



**COACHELLA VALLEY CONSERVATION COMMISSION
FINANCE COMMITTEE
AGENDA**

**THURSDAY, MAY 29, 2025
1 p.m.**

**Coachella Valley Association of Governments
74-199 El Paseo, West Building, Suite 100
Palm Desert, CA 92260**

Public Comment is encouraged to be emailed to the Finance Committee prior to the Meeting at cvag@cvag.org by 5:00 p.m. on the day prior to the committee meeting.

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

1. CALL TO ORDER / ROLL CALL – Chair Gary Gardner, City of Desert Hot Springs

A. Member Roster

P3

2. PUBLIC COMMENTS ON AGENDA ITEMS

This is the first of two opportunities for public comment. Any person wishing to address the Finance Committee 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 three (3) minutes.

3. CONSENT CALENDAR

A. Approve the minutes of the December 16, 2024 meeting of the Finance Committee

P4

4. DISCUSSION /ACTION

A. Fiscal Year 2025-26 Draft Agency-Wide, Programs, and Individual Funds Budget – Claude Kilgore

P6

Recommendation: Review the preliminary budget, make any comments for inclusion and recommend the Commission approve the budget, pending the inclusion of any Committee feedback

5. INFORMATION ITEMS

A. Expected Extension of Engagement with CVCC's Independent Auditor

P36

B. Update on the Enterprise Resource Planning (ERP) Project

P38

C. Unaudited investment report through March 2025

P40

6. PUBLIC COMMENTS ON NON-AGENDA ITEMS

This is the second opportunity for public comment. Any person wishing to address the Finance Committee on items of general interest within the purview of this Committee may do so at this time. Please limit comments to two (2) minutes.

7. ANNOUNCEMENTS

The next meeting of the Coachella Valley Conservation Commission will be held on Thursday, June 12, 2025, at 10:30 a.m. at the CVAG Conference Room, 73-710 Fred Waring Drive, Suite 104 in Palm Desert.

8. ADJOURNMENT

Item 1A

**Coachella Valley Conservation Commission
FINANCE COMMITTEE
Member Roster**



City of Desert Hot Springs	Mayor Pro Tem Gary Gardner, CVCC Chair
City of Indio	Mayor Pro Tem Elaine Holmes, CVCC Vice Chair
City of La Quinta	Mayor Linda Evans
City of Palm Desert	Mayor Pro Tem Evan Trubee
City of Indian Wells	Finance Director Kevin McCarthy

Staff
Tom Kirk, Executive Director
Claude Kilgore, CVCC Auditor/ Director of Finance
Kathleen Brundige, Director of Conservation

ITEM 3A

**Coachella Valley Conservation Commission
Finance Committee Meeting Minutes
December 16, 2024**



- 1. CALL TO ORDER / ROLL CALL** – The meeting was called to order by Chair Gary Gardner, City of Desert Hot Springs, at 1:38 p.m. at the Coachella Valley Association of Governments, located at 74-199 El Paseo Dr., Suite 100, Palm Desert, 92260.

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

Members Present

Mayor Pro Tem Gary Gardner, *Chair*
Mayor Pro Tem Elaine Holmes, *Vice Chair**
Mayor Linda Evans
Finance Director Kevin McCarthy

Jurisdiction

City of Desert Hot Springs
City of Indio
City of La Quinta
City of Indian Wells

**Arrived at item 4A*

Members Not Present

Mayor Pro Tem Evan Trubee

City of Palm Desert

2. PUBLIC COMMENTS ON AGENDA ITEMS

None

3. CONSENT CALENDAR

IT WAS MOVED BY FINANCE DIRECTOR MCCARTHY AND SECONDED BY MAYOR EVANS TO:

- A. Approve the May 23, 2024, CVCC Finance Committee Meeting Minutes**
- B. Adopt CVCC's Policy No. 25-01 as an updated Investment Policy**

THE MOTION CARRIED WITH 3 AYES AND 2 MEMBERS ABSENT.

Mayor Pro Tem Gary Gardner	Aye
Mayor Pro Tem Elaine Holmes	Absent
Mayor Linda Evans	Aye
Mayor Pro Tem Evan Trubee	Absent
Finance Director Kevin McCarthy	Aye

4. DISCUSSION / ACTION

A. CVCC's Audit for Fiscal Year 2023/24 and Related Reports

Finance Director Claude Kilgore presented the staff report and introduced Shannon Ayala from DavisFarr who joined via Zoom and provided a report on Audited Financial Statements ending June 30, 2024. Brief member discussion ensued.

IT WAS MOVED BY MAYOR EVANS AND SECONDED BY FINANCE DIRECTOR MCCARTHY TO RECEIVE AND FILE THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024, REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING, AND THE AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

THE MOTION CARRIED WITH 4 AYES AND 1 MEMBER ABSENT.

Mayor Pro Tem Gary Gardner	Aye
Mayor Pro Tem Elaine Holmes	Aye
Mayor Linda Evans	Aye
Mayor Pro Tem Evan Trubee	Absent
Finance Director Kevin McCarthy	Aye

B. Allocations for Conservation Ranger Program beginning with FY 2025/26 Budget

Director of Conservation Kathleen Brundige presented the staff report. Member discussion ensued. Staff addressed questions about program logistics, potential staffing impacts and how the program launch would address management of lands.

No action was taken on this informational item.

5. PUBLIC COMMENTS ON NON-AGENDA ITEMS

None

6. ANNOUNCEMENTS

The next meeting of the Coachella Valley Conservation Committee will be held on Thursday, January 9, 2025, at 10:30 a.m. at the CVAG Conference Room, 73-710 Fred Waring Drive, Suite 104 in Palm Desert.

7. ADJOURNMENT

Chair Gardner adjourned the meeting at 2:25 p.m.

Respectfully submitted,

Ely Regalado
Management Analyst

ITEM 4A

Coachella Valley Conservation Commission
Finance Committee
May 29, 2025



STAFF REPORT

Subject: Fiscal Year 2025-26 Draft Agency-Wide, Programs, and Individual Funds Budget

Contact: Claude Kilgore, CVCC Auditor (ckilgore@cvag.org) and
Jiajing Cheng, Accountant (jcheng@cvag.org)

Recommendation: Review the preliminary budget, make any comments for inclusion and recommend the Commission approve the budget, pending the inclusion of any Committee feedback

Background: The CVCC Finance Committee has historically met to review the preliminary budget and provide feedback and comments that staff can include as the budget is finalized. This year's budget uses the same fiscally conservative budget approach that CVCC has always maintained. This includes use of grant funding wherever possible and the CVCC is expecting nearly \$840,000 thousand in grants for fiscal year 2025–26. Most of these grant funds will be allocated for management and monitoring activities, such as cleanup and abatement of reserve lands and monitoring of protected species. Additionally, the CVCC has been awarded a two-year Wildlife Connectivity Assessment for Interstate 10 and closely associated transportation infrastructure in the Banning pass. This represents the largest non-acquisition grant since the inception of the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP), funded by the California Department of Fish and Wildlife's 30×30 grant.

The Fiscal Year 2025-26 Budget estimates \$7 million for the purchase of land within the conservation areas of the CVMSHCP, an increase from previous years. This higher estimate is partly due to higher land acquisition costs in areas targeted for acquisition along the wildland-urban interface and to account for potential large-acreage acquisitions further afield. Additionally, there has been an uptick in interest from willing sellers.

The general and administrative budget estimates were sensitive to unknown and continued inflationary factors in the coming fiscal year. All overhead expenditures were evaluated line-by-line, and projected price increases were applied for fiscally conservative budgetary practices. The budget also anticipates continued investment in an Enterprise Resource Planning system (ERP) that CVAG is launching in July 2025 to overhaul and streamline its financial systems. The new ERP will allow CVCC to fully integrate its contracting, grants management, accounts payable/receivable, chart of accounts, and financial reporting systems. As the new system is implemented, staff will conduct a comprehensive reassessment and reconfiguration of the current Chart of Accounts for CVCC. Several accounting funds will be eliminated and converted to projects or programs, or consolidated into other funds to better track revenues to expenditures and better align with the financial components of the CVMSHCP. This will enable more effective reporting and create a dynamic data set rather than the current linear structure. Staff expect these changes to be reflected in the Fiscal Year 2026-27 Budget, which will significantly differ from the current budget.

The Fiscal Year 2025-26 budget anticipates an Overall Agencywide deficit of approximately \$4 million for the Commission. This is mostly attributable to increased projected land acquisitions drawing down on available balances accumulated in previous years in the Land Acquisition Fund. The increase in the Land Acquisition budget accounts for specifically targeted parcels remaining in the Upper Mission Creek and Whitewater Floodplain where appraisals have been initiated due to willing sellers. These acquisitions target some of the few remaining parcels in these Conservation Areas which are crucial for maintaining Conservation Objectives and Rough Step compliance. CVCC revised its Acquisition Policy in the last year to provide greater flexibility in identifying targets in more rural areas in response to rising land costs near the urban-wildland interface where acquisition efforts have traditionally been concentrated. Parcels in these more rural areas will be appraised in Fiscal Year 2025-26 for the next round of targeted acquisitions. However, the increase in management and monitoring and overall operational costs is also causing a 2025-26 deficit of over \$600,000 in the Endowment Fund. This shortfall is challenging as the Endowment Fund is expected to grow each year to sustain the CVMSHCP through its full 75-year lifetime. CVCC staff continues to actively seek external funding sources and conduct analyses to address the gap left by key funding sources originally expected in the CVMSHCP, which were not fulfilled, such as the Eagle Mountain landfill.

At the May 29 meeting, CVCC staff will present the CVCC's draft budget for Fiscal Year 2025-26 to the CVCC Finance Committee and highlight budget areas of significance. Based on the feedback and direction provided, staff will finalize the budget and present it for adoption at the CVCC meeting on June 12, 2025. The budget covers the period July 1, 2025 through June 30, 2026.

CVCC staff appreciates the Committee's review and contributions to this year's budget and is eager to consider any suggestions the Committee may offer.

Fiscal Analysis: The fiscal analysis is included within the budget line items.

Attachments: CVCC Draft Fiscal Year 2025-26 Budget



Annual Budget

Coachella Valley Conservation Commission FY 2025–26

Draft



CVCC

City of Cathedral City
City of Coachella
City of Desert Hot Springs
City of Indian Wells
City of Indio
City of La Quinta
City of Palm Desert
City of Palm Springs
City of Rancho Mirage
County of Riverside
Coachella Valley Water District
Imperial Irrigation District
Mission Springs Water District

Draft



Annual Budget

Coachella Valley Conservation Commission FY 2025–26

04 Director's Message
07 Fiscal Overview
11 Budget Overview
11 Revenues
12 Expenditures
14 Operating Transfers

15 Overall Agency Summary
16 Budget By Programs
18 Fund Detail
19 Endowment (010)
20 General Administration (020)
21 Land Acquisition (030)

22 Lizard Endowment (040)
23 Casey's June Beetle Endowment (045)
24 Management & Monitoring (050)
25 Management Contingency (055)
26 Travertine Point Monitoring (065)
27 In-Lieu Fee (070)

Draft

From the Executive Director

TO THE HONORABLE MEMBERS OF THE COMMISSION

Riverside County Board of Supervisors; Mayors and City Council Members from the Cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage; and Members from the Mission Springs Water District, Coachella Valley Water District, and Imperial Irrigation District

JUNE 12, 2025

The Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP) provides an innovative pathway to meet the requirements of federal and State endangered species laws while promoting enhanced opportunities for recreation, tourism, and job growth. As the agency responsible for implementing the Plan, the CVCC has made an impressive effort to meet the requirements of preserving more than 240,000 acres of open space and protecting 27 species. October 2025 will mark the 17th year of implementation since the state and federal permits were issued.

The MSHCP has offered a streamlined development permitting process to our member agencies, permittees, and developers in exchange for land conservation in 21 priority habitat conservation areas. CVCC provides the administrative oversight for coordinating funding from fee programs and the endowment for land acquisition, stewardship, and biomonitoring efforts over an area of approximately 1.1 million acres, which allows us to enhance and maintain biological diversity and ecosystem processes while safeguarding the desert's natural heritage for future generations.

The budget, presented here for your review and approval, reflects our commitment to the Permit requirements and sets the stage for how CVCC will continue to acquire, monitor, and steward our conservation lands in the future.

By the end of 2024, the CVCC and its partners have protected 104,451 acres throughout the reserve system, with reserve assembly just under 50% complete. As we continue to acquire property for habitat and conservation, and the number of acres

owned by the CVCC continues to grow, the staff time and expenses necessary to ensure effective management of these lands to achieve conservation goals increase. This ongoing challenge of higher management costs requires us to be creative in planning long-term partnerships and cost-effective strategies for the future. This year, we plan to implement a Nexus Study for Local Development Mitigation Fees alongside one for the TUMF fees for CVAG. We continue to rely on the Coachella Valley Association of Governments to provide staffing, allowing the CVCC to limit overhead costs for administration and finance. In the last couple of years, CVCC also created a dedicated team to address the biological monitoring and land management needs of the MSHCP. This staffing arrangement has long proven efficient and successful and was recently used as a model for our counterparts in western Riverside County when they consolidated their resources with the Riverside County Transportation Commission.

CVCC continues to strengthen our existing partnerships with local non-profits and other organizations this year, including Friends of the Desert Mountains, Oswit Land Trust, UC Riverside, The Living Desert, and Southern California Mountains Foundation-Urban Conservation Corps. These partnerships help ensure we have resources for the ever-increasing land management responsibilities and educational outreach that come with managing lands on the wildland-urban interface. Management of invasive species, such as tamarisk, Saharan mustard, fountain grass, and stinknet, continues to be a priority, as is active mesquite restoration in reserve lands.

With the completion of the La Quinta Peninsular bighorn sheep fence last year, CVCC has approximately 20 miles of existing fencing and signage that need to be actively monitored and managed. Management of assets such as fencing, signage, and boulders to control illegal activity and development of trailheads and interpretational materials to promote positive recreational use continue to be priorities in the coming fiscal year. CVCC lands have been vulnerable to encampments, illegal dumping, shooting, and off-highway vehicle use. I appreciate that the Commission has found creative solutions to this, including the recent partnership with the Coachella Valley Desert and Mountains Recreation and Conservation Authority (CVDMRCA) to utilize resources from Desert Recreation District to repair and maintain existing fencing, signage, and boulders on CVCC lands as well as remove illegal dumping debris. This partnership will continue to be valuable as we implement our newest CalRecycle grant; CalRecycle awarded CVCC \$500,000 to clean up and abate illegal dumping and vehicles at 15 sites in and around Desert Hot Springs. Our partnerships also continue with local law enforcement, including Desert Hot Springs Police, the CVDMRCA, and the Coachella Valley Mountains Conservancy, as we work to launch a ranger cadet training program this fiscal year and hire four new rangers to patrol areas of high vandalism and illegal activity.

Biological monitoring activities continue to gather important data on covered species, including tracking Peninsular bighorn sheep use patterns around the recently completed La Quinta fence, initiating studies for the genetic analysis of small mammals, and remote tracking of wildlife migration patterns through the Coachella Valley using technological innovations, and assessing connectivity under Interstate 10. The information gathered through the biological monitoring program helps to better manage reserve lands and ensure the survival of the 27 plant and animal species the Plan

is charged with protecting. Additionally, CVCC will continue to implement the 30×30 grant program, which will proactively identify threats to connectivity and complete connectivity design recommendation options for future Caltrans and County projects along the Banning Pass section of Interstate 10 within Riverside County.

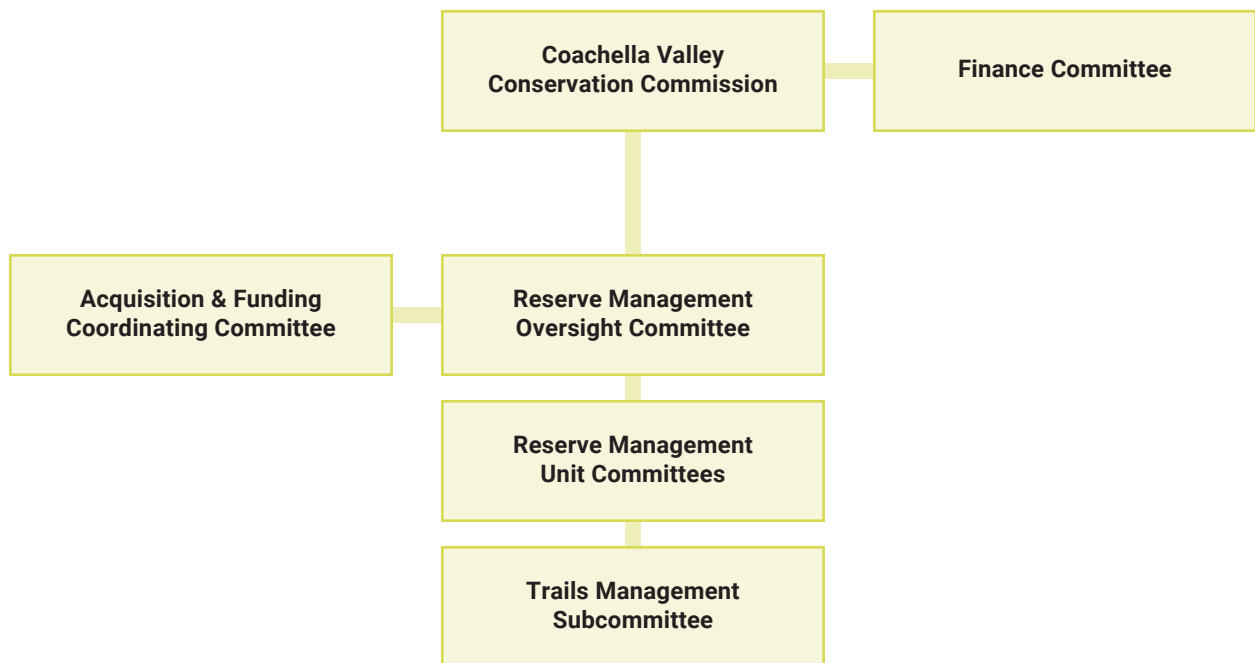
We are also looking for opportunities to secure state funding for much-needed stewardship funds. While we've utilized opportunities under state bonds such as Propositions 1, 84, and 68 for land acquisition and larger capital projects in the past, state and federal resources are not currently designed to provide long-term funding opportunities for management or stewardship of conservation lands over time, which will continue to be an ongoing challenge as the State attempts to meet federally-mandated conservation acquisition goals. You have my commitment to look for creative, cost-saving solutions, including working with CVAG on the current redesign of Indian Canyon's low-water crossing to make sure we balance the frustrating closures from flooding and blowsand while maintaining the sand transport that is critical for fringed toe lizards and other species. We will also continue to look for the most cost-effective opportunities to ensure the CVCC protects all its properties as key habitat areas for the species and habitats protected under the Plan.

CVCC's origins stem from CVAG's own commitment to protecting the environment. The work the Commission accomplishes will ensure these generations of Coachella Valley residents can also enjoy these natural resources.

Tom Kirk
Executive Director
Coachella Valley Conservation Commission

CVCC

Policy Committee Structure



Draft

Fiscal Overview

The Fiscal Overview provides a detailed overview of the Coachella Valley Conservation Commission's accounting funds and program descriptions for fiscal year 2025–26. It covers various funds such as the Management & Monitoring Fund, General Administration Fund, Land Acquisition Fund, and several endowments, highlighting their revenue sources, expenditures, and specific conservation initiatives.

Management & Monitoring Fund

The Management & Monitoring Fund of the Coachella Valley Conservation Commission (CVCC or Commission) includes revenue and expenditures associated with implementing the land management and biological monitoring programs for the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP). These programs are supported by revenues provided by Local Development Mitigation Fees (LDMF) and by various agencies, including the Coachella Valley Association of Governments (CVAG), Coachella Valley Water District (CVWD), Imperial Irrigation District (IID), Mission Springs Water District (MSWD), and the California Department of Transportation (Caltrans) to support implementation and the Endowment. Grants and other funding supplement these contributions when available.

A mix of CVAG staff and numerous consultants administers the management and monitoring programs. The coordination of biological monitoring and land management programs is overseen by the Director and supported by a Program Manager, a Management Analyst, and a Program Specialist. The Management Analyst supports the management and monitoring priorities of the CVCC and works closely with partner agencies to complete tasks outlined in the Annual Work Plan as approved by the Commission. CVCC also shares costs with CVAG for a mapping and database management analyst and a staff member to process and manage Local Development Mitigation Fee collections. A Conservation Ranger Coordinator was in August of 2024 to develop a ranger program and ordinance for enforcement on CVCC and partner agency conservation lands. This position is primarily funded through a grant from the Coachella Valley Mountains

Conservancy's Climate Resiliency and Community Action Program through fiscal year 2027–28.

Other monitoring and management tasks are completed through contracts with consultants from research institutions, including the University of California Riverside's Center for Conservation Biology (UCR), Southern California Mountains Foundation's Urban Conservation Corps (UCC), The Living Desert, and the University of California Davis, along with other consultants as needed. In 2025–26, CVCC plans to continue studying the aeolian sand species and focused surveys on small mammal and burrowing owl conservation genetics. Several studies will be implemented through the California Department of Fish and Wildlife's (CDFW) Local Assistance Grants and its Natural Community Conservation Planning (NCCP) 30×30 Grant. These include a detailed analysis of corridor undercrossings beneath Interstate 10 and establishing two new grant agreements. One agreement will fund Motus towers, a collaborative network of automated radio telemetry towers that enable simultaneous tracking of numerous small flying animals, such as birds, bats, and large insects, across multiple spatial scales. The second Local Assistance Grant will support the genetic analysis of small mammals at undercrossings along Interstate 10.

Agreements with the City of Desert Hot Springs Police Department and with the Coachella Valley Desert and Mountains Recreation and Conservation Authority will continue to provide enforcement to better manage illegal activity on conservation lands and support the objectives of the Land Management Program. The budget allocates funding for training in collaboration with UCC and Desert Recreation District to initiate the first cadre of four part-time ranger cadets starting in the spring of 2026.

As the number of acres owned by the CVCC continues to grow, the staff time and expenditures necessary to ensure effective management of these lands to achieve conservation goals increase. CVCC continues to acquire property for habitat and conservation, and staff anticipates additional resources and higher management costs will need to be included in this budget and future budgets. Management of illegal dumping, camping, off-road vehicles, and dogs in areas in which they are a threat are primary

concerns on reserve lands. This year's budget includes equipment needs, including patrol trucks and off-road vehicles for remote areas to support enforcement. CVCC's Land Management Program Specialist inspects assets and monitors land management needs on CVCC parcels. Management of assets such as fencing, signage, and boulders to control illegal activity and development of trailheads and interpretational materials to promote positive recreational use continue to be priorities in 2025–26. As part of the ongoing effort to streamline operations this year, CVCC will continue to upgrade the ArcGIS Online database and integrate the asset database into the Electronic Asset Management system that CVAG has brought on board for programs such as CV Link and CV Sync.

General Administration Fund

The General Administration Fund includes the expenses related to the administration of the CVMSHCP. The primary source of revenue for this fund is fees on the importation of waste into landfills in Riverside County, which are commonly called “tipping fees,” as well as investment income. CVAG provides administrative and project staff through a contract with CVCC. This fund supports many of the costs of the CVAG contract, including personnel costs of direct CVCC staff and support staff like accounting, contracts and procurement, clerking, graphic design, and executive leadership. Other expenses supported by this fund include general liability insurance, meeting attendance stipends for CVCC members, legal counsel, and most other general and administrative expenses that do not directly tie to specific fund/cost-center, such as project review and consultation for projects undertaken or otherwise authorized by CVMSHCP Permittees.

The agreement with CVAG has been amended several times over the years, most recently in an amendment approved by the CVCC and the CVAG Executive Committee in June 2023. The amended agreement sets a not-to-exceed contract amount based on the annual budget. The updated agreement to the CVAG/CVCC staffing arrangement aimed to simplify language to be consistent with similar arrangements and included automatic renewals with the option for either party to cancel the agreement with due notice as well as updating the not-to-exceed amount each year based on the adopted budgets by CVAG and CVCC. The budget also includes conference and staff training and contributions to the National Habitat Conservation Plan Coalition and the

California Habitat Conservation Planning Coalition for their assistance with CVMSHCP funding and implementation issues. CVAG/CVCC staff are focused on securing long-term funding to support, maintain, manage, monitor, and operate the CVMSHCP, particularly as staff costs rise due to ongoing management and monitoring requirements. In the spring of 2024, staff met with the CVCC Finance Committee to discuss the potential of membership contributions to help offset increasing costs. Other alternative funding sources were outlined at the meeting, as detailed in Section 5.0 - Costs of and Funding for Plan Implementation of the CVMSHP, including establishing a parcel tax or benefit assessment districts. These discussions were paused in anticipation of reinstating tipping fees from the Coachella/Indio Waste Transfer Authority, a primary funding source for CVCC operations. These tipping fees have recently been reinstated, addressing some funding gaps. Looking ahead to 2025–26, CVCC/CVAG staff plan to continue seeking external funding sources and may revisit these discussions with the Finance Committee as the year progresses, depending on the availability of external funding options for long-term sustainability.

Land Acquisition Fund

The Land Acquisition Fund supports the acquisition of lands by the CVCC on behalf of the Local Permittees to meet the goals of the CVMSHCP. Land acquisition expenditures include the purchase price of property acquired from willing sellers and costs associated with acquisition (appraisals, title, closing costs), land improvement costs (fencing, clean-up), and administrative costs for the land acquisition program. The land acquisition program is mainly supported by the Local Development Mitigation Fee and regional infrastructure mitigation contributions. The CVCC continues to contract with the Coachella Valley Mountains Conservancy to manage land acquisitions. A portion of the Land Acquisition Fund is used for CVCC staff costs, including a Program Specialist II – Fee Compliance, whose position is split with CVAG, and administrative expenses related to land acquisition.

The Land Acquisition Fund balance includes a mix of LDMF and non-LDMF Agency Mitigation Fees from agencies such as CVAG and Caltrans, as further described in the Budget Overview. In some fiscal years, expenditures exceed revenues based on land acquisition activities.

MSHCP Endowment

An endowment has been established to fund the Biological Monitoring Program and the Land Management Program, including adaptive management, in perpetuity. This Endowment is created through contributions from various agencies related to the mitigation of covered activities. For five years, beginning with permit issuance, CVWD contributed about \$3.5 million, and IID contributed \$525 thousand to the Endowment Fund for a total of about \$4.1 million. CVWD and IID completed their mitigation contributions in 2012–13. MSWD completed its mitigation contribution of \$350 thousand in September 2020. CVAG has contributed nearly \$9 million to the Endowment since the inception of the CVMSHCP.

Coachella Valley Fringe-Toed Lizard Endowment

The CVMSHCP calls for CVCC to assume responsibility for the Coachella Valley Fringe-toed Lizard (CVFTL) endowment, “... which will be incorporated into the MSHCP endowment and earmarked to ensure funding for the Monitoring and Management of the CVFTL and its associated habitat in perpetuity.” The Center for Natural Lands Management has been responsible for managing the CVFTL Endowment under the CVFTL Habitat Conservation Plan since The Nature Conservancy transferred that responsibility to them in January 2000. The CVFTL Habitat Conservation Plan was subsumed into the CVMSHCP in October 2008. In May 2009, CNLM informed CVCC of its intent to retain the CVFTL endowment.

Management Contingency Fund

Section 8.2.4.2 of the CVMSHCP identifies that CVCC will establish a \$5 million management contingency fund as a subset of the Monitoring and Management Program. The purpose of this fund is to provide the ability to address immediate and/or large-scale Monitoring and Management Program needs on Permittee lands. The process for determining how funds will be used is described in Section 8.2.4.2. The Management Contingency Fund was established and used to pay for the Peninsular Bighorn Sheep Fence, with relevant operating transfers into the Management & Monitoring Fund to cover project expenditures. The fence was completed in March 2024 and reduced the Management Contingency fund balance to approximately \$2.25 million at the end of 2023–24. The fund now continues to grow from investment income.

Travertine Point Monitoring Fund

Travertine Point is a proposed project near the Riverside-Imperial County line planned for future development. Through an agreement between CVCC and the Sierra Club, a fund has been established for CVCC to develop and administer an ongoing monitoring program related to protecting cultural resources and other sensitive resources on parcels adjacent to the Travertine Point project. The project developers are required to construct a barrier to protect these resources when the project goes forward. This fund is to be used by CVCC to develop and administer an ongoing monitoring program to ensure the barrier is properly maintained. The fund includes an initial \$500 thousand from the project developer, which was used to establish the Travertine Point Monitoring Fund. All returns on investment are retained in the fund.

In-Lieu Fee Program

CVCC is the Program Sponsor for the United States Army Corps of Engineers (USACE) In-Lieu Fee Program (ILFP), which allows organizations that need to mitigate unavoidable impacts to the Waters of the U.S. resulting from activities authorized under the Clean Water Act to do so by paying a fee to CVCC. Using these fees, CVCC has plans to implement habitat restoration or acquisition projects that are pre-approved as mitigation by USACE. The costs of these projects, including endowment, contingency, planning, and staff time, are paid from the In-Lieu Fee Program.

An Enabling Instrument (EI) for an in-lieu fee program was developed in 2014 to provide mitigation opportunities for impacts on the Waters of the United States. Such impacts are authorized by the United States Army Corps of Engineers (USACE) and the Colorado River Basin Regional Water Quality Control Board (RWQCB) through their implementation of the Clean Water Act (CWA).

The intention in sponsoring an ILF program was to complement the conservation objectives of the Plan by providing opportunities to conduct ecological uplift beyond the CVMSHCP’s requirements. The CVMSHCP does not provide for the restoration of degraded aquatic resources like wetlands and riparian systems (except for limited removal of tamarisk and acquisition of intact habitat), so the ability to rehabilitate and reestablish such systems would provide “value added” to the habitat conservation goals of the CVMSHCP, and potentially enable acquisition of seriously disturbed lands like



former hunting clubs to create habitat. CVCC anticipated most of its project sites would be within the Coachella Valley Stormwater Channel and Delta and Dos Palmas Conservation Areas.

Upon its establishment, CVCC's ILFP was granted 50 advance credits to generate seed funding for future project sites. CVCC had sold a total of 12.87 advance credits for the ILF program, and funds were held in the separate In-Lieu Fee Fund before USACE notified CVCC in June 2022 that it would be suspending its ability to sell credits, given the lag time between the initial credit sale and the approval of any restoration activities.

Environmental and ecological challenges beyond CVCC's control, in addition to the foundational issue of the region's ecological suitability and significant administrative hurdles in coordinating with the relevant regulatory agencies, provided CVCC with challenges that threatened compatibility with the CVMSHCP. In November 2022, the CVCC approved the closure of the ILFP. Staff will continue to administer the ILF program until it has satisfied its mitigation obligation for the outstanding advance credits.

Casey's June Beetle HCP Endowment

Casey's June beetle was listed as a federally endangered species in 2011 due to threats posed by the development of its habitat, habitat fragmentation, and degradation. They have restricted ranges and are adapted to specialized habitats and soil types on 800 acres found within Palm Springs. It was not listed as a Covered Species under the Coachella Valley Multiple Species Habitat Conservation Plan, so a separate Habitat Conservation Plan had to be developed with the U.S. Fish and Wildlife Service.

The Casey's June Beetle Habitat Conservation Plan was completed in 2017 to permit incidental take of the endangered Casey's June Beetle to the Coachella Valley Association of Governments (CVAG) to

develop CV Link, a valley-wide active transportation project. CVAG made an initial deposit to fund the Endowment of around \$160 thousand for the implementation of the initial habitat restoration and the long-term management, enhancement, and monitoring activities on habitat lands. CVCC will hold the conservation easement and manage a dedicated trust account with the non-wasting Endowment to ensure long-term funding for the management of the project lands.

Future Accounting Changes

CVAG/CVCC personnel have been diligently engaged in selecting and implementing a new enterprise resource planning (ERP) system over the past few years. The new ERP system, Oracle's NetSuite for Government, is projected to be fully operational in 2025-26. This system will facilitate CVCC's comprehensive integration of contracting, accounts payable and receivable, timekeeping, and financial transaction and reporting functions across all accounting funds.

As the new system is implemented, staff will conduct a comprehensive reassessment and reconfiguration of the current Chart of Accounts for CVCC. Several accounting funds will be eliminated and converted to projects or programs, or consolidated into other funds to better track revenues to expenditures and better align with the financial components of the CVMSHCP. This will enable more effective reporting and create a dynamic data set rather than the current linear structure. Staff expect these changes to be reflected in the 2026-27 budget, which will significantly differ from the current budget. These modifications will conform with recommendations and best practices from the Governmental Accounting Standards Board, resulting in a substantially different budget presentation.

Budget Overview

REVENUES

Tipping Fees

Approximately \$325 thousand is projected to be received again from the County of Riverside Waste Management Department for its annual contribution. Pursuant to the agreement executed on May 24, 2005, the County will pay \$1 per ton of the tipping fees generated by Coachella Valley waste received at the County's landfills. Tipping fees from the Coachella/Indio Waste Transfer Station Joint Powers Authority (C/I WTS) have not been received since June 19, 2021, with an average of \$14 thousand per month in arrears.

CVCC staff has worked extensively with the C/I WTS to address the tipping fees in arrears and ensure the prospective fee collection. In September 2024, the C/I WTS voted to authorize using their reserves to pay the amount in arrears. In December 2024, CVCC staff invoiced the C/I WTS for tipping fees in arrears between June 2021 and October 2024 for about \$560 thousand. In May 2025, CVCC staff will invoice another \$100 thousand to the C/I WTS for the period beginning December 1, 2024, and extending through June 30, 2025. This will bring the fiscal year 2024-25 total to about \$660 thousand. Now that that fees have been reinstated, about \$130 thousand has been budgeted from the C/I WTS in 2025-26. Unfortunately, local tipping fees are generating far less than originally anticipated at Plan formation, and alternate funding sources continue to be evaluated by CVCC staff.

Agency Mitigation Fees

When the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP or Plan) was drafted, it was determined that the Coachella Valley Association of Governments (CVAG) would contribute \$30 million in funds toward the Plan. CVCC is budgeting for CVAG to contribute an additional \$500 thousand total in 2025-26 to the Endowment fund, which will bring its total contribution to the Endowment to over \$9 million, in addition to over \$16 million previously provided for land acquisition.

CVCC also receives land acquisition revenues from transportation and utility providers through

agency mitigation fees. These fees are remitted to CVCC as projects and funds are programmed by the implementing agency. CVCC has negotiated a new Advanced Mitigation agreement with the California Department of Transportation (Caltrans) that will increase revenue into the Endowment fund by roughly \$275 thousand in 2025-26. This agreement with Caltrans will generate about \$1.220 million in land acquisition revenue. In conjunction with the associated endowment funds described above, these funds provide for the acquisition and long-term management of conservation property. CVCC prioritizes these monies for large acquisitions or parcels with known management issues that would immediately benefit from the dedicated endowment funding.

Development Mitigation Fees

CVCC has approved a 2.03% increase to the Local Development Mitigation Fee (LDMF) in 2025-26 because of inflation. LDMF is assessed on all development on previously undisturbed lands, with varying rates based on land use: commercial and industrial development is charged per acre, while residential development is charged based on dwelling unit density.

Development trends in the Coachella Valley have been cooling since an initial surge post-pandemic, including in residential development, which has historically provided the bulk of fee dollars received. Lack of infrastructure, especially electrical utility connections, has stymied multiple major residential projects locally, but across the nation, high interest rates have driven down demand, while a continued labor shortage impacts housing supply. Global economic uncertainty regarding the costs of construction materials and labor availability may further contribute to depressed levels of development both nationwide and here in the Coachella Valley. As a result, CVCC staff predict residential buildout will either remain the same or slightly decrease compared to the previous year.

State priorities to promote infill development over sprawl through incentivizing new housing in already built-out areas may also impact LDMF revenues collected from such development, although these incentives have not always proved efficacious

in the Coachella Valley. Developers are increasingly looking at the Coachella Valley as a candidate for large-scale warehouses, fulfillment centers, and other logistics industry facilities; the massive footprint required by these facilities, coupled with their sitting away from existing development, may result in substantial, one-time influxes in revenue. Nonetheless, residential and industrial development patterns tend to be erratic, and CVCC is therefore making a conservative projection of LDMF revenues, assuming stagnant development with a minor adjustment for inflation. This results in a budgeted amount of approximately \$2.575 million in total LDMF revenue, of which about \$2.140 million is allocated specifically for the Land Acquisition Fund and \$440 thousand in LDMF revenue for the Management & Monitoring Fund.

Grants

CVCC expects to receive grants totaling about \$150 thousand in the form of Local Assistance Grants from the California Department of Fish and Wildlife (CDFW) to assist in the management and monitoring portion of the Plan. CVCC is also the recipient of a \$500 thousand grant from CalRecycle for cleanup and abatement of reserve lands, of which around \$270 thousand is expected in 2025–26. The Coachella Valley Mountains Conservancy’s Climate Resiliency and Community Access (CRCA) Program to fund a Law Enforcement Management Analyst position through 2027–28 and anticipates receiving \$125 thousand for 2025–26. Additionally, the two-year Wildlife Connectivity Assessment for Interstate 10 and Closely Associated Transportation Infrastructure in the Banning Pass was awarded to the CVCC, representing the largest non-acquisition grant since the inception of the CVMSHCP, from CDFW 30×30 implementation. Roughly \$300 thousand is budgeted for receipt in 2025–26. Another \$150 thousand in revenue is budgeted to cover Motus tower array costs and small mammal genetics. Total grants expected for 2025–26 are nearly \$840 thousand. CVCC is not expecting any federal or state grants for land acquisition in 2025–26, although it does expect additional agency mitigation fees, as discussed next.

Investment Income

As investment income in the form of interest revenue affects all CVAG cost-centers/funds that maintain a fund balance, it is an important budgetary

consideration. Lower interest rates generally mean less investment income for CVAG. According to the Chicago Mercantile Exchange Group’s FedWatch Tool, target rate probabilities indicate a strong likelihood of rates between 3.00% and 3.50% by the end of fiscal year 2025–26, indicating a decrease from 2024–25 yields. Given this and many other unknowns, CVAG has used fiscally conservative budgeting techniques to account for a potential decrease in investment income in 2025–26 compared to fiscal year 2024–25.

EXPENDITURES

CVAG Administrative Reimbursement

The administration & land management reimbursement to CVAG is expected to be approximately \$1.693 million in 2025–26. This amount for the administration contract with CVAG is derived from projected staffing salaries, benefits, administrative overhead, and certain direct costs procured using a purchasing card as developed in CVAG’s 2025–26 budget. In 2023–24, the Commission approved an updated agreement to the CVAG/CVCC staffing arrangement, which simplified language to be consistent with similar arrangements and now includes automatic renewals with the option for either party to cancel the agreement with due notice as well as updating the not-to-exceed amount each year based on the adopted budgets by CVAG and CVCC.

The 2025–26 budget anticipates continued investment in the implementation of an enterprise resource planning (ERP) system through CVAG, allowing CVCC to fully integrate its contracting, grants management, accounts payable/receivable, chart of accounts, and financial reporting in the new system, Oracle NetSuite for Government. The upfront costs and investment in this ERP system include many one-time costs, such as ERP implementation consultants, support from the Oracle project team, and temporary staffing to help those implementing the project. The total budgeted direct costs allocated for these efforts from CVAG to CVCC are only about \$35 thousand for 2025–26. These costs will be eliminated once implementation is complete, as projected in early calendar year 2026. Given that CVCC can utilize CVAG resources for the implementation, the overall costs for this needed software are much less than had CVCC procured and implemented a new ERP system on its own.

In 2023–24, CVAG implemented a new performance management system encompassing its staff assigned to CVCC. The new system establishes a link between annual reviews and merit increases by eliminating the former Step-Pay approach, which generally saw 5% salary increases across the board, and replacing it with a Merit-Pay structure based on an open salary range philosophy with variable percentage salary increases each year for each employee based on performance. In the 2025–26 budget, salary increases, including those for promotions, averaged about 4 percent. A Cost-of-Living Adjustment of 2.9% is also included for all staff. Total 2025–26 personnel costs from CVAG are budgeted at approximately \$1.72 million.

The 2025–26 CVAG administrative reimbursement also includes overhead expenditures like office rent and utilities, office supplies, employee mileage, travel and training, accounting, and other professional services, in addition to direct costs like fence repair equipment, storage space rent, and other items that are used by CVCC staff through a purchasing card. The overhead budget estimates were sensitive to unknown and continued inflationary factors in the coming fiscal year. All overhead expenditures were evaluated line-by-line, and projected price increases were applied for fiscally conservative budgetary practices.

The budgeted CVAG administrative reimbursement per CVCC accounting fund is broken out approximately as follows: \$132 thousand of the cost is projected for the Land Acquisition Fund, \$873 thousand is reported in the General Administration Fund, \$677 thousand is reported in the Management & Monitoring Fund, \$11 thousand is reported in the In-Lieu Fee Fund. By maintaining the administrative relationship with CVAG, the Commission will continue to benefit from lower operational costs compared to operating independently because they are spread across the broad number of programs managed by CVAG.

Land Acquisition Costs

The 2025–26 budget estimates \$7 million for the purchase of land within the conservation areas of the CVMSHCP. The increase in the Land

Acquisition budget accounts for specifically targeted parcels remaining in the Upper Mission Creek and Whitewater Floodplain where appraisals have been initiated due to willing sellers. These acquisitions target some of the few remaining parcels in these Conservation Areas which are crucial for maintaining Conservation Objectives and Rough Step compliance. CVCC revised its Acquisition Policy in the last year to provide greater flexibility in identifying targets in more rural areas in response to rising land costs near the urban-wildland interface where acquisition efforts have traditionally been concentrated. Parcels in these more rural areas will be appraised in 2025–26 for the next round of targeted acquisitions.

Since 2008, the Coachella Valley Mountains Conservancy (CVMC) has helped manage CVCC's land acquisitions. CVMC supports the CVCC in determining acquisition priorities, identifying purchase opportunities, reviewing bids, assisting with contracts, conducting site inspections, managing title and escrow, tracking funds, handling conservation databases, and coordinating available federal funding. The 2025–26 budget allocates \$88 thousand for land acquisition costs to the CVMC.

Management and Monitoring Costs

As the acreage of land acquired and overseen by the Commission increases each year, so do the costs of management and monitoring activities on these lands. The 2025–26 budget assumes various expenditures for vital management and monitoring work such as biological monitoring for various protected species, small mammal trapping and genetic monitoring, mesquite restoration, law enforcement services from the City of Desert Hot Springs, support from ranger cadets, RV abatement and removal, waste removal and disposal fees, fee automation, and database management for about \$1.425 million.

About \$430 thousand has been budgeted for capital outlay such as fencing and trails, off-highway vehicles, trailers and patrol trucks, and equipment like that for the Motus tower array.

As highlighted in the Grants discussion above, nearly \$840 thousand is expected in grant revenue to offset some of these costs.



Transfers In/Out

The \$1.2 million Operating Transfer Out of the Endowment Fund and Transfer In for the Management & Monitoring Fund is calculated such that the Management & Monitoring Fund's Ending Fund Balance of about \$434 thousand is equal to the Fund's budgeted Development Mitigation Fees of \$438 thousand less the Fund's Administrative Fees of roughly \$4 thousand. For US GAAP financial statement reporting purposes, the General Administration and Endowment funds are combined yet presented separately in the budget. A transfer from the Endowment Fund to the General Administration Fund is estimated to be around \$600 thousand to bring the General Administration Fund balance to \$0 for 2025-26.

Operating Transfers

Operating transfers constitute cash transfers from a fund receiving revenues to a fund through which expenditures will be or have already been made.

Fund Transfer Out	Fund Transfer In	Amount
10 - Endowment	20 - General Administration	\$599,470
10 - Endowment	50 - Management & Monitoring	\$1,235,103
Total Operating Transfers		\$1,834,573

ADDITIONAL COMMENTS

CVCC's budget is unlike most agencies' budgets mainly because CVCC does not have employees and an office space, where fixed costs are present. With no employees or office space of its own, CVCC's budget will not show any personnel expenditures (e.g., salaries and benefits) or overhead

expenditures (e.g., office space). The administration of the Commission is provided via contract by CVAG, as identified above.

The Management & Monitoring program is funded in part by 17% of the LDMF fees, with the remainder of funding and the funding of the General Administration program fully or partially funded by the Endowment in 2025-26 and all future years. As CVCC continues to acquire land, the costs associated with management and monitoring will continue to rise.

The 2025-26 budget anticipates an Overall Agencywide deficit of approximately \$4 million for the Commission. This is mostly attributable to increased projected land acquisitions drawing down on available balances accumulated in previous years in the Land Acquisition Fund. However, the increase in management and monitoring and overall operational costs is also causing a 2025-26 deficit of over \$600 thousand in the Endowment Fund. This shortfall is daunting as the Endowment fund is expected to grow each year to sustain the CVMSHCP through its full seventy-five-year lifetime.

CVCC continues to actively seek external funding sources and conduct analyses to address the gap left by key funding sources originally expected in the CVMP SHCP, which were not fulfilled, such as the Eagle Mountain landfill. However, if such external funding is not ascertained, Section 5.0 - Costs of and Funding for Plan Implementation of the CVMSHP, allows for the establishment of a parcel tax or benefit assessment districts, among other funding items. CVCC staff anticipate resuming discussions with the Finance Committee and Commission regarding the need for additional funding sources during 2025-26 and, perhaps, revisiting the concept of membership contributions as a more immediate form of relief until other viable and long-term funding sources are identified.

Overall Agency Summary

The Overall Agency Summary Report summarizes the fiscal year 2025–26 proposed budget. This report compares the proposed budget with the year-end revenue and expenditure estimates for 2024–25, the adopted budget for 2024–25, and the audited financial statements for 2023–24.

	FY 2023–24 Actual	FY 2024–25 Budget	FY 2024–25 Yr. End Est.	FY 2025–26 Budget
Beginning Fund Balance	\$ 40,042,337	\$ 40,193,380	\$ 40,385,764	\$ 41,354,395
Revenues / Funding Source	\$ 6,257,439	\$ 7,496,296	\$ 7,824,142	\$ 7,125,267
Project Reviews	–	–	\$ 5,820	\$ 6,000
Coachella/Indio Waste Transfer Tipping Fees	–	–	\$ 660,895	\$ 132,000
County Tipping Fees	\$ 341,757	\$ 300,000	\$ 300,000	\$ 325,000
Development Mitigation Fees	\$ 3,283,669	\$ 3,139,062	\$ 2,526,186	\$ 2,577,467
Agencies Mitigation Fees	\$ 579,390	\$ 2,079,300	\$ 2,000,024	\$ 2,000,000
Friends of the Desert Mountains	-	\$ 18,000	-	\$ 18,000
Other Revenue	\$ 19,911	\$ 110,857	\$ 43,752	\$ 103,000
Advertising Revenue	\$ 8,342	\$ 3,500	\$ 10,920	\$ 10,442
Gain (Loss) in Investments	\$ 375,305	–	–	–
Grants	\$ 25,611	\$ 721,238	\$ 603,985	\$ 838,509
Investment Income	\$ 1,623,453	\$ 1,124,339	\$ 1,672,561	\$ 1,114,850
Expenditures / Expenditure	\$ 5,914,012	\$ 7,330,770	\$ 6,855,512	\$ 11,167,269
Land Management Costs	\$ 240,081	\$ 288,500	\$ 514,523	\$ 1,186,630
Land Acquisitions	\$ 2,872,963	\$ 3,967,000	\$ 3,922,534	\$ 7,088,674
LDMF Admin Fee	\$ 32,229	\$ 31,391	\$ 25,262	\$ 25,775
CVAG Admin Reimbursement	\$ 1,191,199	\$ 1,683,141	\$ 1,680,736	\$ 1,692,586
Miscellaneous	–	–	\$ 1,082	\$ 1,200
Memberships	–	–	\$ 10,000	\$ 15,000
Office Operations	\$ 24,246	\$ 59,752	\$ 30,279	\$ 38,020
Meeting Attendance Stipends	\$ 7,582	\$ 12,967	\$ 11,672	\$ 13,160
Employee Travel or Training	–	–	–	\$ 20,500
Professional Services	\$ 401,940	\$ 1,278,020	\$ 599,756	\$ 615,424
Capital Outlay	\$ 1,143,772	\$ 10,000	\$ 59,667	\$ 470,300
Operating Transfers	–	–	–	–
Operating Transfers Out	\$ 1,282,483	\$ 1,360,216	\$ 853,351	\$ 1,834,573
Operating Transfers In	(\$ 1,282,483)	(\$ 1,360,216)	(\$ 853,351)	(\$ 1,834,573)
Net Excess (Deficit)	\$ 343,427	\$ 165,526	\$ 968,631	(\$ 4,042,001)
Ending Fund Balance	\$ 40,385,764	\$ 40,358,906	\$ 41,354,395	\$ 37,312,394

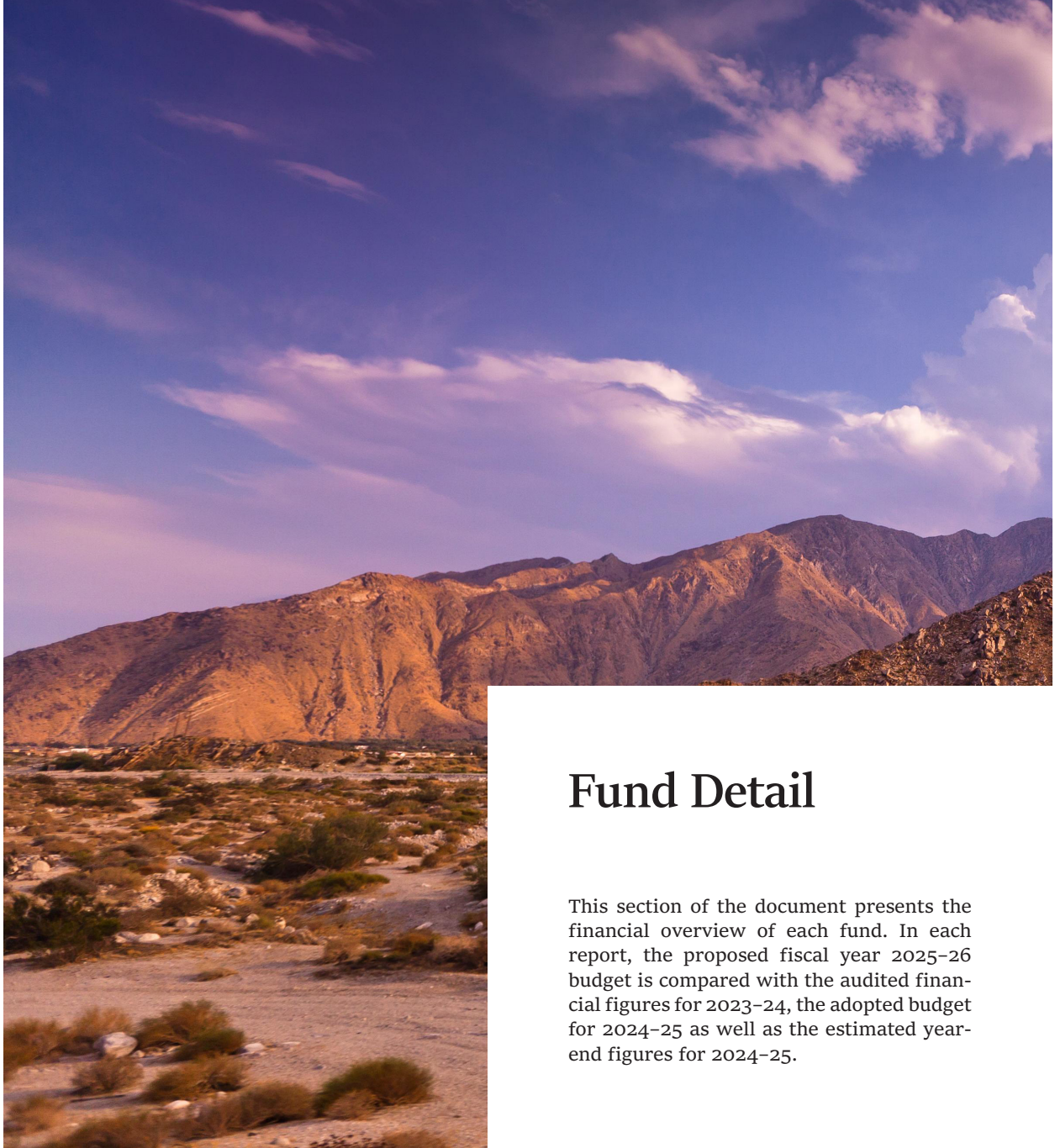
Budget By Programs

An overview of the financial activities anticipated in each program for fiscal year 2025–26.

	Endowment	General Administration	Land Acquisition	Lizard Endowment
Beginning Fund Balance	\$ 16,597,478	-	\$ 18,654,433	\$ 365,007
Revenues / Funding Source	\$ 1,218,341	\$ 463,000	\$ 4,025,449	\$ 9,985
Investment Income	\$ 440,593	-	\$ 560,900	\$ 9,985
Grants	-	-	-	-
Project Reviews	-	\$ 6,000	-	-
Coachella/Indio Waste Transfer Tipping Fees	-	\$ 132,000	-	-
County Tipping Fees	-	\$ 325,000	-	-
Development Mitigation Fees	-	-	\$ 2,139,298	-
Agencies Mitigation Fees	\$ 777,748	-	\$ 1,222,252	-
Friends of the Desert Mountains	-	-	-	-
Other Revenue	-	-	\$ 103,000	-
Advertising Revenue	-	-	-	-
Expenditures / Expenditure	\$ 1,834,573	\$ 463,000	\$ 7,460,950	-
Non–Personnel	-	\$ 1,062,470	\$ 7,460,950	-
Capital Outlay	-	-	\$ 40,000	-
Professional Services	-	\$ 127,924	\$ 125,000	-
Employee Travel or Training	-	-	-	-
Meeting Attendance Stipends	-	\$ 13,160	-	-
Office Operations	-	\$ 33,520	-	-
Land Management Costs	-	-	\$ 53,000	-
Land Acquisitions	-	-	\$ 7,088,674	-
LDMF Admin Fee	-	-	\$ 21,393	-
CVAG Admin Reimbursement	-	\$ 872,866	\$ 131,683	-
Miscellaneous	-	-	\$ 1,200	-
Memberships	-	\$ 15,000	-	-
Operating Transfers	\$ 1,834,573	(\$ 599,470)	-	-
Operating Transfers In	-	(\$ 599,470)	-	-
Operating Transfers Out	\$ 1,834,573	-	-	-
Net Excess (Deficit)	(\$ 616,233)	-	(\$ 3,435,501)	\$ 9,985
Ending Fund Balance	\$ 15,981,245	-	\$ 15,218,932	\$ 374,992

Budget By Programs (Continued)

Casey's June Beetle Endowment	Management & Monitoring	Management Contingency	Travertine Point Monitoring	In-Lieu Fee	Total
\$ 262,378	\$ 493,817	\$ 2,283,588	\$ 596,106	\$ 2,101,586	\$ 41,354,393
\$ 7,178	\$ 1,312,544	\$ 62,055	\$ 16,308	\$ 10,408	\$ 7,125,267
\$ 7,178	\$ 7,424	\$ 62,055	\$ 16,308	\$ 10,408	\$ 1,114,850
-	\$ 838,509	-	-	-	\$ 838,509
-	-	-	-	-	\$ 6,000
-	-	-	-	-	\$ 132,000
-	-	-	-	-	\$ 325,000
-	\$ 438,169	-	-	-	\$ 2,577,467
-	-	-	-	-	\$ 2,000,000
-	\$ 18,000	-	-	-	\$ 18,000
-	-	-	-	-	\$ 103,000
-	\$ 10,442	-	-	-	\$ 10,442
\$ 25,000	\$ 1,372,574	-	-	\$ 11,171	\$ 11,167,269
\$ 25,000	\$ 2,607,677	-	-	\$ 11,171	\$ 11,167,269
-	\$ 430,300	-	-	-	\$ 470,300
\$ 25,000	\$ 337,500	-	-	-	\$ 615,424
-	\$ 20,500	-	-	-	\$ 20,500
-	-	-	-	-	\$ 13,160
-	\$ 4,500	-	-	-	\$ 38,020
-	\$ 1,133,630	-	-	-	\$ 1,186,630
-	-	-	-	-	\$ 7,088,674
-	\$ 4,382	-	-	-	\$ 25,775
-	\$ 676,865	-	-	\$ 11,171	\$ 1,692,586
-	-	-	-	-	\$ 1,200
-	-	-	-	-	\$ 15,000
-	(\$ 1,235,103)	-	-	-	-
-	(\$ 1,235,103)	-	-	-	(\$ 1,834,573)
-	-	-	-	-	\$ 1,834,573
(\$ 17,822)	(\$ 60,030)	\$ 62,055	\$ 16,308	(\$ 763)	(\$ 4,042,001)
\$ 244,556	\$ 433,787	\$ 2,345,643	\$ 612,414	\$ 2,100,823	\$ 37,312,392



Fund Detail

This section of the document presents the financial overview of each fund. In each report, the proposed fiscal year 2025-26 budget is compared with the audited financial figures for 2023-24, the adopted budget for 2024-25 as well as the estimated year-end figures for 2024-25.



010 - Endowment

	FY2023/24 Actual	FY2024/25 Budget	FY2024/25 Yr. End Est.	FY2025/26 Budget
BEGINNING FUND BALANCE	\$ 14,749,380	\$ 15,348,038	\$ 15,965,297	\$ 16,597,478
<u>Revenues / Funding Source</u>				
Agencies Mitigation Fees	\$ 579,390	\$ 911,032	\$ 777,748	\$ 777,748
Other Revenue	-	-	\$ 43,500	-
Gain(Loss) in Investments	\$ 144,634	-	-	-
Investment Income	\$ 634,898	\$ 428,185	\$ 664,284	\$ 440,593
Total Revenues / Funding Source	\$ 1,358,922	\$ 1,339,217	\$ 1,485,532	\$ 1,218,341
<u>Expenditures / Expenditure</u>				
Non-Personnel				
Professional Services	-	-	-	-
Total Non-Personnel	-	-	-	-
Operating Transfers				
Operating Transfers Out	\$ 143,006	\$ 1,360,216	\$ 853,351	\$ 1,834,573
Total Operating Transfers	\$ 143,006	\$ 1,360,216	\$ 853,351	\$ 1,834,573
Total Expenditures / Expenditure	\$ 143,006	\$ 1,360,216	\$ 853,351	\$ 1,834,573
Net Excess (Deficit)	\$ 1,215,917	(\$ 21,000)	\$ 632,181	(\$ 616,233)
ENDING FUND BALANCE	\$ 15,965,297	\$ 15,327,038	\$ 16,597,478	\$ 15,981,245



020 - General Administration

	FY2023/24 Actual	FY2024/25 Budget	FY2024/25 Yr. End Est.	FY2025/26 Budget
BEGINNING FUND BALANCE	\$ 294,895	-	-	-
<u>Revenues / Funding Source</u>				
Project Reviews	-	-	\$ 5,820	\$ 6,000
Coachella/Indio Waste Transfer Tipping Fees	-	-	\$ 660,895	\$ 132,000
County Tipping Fees	\$ 341,757	\$ 300,000	\$ 300,000	\$ 325,000
Other Revenue	\$ 10,188	-	\$ 251	-
Gain(Loss) in Investments	\$ 1,731	-	-	-
Investment Income	\$ 2,816	\$ 3,572	-	-
Total Revenues / Funding Source	\$ 356,492	\$ 303,572	\$ 966,967	\$ 463,000
<u>Expenditures / Expenditure</u>				
Non-Personnel				
CVAG Admin Reimbursement	\$ 677,757	\$ 790,740	\$ 871,899	\$ 872,866
Memberships	-	-	\$ 10,000	\$ 15,000
Miscellaneous	-	-	-	-
Office Operations	\$ 24,246	\$ 28,000	\$ 30,279	\$ 33,520
Meeting Attendance Stipends	\$ 7,582	\$ 12,967	\$ 11,672	\$ 13,160
Professional Services	\$ 84,808	\$ 102,020	\$ 80,630	\$ 127,924
Total Non-Personnel	\$ 794,393	\$ 933,726	\$ 1,004,481	\$ 1,062,470
Operating Transfers				
Operating Transfers In	(\$ 143,006)	(\$ 630,154)	(\$ 37,514)	(\$ 599,470)
Total Operating Transfers	(\$ 143,006)	(\$ 630,154)	(\$ 37,514)	(\$ 599,470)
Total Expenditures / Expenditure	\$ 651,388	\$ 303,572	\$ 966,967	\$ 463,000
Net Excess (Deficit)	(\$ 294,895)	-	-	-
ENDING FUND BALANCE	-	-	-	-



030 - Land Acquisition

	FY2023/24 Actual	FY2024/25 Budget	FY2024/25 Yr. End Est.	FY2025/26 Budget
BEGINNING FUND BALANCE	\$ 18,252,469	\$ 18,785,835	\$ 18,814,285	\$ 18,654,433
<u>Revenues / Funding Source</u>				
Contributions	-	-	-	-
Development Mitigation Fees	\$ 2,725,446	\$ 2,605,421	\$ 2,028,074	\$ 2,139,298
Agencies Mitigation Fees	-	\$ 1,168,268	\$ 1,222,276	\$ 1,222,252
Other Revenue	\$ 1,472	\$ 103,357	-	\$ 103,000
Gain(Loss) in Investments	\$ 175,837	-	-	-
Investment Income	\$ 769,279	\$ 539,979	\$ 836,079	\$ 560,900
Total Revenues / Funding Source	\$ 3,672,034	\$ 4,417,026	\$ 4,086,428	\$ 4,025,449
<u>Expenditures / Expenditure</u>				
Non-Personnel				
Land Management Costs	\$ 36,894	\$ 196,000	\$ 28,899	\$ 53,000
Land Acquisitions	\$ 2,872,963	\$ 3,967,000	\$ 3,922,534	\$ 7,088,674
LDMF Admin Fee	\$ 26,646	\$ 26,054	\$ 20,967	\$ 21,393
Miscellaneous	-	-	\$ 1,082	\$ 1,200
CVAG Admin Reimbursement	\$ 145,342	\$ 133,473	\$ 165,489	\$ 131,683
Professional Services	\$ 28,372	\$ 84,000	\$ 47,642	\$ 125,000
Capital Outlay	-	-	\$ 59,667	\$ 40,000
Total Non-Personnel	\$ 3,110,218	\$ 4,406,527	\$ 4,246,280	\$ 7,460,950
Total Expenditures / Expenditure	\$ 3,110,218	\$ 4,406,527	\$ 4,246,280	\$ 7,460,950
Net Excess (Deficit)	\$ 561,816	\$ 10,498	(\$ 159,852)	(\$ 3,435,501)
ENDING FUND BALANCE	\$ 18,814,285	\$ 18,796,333	\$ 18,654,433	\$ 15,218,932



040 - Lizard Endowment

	FY2023/24 Actual	FY2024/25 Budget	FY2024/25 Yr. End Est.	FY2025/26 Budget
BEGINNING FUND BALANCE	\$ 332,232	\$ 346,699	\$ 349,983	\$ 365,007
<u>Revenues / Funding Source</u>				
Gain(Loss) in Investments	\$ 3,194	-	-	-
Investment Income	\$ 14,557	\$ 9,645	\$ 15,024	\$ 9,985
Total Revenues / Funding Source	\$ 17,751	\$ 9,645	\$ 15,024	\$ 9,985
Net Excess (Deficit)	\$ 17,751	\$ 9,645	\$ 15,024	\$ 9,985
ENDING FUND BALANCE	\$ 349,983	\$ 356,344	\$ 365,007	\$ 374,992



045 - Casey's June Beetle Endowment

	FY2023/24 Actual	FY2024/25 Budget	FY2024/25 Yr. End Est.	FY2025/26 Budget
BEGINNING FUND BALANCE	\$ 238,886	\$ 249,005	\$ 251,578	\$ 262,378
<u>Revenues / Funding Source</u>				
Conservation Easement Endowment	-	-	-	-
Agencies Mitigation Fees	-	-	-	-
Gain(Loss) in Investments	\$ 2,298	-	-	-
Investment Income	\$ 10,394	\$ 6,746	\$ 10,800	\$ 7,178
Total Revenues / Funding Source	\$ 12,692	\$ 6,746	\$ 10,800	\$ 7,178
<u>Expenditures / Expenditure</u>				
Non-Personnel				
Professional Services	-	\$ 24,000	-	\$ 25,000
Total Non-Personnel	-	\$ 24,000	-	\$ 25,000
Total Expenditures / Expenditure	-	\$ 24,000	-	\$ 25,000
Net Excess (Deficit)	\$ 12,692	(\$ 17,254)	\$ 10,800	(\$ 17,822)
ENDING FUND BALANCE	\$ 251,578	\$ 231,751	\$ 262,378	\$ 244,556



050 - Management & Monitoring

	FY2023/24 Actual	FY2024/25 Budget	FY2024/25 Yr. End Est.	FY2025/26 Budget
BEGINNING FUND BALANCE	\$ 413,647	\$ 454,371	\$ 157,091	\$ 493,817
<u>Revenues / Funding Source</u>				
Coachella/Indio Waste Transfer Tipping Fees	-	-	-	-
Development Mitigation Fees	\$ 558,224	\$ 533,641	\$ 498,112	\$ 438,169
Agencies Mitigation Fees	-	-	-	-
Prop 1 Program	-	-	-	-
Friends of the Desert Mountains	-	\$ 18,000	-	\$ 18,000
Other Revenue	\$ 8,251	\$ 7,500	-	-
Advertising Revenue	\$ 8,342	\$ 3,500	\$ 10,920	\$ 10,442
Grants	\$ 25,611	\$ 721,238	\$ 603,985	\$ 838,509
Investment Income	\$ 12,112	\$ 14,391	\$ 12,623	\$ 7,424
Total Revenues / Funding Source	\$ 612,540	\$ 1,298,270	\$ 1,125,640	\$ 1,312,544
<u>Expenditures / Expenditure</u>				
Non-Personnel				
Land Management Costs	\$ 203,187	\$ 92,500	\$ 485,625	\$ 1,133,630
LDMF Admin Fee	\$ 5,582	\$ 5,336	\$ 4,295	\$ 4,382
Miscellaneous	-	-	-	-
CVAG Admin Reimbursement	\$ 367,273	\$ 746,810	\$ 643,348	\$ 676,865
Office Operations	-	\$ 31,752	-	\$ 4,500
Employee Travel or Training	-	-	-	\$ 20,500
Professional Services	\$ 288,759	\$ 1,068,000	\$ 471,484	\$ 337,500
Capital Outlay	\$ 1,143,772	\$ 10,000	-	\$ 430,300
Total Non-Personnel	\$ 2,008,573	\$ 1,954,398	\$ 1,604,751	\$ 2,607,677
Operating Transfers				
Operating Transfers In	(\$ 1,139,478)	(\$ 730,062)	(\$ 815,837)	(\$ 1,235,103)
Total Operating Transfers	(\$ 1,139,478)	(\$ 730,062)	(\$ 815,837)	(\$ 1,235,103)
Total Expenditures / Expenditure	\$ 869,096	\$ 1,224,336	\$ 788,914	\$ 1,372,574
Net Excess (Deficit)	(\$ 256,556)	\$ 73,934	\$ 336,726	(\$ 60,030)
ENDING FUND BALANCE	\$ 157,091	\$ 528,305	\$ 493,817	\$ 433,787



055 - Management Contingency

	FY2023/24 Actual	FY2024/25 Budget	FY2024/25 Yr. End Est.	FY2025/26 Budget
BEGINNING FUND BALANCE	\$ 3,154,151	\$ 2,357,808	\$ 2,190,272	\$ 2,283,588
<u>Revenues / Funding Source</u>				
Gain(Loss) in Investments	\$ 42,394	-	-	-
Investment Income	\$ 133,204	\$ 91,113	\$ 93,316	\$ 62,055
Total Revenues / Funding Source	\$ 175,599	\$ 91,113	\$ 93,316	\$ 62,055
<u>Expenditures / Expenditure</u>				
Non-Personnel				
CVAG Admin Reimbursement	-	-	-	-
Land Management Costs	-	-	-	-
Total Non-Personnel	-	-	-	-
Operating Transfers				
Operating Transfers Out	\$ 1,139,478	-	-	-
Total Operating Transfers	\$ 1,139,478	-	-	-
Total Expenditures / Expenditure	\$ 1,139,478	-	-	-
Net Excess (Deficit)	(\$ 963,879)	\$ 91,113	\$ 93,316	\$ 62,055
ENDING FUND BALANCE	\$ 2,190,272	\$ 2,448,921	\$ 2,283,588	\$ 2,345,643



065 - Travertine Point Monitoring

	FY2023/24 Actual	FY2024/25 Budget	FY2024/25 Yr. End Est.	FY2025/26 Budget
BEGINNING FUND BALANCE	\$ 542,579	\$ 566,207	\$ 571,569	\$ 596,106
<u>Revenues / Funding Source</u>				
Gain(Loss) in Investments	\$ 5,217	-	-	-
Investment Income	\$ 23,773	\$ 15,751	\$ 24,537	\$ 16,308
Total Revenues / Funding Source	\$ 28,990	\$ 15,751	\$ 24,537	\$ 16,308
Net Excess (Deficit)	\$ 28,990	\$ 15,751	\$ 24,537	\$ 16,308
ENDING FUND BALANCE	\$ 571,569	\$ 581,958	\$ 596,106	\$ 612,414



070 - In-Lieu Fee

	FY2023/24 Actual	FY2024/25 Budget	FY2024/25 Yr. End Est.	FY2025/26 Budget
BEGINNING FUND BALANCE	\$ 2,064,097	\$ 2,085,416	\$ 2,085,688	\$ 2,101,586
<u>Revenues / Funding Source</u>				
Agencies Mitigation Fees	-	-	-	-
Other Revenue	-	-	-	-
Investment Income	\$ 22,419	\$ 14,956	\$ 15,898	\$ 10,408
Total Revenues / Funding Source	\$ 22,419	\$ 14,956	\$ 15,898	\$ 10,408
<u>Expenditures / Expenditure</u>				
Non-Personnel				
CVAG Admin Reimbursement	\$ 827	\$ 12,119	-	\$ 11,171
Professional Services	-	-	-	-
Total Non-Personnel	\$ 827	\$ 12,119	-	\$ 11,171
Total Expenditures / Expenditure	\$ 827	\$ 12,119	-	\$ 11,171
Net Excess (Deficit)	\$ 21,592	\$ 2,837	\$ 15,898	(\$ 763)
ENDING FUND BALANCE	\$ 2,085,688	\$ 2,088,253	\$ 2,101,586	\$ 2,100,823



CVCC

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ITEM 5A

**Coachella Valley Conservation Commission
Finance Committee
May 29, 2025**



STAFF REPORT

Subject: Expected Extension of Engagement with CVCC's Independent Auditor

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

Recommendation: Information

Background: The CVCC has engaged the Coachella Valley Association of Governments (CVAG) to provide staffing and other administrative tasks under its Agreement for Administration of the Coachella Valley Multiple Species Habitat Conservation Plan.

CVAG's Financial Statements Audit Procurement Policy, adopted on June 3, 2002, requires CVAG obtain proposals from qualified auditing firms every five years in order to rotate audit firms. In June 2021, at the recommendation of the Finance Committee, CVAG hired Davis Farr LLP (Davis Farr), a CPA firm with relevant experience, as the independent auditor for CVAG. This agreement also provides audit services for the two sister agencies CVAG staffs through agreements, which are the Coachella Valley Conservation Commission (CVCC), and Desert Community Energy (DCE). Having one auditing firm is an efficient way to conduct the audit, especially since there are some financial interactions between the agencies.

The agreement with Davis Farr was five fiscal years, starting with fiscal year 2020-21. CVAG's policy of rotating auditors is stricter than state law, which allows a local agency to employ an accounting firm for up to six consecutive fiscal years if the lead or reviewing audit partner has held primary responsibility during that time.

Davis Farr successfully completed its fourth financial statement audit for all three agencies for the fiscal year ending on June 30, 2024. The current engagement terms include auditing for a fifth and final year, covering the fiscal year ending June 30, 2025. However, CVAG is preparing for a significant operational transition by implementing a new Enterprise Resource Planning (ERP) system. The ERP system integrates various business processes such as accounting, procurement, human resources, and more into a unified software platform, improving efficiency and data accuracy across the organization. The ERP launch is planned for July 2025, which would make fiscal year 2025-26 the first full year under the new financial systems.

CVAG's Finance Committee is meeting on Tuesday, May 27 and will consider an extension of the Davis Farr through fiscal year 2025-26. In light of this significant transition, CVAG staff is recommending the Executive Director be authorized to extend Davis Farr's engagement for an additional year and cover the audit for fiscal year 2025-26. In addition, CVAG staff is recommending the agreement also be amended to address increased costs. Maintaining

continuity with the same auditor ensures a smoother transition, as their deep knowledge of the previous accounting system enables them to better identify any errors or discrepancies that may arise during the migration to the new ERP system.

If this recommendation is approved by the CVAG Finance Committee and the CVAG Executive Committee, CVAG staff will delay issuing a Request for Proposals for a new audit firm until fiscal year 2026-27. The selected firm will then provide the audit for that fiscal year and extend through the subsequent four fiscal years, concluding with fiscal year 2030-31, consistent with the five-year cycle as outlined in CVAG's Financial Statements Audit Procurement Policy.

Fiscal Analysis: The recommended action would add an additional \$13,710 to CVCC over two fiscal years.

For the Fiscal Year 2024-25 audit, Davis Farr's increased fees would add an additional \$2,010 for CVCC, bringing the total to \$9,700. For fiscal year 2025-26, the professional audit fees would be \$11,700 for CVCC.

These costs will be incorporated into CVCC's annual budgets.

ITEM 5B

**Coachella Valley Conservation Commission
Finance Committee
May 29, 2025**



STAFF REPORT

Subject: Update on the Enterprise Resource Planning (ERP) Project

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

Recommendation: Information

Background: In April 2023, the Coachella Valley Association of Governments – which is contracted to provide the staffing to the CVCC – officially began working on a new Enterprise Resource Planning (ERP) project with Berry, Dunn, McNeil & Parker, LLC (Berry Dunn) to replace its outdated financial and administrative systems.

An ERP system is an agency-wide system that helps automate and manage business processes across finance, human resources, and general operations. The main financial system used by CVAG and CVCC is Tyler Technologies' Eden system, which has been the primary system since about 2001. The Eden system will no longer be supported as of March 2027. The implementation of an ERP will allow CVCC to fully integrate its contracting, grants management, accounts payable/receivable, chart of accounts and financial reporting systems.

Following a thorough evaluation process that included the then-Chair of the Finance Committee, Oracle NetSuite for Government (NS4G) was selected in March 2024 as the preferred ERP solution. The contract negotiations were finalized and approved by the Executive Committee in May 2024, with CVAG staff securing significant discounts of up to 57% on recurring software costs and up to 36% on the hourly rate for implementation services.

The long-anticipated ERP implementation began in July 2024 and has been well underway with a currently projected go-live target date around July 2025. In anticipation, CVAG staff is currently working with its member jurisdictions and its vendors to coordinate the timing of invoices and reimbursements that fall near the launch date.

CVAG staff is currently undergoing a critical stage of implementation, which is the User Acceptance Testing. In April 2025, CVAG's Executive Committee authorized the addition of a bill capture program into system rollout as well as additional licenses. Currently, accounting staff manually track these invoices through several folder movement processes and a spreadsheet, which require considerable time and follow-up to determine the invoice status within each relevant CVAG department. CVAG recently shifted to a singular email for such payments – ap@cvag.org – and the bill capture program will receive, automatically file, and create the initial bill payment screen input from vendor invoices sent to that email, significantly reducing the staff time spent on uploading, moving through folder processes and tracking these invoices. Additionally, this program will facilitate more prompt payments and minimize the risk of invoices being overlooked.

The program will not initiate payment of invoices which will still follow internal controls and proper approvals after bill-readiness has been appropriately addressed.

Fiscal Analysis: The CVAG Executive Committee in June 2024 authorized an agreement for cloud services, professional services agreement and related contract documents with Oracle America, Inc. for the implementation of Oracle NetSuite for Government system for a not-to-exceed amount of \$860,175 over the life of the contract. The additional bill pay actions and licenses add an additional \$28,221 to the ERP costs.

Most of the costs are covered by CVAG. As is true for all CVAG agencywide system implementations, a portion of these costs will be allocated to the CVCC based on its respective share of overhead. These costs have been included in the CVCC's draft Fiscal Year 2025-26 budget, which is being reviewed as a separate agenda item.

COACHELLA VALLEY CONSERVATION COMMISSION

INVESTMENT REPORT

FOR MARCH 31, 2025

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 Pooled Investment Fund	\$ 39,366,304	94.46%	\$ 39,263,054	[a]	94.44%	4.01%	N/A
Wells Fargo Bank (Checking)	\$ 210,831	0.51%	\$ 210,831		0.51%	N/A	N/A
Wells Fargo Bank (In-Lieu Fee)	\$ 2,098,985	5.04%	\$ 2,098,985		5.05%	0.68%	N/A
CAMP	\$ -	0.00%	\$ -	[b]	0.00%	4.47%	N/A
Total Cash & Investments	\$ 41,676,120	100.00%	\$ 41,572,870		100.00%		

Note:

[a] Fair market value does not include accrued interest. Source of Market Values - the March 2025 County of Riverside Treasurer's Pooled Investment Fund Monthly Report Paper Gain/(Loss) was (0.262)%.

[b] An investment account with the California Asset Management Program (CAMP) was opened in line with CVCC Policy 25-01 Investment Policy but not yet funded.

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 January 09, 2025.

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

Submitted by:



Claude T. Kilgore, CPA
CVCC Auditor