

**CVCC VOTING MEMBERS WILL RECEIVE A UNIQUE PANELIST LINK BY EMAIL.
PLEASE USE THIS LINK TO PARTICIPATE IN THIS MEETING.**



Pursuant to Assembly Bill 361 and the findings made by the CVCC, this meeting will only be conducted via video/teleconferencing.

COACHELLA VALLEY CONSERVATION COMMISSION MEETING AGENDA

**THURSDAY, FEBRUARY 9, 2023
10:30 a.m.**

INSTRUCTIONS FOR PARTICIPATION

Members of the public may use the following link:

<https://us02web.zoom.us/j/89417478528?pwd=czh0TjRjdTJMM1hORHh5eFJBUEF3dz09>
Password: 059896

One Tap Mobile: +16694449171,,89417478528#
Dial In: +1 669-900-9128
Webinar ID: 894 1747 8528
Password: 059896

***This will provide listening access and ability to address the
CVCC when called upon.***

IF YOU ARE UNABLE TO CONNECT VIA DIAL IN OPTION, PLEASE CALL 760-346-1127

Public comment is encouraged to be emailed to the CVCC prior to the meeting via email to cvag@cvag.org by 5:00 pm on the day prior to the Commission meeting. Comments intended to be read aloud should be no more than 300 characters in length.

**THIS MEETING IS HANDICAPPED ACCESSIBLE.
ACTION MAY RESULT ON ANY ITEMS ON THIS AGENDA.**

1. **CALL TO ORDER – Mayor Linda Evans, Chair**

2. **ROLL CALL**

A. **Member Roster**

P4

3. **AGENDA MODIFICATIONS (IF ANY)**

4. **PUBLIC COMMENTS ON AGENDA ITEMS**

Any person wishing to address the Coachella Valley Conservation Commission on items appearing on this agenda may do so at this time. At the discretion of the Chair, comments may be taken at the time items are presented. Please limit comments to 3 minutes.

5. **COMMISSION CHAIR/DIRECTOR ANNOUNCEMENTS**

6. **CONSENT CALENDAR**

A. **Approve January 12, 2023 CVCC Meeting Minutes**

P5

B. **Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of the Coachella Valley Conservation Commission and its committees**

P10

C. **Approve CVCC's existing Investment Policy as CVCC Policy 23-01**

P11

D. **Receive and file the Local Development Mitigation Fee Annual and Five-Year Report for Fiscal year 2021/2022 in fulfillment of the reporting requirements of the Mitigation Fee Act**

P16

E. **Authorize the Executive Director to execute Amendment Number One to the services agreement with Pacific Policy Group, providing for two additional years at a not-to-exceed cost of \$60,000 annually for professional lobbying services at the state level to advocate for funding opportunities and policy priorities as identified in the CVCC's legislative platform**

P22

7. **DISCUSSION / ACTION**

A. **CVCC's Audit for Fiscal Year 2021/22 and Related Reports –
Claude Kilgore**

P25

Recommendation: Receive and file the Audited Financial Statements for the fiscal year ended June 30, 2022, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance

- B. Acquisition of nine parcels in the Thousand Palms Conservation Area – P80**
Jim Karpiak

Recommendation: Approve Resolution 2023-01 for acquisition of nine parcels consisting of approximately 885+/- acres in the Thousand Palms Conservation Area at a cost not to exceed \$1,300,000, plus closing and transaction related costs not to exceed \$10,000; and authorize the Executive Director to execute all necessary contracts and take such other actions as necessary for the acquisition

- C. Memorandum of Understanding with The Living Desert – P85**
Kathleen Brundige

Recommendation: Authorize the Executive Director to develop and negotiate a Memorandum of Understanding with The Living Desert to provide support for cooperative surveying, outreach, and behavioral change efforts on conservation lands and return the agreement to the Commission for future consideration

- D. Update on Proposed Chuckwalla National Monument Designation – P87**
Kathleen Brundige

Recommendation: Authorize the Chair and/or Executive Director to sign letters of support for the revised proposal for the Chuckwalla National Monument designation and expansion of Joshua Tree National Park

8. INFORMATION

- A. Attendance Record P92**
- B. CVCC's Unaudited Investment Report through December 31, 2022 P93**
- C. CVCC's Unaudited Financial Reports through December 31, 2022 P94**
- D. Contracts under \$25,000 P96**

9. PUBLIC COMMENTS ON NON-AGENDA ITEMS

Any member of the public wishing to address the Commission on items of general interest within the purview of this Commission may do so at this time. Please limit comments to 2 minutes.

10. ANNOUNCEMENTS

The next meeting of the Coachella Valley Conservation Commission will be held on Thursday, April 13, 2023, at 10:30 a.m. with additional meeting logistics to be announced.

11. ADJOURN

ITEM 2A

**Coachella Valley Conservation Commission
Member Roster
2022 - 2023**



City of Cathedral City	Councilmember Ernesto Gutierrez
City of Coachella	Mayor Steven Hernandez, <i>Vice Chair</i>
Coachella Valley Water District	Board Member Anthony Bianco
City of Desert Hot Springs	Mayor Pro Tem Gary Gardner
Imperial Irrigation District	Director Alex Cardenas
City of Indian Wells	Mayor Donna Griffith
City of Indio	Councilmember Elaine Holmes
City of La Quinta	Mayor Linda Evans, <i>Chair</i>
Mission Springs Water District	Director Russ Martin
City of Palm Desert	Councilmember Evan Trubee
City of Palm Springs	Councilmember Ron deHarte
City of Rancho Mirage	Mayor Richard W. Kite
Riverside County	Supervisor Kevin Jeffries - District 1 <i>Alternate: Councilmember Glenn Miller, Indio</i> Supervisor Karen Spiegel – District 2 <i>Alternate: Councilmember Kathleen Fitzpatrick, La Quinta</i> Supervisor Chuck Washington – District 3 <i>Alternate: Councilmember Jan Harnik, Palm Desert</i> Supervisor V. Manuel Perez – District 4 <i>Alternate: Mayor Scott Matas, Desert Hot Springs</i> Supervisor Yxstian Gutierrez – District 5

ITEM 6A

Coachella Valley Conservation Commission Meeting Minutes January 12, 2023



The audio file for this committee can be found at: <http://www.cvag.org/audio.htm>

1. CALL TO ORDER – The meeting was called to order by Chair Linda Evans, City of La Quinta, at 9:04 a.m. at La Quinta City Hall, 78-495 Calle Tampico.

2. ROLL CALL – Roll call was taken and it was determined that a quorum was present.

Members Present

Councilmember Ernesto Gutierrez
Board Member Anthony Bianco
Mayor Pro Tem Gary Gardner
Mayor Donna Griffith
Councilmember Elaine Holmes
Mayor Linda Evans, Chair
Councilmember Evan Trubee
Councilmember Lisa Middleton
Director Russ Martin
Councilmember Kathleen Fitzpatrick
Councilmember Jan Harnik
Supervisor V. Manuel Perez
Supervisor Yxstian Gutierrez

Agency

City of Cathedral City
Coachella Valley Water District
City of Desert Hot Springs
City of Indian Wells
City of Indio
City of La Quinta
City of Palm Desert
City of Palm Springs
Mission Springs Water District
Riverside County – District 2 (*arrived at Item 7A*)
Riverside County – District 3
Riverside County – District 4
Riverside County – District 5

Members Not Present

Mayor Steven Hernandez, Vice Chair
Director Alex Cardenas
Mayor Richard Kite
Supervisor Kevin Jeffries

City of Coachella
Imperial Irrigation District
City of Rancho Mirage
Riverside County – District 1

Chair Evans acknowledged the Commissioners who are new to the CVCC: Cathedral City Councilmember Ernesto Gutierrez, Indian Wells Mayor Donna Griffith, Palm Desert Councilmember Evan Trubee, and Supervisor Yxstian Gutierrez.

3. AGENDA MODIFICATIONS (IF ANY)

None

4. PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS

Philip Bettencourt, a La Quinta resident, expressed his interest in civic activism and excitement about the property tour (Item 7C).

5. COMMISSION CHAIR / DIRECTOR COMMENTS

Executive Director Tom Kirk provided an overview of the bus tour stops that the Commissioners would visit during Agenda Item 7C. Mayor Evans highlighted the beauty and recreation of Lake Cahuilla, and Supervisor V. Manuel Perez and Board Member Anthony Bianco talked about its important role for water resources. Supervisor Perez noted some upcoming opportunities being explored to expand use of the park.

Mr. Kirk also noted the passing of former Palm Desert Councilmember Buford Crites, who was a leader for conservation and open space preservation in the Coachella Valley.

6. CONSENT CALENDAR

- A. Approve November 10, 2022 CVCC Meeting Minutes**
- B. Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of the Coachella Valley Conservation Commission and its committees**
- C. Authorize the Executive Director to execute Amendment 1 to the Technical Assistance Agreement with the United States Geological Survey, extending the term through August 31, 2023, and providing an additional \$70,000 for critical tasks at the Mesa study site**

Based on an inquiry about the looming expiration of the Governor's emergency order, staff provided background on Legal Counsel's input on AB 361 and the use of virtual meetings.

IT WAS MOVED BY COUNCILMEMBER HARNIK AND SECONDED BY MAYOR PRO TEM GARDNER TO APPROVE THE CONSENT CALENDAR ITEMS.

THE MOTION CARRIED WITH 9 AYES, 3 MEMBERS ABSTAINING AND 5 MEMBERS ABSENT.

Councilmember Ernesto Gutierrez	Abstain
Mayor Steven Hernandez	Absent
Board Member Anthony Bianco	Aye
Mayor Pro Tem Gary Gardner	Aye
Director Alex Cardenas	Absent
Mayor Donna Griffith	Aye
Councilmember Elaine Holmes	Aye
Mayor Linda Evans	Aye
Director Russ Martin	Aye
Councilmember Evan Trubee	Abstain
Councilmember Lisa Middleton	Abstain
Mayor Richard Kite	Absent
Councilmember Glenn Miller	Absent
Councilmember Kathleen Fitzpatrick	Absent
Councilmember Jan Harnik	Aye
Supervisor V. Manuel Perez	Aye
Supervisor Yxstian Gutierrez	Aye

7. DISCUSSION / ACTION

A. Contractual Services for Trail Maintenance and Building in the Palm Hills area – Tony Quiroz

Conservation Management Analyst Tony Quiroz presented the staff report. Member discussion ensued, including discussion of property maintenance challenges.

CVCC members also inquired about alternative approaches to managing parking at the location. Councilmember Middleton noted that this would not be the City's preferred location for overnight recreational vehicle parking.

Executive Director Kirk suggested the CVCC consider an amended recommendation to include consulting with the City on times of use and exploring other opportunities

IT WAS MOVED BY COUNCILMEMBER GARDNER AND SECONDED BY MAYOR GRIFFITH TO AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH SOUTHERN CALIFORNIA MOUNTAINS FOUNDATION URBAN CONSERVATION CORPS FOR A NOT-TO-EXCEED AMOUNT OF \$210,777.69 THROUGH JANUARY 31, 2024 TO IMPROVE AND RESTORE APPROXIMATELY 350 ACRES OF OPEN SPACE IN THE SANTA ROSA AND SAN JACINTO NATIONAL MONUMENT CONSERVATION AREA AS PART OF THE PALM HILLS MANAGEMENT EFFORT, AND AUTHORIZE THE EXECUTIVE DIRECTOR AND/OR LEGAL COUNSEL TO MAKE CLARIFYING CONTRACT CHANGES PRIOR TO EXECUTION; AND DIRECT THE EXECUTIVE DIRECTOR TO ALSO CONSULT WITH THE CITY OF PALM SPRINGS ON TIMES OF USE AND EXPLORING OTHER OPPORTUNITIES

THE MOTION CARRIED WITH 13 AYES AND 4 MEMBERS ABSENT.

Councilmember Ernesto Gutierrez	Aye
Mayor Steven Hernandez	Absent
Board Member Anthony Bianco	Aye
Mayor Pro Tem Gary Gardner	Aye
Director Alex Cardenas	Absent
Mayor Donna Griffith	Aye
Councilmember Elaine Holmes	Aye
Mayor Linda Evans	Aye
Director Russ Martin	Aye
Councilmember Evan Trubee	Aye
Councilmember Lisa Middleton	Aye
Mayor Richard Kite	Absent
Councilmember Glenn Miller	Absent
Councilmember Kathleen Fitzpatrick	Aye
Councilmember Jan Harnik	Aye
Supervisor V. Manuel Perez	Aye
Supervisor Yxstian Gutierrez	Aye

B. Deferral of a Peninsular bighorn sheep fence on a single residential lot and acceptance of an easement allowing for future fence construction – Peter Satin

Regional Planner Peter Satin presented the staff report. Member discussion ensued with staff clarifying the fence requirements, next steps for the property and how the agreement was reached with the property owner.

IT WAS MOVED BY COUNCILMEMBER HARNIK AND SECONDED BY BOARD MEMBER BIANCO TO AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE DEFERRING CONSTRUCTION OF A PENINSULAR BIGHORN SHEEP FENCE ON APNS 658-170-003 AND 658-170-010 IN ACCORDANCE WITH THE PROVISIONS OF THE COACHELLA VALLEY MULTIPLE SPECIES HABITAT CONSERVATION PLAN AND TAKE THE NECESSARY STEPS TO ACCEPT AN EASEMENT TO ALLOW FOR THE FUTURE CONSTRUCTION, MAINTENANCE, AND MONITORING OF SUCH A FENCE SHOULD IT BECOME NECESSARY IN THE FUTURE

THE MOTION CARRIED WITH 13 AYES AND 4 MEMBERS ABSENT.

Councilmember Ernesto Gutierrez	Aye
Mayor Steven Hernandez	Absent
Board Member Anthony Bianco	Aye
Mayor Pro Tem Gary Gardner	Aye
Director Alex Cardenas	Absent
Mayor Donna Griffith	Aye
Councilmember Elaine Holmes	Aye
Mayor Linda Evans	Aye
Director Russ Martin	Aye
Councilmember Evan Trubee	Aye
Councilmember Lisa Middleton	Aye
Mayor Richard Kite	Absent
Councilmember Glenn Miller	Absent
Councilmember Kathleen Fitzpatrick	Aye
Councilmember Jan Harnik	Aye
Supervisor V. Manuel Perez	Aye
Supervisor Yxstian Gutierrez	Aye

C. Coachella Valley Multiple Species Habitation Conservation Plan Property Tour – Tom Kirk

At 9:47 a.m. the CVCC recessed and departed for the tour.

Commissioners boarded a bus to visit Lake Cahuilla and the bighorn sheep fence construction. Following that, the CVCC headed east to see the North Shore Ranch as well as some ongoing tamarisk removal.

8. INFORMATION - The following items were provided in the agenda for information only:

A. Attendance Record

9. ANNOUNCEMENTS

The next meeting of the Coachella Valley Conservation Commission will be held on Thursday, February 9, 2023, at 10:30 a.m. via Zoom webinar.

10. ADJOURN –

Following the tour's conclusion, the meeting was adjourned by Chair Evans at 1:26 p.m.

Respectfully submitted,
Erica Felci, Assistant Executive Director

ITEM 6B

Coachella Valley Conservation Commission February 9, 2023



STAFF REPORT

Subject: Remote Teleconference/Virtual Meetings Pursuant to Assembly Bill 361

Contact: Erica Felci, Assistant Executive Director (efelci@cvag.org)

Recommendation: Reaffirm that findings still exist, pursuant to Assembly Bill 361, and authorize continuation of remote teleconference/virtual meetings of the Coachella Valley Conservation Commission and its committees

Background: All meetings of the Coachella Valley Conservation Commission are subject to the Ralph M. Brown Act (Gov. Code §§ 54950 *et seq.*) and must be open and public so that any member of the public may attend and participate in the meetings.

Starting in March 2020, Governor Newsom issued a series of executive orders aimed at preventing the spread of COVID-19, as it was determined that social distancing was an important factor addressing the pandemic. Among these were Executive Orders N-25-20, N-29-20 and N-35-20 (collectively, the “Brown Act Orders”) that waived the teleconferencing requirements of the Brown Act to allow legislative bodies to meet virtually.

On June 11, 2021, the Governor issued Executive Order N-08-21 to begin winding down some of the prior measures that were adopted to respond to COVID-19. Notably, this order rescinds the Brown Act Orders, effective September 30, 2021. On September 16, 2021, Governor Newsom signed Assembly Bill 361 (AB 361), which effective October 1, 2021, allows legislative bodies to meet virtually provided the legislative body makes specific findings.

Specific Findings Required under AB 361:

The CVCC has previously made the following findings pursuant to AB 361:

1. A statewide state of emergency is currently in place;
2. State or local officials have imposed or recommended measures to promote social distancing in connection with COVID-19; and
3. Meeting in person would present imminent risks to the health or safety of attendees.

AB 361 continues until January 2024. Although there has been additional legislation related to the Brown Act, Legal Counsel’s guidance on the issue is that virtual meetings can continue under AB 361. With this item, CVCC staff is recommending the CVCC confirm these findings still exist and continue virtual meetings, pursuant to AB 361.

Fiscal Analysis: There are no additional costs to CVCC for hosting virtual meetings. Commission members are paid the same stipends as they would in person.

ITEM 6C

Coachella Valley Conservation Commission February 9, 2023



STAFF REPORT

Subject: Annual Review of CVCC's Investment Policy

Contact: Claude T. Kilgore, CVCC Auditor/Director of Finance (ckilgore@cvag.org)

Recommendation: Approve CVCC's existing Investment Policy as CVCC Policy 23-01

CVCC Finance Committee: Concurred (Meeting of January 26)

Background: Pursuant to California Government Code Section 53646(a)(2), local agencies (other than counties) "may annually render to his/her legislative body and any oversight committee an investment policy." While not explicitly required by statute, CVCC staff has long maintained that an investment policy should always be in place and provided to the Commission for annual review.

This review is a continuation of CVCC's commitment to uphold the best interest of its members and to ensure shared fiduciary responsibility, increased authority and legitimacy of the investment policy, as well as transparency and disclosure to CVCC members.

CVCC staff has reviewed the existing investment policy and finds that it is sufficient. Staff recommends that the policy be approved as CVCC Policy 23-01. The CVCC Finance Committee also concurred when it met on January 26, 2023.

Fiscal Analysis: There is no cost to approving the policy.

Attachment: CVCC Policy 23-01

CVCC POLICY NUMBER: 23-01

COACHELLA VALLEY CONSERVATION COMMISSION (CVCC) INVESTMENT POLICY FOR CVCC FUNDS

It is the policy of Coachella Valley Conservation Commission (CVCC) to invest public funds in accordance with the requirements of State law to achieve a market rate of return while minimizing the potential for losses, to meet daily cash flow needs of CVCC and to comply with all laws of the State of California regarding the investment of public funds. The ultimate goal is to enhance CVCC's financial condition while protecting its financial assets.

This investment policy is intended to provide guidelines for the prudent investment of CVCC's temporarily idle cash and to identify CVCC's policies regarding the investment process. Investments of public funds shall be made in accordance with the following policy.

1. Investment Objectives:
 - Safety – preservation of the public's funds so that necessary public projects and programs can be constructed and managed;
 - Liquidity – assurance of liquidity to meet daily cash flow needs; and
 - Yield – obtaining the maximum investment yield consistent with the above.
2. Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for the herein defined individual security's credit risk or market price changes, provided deviations from expectations are reported in the herein defined timely fashion and appropriate action is taken to control adverse developments.

3. The CVCC Secretary, and designee, the CVCC Auditor, are responsible for establishing and maintaining an internal control structure designed to ensure the safety of the assets of CVCC and that CVCC assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived; and, (b) the valuation of costs

and benefits requires estimates and judgments by management. Accordingly, the CVCC Secretary, and designee, the CVCC Auditor, shall maintain an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

4. All security transactions entered into by the Coachella Valley Conservation Commission shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the CVCC Auditor and evidenced by safekeeping receipts. Funds invested with the Riverside County Pooled Investment Fund are exempt from this paragraph.
5. Pursuant to CVCC's policies and prior direction, the CVCC Secretary and designee, the CVCC Auditor, are hereby delegated the authority to implement the investment policy set forth herein.
6. Except for those funds necessary to assure maintenance of ongoing CVCC operations, CVCC investment may include:
 - United States Treasury Bonds, Treasury Notes or Treasury Bills
 - Certificates of Deposit, placed with commercial banks and savings and loan companies (not to exceed the FDIC guarantee of \$250,000 per financial institution unless collateralized per Section 7)
 - State of California Local Agency Investment Fund (LAIF)
 - AAA-rated Money Market Funds investing in US Treasury investments
 - Riverside County Pooled Investment Fund

The County of Riverside (County) serves as CVCC's treasurer. The County's Pool is professionally managed and maintains liquidity and diversification so as to minimize risk to the public agencies whose funds are held by the Pool. CVCC Staff reviews the County Treasurer's Investment Portfolio monthly, as well as providing a quarterly investment report to CVCC's Executive Committee (see section 13).

7. Collateralization will be required on demand deposits, certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, a minimum collateralization level is required.

Surplus funds can only be deposited in state or federal commercial banks and savings associations, state or federal credit unions, State of California Local Agency Investment Fund (LAIF) or the Riverside County Pooled Investment Fund within the State of California. The deposits cannot exceed the amount of the bank's or savings and loan's paid-up capital and surplus. The bank or savings and loan must secure public funds deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits.

The CVCC Secretary or CVCC Auditor may waive security for that portion of a deposit which is insured pursuant to Federal law. Currently, the first \$250,000 of a deposit is federally

insured. Deposits in excess of \$250,000 are required to be collateralized as previously indicated.

8. CVCC, to ensure the safety of its investment portfolio, will diversify its investments by security type and institution. No more than 55% of CVCC's total investment portfolio shall be placed with any single financial institution, with the exception of LAIF, whereby CVCC has the option of investing up to the maximum allowable by LAIF.
9. The CVCC Auditor shall develop and maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

No public deposit shall be made except in a qualified public depository as established by state laws. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the CVCC Auditor with the following: audited financial statements, proof of National Association of Security Dealers' certification, and proof of State of California registration. A current (for the fiscal year most recently ended) audited financial statement is required to be on file for each financial institution and broker/dealer in which CVCC invests.

10. The list of permissible investments in Section 6 is intentionally more limited than those set forth in California Government Code Sections 53601 and 53635.
11. Unless further restricted by state law, all investments hereunder shall be limited to a maximum maturity date of three years from date of purchase. A minimum of fifty percent (50%) of CVCC's invested funds must be invested in securities with maturities of one year or less. A minimum of seventy five percent (75%) of CVCC's invested funds must be invested in securities with maturities of two years or less.
12. Excluded from this resolution are investments of employee deferred compensation, employee cafeteria plan and retirement plan funds.
13. This investment policy shall be reviewed at least annually by the Executive Committee and CVCC Secretary in accordance with California Government Code Section 53646 requirements.
14. Under provisions of the California Government Code Section 53646, there shall be a report, at least quarterly, to the Executive Committee on the status of all CVCC investments. This quarterly report will include the following information: Amount on Deposit, Market Value, Source for Market Values, Yield (rate of interest), Type of Investment and Institution. In addition, quarterly report shall:
 1. State compliance of the portfolio to CVCC's investment policy or manner in which the portfolio is not in compliance; and

2. Include a statement denoting the ability of CVCC to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.
15. The CVCC Secretary, or designee, shall suggest such amendments to this policy as he or she, from time to time, deems necessary or prudent.

ADOPTED this ninth day of February 2023.

Linda Evans, Chair
Coachella Valley Conservation Commission

ATTEST:

Tom Kirk
CVCC Executive Director/ Secretary

ITEM 6D

Coachella Valley Conservation Commission

February 9, 2023



STAFF REPORT

Subject: Local Development Mitigation Fee Annual Report for Fiscal Year 2021/2022

Contact: Peter Satin, Conservation Program Manager (psatin@cvag.org)

Recommendation: Receive and file the Local Development Mitigation Fee Annual and Five-Year Report for Fiscal Year 2021/2022 in fulfillment of the reporting requirements of the Mitigation Fee Act

Background: The Local Development Mitigation Fee (LDMF) is a development impact fee assessed on all development within the Coachella Multiple Species Habitat Conservation Plan (CVMSHCP) boundary that results in destruction of habitat due to ground disturbance on previously undisturbed land. The CVMSHCP is a multi-agency conservation plan that provides for the long-term conservation of ecological diversity in the Coachella Valley region of southern California, and includes an area of approximately 1.1 million acres designed to conserve 27 species, 23 natural communities, and three essential ecological processes in perpetuity.

Payment of the LDMF provides for the acquisition, monitoring, and management of compensatory habitat in priority conservation areas while simultaneously granting incidental take authorizations to developers consistent with the state and federal permits issued under the CVMSHCP, thereby allowing local agencies to streamline development activities, including housing production. Revenues generated by the LDMF are complemented by funds provided by public agencies to mitigate impacts from regional infrastructure projects.

The LDMF generated \$3,597,273 in Fiscal Year 2021/2022, a 32-percent increase over the previous year. CVCC also received an in-lieu contribution of approximately 246 acres of conservation land valued at \$746,253. LDMF funds in the amount of \$4,597,630 were used in conjunction with agency mitigation fees to purchase approximately 3,823 acres of conservation land, as well as cover the costs of appraisals and portions of CVCC's yearly monitoring and management obligations. The fund balance at the end of the fiscal year totaled \$3,891,205. To date, the LDMF has generated \$25,605,825 since its inception in 2008.

CVCC staff provided a draft version of the LDMF Annual Report to the Desert Valley Builder's Association (DVBA) for comment. DVBA has provided a letter of support, with a request for minor revisions to future annual reports. Staff will work to incorporate those revisions into future reports.

Fiscal Analysis: There is no cost to receiving and filing the annual report.

Attachments:

LDMF Annual and Five-Year Report for Fiscal Year 2021/2022

DVBA letter of support

Coachella Valley Conservation Commission

Local Development Fee Annual and Five-Year Accounting Report



Fiscal Year 2021-2022

Introduction

In 1987, the California Legislature passed Assembly Bill 1600, also known as the Mitigation Fee Act (Government Code §66000 *et seq.*), outlining the legal requirements in which a development impact fee may be charged by a local governmental agency to an applicant related to the approval of a development project. Such fees are intended to pay for some or all of the costs of new public facilities required to support that project.

The Local Development Mitigation Fee (LDMF) is assessed on all development within the Coachella Multiple Species Habitat Conservation Plan (CVMSHCP) boundary that results in destruction of habitat due to ground disturbance on previously undisturbed land. The CVMSHCP is a multi-agency conservation plan that provides for the long-term conservation of ecological diversity in the Coachella Valley region of southern California, and is administered by the Coachella Valley Conservation Commission (CVCC). The CVMSHCP includes an area of approximately 1.1 million acres designed to conserve 27 species, 23 natural communities, and three essential ecological processes in perpetuity.

Payment of the LDMF provides for the acquisition, monitoring, and management of compensatory habitat in priority conservation areas while simultaneously granting incidental take authorizations to developers consistent with the state and federal permits issued under the CVMSHCP, thereby allowing local agencies to streamline development activities, including housing production. Revenues generated by the LDMF are complemented by funds provided by public agencies to mitigate impacts from regional infrastructure projects.

The following report has been prepared in compliance with California Gov. Code §66006(b), which requires an annual disclosure review of development impact fees collected and disbursements made.

LDMF Fund Activity

The LDMF is assessed based on land use, which is broadly categorized into residential and commercial/industrial development. For residential land use, there exist three tiers of housing density, with low-density housing receiving the highest assessment, and high-density housing receiving the lowest. The fee schedule for fiscal year 2021-2022 is depicted in Table 1.

Table 1: LDMF schedule, fiscal year 2021-2022.

<i>Land Use Category</i>	<i>Assessment Unit</i>	<i>Fee</i>
<i>Residential, < 8.0 dwelling units/acre</i>	Dwelling unit	\$1,400
<i>Residential, 8.1 – 14.0 dwelling units/acre</i>	Dwelling unit	\$583
<i>Residential, > 14.0 dwelling units/acre</i>	Dwelling unit	\$259
<i>Commercial & Industrial</i>	Acre	\$6,215

LDMF is collected by the local permitting agency either before the issuance of a building permit or before the issuance of a certificate of occupancy, depending on the jurisdiction. Local agencies are authorized to retain 1% of the assessed fee to cover administrative costs and remit the remainder to CVCC. In certain cases, developers may provide to CVCC an amount of land equal to the fee that would have otherwise been assessed. LDMF fund revenues, expenses, and other activity for fiscal year 2021-2022 are summarized in Table 2.

Table 2: LDMF fund balance for fiscal year 2021-2022.

Beginning Fund Balance (7/1/21)	\$4,171,460
Fees Collected:	
Gross Fees Collected	\$3,597,273
Administrative Fees Paid to Cathedral City	\$(1,084)
Administrative Fees Paid to Coachella	\$(2,664)
Administrative Fees Paid to Desert Hot Springs	\$(3,185)
Administrative Fees Paid to Indian Wells	\$(924)
Administrative Fees Paid to Indio	\$(8,466)
Administrative Fees Paid to La Quinta	\$(8,603)
Administrative Fees Paid to Palm Desert	\$(4,977)
Administrative Fees Paid to Palm Springs	\$(3,554)
Administrative Fees Paid to Rancho Mirage	\$(560)
Administrative Fees Paid to County of Riverside	\$(1,956)
Administrative Fees Paid to Member Jurisdictions	\$(35,973)
Net Fees Collected	\$3,561,300
Refunds	-
In-lieu Contributions	\$746,253
Interest Earned	\$9,821
Expenditures	\$(4,597,630)
Ending Fund Balance (6/30/22)	\$3,891,205

There were no interfund transfers made into or out of the LDMF fund, nor were any fees refunded or re-allocated for sums that remain unspent after five years and for which a date of commencement of a facility has not been provided. Fund performance over the previous five years is depicted in Table 3.

LDMF Expenditures on Public Facilities

Funds generated by the LDMF, alongside agency mitigation contributions, are used to purchase and manage conservation land in any of the CMVSHCP-designated conservation areas. Acquisition costs may include land appraisals, land asset values, escrow and title fees, and initial site remediation activities. Management activities can include periodic monitoring, installation of infrastructure such as signs and fences, the removal of debris, and biological surveys.

The CVMSHCP dictates that permittees shall conserve and manage in perpetuity at least 100,600 acres by 2053. As of June 30, 2022, permittees have conserved 15,324 acres, just over 15% of the total conservation requirement. While there are sufficient funds for additional purchases at this time, the CVMSHCP provides that land may only be purchased from willing sellers. Until negotiations with willing sellers have been concluded, an approximate date by which any particular purchase will be completed cannot be determined.

Properties purchased using LDMF funds are depicted in Table 4 and Figure 1. Table 4 also includes the percent-funding allocation from the LDMF, and funds expended on appraisals and management activities.

Table 3: Five-year test, 2018-2022.

Revenues Collected from 2018	\$2,258,994
Revenues Collected from 2019	\$4,414,268
Revenues Collected from 2020	\$2,691,023
Revenues Collected from 2021	\$2,723,559
Revenues Collected from 2022	\$3,597,273
Five-year Revenue as of June 30, 2022	\$15,685,118

Table 4: Capital improvement projects utilizing LDMF funds in fiscal year 2021-2022.

Conservation Area/APN	Acres	LDMF Funds	% LDMF
Desert Tortoise & Linkage	146.25	\$66,750	
707290005	146.25	\$66,750	100%
HWY111/I-10	58.45	\$291,100	
522070001	9.66	\$51,350	100%
522070019	28.48	\$122,438	100%
522070020	20.31	\$117,312	100%
Mecca Hills / Orocochia Mountains	80.00	\$21,550	
719280005	40.00	\$10,775	100%
719280007	40.00	\$10,775	100%
Santa Rosa & San Jacinto Mountains	2,938.49	\$3,089,115	
635060004	640.00	\$941	0%
635070025	119.99	\$78,274	100%
635420003	40.00	\$26,094	100%
635430002	160.70	\$104,831	100%
681480011	42.32	\$460,550	100%
686120005	640.00	\$416,941	100%
686320003	640.00	\$416,941	100%
687020001	655.48	\$1,584,543	42%
Thousand Palms	1.22	\$50,550	
648220022	1.22	\$50,550	100%
Upper Mission Creek / Big Morongo Canyon	350.59	\$1,268,147	
516120012	5.00	\$23,750	100%
522070013	0.09	\$241	42%
664050007	9.37	\$63,650	100%
664190001	67.57	\$509,791	100%
664190002	6.16	\$46,509	100%
665020004	78.06	\$296,841	50%
667150005	38.88	\$108,024	100%
667150006	38.66	\$107,413	100%
667160001	66.00	\$2,605	1%
668290001	40.80	\$109,322	42%
Whitewater Floodplain	248.15	\$746,253	
522070028	248.15	\$746,253*	100%
Total Land Expenditures	3,823.15	\$4,040,958	
Appraisals		\$111,117	100%
Monitoring & Management		\$445,555	49%
Total Expenditures		\$4,597,630	

*In-lieu contribution, not counted toward total land expenditures.

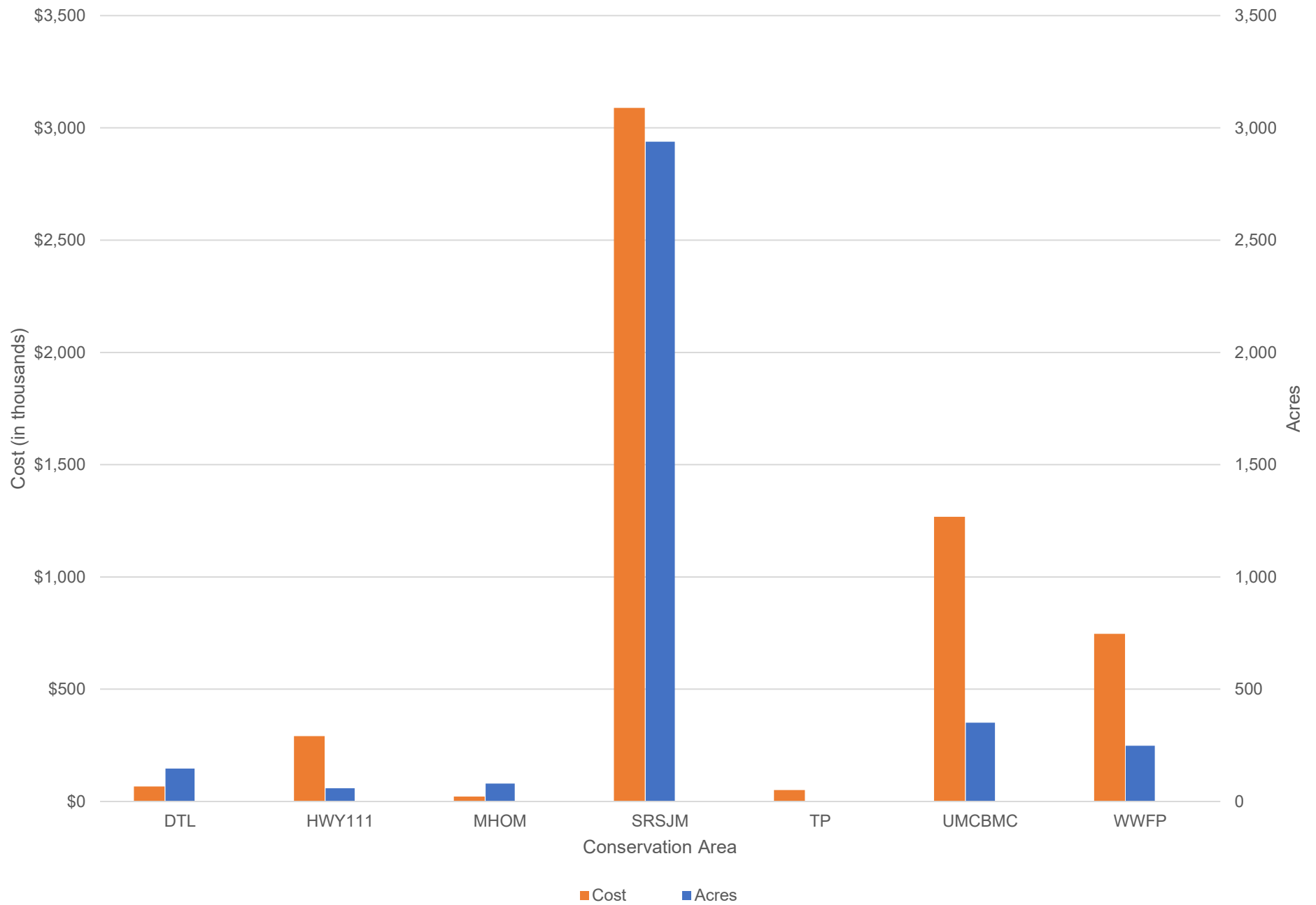
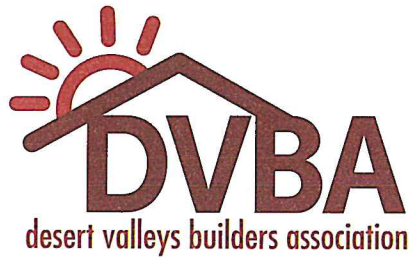


Figure 1: Acreage purchased and fee allocation per Conservation Area in fiscal year 2021-2022.



2022 BOARD OF DIRECTORS

PRESIDENT

Todd Hooks

Agua Caliente Band of
Cahuilla Indians

Immediate Past President

Deborah McGarrey

Southern California Gas Company

1st VICE PRESIDENT

Tom Dubose

Dubose Design Group, Inc.

SECRETARY/TREASURER

Pedro Rincon

Osborne Rincon CPAs

VICE PRESIDENT

OF ASSOCIATES

Allan Levin

Allan Levin & Associates

CHIEF EXECUTIVE OFFICER

Gretchen Gutierrez

DIRECTORS

Fred Bell/ *2022 PAC Chairman*

Nobell Energy Solutions

Brian Benedetti

Brian Benedetti Construction

Mark Benedetti

Dede Callanan

North American Title

Mario Gonzales

GHA Companies

Joe Hayes

First Bank

Jeremy Roos

FreeVolt

Dave Lippert

Lippert Construction, Inc

Paul Mahoney

PMA Advertising

Bruce Maize

Robert Green Company

Russ Martin

Mission Springs Water

District

Dan Olivier

Nethery Mueller Olivier

Alan Pace/*Programs Chairman*

Petra GeoSciences

Kevin Pillow

AC Houston Lumber

John Powell, Jr.

Coachella Valley Water District

Mike Rowe

MSA Consulting

Phil Smith

Sunrise Company

Alissa Vatter

Fidelity National Title

Jeff Wattenbarger

Wattenbarger Construction

January 6, 2023

Coachella Valley Conservation Commission

Tom Kirk, Executive Director

c/o Peter Satin, Regional Planner

73-710 Fred Waring Drive, Ste. 200

Palm Desert, CA 92260

Re: Annual Report – CVMSHCP LDMF

Dear Mr. Kirk,

Thank you for providing the Desert Valleys Builders Association the opportunity to review and comment on the Coachella Valley Conservation Commission's *Development Impact Fees Annual and Five-Year Accounting Report, Fiscal Year 2021-2022*. During our examination, we noticed a minor issue that both the CVCC and DVBA have overlooked in the past.

In justifying the collection and keeping of funds longer than 5 years (G.C. 66001), we have failed to include the earnings through interest, which is part of the annual revenues collected. Please make the necessary change in future reports.

The Desert Valleys Builders Association, acknowledging the oversight, is satisfied that the annual reporting requirements of the Mitigation Fee Act have been met.

Respectfully,

Gretchen Gutierrez
Chief Executive Officer

34360 Gateway Drive • Palm Desert • CA 92211

(760) 776-7001 office • (760) 776-7002 fax

www.TheDVBA.org

**Coachella Valley Conservation Commission
February 9, 2023**



STAFF REPORT

Subject: Contract Extension for Pacific Policy Group

Contact: Emmanuel Martinez, Senior Programs Manager (emartinez@cvag.org)

Recommendation: Authorize the Executive Director to execute Amendment Number One to the services agreement with Pacific Policy Group, providing for two additional years at a not-to-exceed cost of \$60,000 annually for professional lobbying services at the state level to advocate for funding opportunities and policy priorities as identified in the CVCC's legislative platform

Background: On February 10, 2022, the CVCC authorized the Executive Director to enter into a one-year agreement with Pacific Policy Group for state advocacy services. The Sacramento-based firm was chosen through a competitive solicitation for lobbying services. In November 10, 2022, the CVCC adopted its legislative platform FY 2022-23 to guide the legislative advocacy work and provide strategic direction on key issues and topics pertinent to the CVCC.

The agreement is set to expire on February 13, 2023 and staff is recommending a two-year extension with Pacific Policy Group. With continued state representation, the CVCC staff can be better positioned to advocate for beneficial policies or oppose those that may have negative consequences and prepared to take advantage of forthcoming funding opportunities. The retention of state representation comes at a time when the state has a strong political and investment focus on issues related to climate change, climate resiliency, conservation, outdoor recreation, extreme heat and protecting and restoring natural systems. The recommended contract amendment will allow the CVCC to build on efforts over the past year and continue to elevate its projects and be better positioned to take advantage of the funding opportunities for key programs.

Ultimately, the goal is for the Coachella Valley to receive its fair share of funding to strengthen conservation and associated land management and program activities in the Coachella Valley. In the Governor's budget proposal released on January 10, 2023, Gov. Newsom proposed to supplement the \$15 billion dollar in climate change investments from the 2021 budget with an additional \$22.5 billion in one-time dollars to advance the Climate Opportunity Budget. This includes providing incentives to advance clean energy, such as lithium from the Salton Sea, \$75 million for fish and wildlife protection, \$40 million for multi-benefit land repurposing, \$175 million for extreme heat, and \$382 million for nature-based solutions that advance the state's 30x30 initiative, which has as its goal to conserve 30 percent of the state's lands and coastal water by 2030.

CVCC staff and lobbying will continue to monitor the budget process as it gets to the May Revise and then final passage in June, to ensure that viable funding opportunities are identified. Additionally, the advocacy team will continue to monitor policies and regulations that may impact the operations and goals of the CVCC.

Fiscal Analysis: The original agreement authorized in February 2022 was for a one-year term for a not-to-exceed amount of \$50,000. The rates were tiered, starting at \$3,000 per month and ending at \$5,000 per month as the contract continued. It was and.

The amendment does not change Pacific Policy Group's rate of \$5,000 per month, which over a two-year period equals \$120,000. The contract also extends the term through February 13, 2025.

AMENDMENT NUMBER ONE
to the
Pacific Policy Group, LLC
SERVICES CONTRACT
for
State Lobbying Services

This **AMENDMENT NUMBER ONE** is made and entered into this 9TH day of February 2023, by and between the **COACHELLA VALLEY CONSERVATION COMMISSION**, a California joint powers agency (**CVCC**), and the **PACIFIC POLICY GROUP, LLC (Consultant)**, and is made with reference to the following background facts and circumstances. All other terms and conditions shall remain the same as stated in the original Agreement dated February 10, 2022 for State Lobbying Services.

1. **This Amendment Number One extends the term of the contract to February 13, 2025.**
2. **The total amount payable under this Agreement shall not exceed \$170,000.**

Original Agreement	February 10, 2022	\$ 50,000	
Amendment Number One	February 9, 2023	<u>\$120,000</u>	Additional Two Years
Total Agreement Not-to-Exceed		\$170,000	

IN WITNESS WHEREOF, the parties hereto have caused this **Amendment Number One** to be executed by their duly authorized representatives on this date:

**COACHELLA VALLEY CONSERVATION
COMMISSION**

PACIFIC POLICY GROUP, LLC

By: _____
Tom Kirk, Executive Director

By: _____
Tasha Newman, Principal

ITEM 7A

Coachella Valley Conservation Commission February 9, 2023



STAFF REPORT

Subject: CVCC's Audit for Fiscal Year 2021/22 and Related Reports

Contact: Claude T. Kilgore, CVCC Auditor/Director of Finance (ckilgore@cvag.org)

Recommendation: Receive and file the Audited Financial Statements for the fiscal year ended June 30, 2022, Report on Internal Controls over Financial Reporting, and the Auditor's Communication with Those Charged with Governance

CVCC Finance Committee: Concurred (Meeting of January 26)

Background: CVCC has engaged the Coachella Valley Association of Governments (CVAG) to provide staffing and other administrative tasks since its inception. CVAG's Financial Statements Audit Procurement Policy, adopted on June 3, 2002, requires CVAG to obtain from qualified auditing firms, proposals to perform CVAG's annual financial audit every five years. In June 2021, CVAG hired the audit firm of Davis Farr LLP – a firm with an impressive history of professional work in the Coachella Valley – for engagement as the independent auditor for CVAG, CVCC and Desert Community Energy (DCE). The contract is for five fiscal years starting with Fiscal Year 2020/21. Presented with this staff report is the second year-end audit by Davis Farr.

Davis Farr LLP performed the annual audit over CVCC's Basic Financial Statements as of June 30, 2022, and for the fiscal year then ended which include the Government-Wide Financial Statements including the Statement of Net Position and Statement of Activities as well as Fund Financial Statements which include Balance Sheet – Governmental Funds, Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Statement of Revenues, Expenditures and Changes in fund Balance – Governmental Funds, Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, and Notes to the Basic Financial Statements. Davis Farr issued an Unmodified Opinion in December 2022, which means that CVCC's Basic Financial Statements present fairly, in all material respects, the respective financial position of CVCC as of June 30, 2022 for the year then ended in accordance with US GAAP (Generally Accepted Accounting Principles).

In accordance with Government Auditing Standards, Davis Farr also issued a report on their consideration of CVCC's internal control over financial reporting and their tests of CVCC's compliance with certain provisions of laws, regulations, contracts, and grant agreements as well as other matters; Davis Farr was not engaged to provide an opinion on internal control over financial reporting or on compliance. During its testing, Davis Farr did not identify any material weaknesses or significant deficiencies in internal controls. Finally, Davis Farr has provided a letter to the CVCC Board of Directors outlining Significant Audit Findings as promulgated by AU-C Section 260, "The Auditor's Communication with Those Charged With Governance."

CVCC staff appreciated working with, and would like to thank, the Davis Farr team, which was led by Partner Shannon Ayala, for their diligence and hard work in issuing the reports and findings. A member of the Davis Farr team will be available at the CVCC meeting to address any Commissioner's questions or comments. The audit and related reports were also presented to the CVCC Finance Committee when it met on January 26. The Committee concurred with staff's recommendation, which is now presented to the CVCC.

Fiscal Analysis: The professional fees associated with the audit were previously budgeted and there is no additional financial impact.

Attachments:

1. CVCC's Audited Financial Statements for the year ended June 30, 2022
2. Report on Internal Controls over Financial Reporting
3. Auditor's Communication with Those Charged with Governance

COACHELLA VALLEY CONSERVATION COMMISSION

Financial Statements

Year ended June 30, 2022

(With Independent Auditor's Report Thereon)

COACHELLA VALLEY CONSERVATION COMMISSION

Financial Statements

Year ended June 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Notes to the Basic Financial Statements	24
Required Supplementary Information:	
Budget and Actual Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	35
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Management and Monitoring	36
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Land Acquisition	37
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Management Contingency	38

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – In Lieu Fee	39
Notes to the Required Supplementary Information	40
Supplementary Information:	
Combining Fund Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	42

This page intentionally left blank

Independent Auditor's Report

To the Commission Members
Coachella Valley Conservation Commission
Palm Desert, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coachella Valley Conservation Commission (Commission), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Commissions, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The financial statements for the year ended June 30, 2022 reflect certain prior period adjustments as described further in note 8 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Commission's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Commission's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The *combining nonmajor fund financial statements* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining nonmajor fund financial statements* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining nonmajor fund financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Commission's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
December 22, 2022

This page intentionally left blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of Coachella Valley Conservation Commission ("Commission") provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. Also included in the accompanying report are the *fund financial statements*. The fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Commission's operations in more detail than the government-wide statements by providing information about the Commission's most significant funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The *basic financial statements* include two kinds of statements that present different views of the Commission:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Commission's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Commission government, reporting the Commission's operations in *more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provide additional financial and budgetary information.

Reporting the Commission as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the Commission as a whole. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in them. You can think of the Commission's net position - the difference between assets and liabilities as one way to measure the Commission's financial health, or *financial position*. Over time, *increases and decreases* in the Commission's net position is one indicator of whether its *financial health* is improving or deteriorating.

Reporting the Commission's Major Funds

The **fund financial statements** provide detailed information about the Commission's most significant funds - not the Commission as a whole. Some funds are required to be established by grant or legal requirements. However, the Commission establishes other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain resources.

Governmental funds - the Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Percent Change
Assets:				
Cash and investments	\$ 28,684,523	\$ 30,534,082	\$ (1,849,559)	(6.1)%
Account receivable	14,220	10,000	4,220	42.2%
Deposit	14,725	-	14,725	100.0%
Other current assets	50,319	19,329	30,990	160.3%
Due from other governments	1,800,610	1,284,125	516,485	40.2%
Capital assets, not depreciated	82,458,027	73,457,878	9,000,149	12.3%
Total Assets	113,022,424	105,305,414	7,717,010	7.3%
Liabilities:				
Accounts payable	193,589	178,735	14,854	8.3%
Deposit payable	20,518	-	20,518	100.0%
Due to other governments	500,754	817,793	(317,039)	(38.8)%
Total Liabilities	714,861	996,528	(281,667)	(28.3)%
Net Position:				
Investment in capital assets	82,458,027	73,457,878	9,000,149	12.3%
Restricted	28,044,359	30,160,257	(2,115,898)	(7.0)%
Unrestricted	1,805,177	690,751	1,114,426	161.3%
Total Net Position	\$ 112,307,563	\$ 104,308,886	\$ 7,998,677	7.7%

A summary of the government-wide *statement of activities* follows:

Statement of Activities

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Total Percent change
Operating Expenses:				
Administrative	\$ 468,194	\$ 467,919	\$ 275	0.1%
Biological monitoring and land management program	<u>1,019,639</u>	<u>1,015,273</u>	<u>4,366</u>	<u>0.4%</u>
Total Expenses	<u>1,487,833</u>	<u>1,483,192</u>	<u>4,641</u>	<u>0.3%</u>
Program Revenues:				
Operating contributions and grants	3,219,767	3,462,816	(243,049)	(7.0)%
Capital contributions and grants	6,534,331	4,060,411	2,473,920	60.9%
General Revenues:				
Interest income (loss)	(403,437)	18,875	(422,312)	(2237.4)%
Other revenues	<u>11,738</u>	<u>6,955</u>	<u>4,783</u>	<u>68.8%</u>
Total Revenues	<u>9,362,399</u>	<u>7,549,057</u>	<u>1,813,342</u>	<u>24.0%</u>
Changes in Net Position	7,874,566	6,065,865	1,808,701	29.8%
Net Position - Beginning, as restated	<u>104,432,997</u>	<u>98,243,021</u>	<u>6,189,976</u>	<u>6.3%</u>
Net Position - Ending	<u>\$ 112,307,563</u>	<u>\$ 104,308,886</u>	<u>\$ 7,998,677</u>	<u>7.7%</u>

The increase or decrease in net position can provide an indication as to whether the overall financial position of the Commission improved or deteriorated during the year. Net position of the Commission's governmental activities increased by 7.7% (\$112.3 million compared to \$104.3 million). The net position of the Commission changed as a result of the revenue and expense fluctuations and also capital assets described below for the activities of the Commission.

MAJOR FUNDS

General Fund - The General Fund accounts for all of the general revenues of the Commission not specifically levied or collected for some special purpose, and for the expenditures related to the rendering of general services by the Commission. The current fiscal year's excess was \$1,088,217, bringing the ending fund balance of the General Fund to \$12,315,691.

The reasons for significant amounts in the revenues and expenditures of the Commission's General Fund are as follows:

- Agencies mitigation fees in the amount of \$1,419,625 were received from agencies contributing toward the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP), a decrease of \$20,315 from the prior year as current advanced mitigation projects are currently providing relatively stable revenue compared to last year.
- As is true for all funds, interest rates on investments at Riverside County Treasurer's Pooled Investment Fund hovered near historic lows during fiscal year 2021/22 resulting in a minimal interest income. In addition, investment losses began in September 2021 as book yield percentages ticked while the Federal Reserve (Fed) announced it would begin reducing its asset purchases. This culminated with the departure from 0% short-term interest rates in March 2022 when the Fed instituted the first rate hike since 2018. To slow inflation growth, the Fed again raised their overnight borrowing rate by a half percent in May. When interest rates increase investment losses typically follow as bonds and interest rates have an inverse relationship. Given the current economic outlook, investment losses may continue in the near term.

Management And Monitoring Fund - The Management and Monitoring Fund accounts for the revenues associated with implementation of the land management program and the biological monitoring program for the CVMSHCP. The current fiscal year's increase was \$36,733, bringing the total ending fund balance to \$658,988.

The reasons for significant amounts in the revenues and expenditures of the Commission's Management and Monitoring Fund are as follows:

- The Commission adopted a fee ordinance in FY 2011/12 which permits part of the Development Mitigation fees collected to be used for Management and Monitoring. Current year amount allocated to this fund was \$738,399, an increase of \$281,303 from the prior year's revenue. The increase is mainly attributed to an increase in the base calculation for the Local Development Mitigation Fees as well as development trends.
- Consultant expenditures were \$741,089, an increase of \$196,424 from the prior year's expenditures. This increase is primarily due to an expansion of activities related to law enforcement and management of acquired lands as well as biological monitoring, the latter of which is partially funded by grant funds. As CVCC continues to acquire land, the costs associated with management and monitoring will continue to rise.

Land Acquisition Fund - The Land Acquisition Fund accounts for the revenues generated by the Local Development Mitigation Fee (LDMF) and mitigation contributions from various agencies. The current fiscal year's decrease in fund balance was \$2,727,400, bringing the total ending fund balance to \$9,211,925.

The reasons for significant amounts in the revenues and expenditures of the Commission's Land Acquisition Fund are as follows:

- As noted in the Management and Monitoring Fund section, a fee ordinance was adopted in FY 2011/12 and since part of the development fee was allocated, the Development Mitigation fee that allocated to this fund was \$3,605,127 an increase of \$1,371,837 from the prior year's revenue. The increase is mainly attributed to an increase in the base calculation for the Local Development Mitigation Fees as well as development trends.

- Capital outlay expense increased by \$7,888,445 from \$1,069,049 in the prior year to \$8,957,494 in the current year due to significant land acquisitions during the year, including CVCC's single largest land acquisition since inception. Also of note, the Commission completed the acquisition of its 100,000th acre in October 2021.

Management Contingency Fund - The Management Contingency Fund accounts for the funds established for the purpose of which is to provide the ability to address immediate and/or large scale Monitoring and Management Program needs on the Permittees lands. The current fiscal year's decrease in fund balance was \$112,060, bringing the ending fund balance to \$4,483,211.

The reasons for significant amount in the expenditures of the Commission's Management Contingency Fund are as follows:

- \$42,655 was transferred out to the Management and Monitoring Fund for expenditures incurred on the sheep barrier project, a decrease of \$377,662. The decrease is because materials for the fence construction were pre-purchased in the prior fiscal year. As construction is slated to begin in fiscal year 2022/23, expenditures related to the sheep fence are expected to again rise next fiscal year.

In-Lieu Fee Fund - The In-Lieu Fee Fund accounts for the funds generated from mitigation for unavoidable impacts to Waters of the U.S. and are used to perform restoration projects. The current fiscal year's excess was \$368,733, bringing the ending fund balance to \$2,092,141.

The reasons for significant amount in the expenditures of the Commission's Management Contingency Fund are as follows:

- Agencies mitigation fees in the amount of \$417,105 was received in the current year, a decrease of \$628,869 from the prior year's amount.
- Consultant expenditures was \$50,284, an increase of \$28,150 from the prior year's expenditure, mainly due to an increase in work performed by a vendor.

CAPITAL ASSETS

Capital Assets
(not being depreciated)

	Balance June 30, 2022	Balance June 30, 2021	Increase
Land	\$ 81,995,055	\$ 73,037,561	\$ 8,957,494
Construction in Progress	462,972	420,317	42,655
Total	<u>\$ 82,458,027</u>	<u>\$ 73,457,878</u>	<u>\$ 9,000,149</u>

The major additions to capital assets were land acquisitions within the conservation area due to significant acquisitions during the year, including CVCC's single largest land acquisition since inception.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, members, and resource providers with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Commission's Office, attention: Director of Administrative Services Department, at 73710 Fred Waring Drive, Suite 200, Palm Desert, California 92260.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY CONSERVATION COMMISSION

Statement of Net Position

June 30, 2022

(with comparative prior year information)

	Governmental Activities	
	2022	2021
Assets:		
Cash and investments (note 2)	\$ 28,684,523	30,534,082
Interest receivable	50,319	19,329
Accounts receivable	14,220	10,000
Deposits	14,725	-
Due from other governments	1,800,610	1,284,125
Capital assets, not depreciated (note 4)	<u>82,458,027</u>	<u>73,457,878</u>
Total Assets	<u>113,022,424</u>	<u>105,305,414</u>
Liabilities:		
Accounts payable	193,589	178,735
Deposits payable	20,518	-
Due to other governments	<u>500,754</u>	<u>817,793</u>
Total Liabilities	<u>714,861</u>	<u>996,528</u>
Net Position:		
Investment in capital assets	82,458,027	73,457,878
Restricted:		
Endowment	10,834,956	10,839,926
Management and monitoring	7,997,478	7,614,408
Land acquisition	9,211,925	11,705,923
Unrestricted	<u>1,805,177</u>	<u>690,751</u>
Total Net Position	<u>\$ 112,307,563</u>	<u>104,308,886</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

Statement of Activities

Year ended June 30, 2022

(with comparative prior year information)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	
					2022	2021
Governmental Activities:						
Administrative	\$ 468,194	-	1,825,401	-	1,357,207	1,435,011
Biological monitoring and land management program	<u>1,019,639</u>	<u>-</u>	<u>1,394,366</u>	<u>6,534,331</u>	<u>6,909,058</u>	<u>4,605,024</u>
Total Governmental Activities	<u>\$ 1,487,833</u>	<u>-</u>	<u>3,219,767</u>	<u>6,534,331</u>	<u>8,266,265</u>	<u>6,040,035</u>
General Revenues:						
Investment income (loss)						18,875
Other revenues						<u>6,955</u>
Total General Revenues						<u>(391,699)</u>
Change in Net Position						<u>7,874,566</u>
Net Position - Beginning, as restated (note 8)						<u>104,432,997</u>
Net Position - Ending						<u>\$ 112,307,563</u>
						<u>104,308,886</u>

See accompanying notes to financial statements.

This page intentionally left blank

COACHELLA VALLEY CONSERVATION COMMISSION

Balance Sheet - Governmental Funds

June 30, 2022

(with comparative prior year information)

		Special Revenue Funds		
	General Fund	Management and Monitoring	Land Acquisition	Management Contingency
Assets:				
Cash and investments	\$ 11,331,072	907,931	8,677,618	4,474,409
Interest receivable	21,133	1,650	16,767	8,802
Deposits	-	14,725	-	-
Accounts receivable	-	14,220	-	-
Due from other funds (note 3)	84,343	-	-	-
Due from other governments	<u>1,229,118</u>	<u>31,683</u>	<u>539,809</u>	<u>-</u>
Total Assets	<u>\$ 12,665,666</u>	<u>970,209</u>	<u>9,234,194</u>	<u>4,483,211</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 5,499	147,633	15,443	-
Deposits payable	-	20,518	-	-
Due to other funds (note 3)	-	-	-	-
Due to other governments	<u>344,476</u>	<u>143,070</u>	<u>6,826</u>	<u>-</u>
Total Liabilities	<u>349,975</u>	<u>311,221</u>	<u>22,269</u>	<u>-</u>
Fund Balances:				
Restricted:				
Endowment	10,510,514	-	-	-
Management and monitoring	-	658,988	-	4,483,211
Land acquisition	-	-	9,211,925	-
Unassigned	<u>1,805,177</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>12,315,691</u>	<u>658,988</u>	<u>9,211,925</u>	<u>4,483,211</u>
Total Liabilities and Fund Balances	<u>\$ 12,665,666</u>	<u>970,209</u>	<u>9,234,194</u>	<u>4,483,211</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

Balance Sheet - Governmental Funds (Continued)

June 30, 2022

(with comparative prior year information)

Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	
		2022	2021
In-Lieu Fee			
2,207,880	1,085,613	28,684,523	30,534,082
-	1,967	50,319	19,329
-	-	14,725	-
-	-	14,220	10,000
-	-	84,343	48,423
-	-	1,800,610	1,284,125
<u>2,207,880</u>	<u>1,087,580</u>	<u>30,648,740</u>	<u>31,895,959</u>
25,014	-	193,589	178,735
-	-	20,518	-
84,343	-	84,343	48,423
<u>6,382</u>	<u>-</u>	<u>500,754</u>	<u>817,793</u>
<u>115,739</u>	<u>-</u>	<u>799,204</u>	<u>1,044,951</u>
-	324,442	10,834,956	10,839,926
2,092,141	763,138	7,997,478	7,614,408
-	-	9,211,925	11,705,923
-	-	1,805,177	690,751
<u>2,092,141</u>	<u>1,087,580</u>	<u>29,849,536</u>	<u>30,851,008</u>
<u>2,207,880</u>	<u>1,087,580</u>	<u>30,648,740</u>	<u>31,895,959</u>

This page intentionally left blank

COACHELLA VALLEY CONSERVATION COMMISSION

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**

June 30, 2022

Fund balances of governmental funds	\$ 29,849,536
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, such as land used in governmental activities, are not financial resources and, therefore, are not reported in the funds.	<u>82,458,027</u>
Net Position of Governmental Activities	<u>\$ 112,307,563</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds**

Year ended June 30, 2022

(with comparative prior year information)

		Special Revenue Funds		
	General Fund	Management and Monitoring	Land Acquisition	Management Contingency
Revenues:				
Development mitigation fees	\$ -	738,399	3,605,127	-
Agencies mitigation fees	1,419,625	-	2,634,204	-
Tipping fees	328,618	-	-	-
Grants	-	78,787	-	-
Investment income (loss)	(191,832)	3,422	(131,415)	(69,405)
Advertising Revenue	-	3,554	-	-
Conservation Easement Endowment	-	-	-	-
Contributions	-	-	295,000	-
Miscellaneous	-	8,184	-	-
Total Revenues	<u>1,556,411</u>	<u>832,346</u>	<u>6,402,916</u>	<u>(69,405)</u>
Expenditures:				
Current:				
Administrative fees	-	6,115	30,357	-
Insurance	16,408	-	-	-
Per diem	9,000	-	-	-
General and office expenses	5,605	19,499	-	-
Professional services	38,080	13,447	48,500	-
Consultants	399,101	741,089	62,117	-
Land improvements	-	15,463	31,848	-
Equipment	-	-	-	-
Capital outlay	-	42,655	8,957,494	-
Total Expenditures	<u>468,194</u>	<u>838,268</u>	<u>9,130,316</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,088,217</u>	<u>(5,922)</u>	<u>(2,727,400)</u>	<u>(69,405)</u>
Other Financing Sources (Uses):				
Transfers in (note 3)	-	42,655	-	-
Transfers out (note 3)	-	-	-	(42,655)
Total Other Financing Sources (Uses)	<u>-</u>	<u>42,655</u>	<u>-</u>	<u>(42,655)</u>
Net Change in Fund Balances	1,088,217	36,733	(2,727,400)	(112,060)
Fund Balance - Beginning, as restated (note 8)	<u>11,227,474</u>	<u>622,255</u>	<u>11,939,325</u>	<u>4,595,271</u>
Fund Balance - End	<u>\$ 12,315,691</u>	<u>658,988</u>	<u>9,211,925</u>	<u>4,483,211</u>

See accompanying notes to financial statements.

COACHELLA VALLEY CONSERVATION COMMISSION

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds (Continued)**

Year ended June 30, 2022

(with comparative prior year information)

Special Revenue Fund		Total Governmental Funds	
In-Lieu Fee	Other Governmental Funds	2022	2021
-	-	4,343,526	2,690,386
417,105	160,075	4,631,009	4,369,331
-	-	328,618	462,990
-	-	78,787	520
2,832	(17,039)	(403,437)	18,876
-	-	3,554	-
-	77,158	77,158	-
-	-	295,000	-
-	-	8,184	6,955
<u>419,937</u>	<u>220,194</u>	<u>9,362,399</u>	<u>7,549,058</u>
-	-	36,472	26,905
-	-	16,408	13,442
-	-	9,000	8,700
920	-	26,024	57,854
-	-	100,027	84,189
50,284	-	1,252,591	1,182,562
-	-	47,311	80,804
-	-	-	28,737
-	-	9,000,149	1,489,366
<u>51,204</u>	<u>-</u>	<u>10,487,982</u>	<u>2,972,559</u>
<u>368,733</u>	<u>220,194</u>	<u>(1,125,583)</u>	<u>4,576,499</u>
-	-	42,655	420,317
-	-	(42,655)	(420,317)
-	-	-	-
368,733	220,194	(1,125,583)	4,576,499
<u>1,723,408</u>	<u>867,386</u>	<u>30,975,119</u>	<u>26,274,509</u>
<u>2,092,141</u>	<u>1,087,580</u>	<u>29,849,536</u>	<u>30,851,008</u>

This page intentionally left blank

COACHELLA VALLEY CONSERVATION COMMISSION

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**

Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$ (1,125,583)
--	----------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets is allocated over their estimated useful lives and reported as depreciation expense (if applicable). This is the amount of capital outlays during the year, as the Commission holds no assets being depreciated.

<u>9,000,149</u>

Change in Net Position of Governmental Activities

<u>\$ 7,874,566</u>

See accompanying notes to financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies

(a) Description of Reporting Entity

The Coachella Valley Conservation Commission (the Commission) was formed under California's Joint Powers Law on December 1, 2005 for the purpose of overseeing and administering the Coachella Valley Multiple Species Habitat Conservation Plan (the CVMSHCP), a regional habitat conservation plan which balances conservation of rare and endangered species and development on an area-wide and regional basis under Section 6500 et. seq. of the Government Code. The Commission's members are the Cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, Coachella Valley Water District, Imperial Irrigation District, and Mission Springs Water District. Nonvoting participants of the Commission are Coachella Valley Association of Governments, Riverside County Flood Control and Water Conservation District, Riverside County Regional Parks and Open Space District and Riverside County Waste Management District.

The CVMSHCP is a long-term habitat conservation plan permitted by the California Department of Fish and Game as of September 9, 2008 and the United States Fish and Wildlife Services as of October 1, 2008 under the authority of the state and federal Endangered Species Acts. Although the Commission was formed as an independent joint powers authority prior to issuance of the state and federal permits for the CVMSHCP, it did not begin functioning as an independent agency until October 2008. With the approval of the CVMSHCP permits, funding for the activities of the Commission, including land acquisition, land management and biological monitoring, became available as of October 1, 2008.

With the CVMSHCP, over 240,000 acres of open space will be protected as well as 27 species of plants and animals that are threatened or facing extinction. The Commission acquired its 100,000th acre in October 2021. The Commission is also empowered to acquire land and administer grant programs to not-for-profit programs and permittees to conserve lands that contribute to the CVMSHCP's reserves, and to coordinate conservation easement agreements with landowners, seek grants and other funding sources to assist with acquisition, and coordinate with other state and federal acquisition programs in the CVMSHCP's area to ensure efficiency and consistency among acquisition programs. The basic financial statements of the Commission include all activities for which the Commission is financially accountable.

Major sources of revenue for the Commission include a Local Development Mitigation Fee collected on new development, tipping fees from Riverside County landfills, and regional infrastructure mitigation funds from various agencies, including the Coachella Valley Association of Governments, Coachella Valley Water District and Imperial Irrigation District. Other funding sources may be identified in subsequent years.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The Commission has no business-type activities, fiduciary activities, or component units.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances have been eliminated for purposes of the Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The underlying accounting system of the Commission is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the Commission's governmental funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and other governmental funds in the aggregate. All of the Commission's funds, with the exceptions of the Lizard Endowment and Travertine Point Monitoring Funds, are considered major funds.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission does not have any items that qualify for reporting in this category.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Governmental Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance — this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance — this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted. The accompanying financial statements include restricted fund balance for management and monitoring, land acquisition, and endowment. The CVMSHCP that created the funding source restricted the use of these funds for specific purposes.

Committed Fund Balance — this includes amounts that can be used only for the specific purposes determined by a formal action of the Commission. It includes legislation (Commission action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Commission action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The Commission considers a resolution to constitute a formal action of the Commission for the purposes of establishing committed fund balance.

Assigned Fund Balance — this includes amounts that are designated or expressed by the Commission but does not require a formal action like a resolution or ordinance. The Commission may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes.

Unassigned Fund Balance — this includes the remaining spendable amounts which are not included in one of the other classifications.

It is the Commission's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Commission.

(d) Fund Classifications

The Commission reports the following major governmental funds:

General Fund – This fund is used to account for all of the general revenues of the Commission not specifically levied or collected for special purposes, and for the expenditures related to the rendering of general services by the Commission.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Management and Monitoring Special Revenue Fund – This fund is used to account for the revenues associated with implementation of the land management program and the biological management program for the CVMSHCP. These programs are supported by grants and funds provided by various agencies to support implementation of the CVMSHCP.

Land Acquisition Special Revenue Fund – This fund is used to account for the revenues generated by the Local Development Mitigation Fee (LDMF) and mitigation contributions from various agencies. These revenues are used to support the acquisition of lands by the Commission on behalf of the Local Permittees to meet the goals of the CVMSHCP.

Management Contingency Special Revenue Fund – This fund is used for the ability to address immediate and/or large-scale Monitoring and Management Program needs on the permittees' lands. According to the Coachella Valley Multiple Species Habitat Conservation Plan, the Commission will establish a \$5.0 million management contingency fund as a subset of the Monitoring and Management Program budgets. This one-time Management Contingency Fund will be established within the first 10 years after permit issuance (2008) and will be included in the Operating Fund Budget as a separate item.

In-Lieu Fee Special Revenue Fund – This fund is used to account for monies received from fees charged to other agencies for environmental mitigation.

(e) Reclassification and Eliminations

Inter-fund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

(f) Cash and Investments

The Commission pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(g) Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received as part of a service concession arrangement, are recorded at acquisition value at the date of acquisition. Generally, the Commission capitalizes assets with a cost in excess of \$5,000 with a useful life in excess of one year.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation expense is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. The Commission currently reports no depreciable assets.

(h) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(i) Comparative Financial Statements

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's prior year financial statements, from which selected financial data was derived. The Commission has reclassified certain prior year information to conform with current year presentations.

Note 2: Cash and Investments

Cash and investments of the Commission consisted of the following at June 30, 2022:

Cash and deposits:	
Deposits with financial institutions	\$ 2,209,113
Investments:	
Riverside County Pooled Investment Fund	<u>26,475,410</u>
Total cash and investments	<u>\$28,684,523</u>

Deposits

The Commission's deposits with financial institutions were insured or collateralized as required by State Law.

Investments Authorized by the California Government Code and the Commission's Investment Policy

The table below identifies the investment types that are authorized for the Commission by the California Government Code (or the Commission's investment policy, where more restrictive).

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 2: Cash and Investments (Continued)

The table also identifies certain provisions of the California Government Code (or the Commission's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	3 years	None	None
Money Market Mutual Funds investing in United States Treasury Investments	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Commission manages its exposure to interest, rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Commission's investment in the Riverside County Pooled Investment Fund of \$26,475,410 is available on demand.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Commission does not hold any investments subject to minimum credit ratings. The pooled investments held with the Riverside County Pooled Investment Fund are considered to be unrated.

Investment in Riverside County Investment Pool

The Commission is a voluntary participant in the County of Riverside Treasury Pool. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission's pro-rata share of the fair value provided by the County for the entire County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County.

Fair Value Hierarchy

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 3: Interfund Activities

Transfers

The Management Contingency Fund transferred \$42,655 to the Management and Monitoring Special Revenue Fund to pay for expenditures incurred for construction of the Peninsular Big Horn Sheep Fence Barrier Project.

Due to/from Other Funds

Interfund receivables and payables are as follows at June 30, 2022:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 84,343	-
In-Lieu Fee fund	-	84,343
Total	<u>\$ 84,343</u>	<u>84,343</u>

Interfund borrowings were to cover the In-Lieu Fee fund temporary cash deficits.

Note 4: Capital Assets

A summary of capital asset activity for the year ended June 30, 2022, is as follows:

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>
Capital assets, not depreciated:				
Land	\$ 73,037,561	8,957,494	-	81,995,055
Construction in Progress	<u>420,317</u>	<u>42,655</u>	-	<u>462,972</u>
Total capital assets, not depreciated	<u>\$ 73,457,878</u>	<u>9,000,149</u>	-	<u>82,458,027</u>

Note 5: Liability, Property and Workers' Compensation Protection Description

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The Coachella Valley Conservation Commission is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 5: Liability, Property and Workers' Compensation Protection Description (Continued)

Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula.

(2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2021-22.

Note 6: Future Funding

Per the 2011 Local Development Mitigation Fee Nexus Study, plan implementation costs include the direct and indirect costs associated with land acquisition, the Monitoring Program, and the Management Program, including Adaptive Management. Additional costs include staff costs associated with Plan Administration. The estimated costs of Plan implementation for the permittees over the 75-year term are \$1,708,767,000. Revenue sources to fund these costs are as follows:

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 6: Future Funding (Continued)

Local Development Mitigation Fee	\$1,212,881,000
Conservation Trust Fund	160,432,000
Regional Road Projects and Infrastructure Mitigation	100,814,000
Interest on Investments	<u>234,640,000</u>
Total Revenues	<u>\$1,708,767,000</u>

In accordance with the CVMSHCP, Coachella Valley Association of Governments (CVAG) committed \$30 million of future Measure A funds, which would mitigate all the regional transportation projects listed in the current Transportation Project Prioritization Study (TPPS). Under the CVMSHCP, the \$30 million in the CVAG transportation funds would contribute to both land acquisition and the establishment of the Endowment Fund, which would ensure monitoring and management of the acquired lands. The CVMSHCP area includes 1.1 million acres, encompassing the entire Coachella Valley and the surrounding mountains. The CVMSHCP will benefit the local jurisdictions by providing Take Authorization for all development, including public infrastructure projects, undertaken by the Permittees (signatories to the MSHCP) outside the Conservation Areas. By providing Take Authorization for public and private development projects, the MSHCP eliminates the need for projects to conduct biological surveys and negotiate individual project mitigation with the U.S. Fish and Wildlife Service and the California Department of Fish and Game. At June 30, 2022, the outstanding commitment from CVAG is \$6,675,000. This commitment has not been recorded as a receivable because it has not met all the revenue recognition requirements.

Note 7: Related Party Transactions

The Commission entered into a contract with Coachella Valley Association of Governments (CVAG), whereby CVAG, under the direction of the Commission, will coordinate and administer the implementation of CVMSHCP. The contract calls for the Commission to pay CVAG based upon actual staff time spent at rates not to exceed the rates paid by CVAG. The amount shall not exceed \$850,000, adjusted annually for inflation, for fiscal year 2021-2022. During the year, CVAG incurred and charged the Commission \$767,687 of staff time and allocated administrative expenses, all of which was accounted for in the fiscal year.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to the Basic Financial Statements

Year ended June 30, 2022

Note 8: Prior Period Adjustments

During the fiscal year ended June 30, 2022, the Commission recorded a prior period adjustment between the General, Management and Monitoring, Land Acquisition and In Lieu Fee Fund for a correction for consulting expenses related to prior fiscal year. See the following adjustments as shown below:

	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			
	Governmental Activities	General Fund	Management and Monitoring	Land Acquisition Fund	In Lieu Fee Fund
Beginning net position/fund balance, as previously reported	\$ 104,308,886	11,201,265	515,713	11,705,923	1,965,450
Consulting expenses	<u>124,111</u>	<u>26,209</u>	<u>106,542</u>	<u>233,402</u>	<u>(242,042)</u>
Beginning net position/fund balance, as restated	<u>\$ 104,432,997</u>	<u>11,227,474</u>	<u>622,255</u>	<u>11,939,325</u>	<u>1,723,408</u>

COACHELLA VALLEY CONSERVATION COMMISSION
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund

Year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Agencies mitigation fees	\$ -	-	1,419,625	1,419,625
Tipping fees	440,223	440,223	328,618	(111,605)
Investment income (loss)	2,700	2,700	(191,832)	(194,532)
Total Revenues	442,923	442,923	1,556,411	1,113,488
Expenditures:				
Insurance	16,408	16,408	16,408	-
Per diem	11,900	11,900	9,000	2,900
General and office expenses	8,039	8,039	5,605	2,434
Professional services	45,750	45,750	38,080	7,670
Consultants	283,336	283,336	399,101	(115,765)
Total Expenditures	365,433	365,433	468,194	(102,761)
Excess of Revenues over Expenditures	77,490	77,490	1,088,217	1,216,249
Net Change in Fund Balance	77,490	77,490	1,088,217	1,010,727
Fund Balance - Beginning, as restated	11,227,474	11,227,474	11,227,474	-
Fund Balance - Ending	\$ 11,304,964	11,304,964	12,315,691	1,010,727

See notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Management and Monitoring**

Year ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Development mitigation fees	\$ 347,042	347,042	738,399	391,357
Grants	248,522	248,522	78,787	(169,735)
Investment income	3,500	3,500	3,422	(78)
Miscellaneous	<u>7,500</u>	<u>7,500</u>	<u>11,738</u>	<u>4,238</u>
Total Revenues	<u>606,564</u>	<u>606,564</u>	<u>832,346</u>	<u>225,782</u>
Expenditures:				
Administrative fees	3,470	3,470	6,115	(2,645)
General and office expenses	6,500	6,500	19,499	(12,999)
Professional services	66,000	66,000	13,447	52,553
Consultants	1,046,834	1,046,834	741,089	305,745
Land improvements	1,812,400	1,812,400	15,463	1,796,937
Equipment	3,000	3,000	-	3,000
Utilities	15,000	15,000	-	15,000
Capital outlay	<u>-</u>	<u>-</u>	<u>42,655</u>	<u>(42,655)</u>
Total Expenditures	<u>2,953,204</u>	<u>2,953,204</u>	<u>838,268</u>	<u>2,114,936</u>
Deficiency of Revenues under Expenditures	<u>(2,346,640)</u>	<u>(2,346,640)</u>	<u>(5,922)</u>	<u>(1,889,154)</u>
Other Financing Sources (Uses):				
Transfers in	<u>2,179,477</u>	<u>2,179,477</u>	<u>42,655</u>	<u>(2,136,822)</u>
Total Other Financing Sources (Uses)	<u>2,179,477</u>	<u>2,179,477</u>	<u>42,655</u>	<u>(2,136,822)</u>
Net Change in Fund Balance	(167,163)	(167,163)	36,733	203,896
Fund Balance - Beginning, as restated	<u>622,255</u>	<u>622,255</u>	<u>622,255</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 455,092</u>	<u>455,092</u>	<u>658,988</u>	<u>203,896</u>

See notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Land Acquisition**

Year ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Development mitigation fees	\$ 1,694,380	1,694,380	3,605,127	1,910,747
Agencies mitigation fees	2,634,212	2,634,212	2,634,204	(8)
Contributions	-	-	295,000	295,000
Investment income (loss)	45,000	45,000	(131,415)	(176,415)
Total Revenues	<u>4,373,592</u>	<u>4,373,592</u>	<u>6,402,916</u>	<u>2,029,324</u>
Expenditures:				
Administrative fees	16,944	16,944	30,357	(13,413)
General and office expenses	500	500	-	500
Professional services	107,304	107,304	48,500	58,804
Consultants	341,445	341,445	62,117	279,328
Land improvements	125,000	125,000	31,848	93,152
Capital outlay	<u>7,598,881</u>	<u>7,598,881</u>	<u>8,957,494</u>	<u>(1,358,613)</u>
Total Expenditures	<u>8,190,074</u>	<u>8,190,074</u>	<u>9,130,316</u>	<u>(940,242)</u>
Excess (Deficiency) of Revenues over/under Expenditures	<u>(3,816,482)</u>	<u>(3,816,482)</u>	<u>(2,727,400)</u>	<u>2,969,566</u>
Net Change in Fund Balance	(3,816,482)	(3,816,482)	(2,727,400)	1,089,082
Fund Balance - Beginning, as restated	<u>11,939,325</u>	<u>11,939,325</u>	<u>11,939,325</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 8,122,843</u>	<u>8,122,843</u>	<u>9,211,925</u>	<u>1,089,082</u>

See notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Management Contingency**

Year ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income (loss)	\$ 26,000	26,000	(69,405)	(95,405)
Total Revenues	26,000	26,000	(69,405)	(95,405)
Other Financing Sources (Uses):				
Transfers out	(1,812,400)	(1,812,400)	(42,655)	1,769,745
Total Other Financing Sources (Uses)	(1,812,400)	(1,812,400)	(42,655)	1,769,745
Net Change in Fund Balance	(1,786,400)	(1,786,400)	(112,060)	1,674,340
Fund Balance - Beginning	4,595,271	4,595,271	4,595,271	-
Fund Balance - Ending	\$ 2,808,871	2,808,871	4,483,211	1,674,340

See notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - In Lieu Fee**

Year ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Agencies mitigation fees	\$ 250,000	250,000	417,105	167,105
Investment income	<u>100</u>	<u>100</u>	<u>2,832</u>	<u>2,732</u>
Total Revenues	<u>250,100</u>	<u>250,100</u>	<u>419,937</u>	<u>169,837</u>
Expenditures:				
General and office expenses	1,500	1,500	920	580
Consultants	<u>62,911</u>	<u>62,911</u>	<u>50,284</u>	<u>12,627</u>
Total Expenditures	<u>64,411</u>	<u>64,411</u>	<u>51,204</u>	<u>13,207</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>185,689</u>	<u>185,689</u>	<u>368,733</u>	<u>156,630</u>
Net Change in Fund Balance	185,689	185,689	368,733	183,044
Fund Balance - Beginning, as restated	<u>1,723,408</u>	<u>1,723,408</u>	<u>1,723,408</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,909,097</u>	<u>1,909,097</u>	<u>2,092,141</u>	<u>183,044</u>

See notes to required supplementary information.

COACHELLA VALLEY CONSERVATION COMMISSION

Notes to Required Supplementary Information

Year ended June 30, 2022

Note 1: Budgets and Budgetary Accounting

The Commission adopts an annual budget prepared on the modified accrual basis of accounting for its governmental funds except for the Lizard Endowment Fund, the Casey's June Beetle Fund, and the Travertine Point Monitoring Fund. The Executive Director or designee is authorized to transfer budgeted amounts between the accounts of any department. Revisions that alter the total appropriations of any fund are approved by the Commission's Board. Prior year appropriations lapse unless they are approved for carryover into the following fiscal year. Expenditures may not legally exceed appropriations at the fund level. Reserves for encumbrances are not recorded by the Commission.

Note 2: Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2022, expenditures exceeded appropriations in the General Fund and Land Acquisition Fund by \$102,761 and \$940,242 respectively.

COACHELLA VALLEY CONSERVATION COMMISSION

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2022

	<u>Special Revenue Funds</u>			
	<u>Lizard Endowment</u>	<u>Casey's June Beetle</u>	<u>Travertine Point Monitoring</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments	\$ 323,811	232,975	528,827	1,085,613
Interest receivable	<u>631</u>	<u>306</u>	<u>1,030</u>	<u>1,967</u>
Total Assets	<u>\$ 324,442</u>	<u>233,281</u>	<u>529,857</u>	<u>1,087,580</u>
Fund Balances:				
Restricted:				
Endowment	\$ 324,442	-	-	324,442
Management and monitoring	<u>-</u>	<u>233,281</u>	<u>529,857</u>	<u>763,138</u>
Total Fund Balances	<u>\$ 324,442</u>	<u>233,281</u>	<u>529,857</u>	<u>1,087,580</u>

COACHELLA VALLEY CONSERVATION COMMISSION

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds**

Year ended June 30, 2022

	<u>Special Revenue Funds</u>			
	<u>Lizard Endowment</u>	<u>Casey's June Beetle</u>	<u>Travertine Point Monitoring</u>	<u>Total Governmental Funds</u>
Revenues:				
Agency mitigation fees	\$ -	160,075	-	160,075
Conservation endowment		77,158		77,158
Investment income (loss)	<u>(4,970)</u>	<u>(3,952)</u>	<u>(8,117)</u>	<u>(17,039)</u>
 Total Revenues	<u>(4,970)</u>	<u>233,281</u>	<u>(8,117)</u>	<u>220,194</u>
 Net Change in Fund Balances	<u>(4,970)</u>	<u>233,281</u>	<u>(8,117)</u>	<u>220,194</u>
 Fund Balance - Beginning	<u>329,412</u>	-	<u>537,974</u>	<u>867,386</u>
Fund Balance - Ending	<u>\$ 324,442</u>	<u>233,281</u>	<u>529,857</u>	<u>1,087,580</u>

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Commission Members
Coachella Valley Conservation Commission
Palm Desert, California

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Coachella Valley Conservation Commission (Commission), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarrLLP

Irvine, California
December 22, 2022

To the Commission Members
Coachella Valley Conservation Commission
Palm Desert, California

We have audited the financial statements of Coachella Valley Conservation Commission (Commission) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 22, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 22, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and recording journal entries detected during the audit process. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate.

Additionally, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

During the planning of the audit, we identified the risk of errors in recording land purchases as a significant risk. As a result, we reviewed 65% of total purchases and review the minutes of the Board to ensure all purchases, including donated land have been recorded properly.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Estimates involving estimated acquisition value of donated land. We evaluated the key factors and assumptions used to develop certain estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Commission's financial statements relate to: Note 4 Capital Assets

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any material misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Commission's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were none noted.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated December 22, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

Other Matters

We applied certain limited procedures to Management's Discussion & Analysis and Budgetary Comparison Schedules for the major funds which are required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information – combining nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This report is intended solely for the information and use of the Commission Members and management of the Commission and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
December 22, 2022

ITEM 7B

Coachella Valley Conservation Commission February 9, 2023



STAFF REPORT

Subject: Acquisition of nine parcels in the Thousand Palms Conservation Area

Contact: Jim Karpiak, Coachella Valley Mountains Conservancy (jkarpiak@cvmc.ca.gov)

Recommendation: Approve Resolution 2023-01 for acquisition of nine parcels consisting of approximately 885+/- acres in the Thousand Palms Conservation Area at a cost not to exceed \$1,300,000, plus closing and transaction related costs not to exceed \$10,000; and authorize the Executive Director to execute all necessary contracts and take such other actions as necessary for the acquisition

Background: In August 2022, the agent of an interested landowner contacted CVCC regarding a potential sale of property for conservation. An appraisal report was completed for the property located in the Thousand Palms Conservation Area. The fair market value of the property was determined, and a contingent offer was presented to the interested sellers. The landowner accepted the contingent offer and executed an Agreement for the Purchase and Sale of Real Estate with CVCC for the following parcels in the Thousand Palms Conservation Area:

- APNs 647-030-002; 647-030-005; 647-030-010; 647-040-002; 647-220-001; 647-220-002; 647-220-003; 647-220-005; 647-220-006 consisting of approximately 885+/- acres, for a purchase price of \$1,300,000 (or \$1,469 per acre), plus closing costs and transaction related costs totaling approximately \$10,000.

The purchase price of these parcels is consistent with other recent conservation purchases in the area. The property is located along Sky Ridge Road in an unincorporated area of Riverside County, where it is potentially highly developable because of its large size. The property also contains hydrologic features, cultural resources as well as significant scenic attributes that could facilitate future recreational options consistent with the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP). Additionally, the property is near other parcels already owned by CVCC and its conservation partners, which makes for efficient management practices.

The purchase agreement is contingent upon: (1) approval by the CVCC; (2) Sellers' ability to provide the CVCC an owner's policy of title insurance subject only to such exceptions as may be accepted in writing by the CVCC; and (3) a site inspection demonstrating that there are no hazardous materials or hazardous conditions on the property, and all debris shall be removed by close of escrow by sellers.

Staff recommends the CVCC approve the purchase of the nine parcels for use as part of the CVMSHCP reserve system with recreational options, consistent with habitat values in perpetuity to advance the plan's goals and objectives.

Fiscal Analysis: The cost of the purchase is \$1,300,000, with closing costs not to exceed \$10,000. Funding for this purchase is available in CVCC's Land Acquisition Fund.

Attachments:

1. Resolution 2023-01
2. Property location map

Resolution No: 2023-01

**A RESOLUTION OF THE
COACHELLA VALLEY CONSERVATION COMMISSION
AUTHORIZING ACQUISITION OF
APN'S 647-030-002; 647-030-005; 647-030-010; 647-040-002; 647-220-001; 647-220-002; 647-220-003; 647-220-005; AND 647-220-006**

WHEREAS, the Coachella Valley Conservation Commission ("Commission") is a public agency of the State of California formed by a Joint Exercise of Powers Agreement; and

WHEREAS, the Commission implements the Coachella Valley Multiple Species Habitat Conservation Plan/Natural Community Conservation Plan ("Plan"); and

WHEREAS, the primary means of conservation under the Plan is acquisition of land from willing sellers; and

WHEREAS, APNs 647-030-002; 647-030-005; 647-030-010; 647-040-002; 647-220-001; 647-220-002; 647-220-003; 647-220-005; and 647-220-006 consisting of approximately 885+/- acres, as further described in Exhibit A (collectively, "Property"), are within the Thousand Palms Conservation Area of the Plan, containing biological resources such as important plant or wildlife habitat or hydrologic features, cultural resources, significant scenic attributes, and recreational options consistent with habitat values; and

WHEREAS, the owners have accepted a contingent offer for the Commission to purchase the Property at the fair market value determined by an appraisal; and

WHEREAS, acquisition of the Property would advance the goals and objectives of the Plan; and

NOW, THEREFORE, be it resolved that the Commission approves the purchase of the Property using the Land Acquisition Fund at the appraised fair market value of \$1,300,000, plus closing and transaction related costs estimated not to exceed \$10,000.00; and

FURTHER, the Commission hereby authorizes the Executive Director to negotiate and execute all necessary contracts and documents and take such other actions as necessary to effect the acquisition of the Property.

The foregoing Resolution was passed by the Coachella Valley Conservation Commission this 9th day of February 2023.

APPROVED:

Linda Evans
Chair

Tom Kirk
Executive Director

Exhibit A

Legal Description of Real Property to be Acquired

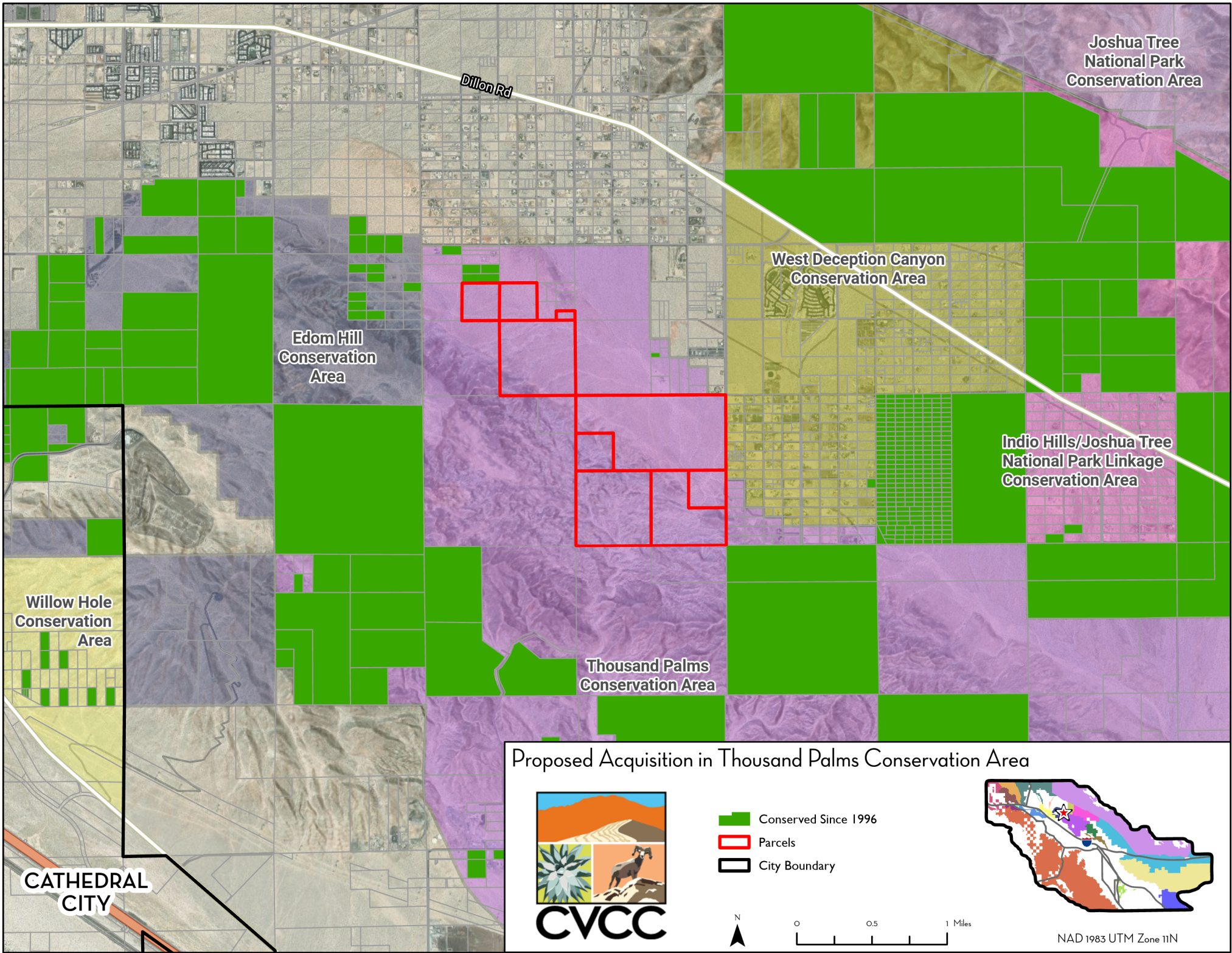
The land referred to herein is situated in the State of California, County of Riverside and described as follows.

The Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$; the Southwest $\frac{1}{4}$; the West $\frac{1}{2}$ of the Southeast $\frac{1}{4}$; the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$; the North $\frac{1}{2}$ of the Northwest $\frac{1}{4}$; the Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$; the Northeast $\frac{1}{4}$; the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$; all in Section 29, Township 3 South, Range 6 East, San Bernardino Base and Meridian, according to the Official Plat thereof.

The Southeast $\frac{1}{4}$; the Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$; the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$; the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$; all in Section 19, Township 3 South, Range 6 East, San Bernardino Meridian, in the County of Riverside, State of California, according to the Official Plat Thereof.

Excepting and Reserving therefrom an undivided $\frac{1}{2}$ interest in all minerals, oils, gases and other hydrocarbon and geothermal and associated substances and rights by whatsoever name known, in the undivided two-thirds interest granted to grantor in said property by Tahiti Hai, Inc., a California Corporation, and Hugh L. Hubbard, Jr., a single man, by that certain Grant Deed recorded April 5, 1972, [Book 1972. Page 43797](#). in the Official Records of Riverside County, California, but without the right of surface entry to a depth of 500 feet from the present surface of said Land.

APN: 647-030-002, 005 and 010, 647-040-002, 647-220-001 thru 003, 647-220-005 and 006



Disclaimer: Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. CVAG makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

CVAGs, 2022. Sources: CVCC, Riverside County GIS, US Census Bureau, Esri.

Coachella Valley Conservation Commission
February 9, 2023



STAFF REPORT

Subject: Memorandum of Understanding with The Living Desert

Contact: Kathleen Brundige, Director of Conservation (kbrundige@cvag.org)

Recommendation: Authorize the Executive Director to develop and negotiate a Memorandum of Understanding with The Living Desert to provide support for cooperative surveying, outreach, and behavioral change efforts on conservation lands and return the agreement to the Commission for future consideration

Background: The Living Desert (TLD) is a 501(c)(3) non-profit based in the Coachella Valley whose mission is focused on desert conservation through preservation, education, and appreciation, including a keen focus on the conservation of important species, ecosystems, and lands in the Coachella Valley. CVCC staff have recently worked with TLD staff on a Climate Resiliency and Community Access grant proposal to collect seeds from conservation lands and propagate native plants for trail and habitat restoration. If funded, the project would also provide plants and trees for a larger urban greening initiative through the Friends of the Desert Mountains.

Currently, CVCC has MOUs with Friends of the Desert Mountains, Coachella Valley Mountains Conservancy, and Oswit Land Trust to share staff and volunteers for cooperative management of conservation lands. CVCC staff are interested in developing a Memorandum of Understanding (MOU) with TLD for cooperative surveying, outreach, and behavioral change efforts on conservation lands. TLD has staffing to coordinate volunteers and provide skills, experience, expertise, and outreach in the management, monitoring, and behavioral change efforts that are a growing concern for the CVCC's Reserve Management Oversight Committee and the Low Desert Weed Management Area (LDWMA) to support the objectives of the Coachella Valley Multiple Species Habitat Conservation Plan. One concern is to rapidly survey for invasive species as part of the Early Detection and Rapid Response (EDRR) efforts under the LDWMA and help identify priority areas for treatment quickly so that infestations can be effectively addressed in the spring field season. TLD's botanical, zoological, ecosystem, and land use knowledge and skill sets would also augment many tasks outlined as priorities under the Annual Work Plans, including providing a coordinated education and outreach initiative to increase awareness about the Trails Management Plan in the Santa Rosa and San Jacinto National Monument and provide effective messaging and outreach to different off-road vehicle organizations in the Coachella Valley.

Staff is now recommending the Executive Director work with TLD to develop and negotiate an MOU, which would be brought back to the CVCC for approval at a future meeting. As part of the MOU, the CVCC and/or the Executive Director would be able to approve task orders to reimburse staff time for TLD for the following tasks:

- a. Coordinating to assess conservation properties utilizing TLD staff and trained volunteers during appropriate months for invasive species early detection and rapid response (EDRR), including for fountain grass, tamarisk, stinknet, Sahara mustard, and Cape needle grass;

- b. Coordinating to have TLD volunteers support biologists undergoing surveys for tortoises at Mesa or other species priorities under the Annual Work Plan as needed;
- c. Coordinating to undertake education and outreach efforts to off-road vehicle enthusiasts throughout the Coachella Valley Multiple Species Habitat Plan (CVMSHCP) area;
- d. Coordination to provide education and outreach, including trail monitoring and interpretive materials regarding the Peninsular bighorn sheep, and CVMSHCP Trails Management Plan;
- e. Provide additional monitoring, management, outreach, behavioral change intervention, or other actions that would help further advance the goals of the CVMSHCP; and
- f. Recruit and train volunteers through TLD to provide stewardship (monitoring and management) of conservation lands.

The MOU will foster a partnership with TLD to manage threats and issues on conservation properties and provide consistent and more effective educational outreach to the Coachella Valley regarding the CVMSHCP. In return, the CVCC would coordinate with TLD to provide funding, develop educational materials, and develop grant proposals to support the assessment of conservation properties for management risk based on location, access, known threats, resource sensitivity, and other factors, including addressing threats through education and land management initiatives; and reimburse TLD for staff time, travel costs, administration and coordination of volunteers for these tasks.

Based on the direction of the CVCC, the Executive Director will negotiate the MOU and then bring it back for Commission approval. However, staff would note that there may be more immediate tasks that are necessary, and so some related expenses within the Executive Director's signature authority may be authorized prior to the next CVCC meeting. Staff would then bring future task orders back to the CVCC in at future meetings.

Fiscal Analysis: The total cost of the MOU will be dependent on the tasks authorized. The Executive Director has a signing authority for up to \$25,000 and tasks of higher amounts would come before the CVCC for approval.

Funding is available in CVCC's 2022-23 budget for task orders under the MOU. Depending on the task, funding is available through Land Acquisition -Land Improvements fund for Early Detection Rapid Response tasks, as well as for education, and outreach. Funding is also available through Management and Monitoring Fund for education, outreach, and related monitoring and land management tasks. Funding is also available through CVCC Administration for the development of grant proposals and interpretive materials.

Coachella Valley Conservation Commission
February 9, 2023



STAFF REPORT

Subject: Update on Proposed Chuckwalla National Monument Designation

Contact: Kathleen Brundige, Director of Conservation, (kbrundige@cvag.org)

Recommendation: Authorize the Chair and/or Executive Director to sign letters of support for the revised proposal for the Chuckwalla National Monument designation and expansion of Joshua Tree National Park

Background: A coalition of local non-profits and other organizations are working with U.S. Rep. Raul Ruiz's office on a proposal to conserve federal public lands in Riverside and Imperial Counties, between Palm Springs and the Colorado River, for present and future generations. The proposed protections, referred to as *Protect California Deserts*, will honor and recognize the cultural histories of the Indigenous peoples, increase access to world-class nature for residents and visitors, protect fragile desert wildlife by providing connectivity between existing protected lands, and help boost local economies. The proposal would designate a new Chuckwalla National Monument that would border the southern edge of Joshua Tree National Park and permanently protect recreational access to popular places like the Mecca Hills and Orocopia Mountains. The new monument would safeguard World War II historical sites, the Bradshaw Trail and other designated routes, cultural landscapes, and vital habitats for a long list of species, including chuckwalla, desert bighorn sheep, and desert tortoise.

At its September meeting, the CVCC reviewed the proposal to designate the Chuckwalla National Monument. At the meeting, Commissioners raised several questions about how the proposed Chuckwalla National Monument would impact existing and planned infrastructure, including concerns from Riverside County Supervisor V. Manuel Perez about potential parks and off-road vehicle areas.

In the months since, CVCC staff has done additional research and analysis about the monument proposal, which overlap with the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP) boundaries. As it pertains to off-road vehicle planning, staff reached out to Riverside County Parks to map the GIS boundary of one of the proposed off-road vehicle park sites south of Interstate 10 being reviewed by the County, and found it was outside of the proposed boundary of the monument. Additionally, CVCC staff has also been working with Imperial Irrigation District (IID) and Coachella Valley Water District (CVWD) to better understand about what the designation would mean for current and future flood control and infrastructure within the proposed boundary. IID and CVWD were provided with background on designations of national monuments, including the National Monuments and the Antiquities Act report from the Congressional Research Service, published July 11, 2022. Staff also provided language excluding water and power infrastructure from the designation and existing rights language from other recently designated monuments in Southern California. Similar designations for the San Gabriel National Monument, Santa Rosa and San Jacinto Mountains National Monument, and the Sand to Snow National Monument do not

appear to have impeded or otherwise impacted existing or planned infrastructure. CVCC staff provided the ongoing research as an information item on the November agenda.

The original proposal had 214,000 acres that overlap with the CVMSHCP conservation areas and is compatible with CVMSHCP conservation goals. Bureau of Land Management lands are incorporated into overall MSHCP work plans but ultimately require separate funding and Memorandums of Understanding (MOUs) to complete management and monitoring goals. The previously designated national monuments in the region that overlap with the CVMSHCP – the Santa Rosa and San Jacinto Mountains National Monument as well as the Sand to Snow National Monument – provide opportunities for ongoing collaboration and cooperative management, particularly in the case of biological monitoring and habitat restoration through removal of invasive species.

The proposed protections for the national monument designation can be accomplished by two paths: One is congressional legislation, as was done with the Santa Rosa and San Jacinto Mountains National Monument in 2000; the other is a presidential designation under the Antiquities Act, as was done with the Sand to Snow National Monument in 2016. Like other national monuments in the region, a management plan would be developed along with local, state, and federal partners and input from the public. The proclamation/designation will identify objects of various natural, cultural, social, and historical importance. Some proposed objects for the Chuckwalla National Monument include wildlife connectivity, plants (Mecca aster, Orocopia sage), historical sites like WWII training areas/Patton camps, cultural resources, and recreational values. The management plan governs the protection of these objects and resources over time.

The proposed Chuckwalla National Monument designation would only apply to federal public lands and would not affect the existing lawful use of private property. Specifically, it would only provide additional protection to Bureau of Land Management (BLM) lands in the area. It also would not affect a proposed pump storage project and other existing or proposed activities on private lands. Given the importance of water supply, flood control, and other infrastructure to growing communities in eastern Riverside County, CVCC staff provided information about what a national monument designation means, which lands are affected, and how it results in additional protection to staff from CVWD and IID. CVWD then provided comments to staff in a letter identifying significant concerns with the inclusion of the Coachella Canal, including training dikes that protect the Canal on Bureau of Reclamation land, and the Dos Palmas Conservation Area, where mitigation and restoration are in progress for the Coachella Canal Lining Project.

While CVCC staff acknowledges the benefits of a national monument, staff also is mindful that the concerns of its member jurisdictions need to be addressed before support letters could be recommended for the proposal.

A revised proposal is now being presented to the CVCC for consideration. The new proposal does not include expanding wilderness or designating wild and scenic rivers, which require congressional action. In response to concerns from CVWD, the proposal now includes a revision to the boundary of the Chuckwalla National Monument, compared to the boundary presented in September 2022. Representatives from the Protect California Deserts coalition, CVCC staff, and CVWD staff have met virtually to discuss concerns regarding the Coachella Canal and infrastructure in the Dos Palmas Preserve. After discussions with CVWD staff, the coalition has agreed to adjust the boundary to exclude the Coachella Canal and the Dos Palmas Conservation Area from the proposed boundary for the Chuckwalla National Monument. Details of the proposed change are still being discussed in coordination with CVWD and the coalition. A map showing the proposed change was not available before the publication of the agenda, but CVCC staff will anticipate having it at the CVCC's February 9 meeting. Protection of the significant ecological and cultural resources at

Dos Palmas will continue to be a goal of the coalition. They intend to pursue an agreement or other means to ensure these natural, cultural, scientific, and historical resources receive permanent protection and additional funding.

The coalition of organizations supporting the Protect California Deserts proposal has been reaching out to community members, key community leaders, and stakeholders to solicit their support and hear their concerns. Local supporters include Friends of the Desert Mountains, the Wildlands Conservancy, the Sierra Club, Mojave Desert Land Trust, Native American Land Conservancy, and the National Parks Conservation Association. The coalition will continue coordinating with Rep. Ruiz's office.

The revision of the boundary within the new proposal effectively addresses concerns from CVWD, therefore staff recommends that CVCC authorize letters of support for the modified proposal for the designation of the Chuckwalla National Monument and expansion of Joshua Tree National Park.

Fiscal Analysis: There is no cost to CVCC for this item.

Attachments: Summary of the Protect California Deserts revised proposal



INTRODUCING A NEW EFFORT TO PROTECT CALIFORNIA DESERTS

Local organizations, with the support of regional and national organizations, are working together to preserve public lands in Riverside and Imperial Counties between Palm Springs and the Colorado River for future generations. These protections will honor and recognize the Indigenous cultural histories and tribal heritage values of the Cahuilla, Quechan, Serrano, Chemehuevi, and Mojave peoples, increase access to world-class nature for local residents and visitors, protect fragile desert wildlife and facilitate connectivity, and help benefit local economies. This effort proposes to:



Bob Wick

► DESIGNATE A NEW CHUCKWALLA NATIONAL MONUMENT

that would border the southern edge of Joshua Tree National Park and protect recreation access to popular places like the Mecca Hills and Orocopia Mountains. The new monument would safeguard World War II historical sites, the Bradshaw Trail, cultural landscapes, and vital habitats for chuckwalla, desert bighorn sheep, and desert tortoise.

► EXPAND JOSHUA TREE NATIONAL PARK

to the east, which will connect the Park with the proposed national monument and other existing protected areas. This would help ensure connectivity for desert bighorn sheep, burro deer, and other wildlife in the face of climate change. The park expansion would also increase access to nature for east Coachella Valley residents and preserve places of cultural and historical importance. The National Park Service has identified the lands proposed in the expansion as a suitable addition to the park.



Larry Heronema



► HONOR THE HOMELANDS

of the Iviatim, Kwatsáan, Maara'yam, Nūwū, Pipa Aha Macav (the Cahuilla, Quechan, Serrano, Chemehuevi, and Mojave) peoples. Local organizations are working to properly inform and involve Tribal nations whose homelands are within the proposed monument so that future management plans implement Tribal input and stewardship practices. This will help ensure that their traditions, sacred sites, trails, and plant and animal relatives in this cultural landscape are preserved in a manner which respects Tribal priorities and sovereignty.

► HELP ENSURE MORE EQUITABLE ACCESS TO NATURE FOR LOCAL COMMUNITIES

The proposed monument includes many places that are enjoyed for outdoor recreation activities, including the Mecca Hills, the Orocopa Mountains, and the historic Bradshaw Trail National Back Country Byway. Permanently protecting these lands with a monument designation is an opportunity to ensure that these places are here for current and future generations to experience and enjoy. As part of our effort, we're proposing that the Bureau of Land Management conduct a study to assess recreation needs in the area.



CALIFORNIA'S DESERTS: UNPARALLELED AND BELOVED PUBLIC LANDS

California's deserts span over 26 million acres and are like nowhere else on earth. The deserts of Riverside and Imperial Counties include palm oases, rocky mountain ranges, and lush desert woodlands with unique plants such as the Chuckwalla Cholla cactus and threatened animals such as the desert tortoise and flat-tailed horned lizard. The U.S. Fish and Wildlife Service selected lands within the proposed Chuckwalla National Monument as a re-introduction site for the iconic and critically endangered Sonoran pronghorn.

These public lands offer outstanding recreation opportunities and are essential to enhancing equitable outdoor access for local communities. They are the ancestral homelands of many Tribes since time immemorial. The region also contains important historical values, and tourism in the area helps contribute to a sustainable economic engine for nearby communities.



PROTECTCADESERTS.ORG

@PROTECTCADESERT





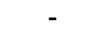
► **EMAIL US:**
INFO@PROTECTCADESERTS.ORG

► **CALL US:**
CHRIS CLARKE, (760) 600-0038

Item 8A

**COACHELLA VALLEY CONSERVATION COMMISSION
FY2022-2023 ATTENDANCE RECORD**

JURISDICTION / AGENCY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
City of Cathedral City	-	-		-		-	✓		-			
City of Coachella	-	-	✓	-		-			-			
Coachella Valley Water District	-	-	✓	-		-	✓		-			
City of Desert Hot Springs	-	-	✓	-	✓	-	✓		-			
Imperial Irrigation District	-	-	✓	-	✓	-			-			
City of Indian Wells	-	-	✓	-	✓	-	✓		-			
City of Indio	-	-	✓	-	✓	-	✓		-			
City of La Quinta	-	-	✓	-	✓	-	✓		-			
City of Palm Desert	-	-	✓	-	✓	-	✓		-			
Mission Springs Water District	-	-	✓	-	✓	-	✓		-			
City of Palm Springs	-	-	✓	-	✓	-	✓		-			
City of Rancho Mirage	-	-		-	✓	-			-			
Riverside County - District 1	-	-	✓	-	✓	-			-			
Riverside County - District 2	-	-	✓	-		-	✓		-			
Riverside County - District 3	-	-	✓	-	✓	-	✓		-			
Riverside County - District 4	-	-	✓	-		-	✓		-			
Riverside County - District 5	-	-	✓	-	✓	-	✓		-			

Absent 
 Present 
 No Meeting 

COACHELLA VALLEY CONSERVATION COMMISSION
INVESTMENT REPORT
For December 31, 2022

CASH AND INVESTMENTS UNDER THE DIRECTION OF CVCC

Description	Carrying Amount	% of Total	Fair Market Value		% of Total	Interest Rate Yield	Maturity Date
County of Riverside Treasury	\$ 29,506,342	93.22%	\$ 28,845,695	[a]	93.07%	2.92%	N/A
Wells Fargo Bank (Checking)	\$ 36,973	0.12%	\$ 36,973		0.12%	N/A	N/A
Wells Fargo Bank (In-Lieu Fee)	\$ 2,110,458	6.67%	\$ 2,110,458		6.81%	0.66%	N/A
Total Cash & Investments	\$ 31,653,773	100.00%	\$ 30,993,126		100.00%		

Note:

[a] Fair market value does not include accrued interest. Source of Market Values - the December 2022 County of Riverside Treasurer's Pooled Investment Fund Monthly Report Paper Gain/(Loss) was (2.239)%.

I hereby certify that the investment portfolio of the Coachella Valley Conservation Commission (CVCC) complies with the California Government Sections pertaining to the investment of agency funds and CVCC's written Investment Policy, which was adopted on June 10, 2021.

The investment portfolio provides CVCC the ability to meet its expenditure requirements for the next six months.

Submitted by:



Claude T. Kilgore, CPA
CVCC Auditor

Coachella Valley Conservation Commission

Unaudited Balance Sheet of Total Governmental Funds

	<u>December 31, 2022</u>
ASSETS	
Current Assets	
Checking/Savings	
1110 · Cash - County Treasurer	29,506,342.38
1117 · Cash - WF Imprest	36,972.65
1118 · CASH - Wells Fargo (ILF)	2,110,458.01
1145 · Fair Value Adjustment	(660,647.02)
Total Checking/Savings	<u>30,993,126.02</u>
Accounts Receivable	391,522.06
Other Current Assets	<u>265,675.65</u>
Total Current Assets	<u>31,650,323.73</u>
Fixed Assets	
1733 · Construction In Progress	1,492,703.81
1731 · Land	82,912,199.62
Total Fixed Assets	<u>84,404,903.43</u>
TOTAL ASSETS	<u>116,055,227.16</u>
LIABILITIES & FUND BALANCE	
Liabilities	
Current Liabilities	<u>732,560.19</u>
Total Liabilities	<u>732,560.19</u>
Fund Balance	<u>115,322,666.97</u>
TOTAL LIABILITIES & FUND BALANCE	<u>116,055,227.16</u>

Coachella Valley Conservation Commission
UNAUDITED REVENUES, EXPENDITURES, AND CHANGE IN TOTAL
GOVERNMENTAL FUND BALANCE

	<u>Jul 2022 - Dec 2022</u>
Ordinary Revenue/Expenditure	
Revenue	
6001 · Development Mitigation Fees	1,816,931.81
6005 · Agencies Mitigation Fees	1,777,168.50
6030 · Grants	2,800.02
8001 · Investment Income	187,944.98
8005 · Gain(Loss) in Investments	(150,072.15)
Total Revenue	<u>3,634,773.16</u>
Expenditure	
4100 · Administrative Fees	18,169.32
4200 · Accounting/Bank Services	1,395.53
4250 · Payroll Taxes	240.50
4353 · Insurance	10,021.50
4418 · Members Per Diem	2,600.00
4422 · Computer Software	3,239.87
4425 · Legal Services	15,136.70
4431 · Professional Services	57,568.17
4432 · Consultants	478,233.62
4510 · Land Improvements	66,594.52
4550 · Utilities	6,429.96
Total Expenditure	<u>659,629.69</u>
Net Ordinary Revenue	<u>2,975,143.47</u>
Capital Outlay	
4820 · Land Acquisitions	927,583.84
4821 · Construction in Progress	979,333.68
Total Capital Outlay	<u>1,906,917.52</u>
Excess Revenue over Expenditures/Change in Fund Balance	<u><u>1,068,225.95</u></u>

ITEM 8D

Coachella Valley Conservation Commission February 9, 2023



STAFF REPORT

Subject: Contracts Under \$25,000

Contact: Allen McMillen, Management Analyst, (amcmillen@cvag.org)

Recommendation: Information

Background: The following contracts were signed by the CVCC Executive Director under his signature authority through the period ending January 31, 2023:

1. A contract amendment was executed with Desert Recreation District to extend the Fencing, Maintenance and Cleanup of Conservation Properties contract through June 30, 2023. There is no change to the total not-to-exceed amount, which was authorized for \$145,000.
2. A services contract with Realty Resources, Inc. was executed to appraise five vacant land parcels comprising approximately 295.32 acres and representing separate ownerships located in the Santa Rosa and San Jacinto Mountains Conservation areas. The contract is for a not-to-exceed amount of \$4,500.
3. A services contract with Realty Resources, Inc. was executed to appraise 11 vacant land parcels comprising approximately 1,031.12 acres and representing separate ownerships located in the Stubbe and Cottonwood Canyon, Whitewater Canyon, Whitewater Floodplain, Cabazon, and HWY 111/I-10 Conservation areas. The contract is for a not-to-exceed amount of \$7,500.

Fiscal Analysis: The Desert Recreation District contract is budgeted in CVCC's Fiscal Year 2022-2023 Land Acquisition – Land Improvement Fund. The appraisal expenses are covered in CVCC's Fiscal Year 2022-2023 Land Acquisition Fund.