



## Staff Report

**TO:** City Council

**FROM:** Christina Taylor, Community Development Director

**DATE:** May 18, 2021

**SUBJECT:** **Second Reading of a Proposed Ordinance to Update the Local Development Mitigation Fee (LDMF) for Funding the Preservation of the Natural Ecosystems in Accordance with the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP)**

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### Background and Analysis:

The City of Beaumont 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 or Plan).

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 cities 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 effective, and more costly.

The City of Beaumont's receipt of local Measure A sales tax funds for local streets and roads is conditioned upon the City's participation in the MSHCP. This condition of

funding is memorialized in the voter-adopted ordinance that authorizes Measure A. In the previous fiscal-year the City of Beaumont received \$1,000,098.56 in Measure A funding for local transportation projects.

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 of Beaumont adopted and implemented an ordinance authorizing the imposition of the LDMF.

Pursuant to the Mitigation Fee Act, RCA prepared a new nexus study (“2020 Nexus Study”) 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. On December 31, 2020, RCA transmitted a model ordinance and model resolution to all participating cities. The RCA Board of Directors also approved the use of the MSHCP Mitigation Fee Implementation Manual to assist Member Agencies with LDMF collection questions.

An updated nexus study was needed to ensure adequate funding to complete reserve acquisition to fulfill local governments’ responsibilities under the MSHCP. Over the last 16 years, many of the assumptions underlying the original nexus study were not borne out by reality. Forces contributing to the unmet expectation include the Great Recession, less acreage dedicated to RCA by private landowners, and less 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 Nexus Study extended the reserve acquisition period by an additional fifteen years. Currently, the acquisition period ends in 2029. By extending the acquisition period, the LDMF increase is lower because it covers more development over a longer period. 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 more than a year and included multiple public meetings.

The proposed ordinance provides the legal basis for a revised MSHCP LDMF schedule. The actual MSHCP LDMF schedule will be established through the resolution.

In accordance with the Mitigation Fee Act, the proposed ordinance and 2020 Nexus Study: (i) identifies the purpose of the revised fees; (ii) identifies the use to which the revised fees is to be put, including identification of any facilities to be financed; (iii) determines how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed; (iv) 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 (v) 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 ordinance will establish the fee schedule for the MSHCP LDMF as described in the two right-hand columns of the table provided below.

<b>Category</b>	<b>Current Fee</b>	<b>July 1, 2021 - December 31, 2021</b>	<b>January 1, 2022 - June 30, 2022</b>
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

Beginning July 1, 2022, there will be a CPI update annually until the next time a nexus study is completed.

The MSHCP program allows cities to recoup staff time costs by adding an administrative processing fee to the permit. A survey was conducted and determined approximately 107 hours of staff time per year is spent administering the MSHCP program including permit review and issuance, monthly and yearly reporting. When averaged out across the number of permits issued over a year, the administrative

processing fee equates to \$26 per permit. The administrative fee was established by the City Council via the adoption of Resolution No. 2021-19 and will be subject to an annual CPI escalator at the discretion of the City Council.

**Fiscal Impact:**

Cost to prepare this staff report and attachments is estimated to be \$500.

**Recommended Action:**

Waive the second full reading and approve by title only, "An Ordinance of the City Council of the City of Beaumont 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."

**Attachments:**

- A. Ordinance
- B. MSHCP Nexus Study