Western Riverside Council of Governments
Finance Directors Committee

AGENDA

Thursday, July 23, 2020
1:00 p.m.

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

WRCOG's OFFICE IS CURRENTLY CLOSED TO THE PUBLIC DUE TO COVID-19 AND STAFF ARE WORKING REMOTELY

Members of the public are encouraged to participate in this meeting via Zoom (see meeting information below)

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SPECIAL NOTICE – COVID-19 RELATED PROCEDURES IN EFFECT

Due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19), Governor Newsom has issued Executive Order N-29-20 (issued March 17, 2020) in which Section 3 supersedes Paragraph 11 of Executive Order N-25-20 (issued on March 12, 2020). This new order states that WRCOG does not need to make a physical location available for members of the public to observe a public meeting and offer public comment. The Order allows WRCOG to hold Committee meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically.

To follow the Order issued by the Governor, the Finance Directors Committee meeting scheduled for Thursday, July 23, 2020 at 9:30 a.m. will be held via teleconference and any members of the public can attend electronically. Members of the public may send public comments by emailing snelson@wrcog.us, or calling (951) 405-6703 before or during the meeting, prior to the close of public comment.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Suzy Nelson prior to 1:00 p.m. on July 21, 2020, at (951) 405-6703 or at snelson@wrcog.us.

The Finance Directors Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENTS

At this time members of the public can address the Finance Directors Committee regarding any items with 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 agendized 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.

4. SELECTION OF FINANCE DIRECTORS COMMITTEE CHAIR, VICE-CHAIR, AND 2ND VICE-CHAIR FOR FISCAL YEAR 2020/2021 — P. 1

Requested Action: 1. *Select Finance Directors Committee Chair, Vice-Chair, and 2nd Vice-Chair positions for Fiscal Year 2020/2021.*

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 May 7, 2020, Finance Directors Committee Special Meeting are Available for Consideration. — **P. 3**

Requested Action: 1. *Approve the Summary Minutes from the May 7, 2020, Finance Directors Committee Special meeting.*

B. Finance Department Activities Update — ***Andrew Ruiz*** — **P. 7**

Requested Action: 1. *Receive and file.*

6. REPORTS / DISCUSSION

A. 4th Quarter Draft Budget Amendment for Fiscal Year 2019/2020 — ***Andrew Ruiz, WRCOG*** — **P. 13**

Requested Action: 1. *Recommend that the Executive Committee approve the 4th Quarter Draft Budget Amendment for Fiscal Year 2019/2020.*

B. **The Economy and Financial Markets Update** — ***Sarah Meacham, PFM*** — **P. 25**

Requested Action: *1. Receive and file.*

C. **COVID-19 Fiscal Impacts Analysis** — ***Teifion Rice-Evans, EPS*** — **P. 27**

Requested Action: *1. Receive and file.*

D. **PACE Programs Activities Update** — ***Justin White, WRCOG*** — **P. 55**

Requested Action: *1. Receive and file.*

7. REPORT FROM THE CHIEF FINANCIAL OFFICER — *Andrew Ruiz*

8. ITEMS FOR FUTURE AGENDAS — *Members*

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

9. GENERAL ANNOUNCEMENTS — *Members*

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

10. NEXT MEETING:

The next Finance Directors Committee meeting is scheduled for Thursday, October 22, 2020, at 1:00 p.m., via Zoom platform.

11. ADJOURNMENT

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Western Riverside Council of Governments
Finance Directors Committee

Staff Report

Subject: **Selection of Finance Directors Committee Chair, Vice-Chair, and 2nd Vice-Chair Positions for Fiscal Year 2019/2020**

Contact: **Andrew Ruiz, Chief Financial Officer**, aruiz@wrcog.us, **(951) 405-6741**

Date: **July 23, 2020**

***The purpose of this item is to** select Finance Directors Committee leadership positions for Fiscal Year 2020/2021.*

Requested Action:

1. Select Finance Directors Committee Chair, Vice-Chair, and 2nd Vice-Chair positions for Fiscal Year 2020/2021.

WRCOG's Committee leadership positions are selected at the start of each fiscal year. The leadership for the Executive Committee for Fiscal Year 2020/2021 was selected as follows:

Chair:	Kevin Bash, City of Norco
Vice-Chair:	Karen Spiegel, County of Riverside – District 2
2nd Vice-Chair:	Crystal Ruiz, City of San Jacinto

Historically, the Finance Directors Committee positions have coincided with those of the Executive Committee, although there are no requirements for this pattern stipulated in WRCOG's JPA or Bylaws.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.

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Finance Directors Committee **Item 5.A**
May 7, 2020
Special Meeting Summary Minutes

1. CALL TO ORDER

The Special meeting of the Finance Directors Committee was called to order at 1:03 p.m. by Chair Lorena Rocha on the Zoom platform.

2. SELF INTRODUCTIONS

Members present:

Jennifer Christensen, City of Banning
Jeff Mohlenkamp, City of Beaumont
Katherine Stevens, City of Calimesa
Terry Shea, City of Canyon Lake (1:10 p.m. arrival)
Amanda Wells, City of Eastvale (1:08 p.m. arrival)
Lorena Rocha, City of Hemet, Chair
Javier Carcamo, City of Murrieta
Lisette Free, City of Norco
Edward Enriquez, City of Riverside
James Riley, City of Wildomar
Rod LeMond, Western Municipal Water District
Tina Daigneault, Riverside County Office of Education

Staff present:

Andrew Ruiz, Chief Financial Officer
Barbara Spoonhour, Deputy Executive Director – Operations
Anastasia Cortes, Program Manager
Edwin Ramirez, Staff Technician
Suzy Nelson, Administrative Assistant
Meghan Nazareno, Intern

Guests present:

Robert Howell, City of Wildomar
Kevin Mascaro, Western Municipal Water District

3. PUBLIC COMMENTS

There were no public comments.

4. CONSENT CALENDAR – *(Banning / Murrieta) 11 yes; 0 no; 0 abstention. Item 4.A and 4.B were approved. The Cities of Canyon Lake, Corona, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Perris, San Jacinto, and Temecula, the County of Riverside, Eastern Municipal Water District, and Morongo Band of Mission Indians were not present.*

A. Summary Minutes from the February 6, 2020, Finance Directors Committee Special Meeting are Available for Consideration.

Action: 1. *Approved the Summary Minutes from the February 6, 2020, Finance Directors Committee Special meeting.*

B. Finance Department Activities Update

Action: *1. Received and filed.*

5. REPORTS / DISCUSSION

A. 3rd Quarter Draft Budget Amendment for Fiscal Year 2019/2020

Andrew Ruiz reported that the 3rd Quarter Draft Budget Amendment for Fiscal Year 2019/2020 are minor.

The Transportation & Planning Department's expenditures exceeded the budgeted amount by $400. The increase was primarily due to additional parking validations. The expenditures will be offset by any additional revenues.

The Energy Department's net expenditures increased by $12k primarily due to costs associated with the Western Riverside Energy Partnership for staffing; all additional costs will be offset by a decrease in other budgeted expenditures.

The Environmental Department's expenditures exceeded the budgeted amount by $11k due to Used Oil event materials and consulting costs. These expenditures will be offset by a decrease in unused expenditures in event support. The Environmental Department received additional revenues in the amount of $5,861 from a Solid Waste grant.

Action: *1. Recommended that the Executive Committee approve the 3rd Quarter Draft Budget Amendment for Fiscal Year 2019/2020.*

(Beaumont / Murrieta) 11 yes; 0 no; 0 abstention. Item 5.A was approved. The Cities of Canyon Lake, Corona, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Perris, San Jacinto, and Temecula, the County of Riverside, Eastern Municipal Water District, and Morongo Band of Mission Indians were not present.

B. Preliminary Draft Fiscal Year 2020/2021 Agency Budget

Andrew Ruiz reported that it is too early to determine the true impacts of COVID-19; therefore, staff have taken a conservative approach to the Budget. Mr. Ruiz shared an overview of the various programs' budgets within each Department.

The Western Riverside Energy Partnership (WREP) is evolving into a Regional Energy Network (REN), a scaled-up version of the WREP. The REN will be able to offer energy efficiency programs. The California Public Utilities Commission recently voted in favor of continuing RENs and allowing for new RENs to be formed.

Western Community Energy (WCE) has launched and will be self-sustaining by the end of the fiscal year. WCE will begin paying back WRCOG for the start-up costs loan of just over $2M; full payback is anticipated to be recovered in Fiscal Year 2021/2022.

WRCOG's office relocation to the second floor will save WRCOG approximately $1M over the life of the lease.

WRCOG will reduce its CalPERS Unfunded Accrued Liability by lowering its term to 15 years and establishing a Section 115 Trust investment account to make additional annual payments.

Total Agency Revenue and Transfers-in total $40,442,624. Total Agency Expenditures and Transfers-out total $40,371,508. Overall, this represents an approximate 30% decrease from last year's Budget.

Action: *1. Received and filed.*

6. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz reported that due to COVID-19, the 2020 General Assembly and Leadership Conference is cancelled. In lieu of the event, WRCOG will be hosting a special Future Forward webinar on Thursday, June 25, 2020. Staff will share more information as it gets closer.

7. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

8. GENERAL ANNOUNCEMENTS

Multiple Committee members shared how their city is handling the COVID-19 situation and the affects to the budget.

9. NEXT MEETING **The next Finance Directors Committee meeting is scheduled for Thursday, July 23, 2020, at 1:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 200, Riverside, CA, 92501.**

10. ADJOURNMENT **The meeting of the Finance Directors Committee meeting adjourned at 1:42 p.m.**

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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: **July 23, 2020**

***The purpose of this item is to** provide an update on the Agency financials through June 2020.*

Requested Action:

1. Receive and file.

Fiscal Year 2019/2020 Agency Audit

WRCOG's annual Agency audit started the week of June 15, 2020. WRCOG utilizes the services of the audit firm Rogers, Anderson, Malody, and Scott, LLC, (RAMS) to conduct its financial audit. The first visit is known as the "interim" audit; in July or August, RAMS will return to finish its second round, which is known as "fieldwork."

Financial Report Summary Through June 2020

The Agency Financial Report summary through June 2020, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, is provided as Attachment 1.

Prior Actions:

July 16, 2020: The Technical Advisory Committee received and filed.

July 8, 2020: The Administration & Finance Committee received and filed.

Fiscal Impact:

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

Attachment:

1. Financial Report summary through June 2020.

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Item 5.B

Finance Department Activities Update

Attachment 1

Financial Report summary through June 2020

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending June 30, 2020

Description	Thru Actual 6/30/2020	Approved Budget 6/30/2020	Remaining Budget 6/30/2020
Member Dues	311,410	311,410	-
PACE Residential Revenue	1,030,557	782,500	(248,057)
Statewide HERO Revenue	435,896	570,000	134,104
Gas Co. Prtnrshp Revenue	50,941	108,400	57,459
SCE WRELP Revenue	48,361	54,219	5,858
PACE Commercial Sponsor Revenue	259,425	299,425	40,000
Commercial Recording Revenue	62,478	117,500	55,022
PACE Recording Revenue	81,430	111,800	30,370
CA HERO Recording fee Revenue	263,017	421,200	158,183
Regional Streetlights Revenue	425,209	187,511	(237,698)
Solid Waste	112,970	107,313	(5,657)
Used Oil Grants	377,654	377,654	-
Air Quality	272,770	210,500	(62,270)
Adaptation Grant Revenue	85,394	125,000	39,606
CAP Grant Revenue	430,530	125,000	(305,530)
LTF Revenue	800,250	800,250	-
RIVTAM	137,500	140,000	2,500
Other Misc Revenue	75,000	-	(75,000)
General Assembly Revenue	3,000	300,000	297,000
Commerical/Service - Admin	68,311	47,284	(21,027)
Commercial/Svcs	1,639,464	1,134,806	(504,658)
Retail - Admin	164,883	109,687	(55,196)
Retail	3,957,192	2,632,497	(1,324,695)
Industrial - Admin	281,111	502,285	221,174
Industrial	6,746,664	12,054,852	5,308,188
Residential/Multi/Single - Admin	928,259	1,121,669	193,411
Residential/Multi/Single	22,278,211	26,920,065	4,641,854
Multi-Family - Admin	287,295	199,074	(88,221)
Multi Family	6,895,080	4,777,779	(2,117,301)
Interest Revenue - Other	127,758	25,000	(102,758)
Fund Balance Carryover	870,000	870,000	-
Total Revenues	**$ 49,542,173**	**$ 55,639,682**	**$ 6,097,509**

Expenses	Thru Actual 6/0/2020	Approved Budget 6/30/2020	Remaining Budget 6/30/2020
Salaries	1,903,495	1,956,067	52,572
Benefits	926,927	927,089	162
Overhead Allocation	1,933,224	1,893,320	(39,904)
General Legal Services	292,257	399,430	107,173
Audit Services	23,300	30,500	7,200
Bank Fees	2,820	40,150	37,330
Commissioners Per Diem	37,850	62,550	24,700
Office Lease	346,365	465,000	118,635
WRCOG Auto Fuels Expenses	858	1,500	642
Parking Validations	14,784	16,446	1,662
Staff Recognition	79	800	721
Coffee and Supplies	2,569	2,500	(69)
Event Support	144,385	183,798	39,413

Program/Office Supplies	18,474	22,263	3,789
Computer Supplies	4,811	5,381	570
Computer Software	63,028	26,500	(36,528)
Rent/Lease Equipment	17,060	30,000	12,940
Membership Dues	6,094	32,715	26,621
Subscriptions/Publications	2,439	3,225	786
Meeting Support Services	185	10,644	10,459
Postage	2,959	5,664	2,705
Other Expenses	2,701	1,250	(1,451)
COG HERO Share Expenses	2,701	10,000	7,299
Storage	4,528	10,000	5,472
Printing Services	7,869	7,500	(369)
Computer/Hardware	8,558	9,500	942
Communications - Regular Phone	19,711	16,000	(3,711)
Communications - Cellular Phones	9,922	17,500	7,578
Communications - Computer Services	38,670	57,500	18,830
Communications - Web Site	5,650	8,000	2,350
Equipment Maintenance - General	4,822	10,000	5,178
Equipment Maintenance-Computer	13,212	21,250	8,038
Insurance - Gen/Busi Liab/Auto	91,240	104,000	12,760
Recording Fee	120,847	260,741	139,894
Seminars/Conferences	2,906	11,905	8,999
General Assembly Expenses	67,207	300,000	232,793
Travel - Mileage Reimbursement	8,782	20,078	11,296
Travel - Ground Transportation	1,880	5,168	3,288
Travel - Airfare	5,556	12,250	6,694
Lodging	6,303	8,123	1,820
Meals	6,534	8,370	1,836
Other Incidentals	1,674	6,537	4,863
Training	4,895	9,250	4,355
OPEB Repayment	110,526	110,526	-
Supplies/Materials	65,725	21,800	(43,925)
Advertising Media	1,020	10,000	8,980
Advertisement Radio & TV Ads	33,250	72,000	38,750
Consulting Labor	1,843,119	2,305,445	462,326
Office Equipment Purchased	164,878	200,000	35,122
TUMF Project Reimb	27,303,365	45,000,000	17,696,635
	$35,702,015	**54,994,235**	**$19,292,220**

Item 6.A

Western Riverside Council of Governments
Finance Directors Committee

Staff Report

Subject: **4th Quarter Draft Budget Amendment for Fiscal Year 2019/2020**

Contact: **Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740**

Date: **July 23, 2020**

The purpose of this item is to *request approval of WRCOG's 4th Quarter Draft Budget Amendment for Fiscal Year 2019/2020.*

Requested Action:

1. Recommend that the Executive Committee approve the 4th Quarter Draft Budget Amendment for Fiscal Year 2019/2020.

Administration

Administration Department revenues exceeded the budgeted amount by $102,758 due to additional interest revenue collected through CAMP. Administration Department expenditures exceeded the budgeted amount by $43,106, primarily due an increase in benefits of $32,378 which was due to vacation leave buyouts for staff. Additionally, $6,802 in printing costs were incurred due to WRCOG moving its offices and needing to purchase new business cards, letterhead, etc. These expenditures will be offset by a decrease in other budgeted expenditures.

Net Expenditure increase to the Administration Department: $0
Net Revenue increase to the Administration Department: $102,758

Environmental Department

Environmental Department revenues exceeded the budgeted amount by $62,270 due to additional revenues received from the Clean Cities Program. Environmental Department expenditures exceeded the budgeted amount by $103,101, primarily due to additional materials for the Used Oil program in the amount of $61,219. The Used Oil program will offset its additional expenses by reducing its advertising and other unutilized expenditures. Additionally, salaries expense increased by $41,678 for the Clean Cities and Solid Waste Programs due to increased staff efforts on the Programs. The additional Clean Cities staffing expense will be offset by the increase in Program revenues. The remaining expenses will be offset by a decrease in other budgeted expenditures

Net Expenditure increase to the Environmental Department: $39,822
Net Revenue increase to the Environmental Department: $62,270

Transportation & Planning Department

Transportation & Planning Department revenues exceeded the budgeted amount by $305,530 due to additional revenues received on the Climate Action Planning (CAP) Grant. Transportation & Planning Department expenditures exceeded the budgeted amount by $309,878, primarily due to additional staffing and consulting expenses on the CAP Grant. The timeline for the CAP grant was pushed up and additional costs were incurred, which will be offset by the additional revenues received by the Grant. The remaining expenses will be offset by a decrease in other budgeted expenditures

Net Expenditure increase to the Transportation & Planning Department: $302,843
Net Revenue increase to the Transportation & Planning Department: $305,530

Energy Department

Energy Department revenues are being increased by $141,967. In the PACE Programs, budgeted revenues are being decreased by $529,680 in categories where actual amounts were not realized, and increased by $433,949 in other categories, primarily PACE administrative revenues, for a net decrease in budgeted PACE Program revenues of $95,731. The remaining revenues of $237,698 are from the Regional Streetlights Program. These additional funds were received due to the additional rebates staff were able to obtain. To offset the decrease in PACE revenues, expenditures have also been decreased.

Energy Department expenditures exceeded the budgeted amount by $15,109, primarily due to legal costs associated with PACE provider SAMAS Capital. These costs will be offset by $75,000 received in revenue from the Program. The remaining expenditures that exceeded their budgeted amounts in the other programs will be offset by a decrease in other budgeted expenditures.

Net Expenditure decrease to the Energy Department: $146,371
Net Revenue increase to the Energy Department: $141,967

Prior Action:

None.

Fiscal Impact:

For the 4th Quarter of Fiscal Year 2019/2020, there will a total net increase in expenditures of $196,294 along with a total increase in revenues of $612,525.

Attachment:

1. 4th Quarter Draft Budget amendment for Fiscal Year 2019/2020.

Item 6.A
4th Quarter Draft Budget Amendment for Fiscal Year 2019/2020

Attachment 1
4th Quarter Draft Budget amendment for Fiscal Year 2019/2020

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Western Riverside Council of Governments
4th Quarter Budget Amendment
For the Year Ending June 30, 2020

	Thru 6/30/2020 Actual	Approved 6/30/2020 Budget	Amendment Needed 6/30/2020
Administration			
Revenues			
Interest Revenue	$127,758	$25,000	$102,758
Expenses			
Benefits	$533,664	$500,925	($32,738)
Event Support	$19,070	$50,000	$10,606
Computer Equipment	$1,997	$1,596	($401)
Printing Services	$7,302	$500	($6,802)
Travel - Airfare	$3,679	$2,000	($1,679)
Lodging	$2,485	$1,000	($1,485)
Staff Education Reimbursement	$0	$7,500	$7,500
Office Move	$164,878	$200,000	$25,000
Total expenditure (increase)/decrease			$0
Total revenue increase/(decrease)			$102,758

Western Riverside Council of Governments
4th Quarter Budget Amendment
For the Year Ending June 30, 2020

	Thru 6/30/2020 Actual	Approved 6/30/2020 Budget	Amendment Needed 6/30/2020
Clean Cities			
Revenues			
Air Quality - Clean Cities	$272,770	$210,500	$62,270
Expenses			
Salaries & Wages - Fulltime	$73,978	$57,920	($16,058)
Fringe Benefits	$22,394	$17,035	($5,359)
Overhead Allocation	$75,960	$57,555	($18,405)
Total expenditure (increase)/decrease			($39,822)
Total revenue increase/(decrease)			$62,270
Solid Waste			
Expenses			
Salaries	$43,558	$40,199	($1,856)
Event Support	$12,000	$27,983	$2,061
Meals	$705	$500	($205)
Total expenditure (increase)/decrease			$0
Used Oil Grant			
Expenses			
Event Support	$96,159	$82,147	($14,012)
Program/Office Supplies	$0	$1,594	$678
Membership Dues	$0	$1,500	$1,500
Meeting Support Services	$0	$5,000	$5,000
Storage	$4,528	$10,000	$5,472
Printing Services	$0	$5,000	$5,000
Seminars/Conferences	$25	$1,500	$1,475
Supplies/Materials	$64,478	$17,272	($47,206)
Advertising Media	$1,020	$10,000	$8,980
Advertisement Radio & TV Ads	$33,250	$66,364	$33,114
Total expenditure (increase)/decrease			$0

Western Riverside Council of Governments
4th Quarter Budget Amendment
For the Year Ending June 30, 2020

	Thru 6/30/2020 Actual	Approved 6/30/2020 Budget	Amendment Needed 6/30/2020
TUMF			
Commissioners Per Diem	$2,250	$0	($2,250)
Computer Supplies	$1,014	$1,000	($14)
Computer Software	$57,710	$57,500	($210)
Membership Dues	$859	$215	($644)
Other Household Expenses	$404	$250	($154)
Travel - Ground Transportation	$627	$500	($127)
Meals	$1,985	$1,120	($865)
Consulting Expense	$200,107	$363,215	$4,264
Total expenditure (increase)/decrease			$0
Transportation Planning			
Expenses			
Event Support	$4,464	$2,307	($2,157)
Consulting Labor	$185,234	$337,206	$2,157
Total Expenses	**$556,464**	**$800,250**	**$243,786**
Total expenditure (increase)/decrease			$0
CAP Grant			
Revenues			
CAP Grant Revenue	$430,530	$125,000	$305,530
Total Revenues	**$430,530**	**$125,000**	**$305,530**
Expenses			
Salaries & Wages - Fulltime	$72,789	$5,877	($66,912)
Fringe Benefits	$22,033	$2,044	($19,989)
Consulting Labor	$333,022	$117,079	($215,943)
Total Expenses	**$427,844**	**$125,000**	**($302,843)**
Total expenditure (increase)/decrease			($302,843)
Total revenue increase/(decrease)			$305,530
Fellowship			
Expenses			
Event Support	$1,399	$785	($614)
Travel - Mileage Reimbursement	$346	$2,000	$614
Total expenditure (increase)/decrease			$0

Western Riverside Council of Governments
4th Quarter Budget Amendment
For the Year Ending June 30, 2020

	Thru 6/30/2020 Actual	Approved 6/30/2020 Budget	Amendment Needed 6/30/2020
WRCOG HERO			
Revenues			
Sponsor Revenue	$75,048	$142,500	($67,452)
Recording Revenue	$69,794	$105,300	($35,506)
Expenses			
Salaries & Wages	$12,703	$25,469	$12,766
General Legal	$37,845	$60,000	$8,284
Bank Fee	$0	$5,000	$5,000
Parking Validations	$0	$500	$500
General Supplies	$137	$500	$363
Computer Supplies	$170	$500	$330
Computer Software	$0	$2,500	$2,500
Meeting Support Services	$0	$250	$250
Postage	$0	$250	$250
Celluar phone	$921	$2,000	$1,079
PACE Residential Recording	$8,561	$34,906	$24,000
Seminar/Conferences	$0	$500	$500
Travel - Mileage Reimbursement	$70	$2,000	$1,930
Travel-Ground Transportation	$0	$500	$500
Travel-AirFare	$0	$1,500	$1,500
Lodging	$0	$630	$630
AB811 Meals	$0	$500	$500
AB811 Other Incidentals	$424	$1,500	$1,076
Training	$0	$1,000	$1,000
AB811 Direct Exp	$8,415	$50,000	$40,000
Total expenditure (increase)/decrease			$102,958
Total revenue increase/(decrease)			($102,958)
Spruce			
Revenues			
Spruce Residential Revenue	$3,256	$0	$3,256
Spruce Recording Revenue	$1,062	$0	$1,062
Total revenue increase/(decrease)			$4,318

Western Riverside Council of Governments
4th Quarter Budget Amendment
For the Year Ending June 30, 2020

	Thru 6/30/2020 Actual	Approved 6/30/2020 Budget	Amendment Needed 6/30/2020
California First			
Revenues			
CA First Residential Revenue	$10,265	$20,000	($9,735)
CA First Res Recording Rev	$4,873	$4,000	$873
Total revenue increase/(decrease)			($8,862)
PACE Funding			
Revenues			
PACE Revenue	$40,322	$50,000	($9,678)
PACE Recording Revenue	$5,701	$2,500	$3,201
Expenses			
Recording Fee-PACE	$11,722	$8,902	($2,820)
Consulting Labor-PACE	$4,995	$14,945	$2,820
Total expenditure (increase)/decrease			$0
Total revenue increase/(decrease)			($6,477)
Greenworks Lending			
Revenues			
Commercial Recording Revenue	$62,478	$100,000	($37,522)
Commercial PACE HERO Recording Revenue	$0	$20,000	($20,000)
Total revenue increase/(decrease)			($57,522)
Ygrene			
Revenues			
PACE Commercial Sponsor Revenue	$0	$5,000	($5,000)
Commercial Recording Revenue	$0	$2,500	($2,500)
Total revenue increase/(decrease)			($7,500)

Western Riverside Council of Governments
4th Quarter Budget Amendment
For the Year Ending June 30, 2020

	Thru 6/30/2020 Actual	Approved 6/30/2020 Budget	Amendment Needed 6/30/2020
SAMAS			
Revenues			
Other Misc Revenue	$75,000	$0	$75,000
Expenses			
General Legal Services	$13,112	$7,109	($6,003)
Total expenditure (increase)/decrease			($6,003)
Total revenue increase/(decrease)			$75,000
2110 - Lord Capital			
Revenues			
PACE Commercial Sponsor Revenue	$0	$10,000	($10,000)
Commercial Recording Revenue	$0	$2,500	($2,500)
Expenses			
Consulting Labor	$0	$12,500	$12,500
Total expenditure (increase)/decrease			$12,500
Total revenue increase/(decrease)			($12,500)
2115 - Twain			
Revenues			
Commercial Recording Revenue	$0	$5,000	($5,000)
Expenses			
General Legal Services	$12,418	$8,822	($3,596)
Consulting Labor	$0	$22,500	$8,596
Total expenditure (increase)/decrease			$5,000
Total revenue increase/(decrease)			($5,000)

Western Riverside Council of Governments
4th Quarter Budget Amendment
For the Year Ending June 30, 2020

	Thru 6/30/2020 Actual	Approved 6/30/2020 Budget	Amendment Needed 6/30/2020
Clean Fund			
Revenues			
PACE Commercial Sponsor Revenue	$0	$15,000	($15,000)
Commercial Recording Revenue	$0	$5,000	($5,000)
Expenses			
General Legal Services	$0	$2,500	$2,500
Recording Fee	$0	$5,000	$5,000
Consulting Labor	$0	$12,500	$12,500
Total expenditure (increase)/decrease			$20,000
Total revenue increase/(decrease)			($20,000)
Lever			
Revenues			
PACE Commercial Sponsor Revenue	$0	$10,000	($10,000)
Commercial Recording Revenue	$0	$2,500	($2,500)
Expenses			
General Legal Services	$0	$2,500	$2,500
Recording Fee	$0	$5,000	$5,000
Consulting Labor	$0	$5,000	$5,000
Total expenditure (increase)/decrease			$12,500
Total revenue increase/(decrease)			($12,500)
California HERO			
Revenues			
Statewide HERO Revenue	$1,030,557	$680,000	$350,557
Statewide Sponsor Revenue	$435,896	$570,000	($134,104)
CA-HERO Recording fee Revenue	$263,017	$421,200	($158,183)
Expenses			
Computer Software	$5,190	$2,500	($2,690)
COG HERO Share Expenses	$2,701	$10,000	$2,690
Total expenditure (increase)/decrease			$0
Total revenue increase/(decrease)			$58,270

Western Riverside Council of Governments
4th Quarter Budget Amendment
For the Year Ending June 30, 2020

	Thru 6/30/2020 Actual	Approved 6/30/2020 Budget	Amendment Needed 6/30/2020
Gas Company Partnership			
Expenses			
Salaries	$53,087	$44,680	($8,407)
Parking Validations	$46	$0	($46)
Event Support	$1,020	$7,107	$7,073
Meeting Support Services	$0	$446	$446
Postage	$0	$250	$250
Travel Mileage Reimbursement	$594	$750	$156
Meals	$0	$300	$300
Supplies/Materials	$0	$250	$228
Total expenditure (increase)/decrease			$0
Streetlights			
Revenues			
Regional Streetlights Revenue	$425,209	$187,511	$237,698
Expenses			
Computer Equipment/Supplies	$494	$0	($494)
Consulting Labor	$25,090	$25,000	($90)
Total expenditure (increase)/decrease			($584)
Total revenue increase/(decrease)			$237,698

Item 6.B

Western Riverside Council of Governments
Finance Directors Committee

Staff Report

Subject: **The Economy and Financial Markets Update**

Contact: **Sarah Meacham, Managing Director, meachams@pfm.com, (213) 415-1631**

Date: **July 23, 2020**

***The purpose of this item is to** provide an overview of the economic prospects of 2020, as well as potential future fiscal policy changes. In addition, the presentation will cover an interest rate overlook, quantitative tapering and what it means, as well as where equity markets are headed.*

Requested Action:

1. Receive and file.

The item is reserved for a presentation from Sarah Meacham of Public Financial Management (PFM).

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.

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Western Riverside Council of Governments
Finance Directors Committee

Staff Report

Subject: **COVID-19 Fiscal Impacts Analysis**

Contact: **Teifion Rice-Evans, Managing Principal, triceevans@epsys.com, (510) 841-9190**

Date: **July 23, 2020**

The purpose of this item is to *provide a presentation on an analysis produced by Economic Planning System, Inc. (EPS) on the near-term fiscal impacts jurisdictions within Western Riverside County will be facing due to the COVID-19 public health crisis, along with highlights on the methodology used in the analysis. Additionally, staff are seeking feedback from Committee members on mitigation efforts they would like to see in an analysis for the 2nd phase of the study.*

Requested Action:

1. Receive and file.

WRCOG has commenced an assessment of the fiscal implications of the current public health crisis-driven economic downturn on Western Riverside County jurisdictions. The COVID-19 health crisis has required the curtailment of a broad range of activities and has already had a major economic impact on U.S. and global economies.

The curtailments on movement and gatherings and the associated closure of businesses has had an immediate and major impact on retail, hospitality, and leisure sectors and workers. Other industry sectors and connected businesses are also facing losses of business and downturns. While the duration of the health crisis and associated economic impacts are uncertain, a scenario-based approach was utilized to evaluate the potential level and timing of impacts on the tax revenues that typically accrue to Western Riverside County jurisdictions.

In the current COVID-19 climate, based on the near-term fiscal analysis, it is anticipated that WRCOG jurisdictions will face an average of approximately 35% in General Revenues at immediate risk, with the area of Sales and Use Tax - Retail being the most heavily impacted. Similarly, 34% of jobs are in sectors at immediate risk. These immediate job sectors include Retail Trade (18%), Food Services and Drinking Places (10%), Accommodation (1%), Arts, Entertainment & Recreation (2%), and selected Services & Transportation (3%).

The assessment will be conducted in two phases. Phase 1 is now complete and identifies the expected level and timing of impacts on the two tax revenues that will be most directly affected, including Sales and Use Tax revenues and Transient Occupancy Taxes. Phase 1 also identified the scale of job losses in the retail and hospitality sectors as well as the potential increases in the warehouse and distribution sectors. Before September 30, 2020, Phase 2 will build on the Phase 1 work with feedback and will involve additional analysis, looking in more detail at a broader range of public revenues, the different ways in which they may be affected, and the implications for the Western Riverside County jurisdictions' overall fiscal health.

Teifion Rice-Evans will be providing a presentation on the major highlights produced from Phase 1 of its economic analysis and will be seeking feedback from this committee on mitigation efforts they would like to see as part the 2nd phase of the study.

Prior Actions:

June 1, 2020: The Executive Committee received and filed.

May 21, 2020: The Technical Advisory Committee received and filed.

May 14, 2020: The Public Works Committee received and filed.

Fiscal Impact:

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

Attachment:

1. COVID-19 PowerPoint presentation slides.

Item 6.C

COVID-19 Fiscal Impacts Analysis

Attachment 1

COVID-19 PowerPoint presentation slides

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FUTURE FORWARD SERIES

COVID-19: ECONOMIC & FISCAL VULNERABILITIES AND IMPACTS

Focus on the Inland Empire and Western Riverside County

Teifion Rice-Evans, Managing Principal

April 30, 2020

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PRESENTATION OVERVIEW

KEY SECTIONS

1. COVID-19 and the Economy
2. Uncertainty and Control
3. Where We Stood
4. Economic Vulnerabilities
5. Fiscal Vulnerabilities
6. Scenarios and Forecasts
7. Implications

1

COVID-19 AND THE ECONOMY

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UNIQUE AND UNIVERSAL IMPACT

COVID-19 has affected every State in the U.S.

- There is no escaping the virus and its impact

Relative Ease of Transfer and Difficulty to Detect

- Makes Social Distancing and Stay-at-Home necessary

Strikes at the Heart of the Economy

- Large and immediate impact on economic activity in the U.S., unprecedented in last 100 years

*"**The best way to send information is wrap it up in a person**." Robert Oppenheimer*

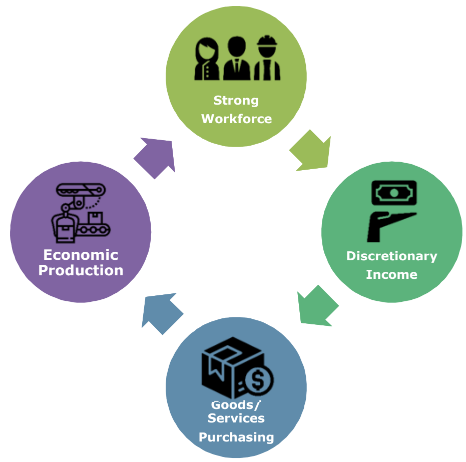
3

SOCIAL DISTANCING AND THE ECONOMY

Human interaction is critical to most economic activity

Social distancing affects economy in fundamental ways:

- It restricts access to the physical spaces where most goods and services are produced and consumed
- By limiting economic activity, it reduces business and household income, creating a downward ripple effect on spending and incomes
- About 70% of US GDP is directly tied to consumer spending, 20% of which is discretionary
- Due to the interconnected ecosystem that is our economy, halts in production in one sector create “supply-chain” and production challenges in others



UNCERTAINTY AND CONTROL

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UNCERTAINTY IS THE ONLY CERTAINTY

- Path of the pandemic and public health crisis are **uncertain**
- Duration of stay-at-home orders (and any relapses) are **uncertain**
- Economic and fiscal future directly tied to these **uncertain**ties

LENGTH AND SEVERITY OF CRISIS WILL DETERMINE OUTCOMES

Economic recovery depends on length and severity of public health threat

- Models vary on spread, duration, and fatality
- Economic "Bounce-back" could be quick if virus is neutralized
- Full recovery may not occur until vaccine and / or remedy available
- Structural damage to the economy more likely the longer our behavior/ movements are limited – by public health guidelines or personal health decisions
- Desire to open up economy could lead to experimental adjustments in social distancing/ sheltering-in-place

(Will discuss potential timeframes for recovery in subsequent sections)

LEVEL OF CONTROL

There is much that is out of the hands of local governments

Virus Evolution and Control

- Infections and spread of virus
- Availability and level of testing – infection and antibody
- Vaccine development, antibody resilience, and “herd immunity”
- Seasonal effects on virus and resurgence

Federal/ State Government and Individual Responses

- Federal/ State public health policies and “re-opening”
- Success of current (and future?) Federal Stimulus packages
- Individual Household Behavior and Decisions

WHERE WE STOOD

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PREVAILING WINDS

Technology, Globalization, and Other Economic Trends

Many consider us to be in midst of "5th Industrial Revolution": Age of Automation, E-Commerce, and Autonomous Vehicles

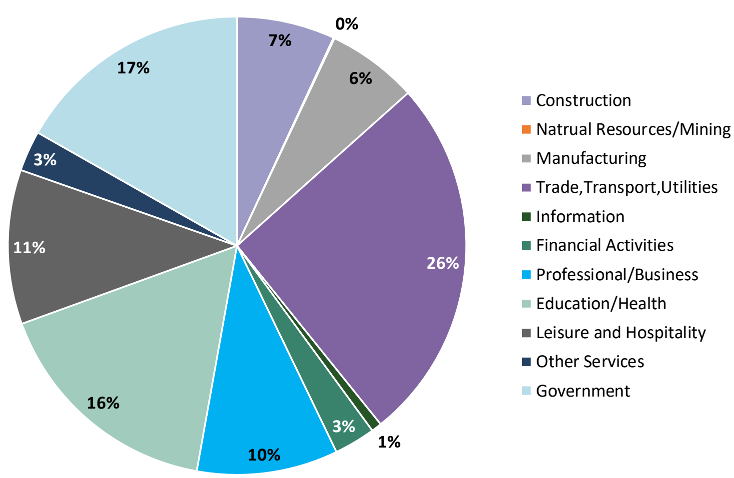
- Rise of E-Commerce and "Internet of Things"
- Contraction of Brick and Mortar Retail
- New types of jobs lost to automation
- Continued globalization and interconnected Supply Chains
- Strong international competition for manufacturing
- Fast growth and large demand for Logistics Centers
- Search for high quality of life and affordable housing

INLAND EMPIRE EMPLOYMENT AS OF FEBRUARY 2020

Total Jobs = 1.55 million

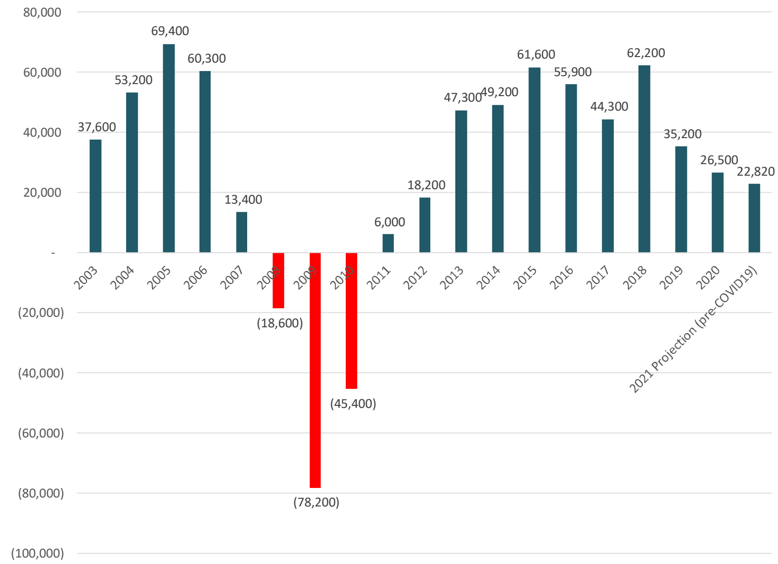
Strong concentrations in:

- Retail Trade
- Leisure and Hospitality
- Transportation and Warehousing
- Prof. and Admin. Services
- Construction & Mfg
- Education/ Health Services
- Government



Sources: CA Economic Development Department; Beacon Economics, LLC.

INLAND EMPIRE TREND – ALL EMPLOYMENT

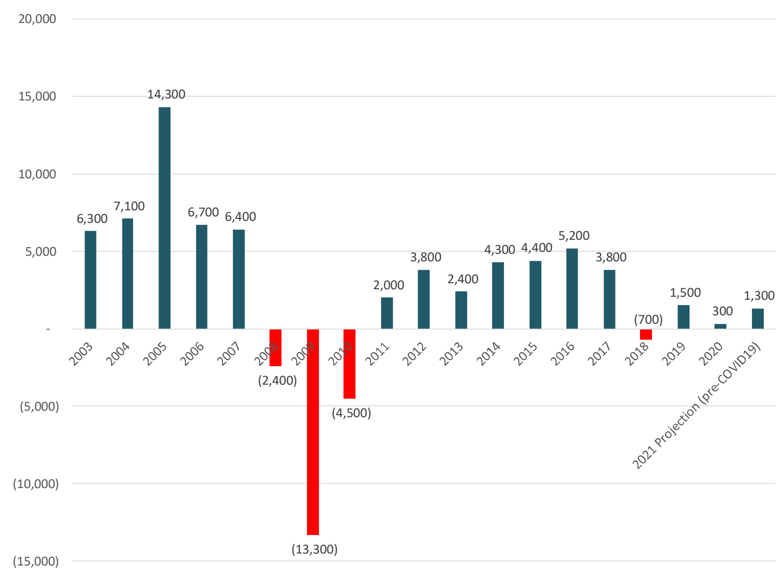


Total Jobs = 1.55 million

- Job Gains to end of 2019 = **350,000 jobs**
- Job Losses prior Recession = **145,000 jobs**
- **2011 – 2015** to return to same job levels

Sources: Bureau of Labor Statistics Current Employment Survey; State of California Employment Development Department, Employment Projections

INLAND EMPIRE TREND – RETAIL

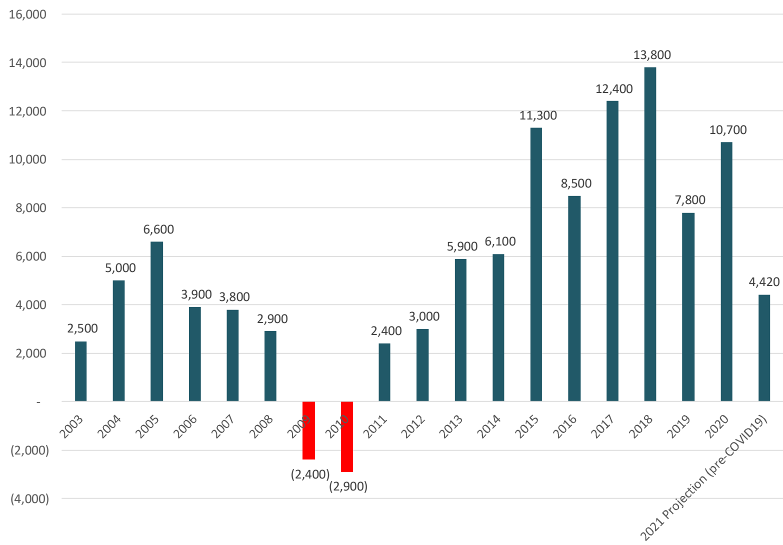


Retail Jobs = 180,000

- Job Gains to end of 2019 = **25,000 jobs**
- % of Total Job Gains = **7%**
- Job Losses prior Recession = **20,000 jobs**
- **2011 – 2016** to return to same job levels

Sources: Bureau of Labor Statistics Current Employment Survey; State of California Employment Development Department, Employment Projections

INLAND EMPIRE TREND – LOGISTICS



Logistics Jobs = 215,000

- Job Gains to end of 2019 = **85,000 jobs**
- % of Total Job Gains = **25%**
- Job Losses prior Recession = **5,000 jobs**
- **2011 – 2012** to return to same job levels

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Sources: Bureau of Labor Statistics Current Employment Survey; State of California Employment Development Department, Employment Projections

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PRE-COVID 19 CONDITIONS

As Dr. John Husing with Economic & Politics pointed out in his pre-COVID report, there were positive trends:

- Inland Empire job growth was strong
- Unemployment rates were low
- Poverty Levels were falling with Job Creation
- Growth in Professional Services Jobs as well as Logistics

And issues being worked on:

- Expanding the Job Base and changing Jobs-Housing Balance
- Retaining and Providing Middle Class Jobs
- Enhancing Adult Educational Attainment
- Addressing Housing Affordability

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ECONOMIC VULNERABILITY

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THERE HAVE BEEN LOSSES

Economic Impact has been immediate

- 26 million in new unemployment benefit claims in U.S. and counting (in 5 weeks to 4/23/2020)
- Pace of Job Losses faster than any other Recession
- Inland Empire Unemployment goes from 4.0 % to 5.2 % between mid-February and mid-March (prior to main job losses)
- Leisure and hospitality industry accounted for 2/3rds of CA Job Losses

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DIFFERENT MEASURES OF ECONOMIC VULNERABILITY

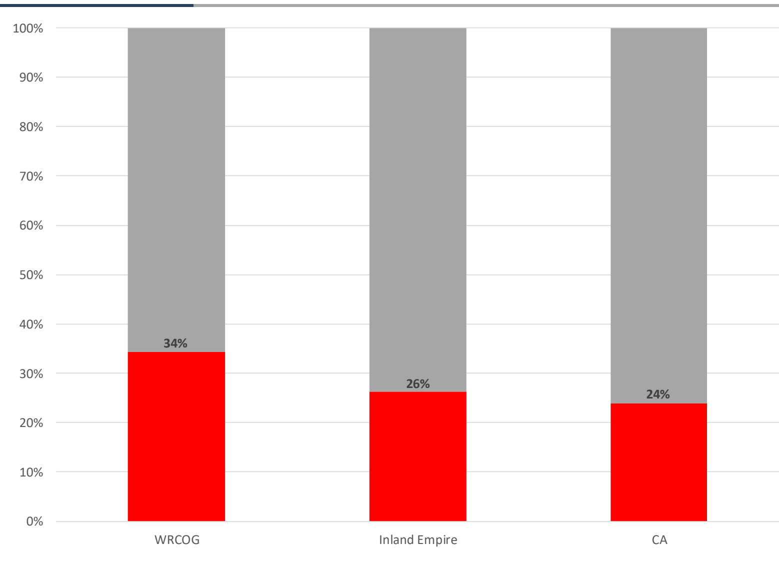
Different National Studies have looked at economic vulnerability in terms of:

- High-Risk Occupations
- High-Risk Industries
- Ability to Work from Home

Applied High-Risk Industries approach – industry sectors and sub-sectors where social proximity is required:

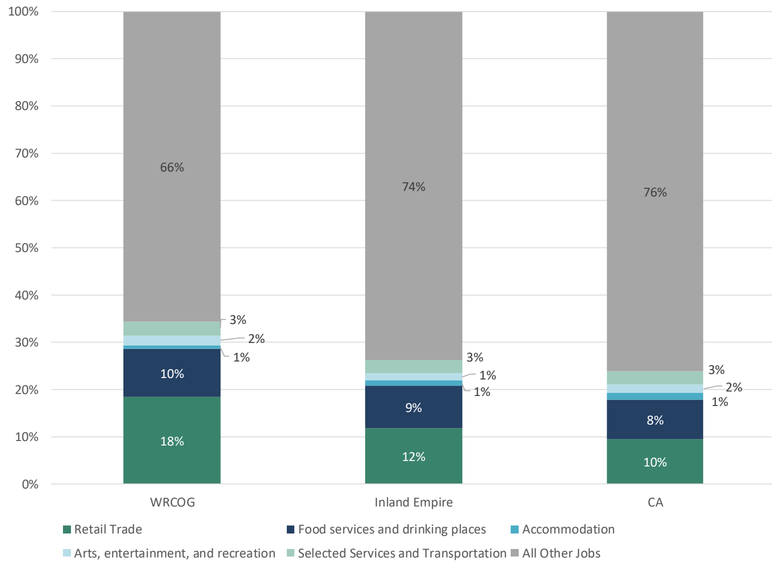
- Leisure and Hospitality
- Retail Trade
- Selected Services (Child Care, Personal Services, Certain Transportation Services)

JOBS IN SECTORS AT IMMEDIATE RISK



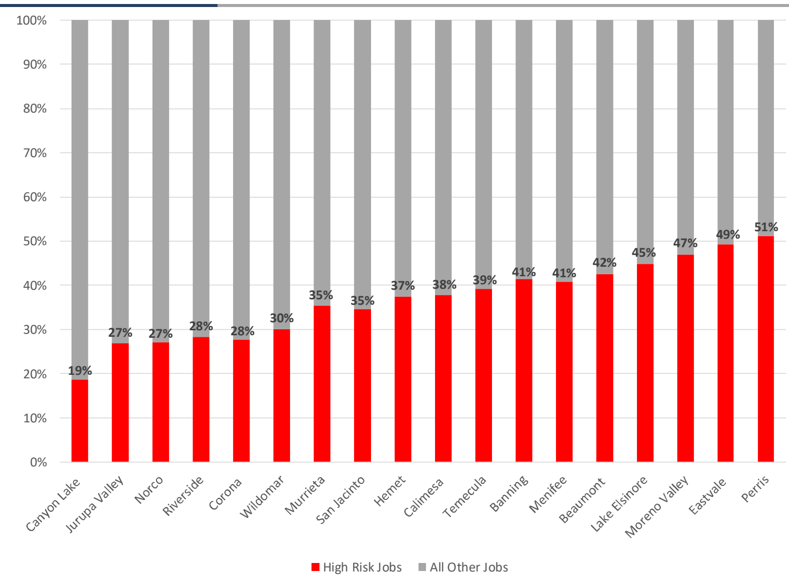
Sources: Bureau of Labor Statistics Current Employment Survey; Pew Charitable Trust; WRCOG

JOBS IN SECTORS AT IMMEDIATE RISK



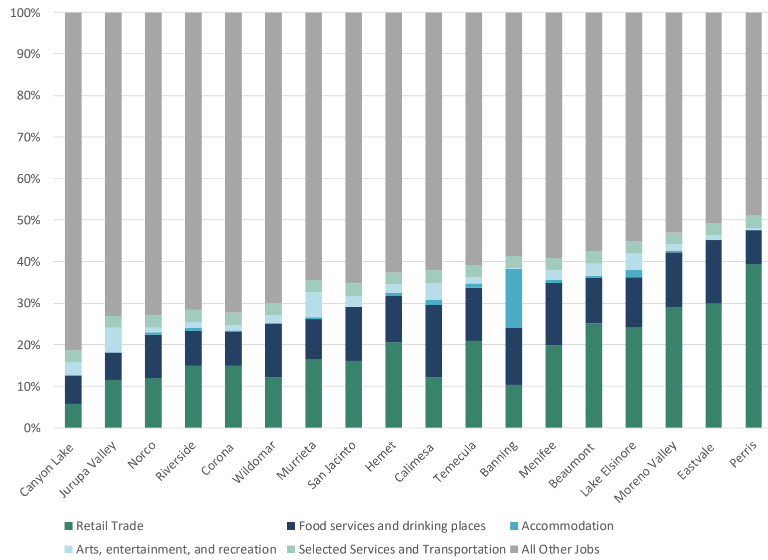
Sources: Bureau of Labor Statistics Current Employment Survey; Pew Charitable Trust; WRCOG

JOBS IN SECTORS AT IMMEDIATE RISK BY CITY



Sources: Bureau of Labor Statistics Current Employment Survey; Pew Charitable Trust; WRCOG

JOBS IN SECTORS AT IMMEDIATE RISK BY CITY



Sources: Bureau of Labor Statistics Current Employment Survey; Pew Charitable Trust; WRCOG

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FISCAL VULNERABILITY

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THERE WILL BE LOSSES … THERE WILL BE DISRUPTIONS…

Ongoing Government Operations

- General Fund Revenues
- Gas Taxes
- Enterprise Funds
- Additional Expenditures on COVID-19 response
- Pension Fund Performance implications

Infrastructure/ Capital Improvement Financing

- Development Impact Fees
- Land Secured Financing/ Community Facilities Districts (CFDs)
- Municipal Bond Market

FISCAL VULNERABILITY INDICATORS

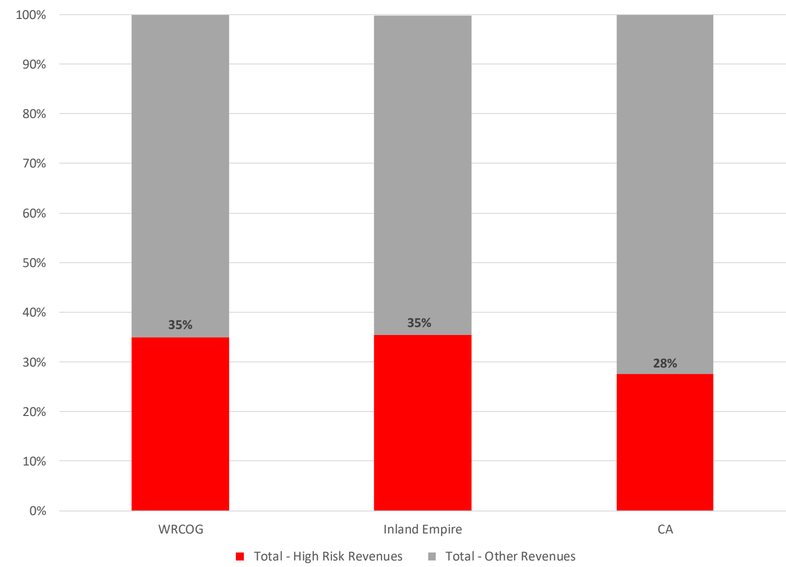
Focus on City General Fund Revenues

- Property Taxes and Property Taxes In-Lieu of Vehicle License Fees
- Sales and Use Taxes
- Transient Occupancy/ Lodging Taxes
- Franchise Fees
- User Utility Taxes
- Business Taxes

Source

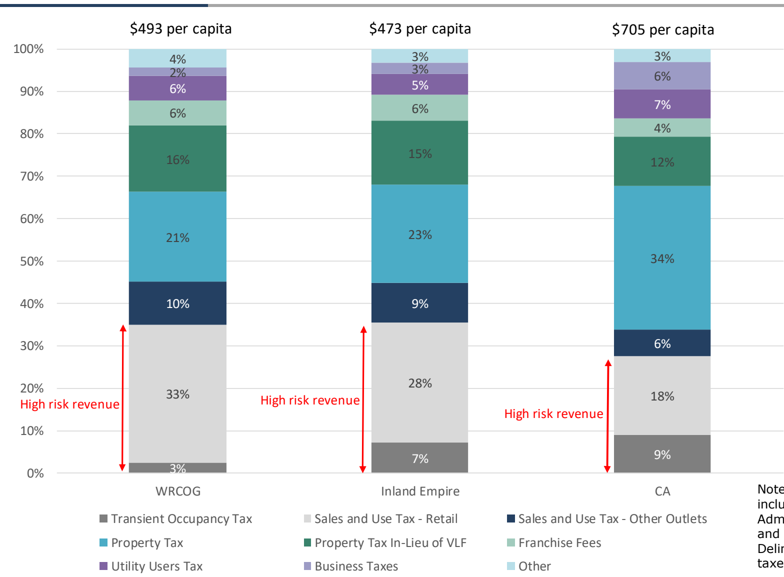
- California Department of Tax and Fee Administration (CDTFA)

CITY GENERAL REVENUES AT IMMEDIATE RISK



Sources: State of California Controller's Office; WRCOG

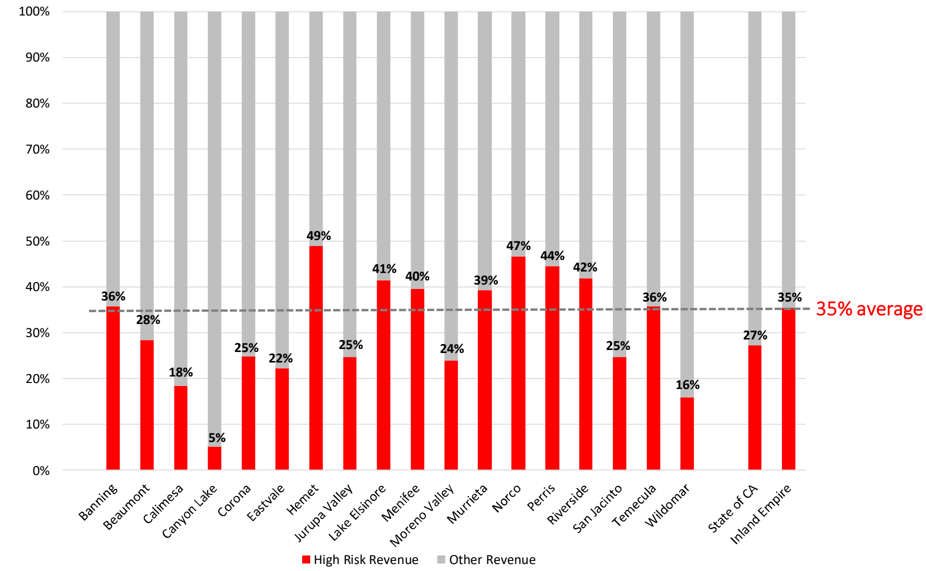
CITY GENERAL REVENUES AT IMMEDIATE RISK



Note: "Other" varies by location and includes Construction taxes, Admissions taxes, In-Lieu Local Sales and Use taxes, Interest, Penalties, Delinquent taxes, and other unspecified taxes reported to the state.

Sources: State of California Controller's Office; WRCOG

GF REVENUES AT IMMEDIATE RISK BY WRCOG JURISDICTION



Sources: State of California Controller's Office; WRCOG

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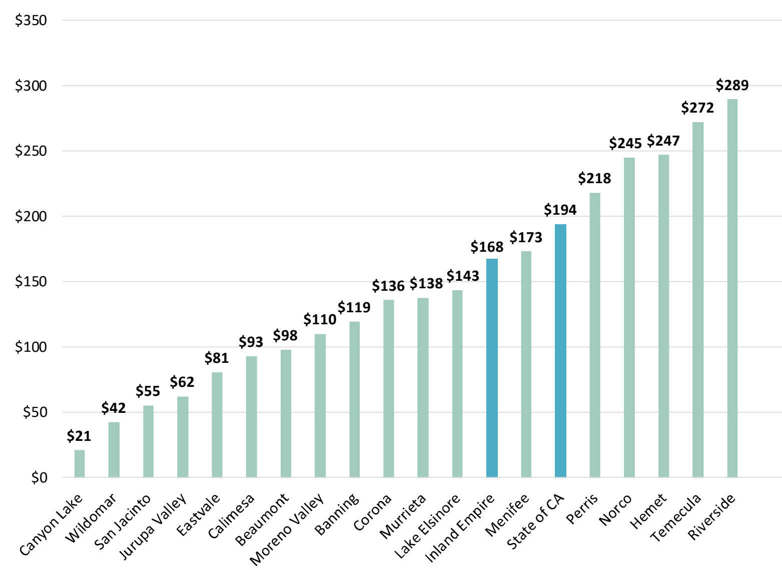
GF REVENUES AT IMMEDIATE RISK PER CAPITA BY WRCOG JURISDICTION



Sources: State of California Controller's Office; WRCOG

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SCENARIOS AND FORECASTS

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CALIFORNIA CITIES REVISING BUDGET ESTIMATES

Real Time Announcements of Budget Challenges and Forecasts

City of Los Angeles

- Revised 2019/20 budget forecast shows loss of $234 million
- New 2020/21 budget forecasts reduces revenues between $194 and $598 million

City of Sacramento

- Expecting $30 million loss for FY 2019/20 due to COVID-19
- Forecasting additional $60 million loss for FY 2020/21

City of San Diego

- Expecting $109 million loss for FY 2019/20 due to COVID-19
- Forecasting additional $145 million loss for FY 2020/21

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RECESSION AND RECOVERY

Downturns vary by depth and duration, and pace of recovery:

- Natural to look to prior Downturns/ Recessions for clues
- **BUT** they are all unique
- Great Recession – Unique in its origins and threat to the whole financial system
- Over 10 Other Recessions since Great Depression all different

COVID-19 is different:

- Sharpest and fastest downturn in a 100 years
- Not the result of economic causes
- Job losses immediate
- Path from here dependent on path of pandemic and medical options and responses

DEBATE ON THE FUTURE

- AGREED
  Loss in jobs and economic production has been sharp and immediate and losses in municipal revenues have begun and will continue
- AGREED
  There are ongoing painful losses in income to households and revenues to businesses that will further multiply through the economy
- NOT AGREED
  The length of the downturn and the pace of recovery

FORECASTING SCENARIOS

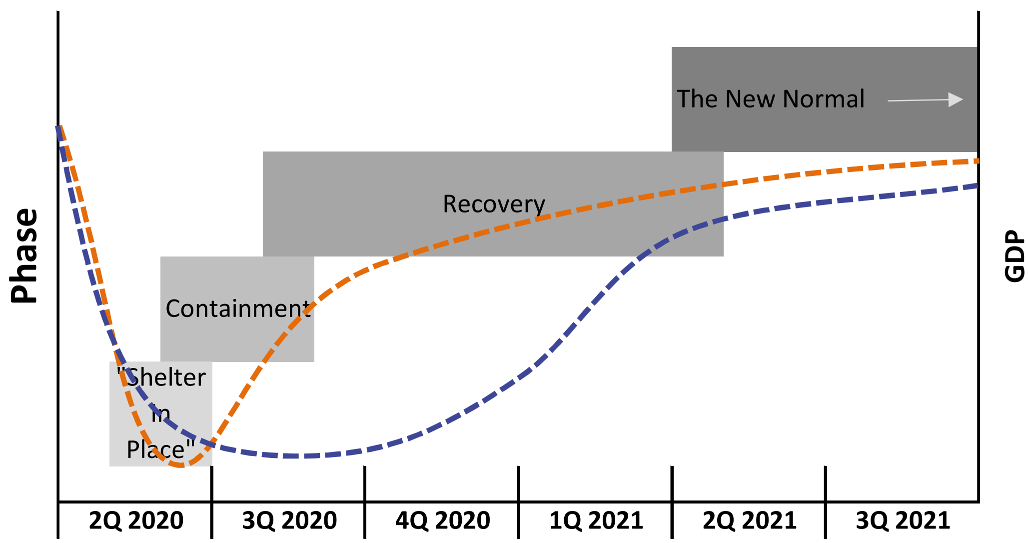
BEST CASE SCENARIO – the "V" Scenario.

- Fast fall, quick recovery
- Assumes U.S. infections are plateauing and return to work can be safely managed
- Recognizes underlying strength of U.S. economy and scale of stimulus
- Envisions more limited structural damage due to fast return

ALTERNATIVE SCENARIO – the "U" or "W" Scenarios

- Fast fall, gradual recovery
- Assumes difficulties combatting virus leads to slower return to "normal"
- Structural problems emerge as downturn becomes recession
- W Scenarios reflect stop-and-start return as attempts made to open economy
- Different perspective on length of the "U" – e.g. the "bathtub"

CRISIS AND RECOVERY TIMELINE



FISCAL IMPLICATIONS OF ECONOMIC SCENARIOS

Optimistic Scenario

- Economy bounces back in Q3 2020
- Economy recovered end of Q4 2020

Alternative Scenario

- No gains in Q3 2020
- Modest recovery thru end of Q2 2021

	2nd Half, FY 2019/2020	1st Half, FY 2020/2021	2nd Half, FY 2020/2021
Retail Sales Tax			
Optimistic	-10%	-7.5%	0%
Alternative	-10%	-17.5%	-10%
TOT			
Optimistic	-25%	-30%	-7.5%
Alternative	-25%	-40%	-25.0%

THINKING ABOUT THE FUTURE –IMPLICATIONS

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IMMEDIATE QUESTIONS

HOW LONG WILL THIS LAST? HOW DO WE MAKE IT THROUGH THIS?

- **Businesses** – When will my customers start spending again? Can I hold on in the meantime? Will my stimulus funding application provide support? When can we return to work? Will I need to re-design my workplace? How much production can be achieved?
- **Households** – When can I return to work? Will my job still be available? Will my income return to normal? Is it safe to return to work? When can my children return to school? When will my stimulus check arrive?
- **Cities** – How do we support our communities? How do we provide essential services? How do we address falling revenues? Will Federal stimulus dollars be directly available? How can we manage the current situation and avoid moving backwards and undoing all the recent progress and plans?

STRUCTURAL QUESTIONS – PART 1

WILL THERE BE LONGER TERM STRUCTURAL IMPACTS FROM THIS PANDEMIC?
IS THERE A "NEW NORMAL"?

MOST EXPECTED

Pandemic accelerates technology-driven ***emerging patterns of work and consumption***:

- Remote work and telecommuting
- E-Commerce: (Amazon prime, "click and collect," curbside pick-up)
- Remote social interaction and entertainment (On-Demand content, online learning, legal, medical, accounting services, real estate closings, online notaries)

STRUCTURAL QUESTIONS – PART 2

WILL THERE BE LONGER TERM STRCTURAL IMPACTS FROM THIS PANDEMIC?
IS THERE A "NEW NORMAL"?

MORE UNCERTAIN

Pandemic could cause ***major shifts in lifestyles, cities, and economies***:

- **Consumer Preferences** – Preference for remote living; housing, workspaces, city design, modes of transportation
- **Globalization and Trade** – Changes in level of globalization, supply-chain connections, and attitudes to international travel and immigration
- **Role of Government** – Confidence in and changes in our expectations of the role of government in managing crises/ addressing impacts

POTENTIAL IMPLICATIONS FOR WESTERN RIVERSIDE COUNTY

WHAT CAN WE EXPECT FOR WESTERN RIVERSIDE COUNTY POST-PANDEMIC?

Continued and Accelerated Shifts in Economy

- Prepare for further reductions in amount of "brick-and-mortar" retail and jobs
- Expect continued demand for e-commerce-related activity: major logistics centers, "last mile" distribution centers, "gig economy" workers
- Assume continued trends of automation and increasing demand for high-skill, high-wage jobs and low-skill, low wage jobs.

POTENTIAL IMPLICATIONS FOR WESTERN RIVERSIDE COUNTY

WHAT POLICIES SHOULD WE PURSUE POST-PANDEMIC?

Stay the Course

Continued focus on:

- Expanding the job base and reducing jobs-housing imbalance
- Attracting businesses providing higher-paying jobs
- Building the Innovation Economy
- Enhancing adult education attainment
- Investing in infrastructure
- "Quality of life" issues for existing residents and to attract skilled labor force
- Working on Digital Divide

POTENTIAL IMPLICATIONS FOR WESTERN RIVERSIDE COUNTY

SOME THOUGHTS ON THE IMMEDIATE AND BUILDING FISCAL CHALLENGES?

Respond to immediate impacts and realities with eye on the future

- Recognize expected immediate/ short term losses
- Strategic use of available of funds and staffing
- Apply for stimulus funds where possible
- Recognize limited control and limited influence of local government actions on broader economic conditions
- Keep an eye on re-emergence and longer-term goals

QUESTIONS AND DISCUSSION

Economic & Planning Systems, Inc.
The Economics of Land Use

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FUTURE FORWARD SERIES

Presentation Title:

COVID-19: ECONOMIC & FISCAL VULNERABILITIES AND IMPACTS

Focus on the Inland Empire and Western Riverside County

Prepared for:

Western Riverside Council of Governments (WRCOG)

Prepared by:

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PUBLIC PRIVATE PARTNERSHIPS (P3)
PARKS & OPEN SPACE ECONOMICS

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Item 6.D

Western Riverside Council of Governments
Finance Directors Committee

Staff Report

Subject: **PACE Programs Activities Update**

Contact: **Justin White, Staff Analyst, jwhite@wrcog.us, (951) 405-6737**

Date: **July 23, 2020**

The purpose of this item is to *provide updates regarding PACE project volumes, delinquency rates, and recent Commercial PACE (C-PACE) projects.*

Requested Action:

1. Receive and file.

WRCOG's PACE Programs provide financing to property owners to implement energy saving, renewable energy, water conservation, and seismic strengthening improvements to their homes and businesses. Financing is paid back from assessments revenues generated by placing a lien on the subject property's tax bill. The Program was initiated in December 2011 and was expanded in 2014 to allow jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. WRCOG now offers HERO, CaliforniaFIRST, PACE Funding, and Ygrene as residential PACE providers and Greenworks, CleanFund, and Twain as commercial PACE providers.

HERO Assessments Decline

The number of HERO assessments continue to decline year after year. As the chart below indicates, the number of HERO assessments that were completed in Fiscal Year (FY) 2019/2020 fell by 58% to 1,601. The residential aspect of PACE has seen several regulatory changes that WRCOG has supported since 2018, including bolstering consumer protections, strengthened underwriting criteria, and enhanced protections for seniors. While this has enhanced the Program overall, these changes also explain most of the decline since FY 2016/2017. In order to maintain Program operations considering the decline in new assessments, WRCOG has reduced the number of PACE staff and has diversified its revenue stream to not be solely dependent on new assessments.

HERO Projects by Fiscal Year		
Fiscal Year	**Completed Projects**	**Percentage Decrease**
2016/2017	23,560	-
2017/2018	13,537	43%
2018/2019	3,775	72%
2019/2020	1,601	58%

PACE Delinquencies

WRCOG monitors delinquent property tax payments for PACE assessments in the WRCOG PACE Program. Given the environment surrounding COVID-19, staff is analyzing delinquency data closely. In comparison to last year, there has been a marginal increase in the overall delinquency rate. Through June 2019, the delinquency rate for the WRCOG PACE Program was 1.17%. Through June 2020, the delinquency rate is 1.54%.

To ensure delinquent PACE property tax payments do not initiate foreclosure, on November 5, 2018, the Executive Committee approved deferral of judicial foreclosure on residential delinquencies and authorized the Executive Director to enter into a multi-year Purchase and Sales Agreement with First National Assets. At the August 2020 Executive Committee, staff will request approval to enter into a similar Purchase and Sales Agreement with First National Assets. Staff will continue to closely monitor delinquencies.

Commercial PACE (C-PACE) Update

Since March 2020, six C-PACE projects have been completed for over $10.5 million. Two of the six projects were completed in the WRCOG subregion, one in the City of Murrieta and the other in the City of Hemet. In Murrieta, a new development project utilized over $1.2 million in C-PACE financing for energy efficient improvements as well as solar panels, while a RV and manufactured housing community in Hemet installed a solar array utilizing $500,000 in C-PACE financing. C-PACE continues to increase throughout California and WRCOG has several future projects to be completed in the coming months.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.