	6,141	3,500	(2,641)
110	12	73611	0000	0000	Travel - Mileage Reimbursement	1,941	3,500	1,559
110	12	73612	0000	0000	Travel - Ground Transportation	416	1,500	1,084
110	12	73613	0000	0000	Travel - Airfare	1,131	3,000	1,869
110	12	73620	0000	0000	Lodging	3,595	1,500	(2,095)
110	12	73630	0000	0000	Meals	2,272	3,500	1,228
110	12	73650	0000	0000	Training	2,447	30,000	27,553
110	12	73660	0000	0000	OPEB Repayment	-	110,526	110,526
110	12	73801	0000	0000	Staff Education Reimbursement	-	7,500	7,500
110	12	85100	0000	0000	Direct Costs	-	111,056	111,056
110	12	85101	0000	0000	Consulting Labor	190,084	250,000	59,916
Total Expenses						\$ 1,687,536	\$ 2,936,639	\$ 1,249,103

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Fellowship								
Revenues								
110	12	40009	4700	0000	Fellowship	\$ 81,948	\$ 100,000	\$ 18,052
Total Revenues						\$ 81,948	\$ 100,000	\$ 18,052
Expenses								
110	12	60001	4700	0000	Salaries & Wages - Fulltime	\$ 27,181	\$ 174,412	\$ 147,231
110	12	61000	4700	0000	Fringe Benefits	1,823	15,660	13,837
110	12	65101	4700	0000	General Legal Services	507	100	(407)
110	12	73102	4700	0000	Parking Validations	-	1,000	1,000
110	12	73104	4700	0000	Staff Recognition	260	-	(260)
110	12	73107	4700	0000	Event Support	-	1,000	1,000
110	12	73108	4700	0000	Program/Office Supplies	-	500	500
110	12	73115	4700	0000	Meeting Support Services	-	250	250
110	12	73116	4700	0000	Postage	-	100	100
110	12	73601	4700	0000	Seminars/Conferences	-	150	150
110	12	73611	4700	0000	Travel - Mileage Reimbursement	-	1,000	1,000
110	12	73612	4700	0000	Travel - Ground Transportation	-	150	150
110	12	73630	4700	0000	Meals	-	350	350
110	12	73650	4700	0000	Training	-	250	250
110	12	85101	4700	0000	Consulting Labor	-	500	500
Total Expenses						\$ 29,771	\$ 195,422	\$ 165,651

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Clean Cities								
Revenues								
120	80	41402	1010	0000	Air Quality - Other Reimburse	\$ 123,800	\$ 270,167	\$ 146,367
120	80	41701	1010	0000	LTF Revenue	70,000	70,000	-
Total Revenues						\$ 193,800	\$ 340,167	\$ 146,367
Expenses								
120	80	60001	1010	0000	Salaries & Wages - Fulltime	\$ 91,999	\$ 170,523	\$ 78,524
120	80	61000	1010	0000	Fringe Benefits	32,202	86,260	54,058
120	80	63000	1010	0000	Overhead Allocation	24,000	36,000	12,000
120	80	73107	1010	0000	Event Support	8,354	10,000	1,646
120	80	73115	1010	0000	Meeting Support Services	246	500	254
120	80	73122	1010	0000	Computer Hardware	-	700	700
120	80	73204	1010	0000	Communications - Cellular Phones	354	600	246
120	80	73601	1010	0000	Seminars/Conferences	-	1,000	1,000
120	80	73611	1010	0000	Travel - Mileage Reimbursement	64	500	436
120	80	73612	1010	0000	Travel - Ground Transportation	392	750	358
120	80	73613	1010	0100	Travel - Airfare	1,253	3,500	2,247
120	80	73620	1010	0100	Lodging	2,166	3,500	1,334
120	80	73630	1010	0000	Meals	159	500	341
120	80	73640	1010	0000	Other Incidentals	-	500	500
120	80	73703	1010	0000	Supplies/Materials	-	1,000	1,000
120	80	85101	1010	0000	Consulting Labor	14,668	23,950	9,282
Total Expenses						\$ 175,858	\$ 339,783	\$ 163,924

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Love Your Neighborhood								
Revenues								
110	80	41201	1035	0000	Solid Waste	\$ 50,000	\$ 50,000	\$ -
Total Revenues						<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Expenses								
110	80	60001	1035	0000	Salaries	\$ 5,417	\$ 9,086	\$ 3,669
110	80	61000	1035	0000	Fringe Benefits	1,574	4,518	2,944
110	80	65101	1035	0000	General Legal Services	135	-	(135)
110	80	73107	1035	0000	Event Support	3,600	10,000	6,400
110	80	85101	1035	0000	Consulting Labor	-	26,396	26,396
Total Expenses						<u>\$ 10,726</u>	<u>\$ 50,000</u>	<u>\$ 39,274</u>

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Solid Waste								
Revenues								
110	80	40301	1038	0000	Solid Waste - SB1383	\$ 117,593	\$ 117,593	\$ -
110	80	41201	1038	0000	Solid Waste	124,206	123,157	(1,049)
Total Revenues						\$ 241,800	\$ 240,750	\$ (1,049)
Expenses								
110	80	60001	1038	0000	Salaries	\$ 39,127	\$ 61,429	\$ 22,301
110	80	61000	1038	0000	Fringe Benefits	10,714	31,224	20,510
110	80	63000	1038	0000	Overhead Allocation	8,000	12,000	4,000
110	80	65101	1038	0000	Legal	1,048	1,000	(48)
110	80	73102	1038	0000	Parking Validations	-	500	500
110	80	73107	1038	0000	Event Support	733	2,000	1,267
110	80	73114	1038	0000	Subscriptions/Publications	-	250	250
110	80	73204	1038	0000	Cell Phone Expense	600	500	(100)
110	80	73209	1038	0000	Communications - Web Site	-	-	-
110	80	73601	1038	0000	Seminars/Conferences	285	500	215
110	80	73611	1038	0000	Mileage Reimbursement	-	250	250
110	80	73612	1038	0000	Ground Transportation	-	150	150
110	80	73613	1038	0000	Airfare	-	250	250
110	80	73630	1038	0000	Meals	-	500	500
110	80	73650	1038	0000	Training	235	500	265
110	80	85101	1038	0000	Consulting Labor	88,824	129,556	40,733
Total Expenses						\$ 149,566	\$ 240,609	\$ 91,043

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Used Oil								
Revenues								
140	80	41401	2057	0000	Used Oil Grants	\$ 198,398	\$ 198,398	\$ -
Total Revenues						\$ 198,398	\$ 198,398	\$ -
Expenses								
140	80	60001	2057	0000	Salaries & Wages - Fulltime	\$ 49,843	\$ 76,400	\$ 26,557
140	80	61000	2057	0000	Fringe Benefits	14,423	38,486	24,063
140	80	63000	2057	0000	Overhead Allocation	13,226	19,839	6,613
140	80	65101	2057	0000	General Legal Services	-	1,000	1,000
140	80	73102	2057	0000	Parking Validations	-	250	250
140	80	73107	2057	0000	Event Support	29,531	20,000	(9,531)
140	80	73108	2057	0000	Program/Office Supplies	-	500	500
140	80	73113	2057	0000	Membership Dues	-	500	500
140	80	73115	2057	0000	Meeting Support Services	-	1,000	1,000
140	80	73119	2057	0000	Storage	3,271	4,000	729
140	80	73120	2057	0000	Printing Services	-	1,000	1,000
140	80	73204	2057	0000	Communications - Cellular Phones	322	200	(122)
140	80	73405	2057	0000	Insurance - Gen/Busi Liab/Auto	-	1,000	1,000
140	80	73601	2057	0000	Seminars/Conferences	700	2,000	1,300
140	80	73611	2057	0000	Travel - Mileage Reimbursement	-	1,000	1,000
140	80	73612	2057	0000	Travel - Ground Transportation	-	500	500
140	80	73613	2057	0000	Travel - Airfare	492	-	(492)
140	80	73620	2057	0000	Meals	331	-	(331)
140	80	73630	2057	0000	Meals	-	500	500
140	80	73703	2057	0000	Supplies/Materials	-	1,000	1,000
140	80	73704	2057	0000	Advertising Media - Newspaper Ad	29,000	29,048	48
Total Expenses						\$ 141,139	\$ 198,223	\$ 57,084

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Streetlights								
Revenues								
110	67	40615	2026	0000	Regional Streetlights Revenue	\$ 131,852	\$ 135,542	\$ 3,691
Total Revenues						\$ 131,852	\$ 135,542	\$ 3,691
Expenses								
110	67	60001	2026	0000	Salaries	\$ 56,505	\$ 67,444	\$ 10,940
110	67	61000	2026	0000	Fringe Benefits	15,183	27,245	12,063
110	67	63000	2026	0000	Overhead Allocation	8,000	12,000	4,000
110	67	65101	2026	0000	Legal	9,025	750	(8,275)
110	67	65505	2026	0000	Streetlights Bank Fees	-	508	508
110	67	73102	2026	0000	Parking Validations	-	150	150
110	67	73107	2026	0000	Event Support	-	1,000	1,000
110	67	73108	2026	0000	Program/Office Supplies	-	500	500
110	67	73114	2026	0000	Subscriptions/Publications	-	1,600	1,600
110	67	73115	2026	0000	Meeting&Support	-	600	600
110	67	73116	2026	0000	Postage	33	150	117
110	67	73204	2026	0000	Communications - Cellular Phones	405	500	95
110	67	73601	2026	0000	Seminars/Conferences	-	1,200	1,200
110	67	73611	2026	0000	Travel - Mileage Reimbursement	145	250	105
110	67	73612	2026	0000	Travel-Ground Transportation	123	500	377
110	67	73613	2026	0000	Travel - Airfare	-	1,000	1,000
110	67	73620	2026	0000	Lodging	574	800	226
110	67	73630	2026	0000	Meals	32	250	218
110	67	73650	2026	0000	Training	-	500	500
110	67	73703	2026	0000	Supplies/Materials	1,050	2,900	1,850
110	67	85101	2026	0000	Consulting Labor	2,100	15,433	13,333
Total Expenses						\$ 93,174	\$ 135,280	\$ 42,107

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Inland Regional Energy Network - Public Sector								
Revenues								
180	67	41480	2080	71XX	IREN - Public Sector	\$ 287,665	\$ 4,739,958	\$ 4,452,293
Total Revenues						\$ 287,665	\$ 4,739,958	\$ 4,452,293
Expenses								
180	67	60001	2080	7101	Salaries & Wages - Fulltime	\$ 108,037	\$ 221,281	\$ 113,243
180	67	61000	2080	7101	Fringe Benefits	34,479	100,535	66,056
180	67	63000	2080	7101	Overhead Allocation	87,305	350,457	263,152
180	67	65101	2080	7101	General Legal Services	3,673	5,194	1,521
180	67	65101	2080	7111	General Legal Services	3,673	5,194	1,521
180	67	65101	2080	7102	General Legal Services	1,631	2,306	675
180	67	65101	2080	7112	General Legal Services	1,631	2,306	675
180	67	65505	2080	7101	Bank Fees	-	1,500	1,500
180	67	73102	2080	7101	Parking Validations	-	1,000	1,000
180	67	73107	2080	7103	Event Support	4,167	12,500	8,333
180	67	73107	2080	7113	Event Support	4,167	12,500	8,333
180	67	73113	2080	7101	Membership Dues	-	25,000	25,000
180	67	73117	2080	7101	Other Household Exp	-	1,000	1,000
180	67	73120	2080	7101	Printing Services	-	2,500	2,500
180	67	73122	2080	7101	Computer Hardware	-	1,000	1,000
180	67	73125	2080	7101	Misc. Office Equipment	-	1,000	1,000
180	67	73204	2080	7101	Communications - Cellular Phones	463	3,600	3,137
180	67	73601	2080	7101	Seminars/Conferences	-	10,000	10,000
180	67	73611	2080	7101	Travel - Mileage Reimbursement	602	10,530	9,928
180	67	73612	2080	7101	Travel - Ground Transportation	-	5,000	5,000
180	67	73613	2080	7101	Travel - Airfare	-	25,000	25,000
180	67	73620	2080	7101	Lodging	336	35,004	34,668
180	67	73620	2080	7111	Lodging	336	34,996	34,661
180	67	73630	2080	7101	Meals	50	1,504	1,454
180	67	73630	2080	7111	Meals	46	1,376	1,330
180	67	73703	2080	7101	Supplies/Materials	-	1,000	1,000
180	67	85100	2080	7101	Direct Costs	-	1,000,000	1,000,000

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
180	67	85101	2080	7101	Consulting Labor	12,204	638,806	626,602
180	67	85101	2080	7102	Consulting Labor	2,946	154,184	151,238
180	67	85101	2080	7103	Consulting Labor	3,386	177,221	173,835
180	67	85101	2080	7111	Consulting Labor	12,832	671,685	658,853
180	67	85101	2080	7112	Consulting Labor	2,946	154,184	151,238
180	67	85101	2080	7113	Consulting Labor	2,758	144,341	141,584
180	67	85182	2080	7101	COG REN Reimbursement	-	916,256	916,256
Total Expenses						\$ 287,665	\$ 4,729,958	\$ 4,442,294

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Inland Regional Energy Network - Workforce Education and Training								
Revenues								
180	67	41480	2080	72XX	IREN - Workforce Education and Training	\$ 212,325	\$ 1,923,361	\$ 1,711,036
Total Revenues						\$ 212,325	\$ 1,923,361	\$ 1,711,036
Expenses								
180	67	60001	2080	7201	Salaries & Wages - Fulltime	\$ 68,945	\$ 136,088	\$ 67,143
180	67	61000	2080	7201	Fringe Benefits	27,381	56,124	28,743
180	67	63000	2080	7201	Overhead Allocation	59,009	111,309	52,300
180	67	65101	2080	7201	General Legal Services	3,673	5,194	1,521
180	67	65101	2080	7202	General Legal Services	1,631	2,306	675
180	67	65101	2080	7211	General Legal Services	3,673	5,194	1,521
180	67	65101	2080	7212	General Legal Services	1,631	2,306	675
180	67	73102	2080	7201	Parking Validations	-	1,000	1,000
180	67	73107	2080	7203	Event Support	4,167	12,500	8,333
180	67	73107	2080	7213	Event Support	4,167	12,500	8,333
180	67	73113	2080	7201	Membership Dues	-	302,000	302,000
180	67	73117	2080	7201	Other Expenses	-	1,000	1,000
180	67	73120	2080	7201	Printing Services	-	1,000	1,000
180	67	73122	2080	7201	Computer Hardware	-	1,000	1,000
180	67	73125	2080	7201	Misc Office Equipment	-	1,000	1,000
180	67	73601	2080	7203	Seminars/Conferences	79	1,250	1,171
180	67	73601	2080	7213	Seminars/Conferences	79	1,250	1,171
180	67	73611	2080	7201	Mileage Reimbursement	54	10,530	10,476
180	67	73612	2080	7201	Ground Transportation	-	2,500	2,500
180	67	73613	2080	7201	Airfare	-	10,000	10,000
180	67	73620	2080	7201	Lodging	336	7,000	6,664
180	67	73620	2080	7211	Lodging	336	7,000	6,665
180	67	73630	2080	7201	Meals	50	1,502	1,452
180	67	73630	2080	7211	Meals	46	1,378	1,332
180	67	73650	2080	7201	Training	-	126,125	126,125
180	67	73703	2080	7201	Supplies/Materials	-	500	500
180	67	85101	2080	7201	Consulting Labor	12,204	251,065	238,861

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
180	67	85101	2080	7202	Consulting Labor	2,946	60,598	57,652
180	67	85101	2080	7203	Consulting Labor	3,386	69,652	66,266
180	67	85101	2080	7211	Consulting Labor	12,204	251,065	238,861
180	67	85101	2080	7212	Consulting Labor	2,946	60,598	57,652
180	67	85101	2080	7213	Consulting Labor	3,386	69,652	66,266
180	67	85182	2080	7201	COG REN Reimbursement	-	341,155	341,155
Total Expenses						\$ 212,325	\$ 1,923,341	\$ 1,711,016

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Inland Regional Energy Network - Codes and Standards								
Revenues								
180	67	41480	2080	73XX	IREN - Codes and Standards	\$ 115,002	\$ 1,075,030	\$ 960,028
Total Revenues						\$ 115,002	\$ 1,075,030	\$ 960,028
Expenses								
180	67	60001	2080	7301	Salaries & Wages - Fulltime	27,172	66,439	39,267
180	67	61000	2080	7301	Fringe Benefits	8,900	28,691	19,792
180	67	63000	2080	7301	Overhead Allocation	22,098	103,597	81,500
180	67	65101	2080	7301	General Legal Services	3,673	5,194	1,521
180	67	65101	2080	7302	General Legal Services	1,631	2,306	675
180	67	65101	2080	7311	General Legal Services	3,673	5,194	1,521
180	67	65101	2080	7312	General Legal Services	1,631	2,306	675
180	67	73102	2080	7301	Parking Validations	-	1,000	1,000
180	67	73107	2080	7303	Event Support	4,167	12,500	8,333
180	67	73107	2080	7313	Event Support	4,167	12,500	8,333
180	67	73113	2080	7301	Membership Dues	-	1,000	1,000
180	67	73117	2080	7301	Other Expenses	-	1,000	1,000
180	67	73120	2080	7301	Printing Services	-	1,000	1,000
180	67	73122	2080	7301	Computer Hardware	-	1,000	1,000
180	67	73125	2080	7301	Misc Office Equipment	-	1,000	1,000
180	67	73601	2080	7301	Seminars/Conferences	-	2,500	2,500
180	67	73611	2080	7301	Mileage Reimbursement	54	1,000	946
180	67	73612	2080	7301	Ground Transportation	-	2,500	2,500
180	67	73613	2080	7301	Airfare	-	10,000	10,000
180	67	73620	2080	7301	Lodging	336	7,000	6,664
180	67	73620	2080	7311	Lodging	336	7,000	6,664
180	67	73630	2080	7301	Meals	50	1,502	1,452
180	67	73630	2080	7311	Meals	46	1,378	1,332
180	67	73703	2080	7311	Supplies/Materials	-	500	500
180	67	85101	2080	7301	Consulting Labor	12,204	191,052	178,848
180	67	85101	2080	7302	Consulting Labor	2,946	46,113	43,167
180	67	85101	2080	7303	Consulting Labor	3,386	53,002	49,617

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
180	67	85101	2080	7311	Consulting Labor	12,204	191,051	178,847
180	67	85101	2080	7312	Consulting Labor	2,946	46,112	43,167
180	67	85101	2080	7313	Consulting Labor	3,386	53,002	49,617
180	67	85182	2080	7301	COG REN Reimbursement	-	216,589	216,589
Total Expenses						\$ 115,002	\$ 1,075,030	\$ 960,028

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
PACE Funding								
Revenues								
110	67	40611	2104	0000	PACE Revenue	\$ 38	\$ -	\$ (38)
Total Revenues						\$ 38	\$ -	\$ (38)
Expenses								
110	67	73506	2104	0000	Recording Fee-PACE	\$ 68	\$ -	\$ (68)
Total Expenses						\$ 68	\$ -	\$ (68)
Nuveen (Greenworks)								
Revenues								
110	67	40604	2105	0000	WRCOG HERO CAFTA Revenue	\$ 69,021	\$ 100,000	\$ 30,979
Total Revenues						\$ 69,021	\$ 100,000	\$ 30,979
Expenses								
110	67	60001	2105	0000	Salaries & Wages -Greenworks Lending	\$ 39,165	\$ 61,792	\$ 22,627
110	67	61000	2105	0000	Fringe Benefits	17,719	31,869	\$ 14,150
110	67	63000	2105	0000	Overhead Allocation	16,000	24,000	\$ 8,000
110	67	73506	2105	0000	Recording Fee	174	1,000	\$ 826
110	67	85101	2105	0000	Consulting Labor	10,000	24,757	\$ 14,757
Total Expenses						\$ 83,058	\$ 143,417	\$ 60,360
Twain								
Revenues								
110	67	40607	2115	0000	PACE Commercial Sponsor Revenue	\$ -	\$ 10,000	\$ 10,000
Total Revenues						\$ -	\$ 10,000	\$ 10,000
Expenses								
110	67	65101	2115	0000	General Legal Services	\$ 660	\$ 3,000	\$ 2,340
110	67	73506	2115	0000	Recording Fee	-	2,000	2,000
110	67	85101	2115	0000	Consulting Labor	-	5,000	5,000
Total Expenses						\$ 660	\$ 10,000	\$ 9,340

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
California Resiliency Challenge								
Expenses								
110	67	60001	2225	0000	Salaries & Wages - Fulltime	\$ 8,001	\$ 8,035	\$ 34
110	67	61000	2225	0000	Fringe Benefits	2,104	3,635	1,531
110	67	65101	2225	0000	General Legal Services	608	250	(358)
110	67	85101	2225	0000	Consulting Labor	84,275	119,127	34,853
Total Expenses						\$ 94,988	\$ 131,047	\$ 36,059

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
HERO								
Revenues								
110	67	40621	5000	0000	Hero Admin Fees	\$ 337,685	\$ 1,130,000	\$ 792,315
Total Revenues						\$ 337,685	\$ 1,130,000	\$ 792,315
Expenses								
110	67	60001	5000	0000	Stwide AB811 Salaries & Wages	\$ 208,906	\$ 326,906	\$ 118,000
110	67	61000	5000	0000	Fringe Benefit	92,520	182,932	90,412
110	67	63000	5000	0000	Overhead Allocation	266,667	400,000	133,333
110	67	65101	5000	0000	GENERAL LEGAL SERVICES	358,141	400,000	41,859
110	67	65505	5000	0000	Bank Fee	3,525	48,000	44,475
110	67	65507	5000	0000	Commissioners Per Diem	-	2,000	2,000
110	67	73102	5000	0000	Parking Validations	-	200	200
110	67	73107	5000	0000	Statewide - Event Support	-	500	500
110	67	73108	5000	0000	General Supplies	-	300	300
110	67	73109	5000	0000	Computer Supplies	-	1,000	1,000
110	67	73110	5000	0000	Computer Software	4,997	2,000	(2,997)
110	67	73113	5000	0000	NWCC- Membership Dues	168	1,500	1,332
110	67	73114	5000	0000	Subscriptions/Publications	1,990	1,000	(990)
110	67	73115	5000	0000	Meeting Support Services	16	500	484
110	67	73116	5000	0000	Postage	339	2,000	1,661
110	67	73204	5000	0000	Cellular Phone	995	1,500	505
110	67	73504	5000	0000	Data Processing Support	15,649	8,000	(7,649)
110	67	73506	5000	0000	Recording Fee	5,120	10,000	4,880
110	67	73601	5000	0000	Seminar/Conferences	-	2,500	2,500
110	67	73611	5000	0000	Travel - Mileage Reimbursement	33	500	468
110	67	73612	5000	0000	Travel - Ground Transportatoin	-	500	500
110	67	73613	5000	0000	Travel - Airfare	-	2,500	2,500
110	67	73620	5000	0000	Lodging	-	1,500	1,500
110	67	73630	5000	0000	Meals	326	500	174
110	67	73640	5000	0000	Statewide Other Incidentals	-	500	500
110	67	73650	5000	0000	Training	455	2,000	1,545
110	67	73703	5000	0000	Supplies/Materials	-	1,500	1,500

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
110	67	81010	5000	0000	Compliance Settlements	75,280	100,000	24,720
110	67	85101	5000	0000	CA HERO Direct Exp	3,782	70,000	66,218
Total Expenses						\$ 1,038,909	\$ 1,570,338	\$ 531,429

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
TUMF Administration								
Revenues								
110	65	43001	1148	0000	Commerical/Service	\$ 39,778	\$ 72,000	\$ 32,222
110	65	43002	1148	0000	Retail	36,449	72,000	35,551
110	65	43003	1148	0000	Industrial	341,913	480,000	138,087
110	65	43004	1148	0000	Residential/Multi/Single	1,010,786	1,320,000	309,214
110	65	43005	1148	0000	Multi-Family	395,815	456,000	60,185
110	65	43027	1148	0000	Beaumont TUMF Settlement Revenue	-	205,932	205,932
Total Revenues						\$ 1,824,741	\$ 2,605,932	\$ 781,191
Expenses								
110	65	60001	1148	0000	Salaries & Wages Fulltime	\$ 242,052	\$ 425,181	\$ 183,130
110	65	61000	1148	0000	Fringe Benefits	87,950	189,249	101,298
110	65	63000	1148	0000	Overhead Allocation	533,333	800,000	266,667
110	65	65101	1148	0000	General Legal Services	48,111	75,000	26,889
110	65	65505	1148	0000	Bank Fees	-	15,000	15,000
110	65	73102	1148	0000	Parking Validations	-	500	500
110	65	73108	1148	0000	General Supplies	145	500	355
110	65	73109	1148	0000	Computer Supplies	-	500	500
110	65	73110	1148	0000	Computer Software	9,030	65,000	55,970
110	65	73113	1148	0000	Membership Dues	877	1,500	623
110	65	73114	1148	0000	Subscriptions/Publications	6,966	100	(6,866)
110	65	73116	1148	0000	POSTAGE	-	100	100
110	65	73117	1148	0000	Other Household Expenses	-	100	100
110	65	73120	1148	0000	Printing Services	-	150	150
110	65	73204	1148	0000	Cellular Phone	1,292	3,000	1,708
110	65	73302	1148	0000	Equipment Maintenance	-	2,500	2,500
110	65	73405	1148	0000	Insurance - Gen/Busi Liab/Auto	-	3,000	3,000
110	65	73601	1148	0000	Seminar/Conferences	-	1,500	1,500
110	65	73611	1148	0000	Travel - Mileage Reimbursement	155	1,500	1,345
110	65	73612	1148	0000	Travel - Ground Transportation	-	250	250
110	65	73613	1148	0000	Travel-AirFare	-	750	750
110	65	73620	1148	0000	Lodging	-	800	800

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
110	65	73630	1148	0000	Meals	396	1,000	604
110	65	73640	1148	0000	Other Incidentals	29	500	471
110	65	85101	1148	0000	Outside Consultants	349,893	450,000	100,107
Total Expenses						\$ 1,280,229	\$ 2,037,680	\$ 757,451

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
TUMF (Zone Revenues)								
Revenues								
220	65	43001	1148	0000	Commercial/Svcs	\$ 1,057,278	\$ 1,728,000	\$ 670,722
220	65	43002	1148	0000	Retail	677,113	1,728,000	1,050,887
220	65	43003	1148	0000	Industrial	9,013,947	11,520,000	2,506,053
220	65	43004	1148	0000	Residential/Multi/Single	23,117,161	31,680,000	8,562,839
220	65	43005	1148	0000	Multi Family	9,084,549	10,944,000	1,859,451
220	65	43027	1148	0000	Beaumont TUMF Settlement Revenue	1,955,458	10,678,068	8,722,610
220	65	49104	1148	0000	Citizens Trust Investment Interest	797,305	1,985,000	1,187,695
Total Revenues						\$ 45,702,810	\$ 70,263,068	\$ 24,560,258
Expenses								
220	65	65101	1148	3307	Beaumont Legal Svcs-URBAN LOGIC	\$ 2,694	\$ 2,694	\$ -
220	65	65101	1148	3310	General Legal Services	873,594	1,390,077	516,483
220	65	65101	1148	3311	General Legal Services	7,229	7,229	-
220	65	85195	1148	0000	Beaumont Settlement Distributions	525,000	6,488,595	5,963,595
220	65	85160	1148	0000	TUMF Project Reimbursement	3,333,405	25,000,000	21,666,595
Total Expenses						\$ 4,741,922	\$ 32,888,595	\$ 28,146,673

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Grant Writing								
Expenses								
110	65	85101	1300	0000	Consulting Labor	\$ -	\$ 20,000	\$ 20,000
Total Expenses						<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Local Transportation Fund								
Revenues								
210	65	41701	1400	0000	LTF Revenue	\$ 1,002,500	\$ 1,002,500	\$ -
Total Revenues						\$ 1,002,500	\$ 1,002,500	\$ -
Expenses								
210	65	60001	1400	0000	Salaries & Wages - Fulltime	\$ 173,499	\$ 375,872	\$ 202,373
210	65	61000	1400	0000	Fringe Benefits	63,879	166,069	102,190
210	65	63000	1400	0000	Overhead Allocation	120,000	180,000	60,000
210	65	65101	1400	0000	General Legal Services	-	2,000	2,000
210	65	73102	1400	0000	Parking Validations	-	500	500
210	65	73107	1400	0000	Event Support	-	250	250
210	65	73108	1400	0000	Program/Office Supplies	-	250	250
210	65	73110	1400	0000	Computer Software	-	500	500
210	65	73113	1400	0000	Membership Dues	1,500	750	(750)
210	65	73114	1400	0000	Subscriptions/Publications	236	250	14
210	65	73116	1400	0000	Postage	-	500	500
210	65	73204	1400	0000	Communications - Cellular Phones	304	250	(54)
210	65	73601	1400	0000	Seminars/Conferences	4,375	4,500	125
210	65	73611	1400	0000	Travel - Mileage Reimbursement	965	1,350	385
210	65	73612	1400	0000	Travel - Ground Transportation	-	750	750
210	65	73613	1400	0000	Travel - Airfare	-	750	750
210	65	73620	1400	0000	Lodging	1,120	4,000	2,880
210	65	73630	1400	0000	Meals	293	1,250	957
210	65	73703	1400	0000	Supplies/Materials	182	250	68
210	65	85101	1400	0000	Consulting Labor	185,328	250,000	64,672
Total Expenses						\$ 551,681	\$ 990,040	\$ 438,359

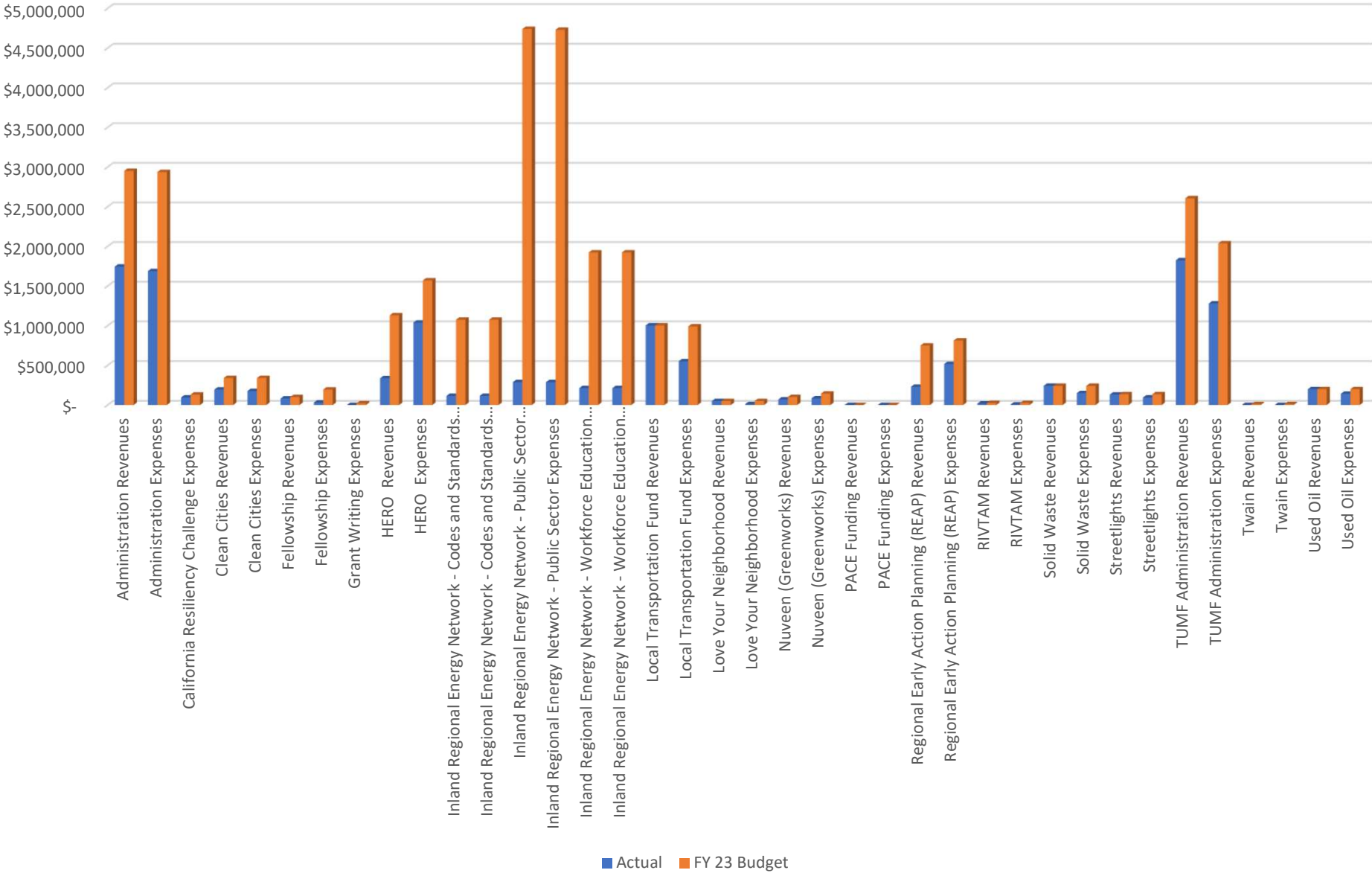
Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
RIVTAM								
Revenues								
110	65	42001	2039	0000	Other Misc Revenue-RIVTAM	\$ 17,500	\$ 25,000	\$ 7,500
Total Revenues						\$ 17,500	\$ 25,000	\$ 7,500
Expenses								
110	65	60001	2039	0000	Salaries & Wages - Fulltime	\$ 4,231	\$ 6,686	\$ 2,455
110	65	61000	2039	0000	Fringe Benefits	1,661	3,601	1,940
110	65	85101	2039	0000	Consulting Labor	-	14,571	14,571
Total Expenses						\$ 5,892	\$ 24,859	\$ 18,967

Western Riverside Council of Governments
Budget-to-Actuals
As of February 28, 2023

Fund	Department	Account	Project	Location	Description	Actual	FY 23 Budget	Variance
Regional Early Action Planning (REAP)								
Revenues								
110	65	41606	2235	0000	REAP Revenue	\$ 230,186	\$ 750,000	\$ 519,814
Total Revenues						\$ 230,186	\$ 750,000	\$ 519,814
Expenses								
110	65	60001	2235	0000	Salaries & Wages - Fulltime	\$ 87,488	\$ 86,234	\$ (1,254)
110	65	61000	2235	0000	Fringe Benefits	32,552	37,566	5,015
110	65	63000	2235	0000	Overhead Allocation	-	125,383	125,383
110	65	65101	2235	6001	General Legal Services	2,366	5,000	2,634
110	65	85101	2235	0000	Consulting Labor	394,554	558,437	163,883
Total Expenses						\$ 516,959	\$ 812,620	\$ 295,661

Budget-to-Actual Program Level





Western Riverside Council of Governments
Budget-to-Actuals - Fund Level
As of February 28, 2023

Description	Actual	FY 23 Budget	Variance
General Fund - 110			
Revenues			
Member Dues	294,410	294,410	-
Fellowship	81,948	100,000	18,052
Solid Waste - SB1383	117,593	117,593	-
HERO Admin Revenue	337,685	1,130,000	792,315
Greenworks PACE Commercial Revenue	69,021	100,000	30,979
Twain PACE Commercial Revenue	-	10,000	10,000
PACE Funding Recording Revenue	38	-	(38)
Regional Streetlights Revenue	131,852	135,542	3,691
Solid Waste	174,206	173,157	(1,049)
REAP Revenue	230,186	750,000	519,814
Other Misc Revenue-RIVTAM	17,500	25,000	7,500
TUMF Commercial - Admin Fee	39,778	72,000	32,222
TUMF Retail - Admin Fee	36,449	72,000	35,551
TUMF Industrial - Admin Fee	341,913	480,000	138,087
TUMF Single Family - Admin Fee	1,010,786	1,320,000	309,214
TUMF Multi Family - Admin Fee	395,815	456,000	60,185
Beaumont TUMF Settlement Revenue	-	205,932	205,932
Operating Transfer Out	1,359,145	2,476,847	1,117,701
General Fund Investment / Interest Revenue	90,508	180,000	89,492
Total Revenues	4,728,835	8,098,481	3,369,646
Expenses			
Salaries & Wages - Fulltime	1,262,724	2,207,599	944,875
Fringe Benefits	630,608	972,193	341,585
Overhead Allocation	832,000	1,373,383	541,383
General Legal Services	479,337	613,704	134,367
Audit Svcs - Professional Fees	-	30,000	30,000
Bank Fees	3,525	65,508	61,983
Commissioners Per Diem	43,050	72,000	28,950
Parking Cost	19,309	28,000	8,691
Office Lease	225,581	340,000	114,419
WRCOG Auto Fuels Expenses	104	1,000	896
WRCOG Auto Maintenance Expense	-	500	500
Parking Validations	1,559	12,350	10,792
Staff Recognition	2,547	3,100	553



Western Riverside Council of Governments
Budget-to-Actuals - Fund Level
As of February 28, 2023

Description	Actual	FY 23 Budget	Variance
Coffee and Supplies	411	2,500	2,089
Statewide - Event Support	18,733	59,500	40,767
General Supplies	8,999	21,800	12,801
Computer Supplies	2,669	7,000	4,331
Computer Software	38,762	102,000	63,238
Rent/Lease Equipment	8,440	15,000	6,560
Membership Dues	15,997	33,000	17,003
Subscriptions/Publications	22,586	8,950	(13,636)
Meeting Support Services	111	1,850	1,739
POSTAGE	4,034	7,350	3,316
Other Household Expenses	1,698	1,600	(98)
Storage	432	1,500	1,068
Printing Services	1,856	1,150	(706)
Computer Hardware	1,410	8,000	6,590
Communications - Regular Phone	14,771	17,500	2,729
Cellular Phone	6,274	13,000	6,726
Communications - Computer Services	5,743	40,000	34,257
Communications - Web Site	6,610	8,000	1,390
Equipment Maintenance	290	7,500	7,210
Maintenance - Building and Improvement	13,034	12,000	(1,034)
Insurance - Gen/Busi Liab/Auto	73,569	103,266	29,697
WRCOG Auto Insurance	3,181	6,000	2,819
Data Processing Support	15,649	8,000	(7,649)
Recording Fee	5,362	13,000	7,638
Seminar/Conferences	6,426	9,350	2,924
Travel - Mileage Reimbursement	2,274	7,000	4,726
Travel - Ground Transportation	539	3,050	2,511
Travel-AirFare	1,131	7,500	6,369
Lodging	4,169	4,600	431
Meals	3,026	6,100	3,074
Other Incidentals	29	1,000	971
Training	3,137	33,250	30,113
OPEB Repayment	-	110,526	110,526
Supplies/Materials	1,050	4,400	3,350
Staff Education Reimbursement	-	7,500	7,500
Compliance Settlements	75,280	100,000	24,720
Direct Costs	-	111,056	111,056
Consulting Labor	1,123,512	1,683,777	560,265
Total Expenses	4,991,536	8,307,913	3,316,377



Western Riverside Council of Governments
Budget-to-Actuals - Fund Level
As of February 28, 2023

Description	Actual	FY 23 Budget	Variance
Clean Cities Fund - 120			
Revenues			
Air Quality - Other Reimburse	123,800	270,167	146,367
LTF Revenue	70,000	70,000	-
Total Revenues	193,800	340,167	146,367
Expenses			
Salaries & Wages - Fulltime	91,999	170,523	78,524
Fringe Benefits	32,202	86,260	54,058
Overhead Allocation	24,000	36,000	12,000
Event Support	8,354	10,000	1,646
Meeting Support Services	246	500	254
Computer Hardware	-	700	700
Communications - Cellular Phones	354	600	246
Seminars/Conferences	-	1,000	1,000
Travel - Mileage Reimbursement	64	500	436
Travel - Ground Transportation	392	750	358
Travel - Airfare	1,253	3,500	2,247
Lodging	2,166	3,500	1,334
Meals	159	500	341
Other Incidentals	-	500	500
Supplies/Materials	-	1,000	1,000
Consulting Labor	14,668	23,950	9,282
Total Expenses	175,858	339,783	163,924



Western Riverside Council of Governments
Budget-to-Actuals - Fund Level
As of February 28, 2023

Description	Actual	FY 23 Budget	Variance
Used Oil Fund - 140			
Revenues			
Used Oil Grants	198,398	198,398	-
Total Revenues	198,398	198,398	-
Expenses			
Salaries & Wages - Fulltime	49,843	76,400	26,557
Fringe Benefits	14,423	38,486	24,063
Overhead Allocation	13,226	19,839	6,613
General Legal Services	-	1,000	1,000
Parking Validations	-	250	250
Event Support	29,531	20,000	(9,531)
Program/Office Supplies	-	500	500
Membership Dues	-	500	500
Meeting Support Services	-	1,000	1,000
Storage	3,271	4,000	729
Printing Services	-	1,000	1,000
Communications - Cellular Phones	322	200	(122)
Insurance - Gen/Busi Liab/Auto	-	1,000	1,000
Seminars/Conferences	700	2,000	1,300
Travel - Mileage Reimbursement	-	1,000	1,000
Travel - Ground Transportation	-	500	500
Travel - Airfare	492	-	(492)
Meals	331	500	169
Supplies/Materials	-	1,000	1,000
Advertising Media - Newspaper Ad	29,000	29,048	48
Total Expenses	141,139	198,223	57,084



Western Riverside Council of Governments
Budget-to-Actuals - Fund Level
As of February 28, 2023

Description	Actual	FY 23 Budget	Variance
Inland Regional Energy Network (I-REN) Fund - 180			
Revenues			
I-REN Revenues	614,991	7,738,349	7,123,358
Total Revenues	614,991	7,738,349	7,123,358
Expenses			
Salaries & Wages - Fulltime	204,155	423,808	219,654
Fringe Benefits	70,759	185,350	114,591
Overhead Allocation	168,412	565,363	396,951
General Legal Services	28,560	40,388	11,828
Bank Fees	-	1,500	1,500
Parking Validations	3,261	7,612	4,351
Event Support	25,000	75,000	50,000
Membership Dues	-	328,000	328,000
Other Expenses	-	3,000	3,000
Printing Services	-	4,500	4,500
Computer Hardware	-	3,000	3,000
Misc Office Equipment	-	3,000	3,000
Communications - Cellular Phones	463	3,600	3,137
Seminars/Conferences	158	15,000	14,842
Mileage Reimbursement	710	22,060	21,350
Ground Transportation	-	10,000	10,000
Airfare	-	45,000	45,000
Lodging	2,013	98,000	95,987
Meals	287	8,640	8,353
Training	-	126,125	126,125
Supplies/Materials	-	2,000	2,000
Direct Costs	-	1,000,000	1,000,000
Consulting Labor	111,213	3,283,383	3,172,170
COG REN Reimbursement	-	1,474,000	1,474,000
Total Expenses	614,991	7,728,330	7,113,338



Western Riverside Council of Governments
Budget-to-Actuals - Fund Level
As of February 28, 2023

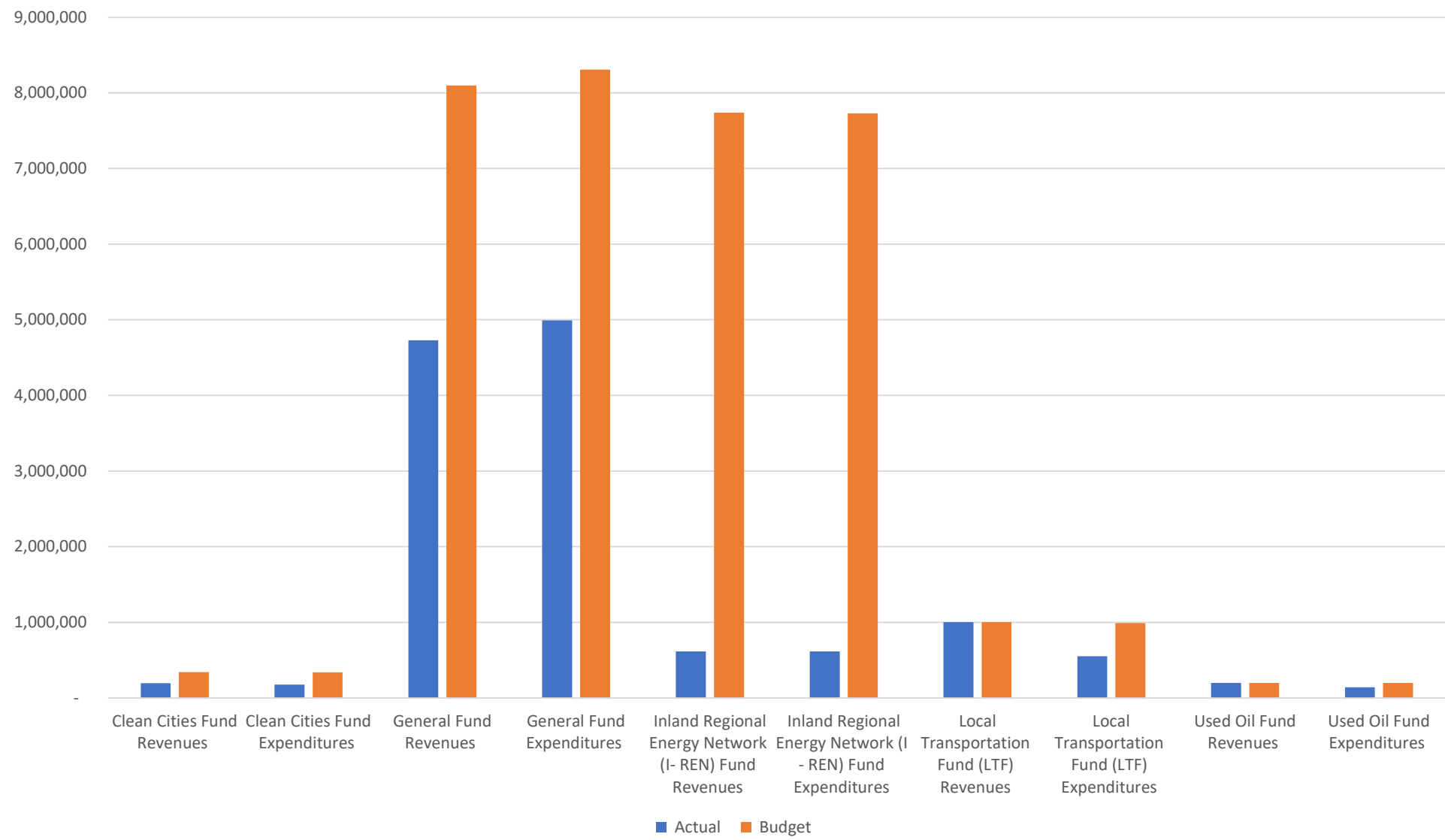
Description	Actual	FY 23 Budget	Variance
Local Transportation Fund (LTF) - 210			
Revenues			
LTF Revenue	1,002,500	1,002,500	-
Total Revenues	1,002,500	1,002,500	-
Expenses			
Salaries & Wages - Fulltime	173,499	375,872	202,373
Fringe Benefits	63,879	166,069	102,190
Overhead Allocation	120,000	180,000	60,000
General Legal Services	-	2,000	2,000
Parking Validations	-	500	500
Event Support	-	250	250
Program/Office Supplies	-	250	250
Computer Software	-	500	500
Membership Dues	1,500	750	(750)
Subscriptions/Publications	236	250	14
Postage	-	500	500
Communications - Cellular Phones	304	250	(54)
Seminars/Conferences	4,375	4,500	125
Travel - Mileage Reimbursement	965	1,350	385
Travel - Ground Transportation	-	750	750
Travel - Airfare	-	750	750
Lodging	1,120	4,000	2,880
Meals	293	1,250	957
Supplies/Materials	182	250	68
Consulting Labor	185,328	250,000	64,672
Total Expenses	551,681	990,040	438,359



Western Riverside Council of Governments
Budget-to-Actuals - Fund Level
As of February 28, 2023

Description	Actual	FY 23 Budget	Variance
Transportation Uniform Mitigation Fee (TUMF) Fund - 220			
Revenues			
Commercial/Svcs	1,057,278	1,728,000	670,722
Retail	677,113	1,728,000	1,050,887
Industrial	9,013,947	11,520,000	2,506,053
Residential/Multi/Single	23,117,161	31,680,000	8,562,839
Multi Family	9,084,549	10,944,000	1,859,451
Beaumont TUMF Settlement Revenue	1,955,458	10,678,068	8,722,610
TUMF Investment Revenue / Earnings	797,305	1,985,000	1,187,695
Total Revenues	45,702,810	70,263,068	24,560,258
Expenses			
General Legal Services	883,517	1,400,000	516,483
TUMF Project Reimbursement	3,333,405	25,000,000	21,666,595
Beaumont Settlement Distributions	525,000	6,488,595	5,963,595
Total Expenses	4,741,922	32,888,595	28,146,673

Budget-to-Actual Fund Level





Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Fiscal Year 2023/2024 Budget

Contact: Dr. Kurt Wilson, Executive Director, kwilson@wrcog.us, (951) 405-6701
Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740

Date: April 27, 2023

Requested Action(s):

1. Discuss and provide feedback.

Purpose:

The purpose of this item is to provide a presentation on the Fiscal Year 2023/2024 budgeted revenues.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #3 - Ensure fiscal solvency and stability of the Western Riverside Council of Governments.

Background:

Fiscal Year 2023/2024 Budget Update

As part of the ongoing analysis and evolution of the WRCOG budgeting process, this year's focus is largely on improving transparency in order to better communicate the Agency's finances. This provides a better vantage point to work toward the budgeting principles of 1) ensuring the fair distribution of funds and funding requests, 2) requiring non-comprehensive programs (those which do not benefit the entirety of the member agencies) to be self-sustaining, 3) focusing on the long-term health of each fund, and 4) moving toward these goals in an incremental way when full scale immediate changes are impractical.

Revenue and Expenditure Proposals

The largest revenue change in the proposed budget is the result of an accounting change to WRCOG's largest program – Transportation Uniform Mitigation Fee (TUMF). The bulk of the revenues collected for the TUMF Program are redistributed to partner agencies. WRCOG's current practice has been to account for the full collection as revenue. WRCOG's new auditor, relying on Governmental Accounting Standards Board (GASB) Statement 84, has recommended the redistributed funds be treated as pass through funds rather than Agency revenues. For FY 2023/2024, only the 4% of TUMF funds retained by WRCOG will be counted as revenue. While this has no impact on the Program of its ability to fund projects, the year-over-year comparison of revenues may appear dramatic (reduction of approximately \$70M).

Energy and Environmental Programs

C-PACE: The Commercial Property Assessed Clean Energy (C-PACE) Program is currently limited to two providers: Twain and Nuveen (formerly known as Greenworks). In previous years, the revenues and expenditures were estimated in a similar manner as other programs – predicting the revenue level, then constraining expenses accordingly. Program revenues are the result of completed projects with one of the two providers. Projects happen at unpredictable intervals which makes estimating revenues more difficult and typically requires mid-year budget adjustments to reflect actual activity. With the exception of a fixed cost (\$148k), the PACE expenses increase and decrease in concert with revenue increases and decreases.

In order to more accurately predict revenues and constrain expenditures, this proposed budget downgrades revenues and expenditures to the maintenance level. Revenue estimates would then be increased as revenue from completed projects is realized and the related expenditures would be adjusted accordingly. This allows for a more accurate reflection of finances related to the project and provides a scalable solution that can be easily adapted as conditions change.

A second change in the proposed budget is to consolidate revenues and expenditures from both providers into a single budget line item (while continuing to track each provider separately). This allows for a more accurate allocation of overhead costs and paves the way for an easier transition in the event additional providers were added to C-PACE Program. It also provides a built-in safeguard against overspending if revenues come in lower than expected.

SoCalGas Company Partnership: The Energy Department is poised to re-establish its relationship with SoCalGas with a new partnership. This two-year agreement will provide WRCOG with revenues of \$100k a year for two years (for a total of \$200k). Anticipated expenditures will be aligned with revenues at \$100k. The Partnership will serve public agencies through customer incentives and deemed rebate programs, third-party energy efficiency programs, fill gaps in statewide programs, collaborate with local organizations and agencies, collaborate with customers to develop energy solutions and regional strategies, and provide Regional Ambassadors. Ambassadors will serve public agencies as an extension of staff to SoCalGas' Regional Energy Pathway team, ensuring public sector customers have a local "go-to" resource that supports their agencies' ability to increase energy efficiency.

Streetlight Program: The Streetlight Program, now in its maintenance phase, coordinates service contracts between entities and provides support on an as-needed basis to participating member jurisdictions. Revenue is relatively fixed with a 3% annual increase baked into the agreements with member jurisdictions. Revenues for FY 2023/2024 will be budgeted at \$139k and expenditures at \$125k.

I-REN: The Inland Regional Energy Network, or I-REN, will have an anticipated budget of \$10.4M in revenues and \$9.8M in expenditures in FY 2023/2024, spread across three Sectors: 1) Public, 2) Workforce Education & Training, and 3) Codes & Standards; however, it is important to note that the I-REN's budget is \$65M over a six-year budget period, where funds can be rolled into subsequent years if they are not spent in earlier years, as long as it's within the six-year Program period. While the I-REN was approved in November 2021, it has taken some time to organize the governing structure (I-REN Executive Committee) and associated agreements, onboard new staff, and solicit procurements for implementers necessary to begin the launch of programs. Now, as the I-REN brings on its implementers and consultants under contract, a substantial increase in activity is expected as work on those contracts begins. Staff will file an advice letter with the California Public Utilities Commission (CPUC) to roll over

any unspent funds from 2022 and 2023 into the later years of the six-year budget period.

HERO Program: The HERO Program is in a winddown phase and has an anticipated budget of \$764k, a decrease of approximately \$366k. This decrease was anticipated and is primarily due to a decrease in early payoffs and outstanding assessments, which make up the Program's annual administrative fee. Anticipated expenditures are \$1.15M, representing a deficit of approximately \$388k.

Clean Cities Program: The Clean Cities Program has an anticipated budget of \$434k in revenues, an increase of approximately \$94k compared to FY 2022/2023. This increase is primarily due to two additional grants and an increase in the allocation received from the U.S. Department of Energy. This also includes an allocation of \$70k from the Local Transportation Fund (LTF) Program. The proposed budget for Clean Cities also includes a proposed increase in member dues of approximately \$12k. Anticipated expenditures will be aligned with revenues at \$434k.

Solid Waste: The Solid Waste Program has an anticipated budget of \$183k in revenues and expenditures, a decrease of approximately \$57k compared to FY 2022/2023. This decrease is due to one-time revenues received for SB 1383 capacity planning in FY 2022/2023. The proposed budget for Solid Waste also includes a proposed increase in member dues of approximately \$62k.

Love Your Neighborhood Program: The Love Your Neighborhood Program, a partnership with the Riverside County Flood Control and Water Conservation District, will continue into next year with anticipated revenues and expenditures of \$50k, no change from this current year.

Used Oil Program: A grant from CalRecycle provides an anticipated budget of \$220k in revenues and expenditures, an increase of \$22k compared to FY 2022/2023.

Transportation and Planning Programs

TUMF Program: As noted earlier in the staff report, the TUMF Program budget will only include the administrative fee, which is 4% of the total TUMF collections, in the upcoming budget. The administrative fee has an anticipated budget of \$2M in revenues and expenditures, which is based on \$50M in total collections. An additional \$52k is anticipated in revenues due to Beaumont Measure A funds to be allocated to WRCOG based on the Beaumont Settlement Agreement.

Local Transportation Fund (LTF) Program: This Program has an anticipated budget of \$1.2M in revenues and expenditures, an increase of approximately \$200k compared to FY 2022/2023.

RivCOM Program: This Program has an anticipated budget of \$25k in revenues and expenditures, no change from this current year.

REAP 1.0 Program: This grant will be expending its remaining funds in FY 2023/2024. The remaining funds are approximately \$300k based on current estimates.

REAP 2.0 Program: A new grant from SCAG will be commencing in FY 2023/2024 and has anticipated revenues and expenditures of \$500k.

Administration

Previously, the Administration Department grouped the Administrative Services, Finance, and Executive functions under one budget; however, for FY 2023/2024, these three functions will now have their own separate budgets. Member dues remain flat at \$294k; however, member dues will be discussed further in this agenda item. Interest revenues are estimated at \$200k, an increase of \$20k from FY 2022/2023.

Lastly, overhead, which is charged across WRCOG's various programs, and is the primary funding source for the Administration function, is anticipated to be \$2.37M, a decrease of \$100k compared to Fiscal Year 2022/2023.

Administrative Services: Administrative Services houses the majority of Administration's expenses, such as legal, consulting, office lease, etc., and has anticipated expenditures of approximately \$2M.

Fellowship: The Fellowship Program has anticipated revenues and expenditures of \$100k, which is an assumption based on five Fellows funded at 100%; however, based on the current funding structure, some Fellows could be funded at 50%, or there could potentially be more than five Fellows.

Finance: Costs for a potential software upgrade are included in the FY 2023/2024 budget under Finance; however, a formal RFP process still needs to be performed to select a software vendor, and this is just an estimate based on what staff received from a potential software company, Tyler Technologies. Total anticipated expenditures are \$556k.

Executive: Anticipated expenditures are budgeted at approximately \$289k.

FY 2023/2024 Budget Summary

General Fund revenues and transfers in (overhead) are anticipated to be \$7,230,158 against \$7,592,023 in expenditures, a difference of \$361,865. This difference is primarily due to the HERO Program budget.

Clean Cities Fund revenues and transfers in (from Local Transportation Fund - LTF) are anticipated to be \$434,600 against \$434,600 in expenditures.

Used Oil Fund revenues are anticipated to be \$220,753 against \$220,115 in expenditures, a difference of \$638.

I-REN Fund revenues are anticipated to be \$10,478,589 against \$9,835,997 in expenditures, a difference of \$642,592. The I-REN's budget is \$65M over a six-year budget period, where funds can be rolled into subsequent years if they are not spent in earlier years, as long as it's within the six-year Program period.

LTF revenues are anticipated to be \$1,208,750 against \$1,203,562 in expenditures, a difference of \$5,188.

For FY 2023/2024, the total Agency budgeted revenues and transfers in (overhead) are anticipated to be \$19,572,850 against \$19,286,298 in expenditures, a difference of \$286,552.

Compared to FY 2022/2023, this represents a decrease of approximately \$68M in revenues and \$31M in expenditures; however, as previously noted, this drastic decrease is attributable to the TUMF collections (with the exception of the 4% admin fee) now no longer being considered a revenue for the Agency.

Excluding these revenues for an apples-to-apples comparison actually shows revenues for the Agency increasing by approximately \$2.2M, with expenditures increasing by approximately \$1.8M, which is primarily attributable to the increased I-REN revenues, decreased HERO revenues, and decreased TUMF Administrative revenues.

FY 2023/2024 Budget Discussion Items

Based on feedback received from the Executive Committee on April 3, 2023, and the Administration & Finance Committee on April 12, 2023, the Technical Advisory Committee (TAC) was requested to provide feedback on the modifications made to four areas of the proposed budget. Additionally, the launch of I-REN creates some unique budget authority challenges, and feedback is requested on the proposed process for addressing this issue.

Member Dues

Revised FY 2023/2024 Proposal: No changes are proposed to current year dues; however, the process will begin immediately to evaluate specific components of the dues structure and amount. Specifically, the TAC was asked to provide recommendations in two areas:

1. What criteria are most consistent with the fair and equitable distribution of costs related to member dues? The TAC will be asked to evaluate whether the current process (adjusted for current data) remains appropriate, or whether a different methodology would best accomplish the goal. Criteria may include population, assessed value, or another measure.
2. Should dues 1) remain static until action is taken each year in the budget process, 2) contain an automatic escalator (fixed percentage, Consumer Price Index, etc.), or 3) be modeled after the practice of some peer agencies where the Administrative cost is determined each year then allocated among the member agencies in accordance with the prescribed formula?

Background: WRCOG member dues are currently set at \$294k, which is a fixed amount that has not changed since FY 2008/2009 where they were reduced by 15% due to the Great Recession, and never increased. Since then the only adjustment to the overall dues levels have been to the addition of the City of Beaumont and the Riverside County Superintendent of Schools, but the Morongo Band of Mission Indians also withdrew its membership from WRCOG.

Previously, WRCOG would distribute its dues based on population and assessed value (which is described in the WRCOG Bylaws), similar to what other regional agencies such as CVAG and SCAG, which calculate and distribute dues based off of population and Assessed Valuation. Others, such as SGVCOG, calculate its dues based off of its total general operating budget and assign a base fee plus a per capita amount.

WRCOG dues were originally calculated based off a weighted average of population and assessed value for cities and the county, while the Water Districts and the Riverside County Office of Education used fixed amounts. The weighted average allocation has not been updated, which provides an opportunity to adjust the allocation among agencies and improve the fairness of the cost. The core figure to be allocated has not been adjusted since 2009. At that time, the amount was decreased in response to global economic conditions but, unlike other fees that were decreased at that time, the fee did not recover as conditions improved. Separate from the decrease, CPI has increased approximately 27% in

that time and has caused WRCOG to rely more heavily on revenues from other programs to fund core functions. The additional evaluation period will allow a more thorough analysis of the issue to be considered in time for the FY 2024/2025 budget process.

No immediate feedback was given by the Technical Advisory Committee; however, re-evaluating the dues structure will be an involved and lengthy process that cannot be resolved immediately and will require multiple discussions, analysis, and will be evaluated over the next fiscal year with a recommendation for any changes likely being a part of the Fiscal Year 2024/2025 budget process.

Solid Waste Dues

Revised FY 2023/2024 Proposal: Increase dues of those member agencies opting into the Solid Waste Program by \$1,116 - \$8,200 per member agency based on proportional share and participation in the optional AB 939 filing component. This action allows the Program to achieve self-sufficiency and reflects the current cost of responding to growing State mandates.

Background: The State of California requires local government compliance with an increasingly burdensome, complex, and technical set of mandates related to Solid Waste and Recycling programs.

Citing the specialized skill set and time demands of interpreting and complying with this evolving body of mandates, several WRCOG member agencies asked WRCOG to serve as a convened, clearinghouse, and technical advisor for issues related to Solid Waste. The program has been successful despite the challenges of implementing new requirements. The Solid Waste Program provides technical assistance, serves as a central contractor, and allows participating members to collaborate and share information.

Providing these services falls outside of WRCOG's core functions and is intended to be a self-sustaining Program funded by the members who have requested and who benefit from the Program. Members of the Solid Waste Program pay dues which are calculated on a per household basis at a cost of \$0.17 per occupied housing unit (updated annually based on data from the California Department of Finance). The basis for the \$0.17 was set in the early 2000s on the Program's cost around that time, and while dues have gone up due to population increasing, they have not been adjusted based on current costs of providing an expanded scope of services required by new State mandates.

An optional piece of the Solid Waste dues is report preparation for Assembly Bill 939 (AB 939) compliance, which is also based on outdated resource assumptions. Eighteen WRCOG member agencies are members of the Solid Waste Program, and 12 members elect to have WRCOG complete their AB 939 compliance reports. Current member dues are budgeted at a combined \$124k but fully allocating the associated overhead required to operate the program would result in expenditures of \$160k. Reaching the goal of self-sufficiency for this Program will require dues to reflect the increased workload brought on by State actions and updated staffing costs. For FY 2023/2024, this requires adjusting the dues range for members opting into the Program. The adjustment increases the dues of participating agencies between \$1,116 - \$8,200 per member agency depending on their proportional share and whether they participate in the optional AB 939 filing program. For those participating in the AB 939 filing program, the annual fee increases from \$2,045 to \$3,722 and is included in the estimate above.

Clean Cities Dues

FY 2023/2024 Proposed Changes: Increase dues by 10% for members opting into the Program with the

potential for future increases partially offset by securing new grant revenues as the program works toward self-sufficiency.

Background: The Clean Cities Program is comprised of 11 WRCOG member agencies whose dues combine with ongoing funding from the U.S. Department of Energy which oversees the national Clean Cities Program. At the current rates, those sources are not sufficient to support the Program at a level of self-sufficiency. Currently, additional funds are received from the University of West Virginia; however, those funds are expected to expire at the end of FY 2023/2024. Revenue increases or expenditure decreases will be needed to ensure the long-term sustainability of the Program.

Efforts are currently underway to evaluate Program expenditures in search of additional savings. Concurrently, aggressive efforts to acquire grant funding were approved as part of the current year's budget and those efforts are underway. As more grant funds are received, the burden on Clean Cities member dues is decreased. At both the State and Federal level, the Clean Cities initiative has gained momentum and the pool of potential grant funding sources has grown exponentially. While WRCOG is well-positioned and aggressively pursuing these funds, the predictability of receiving future grant awards is not accurate enough to quantify in the budget at this point.

WRCOG members participating in Clean Cities are able to fund the majority of their dues using funds provided by California Assembly Bill 2766 (AB 2766). AB 2766 is a statewide program which uses funds collected through vehicle registrations to fund air quality improvement programs throughout California.

These funds are sent to the various Air Districts including the South Coast Air Quality Management District (AQMD), which then distributes these funds to each jurisdiction to implement programs that improve regional air quality. The Clean Cities Program meets these goals since it encourages the use of alternative fueled vehicles and conducts education and outreach. One of the main tasks of the Clean Cities Program is the preparation of AB 2766 compliance reports, which document activities related to improving regional air quality. The Program cost is directly related to the scope of services, amount of required labor, and cost of labor. While those costs have increased, the revenues have remained the same, and serve as a barrier to the program reaching a sustainable level of self-sufficiency. WRCOG submits these reports to AQMD on behalf of members who participate in the Clean Cities Program.

Agencies who elect not to participate in the Clean Cities Program are still required to prepare AB 2766 compliance reports but are able to do so separate from WRCOG. Currently, 11 WRCOG member agencies choose to participate in the Clean Cities Program.

WRCOG members currently participating in Clean Cities pay dues based off of a tiered population structure from \$3,000 to \$25,000 (from less than 25,000 to more than 250,000) as shown below with current and proposed amounts. Current expenditures are anticipated to be over \$400k against budgeted revenues of \$422k; however, the member dues and the DOE allocation make up \$240k of the \$422k in revenues, a difference of \$282k. Of the \$282k, most of these revenues are one-time grants / partnerships, but \$70k is being allocated from the LTF due to the nexus between transportation and Clean Cities justified in the LTF work plan. While there may be an opportunity for the LTF allocation to continue, there is still a significant deficit that needs to be made up either by securing additional grant revenues or significantly increasing Clean Cities membership dues.

Fellowship

FY 2023/2024 Proposed Changes: Continue the Program as is until or unless the Program funds are depleted and stop the Program if / when that happens. Seek additional funding from State or Federal

government grants, targeted fundraising, sponsorships, or support from the WRCOG Supporting Foundation in order to extend the life of the Program.

The Fellowship Program was established in 2016 and has placed over 80 Fellows in WRCOG member agencies and has been widely recognized as a successful effort to entice and train local talent by introducing and preparing them for public service careers. These Fellows are treated as WRCOG employees, but work directly for member agency staff. The Program was funded through an initial allocation totaling \$1,380,000. In recent years, the Program instituted a cost sharing model with member agencies sharing the cost of their assigned Fellows; however, with no replenishment of the initial seed funding, the available funds have continued to deplete. At the start of FY 2023/2024 those available Program funds will only total approximately \$200k.

Despite its success, the lack of a dedicated funding source jeopardizes the sustainability of the Program. While no funding structure changes are proposed for FY 2023/2024, this proposal envisions the Program only lasting as long as the available funds. In order to delay or prevent the end of the Program, WRCOG staff will work with partners to identify possible funding sources from government, philanthropy, or the WRCOG Supporting Foundation.

I-REN Budget Authority

FY 2023/2024 Proposed Changes: Use the WRCOG annual Budget Resolution to 1) set the maximum revenue and expenditure limits for I-REN, 2) require all I-REN spending to conform to the WRCOG-approved I-REN Business Plan, 3) delegate full budget amendment authority to the WRCOG Executive Committee, and 4) delegate limited budget authority to the I-REN Executive Committee to meet the programming needs of I-REN.

I-REN is a cooperative effort between WRCOG, the Coachella Valley Association of Governments (CVAG), and the San Bernardino County Council of Governments (SBCOG) that is authorized and funded by the California Public Utilities Commission (CPUC). I-REN is governed by an Executive Committee consisting of voting members from each of the three participating agencies. They meet regularly and devote substantial time and attention to the technical and governance responsibilities of I-REN.

I-REN is a partnership controlled by a series of agreements among the participating agencies, the CPUC, and the Investor-Owned Utilities (Southern California Edison and Southern California Gas Company). These agreements allocate roles and responsibilities among each organization and designate WRCOG as the Administrative Lead for I-REN. In that capacity, WRCOG administers the Program under the direction of the I-REN Executive Committee and with the consent of the WRCOG Executive Committee. While the I-REN is a partnership with clear roles and responsibilities along with a shared governance structure, it is not a Joint Powers Authority or other legal entity. Since it is not a standalone entity, WRCOG, acting in its capacity as the Administrative Lead for the Program, incorporates the I-REN budget into the WRCOG budget.

This creates a unique situation in which 1) the CPUC is committed to fully funding I-REN and thereby mitigating risk to WRCOG, 2) the I-REN Executive Committee makes programmatic budget decisions within any constraints imposed by the CPUC or the WRCOG Executive Committee, and 3) WRCOG retains final budget authority and responsibility as part of its own budget.

The I-REN Executive Committee includes three representatives from the WRCOG Executive Committee and is well-positioned to make the complex and technical financial allocations required to administer the Program. With no legal authority of its own, the I-REN Executive Committee must rely on delegated authority from WRCOG. Blanket authority would impose an undue risk to WRCOG but retaining full line-item authority would force an undue burden on WRCOG.

In order to balance the need for WRCOG to protect itself from financial risk and liability, yet provide programmatic flexibility to the governing body of the Program, this proposal bifurcates duties. WRCOG would retain ultimate responsibility and authority over the I-REN budget but would, subject to revocation by WRCOG, delegate authority to the I-REN Executive Committee. In this scenario, WRCOG would establish the maximum revenue and expenditure limits for the I-REN. It would also prescribe the broad parameters for spending funds by limiting expenditures to items included in the WRCOG-approved I-REN Business Plan. This provides an added level of protection for WRCOG and retains WRCOG's ability to revoke the delegation in the future. It also provides limited authority to the I-REN Executive Committee to meet the programmatic needs of the I-REN.

An additional complication is that the CPUC allocates funding on a calendar basis rather than the fiscal year that WRCOG and its member agencies utilize. This creates an asymmetric budgeting cycle where the FY 2023/2024 WRCOG budget addresses only the second half of the I-REN 2023 budget and the first half of the I-REN 2024 budget. Fortunately, the six-year approval cycle approved by the CPUC includes a prescriptive amount of funding, so fluctuations are expected to be minor and likely the result of delayed or expedited projects.

The delegation of authority allowing the I-REN Executive Committee to approve the I-REN budget as long as it is within the WRCOG-approved dollar amount and consistent with the WRCOG-approved I-REN Business Plan will be addressed in the WRCOG Budget Resolution. Similarly, the delegation of budget amendment authority to the WRCOG Executive Committee will also be addressed in the WRCOG Budget Resolution.

Proposed Budget Resolution

Resolution NUMBER XX-XX

A RESOLUTION OF THE GENERAL ASSEMBLY OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS ADOPTING THE FISCAL YEAR 2023/2024 AGENCY BUDGET

WHEREAS, The Western Riverside Council of Governments (WRCOG) operates on a fiscal year basis, beginning on July 1 of each year and continuing until June 30 of the succeeding year; and

WHEREAS, Article III, Section 3.3 of the WRCOG Joint Powers Agreement states that prior to July 1 of each year, the General Assembly shall adopt a final budget for the expenditures of WRCOG during the following fiscal year; and

WHEREAS, Article III, Section 6, Subdivision (A) of the WRCOG Bylaws states that the Executive Committee of WRCOG shall prepare and recommend to the General Assembly a yearly budget for funds and distribution and to determine the estimated share of contributions from each member agency; and

WHEREAS, on May 1 2023, a proposed Agency Budget for Fiscal Year 2023/2024 was presented to the Executive Committee, and the Executive Committee recommended the proposed Agency Budget for Fiscal Year 2022/2023 to the General Assembly; and

WHEREAS, WRCOG serves as the administrative lead for the Inland Regional Energy Network (I-REN) and incorporates the I-REN Budget in the WRCOG budget; and

WHEREAS, the I-REN has a governing body consisting of elected officials from throughout the I-REN service area, including WRCOG; and

WHEREAS, the I-REN revenues are fixed, approved, and provided exclusively through the California Public Utilities Commission (CPUC); and

WHEREAS, the categories and amounts of I-REN spending are constrained by the WRCOG-approved I-REN business plan; and

WHEREAS, the CPUC allocates I-REN funding based on a calendar year rather than the WRCOG fiscal year; and

WHEREAS, WRCOG provided the public with proper notice that the meeting to approve the proposed Agency Budget for Fiscal Year 2023/2024 is to be held on June 29, 2023, at the General Assembly meeting; and

WHEREAS, on June 29, 2023, the proposed Agency Budget for Fiscal Year 2023/2024 was presented to the General Assembly and the General Assembly held a public hearing on the proposed Budget.

NOW THEREFORE, BE IT RESOLVED by the General Assembly of the Western Riverside Council of Governments as follows:

Section 1. RECITALS

The above recitals are incorporated herein by this reference.

Section 2. FINAL BUDGET

(a) The General Assembly hereby approves and adopts the WRCOG Fiscal Year 2023/2024 Agency Budget with expenditure appropriations of \$XX,XXX,XXX.

(b) The continuation of Fiscal Year 2022/2023 appropriations to FY 2023/2024 is authorized for the completion of programs and activities currently underway.

Section 3. INLAND REGIONAL ENERGY NETWORK (I-REN)

(a) The General Assembly hereby directs the WRCOG Executive Committee to monitor the finances of the I-REN and provides for:

(1) Expanded budget authority to impose new fiscal requirements on the I-REN Executive Committee as it deems necessary; and

- (2) Make mid-year budget adjustments in any amount, provided they meet the following criteria:
- a) consistent with the intent and purpose of I-REN
 - b) revenue assumptions are consistent with CPUC allocations
 - c) expenditures are consistent with the WRCOG-approved I-REN Business Plan

(b) The General Assembly hereby provides the I-REN Executive Committee with limited delegated authority to approve and amend the I-REN budget subject to the following conditions:

- a. Revenues shall be consistent with the CPUC funds allocation.
- b. Expenditures shall be consistent with the WRCOG-approved I-REN Business Plan.
- c. The WRCOG Executive Committee may impose additional constraints at its sole discretion.
- d. The WRCOG Executive Committee reserves the right to revoke this limited delegation of authority.

Section 4. AMENDING THE FINAL BUDGET

(a) In accordance with Sections 4.1 and 1.2.2, Subdivision (f) of the WRCOG Joint Powers Agreement and Government Code Section 29092, the General Assembly hereby delegates its power to amend the WRCOG Fiscal Year 2023/2024 Agency Budget and approve Budget transfers throughout the Fiscal Year to the Executive Director within the following control levels:

(1) Level of Budgetary Control – Budgetary control is established at the following levels: a) General Fund – Department Level and b) Other Funds – Fund level.

(b) The Executive Director is authorized to establish and amend revenue estimates and expenditure appropriations subject to the receipt or award of corresponding revenues (i.e., grant funding, donations, contract or bond revenues, and reimbursements).

(c) The Executive Director may revise the schedule of any appropriation made in this resolution where the revision is of a technical nature, is consistent with the intent of the governing board, and provided that any net increase in expenditures is paired with a corresponding revenue increase. Notice of any revisions shall be included in subsequent budget updates to the Executive Committee.

(d) The Executive Director is authorized to adjust classifications, including salary and benefit, and allocation adjustments, and to make related inter-fund transfers and appropriation adjustments, to ensure comparability with similar classifications to maintain equity in WRCOG's salary schedules and to incorporate changes into the Salary Schedule, as appropriate.

Section 5. IMPLEMENTATION OF ANNUAL BUDGET

The Executive Director is hereby authorized to take necessary and appropriate actions to carry out the purpose and intent of this resolution.

PASSED AND ADOPTED by the General Assembly of the Western Riverside Council of Governments on June 29, 2023.

Crystal Ruiz, Chair
WRCOG Executive Committee

Kurt Wilson, Secretary
WRCOG Executive Committee

Approved as to form:

Steven DeBaun
WRCOG Legal Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

Regarding Resolution Feedback

At the Technical Advisory Committee (TAC) meeting on April 20, 2023, several members provided their feedback regarding the proposed budget resolution. Over the past year, staff reached out to a majority of WRCOG's member jurisdictions to gain a better understanding of each jurisdiction's budgetary authority, and while some are comparable in terms of authority, they mostly vary with respect to the authority granted to their City Manager or equivalent. Several changes were made to WRCOG's budget resolution, including clarification to the Executive Director's authority in making changes to the budget and budget authority surrounding the I-REN.

The feedback provided was specifically around the authority of the Executive Director with respect to making changes to the budget and staffing and salary changes. With respect to budgetary changes, a suggestion was made around assigning a specific dollar amount to the Executive Director's authority; however, after further explanation and dialogue from the TAC members, the idea would be too constrictive with respect to the intent of the proposed language. Ultimately, the intent with the ability to increase revenues (along with corresponding expenditures) is to be able to respond to grant opportunities in a timely manner; otherwise, this could risk the possibility of potentially losing out on a grant. Lastly, with respect to the Executive Director's authority in making changes to salaries and classifications, the concern was in regards to potential PERS implications and making salary adjustments outside of an approved salary schedule; however, that was not the intent of the language. Any changes to salaries and classifications would be within an existing, approved, salary schedule. An example would be bringing someone from an Analyst I to an Analyst II, or from Step 3 to Step 5 of an existing approved range.

Prior Action(s):

April 20, 2023: The Technical Advisory Committee received and filed.

April 12, 2023: The Administration & Finance Committee received and filed.

April 3, 2023: The Executive Committee received and filed.

March 16, 2023: The Technical Advisory Committee received and filed.

March 6, 2023: The Executive Committee received and filed.

February 23, 2023: The Finance Directors Committee received and filed.

Fiscal Impact:

The Fiscal Year 2023/2024 Agency Budget currently has anticipated revenues and transfers in (overhead) of \$19,572,850 against expenditures \$19,286,298 in expenditures, a difference of \$286,552.

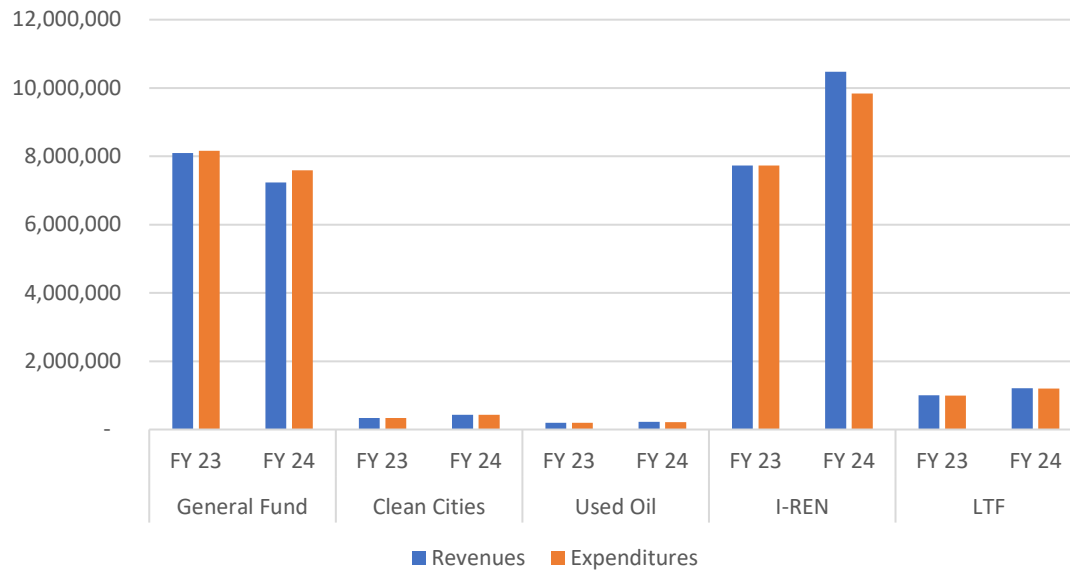
Compared to Fiscal Year 2022/2023, this represents a decrease of approximately \$68M in revenues and \$31M in expenditures; however, as previously noted, this drastic decrease is attributable to the TUMF collections (with the exception of the 4% admin fee) now no longer being considered a revenue for the Agency. Excluding these revenues for an apples-to-apples comparison actually shows revenues for the Agency increasing by approximately \$2.2M, with expenditures increasing by approximately \$1.8M, which is primarily attributable to the increased I-REN revenues, decreased HERO revenues, and decreased TUMF Administrative revenues.

Attachment(s):

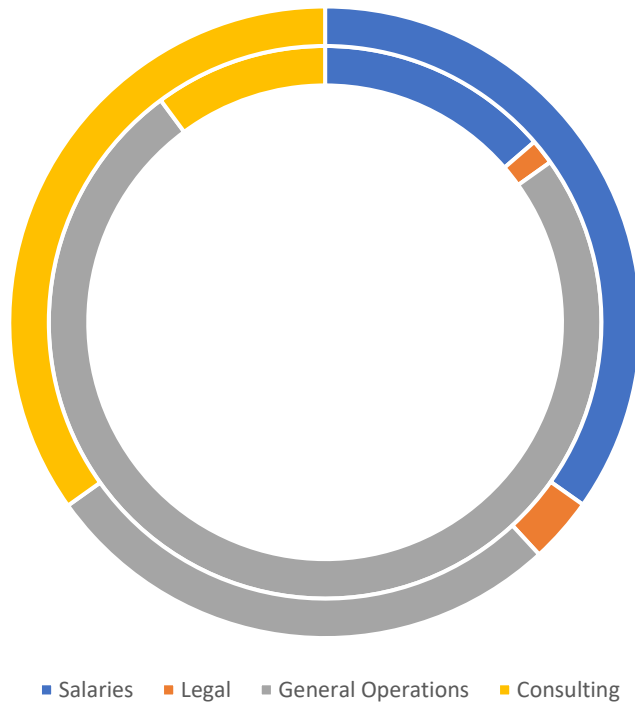
[Attachment 1 - WRCOG FY 24 Budget graphs](#)

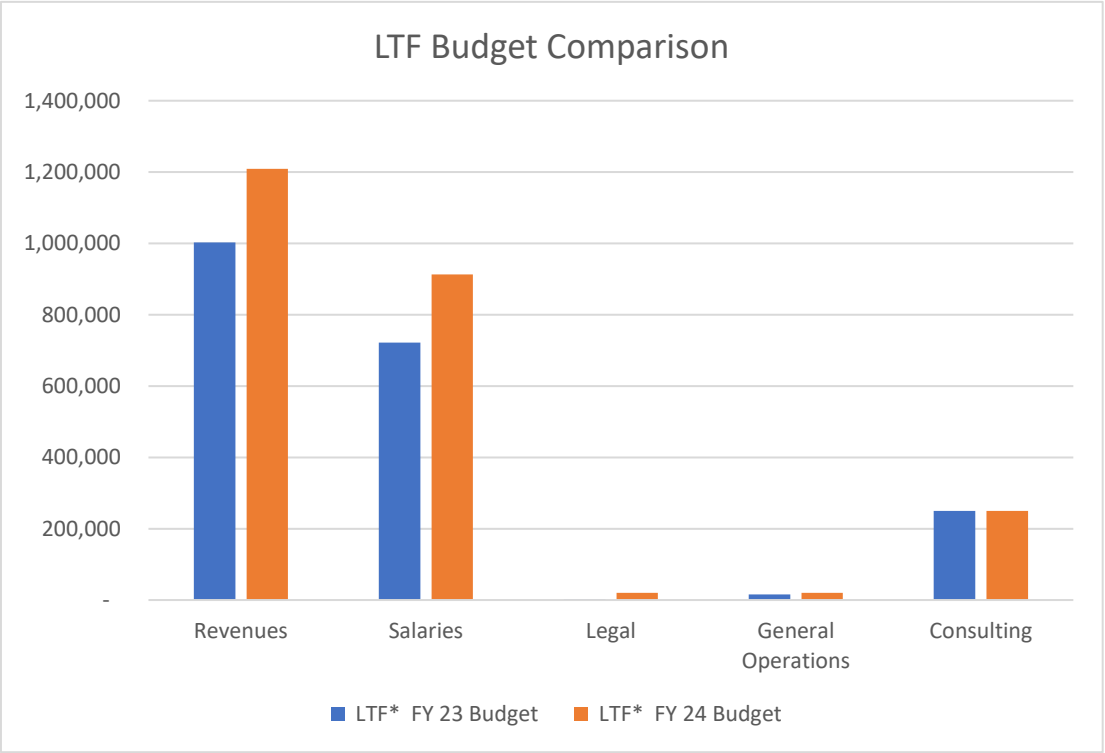
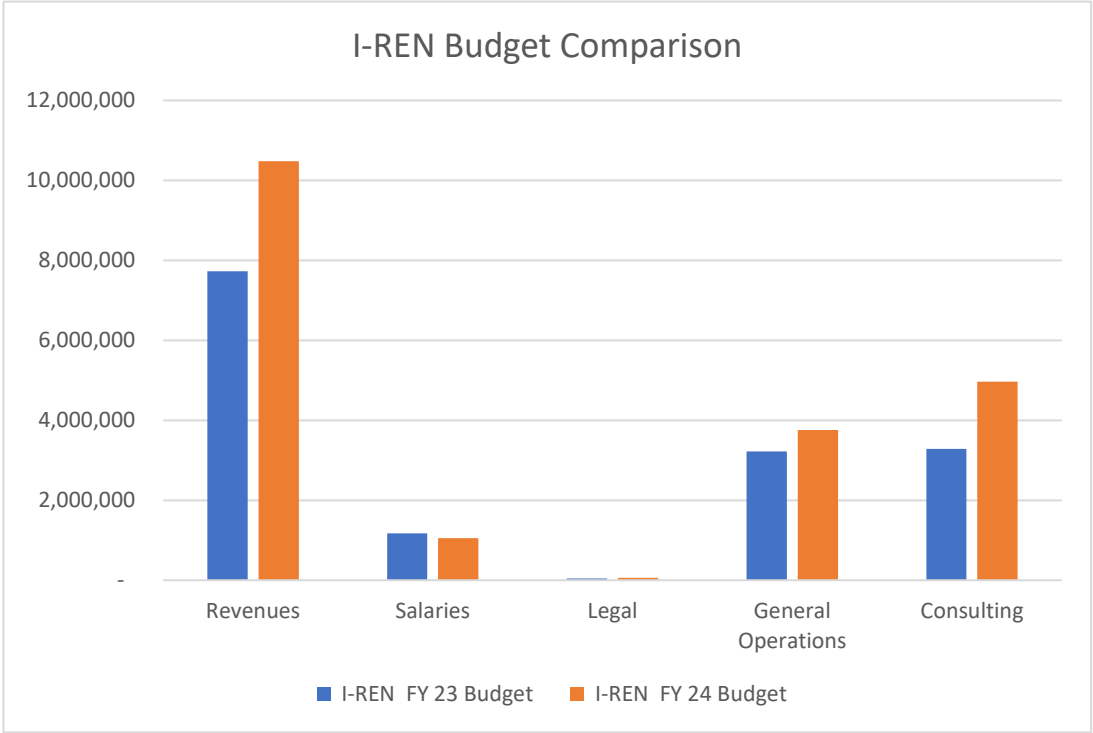
Fund Summary														
	General Fund		Clean Cities*		Used Oil		I-REN		LTF*		TUMF		Grand Total	
	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget
Revenues	8,098,481	7,230,158	340,167	434,600	198,398	220,753	7,728,330	10,478,589	1,002,500	1,208,750	70,263,068	-	87,630,944	19,572,850
Expenditures														
Salaries	4,555,109	4,227,466	292,783	393,589	134,725	125,815	1,174,522	1,051,230	721,940	913,262	-	-	6,879,079	6,711,363
Legal	699,850	565,200	-	-	1,000	1,000	45,000	60,000	2,000	20,000	-	-	747,850	646,200
General Operations	1,357,256	1,310,171	23,050	26,011	62,498	93,300	3,225,425	3,756,600	16,100	20,300	32,888,595	-	37,572,924	5,206,382
Consulting	1,544,650	1,489,186	23,950	15,000			3,283,383	4,968,167	250,000	250,000	-	-	5,101,983	6,722,353
Total	8,156,866	7,592,023	339,783	434,600	198,223	220,115	7,728,330	9,835,997	990,040	1,203,562	32,888,595	-	50,301,837	19,286,298
Excess Rev/Exp	(58,385)	(361,865)	384	(0)	175	638	-	642,592	12,460	5,188	37,374,473	-	37,329,107	286,552
General Fund														
	Solid Waste		Love Your Neighborhood		Gas Company		Streetlights		PACE Commercial		HERO		TUMF	
	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget
Revenues	240,750	183,580	50,000	50,000	-	100,000	135,542	139,608	\$ 110,000	\$ 148,550	1,130,000	764,000	2,605,932	2,052,000
Expenditures														
Salaries	104,653	140,505	13,604	20,817	-	61,024	106,689	61,024	117,660	148,550	909,838	743,674	1,414,430	1,315,531
Legal	1,000	2,000	-	200	-	2,500	750	20,000	3000		500,000	325,000	75,000	100,000
General Operations	5,400	14,950	10,000	3,983	-	17,750	12,408	14,000	3,000		90,500	43,660	98,250	82,600
Consulting	129,556	26,125	26,396	25,000	-	18,726	15,433	30,000	29,757		70,000	40,000	450,000	550,000
Total	240,609	183,580	50,000	50,000	-	100,000	135,280	125,024	153,417	148,550	1,570,338	1,152,334	2,037,680	2,048,131
Excess Rev/Exp	141	0	-	0	-	0	262	14,584	(43,417)	-	(440,338)	(388,334)	568,252	3,869
	RivTAM		REAP 1.0		REAP 2.0		Administrative Services		Finance		Executive		Fellowship	
	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget	FY 23 Budget	FY 24 Budget
Revenues	25,000	25,000	750,000	300,000	-	500,000	2,951,257	2,021,421	0	556,280		289,719	100,000	100,000
Expenditures														
Salaries	10,288	16,532	249,183	90,586	-	146,079	1,438,691	717,100	-	392,553	-	277,719	190,072	95,774
Legal	-	-	5,000	-	-	15,000	115,000	100,000	-	-	-	-	100	500
General Operations	-	-	-	-	-	-	1,132,948	954,001	-	163,727	-	12,000	4,750	3,500
Consulting	14,571	1,000	558,437	209,414	-	338,921	250,000	250,000	-		-		500	
Total	24,859	17,532	812,620	300,000	-	500,000	2,936,639	2,021,101	-	556,280	-	289,719	195,422	99,774
Excess Rev/Exp	141	7,468	(62,620)	0	-	0	14,617	320	-	-	-	-	(95,422)	226

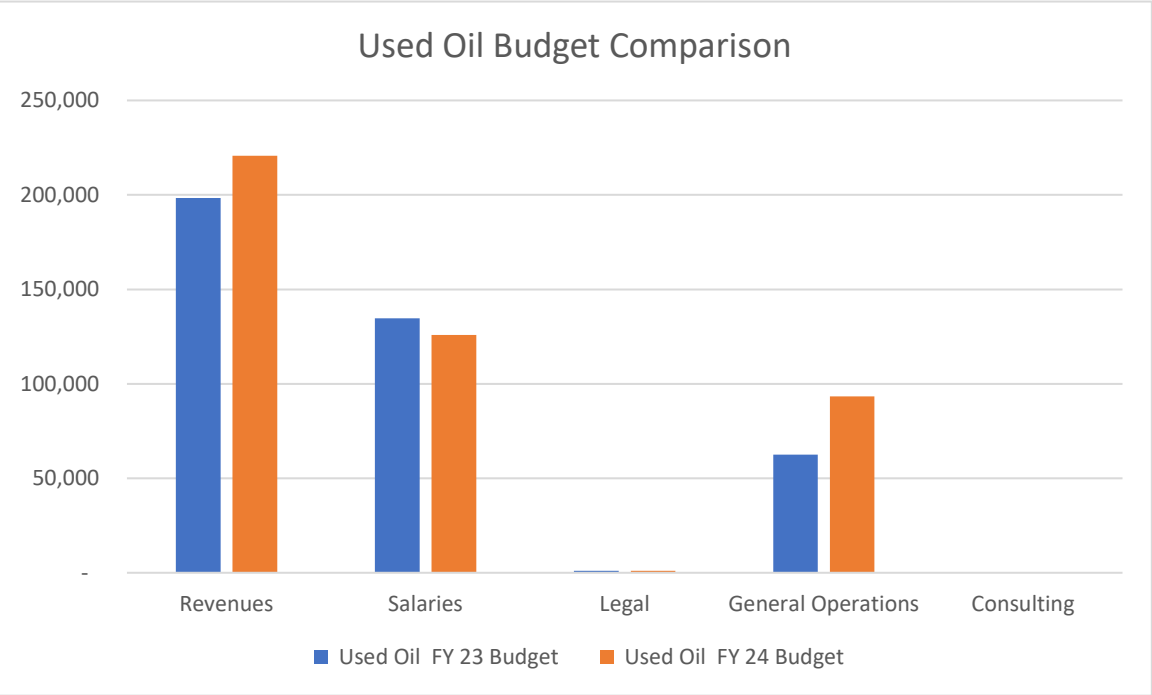
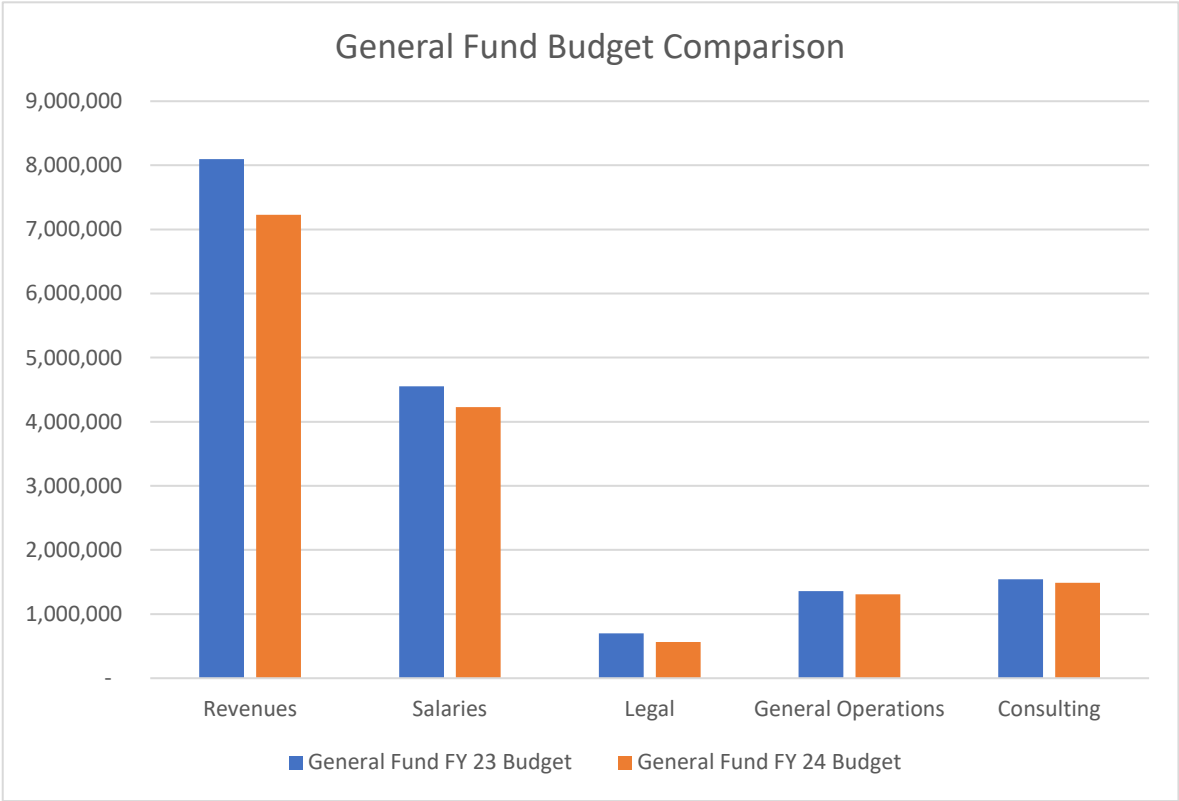
Budget Summary - Fund Level

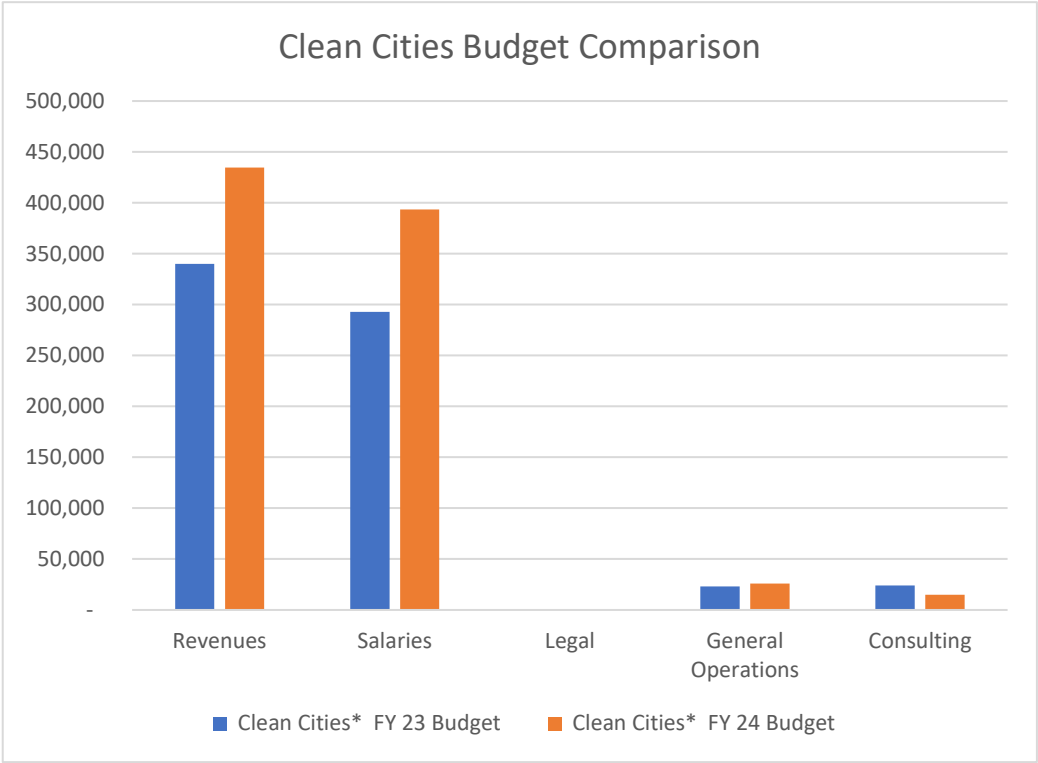


Expenditures - FY 24 (outside) vs FY 23 (inside)











Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: The Economy and Financial Markets
Contact: Richard Babbe, Managing Director, Public Financial Management,
babber@pfm.com, (213) 415-1631
Date: April 27, 2023

Requested Action(s):

1. Receive and file.
-

Purpose:

The purpose of this item is to provide an overview of the economic prospects of 2022, as well as potential future fiscal policy changes.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #3 - Ensure fiscal solvency and stability of the Western Riverside Council of Governments.

Background:

This item is reserved for a presentation from Richard Babbe of Public Financial Management Asset Management, WRCOG's Investment Advisors. The presentation will cover an interest rate overlook as well as where equity markets are headed.

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: 2022 Fee Comparison Analysis Update - Final Report
Contact: Christopher Tzeng, Program Manager, ctzeng@wrcog.us, (951) 405-6711
Date: April 27, 2023

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide the final report of the 2022 Fee Comparison Analysis Update.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #5 - Develop projects and programs that improve infrastructure and sustainable development in our subregion.

Background:

In 2016 WRCOG conducted a study to analyze fees / exactions required and collected by jurisdictions / agencies in and immediately adjacent to the WRCOG subregion. The study was presented to various WRCOG committees and subsequent presentations were completed to various City Councils in the subregion. Based on the feedback provided and the requests made for data and presentations, WRCOG indicated that the study would be updated on a consistent basis to enable jurisdictions the value of understanding the impact of fees on development and the regional economy. An updated analysis utilizing 2018 data was completed at the beginning of 2019. An update to the analysis utilizing data available in 2022 commenced in May 2022. Updates of the analysis were provided to the WRCOG Administration & Finance, Planning Directors, Public Works, and Technical Advisory Committees in late 2022. The final report is being provided to the WRCOG committees at their April / May 2023 meetings.

The information analyzed and presented in the final report is solely for information purposes. WRCOG is not proposing any fee updates as part of the Fee Comparison Analysis.

Overview

The update to the Fee Comparison Analysis follows the same methodology as in 2016 and 2018, and updates the fee structures of the various fees. The Analysis provides WRCOG jurisdictions with comprehensive fee comparisons and also discusses the effect of other development costs, such as the cost of land and interest rates, within the overall development framework. Another key element of this study is an analysis documenting the economic benefits of transportation investment. Summary and comparison data for WRCOG member agencies is provided in the final report in Attachment 1 to this

Fee Comparison Methodology

In addition to the jurisdictions within the WRCOG subregion, the study analyzed sample jurisdictions within the Coachella Valley, San Bernardino County, and the northern portion of San Diego County. The inclusion of additional neighboring / peer communities allows for consideration of relative fee levels between the WRCOG subregion and jurisdictions in surrounding areas that may compete for new development.

Land Uses and Development Prototypes

Fee comparisons have been conducted for five key land use categories, “development prototypes,” including single-family residential, multi-family residential, office, retail, and industrial developments. Since every development project is different, and because fee structures are often complex and derived based on different development characteristics, it is helpful to have “development prototypes” for each of the land uses studied. The use of consistent development prototypes increases the extent to which the fee comparison is an “apples-to-apples” comparison.

Development prototypical projects that were analyzed are as follows:

- Single-family residential development: 50-unit residential subdivision; 2,700 square foot homes, and 7,200 square foot lots
- Multi-family residential development: 200-unit market-rate, 260,000 gross square foot apartment buildings
- Retail development: 10,000-gross square foot retail buildings
- Office development: 20,000-gross square foot, Class A or Class B office buildings
- Industrial development: 265,000 gross square foot high-cube industrial buildings

Fee Categories

The primary focus of the analysis is on the array of fees charged on new development to pay for a range of infrastructure / capital facilities. The major categories of fees include 1) school development impact fees; 2) water / sewer connection / capacity fees; 3) city capital facilities fees; 4) regional transportation fees (TUMF in Western Riverside County); and 5) other capital facilities / infrastructure / mitigation fees charged by other regional / subregional agencies. These fees typically represent 80% to 90% of the overall development fees on new development. Additional processing, permitting, and entitlement fees are not included in this analysis. The analysis focused on development impact fees, as these fees are much larger than planning / processing fees for comparison purposes.

Service Providers and Development Prototypes

The system of infrastructure and capital facilities fees in most California jurisdictions is complicated by multiple service providers and, often, differential fees in different parts of individual jurisdictions. Multiple entities charge infrastructure / capital facilities fees – e.g., city, water districts, school districts, and regional agencies. In addition, individual jurisdictions are often served by different service providers (e.g., more than one water district or school district) with different subareas within a jurisdiction, sometimes paying different fees for water facilities and school facilities. Also, some city fees, such as

storm drain fees, are sometimes differentiated by jurisdictional subareas. To maintain consistency, the service providers utilized in the previous analyses are utilized in this analysis. Individual service providers were selected where multiple service providers were present, and an individual subarea was selected where different fees were charged by subarea.

Prior Action(s):

April 13, 2023: The Public Works Committee received and filed.

April 13, 2023: The Planning Directors Committee received and filed.

April 12, 2023: The Administration & Finance Committee received and filed.

December 14, 2022: The Administration & Finance Committee received and filed.

November 17, 2022: The Technical Advisory Committee received and filed.

October 13, 2022: The Public Works Committee received and filed.

October 13, 2022: The Planning Directors Committee received and filed.

Fiscal Impact:

Transportation and Planning Department activities are included in the Agency's adopted Fiscal Year 2022/2023 Budget under the Transportation Department. This analysis is covered under TUMF (Fund 110) to provide additional information on development fees charged to support the TUMF Nexus Study.

Attachment(s):

[Attachment 1 - WRCOG Fee Comparison Study Final Report](#)

The Economics of Land Use



Report

2022-23 Analysis and Regional Comparison of Development Impact Fees in Western Riverside County

Prepared for:

Western Riverside Council of Governments (WRCOG)

Prepared by:

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January 9, 2023

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1. Introduction and Findings

The Western Riverside Council of Governments (WRCOG) commissioned this Report to provide increased regional understanding of development impact fees on new development in Western Riverside County. More specifically, the purpose of this report is to: (1) indicate the types and relative scale of the development impact fees placed on different land uses within WRCOG member jurisdictions, and (2) indicate the level of fees relative to overall development costs in Western Riverside County. The report is also intended to provide helpful background information on the impact of the regional Transportation Uniform Mitigation Fee (TUMF) by placing the TUMF in the context of the broader development impact fee composition, overall development costs, and other regional dynamics.

This report (the 2022-23 Study) represents an update to the 2018-19 Study, which provided similar information on development impact fees and development costs. Information in this report is primarily based fee schedules and development cost estimates from 2022, while the prior study was primarily on schedules and estimates from 2018.

This report recognizes that there are substantive and ongoing debates about the appropriate levels of development impact fees in regions throughout California and elsewhere in the United States. On the one hand, development impact fees provide revenue to support the construction of critical infrastructure and capital facilities (or in-kind capital facility development) that can generate development value, economic development, and quality of life benefits. On the other hand, these fees act as an additional development cost that can influence development feasibility and potentially impact the pace of new development. **Each fee-adopting jurisdiction must weigh the costs and benefits of potential new or increased fee levels in the context of their goals, capital improvement needs, and economic and development dynamics.**

This report considers development impact fees defined as one-time fees collected for the purposes of funding infrastructure and capital facilities.¹ Reflecting the broad range of land use and development projects in Western Riverside County, prototype development projects for single-family, multifamily, retail, Class A/B office, and large industrial use types were all selected to support comparisons of fees in different jurisdictions.

A summary of key findings is provided below, followed by a description of the organization of this report.

¹ As used in this report and discussed further below, the phrase “development impact fee” includes all fees adopted pursuant to the Mitigation Fee Act and other monetary exactions due at the time of development. The term “fee,” as used in this report, means “development impact fee.”

Summary of Findings

FINDING #1: New development in Western Riverside County pay a wide range of one-time infrastructure/capital facilities associated fees with different public agencies.

New development in Western Riverside County is required to pay development impact fees to help fund:

- Water and Sewer Facilities
- School Facilities
- Regional Transportation Infrastructure
- Additional Local Infrastructure/Capital Facilities (local transportation, parks and recreation, public facility, community/civic facilities, and storm drain infrastructure).
- Subregional/Area Fees (habitat mitigation fees, Road and Bridge Benefit Assessment Districts, and other area-specific infrastructure/capital facilities fees).

These fees are set/administered by a combination of water districts, school districts, individual cities, the County, the Western Riverside Council of Governments, the Western Riverside County Resource Conservation Authority, and other special districts.

- **Fees for each land use type have increased on average by between 6.9 and 24.5 percent since the prior 2018-19 Study.** As shown in **Table 1**, average fee totals for residential uses now range from \$32,099 for multifamily units to \$57,078 for single-family units, and average fee totals for nonresidential uses now range from \$6.48 per square foot for industrial projects to \$25.27 per square foot for retail projects.

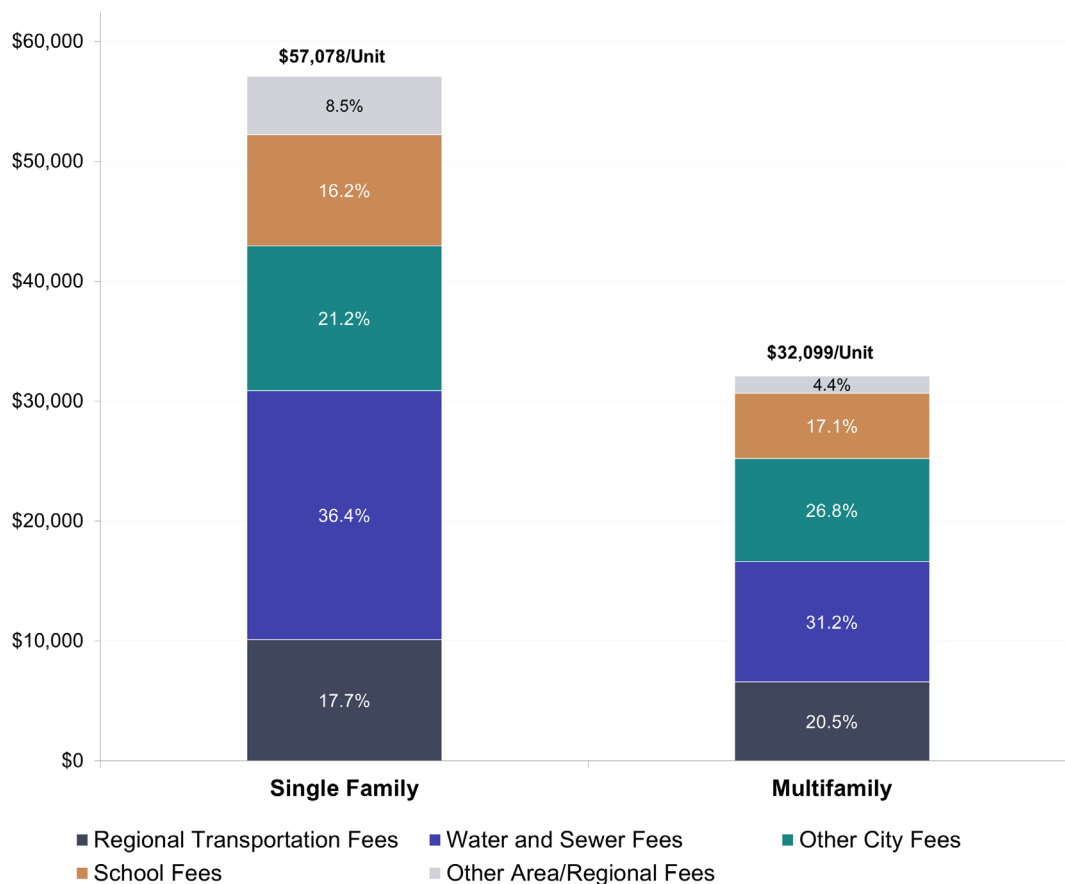
Table 1 Average Total Fee Amounts & Changes since 2018-19 Study by Land Use Type

Land Use	2022-23	2018-19	% Change
Single Family			
Total Fees per Unit	\$57,078	\$47,470	20.2%
Multifamily			
Total Fees per Unit	\$32,099	\$29,706	8.1%
Retail			
Total Fees per SF	\$25.27	\$23.63	6.9%
Office			
Total Fees per SF	\$17.04	\$14.06	21.2%
Industrial			
Total Fees per SF	\$6.48	\$5.20	24.5%

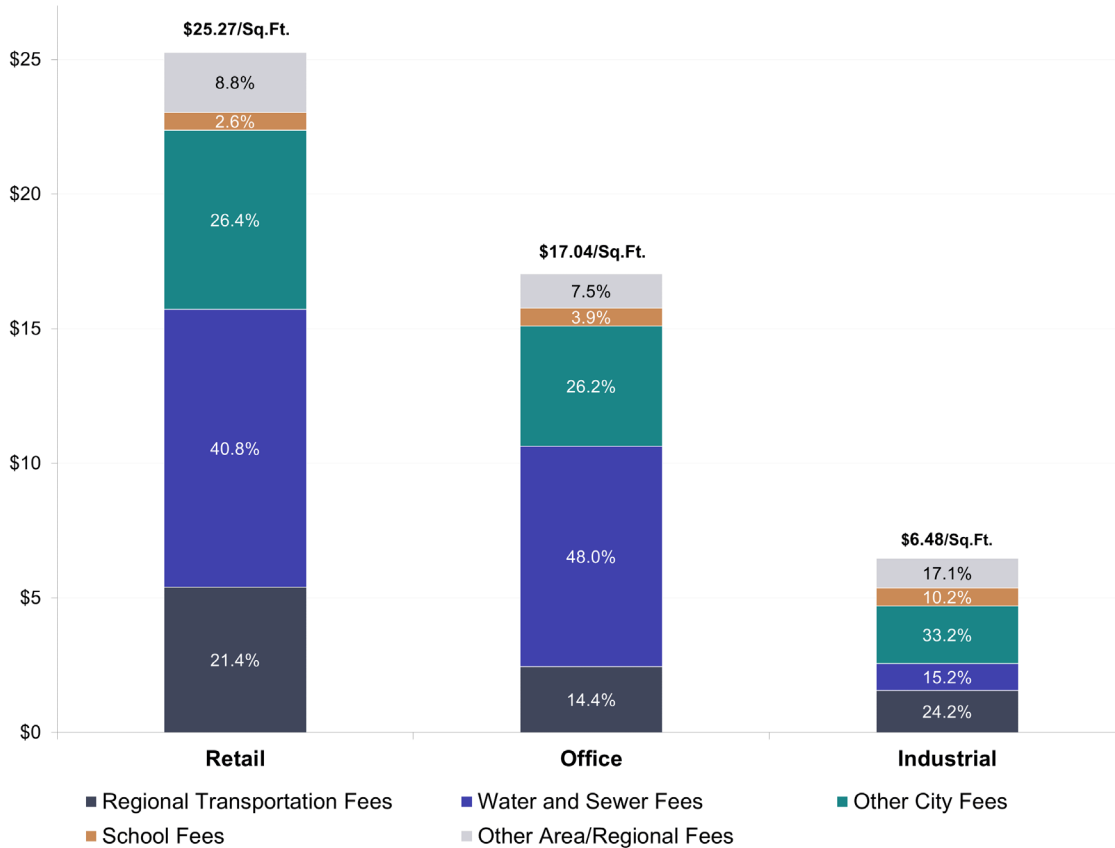
FINDING #2: TUMF represents a modest proportion of total residential development impact fees in Western Riverside County and a more variable proportion of nonresidential development impact fees.

- **For residential developments, TUMF represents close to 20 percent of total development impact fees for both single-family and multifamily development.** Other fee categories are shown in **Figure 1** below. Water and Sewer Fees together represent the greatest proportion of residential development impact fees. The smallest proportion is associated with Other Area/Regional Fees.

Figure 1 Average WRCOG Residential Development Impact Fees by Fee Category

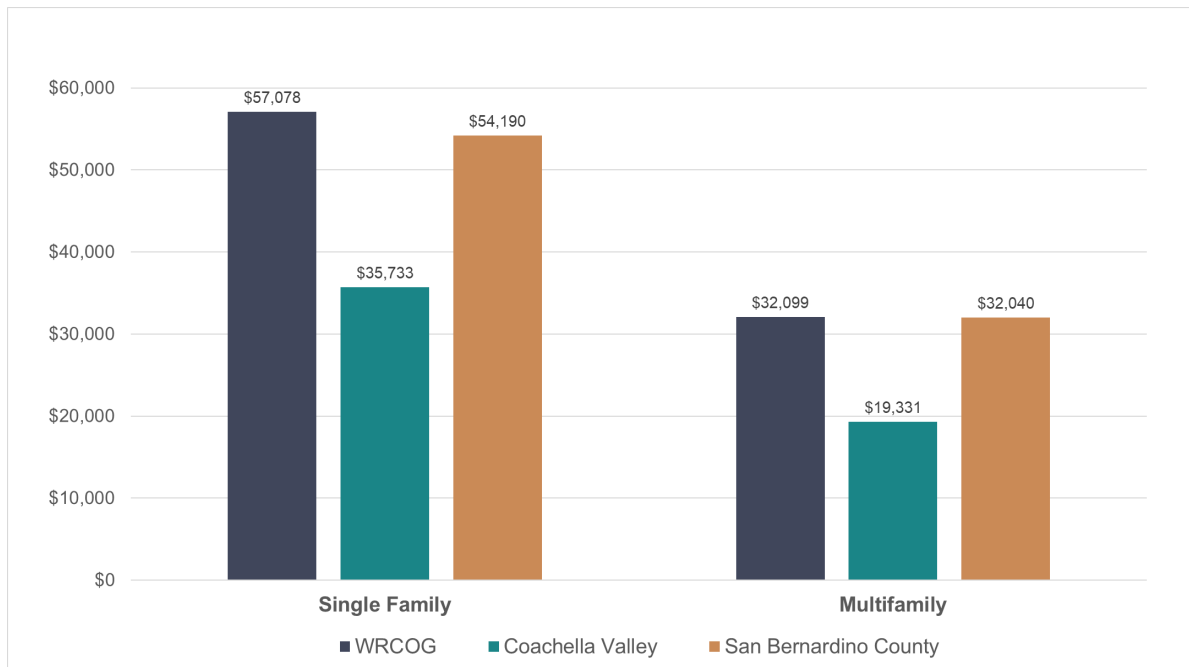


- **Regional Transportation Fees (TUMF) as a proportion of total development impact fees show more variation for nonresidential land uses.** Retail and office fees are dominated by Water and Sewer Fees. For industrial developments, Water and Sewer Fees are substantially lower and Other City Fees are the greatest proportion of total fees (**Figure 2**).

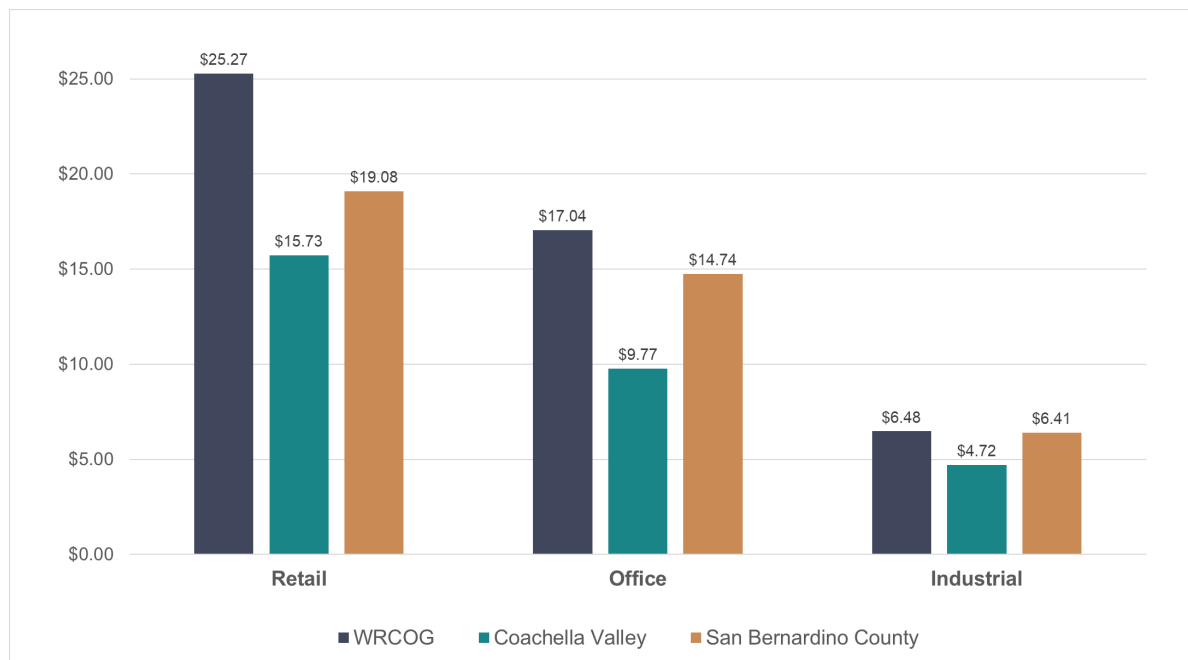
Figure 2 Average WRCOG Nonresidential Development Impact Fees

FINDING #3: Average development impact fees in WRCOG member jurisdictions are generally similar to those in San Bernardino County, though higher than those in Coachella Valley.

- **Average residential development impact fees for WRCOG jurisdictions are equal to or somewhat higher than the average of selected San Bernardino County cities and the average of selected Coachella Valley cities.** As seen in **Figure 3** below, when compared with the average of selected San Bernardino County cities (Fontana, Yucaipa, San Bernardino, Ontario, Chino, and Rialto) and Coachella Valley cities (Indio, Palm Desert, and Palm Springs), the WRCOG average is slightly higher than the San Bernadino County fees for single-family development and the same for multifamily development. Coachella Valley has substantially lower fees on both single-family and multifamily development.

Figure 3 Average Residential Development Impact Fees in Neighboring Jurisdictions

- Average nonresidential development impact fees for WRCOG jurisdictions are either higher than or similar to the average of selected San Bernardino County cities for the different land use categories. The average of selected Coachella Valley cities is lower for all land use categories.** As seen in **Figure 4** below, comparing average nonresidential development impact fees in WRCOG to selected San Bernardino County cities shows that, on average, WRCOG fees are substantially higher for retail, somewhat higher for office development, and the same for industrial development. The selected Coachella Valley cities have the lowest average fees in all these nonresidential land uses.

Figure 4 Average Nonresidential Development Impact Fees in Neighboring Jurisdictions

FINDING #4: Average development impact fees among WRCOG member jurisdictions represent between 3.9 percent and 8.9 percent of total development costs/returns, with TUMF as a lower fraction of these proportions.

- Total development impact fees represent between 3.9 percent and 8.9 percent of total development costs/returns for the prototype feasible projects.** As shown in **Table 2** below, development impact fees represent 8.9 percent of total development costs/returns for the prototype single-family and 7.9 percent of total costs/returns for multifamily developments. As is common, nonresidential development impact fees are lower as a percent of total development cost/return at 3.9 percent for industrial development and 4.7 percent for office development. For retail development, the fee level is 6.8 percent of total costs/returns, between that of residential uses and other nonresidential uses.
- TUMF represents between 0.7 percent and 1.6 percent of total development costs/returns for the prototype feasible projects. While changes in the TUMF can add or subtract from total development costs, it would take a substantial change to increase/decrease overall development costs/returns by more than 1 percent.** As a proportion of overall development costs, TUMF represents 1.6 percent for both single-family and multifamily. For nonresidential uses, TUMF represents 0.7 percent of total development costs for office development, 1.0 percent for industrial development, and 1.4 percent for retail development. TUMF represents between 14.4 percent and 21.4 percent of total development impact fees with the highest ratios for retail and industrial development and lowest for office development, as seen previously in **Figure 2**.

Table 2 Development Impact Fees as % of Total Developments Cost/Returns*

Development Impact Fees	Single Family	Multifamily	Industrial	Retail	Office
TUMF	1.6%	1.6%	1.0%	1.4%	0.7%
Other Development Impact Fees	<u>7.4%</u>	<u>6.2%</u>	<u>3.0%</u>	<u>5.3%</u>	<u>4.0%</u>
Total Development Fees	8.9%	7.9%	3.9%	6.8%	4.7%

*Totals may not sum due to rounding.

Organization of Report

After this initial chapter, this report is divided into three other chapters and several appendices. **Chapter 2** describes the definitions, methodology, and results of the fee review and comparison for WRCOG and non-WRCOG jurisdictions. **Chapter 3** describes the TUMF and other development impact fees as components of overall estimated development costs and returns for each development prototypes evaluated. Finally, **Chapter 4** provides a brief conclusion on the purposes and goals of this and other development impact fee comparison studies.

The appendices provide a substantial amount of additional supporting detail and information, including:

- **APPENDIX A** provides detailed information on the Development Prototypes.
- **APPENDIX B** provides information on assumptions around location and corresponding service provider (e.g., water district, school district) assignments within each jurisdiction.
- **APPENDIX C** provides fee comparison summaries and detailed fee estimation information for each WRCOG jurisdiction/area and each land use category.

2. Development Impact Fee Review and Comparison

To accomplish the study purpose outlined in **Chapter 1**, development impact fees were estimated for each WRCOG jurisdictions as well as for selected neighboring jurisdictions in Coachella Valley and San Bernardino County. This required detailed research into fee schedules and calculation methodologies for each of these jurisdictions and associated service providers.

All the development impact fee estimates shown are based on fee schedules and information available at the time the research was conducted, primarily during the summer of 2022. EPS attempted to use the most current and up-to-date fee information to enhance comparability and create a representation of fee levels at a single moment in time. However, limited online availability of complete fee information in some jurisdictions and annual fee program update schedules (typically in July) in several jurisdictions added an additional challenge in pinpointing fees at a given moment in time. While every effort was made to ensure that fees are updated and comparable, the final estimates should be considered as planning-level approximations. The actual fees due for a particular project will depend on the specifications of the individual project and the fee schedule at the time of project application.

The first section below provides some key definitions. The subsequent section provides a detailed description of the fee research methodology. The final section provides findings concerning development impacts fees in WRCOG member jurisdictions and other jurisdictions studied. In general, the definitions and approach in this study are consistent with those in the 2018-19 Study to maintain consistency. In some situations, as noted below, refinements were necessary; for example, some water districts provided new information on the water meter assumptions to be used in fee calculations.

Study Definition

Development impact fees have become an increasingly used mechanism among California jurisdictions to require new development to fund the demands it places on local and regional infrastructure and capital facilities. As already noted, this report defines development impact fees as one-time fees collected for the purposes of funding infrastructure and capital facilities. This includes fees for the funding of a broad range of capital improvements, including water, sewer, storm drain, transportation, parks and recreation, public safety, and numerous other types of civic/community facilities. The majority of these fees are adopted under or consistent with the Mitigation Fee Act, though the analysis also includes other one-time capital facilities fees, such as parkland in-lieu fees under the Quimby Act and one-time charges through Community Facilities Districts or Benefit Assessment Districts among others.

This report does not include estimates of other types of fees charged by cities including permitting, planning, and processing fees that are charged on new development, and that do not fund capital facilities/infrastructure. These fees are typically associated with some sort of review

or administrative service provided by a jurisdiction and are typically more modest charges relative to development impact fees (most studies find them to be in the 5 to 15 percent range of development impact fees, between 1 and 2 percent of total development costs).

Some typical fee types that fall in this category of permitting, planning, and processing fees and that are standard across most development projects include:

- **Building Permit Fee** – This fee is charged in a various of ways. Jurisdictions charge based on development size, development valuation, or flat fee.
- **Plan Check Fee** – This fee is charged in a various of ways. Jurisdictions charge based on development size, development valuation, flat fee, percentage of the Building Permit Fee, or an hourly charge.
- **California Building Standards Commission Fee** – This fee is calculated by charging \$1 per \$25,000 of a development's valuation multiplied by the development's area.
- **Strong Motion Instrumentation Program Fee** – This fee is calculated by charging \$13 per \$100,000 of a development's valuation multiplied by the development's area.
- **Technology Surcharge** – This fee is charged differently by jurisdiction. Some jurisdictions charge based on the development's valuation and area, while other some jurisdictions choose to charge this as a percentage of the Building Permit Fee.

Many other fee types exist that are project-dependent and may be related to: various inspections, tentative tract/parcel maps, conditional use permits, plan amendments, annexations, and a wide variety of minor permits. These are typically charged through some combination of flat fee, deposit, and/or actual hourly costs incurred by planning or building department staffs.

Methodology

In order to provide a fee comparison that was as close as possible to an “apples-to-apples” comparison, WRCOG staff and EPS identified the following parameters to guide the study:

- Jurisdictions to be studied.
- Land uses to be evaluated and associated development prototypes.
- Selection of service providers where there are multiple service providers in same jurisdiction.
- Categorization of the various types of development impact fees

This section describes these study parameters as well as the process of review with the jurisdictions/relevant service providers.

Selection of Jurisdictions for Prototype Analysis

Jurisdictions selected for this analysis include all eighteen (18) WRCOG member cities. WRCOG staff and the EPS also identified three additional unincorporated areas to study, the March JPA, Temescal Valley, and Winchester, all locations where substantial growth is occurring and/or planned within the WRCOG region.

A separate prototype was tested for each city within the WRCOG, as well as three unincorporated areas. Wherever possible, this analysis sought to use the same jurisdictional assumptions as in the 2018-19 Study. Where cities or unincorporated areas are served by multiple school districts, utility districts, and other subdistricts or assessment zones, assumptions were made around subarea locations, as discussed later in this Chapter.

Table 3 shows the cities/communities evaluated, including the twenty-one (21) WRCOG cities/communities and the nine (9) non-WRCOG comparison communities.

Table 3 Jurisdictions Included in Fee Study

WRCOG Jurisdiction		Coachella Valley	San Bernardino County
Banning	Murrieta	Indio	Fontana
Beaumont	Norco	Palm Desert	Yucaipa
Calimesa	Perris	Palm Springs	San Bernardino
Canyon Lake	Riverside		Ontario
Corona	San Jacinto		Chino
Eastvale	Temecula		Rialto
Hemet	Wildomar		
Jurupa Valley	Temescal Valley		
Lake Elsinore	Winchester		
Menifee	March JPA		
Moreno Valley			

Land Uses and Development Prototypes

Land Uses

Development impact fees are levied on a variety of residential and nonresidential land uses with variations for different uses and certain product types often built into the fee programs.

For the purposes of this study, five (5) common land use types that reflect typical development projects and are consistent with prior studies were selected: single-family residential, multifamily residential, retail, office, and "high-cube" industrial²

Development Prototype Selections

Within each of the five (5) general land use types selected, this study identifies a detailed development prototype meant to represent a typical development that may likely occur anywhere within the WRCOG region. Based on the characteristics of the prototype, the development impact fees can be calculated for each jurisdiction based on applicable fee levels.

² "High Cube" is defined as warehouses/distribution centers with a minimum gross floor area of 200,000 sq. ft., minimum ceiling height of 24 feet, and minimum dock-high door loading ratio of 1 door per 10,000 sq. ft.

Choosing a representative prototype that is the same across all jurisdictions ensures that the fee comparison will be “apples-to-apples”.

As a starting point, this study utilized the development prototypes used in the 2018-19 Study for each of the five land uses. EPS then reviewed recent data on new single-family, multifamily, office, retail, and industrial developments throughout WRCOG jurisdictions to confirm whether the prototypes still match common characteristics.

Information on multifamily, retail, office, and industrial developments built between 2017 and 2022 was reviewed as was information on single-family developments between 2019 and 2022. Single-family developments were reviewed over a shorter timeframe based on the much larger size of the dataset available (the number of homes built has been much greater relative to the number of other projects). From this data, EPS identified the median building/home size in square feet (and lot size for single-family developments) for each of the land use types and compared these against the prior prototypes.

Based on this analysis, EPS confirmed that all prototypes were still representative of typical projects in the WRCOG region and could be used in this study update. That said, the number of very large industrial projects has increased in recent years, along with the median project size. WRCOG Staff and EPS considered doubling the size of the industrial prototype to reflect this trend and focus specifically on high-cube development, however, it was ultimately decided that utilizing the same prototype as prior studies would be more valuable in providing a better comparison to fee levels in the 2018-19 Study. Furthermore, it was determined that the selected industrial prototype still reflects a common, high-cube industrial development, and the per square foot fee estimates can still be viewed as representative of typical development impact fees for industrial projects.

These prototypes used were also vetted and reviewed in 2018 by the WRCOG Planning Directors’ Committee, Public Works Committee, and Technical Advisory Committee. The prototypes are summarized below along with images that represent examples projects with matching characteristics.

Single-Family Residential Development

50-unit residential subdivision; 2,700 square foot homes and 7,200 square foot lots



Example Prototype Single-Family Home, City of Riverside

Multifamily Residential Development

200-unit market-rate, 260,000 gross square foot apartment building



Example Prototype Multi-Family Development, City of Temecula

Retail Development

10,000-gross square foot retail building



Example Prototype Retail Development, City of Hemet

Office Development

20,000-gross square foot, Class A or Class B office building



Example Prototype Office Development, City of Hemet

Industrial Development

265,000 gross square foot “high cube” industrial building³



Example Prototype Industrial Development, City of Perris

In addition to building size, several other development characteristics can affect development impact fees. For example, many water facilities fees are tied to the number and size of meters

³ “High cube” is defined as warehouses/distribution centers with a minimum gross floor area of 200,000 sq. ft., minimum ceiling height of 24 feet, and minimum dock-high door loading ratio of 1 door per 10,000 sq. ft.

associated with a new development. Other fees are tied to the gross site or lot area. EPS utilized a set of additional development prototypes assumptions detailed in **Appendix A**.

In general, and wherever possible, these assumptions were kept consistent with those used in the 2018-19 Study to improve comparability. The 2018-19 assumptions were developed based on a review of equivalent assumptions used in other regional fee studies (e.g., in the San Joaquin Valley and the Sacramento Valley) and refined through feedback from Western Riverside County service providers. In a few cases, fee calculation formulas required even more assumptions, such as estimates of water/sewage flow rates, which were specific to and provided by each service provider.

Where assumptions differed from 2018-19, changes primarily occurred where service providers provided updated information on their typical water meter assumptions or otherwise recommended changes. In certain cases, small deviations from listed prototype assumptions were used. For example, Jurupa Community Services District (JCSD) indicated that they typically permit new single-family homes with $\frac{3}{4}$ " water pipes, which is slightly smaller than the prototype assumption of a 1" pipe, but $\frac{3}{4}$ " is more representative of typical/comparable development fees (JCSD charges much higher fees for the larger 1" pipes, so developers rarely use them) and was used in the estimate.

Subarea Location Assumptions

In some cities, there are multiple service providers providing the same type of facilities in different parts of the city. For example, some cities are served by two or more distinct school districts, and many cities are served by two or more water and/or sewer districts. Therefore, an assumption around location within a subarea or zone associated with a given service provider had to be made in order to calculate each fee estimate. Where possible, these assumptions were kept consistent with those used in the 2018-19 Study, and which were developed based on the following factors:

- Suggestions from the City.
- Commonality of service provider between multiple cities; for example, Eastern Municipal Water District serves many cities.
- Scale/nature of service areas was also considered; for example, in some cases the majority of a City was served by one service provider and/or the majority of the growth areas were served by a particular service provider.
- In some cases, there was one service provider – e.g., the City – with different fees by City subarea (e.g., storm drain). In these cases, an effort was made to select the area expected to see the most growth based on discussions with City and WRCOG staff.
- In other cases, area-specific one-time fees/assessments/special taxes were in place to cover the costs of capital facilities in a new growth area. Where substantial in scale, these areas and the associated area fees were used in the fee comparison.

The location and corresponding service provider assignment assumptions are shown in **Appendix B**.

Fee Types and Categories

The primary focus of the fee research is to develop estimates of existing development impact fees charged on new development in the selected jurisdictions. While some fees are highly uniform, such as school district fees, there is substantial variation in the naming and types of facilities included in other development impact fees. The fee review sought to organize the full set of fees in a normalized set of categories to allow for best comparison. The key fee categories are as follows, which are consistent with the 2018-19 Study:

- **Regional Transportation Fees.** This category includes the respective TUMFs in Western Riverside County and Coachella Valley. TUMF in Western Riverside County is charged by WRCOG directly on the following bases:
 - **Single-Family Residential Development** - Per unit basis.
 - **Multifamily Residential Development** - Per unit basis.
 - **Retail Development** - Per gross building square foot basis. There is no fee on the first 3,000 square feet of an retail development.
 - **Industrial Development** - Per gross building square foot basis. The industrial fee includes a base fee on square footage up to 200,000 square feet and then, where the building meets the definition of a "high cube" building⁴, an effective discount of 73 percent in the base fee for all additional development above 200,000 square feet.
 - **Office Development** - Per gross building square foot basis.

This category also includes regional transportation impact fees in other subregions/jurisdictions where they are clearly called out. In San Bernardino County, cities are similarly required to contribute towards regional transportation funding, but not all of them distinguish between local and regional fees, in which case all transportation fees fall under the "Other City Fees" category.

- **Water and Sewer Fees.** All development locations studied were subject to some form of water and sewer development impact fees, whether a connection or capacity related charge, and these are combined into one category. These are typically collected either by a city or directly by a service provider
- **Other City Fees.** Beyond water/sewer fees (which are sometimes charged or collected by cities), jurisdictions frequently adopt a large number of additional citywide (or countywide)

⁴ "High Cube" is defined as warehouses/distribution centers with a minimum gross floor area of 200,000 sq. ft., minimum ceiling height of 24 feet, and minimum dock-high door loading ratio of 1 door per 10,000 sq. ft.

fees used to fund various capital facilities. This category captures a wide variety of fees including: local transportation fees, parks and recreation facilities fees, Quimby Act in-lieu parkland fees, storm drain fees, public safety facilities fees, other civic/community facilities fees, and, on occasion, affordable housing, or public art in-lieu fees.

- **School Fees.** School facilities fees are governed by State law and therefore show more similarity between jurisdictions than most fees. Under State law, School Districts can charge specified Level 1 development impact fees. If School Districts go through the process of identifying and estimating required capital improvement costs, higher Level 2 fees can be charged to fund up to 50 percent of the School District's capital improvement costs. Only five school districts serving WRCOG jurisdictions charged Level 2 fees at the time of this study.
- **Other Area/Regional Fees.** A final category was developed to capture other fees not included in the above categories, typically other sub-regional fees or area-specific fees. For example, this category includes the Western Riverside County Multiple Species Habitat Conservation Plan mitigation fee, various Road and Bridge Benefit Districts (RBBD) fees, as well as other one-time community facilities district charges/fees for infrastructure/capital facilities applied in particular growth areas.

Fee Estimation and Review Process

For WRCOG member jurisdictions, EPS worked with WRCOG staff to complete the following data collection and review process to come up with each fee estimate:

- Confirm base assumptions including development prototype characteristics and set of service providers
- Use online sources to obtain development impact fee schedules from each jurisdiction or service provider.
- Identify and list development impact fees charged in jurisdiction and/or for each service provider.
- Where fee schedule provided insufficient information, review available mitigation fee nexus studies, ordinances, or resolutions, as applicable.
- Where sufficient data was not available or incomplete, contact City, County, or other service provider to obtain/confirm appropriate fee schedules.
- Develop initial estimates of each development impact fee for each development prototype.
- Review estimates in comparison with 2018 fee amounts to identify unusual or unexpected discrepancies or large changes in fee levels.
- Compile summary charts showing initial fee estimates and share with representatives of each jurisdiction and/or relevant service providers (e.g., Eastern Municipal Water District).
- Receive feedback, corrections, and refinements (and in some cases actual fee calculations).
- Refine fee estimates based on feedback and confirm changes with jurisdictions.

For non-WRCOG jurisdictions, the process followed was largely the same, except that fee estimate information was not reviewed by jurisdiction representatives.

Findings from WRCOG Member Jurisdiction Fee Review

General findings from fee research for the WRCOG region are summarized below.

On average, WRCOG TUMF residential fees represent close to 20 percent of total development impact fees for both single-family and multifamily development. Regional Transportation Fees (or TUMF) for both single-family TUMF and multifamily TUMF represent around 20 percent of the respective average total development impact fees, with the percentage for single-family development being slightly lower at 17.7% compared with 20.5% for multifamily development. However, within individual jurisdictions, fee totals vary widely – from \$41,338 per unit to \$82,711 per unit for single-family development and from \$19,267 per unit to \$47,196 per unit for multifamily development – and TUMF, which is the same across jurisdictions, therefore varies as a percent of total fees from 12.2 percent to 24.4 percent for single-family development and 13.9 percent to 34.2 percent for multifamily development (see **Table 4**, and **Figure 5**). Nominal average fee totals by fee category are shown in **Table 5**.

Table 4 TUMF as a Proportion of Total Fees

Item	Average	Range	
		Low	High
Single Family			
Total Fees per Unit	\$57,078	\$41,338	\$82,711
TUMF as a % of Total Fees	17.7%	24.4%	12.2%
Multifamily			
Total Fees per Unit	\$32,099	\$19,267	\$47,196
TUMF as a % of Total Fees	20.5%	34.2%	13.9%
Industrial			
Total Fees per SF	\$6.48	\$4.02	\$10.98
TUMF as a % of Total Fees	24.2%	39.0%	14.3%
Retail			
Total Fees per SF	\$25.27	\$14.21	\$39.61
TUMF as a % of Total Fees	21.4%	38.0%	13.6%
Office			
Total Fees per SF	\$17.04	\$8.30	\$25.11
TUMF as a % of Total Fees	14.4%	29.5%	9.8%

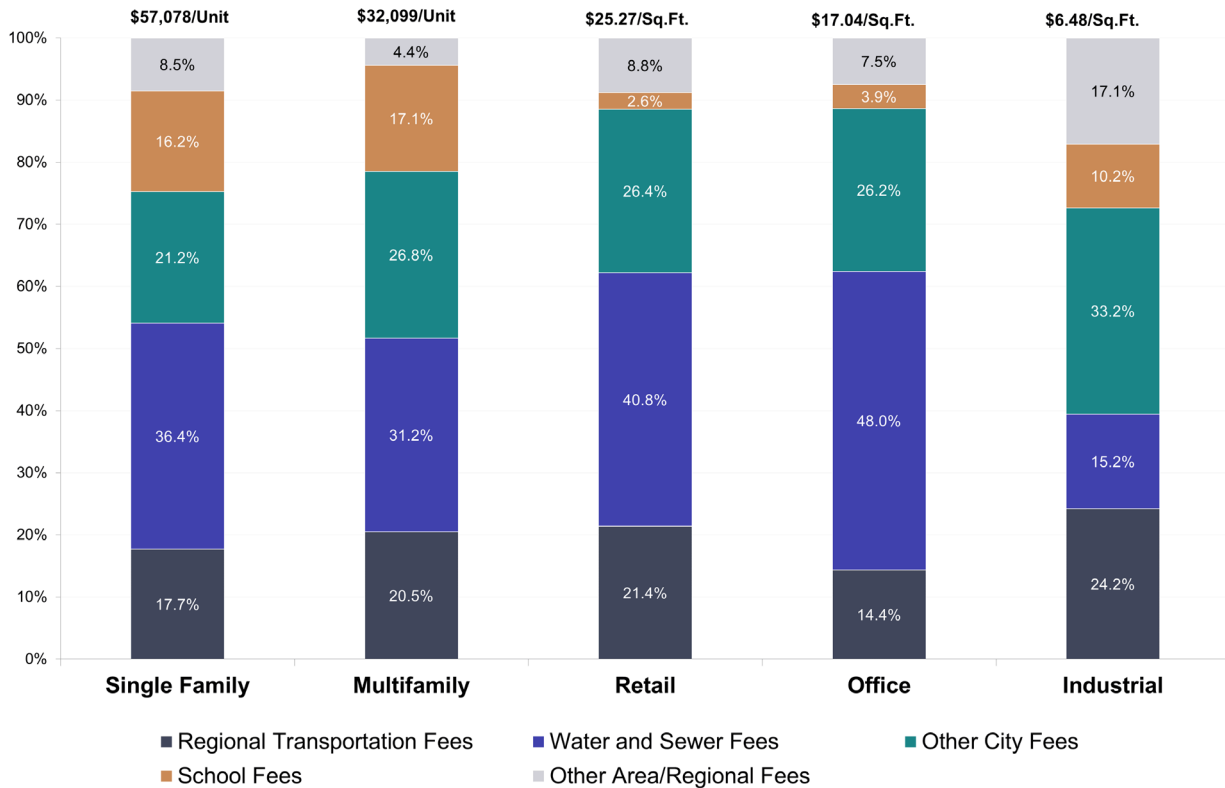
* Average and ranges as shown encompass 21 jurisdiction, including 18 cities and the incorporated areas of Temescal Valley, Winchester, and March JPA.

On average, WRCOG nonresidential TUMF shows more variation in level and in proportion of overall development impact fees (between 10 percent and 39 percent) than for the residential fee categories. Average total retail fees are about \$25 per square foot, of which Regional Transportation Fees represent 21 percent. Due to the variation in the total fees on retail development among jurisdictions (from \$14.21 to \$39.26 per square foot), TUMF as a percent of total fees ranges from 13.6 percent to 38 percent. Average total industrial fees are substantially lower at \$6.48 per square foot with a range from \$4.08 per square foot to \$10.98 per square foot. TUMF represents about 24 percent of the average total industrial fees, with a range from 14.3 percent to 39 percent. Total fees on office development fall in between the retail and industrial fees at an average of \$17.04 per square foot and a range from \$8.30 to \$25.11 per square foot. The TUMF fee represents a relatively low 14.4 percent of average overall fees on office development with a range from 9.8 percent to 29.5 percent (see **Table 4**, **Table 5**, and **Figure 5**).

Nonresidential development impact fees show more variation in terms of the distribution between fee categories. Retail fees are dominated by water and sewer fees (40.8 percent) as well as Regional Transportation Fees (21.4 percent). Fees for industrial buildings, which are typically less intensive water users, are lower overall and more dominated on a proportionate basis by Other City fees (33.2 percent) and Regional Transportation Fees (24.2 percent). Office fees reflect a different pattern with substantial Water and Sewer Fees at 48 percent followed by Other City fees at 26.2 percent (see **Table 5** and **Figure 5**).

Table 5 Average Development Impact Fee Costs by Category in WRCOG Region

Fee	Single Family (per Unit)	Multifamily (per Unit)	Industrial (per Sq.Ft)	Retail (per Sq.Ft)	Office (per Sq.Ft)
Regional Transportation Fees	\$10,104	\$6,580	\$1.57	\$5.40	\$2.45
Water and Sewer Fees	\$20,772	\$10,012	\$0.99	\$10.31	\$8.19
Other City Fees	\$12,075	\$8,608	\$2.15	\$6.66	\$4.47
School Fees	\$9,275	\$5,480	\$0.66	\$0.66	\$0.66
Other Area/Regional Fees	<u>\$4,853</u>	<u>\$1,418</u>	<u>\$1.11</u>	<u>\$2.23</u>	<u>\$1.27</u>
Total Fees	\$57,078	\$32,099	\$6.48	\$25.27	\$17.04

Figure 5 Average Development Impact Fee Costs in WRCOG Jurisdictions

Unincorporated jurisdictions have slightly lower total fees as compared to the average for all WRCOG study jurisdictions. For single-family and multifamily residential uses, total fees for the unincorporated study areas were 85 percent and 95 percent, respectively, of the WRCOG average total fee amount for residential uses, as shown in **Table 6**. For nonresidential uses, total fees for unincorporated study areas were between 67 and 73 percent of the WRCOG average for nonresidential uses. Across land use types, this difference can be primarily attributed to fewer fees in the Other City Fees category.

Table 6 Unincorporated Jurisdictions/March JPA and Total Jurisdictions Comparisons

Item	Single Family (per Unit)	Multifamily (per Unit)	Industrial (per Sq.Ft)	Retail (per Sq.Ft)	Office (per Sq.Ft)
Unincorporated Jurisdictions and March JPA	\$48,672	\$30,341	\$4.37	\$17.61	\$12.49
Total Jursidictions	\$57,078	\$32,099	\$6.48	\$25.27	\$17.04
Unincorporated Jurisdictions and March JPA / Total Jurisdiction	85%	95%	67%	70%	73%

Fee Level Changes since 2018-19 Study

Table 7 through **Table 11** provide additional detail on the changes in fee levels by fee category.

Table 7 Single Family 2018-2022 Fee Comparison

Single Family	Average Fee Per Dwelling Unit			
	2018	2022	\$ Change	% Change
Regional Transportation Fees	\$8,873	\$10,104	\$1,231.00	13.9%
Water and Sewer Fees	\$17,070	\$20,772	\$3,702	21.7%
Other City Fees	\$10,055	\$12,075	\$2,020	20.1%
School Fees	\$8,785	\$9,275	\$489	5.6%
Other Area/Regional Fees	\$2,686	\$4,853	\$2,167	80.7%
Total Fees	\$47,470	\$57,078	\$9,609	20.2%

Table 8 Multifamily 2018-2022 Fee Comparison

Multifamily	Average Fee Per Dwelling Unit			
	2018	2022	\$ Change	% Change
Regional Transportation Fees	\$6,134	\$6,580	\$446	7.3%
Water and Sewer Fees	\$9,636	\$10,012	\$376	3.9%
Other City Fees	\$7,231	\$8,608	\$1,377	19.0%
School Fees	\$5,191	\$5,480	\$289	5.6%
Other Area/Regional Fees	\$1,512	\$1,418	-\$94	-6.2%
Total Fees	\$29,706	\$32,099	\$2,393	8.1%

Table 9 Retail 2018-2022 Fee Comparison

Retail	Average Fee Per Square Foot			
	2018	2022	\$ Change	% Change
Regional Transportation Fees	\$7.50	\$5.40	-\$2.10	-27.9%
Water and Sewer Fees	\$9.84	\$10.31	\$0.47	4.8%
Other City Fees	\$4.75	\$6.66	\$1.91	40.3%
School Fees	\$0.59	\$0.66	\$0.07	11.7%
Other Area/Regional Fees	\$0.95	\$2.23	\$1.28	135.7%
Total Fees	\$23.63	\$25.27	\$1.64	6.9%

Table 10 Office 2018-2022 Fee Comparison

Office	Average Fee Per Square Foot			
	2018	2022	\$ Change	% Change
Regional Transportation Fees	\$2.19	\$2.45	\$0.26	11.9%
Water and Sewer Fees	\$7.34	\$8.19	\$0.84	11.5%
Other City Fees	\$3.39	\$4.47	\$1.07	31.6%
School Fees	\$0.59	\$0.66	\$0.07	11.7%
Other Area/Regional Fees	\$0.54	\$1.27	\$0.73	135.8%
Total Fees	\$14.06	\$17.04	\$2.98	21.2%

Table 11 Industrial 2018-2022 Fee Comparison

Industrial	Average Fee Per Square Foot			
	2018	2022	\$ Change	% Change
Regional Transportation Fees	\$1.45	\$1.57	\$0.11	7.9%
Water and Sewer Fees	\$1.04	\$0.99	-\$0.05	-4.7%
Other City Fees	\$1.65	\$2.15	\$0.50	30.1%
School Fees	\$0.59	\$0.66	\$0.07	11.7%
Other Area/Regional Fees	\$0.47	\$1.11	\$0.64	137.1%
Total Fees	\$5.20	\$6.48	\$1.27	24.5%

Findings from Fee Comparison with Non-WRCOG Jurisdictions

Figure 6 through **Figure 9** compare the average overall WRCOG development impact fees (and their proportionate distributions between the five major fee categories) with other cities/groups of cities for all five land uses/development prototypes studied. The comparative cities/subregions include selected jurisdictions in the Coachella Valley and San Bernardino County.

Average development impact fees for WRCOG jurisdictions are equal to or somewhat higher than the average of selected San Bernardino County cities. When compared with the average of selected San Bernardino County cities (Fontana, Yucaipa, San Bernardino, Ontario, Chino, and Rialto), the WRCOG average is higher for all land uses, and roughly equivalent for multifamily and industrial. New development in San Bernardino County cities is required to make payments towards regional transportation infrastructure, though the distinction between the regional and local transportation fees is often unclear. Overall, the combination of Regional Transportation Fees, Other City fees, and Area/Other Regional fees is lower in San Bernardino County than in Riverside County for all land uses.

The average development impact fees for selected Coachella Valley cities are lower than the WRCOG averages for all land uses. The average for selected Coachella Valley cities (Indio, Palm Desert, and Palm Springs) is substantially lower for single-family, multifamily, office, and retail development, and modestly lower industrial development. In the case of residential uses, this is primarily due to lower Regional Transportation Fees and Other City Fees. For nonresidential uses, this is more generally attributable to lower Water and Sewer Fees and lower Other Area/Regional Fees.

Figure 6 Average Single-Family Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

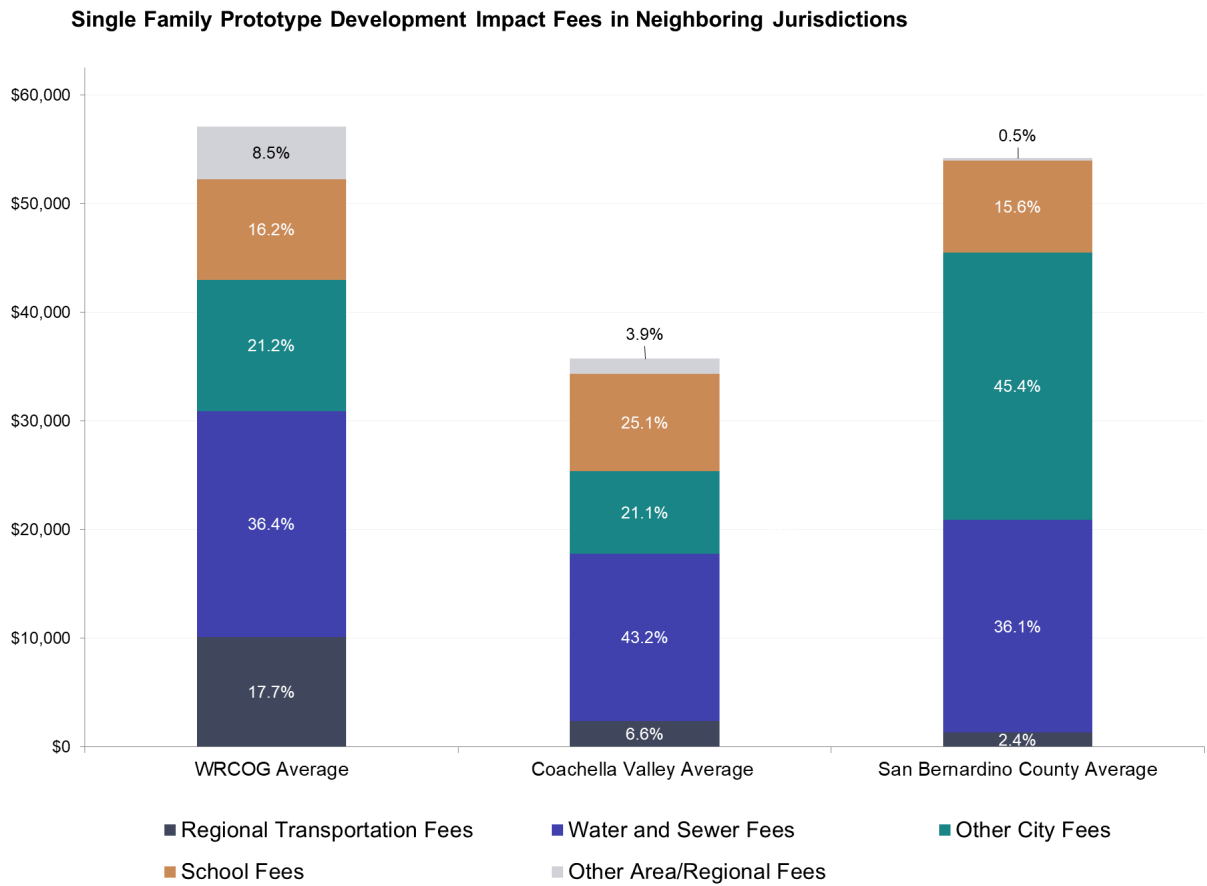


Figure 7 Average Multifamily Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

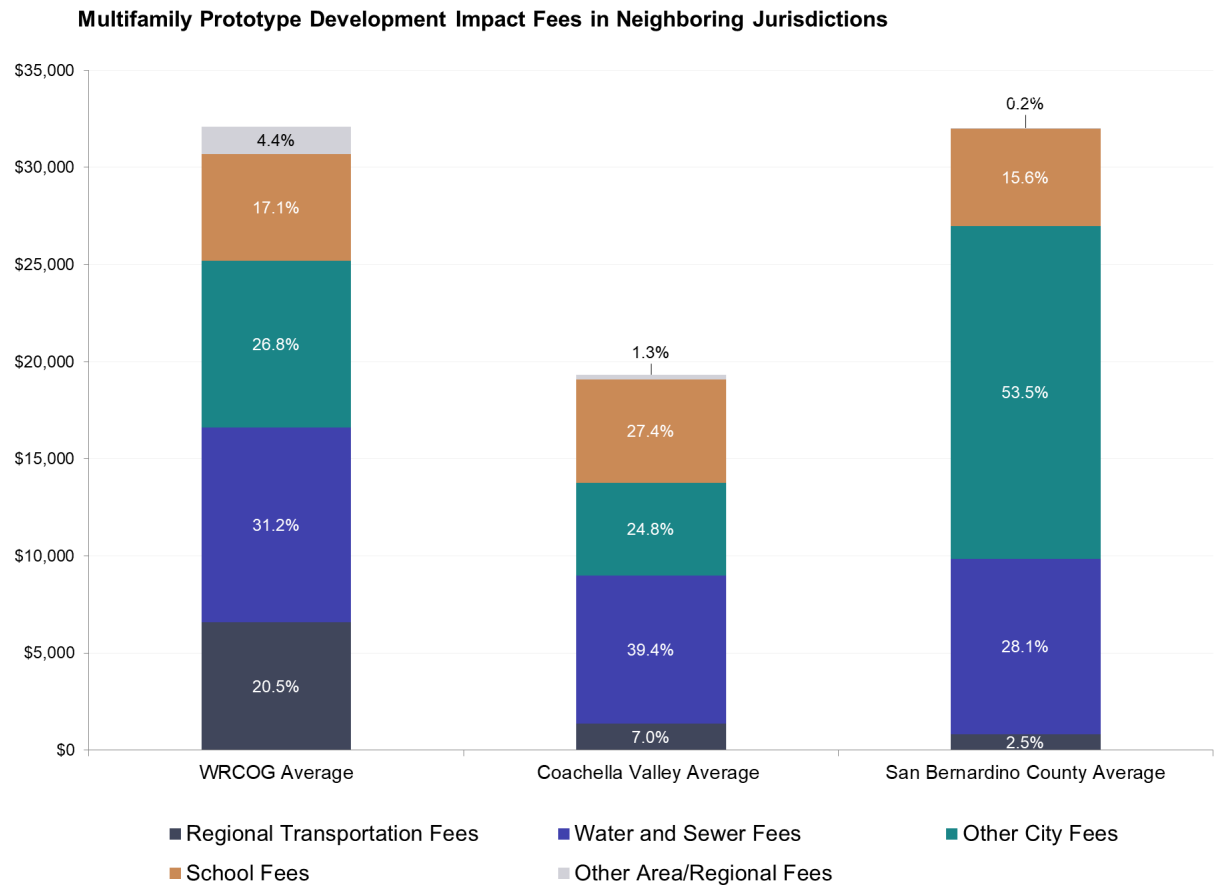


Figure 8 Average Retail Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

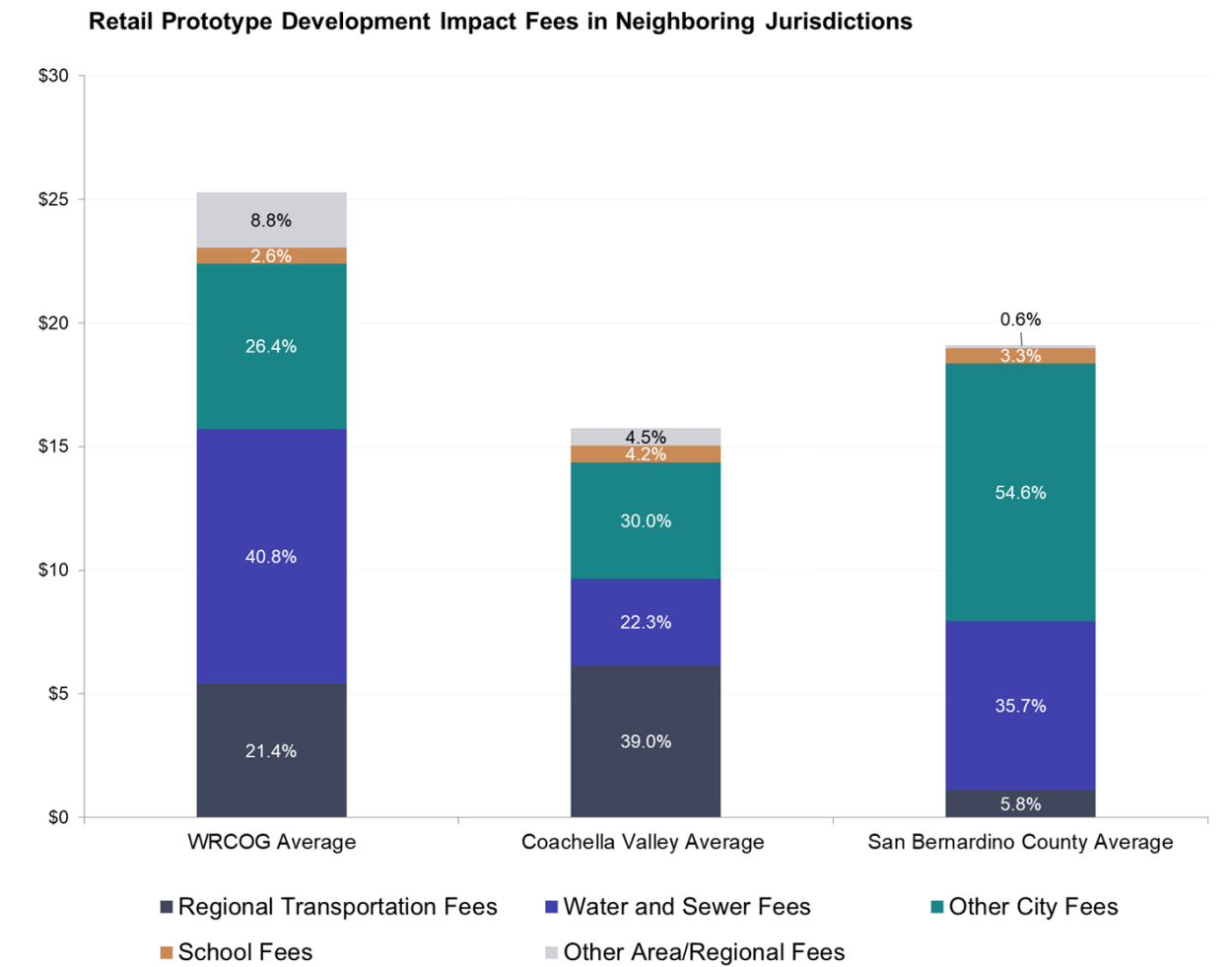


Figure 9 Average Office Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

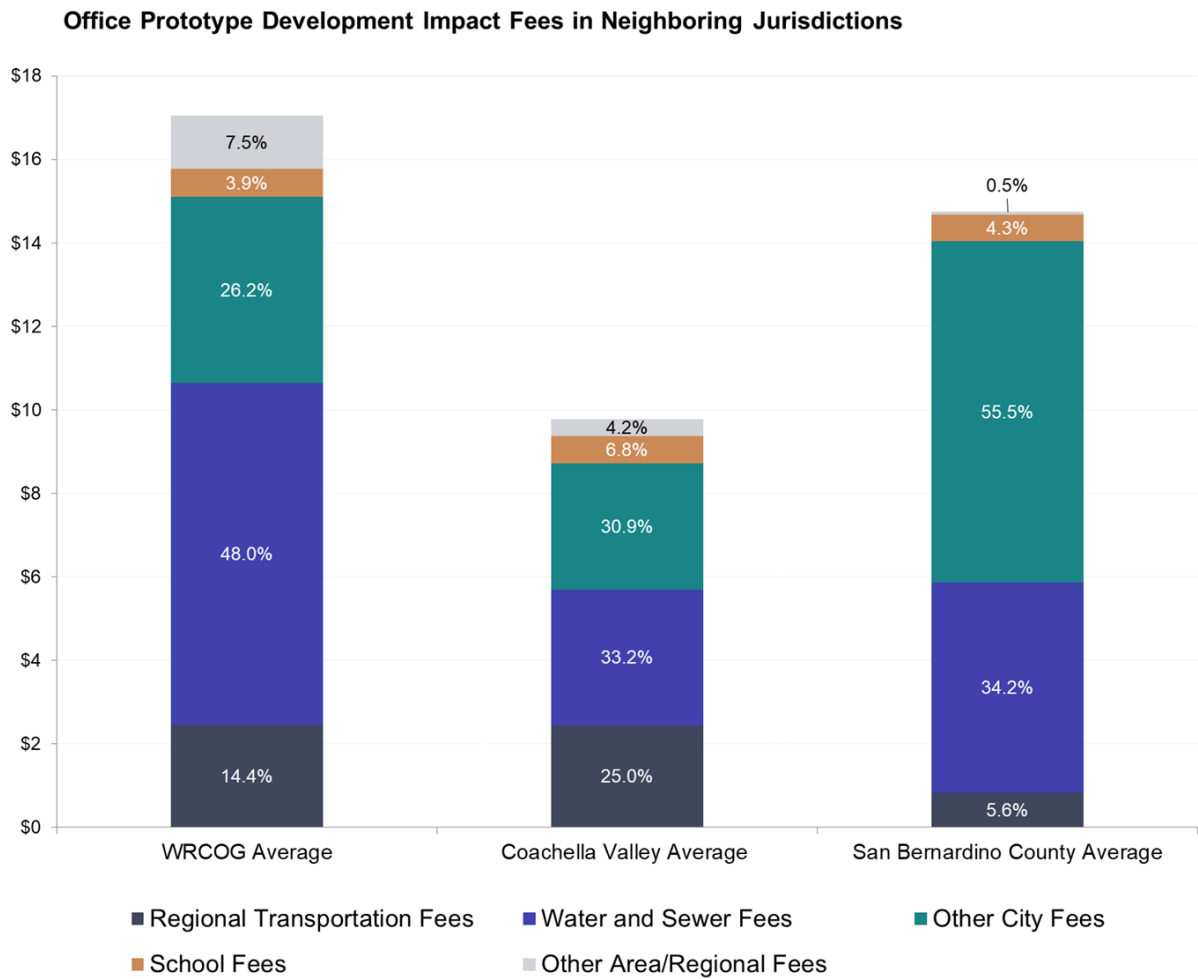
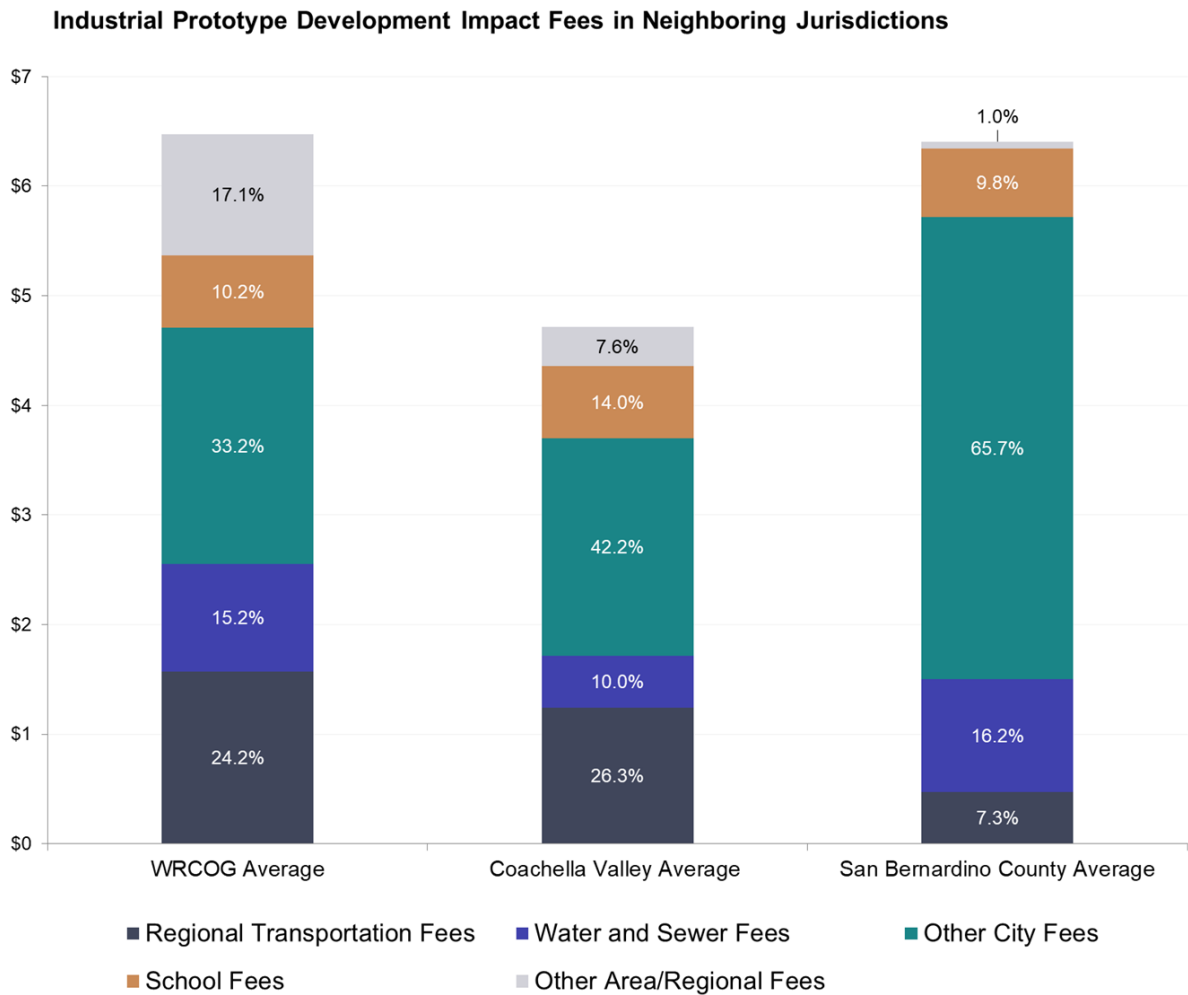


Figure 10 Average Industrial Development Impact Fee Costs and Proportions in Neighboring Jurisdictions



3. Development Impact Fees and Development Costs

This chapter evaluates development impact fees, including the TUMF, in Western Riverside County in the context of overall development costs. The first section below provides an overview of the complex factors that influence decisions to develop, one of which is development cost. The subsequent section describes the methodology used to estimate development costs for different land use types. The next section provides conclusions concerning the level of fees and TUMF in the context of overall costs.

It is critical to note that this analysis uses generalized development prototypes and development cost and return estimates to draw overall conclusions about development impact fees relative to development costs. This analysis does not represent a project-specific analysis as the development program, development costs, and returns associated with any individual project can vary widely. No conclusions concerning the feasibility of any specific project should be drawn from this analysis.

Economics of Development

Key Factors in New Development

The drivers of growth and development are complex and multifaceted, and market conditions influenced by broader global, national, and regional economic conditions are typically the strongest factor. Though regional and local policies (including the choice of whether and how much to charge in impact fees) will not be sufficient to attract or capture development when market conditions are poor, they can influence the feasibility and pace of development during more moderate or strong market conditions. Market strength is typically reflected by the price point or lease rate that users/homeowners/renters are willing to pay.

Developers (whether looking to do speculative development or to provide build-to-suit developments for larger users) will review a number of conditions before determining whether to move forward with site acquisition/optioning and pre-development activities. Factors will include: (1) the availability of appropriate sites, (2) the availability of/proximity to/quality of infrastructure/facilities (e.g., proximity to transportation corridors, schools, and other amenities), (3) local market strength (achievable sales prices/lease rates) in the context of competitive supply, (4) expected development costs (including land acquisition costs, construction materials and labor costs, the availability and costs of financing, and development impact fees, among others), and, (5) where sites are unentitled, the entitlement risk.

When the strength of market demand for new residential and nonresidential development is sufficient, it typically spurs more detailed review and evaluation of sites by developers. Even in cases where market factors look strong, there is a complex balance between development revenues, development costs, land costs, and required developer returns that must be achieved

to catalyze new development. Modest fluctuations in development revenues (i.e., market prices), development costs (materials, labor costs, etc.), and landowner expectations (perceived value of land) can all affect development decisions as can assessments of entitlement risk and complexity, where entitlements are still required.

While many of these factors, such as the price of steel, the complexities of CEQA, the market for labor, and land values, are outside of the control of local public agencies, development impact fees represent one factor that can be adjusted at the local level. That said, given limited sources of revenue for local jurisdictions, there are policy tradeoffs to not charging development impact fees, especially as they can have long-term influence on other factors that influence market demand, including local infrastructure/amenities, transportation connections to job centers, and school district quality.

Methodology

Every development project is different and will have different development costs. For the purposes of this analysis, EPS considered the same set of land use prototypes as for the fee review and comparison and developed an illustrative estimate of the full set of development costs. The steps taken in developing the development cost estimates are described in the subsections below.

Land Uses Evaluated

The development cost evaluation was completed for the same development prototypes as used in the estimation of development impact fees described in **Chapter 2**:

- Residential Single-family Development – Single-family homes in a 50-unit subdivision
- Residential Multifamily Development – Multifamily apartments in a 200-unit building
- Industrial Development – Industrial space in a 265,000 square foot “high cube” building
- Office Development – Office space in a 20,000 square foot office building
- Retail Development – Retail space in a 10,000 square foot retail building

Development Cost Estimates

An illustrative static pro forma structure was developed. The pro forma incorporated different categories of development costs (see below). It also considered potential land values/acquisition costs based on a residual land value approach that considered potential development values, subtracted direct and indirect development costs and developer return requirements, and indicated a potential residual land value. The development values were refined based on available market data ranges and the need to generate a land value of an appropriate level to support land acquisition and new development. Available information on land transactions was also reviewed. As noted above, this analysis is designed to provide overall insights on general economic relationships and does not draw conclusions concerning the feasibility of individual projects.

It is also important to note that the pro formas developed were specifically configured to represent a potentially feasible set of relationships, in terms of revenues, costs, and returns. This allows for consideration of development impact fees in the context of illustrative projects that would make sense to undertake. To the extent, development costs/returns are higher than those indicated – a reality which could certainly be true for many projects – development values would need to be higher or feasibility is not likely to be attained. To the extent, this is true, development impact fees as a proportion of development costs/returns would be lower than those shown.

In this study, major cost categories were revised from the 2018-19 Study, including direct construction costs, land costs, and development impact fees.

- **Direct Construction Costs** – Site Work/Improvements and Vertical Construction Costs. Estimates were taken from Marshal & Swift (a construction cost data provider) estimates, available pro formas, and information from developers where available.
- **Indirect Costs** – Architecture and Engineering Costs, Sales and Marketing, Financing, Development Impact Fee, and other soft costs. Estimates were taken from Marshal & Swift, the WRCOG Fee Comparison, available pro formas, and information from developers where available.
- **Developer Return Requirements** – Developer return requirements were set to be equal to between 9 and 10 percent of development value for all land uses. This represented between 10 and 20 percent of direct and indirect construction costs consistent with typical developer hurdle returns.
- **Land Costs** – Land costs were based on the estimated residual land values when costs and returns were subtracted from estimates of development value and/or information on actual land transactions. Land costs as a percent of development value were reviewed to make sure they fell within a viable range.

Results

As context for the description of the results of this analysis, it is worth repeating that there will be considerable variation throughout Western Riverside County in terms of different development cost components and overall development costs. On an average/illustrative basis, overall development costs included in this analysis may be conservative as they do not include union labor costs and may be conservative with regard to entitlement costs. Given that the focus of this analysis is on the relationship between development impact fees and total development costs, an underestimate in total development costs would mean that the proportionate significance of impact fees has been overestimated.

It is again important to note that the analysis shown here is not an evaluation of development feasibility. Such an analysis would require a more-location specific analysis and is highly dependent on site characteristics, local market conditions, and site land values, among other factors.

Table 12 summarizes the estimated development costs/returns on a per residential unit and per Nonresidential building square foot basis. **Table 13** converts the cost estimates into percent allocations out of the total development/return. It should be noted that the total cost/return (equivalent to the 100 percent) equals the sum of direct and indirect costs, estimated land costs, and required development return. This total cost/return is equivalent to the sales prices/capitalized building value a developer would need to command to cover all costs/return requirements. To the extent, actual costs are higher (e.g., higher land costs or construction costs), the achievable sales prices/capitalized lease rates would also need to be higher.

Table 12 Average Development Cost and Return Estimates by Development Prototype

Development Costs, Land Values, and Return	Single Family (per Unit)	Multifamily (per Unit)	Industrial (per Sq.Ft)	Retail (per Sq.Ft)	Office (per Sq.Ft)
<u>DIRECT</u>					
Basic Site Work/ Lot Improvement	\$30,000	\$9,257	\$11.50	\$25.00	\$14.29
Direct Construction Cost	<u>\$302,400</u>	<u>\$220,350</u>	<u>\$80.00</u>	<u>\$158.00</u>	<u>\$203.00</u>
Hard Cost Total	\$332,400	\$229,607	\$91.50	\$183.00	\$217.29
<u>INDIRECT</u>					
TUMF	\$10,104	\$6,580	\$1.57	\$5.40	\$2.45
Other Development Impact Fees	\$46,974	\$25,519	\$4.91	\$19.87	\$14.59
Other Soft Costs	<u>\$74,420</u>	<u>\$53,791</u>	<u>\$18.30</u>	<u>\$35.46</u>	<u>\$44.34</u>
Soft Cost Total	\$131,498	\$85,890	\$24.78	\$60.73	\$61.38
Total Direct and Indirect Costs:	\$463,898	\$315,497	\$116.28	\$243.73	\$278.66
Developer Return Requirement	\$63,800	\$40,863	\$15.00	\$34.61	\$38.18
Land Value	\$110,302	\$52,269	\$33.80	\$95.93	\$45.70
TOTAL COST/RETURN	\$638,000	\$408,629	\$165.08	\$374.27	\$362.54

* Assumes generally feasible market conditions (i.e. ability to generate developer return and positive land value).

Table 13 Proportional Development Costs and Returns by Development Prototype

Development Costs, Land Values, and Return	Single Family	Multifamily	Industrial	Retail	Office
<u>DIRECT</u>					
Basic Site Work/ Lot Improvement	4.7%	2.3%	7.0%	6.7%	3.9%
Direct Construction Cost	<u>47.4%</u>	<u>53.9%</u>	<u>48.5%</u>	<u>42.2%</u>	<u>56.0%</u>
Hard Cost Total	52.1%	56.2%	55.4%	48.9%	59.9%
<u>INDIRECT</u>					
TUMF	1.6%	1.6%	1.0%	1.4%	0.7%
Other Development Impact Fees	7.4%	6.2%	3.0%	5.3%	4.0%
Other Soft Costs	<u>11.7%</u>	<u>13.2%</u>	<u>11.1%</u>	<u>9.5%</u>	<u>12.2%</u>
Soft Cost Total	20.6%	21.0%	15.0%	16.2%	16.9%
Total Direct and Indirect Costs:	72.7%	77.2%	70.4%	65.1%	76.9%
Developer Return Requirement	10.0%	10.0%	9.1%	9.2%	10.5%
Land Value	17.3%	12.8%	20.5%	25.6%	12.6%
TOTAL COST/RETURN (%)	100.0%	100.0%	100.0%	100.0%	100.0%

* Assumes generally feasible market conditions (i.e. ability to generate developer return and positive land value).

Key findings include:

- Direct construction costs represent the largest proportion of total development costs/returns, typically followed by other land costs, other soft costs (collectively), developer returns, and development impact fees.** Unsurprisingly, direct construction costs are the largest cost, representing between 42.2 percent and 56 percent of total costs/returns for the prototypes evaluated. Land costs are likely to be most variable, and depending on circumstance, range from 12.6 percent to 25.6 percent for the prototypes. Other soft costs collectively are the next highest component, though their subcomponents (not shown), such as sales and marketing, architecture and engineering, financing costs, are smaller. The expected hurdle developer return at 9 to 10 percent is the next highest factor. The range for total development impact fees is below all these other ranges, though when indirect costs are considered individually development impact fees are larger than other subcomponents.
- Total development impact fees represent between 4 percent and 8.9 percent of total development costs/returns for the prototype feasible projects.** Total development impact fees represent 8.9 percent and 7.9 percent of total development costs/returns respectively for single-family and multifamily developments, respectively. As discussed in Chapter 2, these capital facilities fees included water and sewer fees, school district fees, other local jurisdiction fees, TUMF, and other agency/subarea fees. As is common, nonresidential development impact fees are lower as a percent though show a

significant range from 4 percent for industrial development, to 4.7 percent for office development, to 6.8 percent for retail development. Since the 2018-19 Study, the percent of costs that the development impact fees represent has seen a minimal change. The largest change was seen in the proportion of fees on multifamily projects, which decreased by 1 percentage point.

- **TUMF represent between 0.7 percent and 1.6 percent of total development costs/returns for the prototype feasible projects.** As a proportion of overall development costs, TUMF represent 1.6 percent total residential development costs for both single-family and multifamily. For nonresidential uses there is greater variation with TUMF representing 0.7 percent of total costs for office development, 1 percent of total costs for industrial development, and 1.4 percent of total costs for retail development. TUMF represent between 14.4 percent and 24.2 percent of total development impact fees, on average, as indicated in the Fee Comparison with the highest ratios for industrial development and lowest for office development.

4. Conclusions

The Western Riverside Council of Governments (WRCOG) commissioned this and prior studies to provide increased regional understanding of development impact fees on new development in Western Riverside County. It is common practice for new and updated Development Impact Fee Nexus Studies to be accompanied by some consideration of impact fees in neighboring and peer communities and, less frequently, by consideration of impact fees in the context of overall development costs and economics. This is true where individual jurisdictions are introducing/updating a single development impact fee category (e.g. transportation or parks) as well as when undertaking a more comprehensive update to multiple fee categories.

Following the first study in 2016, WRCOG recommended that this report and study be updated periodically to ensure the regional understanding of the region's impact fees remains current in the context of: (1) frequent adjustments to fee levels by individual jurisdictions, (2) changing development cost and economic conditions, and (3) less frequent, but highly significant changes in State law that affect the use and availability of other public financing tools.

The development of this updated study follows that recommendation and represents the second effort to bring the original study up to date.

APPENDIX A: Development Prototypes



Single Family Prototype

- Reflects median home size for Western Riverside County home sales since 2014

Product Type:	Single Family Detached Unit	
Development Type:	Residential Subdivision	
No. of Acres:	10	Acres
No. of Units:	50	Units
Building Sq.Ft.	2,700	Sq.Ft.
No. of Bedrooms:	4	
No. of Bathrooms:	3	
Garage Space (Sq.Ft.):	500	Sq.Ft.
Habitable Space (Sq.Ft.):	2,200	Sq.Ft.
Lot Size:	7,200	Sq.Ft.
Density:	5	DU/AC
Lot Width:	60	Ft.
Lot Depth:	120	Ft.
Total Lot Dimensions (Sq.Ft.):	7,200	Sq.Ft.
Water Meter Size	One 1	Inch Meter



Example Prototype Home, City of Riverside

Multi-Family Prototype

- Reflects median building size for multi-family developments since 2010



Example Prototype Multi-Family Development, City of Temecula

Product Type:	Multi Family Apartment Unit
Development Type:	Multi Family Apartment Building
Number of Acres:	10 Acres
Apartment Building Square Feet:	260,000 Sq.Ft.
FAR:	0.60
Number of Stories:	3
Dwelling Units:	200
Density:	20.0 DU/AC
Average Unit Size:	1,100
Water Meter Sizes*:	Eight 2 inch Meters
Roof Area:	86,667 Sq.Ft.
Lot Width:	515.0 Ft.
Lot Depth:	846.6 Ft.

*Note: Assumption is for analytical simplicity. Different assumptions are used where recommended by individual jurisdictions.

Industrial Prototype

- Reflects median building size for industrial developments since 2010

Product Type:	Warehouse/ Distribution
Criteria:	Meets criteria for High-Cube
No. of Acres:	15.2 Acres
Rentable Square Feet:	265,000 Sq.Ft.
FAR:	0.4
Water Meter Sizes:	One 2 Inch Meter
Roof Area:	265,000 Sq.Ft.
Lot Width:	813.7 Ft.
Lot Depth:	813.7 Ft.



Example Prototype Industrial Development, City of Perris

Retail Prototype

- Reflects building size for retail developments since 2010



Example Prototype Retail Development, City of Hemet

Product Type:	Retail Building
No. of Acres:	1.15 Acres
Rentable Square Feet:	10,000 Sq.Ft.
FAR:	0.2
No. of Stories:	1
Water Meter Sizes:	One 2 Inch Meter
Roof Area:	10,000 Sq.Ft.
Lot Width:	223.6 Ft.
Lot Depth:	223.6 Ft.

Office Prototype

- Reflects median building size for office developments since 2010

Product Type:	Office Building
Number of Acres:	1.3 Acres
Rentable Square Feet:	20,000 Sq.Ft.
FAR:	0.35
No. of Stories:	2
Water Meter Sizes:	One 2 Inch Meter
Roof Area:	10,000 Sq.Ft.
Lot Width:	239.0 Ft.
Lot Depth:	239.0 Ft.



Example Prototype Office Development, City of Hemet

APPENDIX B:

Location & Service Provider Assumptions



Study Location and Service Provider Assumptions

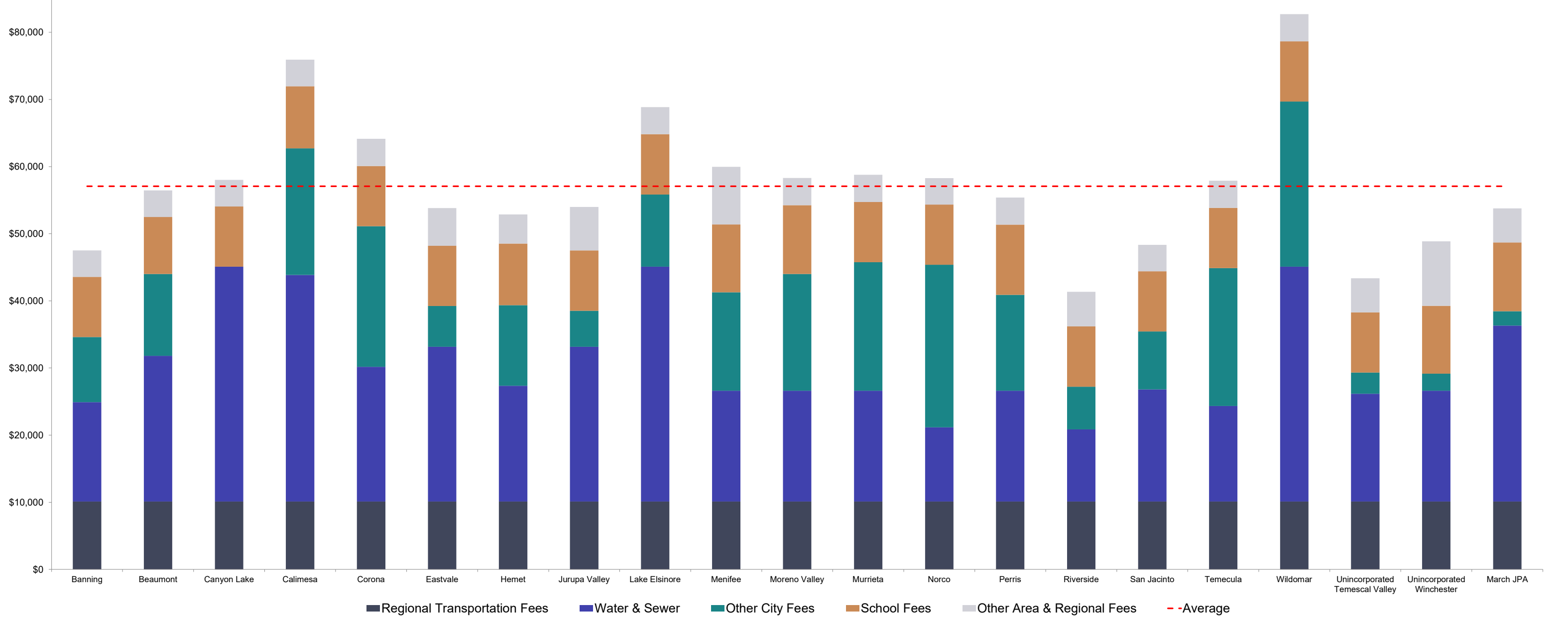
City / Location	School District	Water District	Sewer District
<u>Western Riverside Council of Governments</u>			
1 Banning	Banning Unified School District	City of Banning	City of Banning
2 Beaumont	Beaumont Unified School District	Beaumont-Cherry Valley Water District	City of Beaumont Sewer & Refuse Service
3 Calimesa	Yucaipa- Calimesa Joint Unified School District	Yucaipa Valley Water District	Yucaipa Valley Water District
4 Canyon Lake	Lake Elsinore Unified School District	Elsinore Valley Municipal Water District	Elsinore Valley Municipal Water District
5 Corona	Corona-Norco Unified School District	City of Corona	City of Corona
6 Eastvale	Corona-Norco Unified School District	Jurupa Community Services District (JCSD)	Jurupa Community Services District (JCSD)
7 Hemet	Hemet Unified School District	Eastern Municipal Water District (EMWD)	Eastern Municipal Water District (EMWD)
8 Jurupa Valley	Jurupa Unified School District	Jurupa Community Services District (JCSD)	Jurupa Community Services District (JCSD)
9 Lake Elsinore	Lake Elsinore Unified School District	Elsinore Valley Municipal Water District	Elsinore Valley Municipal Water District
10 Menifee	Menifee Union (Elementary) & Perris Union (High)	Eastern Municipal Water District (EMWD)	Eastern Municipal Water District (EMWD)
11 Moreno Valley	Moreno Valley Unified School District	Eastern Municipal Water District (EMWD)	Eastern Municipal Water District (EMWD)
12 Murrieta	Murrieta Valley Unified School District	Eastern Municipal Water District (EMWD)	Eastern Municipal Water District (EMWD)
13 Norco	Corona-Norco Unified School District	City of Norco	City of Norco
14 Perris	Perris Union High & Perris Union Elementary	Eastern Municipal Water District (EMWD)	Eastern Municipal Water District
15 Riverside	Riverside Unified School District	City of Riverside	City of Riverside
16 San Jacinto	San Jacinto Unified School District	Eastern Municipal Water District	Eastern Municipal Water District (EMWD)
17 Temecula	Temecula Valley Unified School District	Rancho California Water District	Eastern Municipal Water District (EMWD)
18 Wildomar	Lake Elsinore Unified School District	Elsinore Valley Municipal Water District	Elsinore Valley Municipal Water District
19 Unincorporated Temescal Valley	Corona-Norco Unified School District	Temescal Valley Water District	Temescal Valley Water District
20 Unincorporated Winchester	Menifee Union (Elementary) & Perris Union (High)	Eastern Municipal Water District (EMWD)	Eastern Municipal Water District (EMWD)
21 March JPA	Moreno Valley Unified School District	Western Municipal Water District (WMWD)	Western Municipal Water District (WMWD)
<u>San Bernardino County</u>			
1 Fontana	Fontana unified School District	Fontana Water Company	City of Fontana
2 Yucaipa	Yucaipa- Calimesa Joint Unified School District	Yucaipa Valley Water District	Yucaipa Valley Water District
3 San Bernardino	San Bernadino City Unified School District	East Valley Water District	San Bernardino Municipal Water Department
4 Ontario	Ontario-Montclier School District	Inland Empire Utilities Agency	Inland Empire Utilities Agency (formerly Ontario Municipal Utilities Company)
5 Chino	Chino Valley Unified School District	Inland Empire Utilities Agency	Inland Empire Utilities Agency (formerly City of Chino Public Works Department)
6 Rialto	Rialto Unified School District	Rialto Water Services	Rialto Water Services
<u>Coachella Valley Association of Governments</u>			
1 Indio	Desert Sands Unified School District	Indio Water Authority	Valley Sanitary District
2 Palm Desert	Desert Sands Unified School District	Coachella Valley Water District	Coachella Valley Water District
3 Palm Spring	Palm Springs Unified School District	Desert Water Agency	Desert Water Agency

APPENDIX C:

Development Impact Fee Comparison by WRCOG Jurisdictions

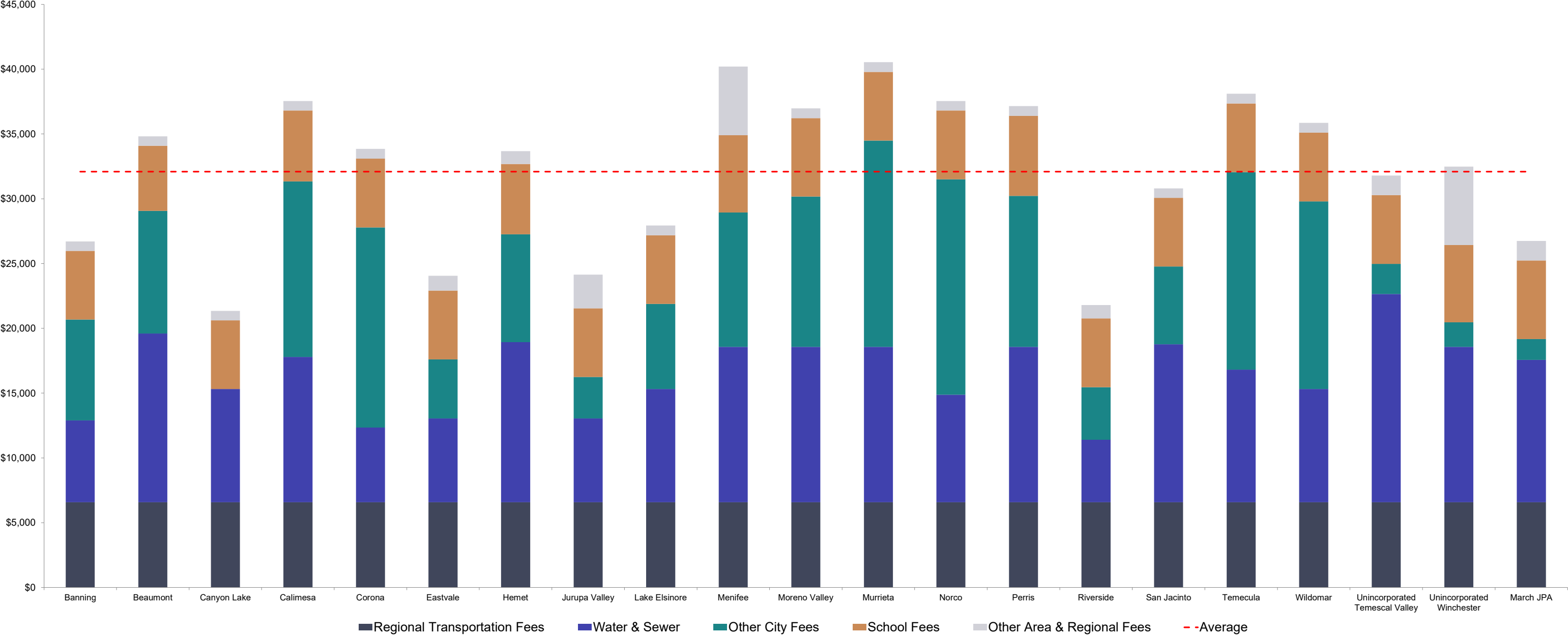


Single Family Prototype
Development Fees by Jurisdiction (Per Unit)



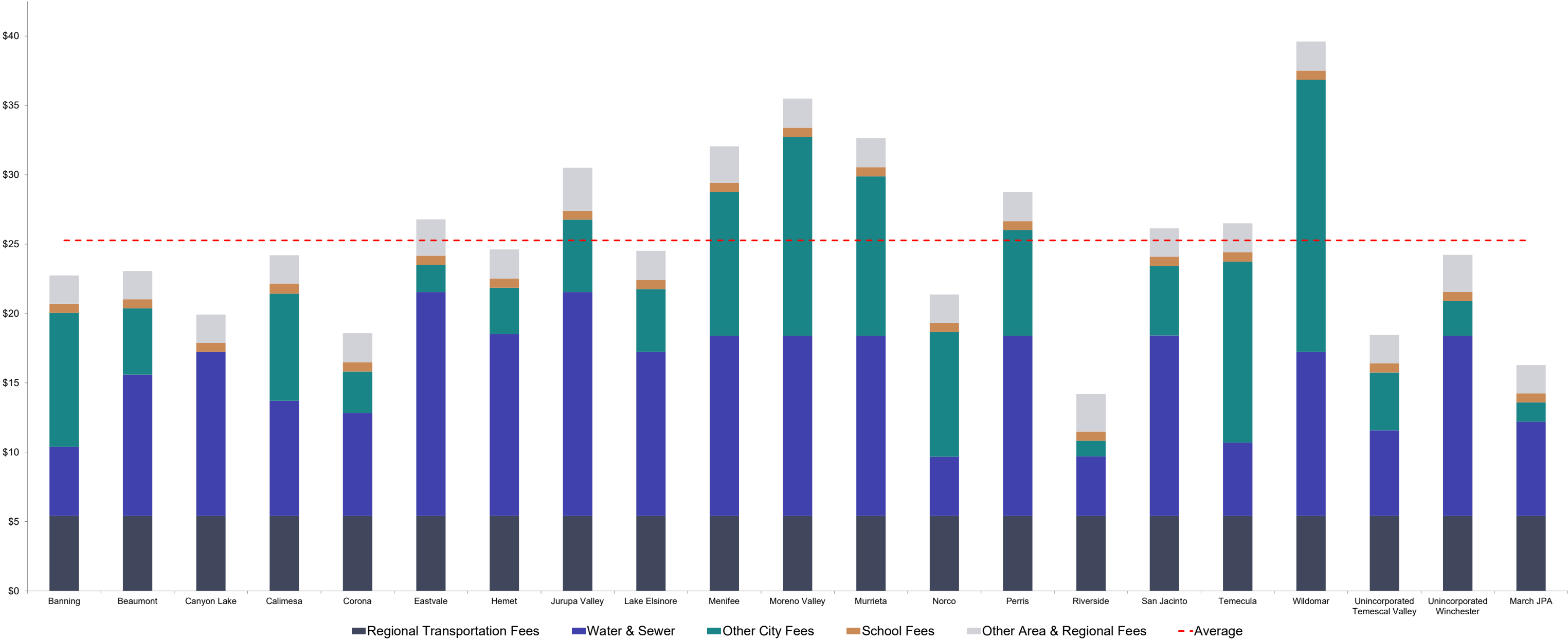
Fee estimates for specified development prototypes as of 2022. Actual fees will vary based on project specifics and any fee updates.
"Other Area Fees/ Regional Fees" include, but are not limited to, roads and bridges, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

Multifamily Prototype
Development Fees by Jurisdiction (Per Unit)



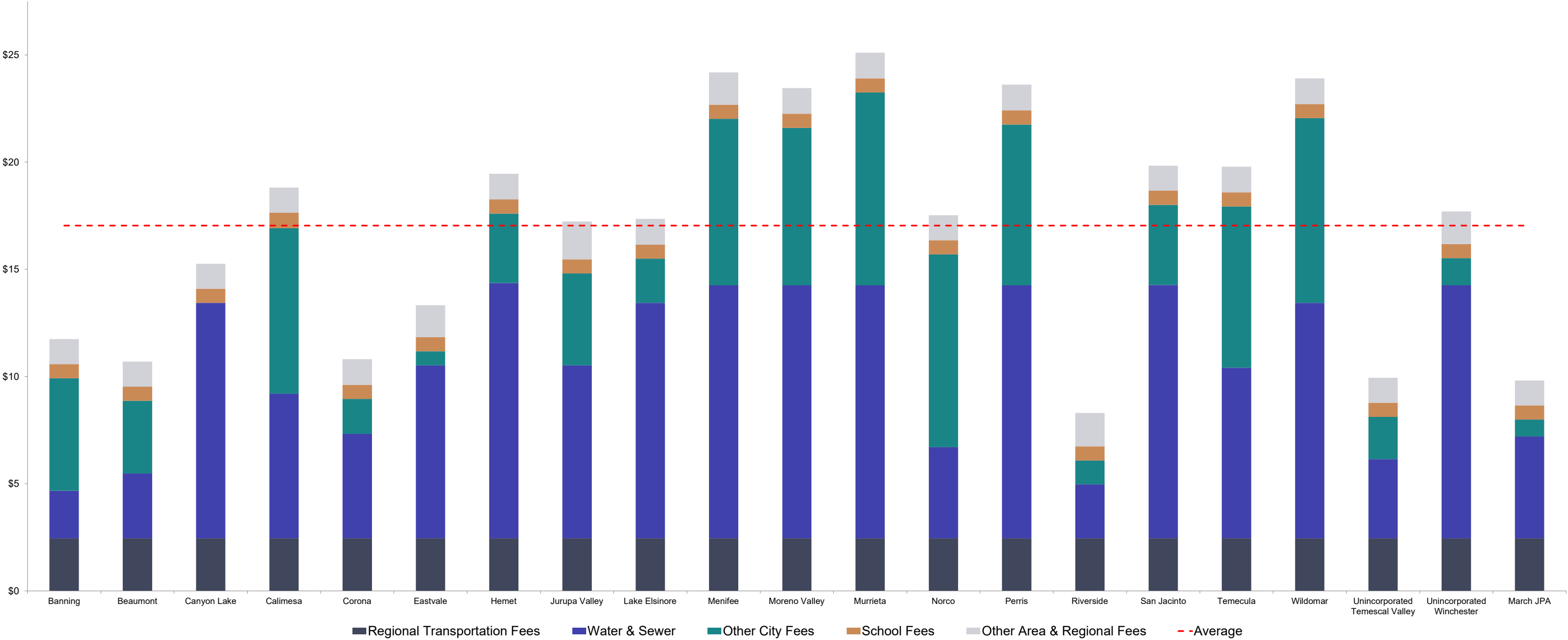
Fee estimates for specified development prototypes as of 2022. Actual fees will vary based on project specifics and any fee updates.
"Other Area Fees/ Regional Fees" include, but are not limited to, roads and bridges, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

Retail Prototype
Development Fees by Jurisdiction (Per Square Foot)



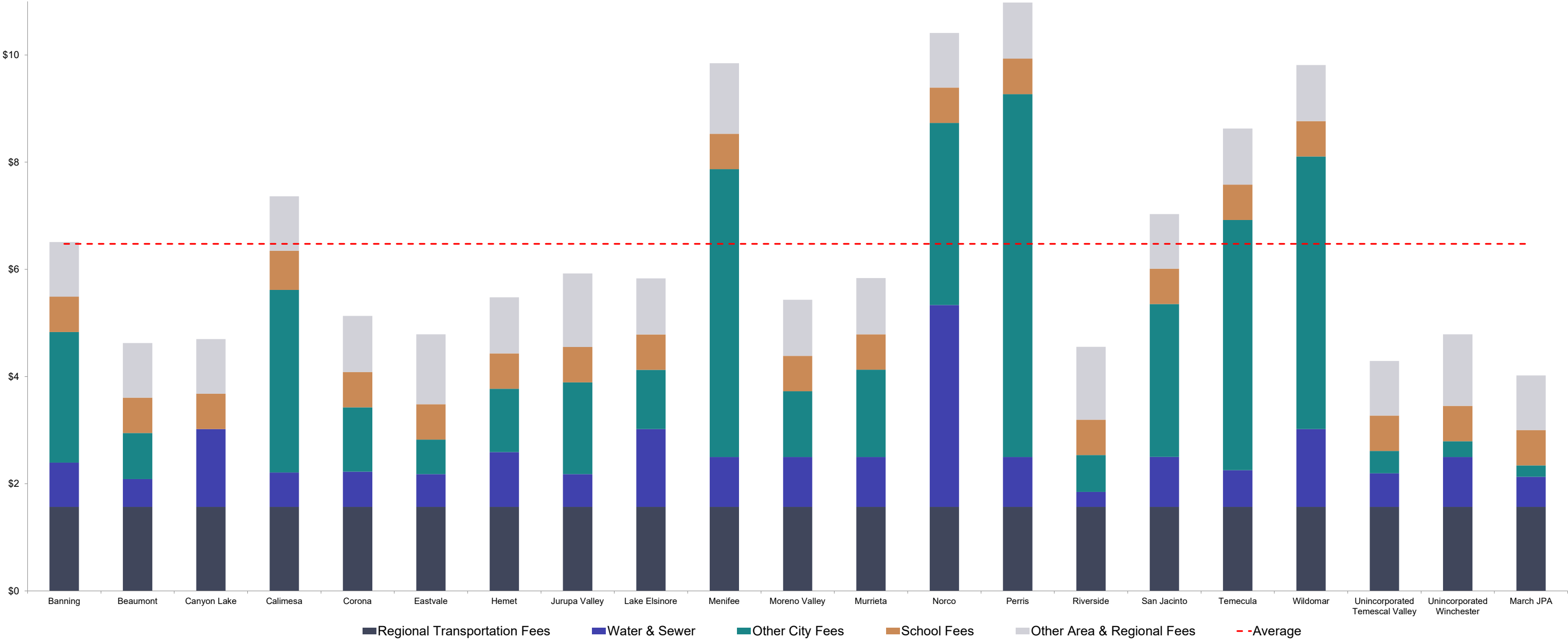
Fee estimates for specified development prototypes as of 2022. Actual fees will vary based on project specifics and any fee updates.
"Other Area Fees/ Regional Fees" include, but are not limited to, roads and bridges, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

Office Prototype
Development Fees by Jurisdiction (Per Square Foot)



Fee estimates for specified development prototypes as of 2022. Actual fees will vary based on project specifics and any fee updates.
"Other Area Fees/ Regional Fees" include, but are not limited to, roads and bridges, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

Industrial Prototype
Development Fees by Jurisdiction (Per Square Foot)



Fee estimates for specified development prototypes as of 2022. Actual fees will vary based on project specifics and any fee updates.
"Other Area Fees/ Regional Fees" include, but are not limited to, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Non-Residential Development Outlook
Contact: Christopher Gray, Deputy Executive Director, cgray@wrcog.us, (951) 405-6710
Date: April 27, 2023

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide an update regarding non-residential development trends in the WRCOG subregion.

WRCOG 2022-2027 Strategic Plan Goal:

Goal #5 - Develop projects and programs that improve infrastructure and sustainable development in our subregion.

Background:

For some municipalities, development impact fees are an important source of revenue. However, it can be difficult to accurately project the levels of development activity since many external factors can affect the level of development activity. For example, interest rates, the availability of capital, the demand for a particular type of good or service, and overall economic activity directly affect the level of development activity.

Over the past five years, the WRCOG subregion has seen significant private development activity in both the residential and non-residential sectors. Given the overall level of economic uncertainty, this level of activity may or may not continue for the foreseeable future.

An update on the outlook for non-residential development will be provided by Jason Korengold who is the immediate past president of NAIOP-IE. NAIOP (the National Association of Office and Industrial Properties) is the primary organization representing commercial real estate developers.

Prior Action(s):

None.

Fiscal Impact:

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

Attachment(s):

None.