



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: APRIL 13, 2021**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARDS: ALL**
DEPARTMENT

SUBJECT: RESOLUTION AND ORDINANCE UPDATING THE LOCAL DEVELOPMENT
MITIGATION FEE FOR FUNDING THE PRESERVATION OF NATURAL
ECOSYSTEMS IN ACCORDANCE WITH THE WESTERN RIVERSIDE COUNTY
MULTIPLE SPECIES HABITAT CONSERVATION PLAN AND LOCAL
DEVELOPMENT MITIGATION FEE

ISSUE:

Adopt a resolution and ordinance to update the local development mitigation fee for funding the preservation of natural ecosystems in accordance with the Western Riverside County Multiple Species Habitat Conservation Plan and Local Development Mitigation Fee based on the discussion in this staff report.

RECOMMENDATIONS:

That the City Council:

1. Adopt a resolution establishing the revised Multiple Species Habitat Conservation Plan Local Development Mitigation Fee schedule; and
2. Introduce and subsequently adopt the attached ordinance amending and updating the City of Riverside’s Multiple Species Habitat Conservation Plan Ordinance.

BACKGROUND:

The City of Riverside is a Member Agency of the Western Riverside County Regional Conservation Authority (RCA), a joint powers authority comprised of the County of Riverside and the eighteen (18) cities located in western Riverside County. The RCA was formed to acquire, administer, operate, and maintain land and facilities to establish habitat reserves for the conservation and protection of species covered by the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP).

The Western Riverside County MSHCP, originally adopted in 2004, is a comprehensive, multi-jurisdictional Habitat Conservation Plan (HCP) focusing on the permanent conservation of 500,000 acres and the protection of 146 species, including 33 that are currently listed as threatened or endangered. The MSHCP was developed in response to the need for future growth opportunities in western Riverside County, from housing developments to transportation and

infrastructure, while addressing the requirements of the State and federal Endangered Species Acts (ESA). The MSHCP serves as an HCP pursuant to Section 10(a)(1)(B) of the federal Endangered Species Act of 1973 as well as a Natural Communities Conservation Plan (NCCP) under California's NCCP Act of 2001.

The MSHCP streamlines environmental permitting processes by allowing the participating jurisdictions, including the City of Riverside, to authorize "take" of plant and wildlife species identified within the Plan Area. Without the MSHCP, each development and transportation project would need to conduct an individual assessment and mitigation for impacts to endangered species, an approach that would be less efficient and more costly for applicants.

The City of Riverside's receipt of local Measure A sales tax funds for local streets and roads is conditioned upon the participation in the MSHCP. This condition of funding is memorialized in the voter-adopted ordinance that authorizes Measure A. In FY 2019/20, the City of Riverside received \$7,274,000 in Measure A funding for local transportation projects, which are summarized in Attachment 3.

The MSHCP required a Nexus Study under the Mitigation Fee Act (Gov. Code §§ 66000 *et seq.*) to establish a Local Development Mitigation Fee (LDMF) that would then be adopted by each jurisdiction participating in the MSHCP. The LDMF pays for acquisition of Additional Reserve Lands (ARL) to meet the target conservation acreage that local governments are responsible to acquire per the Plan.

The original Nexus Study was completed in 2003 coinciding with the adoption of the MSHCP, Implementing Agreement, and signing of the Permits. Section 8.5.1 of the MSHCP allows the fee to be reevaluated and revised should it be found to insufficiently cover mitigation of new development. Based on the 2003 Nexus Study, the City Council adopted and implemented Ordinance 6709 on October 7, 2003, authorizing the imposition of the LDMF.

RCA prepared a new 2020 Nexus Study (Attachment 4) to update the fees for the first time since original adoption. On December 7, 2020, the RCA Board of Directors adopted the 2020 Nexus Study. The updated Nexus Study was needed to ensure adequate funding to complete reserve acquisition to fulfill local governments' responsibilities under the MSHCP. Many of the assumptions underlying the original Nexus Study required modification because of events such as the Great Recession, fewer acres dedicated to RCA by private landowners, and lower state and federal funding than expected.

The 2020 Nexus Study calculated the expected costs to complete ARL acquisition, manage the conservation lands in perpetuity via an endowment, and administration of the MSHCP. The reserve acquisition period was also extended an additional 15 years; currently, the acquisition period ends in 2029. By extending the acquisition period, the increase in the LDMF covers more development over a longer period lowering the overall impact.

The RCA Board also adopted a phased increase of the new fee, with 50 percent of the fee increase taking effect on July 1, 2021 and the remainder of the increase taking effect on January 1, 2022. Public deliberation over the 2020 Nexus Study stretched over a year in multiple public meetings.

DISCUSSION:

In accordance with the Mitigation Fee Act, the proposed Ordinance and 2020 Nexus Study

accomplishes the following:

1. Identifies the purpose of the revised fees;
2. Identifies the use to which the revised fees are to be put, including identification of any facilities to be financed;
3. Determines how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed;
4. Determines how there is a reasonable relationship between the need for the public facilities and the type of development project upon which the fee is imposed; and
5. Determines how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

The proposed Ordinance will establish the Fee Schedule for the MSHCP LDMF that includes:

Category	Current Fee	07/01/2021 to 12/31/2021	01/01/2022 to 06/30/2022
Residential, density less than 8.0 dwelling units per acre (fee per dwelling unit)	\$2,234	\$2,935	\$3,635
Residential, density between 8.0 and 14.0 dwelling units per acre (fee per dwelling unit)	\$1,430	\$1,473	\$1,515
Residential density greater than 14.0 dwelling units per acre (fee per dwelling unit)	\$1,161	\$670	\$670
Commercial (fee per acre)	\$7,606	\$11,982	\$16,358
Industrial (fee per acre)	\$7,606	\$11,982	\$16,358

Consistency with Riverside 2025 Strategic Plan

Adoption of the Resolution and Ordinance related to the MSHCP LDMF is consistent with the following Cross-Cutting Threads of Envision Riverside 2025:

- Community Trust – Riverside is transparent and makes decisions based on sound policy, inclusive community engagement, involvement of City Boards & Commissions, and timely and reliable information. Activities and actions by the City serve the public interest, benefit the City’s diverse populations, and result in greater public good.
- Innovation – Riverside is inventive and timely in meeting the community’s changing needs and prepares for the future through collaborative partnerships and adaptive processes.
- Sustainability and Resiliency – Riverside is committed to meeting the needs of the present without compromising the needs of the future and ensuring the City’s capacity to persevere, adapt and grow during good and difficult times alike.

In addition, the MSHCP is consistent with the following Strategic Priorities and Goals:

- Strategic Priority – Arts Culture and Recreation
 - Goal 1.3 - Improve parks, recreational amenities, open space, and trail development, and fulfill critical lifecycle and facility maintenance needs.
- Strategic Priority – Environmental Stewardship

- Goal 4.5 - Maintain and conserve 30% of Riverside's natural lands in green space including, but not limited to, agricultural lands and urban forests in order to protect and restore Riverside's rich biodiversity and accelerate the natural removal of carbon, furthering our community's climate resilience.

The Director of the Public Works Department concurs with the recommendations in this staff report:

FISCAL IMPACT:

There is no fiscal impact associated with this report as costs will be borne by applicants and the City only collects and transmits the fee. Not adopting the recommended ordinance and resolution may result in the loss of Measure A tax funds. In FY 2019/20, Measure A funding for local projects in the City of Riverside was \$7,274,000; Measure A funding for FY 2020/21 is \$6,499,000.

Prepared by: David Welch, Community & Economic Development Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Kristi J. Smith, Interim City Attorney

Attachment:

1. Resolution
2. Ordinance
3. Measure A – Maintenance of Efforts
4. Western Riverside County Multiple Species Habitat Conservation Plan Nexus Fee Study Update – 2020