Regional Conservation Authority
Western Riverside County

www.wrc-rca.org

EXECUTIVE COMMITTEE

The Executive Committee, consisting of the RCA Board Chairperson, Vice Chairperson, past Chairperson, and four members of the RCA Board of Directors, who oversee RCA administrative functions, staff functions, recommend staff positions, job descriptions and salaries, and consider such other matters as delegated to it by the Board.

November 18, 2020, at 12:00 p.m.
Western Riverside County Regional Conservation Authority
(LOCATION TEMPORARILY CLOSED TO PUBLIC)
Riverside Centre, RCA Conference Room
3403 Tenth Street, Suite 320
Riverside, California 92501

EXECUTIVE COMMITTEE MEMBERS

Jonathan Ingram, Chair
City of Murrieta

Natasha Johnson, Vice Chair
City of Lake Elsinore

Larry Greene
City of Canyon Lake

Lesa Sobek
City of Menifee

Crystal Ruiz
City of San Jacinto

Kevin Jeffries
County of Riverside, District 1

Jeffrey Hewitt
County of Riverside, District 5

Honey Bernas, Interim Executive Director

Regional Conservation Authority
Western Riverside County

EXECUTIVE COMMITTEE
AGENDA*

Wednesday, November 18, 2020

12:00 p.m.

(LOCATION TEMPORARILY CLOSED TO PUBLIC)

Riverside Centre
3403 Tenth Street, Suite 320
Riverside, CA 92501
www.wrc-rca.org

Action(s) may be taken on any item listed on the agenda. Non-exempt materials related to an item on this agenda submitted to the RCA Executive Committee after distribution of the agenda packet are available for public inspection on the Western Riverside County Regional Conservation Authority website at **www.wrc-rca.org subject to staff's ability to post the documents before the meeting. Alternative formats are available upon request by contacting the Clerk of the Board at (951) 955-9700. Notification of at least 72 hours prior to meeting time will assist staff in accommodating such requests.*

SPECIAL NOTICE – COVID-19 RELATED PROCEDURES IN EFFECT

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

Due to Room Size/Social Distancing Requirements, In-person Public Attendance cannot be Accommodated. To follow the new Order issued by the Governor, members of the public wishing to participate via teleconference, can do so by dialing the following number:

Phone: **(669) 900-6833**
Meeting ID: **850 7682 3639**
Password: **606253**
Or logging in at:
https://us02web.zoom.us/j/85076823639?pwd=RXl2eExIcVFDWFJ4SkVoek1kRlBDdz09

If you wish to make a public comment, call the number above during the meeting or submit your comments in writing to jfuller@wrcrca.org by November 17, 2020, at 5:00 p.m. Written comments will be read into the record for up to three (3) minutes. If you wish to address the Executive Committee during the meeting, you must mute your phone until called upon by the Chair to speak. If you do not wish to speak, please silence/mute your device during the meeting.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact the Clerk of the Board prior to November 17, 2020, at 5:00 p.m. The Clerk of the Board's telephone number is (951) 955-9700 and email is jfuller@wrcrca.org.

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT *If you wish to address the Executive Committee during the meeting, you must mute your phone until called upon by the Chair to speak. If you do not wish to speak, please silence/mute your device during the meeting. At this time, members of the public can address the Executive Committee regarding any items within the subject matter jurisdiction of the RCA that are not separately listed on this agenda. Members of the public will have the opportunity to speak on agendized items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Each individual speaker is limited to speak three (3) continuous minutes or less. Any person wishing to address the Executive Committee on any matter, whether or not it appears on this agenda, is requested to submit your comments in writing to jfuller@wrcrca.org by November 17, 2020, at 5:00 p.m. Written comments will be read into the record for up to three (3) minutes.*

4. CLOSED SESSION

(NO BUSINESS)

5. COMMITTEE MEMBER ANNOUNCEMENTS

6. ADDITIONS/REVISIONS *(The Committee may add an item to the Agenda after making a finding that there is a need to take immediate action on the item and that the item came to the attention of the Committee subsequent to the posting of the agenda. An action adding an item to the agenda requires 2/3 vote of the Committee. If there are less than 2/3 of the Committee Members present, adding an item requires a unanimous vote. Added items will be placed for discussion at the end of the agenda.)*

7. APPROVAL OF MINUTES – **October 21, 2020**

8. WESTERN RIVERSIDE COUNTY MSHCP FEE COLLECTION REPORT FOR OCTOBER 2020

Overview – **STAFF REPORT**

This item is for the RCA Executive Committee to:

1) Recommend that the RCA Board of Directors receive and file the Western Riverside County MSHCP Fee Collection Report for October 2020; and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

9. PROPOSED 2021 RCA BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE MEETING SCHEDULE

Overview – **STAFF REPORT**

This item is for the RCA Executive Committee to:

1) Recommend that the RCA Board of Directors adopt the Proposed 2021 Meeting Schedule of the RCA Board of Directors and Executive Committee; and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

10. FISCAL YEAR 2021 FIRST QUARTER FINANCIAL REPORT

Overview – **STAFF REPORT**

This item is for the RCA Executive Committee to:

1) Recommend that the RCA Board of Directors:

   a) Receive and file the Fiscal Year 2021 First Quarter Financial Report;

   b) Approve the budget adjustment contained in Exhibit A; and

   c) Authorize the Chairman to direct the Auditor-Controller to make the budget adjustment contained in Exhibit A; and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

11. FISCAL YEAR 2020 AUDITED FINANCIAL STATEMENTS

Overview – **STAFF REPORT**

This item is for the RCA Executive Committee to:

1) Recommend that the RCA Board of Directors receive and file the following reports:

   a) Basic Financial Statements and Independent Auditors' Report for the Year ended June 30, 2020; and

b) SAS 114 Report – The Auditors' Communication with Those Charged with Governance; and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

12. 2020 NEXUS STUDY, REVISED MSHCP LOCAL DEVELOPMENT MITIGATION FEE ORDINANCE, RESOLUTION, MSHCP MITIGATION FEE IMPLEMENTATION MANUAL, AND RESOLUTION 2020-013 TO REPEAL RESOLUTION NOS. 2007-04 AND 2016-003, AND THE *"TENANTS RELATING TO LOCAL INFRASTRUCTURE CONTRIBUTION"*

Overview – **STAFF REPORT**

This item is for the RCA Executive Committee to:

1) Recommend that the RCA Board of Directors:

a) Adopt the findings of the 2020 Nexus Study;

b) Extend the period to assemble the reserve by 15 years, until June 30, 2044;

c) Direct staff to send a revised Fee Ordinance and Fee Resolution to the Member Agencies for adoption prior to the implementation of the new Fee on July 1, 2021;

d) Adopt Resolution 2020-013, Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Repealing Resolutions 2007-04 and 2016-003 and the "*Tenants Relating to Local Infrastructure Contribution*" adopted on February 5, 2007; and

e) Approve the use of the MSHCP Mitigation Fee Implementation Manual; and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

13. DISCUSSION AND POSSIBLE ACTION CONCERNING THE RCA MANAGEMENT AGENCY CHANGE

14. EXECUTIVE DIRECTOR'S REPORT

14.1 DISCUSSION OF COVID-19 RELATED EXPENDITURES

14.2 DISCUSSION OF MINOR AMENDMENTS FOR ROADS

15. FUTURE AGENDA ITEMS (Committee members are invited to suggest additional items to be brought forward for future discussion.)

16. UNFINISHED BUSINESS

16.1 UPDATE REGARDING FIRE MANAGEMENT PLAN

16.2 UPDATE CONCERNING THE CALIFORNIA POPPIES ON RCA RESERVE LAND IN THE WALKER CANYON AREA

16.3 DISCUSSION AND POSSIBLE ACTION CONCERNING MOUNTAIN BIKING IN THE MURRIETA HILLS AREA

17. ADJOURNMENT

The next meeting of the Western Riverside County Regional Conservation Authority Executive Committee will be held on Wednesday, December 16, 2020, at 12:00 p.m., at the Riverside Centre, 3403 Tenth Street, Suite 320, Third Floor, RCA Conference Room, Riverside, California, 92501.

ACRONYMS

AGENDA ITEM NO. 7

Minutes

Regional Conservation Authority
Western Riverside County

www.wrc-rca.org

EXECUTIVE COMMITTEE MEETING MINUTES

Wednesday, October 21, 2020

1. CALL TO ORDER

The meeting of the Western Riverside County Regional Conservation Authority Executive Committee was called to order by Chair Ingram at 12:02 p.m., Wednesday, October 21, 2020, at the RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, California, 92501, and via Zoom.

2. ROLL CALL – was taken by April Boydd.

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT
Jonathan Ingram, Chair – City of Murrieta*** Natasha Johnson, Vice Chair – City of Lake Elsinore*** Larry Greene – City of Canyon Lake*** Lesa Sobek – City of Menifee*** Crystal Ruiz – City of San Jacinto*** Kevin Jeffries – County of Riverside, District 1***	Jeff Hewitt – County of Riverside, District 5

Arrived after start of meeting* * Departed before meeting adjourned* ****~~v~~Via teleconference*

3. PUBLIC COMMENTS

There were no public comments.

4. CLOSED SESSION

(NO BUSINESS)

5. COMMITTEE MEMBER ANNOUNCEMENTS

Committee Member Sobek announced that October is Domestic Violence Awareness Month. Riverside County has a domestic violence shelter located in the City of Menifee that services all of western Riverside County. She also stated that she is collecting gift cards until the end of the month to donate to the shelter to help the women and children there for Christmas and for emergency needs. She further stated that she would send a flyer to the other members.

6. ADDITIONS/REVISIONS

There were no additions or revisions.

7. APPROVAL OF MINUTES – September 16, 2020

M/S/C (City of San Jacinto/City of Canyon Lake) to approve the minutes of the September 16, 2020, meeting of the Executive Committee as submitted.

(6 Ayes, 0 Nays, 0 Abstain)

8. WESTERN RIVERSIDE COUNTY MSHCP FEE COLLECTION REPORT FOR SEPTEMBER 2020

Jennifer Fuller, Director of Administrative Services, reported that for the month of September 2020, the total MSHCP fee collection receipts was $1,209,085.

Chair Ingram asked for clarification about the Development Agreements. Ms. Fuller stated that the Development Agreements are agreements that were entered into before or around the time the Plan was adopted. The agreements allow those developers not to pay MSHCP fees on the related properties.

M/S/C (City of Lake Elsinore/City of Menifee) to approve this item as recommended:

1) Recommend that the RCA Board of Directors receive and file the Western Riverside County MSHCP Fee Collection Report for September 2020; and

2) Authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

9. FISCAL YEAR 2021 FIRST QUARTER CONSULTANT REPORTS

Honey Bernas, Interim Executive Director, reported on the activities and services provided by Dudek, Kadesh & Associates, LLP, Riverside County Regional Parks and Open-Space District, the Santa Ana Watershed Association, and Douglas P. Wheeler, Hogan Lovells, US LLP, during the first quarter of Fiscal Year 2021.

M/S/C (City of San Jacinto/City of Menifee) to approve this item as recommended:

1) Recommend that the RCA Board of Directors receive and file the Fiscal Year 2021 First Quarter Consultant Reports; and

2) Authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

10. NON-DEVELOPMENT HANS FUNDING LEVEL FOR FISCAL YEAR 2021

Jennifer Fuller, Director of Administrative Services, presented the Non-Development HANS funding level for Fiscal Year 2021 Revised. The MSHCP allows for property owners who do not intend to file a development application to submit their properties for evaluation and possible acquisition under the HANS process. The MSHCP requires that a separate fund and priority list be established for properties that fall within this category. RCA Land Acquisition Policy, Section 1.13 requires that the level of funding to be set aside for Non-Development HANS properties is reviewed annually and set by the RCA Board of Directors.

She stated that the established percentage has varied over the years from 1% to 3%. For fiscal year 2021, staff initially recommended leaving the percentage the same as in fiscal year 2020, at 3%. This was approved by the Board of Directors in June 2020.

Ms. Fuller continued to say that since that time, the RCA has purchased one property using the Non-Development HANS funds, three others have been approved by the Board of Directors for purchase, and six others are in the queue. RCA presented offers to purchase four of the six properties in the queue; however, only one offer has been accepted. The other three offers remain outstanding. The final two properties are still in negotiation and offers have not been presented yet. Properties will be acquired in the order in which the sellers accept the offer.

She stated due to this increase in Non-Development HANS applications, staff now recommends increasing the set-aside to 5% of the MSHCP fees collected, retroactive to July 1, 2020. Staff projects FY2021 mitigation fees at about $10.5 million. A 5% funding level will allow for approximately $525 thousand to be deposited in the fund for future potential Non-Development HANS properties, an increase of $210 thousand over the amount set-aside at the 3% funding level.

M/S/C (City of Canyon Lake/City of San Jacinto) to approve this item as recommended:

1) Recommend that the RCA Board of Directors direct staff to set aside no more than five percent (5%) of Western Riverside County Multiple Species Habitat Conservation Plan Local Development Mitigation Fees received, effective July 1, 2020, to purchase Non-Development HANS properties under Section 1.13 of the Land Acquisition Policies; and

2) Authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

11. FISCAL YEAR 2020 DEVELOPMENT IMPACT FEE ANNUAL REPORT

Jennifer Fuller, Director of Administrative Services, gave an overview of the Fiscal Year 2020 Development Impact Fee Annual Report required by Government Section 66006(b). RCA's beginning fund balance as of July 1, 2019, was approximately $9.6 million. During the year, the cities and County remitted $16 million in fees to the RCA. The total ending fund balance for the year was approximately $17.2 million. The fund incurred approximately $9 million in expenditures. The RCA acquired 29 properties and 3 conservation easements, which were acquired using a combination of funds. There are 19 properties in progress to be acquired. There were no interfund transfers, loans, or refunds. She referred to page three of the report listing the Board approved properties for which RCA is legally committed to acquire in the future, known sources of funding, and the dates on which the funding is expected to be deposited into the account or fund.

M/S/C (City of San Jacinto/City of Canyon Lake) to approve this item as recommended:

1) Recommend that the RCA Board of Directors receive and file the attached Fiscal Year 2020 Development Impact Fee Annual Report; and

2) Authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

12. DISCUSSION AND POSSIBLE ACTION CONCERNING THE PROPOSED RCA'S MANAGEMENT AGENCY CHANGE

Honey Bernas, Interim Executive Director, introduced Anne Mayer, RCTC Executive Director, stating that she is here to answer any questions the Executive Committee may have about the management agency change. Ms. Bernas reported that Anne and her staff have been working very hard along with the RCA staff over the last couple months to complete the due diligence review concerning RCTC serving as RCA's managing agency.

Ms. Bernas reported that due diligence efforts included the review of several key areas including policy, legal, financial, contracts, and staffing. The efforts revealed opportunities for efficiencies in consolidation of administrative processes, shared resources, and consultant contracts. After careful research and review, the staff at RCTC and RCA believe there are many compelling reasons to move forward, but this is a policy decision and will require the support both the RCA Board of Directors and RCTC Commission.

On October 14, 2020 the RCTC Executive Committee was presented with a copy of the draft Management and Implementation Agreement for their initial review. Anne Mayer also provided them the results of the due diligence analysis. After discussion, the RCTC Executive Committee voted unanimously to direct staff to agendize the matter for the November 12, 2020, Commission meeting. The RCTC Commission was also provided a brief update and did not express any concerns with moving forward.

Ms. Bernas continued the presentation discussing the rationale for the managing agency change. The implementation of the MSHCP remains one of the most important priorities for meeting the future economic, residential, and transportation needs of western Riverside County. Acquiring reserve lands and protecting habitat are essential if Riverside County is to continue developing in a manner that nurtures economic opportunity, improves mobility, and protects the environment and the quality of life of our residents.

The MSHCP is the largest conservation plan of its kind in the country. It protects 146 native species and will conserve 500,000 acres of open space habitat when completed. Ms. Bernas stated that the Plan is important and it's working. Numerous agencies, including RCTC, have saved significant taxpayer dollars thanks to the Plan and the wildlife resource permits and numerous transportation improvements have been expedited by two to three years. The Plan has allowed for the expedited construction of critically needed housing and infrastructure.

The County and RCA staff have made significant strides since the agency's creation 16 years ago and nearly 410,000 acres, or 82%, of the MSHCP lands have been assembled to date. However, ongoing and systemic challenges exist, from the loss of historical knowledge due to key personnel retirements to ongoing funding hurdles that will likely be exacerbated by the COVID-19 pandemic, which threaten to undermine the stability of the RCA and the future success of the MSCHP.

She stated that the Nexus Study update is expected to be brought before the RCA Board of Directors for consideration by the end of this year and will provide some relief to these issues. Although its approval will be critical to the future success of the MSHCP, the updated Nexus Study alone may be insufficient to ensure the assembly of the remaining acreage without organizational and management changes.

Ms. Bernas next discussed why RCTC was explored as the choice for the managing agency. She stated that RCTC has strong leadership and RCTC has a vested interest in the success of the RCA and the MSHCP. RCTC was a Plan signatory and was instrumental in the development of RCIP and the MSHCP. RCTC is also the single largest investor in the Plan, having contributed $153 million in Measure A funding to the MSHCP, and as a vested stakeholder and investor in the MSHCP, RCTC is uniquely positioned to implement the MSHCP. Further, long-term efficiencies through the consolidation of professional services contracts can be realized and the collaboration between agencies on matters such as land acquisition, public outreach and awareness, internal administrative functions, and legislative affairs can be significant. RCTC has long-standing existing relationships with state and federal resource agencies and a track record of successfully delivering projects with approvals from those agencies.

While there are compelling reasons to move forward, RCA and RCTC staff wish to be transparent about setting appropriate expectations, namely that there will be up-front, one-time transition costs and both organizations must be fully staffed to meet the expectations of both Boards. Staff has identified opportunities to seek efficiencies by consolidating professional services agreements as much as possible. These consolidation efforts could result in cost efficiencies; however, such savings may not be readily achieved in the short term due to existing contractual obligations and the time needed for RCTC management to make professional assessments of how best to structure the expanded organization. Cost savings are desirable, but that is not the goal of the reorganization. The goal is to best position the MSHCP for success.

Included in the packet is an Agreement between the agencies and the necessary budget adjustments. Should an Agreement be approved by both agencies, the transition will take place on January 1, 2021.

Ms. Bernas stated that if approved, an in-depth assessment of processes, resources, and consultant contracts will begin immediately in preparation for the FY2022 budgets for both agencies. A three-stage multi-year implementation process is necessary to complete the transition. RCA investments will be necessary to ensure full staff and consultant resources are available to achieve enhanced MSHCP implementation strategies and fulfill the stated objectives of both agencies' governing Boards.

Costs and timing associated with transitions from County financial and technology systems have not yet been determined. RCA will require continued services from the County during the transition and for the foreseeable future. An updated Agreement with the County for services is still being negotiated.

Several additional shared cost staff positions will be necessary to address current and projected workload, and both RCA and RCTC will incur increased costs in the short-term. RCA will have to pay out significant leave balances to long-term employees upon their employment termination with the County. RCA will also have to make a significant payment to the County for RCA's share of the net unfunded pension liability related to County employees' service at RCA. It should be noted that the Public Employees' Retirement System (PERS) contribution will occur regardless of whether a management transition advances, and that estimated cost was already committed by the RCA Board in June 2020. Both agencies have vacant positions that need to be filled. New positions have been identified, including some that will support both agencies. Combining staffs of two agencies that are not fully staffed is inadvisable without a commitment to the needed human resources.

Chair Ingram asked for clarification on how staff who are working on items related to both RCTC and RCA will be paid.

Ms. Bernas stated that staff will have to track their time and RCTC will bill RCA for the portion of the time that staff worked on RCA related projects.

Ms. Bernas continued her presentation stating that in order to implement a managing agency transition from the County to RCTC, an agreement is needed between RCA and RCTC that identifies the roles and responsibilities of each agency. It is important to note that this is not a merger of the two agencies. RCA will continue as a separate legal entity and continue to be governed by its Board of Directors. This arrangement would allow RCA the means to contract with RCTC for the administration of the agency and the MSHCP. Staff funded by RCA will be fully integrated into the RCTC organization. The Agreement outlines the staffing, services, and financial and legal obligations for an initial five-year term.

Highlights of the Agreement and key implementation points to note include that RCTC staff providing services for RCA projects (which will now include former County employees assigned to RCA who are hired by RCTC) will report to and serve under the direction of the RCTC Executive Director. The RCTC Executive Director will report to the RCTC Executive Committee and the RCTC Board. Staff will be truly integrated into RCTC. RCTC will be reimbursed for all costs associated with implementing the Agreement. Existing statutory and/or joint powers authority of both agencies are not impacted by the Agreement, including, but not limited to, the roles and responsibilities under the MSHCP and its Implementing Agreement. The RCA Board will remain in place and responsible for RCA policy and financial decisions, including approval of budgets and contracts fully funded by RCA. The RCTC Commission will be responsible for approval of jointly funded and consolidated or shared contracts. RCTC general administrative policies and processes, including procurement of consultant and vendor contracts, will be utilized.

Under the Implementation and Management Services Agreement, RCTC will be assuming most of the services that the County of Riverside is currently providing. However, during the transition, it will still be necessary for RCA to receive certain services from the County. Those services include, but are not limited to, County Treasurer and Auditor-Controller services which the County currently provides the RCA.

If the transition to RCTC is approved, an amendment to the agreement with the County will be necessary. Staff is negotiating the amendment with the County.

Ms. Bernas continued on to describe the budget adjustment that will be necessary to fund the up-front costs of the transition. The total proposed budget adjustment is $4.735 million across multiple budget units. Of that amount, $3.1 million was already committed by the Board of Directors in June 2020.

She stated that if the RCA Executive Committee decides to proceed with the management transition implementation there is a schedule of next steps which will be followed to get to the January 1, 2021, transition date. Approval of other actions related to budget and organization will be required concurrently with or subsequent to implementation of the Agreement. On November 2, 2020, the item will be brought before the RCA Board of Directors for consideration of the agreements and budget adjustments. The RCTC Commission will consider the agreement and budget adjustment on November 12, 2020. If both the RCA Board of Directors and RCTC Commission agree to the change, it is anticipated that conditional job offers will be made to existing County employees assigned to RCA later that same day. The updated agreement between RCA and the County of Riverside will go before the County Board of Supervisors sometime between November and December and the revised job descriptions and salary schedule will go before the RCTC Executive Committee in either November or December and to the RCTC Commission on December 9, 2020.

Ms. Bernas reiterated that the key objectives for the RCA include ensuring stability of the organization and the MSHCP, completing the acquisition of land, maintaining staff and institutional knowledge, creating cost efficiencies, eliminating contract redundancies, maximize funding opportunities, focusing resources on MSHCP implementation, strengthening the RCA's presence in Sacramento and Washington, D.C., and strengthening public engagement.

She summarized what would change after the transition. RCA staff would be fully integrated into RCTC, becoming RCTC employees, adhering to RCTC policies and procedures. The RCTC Executive Director will oversee the operations of the RCA and RCA Board agendas will follow the RCTC formatting.

She then summarized what would stay the same. All RCA staff would be offered positions with RCTC. The RCA Board of Directors will remain independent under the existing JPA and will set RCA policy direction and approve RCA budgets. RCA will remain financially independent.

Ms. Bernas completed her presentation by stating that staff recommends that the RCA Executive Committee recommend that the RCA Board of Directors approve the budget adjustments in the attached Exhibit A, approve the Implementation and Management Services Agreement between RCTC and RCA, approve the Amendment to the Management Services Agreement between RCA and County of Riverside, and that the Executive Committee authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

Anne Mayer, RCTC Executive Director, stated was pleased to be joining the RCA Executive Committee for the conversation and that she did not really have anything else to add and that the team tried to identify the parameters for the decision.

Chair Ingram requested something that Board members could give to their cities to show how the new organization would function during the transition process, that there would be no additional liability, and that things will continue as they always have.

Committee Member Sobek asked for clarification on the statement that there would be a loss of institutional knowledge and if there would be a Deputy Executive Director assigned right away after the transition.

Ms. Mayer stated that those RCA staff members who accept the conditional job offers will move to RCTC on January 1, 2021. She is hoping that all accept. She will appoint an interim Deputy Executive Director from her current staff. For a couple months she will be working to get her arms around the organization. There is a preliminary job description for the position. The process to recruit for the position will start in the late spring but no later than the summer.

Committee Member Sobek stated that this will take some time to work through and asked for clarification on the continuation of the agreement with the County of Riverside.

Ms. Bernas said that many services will still be needed from the County of Riverside through the transition.

Mr. DeBaun stated that the agreement with the County would let us terminate services as needed.

Ms. Mayer stated that the financial system transition would be one of the last things that will transition because RCTC is in the process of upgrading its financial system.

Committee Member Sobek asked if RCA has the funding.

Chair Ingram affirmed that RCA does have the funding. He further stated that it is difficult to recruit when the benefits package is changing. He stated that he would like to move forward with filling positions as soon as possible after the transition.

Ms. Mayer stated that a number of the positions need to be filled quickly. The Deputy Clerk position for example. The other positions will be filled in sequence of which are the most critical.

M/S/C (City of Canyon Lake/City of Lake Elsinore) to approve this item as recommended:

1) Recommend that the RCA Board of Directors receive approve the budget adjustment in the attached Exhibit A;

2) Recommend that the RCA Board of Directors approve the Implementation and Management Services Agreement between RCTC and RCA;

3) Recommend that the RCA Board of Directors approve the Amendment to the Management Services Agreement between RCA and County of Riverside; and

4) Authorize staff to agendize this matter for the November 2, 2020, meeting of the RCA Board of Directors.

(6 Ayes, 0 Nays, 0 Abstain)

13. EXECUTIVE DIRECTOR'S REPORT

Honey Bernas, Interim Executive Director reported that she will announce at the November Board of Directors meeting that the Updated Nexus Study will be presented at the December Board of Directors meeting.

13.1 DISCUSSION OF COVID-19 RELATED EXPENDITURES

Jennifer Fuller, Director of Administrative Services, stated that RCA has incurred approximately $30 thousand of COVID related expenditures to date. She further stated that staff received clarification from the County that no more of our expenses would be reimbursed. The increase in expenses from the prior month related to invoices from Riverside County Regional Parks and Open-Space District.

14. FUTURE AGENDA ITEMS: *(Committee members are invited to suggest additional items to be brought forward for future discussion.)*

There were no future agenda items recommended. Committee Member Sobek asked if the January 2021 Board of Directors meeting should be postponed due to the change in management agency.

Honey Bernas, Interim Executive Director, stated that we will need to ratify the Chair's appointments to the Executive Committee.

15. UNFINISHED BUSINESS

There were no updated this month on the unfinished business.

16. ADJOURNMENT

There being no more items before the Executive Committee, Chair Ingram adjourned the meeting at 12:49 p.m. The next meeting of the Western Riverside County Regional Conservation Authority Executive Committee will be held on Wednesday, November 18, 2020, at 12:00 p.m., at the Riverside Centre, 3403 Tenth Street, Suite 320, Third Floor, RCA Conference Room, Riverside, California, 92501.

Respectfully submitted:

Jennifer Fuller
Director of Administrative Services/Clerk of the Board

AGENDA ITEM NO. 8

Staff Report

STAFF REPORT | **November 18, 2020**
Agenda Item No. 8

Regional Conservation Authority

WESTERN RIVERSIDE COUNTY
MSHCP FEE COLLECTION REPORT

STAFF CONTACT

Jennifer Fuller
Director of Administrative Services
(951) 955-9700

BACKGROUND

The RCA Executive Committee directed staff to report on Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) Local Development Mitigation Fee (LDMF) Collection and Civic/Infrastructure Contribution on a monthly basis.

Attached is the report for October 2020. The report was prepared on a cash basis and, therefore, reflects the cash received by RCA during that month.

STAFF RECOMMENDATIONS

That the RCA Executive Committee:

1) Recommend that the RCA Board of Directors receive and file the Western Riverside County MSHCP Fee Collection Report for October 2020; and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

ATTACHMENT

1. Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for October 2020

AGENDA ITEM NO. 8

Attachment 1

WESTERN RIVERSIDE COUNTY MSHCP LDMF COLLECTION AND CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR OCTOBER 2020
CASH BASIS

LOCAL DEVELOPMENT MITIGATION FEE COLLECTIONS						
		REMITTED			EXEMPTIONS & FEE CREDITS	
City/County	Month	Residential Permits	Commercial Industrial Acres	Amount Remitted	Residential Permits	Amount
City of Banning	September-No Activity					
City of Beaumont	September-No Activity					
City of Calimesa	September	32		$71,488		
City of Canyon Lake	September-No Activity					
City of Corona	August	8		$11,440		
	September	21		$29,220		
City of Eastvale	September	14		$14,536		
City of Hemet	September-No Activity					
City of Jurupa Valley	September	407		$483,257		
City of Lake Elsinore	September	35		$50,920		
	Summerly Project[1]				15	$33,510
City of Menifee	August-Pending					
City of Moreno Valley	September	2		$4,468		
City of Murrieta	August-No Activity					
City of Norco	September-No Activity					
City of Perris	September	27		$60,318		
City of Riverside	July-Pending					
City of San Jacinto	September	24		$53,616		
City of Temecula	September-Pending					
City of Wildomar	August-No Activity					
	September	16		$35,744		
County of Riverside	October	153	31.72	$577,678		
	Total LDMF Collections	**739**	**31.72**	**$1,392,685**	**15**	**$ 33,510**

CIVIC AND INFRASTRUCTURE CONTRIBUTIONS		
Riverside County Facilities Management	Jurupa Valley Boxing Club Parking Lot	$1,721
	Total Civic/Infrastructure Contributions	**$1,721**

TOTAL OCTOBER 2020 **$1,394,406**

[1] *Summerly Project - Development agreement dated 8/24/04. Settlement Agreement with RCA per MOA dated 11/6/17.*

AGENDA ITEM NO. 9

Staff Report

STAFF REPORT

November 18, 2020
Agenda Item No. 9

Regional Conservation Authority

PROPOSED 2021
RCA BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE
MEETING SCHEDULE

STAFF CONTACT

Jennifer Fuller
Director of Administrative Services
(951) 955-9700

BACKGROUND

The proposed 2021 schedule for the RCA Board of Directors and Executive Committee meetings follows the customary meeting schedule with the RCA Board of Directors meeting on the first Monday of each month and the Executive Committee on the third Wednesday of each month. When a Board meeting day falls on a holiday, the meeting day is scheduled for the following week.

The proposed meeting schedule shows July as a dark meeting month for the Executive Committee and August as a dark meeting month for the RCA Board of Directors.

Staff has reviewed the proposed RCA Board meeting schedule and board room availability with the County of Riverside Clerk of the Board and has received approval for the use of the board room on the proposed meeting dates. However, if the County of Riverside requires the use of the board room, the RCA Board meeting may need to be rescheduled.

STAFF RECOMMENDATIONS

That the RCA Executive Committee:

1) Recommend that the Board of Directors adopt the Proposed 2021 Meeting Schedule of the RCA Board of Directors and Executive Committee; and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

ATTACHMENT

1. Proposed 2021 Meeting Schedule of the RCA Board of Directors and Executive Committee

AGENDA ITEM NO. 9

Attachment 1

Attachment 1
Agenda Item No. 9
November 18, 2020

Regional Conservation Authority
Western Riverside County

PROPOSED 2021 RCA BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE MEETING SCHEDULE

RCA BOARD OF DIRECTORS				EXECUTIVE COMMITTEE		
Month	**Date**	**Time**	**Location**	**Date**	**Time**	**Location**
January	Mon., Jan. 4	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., Jan. 20	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
February	Mon., Feb. 1	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., Feb. 17	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
March	Mon., Mar. 1	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., Mar. 17	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
April	Mon., Apr. 5	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., Apr. 21	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
May	Mon., May 3	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., May 19	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
June	Mon., June 7	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., June 16	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
July	Mon., July 12 *(Second Monday)	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	**D A R K**		**NO EXECUTIVE COMMITTEE MEETING**
August	**D A R K**		**NO RCA BOARD MEETING**	Wed., Aug. 18	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
September	Mon., Sept. 13 *(Second Monday)	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., Sept. 15	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
October	Mon., Oct. 4	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., Oct. 20	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
November	Mon., Nov. 1	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., Nov. 17	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA
December	Mon., Dec. 6	12:30 p.m.	CAC, Board Room, First Floor, 4080 Lemon Street, Riverside, CA	Wed., Dec. 15	12:00 p.m.	RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, CA

*** Meeting scheduled for the second (2nd) Monday due to the observance of federal holidays.**

AGENDA ITEM NO. 10

Staff Report

STAFF REPORT **November 18, 2020**
Agenda Item No. 10

Regional Conservation Authority

FISCAL YEAR 2021 FIRST QUARTER FINANCIAL REPORT AND BUDGET ADJUSTMENT

Staff Contact:

Jennifer Fuller
Director of Administrative Services
(951) 955-9700

Background:

Attached is the Fiscal Year 2021 First Quarter Financial Report, which includes an Executive Summary (cash balance summary and financial statement overview), detailed financial statements, MSHCP Fee Collections Reports, and proposed budget adjustment.

Please note that the attached first quarter financial statements were prepared prior to the Riverside County Transportation Commission's (RCTC's) consideration of the Management Services Agreement between RCA and RCTC. Accordingly, all potential costs associated with the change were not incorporated in the projection column.

As of September 30, 2020, the RCA acquired three new properties totaling 199.2 acres valued at approximately $490 thousand. In addition, the RCA received a 3.2-acre land donation with a value of $73 thousand. The RCA also acquired 50 conservation credits for the protection of Delhi Sands flower-loving fly (DSF) habitat in the amount of $6.25 million, plus a $750 thousand fee credit. The total acquired Additional Reserve Land (ARL) for the first quarter of fiscal year 2021 is 252.4 acres.

Member Agencies remitted $3.8 million in MSHCP Local Development Mitigation Fees to the RCA for the first quarter. This represents 37% of the budgeted mitigation revenues for the year. For the first quarter of FY2020, Member Agencies reported 1,876 new residential units and 28 acres of new commercial/industrial development. As a comparison, during FY2019's first quarter, Member Agencies reported 1,726 new residential units and 150 acres of new commercial/industrial development for a total of $4.1 million. This indicates a drop of about $310 thousand, or 8%, from prior year.

Tipping Fees for the first quarter of FY2021 are approximately $834 thousand. This represents 26% of the RCA's budgeted Tipping Fees for the year of $3.3 million. Staff anticipates that the Tipping Fee revenue budget will be met for the year. It is noted that in comparison to FY2019, first quarter tonnage collections decreased by about 5% from 583,111 out-of-county tons in FY2019 to an estimated 446,380 out-of-county tons in the current quarter.

The RCA has been actively coordinating the issuance of a new Certificates of Inclusion (COI) with Southern California Edison for the Valley-Ivyglen Subtransmission Line Project, Phase 2. The issuance of this certificate generated an additional $2.3 million in Participating Special Entity (PSE) revenue which was not anticipated in the original budget. In an effort to increase the endowment fund, 10% of the PSE revenue was deposited into the RCA's endowment fund. The attached Exhibit A outlines the proposed budget adjustment to reflect an increase of estimated PSE revenues of $2.1 million to the Operations Program. No increase in appropriations is proposed at this time as a result of this PSE.

Staff Recommendations:

That the RCA Executive Committee –

1) Recommend that the RCA Board of Directors:

   a) Receive and file the Fiscal Year 2021 First Quarter Financial Report;

   b) Approve the budget adjustment contained in Exhibit A; and

   c) Authorize the Chairman to direct the Auditor-Controller to make the budget adjustment contained in Exhibit A; and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

Attachments:

1) Exhibit A – Budget Adjustment
2) Executive Summary (Cash Balance Summary and Financial Statement Overview)
3) Detailed Financial Statements
4) MSHCP Fee Collection Report

AGENDA ITEM NO. 10
Attachment 1

EXHIBIT A
BUDGET ADJUSTMENT

Regional Conservation Authority
Western Riverside County

Exhibit A
Agenda Item No. 10
November 18, 2020

DATE	**December 7, 2020**
TO	**Auditor-Controller**
FROM	**Jennifer Fuller, Director of Administrative Services (951) 955-9700**
SUBJECT	**FISCAL YEAR 2021 BUDGET ADJUSTMENT (FUND 51630)**

Background:

On December 7, 2020, the RCA Board of Directors approved the Fiscal Year 2021 budget adjustment contained herein.

Requested Action:

That the Auditor-Controller make the following budget adjustment:

RCA Operations (935100)

Increase Estimated Revenues		
722000	Mitigation Fees	$ 2,137,695
	Total Increase in Estimated Revenues	$ 2,137,695

APPROVED BY: ______________________________ **DATE:** ____________________

Jonathan Ingram, Chairman
RCA Board of Directors

AGENDA ITEM NO. 10

Attachment 2

Regional Conservation Authority
Western Riverside County

EXECUTIVE SUMMARY

Fiscal Year 2021
First Quarter
Financial Report

July 1, 2020 – September 30, 2020

Preserving our open space heritage • Protecting our economy • Building our future

Cash Balance Summary

July 1, 2020 – September 30, 2020

Balance as of 7-01-20	$ 51,920,393
Cash Receipts 7-01-20 through 9-30-20	9,809,450
Cash Available	61,729,843
Cash Disbursements 7-01-20 through 9-30-20	(8,495,180)
Cash Balance as of 9-30-20	$ 53,234,663

Regional Conservation Authority
Western Riverside County

Budget to Actual and FYE Projections

July 1, 2020 – September 30, 2020

RCA Operations (935100)	Budget	Actual	Year-End Projections
Revenue	$ 512,530	$ 132,527	$ 2,664,941
Appropriations:			
Salaries & Benefits	374,700	41,228	363,524
Supplies & Services	326,240	60,745	291,546
Total Appropriations	$ 700,940	$ 101,973	$ 655,070
Net Operating Position	$ (188,410)	$ 30,554	$ 2,009,871

Regional Conservation Authority
Western Riverside County

Budget to Actual and FYE Projections

July 1, 2020 – September 30, 2020

Land Management & Monitoring (935300)	Budget	Actual	Year-End Projections
Revenue	$ 3,748,710	$ 833,471	$ 3,846,304
Appropriations:			
Salaries & Benefits	518,800	119,349	500,890
Supplies and Services	3,290,170	631,580	3,199,260
Other Charges	70,000	440	69,760
Total Appropriations	$ 3,878,970	$ 751,369	$ 3,769,910
Net Operating Position	$ (130,260)	$ 82,102	$ 76,394

Regional Conservation Authority
Western Riverside County

Budget to Actual and FYE Projections

July 1, 2020 – September 30, 2020

Land Acquisition (935201)	Budget	Actual	Year-End Projections
Revenue	$ 37,925,990	$ 7,899,844	$ 33,072,108
Appropriations:			
Salaries & Benefits	1,843,200	442,543	1,828,426
Supplies & Services	1,925,120	473,046	1,942,897
Interest-Notes	1,038,000	5,411	1,021,644
Capital Assets	38,495,200	6,880,293	30,408,730
Total Appropriations	$ 43,301,520	$ 7,801,293	$ 35,201,697
Net Operating Position	$ (5,375,530)	$ 98,551	$ (2,129,589)

Regional Conservation Authority
Western Riverside County

PROPOSED BUDGET ADJUSTMENT

Account	Description	935100 RCA Operations
Increase Estimated Revenues:		
722000	Mitigation Fees	$ 2,137,695
	Net Increase in Estimated Revenues	$ 2,137,695

Regional Conservation Authority
Western Riverside County

Staff Recommendations

That the RCA Executive Committee –

1) Recommend that the RCA Board of Directors:

   A) Receive and file the Fiscal Year 2021 First Quarter Financial Report;

   B) Approve the budget adjustment contained in Exhibit A;

   C) Authorize the Chair to direct the Auditor-Controller to make the budget adjustment contained in Exhibit A;

   and

2) Authorize staff to agendize this matter for the December 7, 2020 meeting of the RCA Board of Directors.

AGENDA ITEM NO. 10

Attachment 3

Regional Conservation Authority
Budget vs. Actual Comparison as of September 30, 2020
General Fund - 935100 Operations

REVENUES		Budget	Actual	% of Actual to Budget	Note No.	Projection through 6/30/21	Variance with Budget
722000	Mitigation Fees	$ 44,950	$ 35,877	80%	1	$2,182,645	$ 2,137,695
740020	Interest-Invested Funds	60,000	18,396	31%	2	73,584	13,584
769240	Other Gov MSHCP Infrastructure	30,000	-	0%		30,000	-
769260	Other Gov MSHCP Civic Projects	25,000	1,721	7%	4	25,000	-
771410	Flood Control District	52,580	-	0%		52,580	-
777860	Joint Project Review	100,000	26,533	27%		101,132	1,132
781520	Tipping Fees	200,000	50,000	25%	6	200,000	-
	Total Revenues	**$ 512,530**	**$ 132,527**	**26%**		**$2,664,941**	**$2,152,411**

EXPENDITURES							
510040	Regular Salaries	$ 108,370	$ 28,523	26%		$ 108,012	$ 358
510200	Payoff Permanent-Seasonal	200,000	-	0%		200,000	-
510440	Annual Leave Buydown	2,520	12	0%		2,520	-
515200	Retiree Health Insurance	2,300	20	1%		2,300	-
518100	Budgeted Benefits	61,510	12,673	21%		50,692	10,818
	Subtotal Salaries and Benefits	**374,700**	**41,228**	**11%**		**363,524**	**11,176**
520200	Communications	40	5	13%		26	14
520270	County Delivery Services	150	-	0%		150	-
520320	Telephone Service	15	1	7%		8	7
520940	Insurance-Other	2,500	544	22%	7	2,176	324
521360	Maint-Computer Equipment	1,350	329	24%		1,316	34
521540	Maint-Office Equipment	175	33	19%		132	43
521640	Maint-Software	355	98	28%		352	3
523100	Memberships	295	210	71%		290	5
523230	Miscellaneous Expense	370	88	24%		352	18
523640	Computer Equip-Non Fixed Asset	225	115	51%		160	65
523660	Computer Supplies	30	-	0%		30	-
523680	Office Equip Non Fixed Assets	300	-	0%		300	-
523700	Office Supplies	150	20	13%		80	70
523760	Postage-Mailing	170	43	25%		150	20
523800	Printing/Binding	150	-	0%		100	50
523840	Computer Equipment-Software	495	20	4%		480	15
524560	ACO Payroll Services	185	37	20%		178	7
524570	Auditing and Accounting	10,925	1,376	13%	8	10,504	421
524900	GIS Services	330	75	23%	9	300	30
525020	Legal Services	90,000	9,481	11%	10	57,924	32,076
525140	Personnel Services	540	126	23%	11	504	36
525840	RCIT Device Access	810	166	20%	12	764	46
525850	RCIT Device Public	15	-	0%		15	-
526700	Rent-Lease Bldgs	5,985	1,485	25%	13	5,940	45
527780	Special Program Expense	600	-	0%		600	-
527840	Training-Education/Tuition	70	-	0%		70	-
527980	Contracts	206,750	46,339	22%	14	206,356	394
528120	Board/Commission Expense	1,590	63	4%		1,252	338
528140	Conference/Registration Fees	70	-	0%		70	-
528900	Air Transportation	90	-	0%		90	-
528960	Lodging	100	-	0%		100	-
528980	Meals	625	-	0%		312.50	313
529000	Miscellaneous Travel Expense	15	-	0%		15	-
529010	Parking Validation	150	-	0%		75	75
529040	Private Mileage Reimbursement	600	91	15%		364	236
529080	Rental Vehicles	20	-	0%		10	10
	Subtotal Services and Supplies	**326,240**	**60,745**	**19%**		**291,546**	**34,695**
	Total Expenditures	**$ 700,940**	**$ 101,973**	**15%**		**$ 655,070**	**$ 45,871**
	Net Operating Position	**$(188,410)**	**$ 30,554**			**$2,009,871**	**$2,198,282**

Regional Conservation Authority
Budget vs. Actual Comparison as of September 30, 2020
General Fund - 935300 Land Management and Monitoring

REVENUES		Budget	Actual	% of Actual to Budget	Note No.	Projection through 06/30/21	Variance with Budget
740020	Interest-Invested Funds	$ 60,400	$ 18,396	30%	2	$ 73,584	$ 13,184
741000	Rents	93,880	23,113	25%	3	94,052	172
769240	Other Gov MSHCP Infrastructure	30,000	-	0%		30,000	-
769260	Other Gov MSHCP Civic Projects	25,000	-	0%		25,000	-
771410	Flood Control District	327,420	-	0%		327,420	-
777520	Reimbursement for Services	133,610	7,393	6%		129,572	(4,038)
781360	Other Misc. Revenue	28,400	-	0%		28,400	-
781520	Tipping Fees	3,050,000	784,569	26%	6	3,138,276	88,276
	Total Revenues	**$ 3,748,710**	**$ 833,471**	**22%**		**3,846,304**	**$ 97,594**

EXPENDITURES							
510040	Regular Salaries	338,430	82,381	24%		$ 331,284	7,146
510440	Annual Leave Buydown	15,330	36	0%		15,144	186
515200	Retiree Health Insurance	7,170	109	2%		7,170	-
518100	Budgeted Benefits	157,870	36,823	23%		147,292	10,578
	Subtotal Salaries and Benefits	**518,800**	**119,349**	**23%**		**500,890**	**17,910**
520200	Communications	215	41	19%		213	2
520320	Telephone Service	80	6	8%		48	32
520940	Insurance-Other	14,760	3,245	22%	7	12,980	1,780
521360	Maint-Computer Equipment	7,200	1,757	24%		7,028	172
521540	Maint-Office Equipment	940	81	9%		824	116
521640	Maint-Software	1,890	495	26%		1,890	-
523100	Memberships	1,685	1,120	66%		1,620	65
523230	Miscellaneous Expense	930	427	46%		827	103
523640	Computer Equip-Non Fixed Asset	1,200	615	51%		1,115	85
523660	Computer Supplies	160	-	0%		80	80
523680	Office Equip Non Fixed Assets	1,600	-	0%		1,600	-
523700	Office Supplies	800	109	14%		536	264
523760	Postage-Mailing	880	135	15%		840	40
523800	Printing/Binding	800	-	0%		500	300
523840	Computer Equipment-Software	2,640	104	4%		2,516	124
524560	ACO Payroll Services	995	197	20%		988	7
524570	Auditing and Accounting	12,420	2,117	17%	8	12,368	52
524900	GIS Services	1,760	400	23%	9	1,600	160
525020	Legal Services	100,000	16,021	16%	10	74,084	25,916
525140	Personnel Services	2,880	671	23%	11	2,684	196
525840	RCIT Device Access	4,320	885	20%	12	3,540	780
525850	RCIT Device Public	65	-	0%		-	65
526700	Rent-Lease Bldgs	31,910	7,922	25%	13	31,688	222
527780	Special Program Expense	3,200	-	0%		3,200	-
527840	Training-Education/ Tuition	370	-	0%		185	185
527980	Contracts	3,077,215	594,337	19%	14	3,027,348	49,867
528120	Board/Commission Expense	8,480	336	4%		1,344	7,136
528140	Conference/Registration Fees	1,380	-	0%		1,380	-
528900	Air Transportation	1,290	-	0%		645	645
528960	Lodging	1,660	-	0%		830	830
528980	Meals	1,165	-	0%		583	583
529000	Miscellaneous Travel Expense	80	-	0%		40	40
529010	Parking Validation	800	-	0%		400	400
529040	Private Mileage Reimbursement	2,200	272	12%		1,588	612
529080	Rental Vehicles	500	-	0%		500	-
529500	Electricity	1,700	287	17%		1,648	52
	Subtotal Services and Supplies	**3,290,170**	**631,580**	**19%**		**3,199,260**	**90,911**
535220	Assessments & HOA	70,000	440	1%		69,760	240
	Subtotal Other Charges	**70,000**	**440**	**1%**		**69,760**	**240**
	Total Expenditures	**$ 3,878,970**	**$ 751,369**	**19%**		**3,769,910**	**$ 109,061**
	Net Operating Position	**$ (130,260)**	**$ 82,102**			**76,394**	**$ 206,655**

Regional Conservation Authority
Budget vs. Actual Comparison as of September 30, 2020
Capital Projects Fund - 935201 Land Acquisition

REVENUES		Adjusted Budget	Actual	% of Actual to Budget	Note No.	Projection through 6/30/21	Variance with Budget
722000	Mitigation Fee	3,750,000	3,750,000	100%	1	3,750,000	-
740020	Interest-Invested Funds	110,000	37,972	35%	2	151,888	41,888
751680	CA-Grant Revenue	5,603,170	-	0%		2,513,450	(3,089,720)
766600	Fed-Capital Grants and Contrib	11,564,500	-	0%		6,294,750	(5,269,750)
777170	Development Mitigation Fees	10,500,000	3,847,675	37%	5	13,390,700	2,890,700
777600	TUMF Revenue-Developer Fees	1,300,000	191,197	15%		1,600,000	300,000
781220	Capital Contributions & Donations	4,910,000	73,000	1%	16	5,183,000	273,000
781360	Other Miscellaneous Revenue	188,320	-	0%		188,320	-
	Total Revenues	**$ 37,925,990**	**$ 7,899,844**	**21%**		**$ 33,072,108**	**$(4,853,882)**

EXPENDITURES		Adjusted Budget	Actual	% of Actual to Budget	Note No.	Projection through 6/30/21	Variance with Budget
510040	Regular Salaries	$ 1,213,200	$ 305,305	25%		$ 1,203,944	$ 9,256
510440	Annual Leave Buydown	43,650	191	0%		42,764	886
515200	Retiree Health Insurance	25,730	550	2%		25,730	-
518100	Budgeted Benefits	560,620	136,497	24%		555,988	4,632
	Subtotal Salaries and Benefits	**1,843,200**	**442,543**	**24%**		**1,828,426**	**14,774**
520200	Communications	1,085	191	18%		993	92
520320	Telephone Service	405	29	7%		232	173
520940	Insurance-Other	72,740	15,599	21%	7	62,396	10,344
521360	Maint-Computer Equip	36,450	8,896	24%		35,584	866
521540	Maint-Office Equipment	6,385	892	14%		5,568	817
521640	Maint-Software	9,555	2,658	28%		9,532	23
523100	Memberships	8,020	5,670	71%		7,670	350
523230	Miscellaneous Expense	4,700	2,162	46%		4,648	52
523640	Computer Equip-Non Fixed Asset	6,075	3,112	51%		5,948	127
523660	Computer Supplies	810	-	0%		500	310
523680	Office Equip Non Fixed Assets	8,100	-	0%		8,000	100
523700	Office Supplies	4,050	552	14%		3,208	842
523760	Postage-Mailing	4,450	683	15%		4,432	18
523800	Printing/Binding	4,050	-	0%		3,240	810
523840	Computer Equipment-Software	13,365	527	4%		12,108	1,257
524560	ACO Payroll Services	5,020	1,000	20%		5,000	20
524570	Auditing and Accounting	96,455	14,257	15%	8	96,428	27
524900	GIS Services	8,910	2,025	23%	9	8,100	810
525020	Legal Services	690,000	192,896	28%	10	771,584	(81,584)
525140	Personnel Services	14,580	3,396	23%	11	13,584	996
525840	RCIT Device Access	21,870	4,481	20%	12	17,924	3,946
525850	RCIT Device Public	320	-	0%		-	320
526700	Rent-Lease Bldgs	161,530	40,105	25%	13	160,420	1,110
527780	Special Program Expense	16,200	-	0%		16,200	-
527840	Training-Education/Tuition	1,860	-	0%		1,860	-
527980	Contracts	647,250	168,168	26%	14	647,172	78
528120	Board/Commission Expense	42,930	4,001	9%		18,004	24,926
528140	Conference/Registration Fees	1,950	-	0%		975	975
528280	Imaging Supplies	500	-	0%		200	300
528900	Air Transportation	8,620	-	0%		4,310	4,310
528920	Car Pool Expense	500	-	0%		500	-
528960	Lodging	11,240	-	0%		5,620	5,620
528980	Meals	3,610	-	0%		1,805	1,805
529000	Miscellaneous Travel Expense	1,105	-	0%		552.50	553
529010	Parking Validation	4,050	-	0%		2,025	2,025
529040	Private Mileage Reimbursement	6,200	1,746	28%		6,484	(284)
529080	Rental Vehicles	180	-	0%		90	90
	Subtotal Services and Supplies	**1,925,120**	**473,046**	**25%**		**1,942,897**	**(17,776)**
532600	Principal Payment	1,000,000	-	0%		1,000,000	-
534000	Interest Notes-Warrants	38,000	5,411	14%	15	21,644	16,356
	Subtotal Other Charges	**1,038,000**	**5,411**	**1%**		**1,021,644**	**16,356**
540040	Land	38,475,200	6,880,293	18%	16	30,388,730	8,086,470
540060	Improvements-Land	20,000	-	0%		20,000	-
	Subtotal Capital Outlay	**38,495,200**	**6,880,293**	**18%**		**30,408,730**	**8,086,470**
	Total Expenditures	**$ 43,301,520**	**7,801,293**	**18%**		**35,201,697**	**8,099,824**
	Net Operating Position	**$ (5,375,530)**	**98,551**			**(2,129,589)**	**3,245,942**

Regional Conservation Authority
Notes to Financial Reports
September 30, 2020

	Operations	Land Management and Monitoring	Land Acquisition	Total RCA
REVENUES:				
1) Mitigation Fees				
Participating Special Entities:				
EMWD-Judson Potable Water	$35,877			$35,877
SCE-Valley Ivyglen Subtransmission Phase II	2,137,695			2,137,695
Species Specific:				
Crestmore Redevelopment, LLC			$3,750,000	3,750,000
Total Participating Special Entities	$2,173,572		$3,750,000	$5,923,572
2) Interest from Riverside County Treasurer Pool				
1st quarter interest at .62%	$18,396	$18,396	$37,972	$74,764
Total Interest	$18,396	$18,396	$37,972	$74,764
3) Rent revenues from the following sources:				
Goodhart		$1,290		
Great Horses of America		1,500		
KCAA Radio		2,223		
Archery Club		625		
Cell Tower Lease		15,725		
Lockheed Lease		250		
Beekeepers		1,500		
Tower Leases and Property Rentals		$23,113		
4) Civic contributions from Member Agencies:				
County EDA - Jurupa Valley Boxing Club Parking	$1,721			
Total Civic	$1,721			
5) Mitigation fees through September 30, 2020 are as follows:				
City of Banning			$4,468	
City of Beaumont			71,488	
City of Calimesa			225,634	
City of Canyon Lake			6,702	
City of Corona			107,742	
City of Eastvale			90,326	
City of Hemet			1,369	
City of Jurupa Valley			820,591	
City of Lake Elsinore			76,469	
City of Menifee			622,309	
City of Moreno Valley			128,418	
City of Murrieta			13,415	
City of Norco			0	
City of Perris			117,457	
City of Riverside			134,506	
City of San Jacinto			131,267	
City of Temecula			28,778	
City of Wildomar			60,318	
County of Riverside			1,206,417	
Total Mitigation			$ 3,847,675	

Regional Conservation Authority
Notes to Financial Reports
September 30, 2020

	Out-of-County Tonnage	Operations	Land Management and Monitoring	Land Acquisition	Total RCA
REVENUES (Continued):					
6) RCA receives $1.50 per ton for the out-of-county tonnage. In addition, RCA receives a maximum of $400,000 annually for the in-county tonnage.					
July 2020	193,764	$16,667	$273,979		$290,646
August 2020 (estimate)	181,308	16,667	255,295		271,961
September 2020 (estimate)	181,308	16,667	255,295		271,961
Total Tipping Fees	556,379	$50,000	$784,569		$ 834,569
EXPENDITURES:					
7) Insurance provided by SDRMA:					
General & Property		$544	$3,245	$15,599	$19,388
8) Auditing and Accounting:					
Brown, Armstrong Accountancy Corp		$1,376	$2,117	$14,257	$17,750
9) GIS Services					
Digital Globe		$75	$400	$2,025	$2,500
10) Legal Services as follows:					
Best, Best and Krieger		$9,481	$16,021	$192,896	$218,398
11) Personnel services by County Human Resources:					
Approx. $1,290 per employee annually		$126	$671	$3,396	$4,193
12) RCIT Device Charges					
RCIT Monthly $1,844		$166	$885	$4,481	$5,531
13) Rent & lease building cost:					
RCA office monthly rent $16,635		$1,485	$7,922	$40,105	$49,513
14) Contract services are as follows:					
Dudek		$44,142	$3,305	$17,069	$64,516
Economic & Planning Systems		542	2,889	14,626	18,056
EDA Real Estate Services				32,507	32,507
Hogan Lovells				37,500	37,500
Kadesh				18,750	18,750
OPR Communications		1,655	8,828	44,690	55,173
Parks & Open-Space Dist.-Land Mgmt.			217,121	3,027	220,148
SAWA			362,195		362,195
Total Contracts		$46,339	$594,337	$168,168	$808,844
15) Interest to Riverside County on Loan					
Interest rate at average 2020 Treasurer Pool Investment rate of 1.08%				$5,411	

Regional Conservation Authority
Notes to Financial Reports
September 30, 2020

	Operations	Land Management and Monitoring	Land Acquisition	Total RCA
EXPENDITURES (CONTINUED):				
16) Land acquisition costs are as follows:				
Properties donated to the RCA:				
Highpoint Donation			$73,000	
Subtotal Donated Properties			$73,000	
Properties acquired:				
Marelli Property			111,484	
Tuscany Hills Ph 4			101,383	
IDA Lane			277,578	
Agua Mansa DSF Conservation			6,250,000	
Consultants Costs:				
EDA Real Estate Services			48,694	
Escrow Fees			2,748	
Best Best & Krieger			13,453	
Parks & Open-Space Dist.			1,954	
Total Land Acquisition Costs			$6,880,293	

AGENDA ITEM NO. 10

Attachment 4

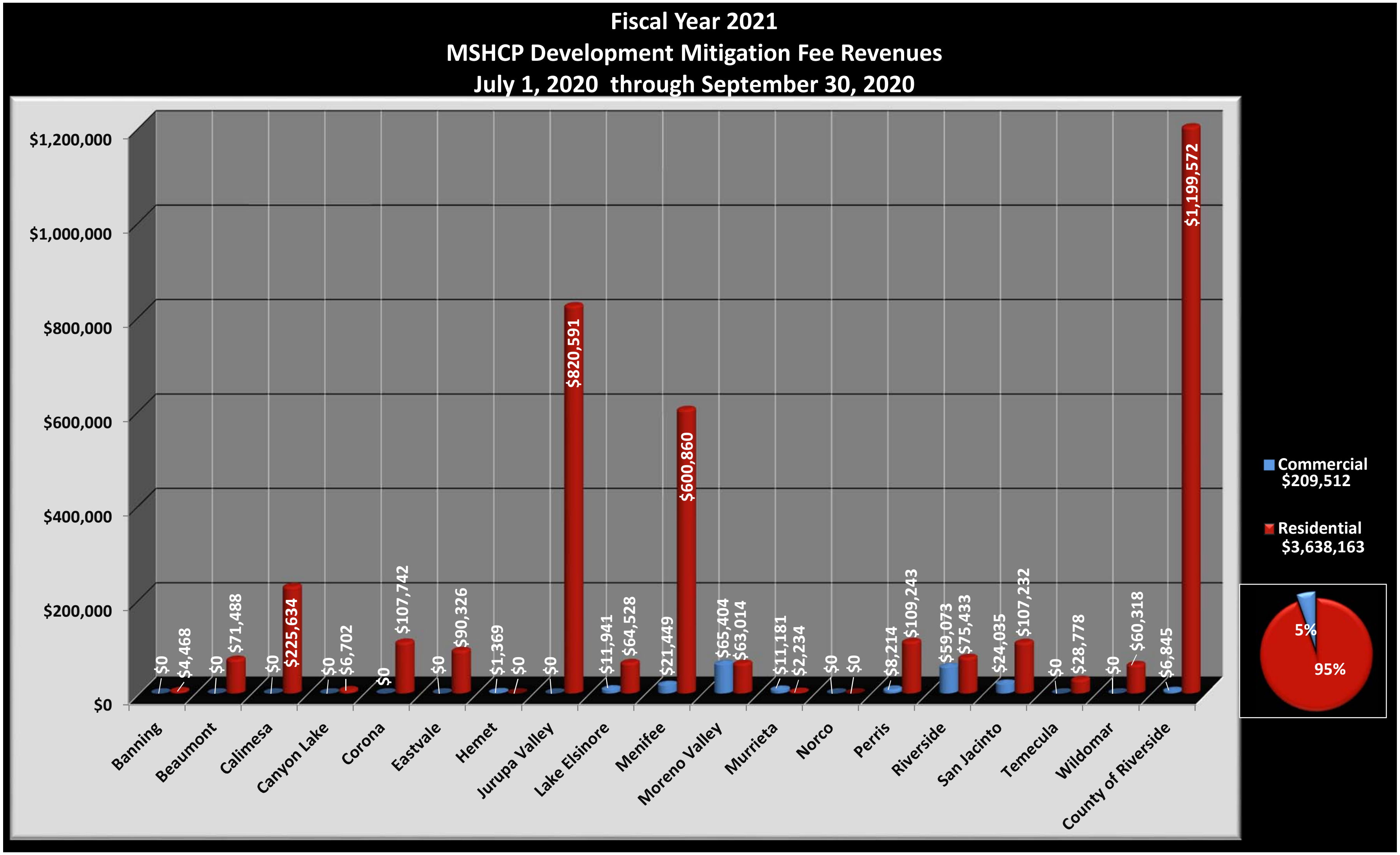
REGIONAL CONSERVATION AUTHORITY

MSHCP MITIGATION FEE COLLECTIONS BY MEMBER AGENCY

FISCAL YEAR 2021

BASED ON ACCRUAL BASIS (Month reported by City)

COUNTY AND CITIES:	JUL 2020	AUG 2020	SEP 2020	TOTALS FY 2021	%
CITY OF BANNING	$ 2,234	$ 2,234	$ -	$4,468	0.1%
CITY OF BEAUMONT	24,574	46,914	-	$71,488	1.9%
CITY OF CALIMESA	84,892	69,254	71,488	$225,634	5.9%
CITY OF CANYON LAKE	2,234	4,468	-	$6,702	0.2%
CITY OF CORONA	29,042	11,440	67,260	$107,742	2.8%
CITY OF EASTVALE	30,030	45,760	14,536	$90,326	2.3%
CITY OF HEMET	1,369	-	-	$1,369	0.0%
CITY OF JURUPA VALLEY	29,042	308,292	483,257	$820,591	21.3%
CITY OF LAKE ELSINORE		25,549	50,920	$76,469	2.0%
CITY OF MENIFEE	140,970	218,846	262,493	$622,309	16.2%
CITY OF MORENO VALLEY	90,440	33,510	4,468	$128,418	3.3%
CITY OF MURRIETA	-	-	13,415	$13,415	0.3%
CITY OF NORCO	-	-	-	$0	0.0%
CITY OF PERRIS	8,936	48,203	60,318	$117,457	3.1%
CITY OF RIVERSIDE	18,369	57,919	58,219	$134,506	3.5%
CITY OF SAN JACINTO	32,971	44,680	53,616	$131,267	3.4%
CITY OF TEMECULA	2,234	26,544	-	$28,778	0.7%
CITY OF WILDOMAR	26,808	-	33,510	$60,318	1.6%
COUNTY OF RIVERSIDE	315,407	373,078	517,932	$1,206,417	31.4%
TOTAL COUNTY AND CITIES	**$ 839,552**	**$ 1,316,691**	**$ 1,691,432**	**$3,847,675**	**100.0%**
OTHER					
OTHER GOV MSHCP CIVIC PROJECTS			1,721	$1,721	100.0%
TOTAL OTHER	**$ -**	**$ -**	**$ 1,721**	**$1,721**	**100.0%**
GRAND TOTAL	**$ 839,552**	**$ 1,316,691**	**$ 1,693,153**	**$3,849,396**	



Fiscal Year 2021
MSHCP Development Mitigation Fee Revenues
July 1, 2020 through September 30, 2020
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
Banning $0 $4,468
Beaumont $0 $71,488
Calimesa $0 $225,634
Canyon Lake $0 $6,702
Corona $0 $107,742
Eastvale $0 $90,326
Hemet $1,369 $0
Jurupa Valley $0 $820,591
Lake Elsinore $11,941 $64,528
Menifee $21,449 $600,860
Moreno Valley $65,404 $63,014
Murrieta $11,181 $2,234
Norco $0 $0
Perris $8,214 $109,243
Riverside $59,073 $75,433
San Jacinto $24,035 $107,232
Temecula $0 $28,778
Wildomar $0 $60,318
County of Riverside $6,845 $1,199,572
Commercial $209,512
Residential $3,638,163
5%
95%

AGENDA ITEM NO. 11

Staff Report

STAFF REPORT

November 18, 2020
Agenda Item No. 11

Regional Conservation Authority

FISCAL YEAR 2020 AUDITED FINANCIAL STATEMENTS

STAFF CONTACT

Jennifer Fuller
Director of Administrative Services
(951) 955-9700

BACKGROUND

The Joint Powers Agreement creating the Western Riverside County Regional Conservation Authority (RCA) requires that an independent certified public accountant or firm perform an annual audit of the accounts and records of the RCA, and that a complete written report of such audit be filed with the Auditor Controller's Office annually, pursuant to Government Code Section 6505.

The auditors, Brown Armstrong Accountancy Corporation, have issued the attached reports in conjunction with the audit. The Independent Auditors' Report contained in the Basic Financial Statements (page 1) indicates that the financial statements present fairly, in all material respects, the financial position of the RCA as of June 30, 2020. This opinion is considered "clean" or "unmodified," which means that the RCA's accounting and financial reporting is consistent with Generally Accepted Accounting Principles (GAAP). The "unmodified" opinion is the highest designation auditors can give.

Government Auditing Standards requires that in addition to providing an opinion on the financial statements, auditors should report on the scope and results of testing of the auditee's internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements. Staff is pleased to report that there were no reportable findings concerning the financial statements or the Authority's internal controls.

Statement on Auditing Standards No. 114, *The Auditors' Communication with Those Charged with Governance,* requires the auditor to make certain annual communications to the RCA's governing body regarding the audit of the financial statements. The attached SAS 114 Report discloses those matters to the RCA's Board of Directors.

STAFF RECOMMENDATIONS

That the RCA Executive Committee –

1) Recommend that the RCA Board of Directors receive and file the following reports:

   a) Basic Financial Statements with Independent Auditors' Report for the Year Ended June 30, 2020; and

   b) SAS 114 Report - *The Auditors' Communication with Those Charged with Governance*;

   and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

ATTACHMENTS

1) Basic Financial Statements with Independent Auditors' Report for the Year Ended June 30, 2020

2) SAS 114 Report - *The Auditors' Communication with Those Charged with Governance*

AGENDA ITEM NO. 11

Attachment 1

WESTERN RIVERSIDE COUNTY
REGIONAL CONSERVATION AUTHORITY

BASIC FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2020

TABLE OF CONTENTS

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Western Riverside County Regional Conservation Authority
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Western Riverside County Regional Conservation Authority (the Authority) as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 23, 2020

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

Management's Discussion and Analysis

June 30, 2020

As the management of the Western Riverside County Regional Conservation Authority (the "Authority"), we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Authority's financial statements.

Financial Highlights

- The Authority's net position increased by $23.6 million or 5% during the fiscal year. This is the amount by which total revenues exceeded total expenses for the year.
- Capital assets increased by $13.6 million. Approximately 1,088 acres of Additional Reserve Land (ARL) were acquired during the year. Funding for the properties included Multiple Species Habitat Conservation Plan (MSHCP) local development mitigation fees, Measure A funds, federal and state grants, and land/conservation easement donations.
- Total fund balances of the Authority's governmental funds were $54 million at the close of the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* includes all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. It includes all the current year's revenues and expenses, regardless of the timing of related cash flows. The government-wide financial statements report the functions of the Authority that are principally supported by mitigation contributions, intergovernmental revenues, and charges for services. The governmental activities of the Authority include general government operations, management and monitoring, and land acquisition.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Authority's funds are governmental funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements; however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and related statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the related statement of revenues, expenditures and changes in fund balances for the Authority's major governmental funds comprised of the General Fund, Capital Projects Fund, and Permanent Endowment Fund. The governmental fund financial statements, including the reconciliation between the fund financial statements and the government-wide financial statements, can be found on pages 14-17 of this report.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-31 of this report.

Other Information
The Authority adopts an annual appropriations budget for its General Fund and the Capital Projects Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Government-wide Financial Analysis
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $507.9 million at the close of the most recent fiscal year.

Net Position

	As of June 30:		
	2020	2019	Change
Assets			
Capital assets	$ 457,670,173	$ 444,026,664	$ 13,643,509
Other assets	62,638,520	53,539,785	9,098,735
Total assets	520,308,693	497,566,449	22,742,244
Liabilities			
Other liabilities	10,702,304	10,601,269	101,035
Long-term liabilities	1,750,372	2,681,605	(931,233)
Total liabilities	12,452,676	13,282,874	(830,198)
Net position			
Net investment in capital assets	455,514,894	440,871,385	14,643,509
Restricted	23,681,012	15,932,899	7,748,113
Unrestricted	28,660,111	27,479,291	1,180,820
Total net position	$ 507,856,017	$ 484,283,575	$ 23,572,442

- By far the largest portion of the Authority's net position, $455.5 million (89.7%), reflects its investment in capital assets (i.e., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. During the year, the Authority acquired 1,088 acres of land and conservation easements, increasing capital assets and the net investment in capital assets by $14.6 million.

- A portion of the Authority's net position, $23.7 million (4.7%), represents resources that are subject to external restrictions on how they can be used. The remaining balance of $28.7 million (5.6%) is unrestricted and may be used to meet the Authority's ongoing obligations.

The Authority's total program and general revenues were $30.8 million, while the total cost of all programs was approximately $7.5 million. Total revenues decreased by $7.8 million (20.1%) whereas the total cost of all programs increased by $867 thousand (13.1%). Key elements of these changes are as follows:

Changes in Net Position

	For the Years Ended June 30:		
	2020	2019	Change
Revenues			
Program revenues			
Charges for services	$ 201,989	$ 131,714	$ 70,275
Operating grants/contributions	5,328,171	8,354,183	(3,026,012)
Capital grants/contributions	24,753,329	29,057,745	(4,304,416)
General revenues			
Unrestricted investment earnings	416,825	703,663	(286,838)
Gain on sale of capital assets	-	234,480	(234,480)
Other general	100,415	90,023	10,392
Total revenues &	30,800,729	38,571,808	(7,771,079)
Expenses			
General operations	596,516	325,881	270,635
Management and monitoring	3,121,094	2,982,029	139,065
Land acquisition	3,733,434	3,246,512	486,922
Interest	44,258	74,058	(29,800)
Total expenses	7,495,302	6,628,480	866,822
Excess before permanent contributions	23,305,427	31,943,328	(8,637,901)
Contribution to permanent endowment	267,015	316,067	(49,052)
Increase in net position	23,572,442	32,259,395	(8,686,953)
Net position, beginning	484,283,575	452,024,180	32,259,395
Net position, ending	$ 507,856,017	$ 484,283,575	$ 23,572,442

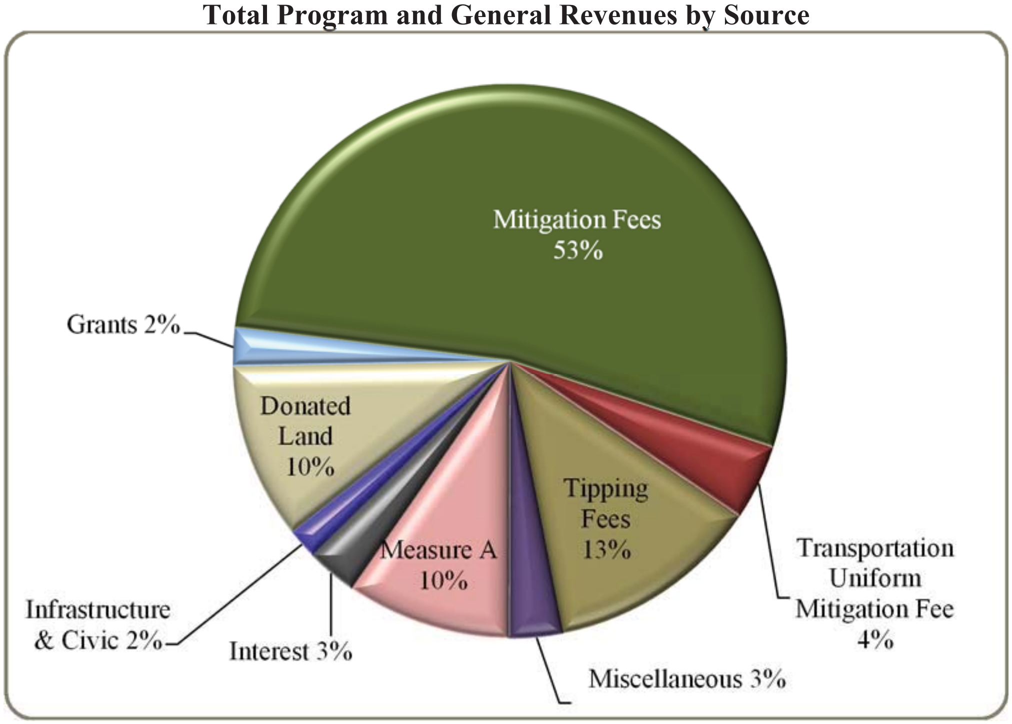
- Charges for services consist of joint project reviews and land management and monitoring service agreements. Charges for services increased by 53.4% from $132 thousand in fiscal year 2019 to $202 thousand in fiscal year 2020. During fiscal year 2019, the Authority received a total of 20 private joint project reviews compared to 23 during fiscal year 2020. In addition, the Authority entered into a reimbursable service agreement with Riverside County (County) in the current year. The Authority provided monitoring of species, including the Quino Checkerspot Butterfly, on a County owned overcrossing to study its effectiveness.

- Operating grants and contributions decreased by $3 million, or 36.2%, for the following reasons:
  - In fiscal year 2019, the Authority received $2.1 million from Southern California Edison as a participating special entity to receive MSHCP coverage for the West of Devers Project. During the current year, the Authority received $85 thousand in participating special entity fees from interested parties seeking to obtain MSHCP coverage on smaller projects.

- Landfill tipping fees decreased by $338 thousand, from $4.2 million in fiscal year 2019 to $3.9 million in the current year. Tipping fees are contributed to the Authority from the County based on tonnage of out-of-county waste collected at County landfills. The County reported a decrease of 8.6% in waste disposal, or 220 thousand tons.
- Infrastructure contributions from Riverside County Flood Control and Water Conservation District (Flood District) decreased by $132 thousand from $494 thousand in fiscal year 2019 to $362 thousand in fiscal year 2020.
- Restricted interest decreased by $266 thousand from $779 thousand in fiscal year 2019 to $513 thousand in the current year. This is a result of a decrease in the average interest rate of 2.2% in fiscal year 2019 to 1.7% in the current year.

- Capital grants and contributions decreased by $4.3 million, or 14.8%. The following amounts represent the significant sources:
  - Developer mitigation fees decreased by $1.3 million in the current year in comparison to the prior year. During the current year, the Authority received mitigation fees from the member agencies for approximately 6,657 new residential units and about 463.2 of new commercial/industrial acreage. Although the number of new residential units was very consistent with prior year collections (6,387 in prior year), the number of new commercial/industrial acreage decreased by 376.4 acres, or 44%, from prior year.
  - The Authority's federal and state capital grant contributions decreased by $2.4 million. Last fiscal year, the Authority received $3.1 million in federal and state capital grant contributions to acquire 33.3 acres of ARL. In the current year, the Authority only received $670 thousand in federal and state grant funds to acquire 62.4 acres of ARL.
  - Land donations also decreased by about $650 thousand. In the current year, the Authority received seven land donations and two conservation easements with an acquisition value of $3.2 million for approximately 342 acres, whereas in fiscal year 2019 the authority received four land donation with an acquisition value of $3.9 million for approximately 298 acres.

Total Program and General Revenues by Source

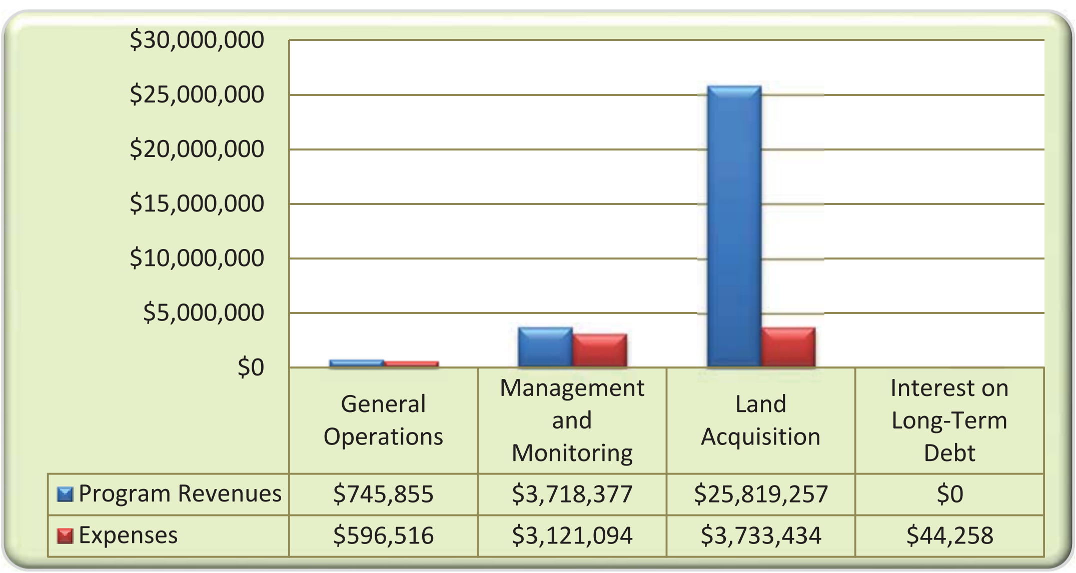


- General Operations expenses increased by $271 thousand, or 83%. The increase was primarily attributable to the retirement of the Authority's Executive Director which triggered a significant retirement payout. In addition, contract payments to an environmental consulting firm for joint project reviews and participating special entity reviews significantly during the year. As noted earlier, reimbursement for services for joint project reviews also increased in the current year.

- Land Management and Monitoring expenses increased by $139 thousand, or 4.7%, which resulted from the following:
  - o As discussed in Note 10, the Riverside County Regional Park and Open-Space District (Park District) provides the Authority with management services of the Authority's reserve lands. In the current year the District added a new position for a natural resource specialist, increasing contractual costs.
  - o In addition, the Authority contracts with a firm to provide the biological monitoring program, which collects data on the 146 species and their associated habitats. In fiscal year 2020, the biological monitoring program included one additional biologist dedicated to the MSHCP.

- Land acquisition expenses increased by $487 thousand, or 15% which resulted from the following:
  - o In fiscal year 2019, the Authority recognized savings in contractual labor since two positions were temporarily vacant. However, the Authority did not have any vacancies in fiscal year 2020.
  - o In fiscal year 2020, the Authority recognized a loss on capital assets of $214 thousand. A significant portion of this loss resulted from the acquisition of a conservation easement through a fee credit agreement with a member agency. The Authority received the easement in-lieu of MSHCP fees. The value of the easement appraised at a reduced value at the time of transfer, resulting in a loss for the asset transfer.
  - o A slight increase is also attributable to an increase in contractual cost associated with public outreach efforts, including a new website.

Expenses and Program Revenues - Governmental Activities



	General Operations	Management and Monitoring	Land Acquisition	Interest on Long-Term Debt
Program Revenues	$745,855	$3,718,377	$25,819,257	$0
Expenses	$596,516	$3,121,094	$3,733,434	$44,258

Financial Analysis of Governmental Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with legal requirements. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported a combined fund balance of $54 million, an increase of $9.7 million in comparison with the prior year. Approximately 44.0%, or $23.8 million, is unassigned, which is available for spending at the Authority's discretion. About $4.6 million, or 8.5%, is nonspendable from permanent endowment contributions. An additional $20.7 million, or 38.2%, constitutes restricted fund balance for land acquisition and land management and monitoring programs as outlined in Note 5 to the basic financial statements. The remaining $4.9 million has been committed or assigned for specific purposes as detailed in Note 5.

The General Fund is the chief operating fund of the Authority. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $23.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 647% of total General Fund expenditures, while total fund balance represents approximately 734% of that same amount.

The Capital Projects Fund had an $8.1 million increase in fund balance during the current fiscal year from $12.1 million in fiscal year 2019 to $20.1 million in the current year. The increase is attributable to a delay in land acquisitions which were scheduled to close during fiscal year 2020 but were postponed to the following year. The fund balance of $20.1 million is restricted by external contributors for land acquisition and related costs.

Fund balance in the Permanent Endowment Fund increased by $376 thousand. The increase was attributable to a $267 thousand endowment fund contributions from a private developer for future land management and maintenance of land donated to the Authority and $109 thousand in interest earned for the year. There were no expenditures from the Endowment Fund during the current year.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, the original budgeted revenues were increased by $324 thousand in landfill tipping fees. Appropriations in General Operations Program were increased by same amount to cover the cost of retirement payout for two employees contracted for by the Authority.

Final budget compared to actual results.
The most significant differences between estimated revenues and actual revenues were as follows:

- Landfill tipping revenues were budgeted at $3.3 million. The County contributes $1.50 per ton of the tipping fees for out-of-county waste collected at the County's landfills. The out-of-county tonnage disposal this year surpassed the expectations. Thus, actual revenues of $3.9 million exceeded the budget by $548 thousand.

- Interest was budgeted at $379 thousand. The actual interest earned of $417 thousand exceeded the budget by $38 thousand. Interest rates were budgeted at 1% but actual interest rates were about 1.7% for the year.

- The Authority received $21 thousand in Coronavirus Aid, Relief, and Economic Security Act (CARES Act) pass-through from the County. No grant funds were budgeted in the General Fund. The CARES Act funds reimbursed to the Authority were for costs associated with closing and reopening of conserved open-space owned by the Authority, as well as implementing safety guidelines to minimize the spread of COVID-19.

The variance between the final budget and actual expenditures:

- Actual expenditures for services and supplies were $225 thousand less than budgeted for the General Operations program. Savings of $152 thousand in contractual labor resulted when one employee (out of two) scheduled to retire in the current year opted to postpone retirement. In addition, the Authority incurred savings in legal representation in the General Operations program, resulting in savings in services and supplies.
- Actual expenditures for services and supplies were well under the budget by approximately $289 thousand for management and monitoring program. This resulted from savings in the contract agreement with the Park District for management services of the Authority's reserve lands and saving in legal representation.

Capital Assets and Debt Administration

The Authority's investment in capital assets for its governmental funds as of June 30, 2020 amounts to $457.7 million. This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, and equipment. The total increase in the Authority's capital assets was 3.1%.

Capital Assets

	June 30,	
	2020	2019
Land	$ 450,042,699	$ 436,940,761
Land acquisition in process	837,423	999,317
Conservation easements	5,227,593	4,408,203
Buildings and improvements	1,618,757	1,618,757
Land improvements	509,067	509,067
Equipment and vehicles	315,733	357,335
Total capital assets	458,551,272	444,833,440
Less accumulated depreciation	(881,099)	(806,776)
Total capital assets, net	$ 457,670,173	$ 444,026,664

During the year, the Authority acquired 29 new properties adding 812 ARL acres. In addition, the Authority acquired three new conservation easements adding 276 ARL acres. Total new ARL for the year was 1,088 acres as follows:

- The Authority received seven land donations and two conservation easements from private developers and from the Riverside County Transportation Commission. The donated ARL of approximately 342 acres had an acquisition value of $3.2 million at the time of donation.
- The Authority also acquired 22 properties totaling 704 ARL acres using MSHCP local development mitigation fees, Measure A funds, federal and state grants funds, and Transportation Uniform Mitigation Fee funds.
- One conservation easement, 42 ARL acres, was received from the City of Riverside in-lieu of payment of certain MSHCP, civic, and infrastructure fees as discussed in Note 7.

Additional information on the Authority's capital assets can be found in Note 4 to the financial statements.

Long-term Debt

As of June 30, 2020, the Authority has an installment sale note with a private seller and a loan with the County. The third installment payment of $1 million was made this year toward the County's loan. For additional information regarding long-term debt, see Note 9.

Economic Factors and Next Year's Budget and Rates

On June 11, 2020 the Authority's Board approved the fiscal year 2021 Budget. Although the impact of COVID-19 over the Authority's revenues and expenditures for next year is difficult to project, the budget included a sharp decline of mitigation fees of 28% over the current year. This includes the annual fee adjustment of 3% based on the Consumer Price Index (Riverside-San Bernardino-Ontario, CA). The approved budget indicated a deficit of $5.6 million as certain property acquisitions from the current year were delayed to next year.

The U.S. Department of the Interior, Fish and Wildlife Service, has awarded the California Department of Fish and Wildlife $10 million in Federal Cooperative Endangered Species Conservation Fund Grant funds for program year 2019 to be passed-through to the Authority upon purchase of eligible reserve land. The grant funds are to be expensed prior to June 1, 2021 and are restricted for land acquisition costs only.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the office of the Western Riverside County Regional Conservation Authority, 3403 10th Street, Suite 320, Riverside, California, 92501 or (951) 955–9700.

BASIC FINANCIAL STATEMENTS

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

Statement of Net Position

June 30, 2020

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 47,183,231
Accounts receivable, net (Note 3)	3,575,703
Interest receivable	108,620
Restricted cash and investments (Note 2)	11,770,966
Capital assets (Note 4):	
Depreciable, net	1,562,458
Nondepreciable	456,107,715
Total Assets	520,308,693
LIABILITIES	
Current liabilities:	
Accounts payable	249,915
Contracted labor payable	185,604
Customer deposits	1,500
Unearned revenue (Note 7)	8,917,690
Accrued interest payable	13,133
Contract related payables (Note 8)	179,183
Long-term obligations due within one year (Note 9)	1,155,279
Non-current liabilities:	
Contract related payables (Note 8)	750,372
Long-term obligations due in more than one year (Note 9)	1,000,000
Total Liabilities	12,452,676
NET POSITION (Note 5)	
Net investment in capital assets	455,514,894
Restricted for:	
Management and monitoring:	
Expendable	514,399
Nonexpendable	4,596,620
Land acquisition	18,569,993
Unrestricted	28,660,111
Total Net Position	$ 507,856,017

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
General operations	$ 596,516	$ 119,858	$ 625,997	$ -	$ 149,339
Management and monitoring	3,121,094	37,034	3,681,343	-	597,283
Land acquisition	3,733,434	45,097	1,020,831	24,753,329	22,085,823
Interest	44,258	-	-	-	(44,258)
Total governmental activities	$ 7,495,302	$ 201,989	$ 5,328,171	$ 24,753,329	22,788,187
General Revenues:					
Unrestricted investment earnings					416,825
Other revenue					100,415
Contributions to permanent endowment					267,015
Total general revenues and contributions					784,255
Change in net position					23,572,442
Net position beginning of year					484,283,575
Net position end of year					$ 507,856,017

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

Balance Sheet – Governmental Funds

June 30, 2020

	General Fund	Capital Projects Fund	Permanent Endowment Fund	Total
ASSETS				
Cash and investments (Note 2)	$ 25,342,593	$ 21,421,264	$ 419,374	$ 47,183,231
Accounts receivable, net (Note 3)	2,096,315	1,479,388	-	3,575,703
Interest receivable	49,047	46,582	12,991	108,620
Restricted cash and investments (Note 2)	81,581	5,265,000	6,424,385	11,770,966
Total assets	$ 27,569,536	$ 28,212,234	$ 6,856,750	$ 62,638,520
LIABILITIES				
Accounts payable	$ 150,291	$ 99,624	$ -	$ 249,915
Contracted labor payable	48,313	137,291	-	185,604
Customer deposits	1,500	-	-	1,500
Unearned revenue (Note 7)	332,126	7,832,520	-	8,164,646
Total liabilities	532,230	8,069,435	-	8,601,665
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note 1)	66,300	-	-	66,300
Total deferred inflows of resources	66,300	-	-	66,300
FUND BALANCES (Note 5)				
Nonspendable	-	-	4,596,620	4,596,620
Restricted	82,034	20,142,799	432,365	20,657,198
Committed	3,100,000	-	500,000	3,600,000
Assigned	-	-	1,327,765	1,327,765
Unassigned	23,788,972	-	-	23,788,972
Total fund balances	26,971,006	20,142,799	6,856,750	53,970,555
Total liabilities, deferred inflows of resources, and fund balances	$ 27,569,536	$ 28,212,234	$ 6,856,750	$ 62,638,520

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

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

June 30, 2020

Total fund balances - governmental funds	$ 53,970,555
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	457,670,173
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	66,300
Unearned revenues exchanged for land, not reported in the governmental funds (Note 7).	(753,044)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Notes payable	(2,155,279)
Contract related payables	(929,555)
Accrued interest payable	(13,133)
Net position of governmental activities	$ 507,856,017

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

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

For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Permanent Endowment Fund	Total
REVENUES				
Mitigation fees (Note 6)	$ -	$ 16,145,344	$ -	$ 16,145,344
Measure A	-	3,000,000	-	3,000,000
Transportation uniform mitigation fee	-	2,000,661	-	2,000,661
Infrastructure mitigation contributions	219,657	274,909	-	494,566
Participating special entities	85,310	-	-	85,310
Landfill tipping fees	3,872,422	-	-	3,872,422
Federal and state contributions	21,159	670,000	-	691,159
Interest	416,825	395,266	108,792	920,883
Charges for services	156,892	-	-	156,892
Miscellaneous revenue	123,815	307,144	-	430,959
Total revenues	4,896,080	22,793,324	108,792	27,798,196
EXPENDITURES				
Current:				
General operations	587,862	-	-	587,862
Management and monitoring	3,081,964	-		3,081,964
Land acquisition	-	3,382,251	-	3,382,251
Debt Service:				
Principal	-	1,000,000	-	1,000,000
Interest	-	66,150	-	66,150
Capital outlay	5,868	10,260,109	-	10,265,977
Total expenditures	3,675,694	14,708,510	-	18,384,204
Excess of revenues over expenditures	1,220,386	8,084,814	108,792	9,413,992
OTHER FINANCING SOURCES				
Contributions to permanent endowment	-	-	267,015	267,015
Total other financing sources	-	-	267,015	267,015
Net change in fund balances	1,220,386	8,084,814	375,807	9,681,007
Fund balances beginning of the year	25,750,620	12,057,985	6,480,943	44,289,548
Fund balances end of year	$ 26,971,006	$ 20,142,799	$ 6,856,750	$ 53,970,555

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

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

For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds	$ 9,681,007
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital assets	10,265,977
Donations of capital assets	3,212,000
Less current year depreciation expense	(111,336)
Loss on disposal of assets	(213,542)
Conservation easement exchanged in-lieu of revenues	490,410
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal payment on long-term debt	1,000,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
Mitigation revenues recognized current year (Note 7)	(44,560)
Change in unavailable funds	(655,317)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in contract related payables	(74,089)
Change in accrued interest payable	21,892
Change in net position of governmental activities	$ 23,572,442

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
Notes to Basic Financial Statements

1. Reporting Entity and Significant Accounting Policies

The Western Riverside County Regional Conservation Authority (the "Authority") was formed in January 2004 under a joint exercise of powers agreement between the County of Riverside (the "County") and the Cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, and Temecula for the purpose of acquiring, administering, operating, and maintaining land and facilities for ecosystem conservation and habitat reserves for certain rare, threatened, and endangered species covered by the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) under Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California. Amendment No. 3 to Joint Exercise of Powers Agreement dated April 7, 2009 annexed the Cities of Menifee and Wildomar. Amendment No. 4 to Joint Exercise of Powers Agreement dated May 5, 2011, annexed the City of Eastvale. Amendment No. 5 to Joint Exercise of Powers Agreement dated December 5, 2011, annexed the City of Jurupa Valley.

The Authority uses the County's accounting system to record all of its financial transactions. The accounting policies of the Authority conform to the accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The Authority's Board of Directors is composed of the five members of the County Board of Supervisors and one elected official from each member city. The Authority's Board of Directors is as follows:

Jonathan Ingram	Chairperson	City of Murrieta
Natasha Johnson	Vice Chairperson	City of Lake Elsinore
Daniela Andrade	Member	City of Banning
Julio Martinez	Member	City of Beaumont
Ed Clark	Member	City of Calimesa
Larry Greene	Member	City of Canyon Lake
Jacque Casillas	Member	City of Corona
Jocelyn Yow	Member	City of Eastvale
Michael Perciful	Member	City of Hemet
Lorena Barajas	Member	City of Jurupa Valley
Lesa Sobek	Member	City of Menifee
David Marquez	Member	City of Moreno Valley
Kevin Bash	Member	City of Norco
David S. Rabb	Member	City of Perris
Andy Melendrez	Member	City of Riverside
Crystal Ruiz	Member	City of San Jacinto
Maryann Edwards	Member	City of Temecula
Joseph Morabito	Member	City of Wildomar
Kevin Jeffries	Member	County of Riverside, 1st District Supervisor
Karen Spiegel	Member	County of Riverside, 2nd District Supervisor
Chuck Washington	Member	County of Riverside, 3rd District Supervisor
V. Manuel Perez	Member	County of Riverside, 4th District Supervisor
Jeff Hewitt	Member	County of Riverside, 5th District Supervisor

1. Reporting Entity and Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The *Government–wide Financial Statements* report information on all of the activities of the Authority. The government–wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Mitigation fees are recorded as revenue in the year they are earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The *Governmental Fund Financial Statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to the County of Riverside contracted labor services, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Interest, mitigation fees, and infrastructure mitigation contributions associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Authority reports the following major governmental funds:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for the acquisition of land and construction thereon for ecosystem conservation and habitat reserve. Operating expenditures incurred for accomplishing this purpose are also accounted for in this fund.

The *Permanent Endowment Fund* is used to account for resources that are restricted to the extent that only earnings, and not principal, may be used.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items such as unrestricted interest and miscellaneous income, not properly included among program revenues, are reported as general revenues.

1. Reporting Entity and Significant Accounting Policies (Continued)

Investment Valuation

The Authority recognizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority reported an unrealized gain in the amount of $214,439, which is reported with other investment earnings as part of nonoperating revenues.

Capital Assets

Capital assets generally result from expenditures in the governmental fund. These assets are reported on the government–wide statement of net position but are not reported in the governmental fund financial statements.

Capital assets are stated at cost. Capital assets that have been donated are stated at their estimated acquisition value at the date of donation. The Authority maintains a capitalization threshold of $5,000 for equipment, intangible assets, land improvements, and construction in progress and $1 for real property and acquisitions in progress. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are not capitalized. Unimproved land and conservation easements are not depreciated. Land improvements, buildings and improvements, and equipment are depreciated on a straight-line basis over the assets' estimated useful lives. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Buildings and Improvements	10 - 50 Years
Land Improvements	10 - 25 Years
Equipment	3 - 5 Years
Vehicles	6 Years
Website Development	15 Years

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue of $66,300 from the sale of certain assets as of June 30, 2020. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

In the fund financial statements, the governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances to show the level of constraint governing the use of the funds. Restricted fund balances are restricted for specific purposes by third parties or enabling legislation. Committed fund balances include amounts that can be used only for specific purposes determined by adoption of a formal resolution by the Board of Directors (the Board). Assigned fund balances comprise amounts intended to be used by the Authority for specific purposes as determined by the Authority's management. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources. When unrestricted funds are available for the same purpose, it is the Authority's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

1. Reporting Entity and Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements as of July 1, 2019:

GASB Statement No. 84 - *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. There was no effect on the Authority's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 95 – *Postponement of the Effective Date of Certain Authoritative Guidance*. The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by extending the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. There was no effect on the Authority's accounting and financial reporting as a result of implementing this standard.

Future Accounting Pronouncements

The following GASB Statements have been issued prior to June 30, 2020. The Authority has not determined the effect of these statements in future financial statements:

Statement	Effective for reporting periods beginning after:
Statement No. 87 - *Leases*	June 15, 2021 (FY2022)
Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period.*	December 15, 2020 (FY2022)
Statement No. 90 - *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*	December 15, 2019 (FY2021)
Statement No. 91 - *Conduit Debt Obligations*.	December 15, 2021 (FY2023)
Statement No. 92 - *Omnibus 2020.*	June 15, 2021 (FY2022)
Statement No. 93 - *Replacement of Interbank Offered Rates*	June 15, 2021 (FY2022)
Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	June 15, 2022 (FY2023)
Statement No. 96 - *Subscription-Based Information Technology Arrangements*	June 15, 2022 (FY2023)
Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*	Portions related to GASB 84: December 15, 2019 (FY2021) All others: June 15, 2021 (FY2022)

2. Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	$47,183,231
Restricted cash and investments	11,770,966
Total cash and investments	$58,954,197

At June 30, 2020, cash and investments consisted of the following:

Riverside County Treasurer's Pooled Investment Fund	$58,954,197

Pooled cash held for land adaptive management and the improvement of burrowing owl habitat is reported as restricted cash and investments:

Cash restricted for:	
Land adaptive management endowment	$ 6,424,385
Restrictive Land Area	5,265,000
Burrowing owl habitat	81,581
Total cash and investments	$ 11,770,966

The Authority is a voluntary participant in the Riverside County Treasurer's Pooled Investment Fund (RCTPIF). Oversight of the RCTPIF is conducted by the County Treasury Oversight Committee. The RCTPIF pools these funds with those of other entities and invests the cash as prescribed by the California Government Code. The fair value of the Authority's investment in this pool, which approximates costs, is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by the RCTPIF for the entire RCTPIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by RCTPIF, which are recorded on an amortized cost basis and reported as cash equivalents in the statement of net position. Deposits and withdrawals to and from the RCTPIF are made on the basis of $1 and not at fair value. Accordingly, under the fair value hierarchy, the investment with RCTPIF is uncategorized.

Interest earned on the pooled funds is apportioned quarterly based on the average daily balance of each fund. For information regarding interest rate risk, credit risk, concentration of credit risk, and custodial credit risk of the Riverside County Treasurer's Pooled Investment Fund, refer to the County of Riverside Comprehensive Annual Financial Report. Copies of the annual financial report may be obtained from the County Auditor-Controller, 4080 Lemon Street, 11th Floor, Riverside, California, 92501.

2. Cash and Investments (Continued)

Authorized Investments

The Authority has adopted the Riverside County Statement of Investment Policy. The following are investments authorized under the Riverside County Statement of Investment Policy, which are more limited than those authorized under the California Government Code:

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Minimum Credit Quality (S P/Moody's/Fitch)
Municipal Bonds	4 Years	15%	Long-Term AA-/Aa3/AA-
U.S. Treasury	5 Years	100%	N/A
Local Agency Obligations	3 Years	2.5%	Investment Grade
Federal Agencies	5 Years	100%	N/A
Commercial Paper	270 Days	40%	Short-Term A-1/P-1/F-1
Negotiable Certificates of Deposit (CDs)	1 Year	25%	Short-Term A-1/P-1/F-1
Collateralized Time Deposits	1 Year	2%	N/A
Int l Bank for Reconstruction and Development and Int l Finance Corp.	4 Years	20%	AA/Aa/AA
Repurchase Agreements	45 Days	40% max / 25%	Short-Term A-1/P-1/F-1
Reverse Repurchase Agreements	60 Days	10%	N/A
Medium Term Notes	3 Years	20%	AA/Aa2/AA
CalTrust Short-Term Fund	Daily Liquidity	1%	N/A
Money Market Mutual Funds	Daily Liquidity	20%	Long-Term AAA (2 of 3 rating services)
Local Agency Investment Fund (LAIF)	Daily Liquidity	$50 million	N/A
Cash/Deposit Account	N/A	N/A	N/A

3. Accounts Receivable

Below is the detail of receivables for the General Fund and the Capital Projects Fund, including the applicable allowances for uncollectible accounts:

	General	Capital Projects	Total
Due from other governments:			
Mitigation fees	$ -	$ 1,611,606	$ 1,611,606
Infrastructure mitigation	3,269	-	3,269
County of Riverside	1,954,641	-	1,954,641
Subtotal	1,957,910	1,611,606	3,569,516
Due from others:			
Notes receivable	72,150	-	72,150
Charges for services	44,328	-	44,328
Others	49,147	18,966	68,113
Subtotal	165,625	18,966	184,591
Total receivable	2,123,535	1,630,572	3,754,107
Less allowance for uncollectible accounts	(27,220)	(151,184)	(178,404)
Accounts receivable (net)	$ 2,096,315	$ 1,479,388	$ 3,575,703

3. Accounts Receivable (Continued)

An allowance for uncollectible accounts has been established for delinquent accounts greater than 90 days and collection deemed doubtful. In the General Fund, an allowance has been created in the amount of $27,220 for outstanding charges for services. In the Capital Projects Fund, an allowance of $151,184 has been established for outstanding mitigation fees from member agencies.

4. Capital Assets

Activity relating to capital assets is as follows:

	Balance June 30, 2019	Additions	Transfers	Deletions	Balance June 30, 2020
Nondepreciable assets					
Land - contributed	$ 218,990,399	$ 6,849,662	$ 1,000,000	$ -	$ 226,840,061
Land - grants	43,478,955	670,000	-	-	44,148,955
Land - purchased	174,471,407	5,302,731	(720,455)	-	179,053,683
Land - acquisition in progress	999,317	175,325	(279,545)	(57,674)	837,423
Conservation easements - contributed	3,655,825	363,000	-	-	4,018,825
Conservation easements - purchased	752,378	601,801	-	(145,411)	1,208,768
Total nondepreciable assets	442,348,281	13,962,519	-	(203,085)	456,107,715
Depreciable assets					
Buildings and improvements	$ 1,618,757	$ -	$ -	$ -	$ 1,618,757
Land improvements	509,067	-	-	-	509,067
Equipment	134,529	5,868	-	(9,825)	130,572
Vehicles	185,161	-	-	-	185,161
Website development	37,645	-	-	(37,645)	-
Subtotal depreciable assets	2,485,159	5,868	-	(47,470)	2,443,557
Accumulated depreciation	(806,776)	(111,336)	-	37,013	(881,099)
Net depreciable assets	1,678,383	(105,468)	-	(10,457)	1,562,458
Total capital assets, net	$ 444,026,664	$ 13,857,051	$ -	$(213,542)	$ 457,670,173

Depreciation expense for the year ended June 30, 2020 was $111,336. Depreciation expense was charged to governmental functions as follows:

General operations	$ 1,245
Management and monitoring	31,721
Land acquisition	78,370
Total depreciation	$ 111,336

5. Fund Balances/Net Position

Fund Financial Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact. Within the Permanent Endowment Fund, the permanent nonspendable fund balance of $4,596,620 is endowed for the accumulation of funds to be used for land adaptive management at the end of a 25-year land acquisition period.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors. In accordance with Government Code Section 66000 mitigation funds of $19,503,651 have been restricted at year-end for future land acquisition and related costs. Likewise mitigation fees of $619,690 remained restricted at year-end for the purchase of land categorized as non-development (no current plans to develop). In addition, external donor contributions of $82,034 and $19,458 have been received for improving burrowing owl habitat and fencing on specific property, respectively. Investment income earned on permanent funds of $432,365 is restricted for management and monitoring of specific properties. Under California Probate Code Sections 18500-18509, the Authority is permitted to spend the realized and unrealized net appreciation of the fair value of investments of the Permanent Endowment Fund over the historical dollar value of the fund.

Committed Fund Balance - Amounts that can only be used for specific purposes determined by adoption of a resolution of the Authority's Board of Directors, the Authority's highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified uses through the same type of formal action taken to establish the commitment. As of June 30, 2020, the Authority's Board of Directors committed $3,100,000 in the General Fund for future benefit payments of contracted labor from the County. In addition, the Authority's Board committed $500,000 toward the Permanent Endowment Fund for future land management and monitoring of the land reserve.

Assigned Fund Balance - Amounts intended to be used by the Authority for specific purposes but are not restricted or committed. The Authority's Board of Directors delegates the authority to assign amounts to be used for specific purposes to the Authority's Executive Director. The Authority's fund balance includes $1,327,765 in assigned fund balance toward the Permanent Endowment Fund.

Unassigned Fund Balance - These are residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories.

5. Fund Balances/Net Position (Continued)

Fund balance at June 30, 2020 is as follows:

Fund Balances:	General	Capital Projects	Permanent Endowment	Total
Nonspendable				
Permanent endowment funds	$ -	$ -	$ 4,596,620	$ 4,596,620
Restricted				
Management and monitoring programs:				
Burrowing owls	82,034	-	-	82,034
Management endowment Properties	-	-	432,365	432,365
Land acquisition programs:				
Fencing	-	19,458	-	19,458
Non-development properties	-	619,690	-	619,690
Land acquisition costs	-	19,503,651	-	19,503,651
Subtotal restricted	82,034	20,142,799	432,365	20,657,198
Committed				
Contracted labor future benefits	3,100,000			3,100,000
Management endowment		-	500,000	500,000
Subtotal committed	3,100,000	-	500,000	3,600,000
Assigned				
Management endowment	-	-	1,327,765	1,327,765
Unassigned	23,788,972	-	-	23,788,972
Total fund balances	$ 26,971,006	$ 20,142,799	$ 6,856,750	$ 53,970,555

Net Position

Net investment in capital assets of $455,514,894 represents the value of capital assets held at June 30, 2020, less the balance outstanding on the note and loan payable used to acquire capital assets. Of the restricted net position: $514,399 is temporarily restricted for land and management programs such as improving burrowing owl habitat and management of certain acquired properties; $18,569,993 is temporarily restricted for land acquisition including land cost, fencing on acquired land, and other related land costs associated with the purchase of the land; and $4,596,620 is permanently restricted to accumulate funds to be used for land adaptive management. Unrestricted net position of $28,660,111 represents funds available for general operations of the Authority.

6. Mitigation Fees

The County and cities impose a development mitigation fee on all new development to support the acquisition of reserve lands. Mitigation fees collected are remitted to the Authority. Mitigation fee revenues consisted of the following for the year ended June 30, 2020:

Member	Capital Projects Fund
City of Banning	$ 1,052,439
City of Beaumont	779,150
City of Calimesa	663,408
City of Canyon Lake	13,008
City of Corona	316,044
City of Eastvale	756,958
City of Hemet	192,692
City of Jurupa Valley	969,393
City of Lake Elsinore	408,375
City of Menifee	1,936,365
City of Moreno Valley	1,022,762
City of Murrieta	920,696
City of Norco	84,310
City of Perris	771,409
City of Riverside	716,373
City of San Jacinto	338,157
City of Temecula	361,692
City of Wildomar	176,427
County of Riverside	4,665,686
Total	$ 16,145,344

7. Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Governmental Fund Financials	
General Fund	
Operating contributions advanced	$ 332,126
Capital Projects Fund	
Infrastructure mitigation credit	2,516,682
Future land acquisitions	5,265,000
Land acquisition negotiations	50,838
Subtotal Capital Projects Fund	7,832,520
Total Governmental Funds	$ 8,164,646
Government-Wide Financials	
Development mitigation fee credit	674,820
Civic/Infrastructure Fee Credit	78,224
Total Government-Wide	$ 8,917,690

7. Unearned Revenue (Continued)

Infrastructure mitigation credit
In December 2011, the County advanced $2,900,000 in future transportation infrastructure contributions to assist the Authority in the purchase of real property. The County is required to contribute 5% of certain construction costs of new roads or the widened portions of existing roads for capacity enhancements. The County and the Authority are required to track future usage of the credit based on eligible construction projects. The remaining credit balance at June 30, 2020 was $2,516,682.

Future Land Acquisitions
In June 2019, the Riverside County Transportation Commission (RCTC) entered into a settlement agreement with a third party. The agreement calls for RCTC to provide $5,265,000 to the Authority for the acquisition of reserve land within two specific designated areas. The funds were transferred to the Authority in January 2020. As of June 30, 2020, the Authority had not acquired the land reserve within the designated areas.

Development mitigation fee credit
The Authority entered into development mitigation fee credit agreements with development corporations. The Authority granted mitigation fee credits in exchange for reserve land. The credits may be used by the corporations to satisfy payment of future development fees within the Authority's boundaries. As of June 30, 2020 the following remain unearned:

Date Entered	Reserve Land Acreage	Original Credit	Remaining Balance
May 2013	309	$ 3,150,000	$ 286,356
February 2019	127	460,000	388,464
		$ 3,610,000	$ 674,820

Civic/Infrastructure fee credit
In December 2019, the Authority entered into an agreement with the City of Riverside (City). The City granted a conservation easement over 42 acres of City owned land to the Authority in-lieu of payment of civic and infrastructure fees. The excess value of the easement over the fees resulted in a fee credit of $78,224. The credits may be used by the City to satisfy future civic or infrastructure fees. As of June 30, 2020, $78,224 remains unearned.

8. Contract Related Payables

As discussed in Note 10, the employees working at the Authority are considered employees of the County of Riverside. County policy permits employees in some bargaining units to accumulate earned, but unused vacation, holiday, and sick pay benefits. For other bargaining units, annual leave is earned and accrued, but not vacation or sick leave. A liability for such leave is absorbed by the Authority for the contracted employees. As of June 30, 2020, the contractual liability to the County for leave balances accrued is $929,555. Of this amount $179,183 is considered due and payable within one year and $750,372 was estimated due in more than one year. The amount is due and payable to the County upon retirement or termination of current staff assigned to the Authority.

9. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Contract related payables	$ 855,466	$ 409,626	$ (335,537)	$ 929,555	$ 179,183
Notes from direct borrowings:					
Installment sale note	155,279	-	-	155,279	155,279
County of Riverside loan	3,000,000	-	(1,000,000)	2,000,000	1,000,000
Total long-term debt	$ 4,010,745	$ 409,626	$(1,335,537)	$ 3,084,834	$ 1,334,462

Installment Sale Note
At June 30, 2020, the Authority had one outstanding installment sale note for the acquisition of land from a private seller. The note is non-interest bearing and is due on demand. At inception in fiscal year 2007, the Authority recorded a discount on the note payable using an effective interest rate of 3.5% percent. The discount was fully amortized in three years. The note is secured by the property acquired.

County of Riverside Loan
In December 2011, the Authority entered into a loan agreement with the County of Riverside for a principal amount of $5,000,000. The proceeds of the note were used to fund certain land acquisitions. The Authority plans to repay the County loan using future income from landfill tipping fees, or other available sources. The loan provides for full repayment within 10 years with annual variable interest. Interest is due annually each January at a variable interest rate equal to the annual average rate of the Riverside County Treasurer's Pooled Investment rate. Principal payment of $1,000,000 is due annually each December, starting December 28, 2017. The outstanding balance at June 30, 2020 was $2,000,000. The average rate of the Riverside County Treasurer's Pooled Investment Fund was 1.3% as of June 30, 2020.

As of June 30, 2020, annual debt service requirements to maturity are as follows:

Year Ending June 30	Installment Sale Loan Principal	County of Riverside Loan Principal	County of Riverside Loan Interest
2021	$ 155,279	$ 1,000,000	$ 26,267
2022	0	1,000,000	13,133
	$ 155,279	$ 2,000,000	$ 39,400

10. Related Party Transactions

The Authority is involved in various business transactions with the County of Riverside, a member agency. In June 2007, the Authority entered into a service agreement with the County to provide staffing and other services. The contract expires May 2022. The employees working at the Authority are employees of the County working under contract. All benefits of the staff are established and amended through negotiations between the County and the respective unions. The Authority reimburses the County for the actual salaries and benefits of the staff dedicated to the Authority's daily operations. In addition, the Authority reimburses the County for costs associated with office rental space, real estate support, information technology support, central mail, parking services, and other administrative support expenditures as necessary.

10. Related Party Transactions (Continued)

During the year ended June 30, 2020, the Authority paid $3,378,052 for such County services as follows:

Service	Amount
Contractual labor and benefits	$2,556,973
Real estate services	564,286
Office rental space	195,321
Information technology	28,092
Other administrative support	33,380
Total	$ 3,378,052

In January 2006, the Authority entered into a separate MSHCP Reserve Management agreement with the Park District, a component unit of the County. The Park District provides the Authority with management services of the Authority's reserve lands including protection, maintenance, and enhancements. The contract is to expire January 31, 2031 and is cancelable with written notice of six months. During the current year, the Authority paid $1,060,757 to the Park District under this agreement.

As disclosed in Note 9, the Authority and the County entered into a loan agreement in the amount of $5,000,000 in December 2011. The loan will be repaid in ten years with variable interest rate equal to the Riverside County Treasurer's Pooled Investment Fund rate. During the year, the Authority paid $66,150 and $1,000,000, in interest and principal, respectively, to the County.

11. Operating Lease Obligations

The Authority leases office facilities under an operating lease with the County. The original lease was for 10 years, effective fiscal year 2009. The lease was amended in October 2019 providing for two extension options. Each option extend the lease term for a period of 10 years. Pursuant to the terms of the lease agreement, 2% annual rent increase shall occur each August 7. Total cost for the lease was $195,321 for the year ended June 30, 2020.

Future commitments under the operating leases agreement are as follows:

Year Ending June 30	Amount
2021	199,217
2022	203,201
2023	207,266
2024	211,411
2025	215,639
2026-2029	696,563
Total	$ 1,733,297

12. Commitments and Contingencies

As of June 30, 2020, the Authority had entered into various land acquisition agreements with multiple private sellers to acquire properties in phases. The Authority has committed $22,099,689 in capital project funds to acquire land in Fiscal Year 2021. The Authority has entered into separate funding agreements with other agencies to contribute $3,750,000 toward those land acquisition commitments.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

13. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the Special District Risk Management Authority (SDRMA), a public entity risk pool formed under California Government Code Section 6500 et seq. The Authority's participation in the general liability program, public officials and employee errors and omissions, auto liability, employee benefits liability, and employment practice liability program of SDRMA provides coverage up to $10,000,000 per occurrence.

Contracted staff at the Authority are employees of the County and are covered by the County s workers' compensation program. The County s workers' compensation program is a self-insured program, providing statutory limits of coverage as required by the State of California.

During the year ending June 30, 2020, the Authority had no settlements exceeding insurance coverage. For the past three years, settlements or judgment amounts have not exceeded insurance provided for the Authority.

14. Subsequent Events

Subsequent to June 30, 2020, the Authority acquired four new properties totaling approximately 222 acres with a combined value of $1,026,000.

On September 14, 2020, the Authority's Board of Directors took action to consider changing the Authority's management agency from the County to the RCTC. Staff was directed to conduct a due diligence review and report back to each agency. The Authority's Board of Directors is scheduled to consider the matter at its November 2, 2020, meeting. The RCTC is scheduled to consider the matter at its November 12, 2020, Commission meeting. If approved by both agencies, all operations of the Authority would be under the direction of the RCTC. Payment of Contract Related Payables disclosed in Note 8 would become payable upon separation from the County.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. In response, the County, followed by the Governor of California, issued a Shelter at Home order effective March 19, 2020, requiring certain non-essential businesses to temporarily close to the public. At the current time, management is unable to quantify the potential effects of this pandemic on its future financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
REVENUES				
Infrastructure mitigation contributions	$ 269,080	$ 269,080	$ 219,657	$ (49,423)
Participating special entities	-	-	85,310	85,310
Landfill tipping fees	3,000,000	3,324,000	3,872,422	548,422
Federal and state contributions	-	-	21,159	21,159
Interest	379,000	379,000	416,825	37,825
Charges for services	159,160	159,160	156,892	(2,268)
Miscellaneous revenue	118,000	118,000	123,815	5,815
Total revenues	3,925,240	4,249,240	4,896,080	646,840
EXPENDITURES				
General operations				
Current:				
Contractual labor	159,970	483,970	332,409	151,561
Services and supplies	330,140	330,140	255,453	74,687
Capital outlay	35,000	35,000	5,868	29,132
Subtotal general operations	525,110	849,110	593,730	255,380
Management and monitoring				
Current:				
Contractual labor	494,090	494,090	476,991	17,099
Services and supplies	2,836,040	2,836,040	2,546,655	289,385
Taxes and assessments	70,000	70,000	58,318	11,682
Subtotal management and monitoring	3,400,130	3,400,130	3,081,964	318,166
Total expenditures	3,925,240	4,249,240	3,675,694	573,546
Net change in fund balance	-	-	1,220,386	1,220,386
Fund balance beginning of the year	25,750,620	25,750,620	25,750,620	-
Fund balance end of year	$ 25,750,620	$ 25,750,620	$ 26,971,006	$ 1,220,386

See accompanying note to the required supplementary information.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

Note to Required Supplementary Information

June 30, 2020

Budget and Budgetary Process

The Authority's Board of Directors approves each year's budget submitted by the Executive Director prior to the beginning of the fiscal year. The appropriations budget is prepared for each budget unit: general operations, management and monitoring, and land acquisition. The General Fund consists of the general operations and management and monitoring units, whereas the Capital Projects Fund consists of the land acquisition unit. The level on which expenditures may not legally exceed appropriations is the budget unit level. Budgets for the various budget units are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The Authority's Executive Director is authorized to make transfers and revisions of appropriations within a budget unit provided, however, that the total appropriations for each budget unit do not increase or decrease the amount approved in the budget resolution.

OTHER REPORT

BROWN
ARMSTRONG

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Western Riverside County Regional Conservation Authority
Riverside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Western Riverside County Regional Conservation Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 23, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 23, 2020

AGENDA ITEM NO. 11

Attachment 2

BROWN
ARMSTRONG
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BROWN ARMSTRONG
Certified Public Accountants

Board of Directors
Western Riverside County Regional Conservation Authority
Riverside, California

We have audited the financial statements of the governmental activities, and each major fund of the Western Riverside County Regional Conservation Authority (the Authority) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 23, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Fiduciary Activities*, and GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, during 2020. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

> Management's estimate in determining depreciation expense and valuation of capital assets. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate in determining the value of donated land. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated October 23, 2020.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 23, 2020

AGENDA ITEM NO. 12

Staff Report

STAFF REPORT

November 18, 2020
Agenda Item No. 12

Regional Conservation Authority

2020 NEXUS STUDY, REVISED MSHCP LOCAL DEVELOPMENT MITIGATION FEE ORDINANCE, RESOLUTION, MSHCP MITIGATION FEE IMPLEMENTATION MANUAL, AND RESOLUTION NO. 2020-013 REPEALING RESOLUTION NOS. 2007-04 AND 2016-003 AND THE *"TENANTS RELATING TO LOCAL INFRASTRUCTURE CONTRIBUTION"*

STAFF CONTACT

Honey Bernas
Interim Executive Director
(951) 955-9700

BACKGROUND

The implementation of the Western Riverside County MSHCP Local Development Mitigation Fee ("LDMF") and the overall financing of the Western Riverside County Multiple Species Habitat Conservation Plan ("MSHCP") have been serious concerns for many years. At the direction of the RCA Executive Committee, staff has prepared the attached 2020 Nexus Study for the LDMF, a Revised Fee Ordinance, and a Fee Resolution which would update the LDMF to reflect current costs and processes. Staff has also prepared a new MSHCP Mitigation Fee Implementation Manual to provide clear and consistent rules for the implementation of the LDMF.

Staff has been working with Economic & Planning Systems, Inc. ("EPS") for many years to prepare the updated Nexus Study. While nearly completed several times, the process to complete the updated Nexus Study was delayed due to the slow economic recovery from the great recession of 2008. Due to the delay, RCA has not updated its original Nexus Study which was used to determine the original LDMF back in 2004. Therefore, the fee adopted in 2004 has not changed except for periodic CPI adjustments.

The 2020 Nexus Study provides the financial and technical justification for changes to the LDMF schedule that applies to Local Permittee participants in the MSHCP. These changes are necessary to ensure adequate funding of the obligations of the Local Permittees under the MSHCP and the associated Incidental Take Permit and Implementing Agreement. The resulting increased fee revenues will support the continued implementation of the MSHCP and the streamlining of endangered species incidental take permitting for new western Riverside County development provided under the MSHCP, while providing the funding necessary to acquire, monitor, and manage the 500,000 acres required by the MSHCP. The Nexus Study is consistent with the requirements of California Government Code Section 66000 et seq. ("the Mitigation Fee Act") that requires specific findings (as well as administration and implementation procedures) for "any action establishing, increasing, or imposing a fee as a condition of approval of a development project by a local agency."

The adjustment in the LDMF is the result of a number of different contributing factors thoroughly explained in the 2020 Nexus Study. The primary factors are summarized below:

1) Lower-than-expected land dedications which substantially increased the Local Permittee habitat acquisition cost component of MSHCP implementation;

2) Lower than expected regional infrastructure public contributions that have reduced the non-fee funding available, increasing the costs to be funded through the LDMF;

3) A change toward a consistent "per gross developed acre" fee basis providing a more consistent approach for all land use development types;

4) To cover ongoing management and monitoring costs beyond the period when mitigation fees will be collected, the establishment of a non-depleting endowment is required; and

5) The estimates of average per acre land values have not changed substantially, therefore minimally affecting the change in mitigation fees.

The updated Fee Ordinance will reflect several changes including:

1) Adding language to the Ordinance reaffirming RCA as the Administrator of the Ordinance, authorizing the RCA to receive all fees generated, and to invest, account for, and expend such fees in accordance with the MSHCP. These functions are consistent with current practice;

2) Rescinding Resolution No. 2007-04 which specifies the fee obligations for civic projects and local infrastructure, Resolution No. 2016-003 which establishes fee credits, and the "*Tenets Relating to Local Infrastructure Contribution*" adopted on February 5, 2007. Each will be replaced by inserting the requirements for the mitigation of public projects and fee credits into the Fee Ordinance and the MSHCP Mitigation Fee Implementation Manual;

3) Adding additional language to clarify that the LDMF will be paid no later than at the issuance of a building permit;

4) Adding additional clarification with respect to fee refunds; and

5) Clarifying exemptions.

In addition to adopting an updated Fee Ordinance, staff is also proposing a Fee Resolution. Using a resolution in addition to the ordinance will allow for a more efficient process to update fee changes in the future. Therefore, Fee increases will not require the adoption of a new Fee Ordinance, but only the adoption of a Fee Resolution. In addition, staff has assembled an MSHCP Mitigation Fee Implementation Manual that sets further rules for fee implementation, collection and remittance, outlines the appropriate methods for calculating mitigation payments for different types of projects, provides multiple examples of how to apply the LDMF, and should make it easier for the Local Permittees to implement the fee. Other fee-based agencies use these methodologies.

The 2020 Nexus Study was given to the Building Industry Association (BIA) for review. Through discussions with the BIA, it was determined to request the Board of Directors phase in the increases to the fees. As seen in the table below, the changes to the fees will begin in July 2021 with the full increase not being charged until January 2022. The fees are also based on a 15 year extension of the acquisition period. The BIA does not have any other outstanding concerns. Staff appreciates the BIAs willingness to work with us during this process.

MSHCP Local Development Mitigation Fee Schedule		
Fee Category	Fee	
	Effective July 1, 2021	Effective January 1, 2022
Residential density less than 8.0 dwelling units per acre (fee per dwelling unit)	$2,935	$3,635
Residential density between 8.0 and 14.0 dwelling units per acre (fee per dwelling unit)	$1,473	$1,515
Residential density greater than 14.0 dwelling units per acre (fee per dwelling unit)	$670	$670
Non-Residential/ Commercial (fee per acre)	$11,982	$16,358
Industrial (fee per acre)	$11,982	$16,358

Upon approval by the RCA Board of Directors, the revised Fee Ordinance and Resolution will be sent to the RCA's Member Agencies for adoption. Staff will work with the Member Agencies to adopt the revised Fee Ordinance by April 30, 2021, ensuring the new fee will go into effect in all the jurisdictions on July 1, 2021.

FISCAL ANALYSIS

The LDMF is estimated to generate $883,987,895 in 2020 dollars over the acquisition period. The acquisition period, if approved by the RCA Board of Directors, will be extended to June 30, 2044 from June 30, 2029.

STAFF RECOMMENDATIONS

That the RCA Executive Committee –

1) Recommend that the Board of Directors:

    a. Adopt the findings of the 2020 Nexus Study;

    b. Extend the period to assemble the reserve by 15 years, until June 30, 2044;

    c. Direct staff to send a revised Fee Ordinance and Fee Resolution to the Member Agencies for adoption prior to the implementation of the new Fee on July 1, 2021;

    d. Approve Resolution 2020-013, Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Repealing Resolution Nos. 2007-04 and 2016-003 and the "*Tenets Relating to Local Infrastructure Contribution*" adopted on February 5, 2007; and

    e. Approve the use of the MSHCP Mitigation Fee Implementation Manual; and

2) Authorize staff to agendize this matter for the December 7, 2020, meeting of the RCA Board of Directors.

ATTACHMENTS

1. Western Riverside County Multiple Species Habitat Conservation Plan Nexus Fee Study Update (2020 Nexus Study)

2. Revised Local Mitigation Fee Ordinance

3. Model Fee Resolution Establishing the Western Riverside County Multiple Species Habitat Conservation Plan Local Development Mitigation Fee Applicable to All Developments in the Plan Area

4. Resolution 2020-013, Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Repealing Resolution Nos. 2007-04 and 2016-003 and the *"Tenants Relating to Local Infrastructure Contribution"*

5. MSHCP Mitigation Fee Implementation Manual

AGENDA ITEM NO. 12

Attachment 1

Attachment 1
Agenda Item No. 12
November 18, 2020

Final Report

Western Riverside County Multiple Species Habitat Conservation Plan Nexus Fee Study Update

The Economics of Land Use

Prepared for:

Western Riverside County Regional Conservation Authority

Prepared by:

Economic & Planning Systems, Inc.

October 2020

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1. INTRODUCTION AND KEY FINDINGS

This Updated Nexus Study (2020 Nexus Study) provides the technical justification for changes to the Local Development Mitigation Fee schedule that applies to Local Permittee participants in the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP or Plan). These changes are necessary to ensure adequate funding of the obligations of the Local Permittees under the MSHCP and the associated Incidental Take Permit and Implementing Agreement. The resulting increased fee revenues will support the continued implementation of the MSHCP and the streamlining of endangered species incidental take permitting for new Western Riverside County development provided under the MSHCP. This Nexus Study is consistent with the requirements of California Government Code 66000 et seq. (the Mitigation Fee Act) that requires specific findings (as well as administration and implementation procedures) for "any action establishing, increasing, or imposing a fee as a condition of approval of a development project by a local agency."

Background

The Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP or Plan), originally adopted in 2004, is a comprehensive, multi-jurisdictional Habitat Conservation Plan (HCP) focusing on the conservation of species and their associated habitats in Western Riverside County. The MSHCP was developed in response to the need for future growth opportunities in Western Riverside County while addressing the requirements of the State and federal Endangered Species Acts. 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 under the NCCP Act of 2001. The MSHCP streamlines these environmental permitting processes by allowing the participating jurisdictions to authorize "take" of plant and wildlife species identified within the Plan Area. At the same time, Plan implementation provides a coordinated MSHCP Conservation Area and implementation program to preserve biological diversity and maintain the region's quality of life.

The MSHCP and the associated Implementing Agreement and Incidental Take Permit collectively determine a set of conservation actions that must be taken to meet the terms of the Incidental Take Permit and benefit from the regulatory streamlining and other benefits of the MSHCP. This includes the identification of the responsible parties, including the responsibilities of the Local Permittees.[1] One of the key requirements of the MSHCP, Implementing Agreement, and Incidental Take Permit (consistent with the requirements of the federal Endangered Species Act) is the provision of adequate funding by Local Permittees to the Implementing Entity (the Western Riverside County Regional Conservation Authority[2]) to conduct their portion of the conservation actions identified in the MSHCP.

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[1] Local Permittees include the Western Riverside cities, the County of Riverside, County Flood Control and Water Conservation District, County Regional Park and Open-Space District, County Department of Waste Resources, and Riverside County Transportation Commission.

[2] The Western Riverside County Regional Conservation Agency is a Joint Powers Authority established in 2004 to implement the MSHCP.

Section 8.0 of the MSHCP outlines the MSHCP funding/financing approach. It also identified best estimates of Plan implementation costs at the time of Plan adoption, including the local funding commitment that represents a portion of the overall land acquisition, management and monitoring, and Plan administration costs. The Local Funding Program included a mix of funding sources to provide "an equitable distribution of the cost for local mitigation under the MSHCP." The proposed funding sources included Local Development Mitigation Fees (and land dedications), regional infrastructure project public contributions (including contributions to mitigate for transportation infrastructure, regional utility projects, local public capital construction projects, and regional flood control projects), and landfill tipping fees.

Participating cities and the County were each required to implement a Local Development Mitigation Fee under California Government Code Section 66000 et seq. (the "Mitigation Fee Act") and supported by the separate "Final Mitigation Fee Nexus Study Report for the Western Riverside County Multiple Species Habitat Conservation Plan," July 1, 2003 (Original or 2003 Nexus Study). The MSHCP funding chapter notes the need for frequent evaluations of the performance of the funding mechanisms and assessments of the funding plan and the need to make any necessary modifications to the funding mechanisms. The MSHCP also notes that the mitigation fee will need to be "reevaluated and revised should it be found to insufficiently cover mitigation of new development."

In addition to the common practice of updating mitigation fees periodically to account for changing circumstances, the Western Riverside County Regional Conservation Authority (RCA) has determined that significant changes have occurred and/or circumstances have arisen that justify an update to the mitigation fees. These changes include, but are not limited to, the following:

- The need to acquire more land than originally forecast due to the lower than expected land dedication.
- The lower-than-expected levels of non-fee funding from local and regional funding sources.
- The lower than expected levels of residential development.
- The need to diversify land acquisitions away from a focus on the larger, more remote parcels to also acquiring parcels closer to urbanized areas, consistent with the reserve assembly requirements of the MSHCP.

Original and Existing Fee Schedule

All local jurisdictions participating in the MSHCP and obtaining coverage for public and private take in their jurisdictions were required to adopt and implement the 2004 Mitigation Fee Schedule through ordinance and resolution and then to pass through the fee funding (except for any additional administrative charges added by the jurisdictions) to the RCA to fund MSHCP implementation. The ordinances allowed for periodic inflationary increases based on the annual change in the Consumer Price Index for the Los Angeles-Anaheim-Riverside area. In 2018 the Bureau of Labor Statistics implemented a geographic revision, establishing Riverside as its own Core Based Statistical Area. As a result, Riverside was removed from the Consumer Price Index encompassing Los Angeles and Anaheim. Going forward, inflationary increases will be based on the annual change in the Consumer Price Index for the newly established Riverside-San

Bernardino-Ontario area. As outlined in the 2003 Nexus Study (Original Nexus Study), all new development in Western Riverside County is required to pay the mitigation fee.

Table 1 shows the original 2004 Local Development Mitigation Fee schedule and the current 2021 Fee Schedule that reflects periodic inflationary fee adjustments using the indexing process that collectively increased the fees by 35 percent between 2004 and 2020 (this was below the overall inflation index increase over this period).

Table 1 2004 and 2021 MSHCP Fee Schedule

Fee Category	2004 Fee per unit or per acre	2021 Fee per unit or per acre[3]
Residential: Up to 8.0 dwelling units per acre (DUAC)	$1,651	$2,234
Residential: 8.0-14.0 DUAC	$1,057	$1,430
Residential: 14.0+ DUAC	$859	$1,161
Commercial (per acre)	$5,620	$7,606
Industrial (per acre)	$5,620	$7,606

Updated Mitigation Fee Schedules

This 2020 Nexus Study has estimated the increased fee level that would be required to provide sufficient revenues, based on the best available forecasts of future growth, to support the full implementation of the MSHCP, including the completion of all land acquisition and the establishment of the necessary endowment, by 2029 (Year 25 of Plan implementation).[4] Because, as shown below, this would require a major increase in the fee levels, three other scenarios are also considered where different time extensions provide more time for land acquisition.[5] These extensions allow for the costs of Plan implementation (including land acquisitions) to be spread across more development and, as a result, moderate the level of mitigation fee increase required. In addition, the longer extension scenarios require a pace of land acquisition that is more consistent with what has proven to be achievable. All of these fee

[3] Note it is RCA procedure to refer to fees during, for example, Fiscal Year 2020/2021, as the 2021 fee. The 2021 fee became effective July 1, 2020, and applies for the fiscal year of 2020-21 (i.e., until June 30, 2021 when the 2022 Fee begins).

[4] The MSHCP provided a 25-year period of the required land acquisition with the larger 75-year permit term. This is labelled the “No Extension” or “Baseline Scenario” in this Update Study.

[5] The baseline scenario as well as the extension scenarios assume that all land acquisition as well as the full endowment will be completed/ established by the end of the specified implementation/ land acquisition period. Interest from the non-depleting endowment will fund all ongoing costs thereafter.

increases would be consistent with the Mitigation Fee Act and the MSHCP and associated Incidental Take Permit and Implementing Agreement.

The mitigation fee levels shown for each extension scenario are the fee levels required to cover the appropriate portion of the Local Permittee MSHCP implementation costs based on the best information available at this time. The revised mitigation fee levels reflect changes in estimated costs, expected levels of land dedication, and non-fee funding. Consistent with the MSHCP and Original Nexus Study, it is assumed that all new development in Western Riverside County will pay the mitigation fee because, as noted in the MSHCP, "new development affects the environment through construction activity and cumulatively through population bases that result from such development."[6] Importantly, the revised mitigation fee levels also reflect the decision to determine the mitigation fee that applies to different land uses on a consistent per gross acre basis. This approach is considered to provide a clear, consistent, and proportionate method for determining mitigation fees on new development.[7] The 2020 Nexus Study does convert the overarching per gross acre fee into per unit residential fees for different density ranges; this conversion was conducted to provide implementation/administrative consistency for member jurisdictions.

Table 2 Updated MSHCP Implementation Costs and Per Acre Mitigation Fees

Fee Per Acre	No Extension	5-Year Extension	10-Year Extension	15-Year Extension
Net Cost	**$912,756,583**	**$902,353,150**	**$892,767,438**	**$883,987,805**
Acres of Development				
Residential	14,026	21,818	29,611	37,403
Nonresidential	6,239	9,705	13,171	16,637
Total	**20,265**	**31,523**	**42,782**	**54,040**
Mitigation Fee per Acre	**$45,041**	**$28,625**	**$20,868**	**$16,358**

Sources: Southern California Association of Governments; Western Riverside County RCA; Economic & Planning Systems, Inc.

[6] Consistent with the Original Nexus Study and the technical analysis in this study update (and as described in more detail in the Fee Implementation Handbook), certain types of public improvements/ infrastructure projects will make mitigation payments calculated as a percent of total improvement cost. All projects are required to make a mitigation payment/contribution (except where exempted as specified in the Ordinance); where no mitigation payment process is specified, the project will pay the updated per acre mitigation fee.

[7] This is the approach taken by the majority of regional Habitat Conservation Plans in California, including the Coachella Valley Multiple Species Habitat Conservation Plan mitigation fee.

As shown in **Table 2**, the required mitigation fee per gross acre of development varies substantially based on level of extension as follows:

- **No Extension**. Under the current structure, where all land acquisition must occur by the end of Year 25 of MSHCP implementation (2029), a mitigation fee of **$45,041 per acre** of development would be required.
- **5-Year Extension**. With a 5-year extension, where all land acquisition must occur by the end of Year 30 of MSHCP implementation (2034), a mitigation fee of **$28,625 per acre** of development would be required.
- **10-Year Extension**. With a 10-year extension, where all land acquisition must occur by the end of Year 35 of MSHCP implementation (2039), a mitigation fee of **$20,868 per acre** of development would be required.
- **15-Year Extension**. With a 15-year extension, where all land acquisition must occur by the end of Year 40 of MSHCP implementation (2044), a mitigation fee of **$16,358 per acre** of development would be required.

For residential development, the per gross acre fee is translated into per residential unit fees by density category to provide for a fee framework that is consistent with the current fee structure. The per residential unit fees are calculated by dividing the per gross acre fee by an assumed typical/ average density for each of the three density ranges (low, medium, and high).[8] The full mitigation fee schedule (for each extension scenario) is shown in **Table 3**, including the per unit residential fees by density category and per gross acre fees for non-residential development. The typical/ average residential densities used to calculate the per-unit residential fees are the same as the density assumptions in the Original Nexus Study.[9]

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[8] For example, the $3,635 per unit Residential – Low fee under the 15-year extension is derived by dividing the overall per gross acre mitigation fee of $16,358 (shown in Figure 2) by the assumed typical/average density of Residential Low of 4.5 units/acre.

[9] The Fee Implementation Handbook provides more specifics on how to determine a project's residential density and therefore the appropriate per unit residential fee that applies.

Table 3 Updated Mitigation Fee Schedule by Extension Scenario

Fee Per Unit	Current Fee 2021[1]	No Extension	5-Year Extension	10-Year Extension	15-Year Extension
Residential - Low (Up to 8.0 DUAC)[2 3]	$2,234	$10,009	$6,361	$4,637	$3,635
Residential - Medium (8.0-14.0 DUAC)[2 3]	$1,430	$4,170	$2,650	$1,932	$1,515
Residential - High (14.0+ DUAC)[2 3]	$1,161	$1,846	$1,173	$855	$670
Commercial / Industrial (per acre)	$7,606	$45,041	$28,625	$20,868	$16,358

1. Western Riverside County Multiple Species Conservation. Local Development Mitigation Fee Schedule for FY 2020-21 (Effective July 1, 2020 – June 30, 2021), annually adjusted using the Consumer Price Index.

2. Per acre mitigation fees translated into per unit fees based on the following residential densities: for low density, 4.5 units per acre; for medium density, 10.8 units per acre; for high density, 24.4 units per acre, consistent with the assumptions used in Appendix E of the original Nexus Study.

3. DUAC stands for Dwelling Units per Acre.

Sources: Southern California Association of Governments; Western Riverside County RCA; Economic & Planning Systems, Inc.

Key Drivers of Fee Change

The change in Local Development Mitigation Fee is the result of a number of different contributing factors ("moving parts"), fully documented and detailed in **Chapters 2** through **7**. This Nexus Study is based on the most current information available including, for some inputs, recent years of experience from MSHCP implementation. The factors that have had the most significant effect on the Local Development Mitigation Fee calculations are summarized below.

1. **Lower-than-expected land dedications substantially increase the Local Permittee habitat acquisition cost component of MSHCP implementation.** The MSHCP assumed that 41,000 of the 97,000 acres (42 percent) to be conserved by Local Permittee action/funding would be provided at no cost through land dedication associated with development inside the Criteria Cells. Through the first sixteen years of Plan implementation, less than 1,000 acres of the Local Permittee habitat conservation obligations have been generated through these dedications. An additional 10,000 acres of land dedication requirements have been required as part of proposed developments that have yet to occur. Beyond the dedication associated with previously proposed projects, additional land dedication is not expected.[10] As a result, the 2020 Nexus Study assumes the noted 10,000 acres of land dedication is formalized over the next eight years (an average annual land dedication of 1,250 acres per year) prior to the end of the current land acquisition period. No additional land dedication is assumed, even if the acquisition period is extended. As a result, at the end of the current habitat acquisition period (Year 25 of Plan

[10] In September 2016, the RCA revised its fee credit and waiver policy, limiting the likelihood of projects paying fees and dedicating land.

implementation), total land dedication is expected to represent about 11,000 acres and about 11 percent of the Local Permittee land conservation requirement. The RCA therefore needs to directly acquire an additional 30,000 acres of land relative to the expectations of the Original Nexus Study.

2. **Lower than expected regional infrastructure public contributions have reduced the non-fee funding available, increasing the costs to be funded through the mitigation fee.** The MSHCP assumed a substantial level of funding from regional infrastructure project public contributions, including transportation infrastructure, regional utility projects, local public capital construction projects, and regional flood control projects, as well as from landfill tipping fees. While the Measure A sales tax has provided substantial funding as expected, other revenue sources, on aggregate, have provided (and are expected to continue to provide) substantially less funding than forecast in the 2003 Nexus Study. As a result, mitigation fees will need to cover about 91 percent of Local Permittee MSHCP implementation costs relative to the original assumption of about 56 percent.

3. **The change towards a consistent "per gross developed acre" fee basis provides a more consistent approach for all land use development types.** The 2003 Nexus Study used an "Equivalent Benefit Unit" approach to distributing mitigation costs between different land use categories. This Nexus Study adjusts the fee calculation to the more commonly used per gross acre basis. Under this approach, the new Local Development Mitigation Fees are all based on one "across the board" per gross acre fee determination. Non-residential development then pays this per acre fee, while per unit residential fees by density category are derived from this common per gross acre fee.[11] This change evens out some of the prior differences in mitigation fee levels.

4. **The estimates of average per acre land values have not changed substantially, so they have had a limited effect on the change in mitigation fees.** The original MSHCP implementation cost estimate was based on an average land value of about $13,100 per acre. This was based on research on land transactions of parcels with different land use designations and sizes in 2001/2002. The land valuation analysis conducted for this Nexus Study estimated a planning-level land value of about $14,300 per acre based on land transactions primarily in the 2014 to 2017 period (inflated to 2019-dollar terms). As a result, land value estimates have not changed substantially in nominal dollar terms since the Original Nexus Study. This estimated per acre land value is above the cost of most RCA transactions to date, though the average land values of future RCA land acquisition are expected to increase due to the increasing need to purchase more expensive land in "linkage" areas.

[11] Similar to the Original Nexus Study, all new development in Western Riverside County is required to pay the mitigation fee (or otherwise provide the necessary mitigation). The conversion from per gross acre to per unit fees for residential development is conducted to provide administrative continuity for member agencies.

Organization of Report

This Nexus Study includes several chapters. **Chapter 1**, this chapter, describes the purpose and need for this Nexus Study, the recommended changes in the Local Development Mitigation Fee, and the key drivers of these changes. **Chapters 2** through **7** provide the technical analysis that supports the updated fees and nexus findings. **Chapter 2** summarizes the purpose of and basis for the MSHCP, the conservation requirements of the MSHCP, and the financing strategy and approach developed to implement the MSHCP in 2004. **Chapter 3** describes the conservation achievements to date, identifies the remaining conservation requirements, and identifies expected land dedication. **Chapter 4** provides the development forecast used in the calculation of the updated mitigation fees. **Chapter 5** provides the estimates of MSHCP implementation costs, including land acquisition, management and monitoring, program administration, and endowment. **Chapter 6** describes the historical levels of non-fee revenues available to help fund Local Permittee MSHCP implementation costs. **Chapter 7** brings together the technical analysis in **Chapters 2** through **6** to estimate the updated 2020 Local Development Mitigation Fees. **Chapter 8** provides the nexus findings required under the Mitigation Fee Act as require to establish the updated fees. Finally, **Chapter 9** highlights some of the administration and implementation requirements under the Mitigation Fee Act, recognizing that the Fee Implementation Handbook provides more specific guidance to the RCA and its partner agencies on the implementation of the mitigation fee program.

2. MSHCP POLICIES, GOALS, AND FINANCING STRATEGY

MSHCP Purpose, Basis, and Goals

In response to the need to maintain future growth opportunities in Western Riverside County while addressing the requirements of the state and federal Endangered Species Acts, the County and the Riverside County Transportation Commission initiated the Riverside County Integrated Project (RCIP) in 1999. The Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) is one part of the RCIP that includes:

- **Updated County General Plan.** Addresses the required general plan elements such as land use, circulation, housing and open space, and conservation and includes programs to implement the MSHCP, enhance transit alternatives, and encourage development of mixed-use centers.

- **Community and Environment Transportation Acceptability Process**. Identifies future transportation corridors in Western Riverside and provides needed environmental documentation to allow preservation of future right-of-ways.

- **MSHCP**. The Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP or Plan) is a comprehensive, multi-jurisdictional Habitat Conservation Plan (HCP) focusing on the conservation of species and their associated habitats in Western Riverside County. The MSHCP conserves vulnerable plant and animal species and their associated habitats in Western Riverside County and supports economic development.

The MSHCP was adopted in 2003 by the Riverside County Board of Supervisors. Subsequently, all of the Western Riverside cities, the County of Riverside, County Flood Control and Water Conservation District, County Regional Parks and Open-Space District, County Department of Waste Resources, Riverside County Transportation Commission, California Department of Transportation, California Department of Parks and Recreation, California Department of Fish and Game, the US Fish and Wildlife Service and the RCA signed an Implementing Agreement for the MSHCP. The Implementing Agreement includes terms to ensure MSHCP-implementation, defines remedies and recourses should any of the parties of the Agreement fail to perform obligations, and provides assurances that, as long as the MSHCP is being implemented, the Wildlife Agencies will not require additional mitigation from the Permittees.[12]

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 under the NCCP Act of 2001. The MSHCP streamlines these environmental permitting processes by allowing the participating jurisdictions to authorize "take" of plant and wildlife species identified within the Plan Area. At the same time, Plan implementation provides a coordinated MSHCP Conservation Area and implementation program to preserve biological diversity and maintain the region's quality of life.

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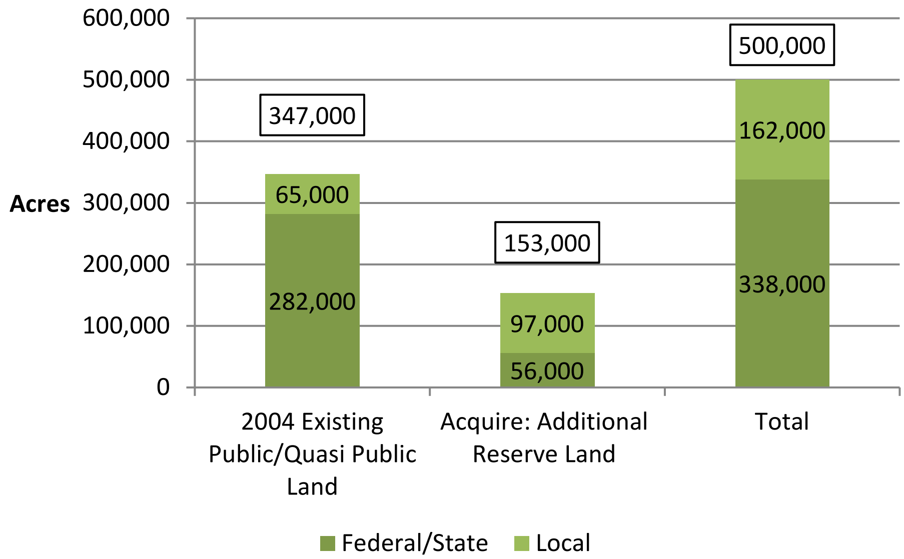
[12] The Wildlife Agencies include the US Fish and Wildlife Service and the California Department of Fish and Wildlife and the Permittees include all of the other parties to the Implementing Agreement.

The MSHCP and the associated Implementing Agreement and Incidental Take Permit collectively determine a set of conservation actions, and the associated responsible parties, that must be taken to meet the terms of the Incidental Take Permit and benefit from the regulatory streamlining and other benefits of the MSHCP. This includes the identification of the responsibilities of the Local Permittees.[13]

MSHCP Conservation Requirements

The goal of the MSHCP is to enhance and maintain biological diversity and ecosystems processes while allowing future economic growth. The MSHCP calls for an MSHCP Conservation Area of 500,000 acres and focuses on the conservation of 146 species.

Figure 1 State of Conservation in 2003: Conserved Land, Additional Reserve Land to be Acquired, and Total MSHCP Conservation Area Needed



As shown in **Figure 1**, when the MSHCP was adopted, existing public and quasi-public conservation lands covered 347,000 acres, leaving a need for 153,000 acres of land, called Additional Reserve Land (ARL), to meet the goals of the MSHCP (see **Figure 1**). The MSHCP specifies that responsibility for the conservation of the 153,000-acre Additional Reserve Lands is shared by the local development process (97,000 acres) and state and federal purchases (56,000).

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[13] Local Permittees include the Western Riverside cities, the County of Riverside, County Flood Control and Water Conservation District, County Regional Park and Open Space District, County Department of Waste Resources, and Riverside County Transportation Commission.

Table 4 MSHCP Goals by Area Plan

Area Plan	Total Area of Criteria Cells	Low End of Goal	High End of Goal	Midpoint
Cities of Riverside and Norco	1,756	90	240	165
Eastvale	665	145	290	220
Elsinore	28,946	11,700	18,515	15,110
Harvest Valley / Winchester	820	430	605	515
Highgrove	1,452	345	675	510
Jurupa	5,476	890	1,870	1,380
Lake Mathews / Woodcrest	11,673	3,215	5,470	4,340
Lakeview / Nuevo	14,682	6,650	10,235	8,445
Mead Valley	7,703	1,885	3,635	2,760
Reche Canyon / Badlands	26,000	10,520	15,610	13,065
REMAP	78,423	41,400	58,470	49,935
San Jacinto Valley	32,828	11,540	19,465	15,500
Southwest Area	66,076	22,500	36,360	29,430
Sun City / Menifee Valley	2,059	1,120	1,585	1,355
Temescal Canyon	10,007	3,485	5,800	4,645
The Pass	22,652	8,540	13,925	11,230
Total	**311,218**	**124,455**	**192,750**	**158,605**

The MSHCP includes methods to determine whether the goals of the Plan are being met. One of the methods is measuring the extent to which conservation acquisitions are moving toward acquisition goals by each Area Plan.[14] Area Plans are established in the County's General Plan and are used in the MSHCP as a common geographic unit in Western Riverside County. The MSHCP established low, high, and midpoint acquisition goals for each Area Plan based on biological needs. The midpoint acquisition goals for each Area Plan range from 165 to nearly 49,935 acres, as shown in **Table 4**. The midpoint goals sum to 158,605 which represents 5,605 acres more than are needed to fulfill the MSHCP goals. As a result, acquisitions in some Area Plans can fall below the mid-point targets while the total ARL can still achieve the 153,000-acre goal.

MSHCP Financing Strategy

One of the key requirements of the MSHCP, Implementing Agreement, and Incidental Take Permit (consistent with the requirements of the federal Endangered Species Act) is the provision of adequate funding by Local Permittees to the Implementing Entity (the Regional Conservation Authority) to conduct the conservation actions identified in the MSHCP as the responsibility of the Local Permittees.

[14] Other geographic units include Rough Steps, city jurisdictions, and Area Plan subunits. For the purposes of this analysis, Area Plans have been selected as the primary unit of analysis because they are the middle-sized unit (smaller than Rough Steps and larger than Area Plan subunits) and have not changed over time (unlike jurisdictions, several of which have incorporated since the adoption of the MSHCP.

Section 8.0 of the MSHCP addresses "MSHCP Funding/Financing of Reserve Assembly and Management." This section provides best estimates of Plan implementation costs at the time of Plan adoption, including the local funding commitment – the portion of Plan implementation costs that represents the Local Permittees' portion of the overall land acquisition, management, monitoring, adaptive management, and Plan administration costs. Section 8.5 describes the Local Funding Program. The Local Funding Program included a mix of funding sources to provide "an equitable distribution of the cost for local mitigation under the MSHCP." The proposed funding sources included Local Development Mitigation Fees, density bonus fees, regional infrastructure project public contributions (including transportation infrastructure, regional utility projects, local public capital construction projects, and regional flood control projects), and landfill tipping fees. Key components of the overall MSHCP implementation and funding strategy are highlighted below:

- The Regional Conservation Authority would implement the MSHCP with funding from different sources.
- The permanent protection of 97,000 acres in Additional Reserve Lands by Year 25 of the Plan (2029) would be achieved through direct purchase of habitat lands by the RCA using local funding and through the HANS dedication process.[15]
- Local funding sources would fund the ongoing management and maintenance costs of the local portion of the Additional Reserve Lands acquired through local funding (97,000 acres by end of acquisition period).
- Local funding sources would fund monitoring activities on the pre-Plan local conservation and all the new Additional Reserve Lands (500,000 acers by end of acquisition period).
- The permanent protection of 56,000 acres in Additional Reserve Lands by Year 25 would be achieved using state/federal funding sources or contributions.
- State and federal funding sources would fund the management and maintenance costs of the State/federal portion of the required Additional Reserve Lands.
- Local Development Mitigation Fees (on private development) would fund the Local Permittee MSHCP implementation costs that were not funded by other local/regional funding sources or public contributions for public development project mitigation.
- The overall permit period was set at 75 years. Once habitat acquisition was completed by Year 25, remaining funds along with newly created revenue sources were to be used to fund

[15] Section 6.1.1 of the MSHCP describes the HANS process. The Habitat Evaluation and Acquisition Negotiation Strategy (HANS) process applied to any property owner applying for a discretionary permit for land within a Criteria Area/Criteria Cell. Under the process, the County determined whether portions of the property are needed for conservation and then may send their evaluation to the RCA for Joint Project Review (JPR). During JPR, the project applicant negotiated the terms of the development and conservation of the project. The applicant also paid fees on the new development. This approach was refined when a new fee credit policy, adopted in 2016, provided for fee credits where appropriate lands are dedicated.

monitoring and management as well as to fund the establishment of an endowment to cover ongoing post-permit costs (beyond Year 75).

Importantly, the MSHCP funding chapter notes that frequent evaluations of the performance of the funding mechanisms and assessments of the funding plan will occur and that any necessary modifications to the funding mechanisms will be developed.

MSHCP Implementation Costs and Funding Sources

The original estimated costs and proposed funding sources were documented in the MSHCP and are summarized in **Table 5**. These were developed based on research and analysis conducted as part of MSHCP development.

As shown, Plan implementation costs over the first 25 years of implementation were estimated at about $950 million in 2004-dollar terms. Key assumptions driving the implementation cost estimates included:

- **Dedications**. Direct acquisition using local funding sources would be required to acquire 56,000 acres, with 41,000 acres (or 42 percent) of the required local habitat protection coming through HANS dedication.
- **Land Cost**. Average land value of $13,100 per acre for Additional Reserve Lands purchased by the RCA.
- **Management and Monitoring**: Management and monitoring costs included three key components as follows: Reserve Management, Adaptive Management, and Biological Monitoring.[16]
- **Program Administration**. RCA program administration costs would average about $1.2 million each year in 2004 dollars during the 25-year period where land acquisition was required.
- **Cost Distribution**. Overall, land acquisition costs were estimated at 77 percent of total implementation costs, with management and monitoring at 20 percent, and program administration at 3 percent (see **Figure 2**).

[16] See Chapter 5 of the MSHCP for a description of these activities.

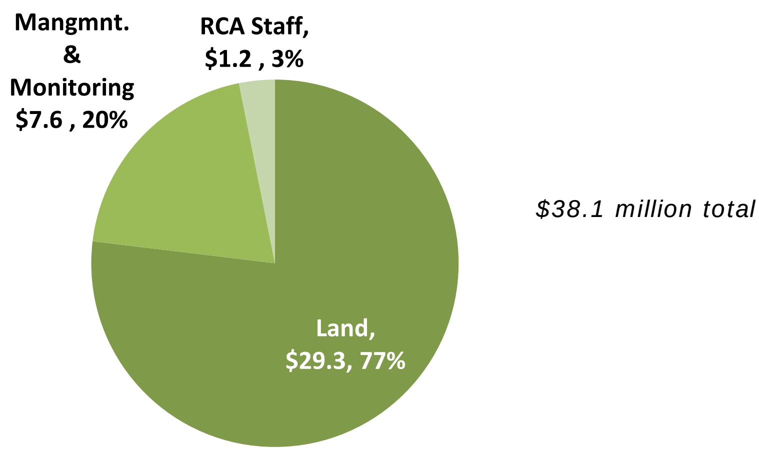
Table 5 2004 Estimates: MSHCP Implementation Costs and Funding Sources

Item	Total for 2004 - 2028 (Years 1 - 25)	Average Annual	% of Total Cost/ Funding Need
Local Permittee Land Requirements			
Preservation Requirement	97,000 acres	3,880 acres	na
HANS Dedication	41,000 acres	1,640 acres	na
Local Permittee Acquisition	56,000 acres	2,240 acres	na
Local Permittee MSHCP Implementation Costs			
Land (1)	$733,600,000	$29,344,000	76.91%
Management & Monitoring	$190,200,000	$7,608,000	19.94%
RCA Staff	$30,000,000	$1,200,000	3.15%
Other Costs	na	na	na
Endowment	*not included*	*not included*	na
Total Costs	**$953,800,000**	**$38,152,000**	**100.0%**
Local Revenues			
Private Development Mitigation Fees	$539,600,000	$21,584,000	50.1%
Density Bonus Fees	$66,000,000	$2,640,000	6.1%
Regional Transportation Infra. (2)	$250,000,000	$10,000,000	23.2%
Local Roads (Measure A)	$121,000,000	$4,840,000 (3)	11.2%
Tipping Fees (4)	$100,000,000	$4,000,000	9.3%
Miscellaneous Revenues (5)	$0	$0	0.0%
Total Revenues	**$1,076,600,000**	**$43,064,000**	**100%**

(1) Average land value per acre assumed to be $13,100 per acre.
(2) Public contributions at specificed % of new road construction.
(3) $121 million to be provided over 10 years, so $12.1 million annually over that period.
(4) Includes $90 million from El Sobrante Landfill and $10 million from other County landfills.
(5) Other potential revenues, including public contributions from other public projects, tipping fees from Eagle Mountain Landfill, and potential new voter-approved regional funding were noted but not estimated.

Source: Chapter 8 of MSHCP; Economic & Planning Systems.

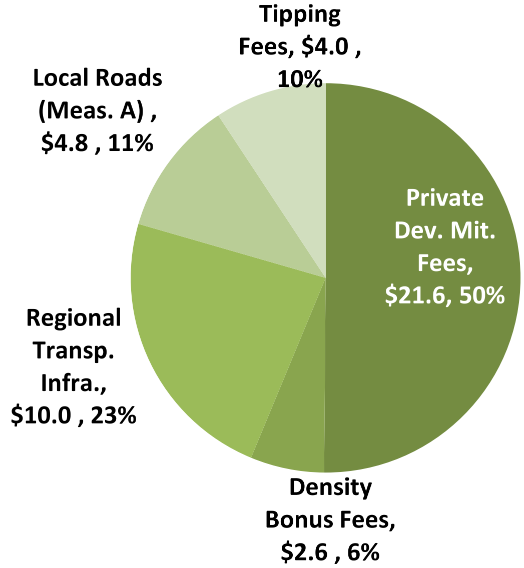
Figure 2 MSHCP Estimated Annual Costs in Millions, 2004 Dollars



As also shown in **Table 5**, MSHCP funding from local/regional sources was estimated to be about $1.0 billion in 2004 dollars through Year 25, sufficient to cover the implementation costs over this period. Key assumptions driving the funding estimates included:

- **Measure A**. Measure A (local sales tax transportation funding measure) would provide $121 million over 10 years in 2004-dollar terms.
- **Regional Transportation Funding**. Public contributions from regional transportation infrastructure projects would provide an average of $10 million each year or $250 million through Year 25.
- **Tipping Fees**. Landfill tipping fees would provide about $100 million in revenue over 25 years, about $4 million each year, primarily from the El Sobrante landfill.
- **Mitigation Fees**. Private development fees, including private development mitigation fees and density bonus fees, would generate over $600 million over the first 25 years, about $24 million annually.
- **Development Forecast and Participation**. The forecast of private development fees was based on a preliminary fee schedule and the forecast of 336,000 new residential units (13,440 units each year) and 371 acres each year of commercial and industrial development. All new development was assumed to pay the private development mitigation fee with a portion paying the density bonus fee.
- **Other Funding Options**. Potential additional funding might come through contributions from other local/regional public entities, other landfills, or new voter-approved funding initiatives.
- **Funding Distribution**. Overall, about 55 percent of the estimated funding was expected to be generated by private development fees, with 45 percent from other funding sources.

Figure 3 MSHCP Estimated Annual Revenues in Millions, 2004 Dollars



$43.3 million total

Development Mitigation Fees and Calculation

The MSHCP notes that "new development affects the environment directly through construction activity and cumulatively through population bases that result from Development." As a result, the cities and County are required to implement a Local Development Mitigation Fee that was expected to represent one of the primary sources of funding for the implementation of the MSHCP. The MSHCP indicates that the Local Development Mitigation Fee will be adopted under California Government Code Section 66000 et seq. (the "Mitigation Fee Act") that "allows cities and counties to charge new development for the costs of mitigating the impacts of new development."

The MSHCP identified preliminary estimates of Local Development Mitigation Fees and indicated that these mitigation fees were expected to generate the majority of funding for Local Permittee obligations. The MSHCP noted that, under the Mitigation Fee Act, "a nexus study is required to demonstrate that the proposed fee is proportionate to the impacts of new development." The Mitigation Fee Act also includes a number of reviewing and reporting requirements. The MSHCP also notes that the fee will need to be "reevaluated and revised should it be found to insufficiently cover mitigation of new development."

A nexus study entitled "Final Mitigation Fee Nexus Study Report for the Western Riverside County Multiple Species Habitat Conservation Plan" was completed on July 1, 2003 (2003/Original Nexus Study). This nexus study conducted a detailed analysis of the costs of implementing the Plan, identified the Local Permittee funding obligations, determined the portion to be funded through the Local Development Mitigation Fee, and made the necessary nexus findings under the Mitigation Fee Act. The MSHCP and 2003 Nexus Study both indicated that all new development in the Western Riverside County Plan Area affects covered species and habitat and so the Local Development Mitigation Fees would apply to all new development in participating jurisdictions in Western Riverside County.

Mitigation Fee Schedule and Adjustments

All local jurisdictions participating in the MSHCP and obtaining coverage for public and private take in their jurisdictions were required to adopt and implement this mitigation fee schedule through ordinance and resolution and then to pass through the fee funding (minus any additional administrative charges) to the RCA to fund MSHCP implementation. Indexed-increases based on the annual change in the Consumer Price Index for the Los Angeles-Anaheim-Riverside area were provided for in the ordinances to allow modest adjustments in mitigation fees to respond to inflationary cost increases. Due to the geographic revision implemented by the Bureau of Labor Statistics, going forward indexed-adjustments will be based on the annual change in the Consumer Price Index for the Riverside-San Bernardino-Ontario area.

Table 6 shows the original 2004 Local Development Mitigation Fee schedule and current 2021 Fee schedule that reflects periodic inflationary fee adjustments using the indexing process.

Table 6 2004 and 2021 MSHCP Fee Schedule

Fee Category	2004 Fee per unit or per acre	2021 Fee per unit or per acre
Residential: Up to 8.0 dwelling units per acre (DUAC)	$1,651	$2,234
Residential: 8.0-14.0 DUAC	$1,057	$1,430
Residential: 14.0+ DUAC	$859	$1,161
Commercial (per acre)	$5,620	$7,606
Industrial (per acre)	$5,620	$7,606

3. *Habitat Protection to Date and Future Conservation Scenario*

The RCA has achieved substantial levels of habitat protection to date using the funding sources established and the associated variable flows of incoming revenues. The level of habitat protection achieved, because of lower levels of funding and land dedication than expected, has however fallen behind the pace of protection forecast in the Original Nexus Study. This chapter summarizes the achieved protection to (1) establish both the scale of future acquisitions required to meet the overall Additional Reserve Land (ARL) goals, (2) consider the annual pace of habitat protection through acquisitions and dedications in absolute terms and relative to the original MSHCP forecasts, and (3) inform the development of the Conservation Scenario that forms the baseline (project description) for estimating future MSHCP implementation costs and associated funding requirements and updated mitigation fees.

Habitat Protection Accomplishments Through 2019

Between the start of the MSHCP program and the end of 2019, the most recent full calendar year, about 40 percent of the 153,000-acre ARL target has been achieved, totaling almost 62,000 acres in acquisitions, easements, or dedications (see **Table 7**).[17] As shown of the 97,000 acres in Local Permittee ARL obligation about 40,200 acres had been protected by the end of 2019. Of the 56,000 acres in State/Federal ARL obligation, about 21,600 acres have been protected to date.

Table 7 Conservation Through End of 2019

Party	Need	Conserved 2000-2003	Conserved 2004 - 2019	Total Conserved 2000 - 2019	Remaining Need 2020-2043
Local	97,000	4,531	35,681	40,212	56,788
State + Fed	56,000	12,408	9,200	21,608	34,392
Total	**153,000**	**16,939**	**44,881**	**61,820**	**91,180**

Sources: Western Riverside County Regional Conservation Authority MSHCP Annual Reports; RCA information on 2019 purchases; Economic & Planning Systems, Inc.

Conservation Goals and Progress

The MSHCP anticipated that acquisition would take place for 25 years, through the end of 2029, with 97,000 acres conserved through local means and 56,000 acres conserved with State/federal funding. To achieve this goal, an average of 6,120 acres of conservation is required each year,

[17] Note that while the MSHCP was adopted in 2004, certain conservation which took place between 2000 and 2003 was counted toward the MSHCP reserve.

including an average of 3,880 annually from local funding sources/dedications and 2,240 annually from State and federal conservation.

Figure 4 illustrates how steady progress would result in achievement of the ARL goals by 2029. **Figure 5** shows actual progress toward the goals, through 2019. More than 21,000 acres have been conserved through State/federal means, and over 40,000 acres have been conserved through local actions. These totals sum to about 40 percent of the total ARL goal of 153,000 acres. As shown in **Figure 5**, with 16 years of the 25-year acquisition period completed, the ARL acquisitions have fallen behind the pace forecast in the Original Nexus Study. Protection through the end of 2019 represents 63 percent of the original forecast (65 percent for Local obligations and 60 percent for State/federal obligations). For the Local Permittee obligations, as discussed further below, the lower level of land dedication relative to the original forecasts account for much of the habitat protection gap that has emerged over the last 16 years.

Figure 4 MSHCP Conservation Goals, 2019 and 2029 Goals Highlighted

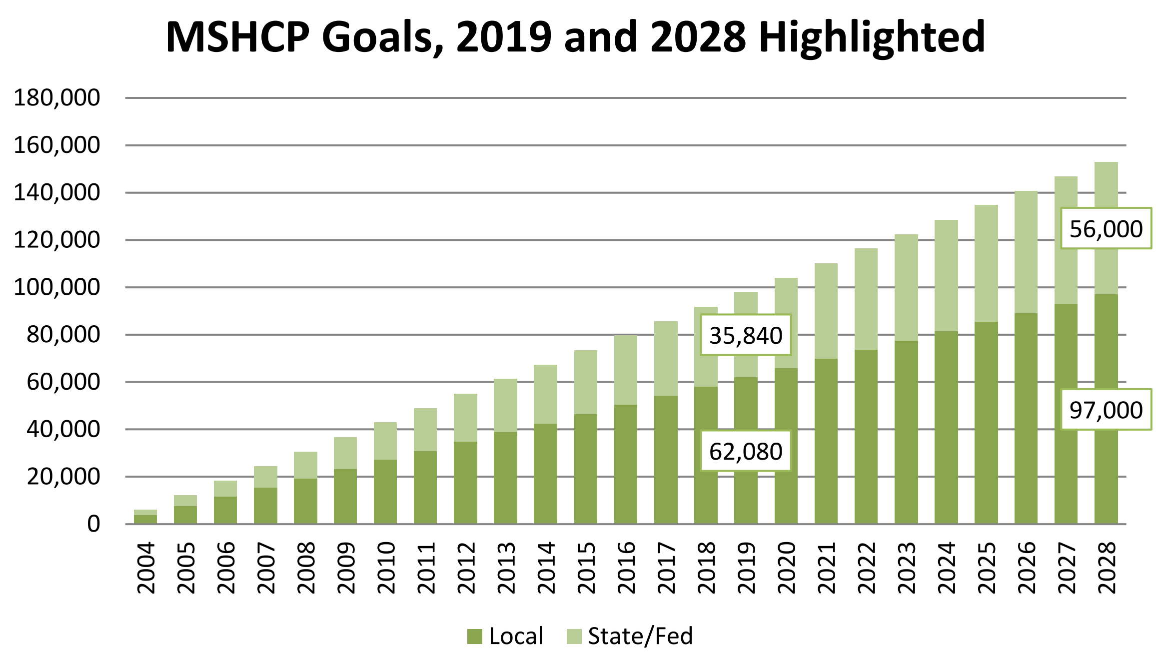
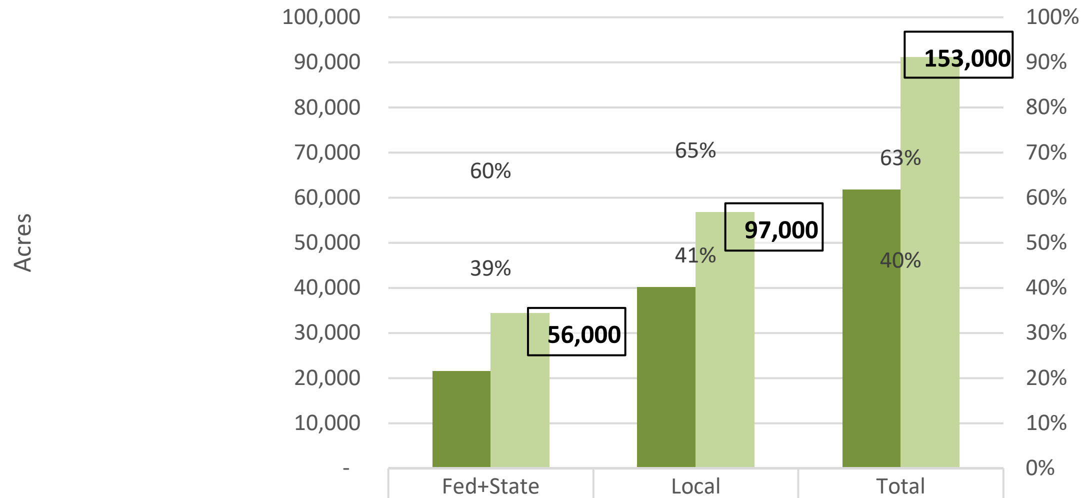


Figure 5 Progress Towards ARL Through End of 2019



	Fed+State	Local	Total
Acqu. through 2019	21,608	40,212	61,820
Remaining Need	34,392	56,788	91,180
% of 2019 Expected Goal Achieved	60%	65%	63%
% of Total Goal Achieved	39%	41%	40%

Sources: Western Riverside County Regional Conservation Authority; Economic & Planning Systems, Inc.

Land Dedications

The MSHCP envisioned a conservation program where land and easements would be purchased by the RCA and land would be dedicated to the RCA through the development process.[18] In addition, the potential for no-cost and low-cost donations for tax benefit purposes was also created. The MSHCP did not assume donations or conservation easement acquisitions as part of its financial analysis (this is appropriate given the limited number of such transactions). The MSHCP did, however, anticipate that 41,000 acres would be conserved through dedications, 56,000 acres through purchases on behalf of local permittees, and 56,000 acres through purchases conducted by or funded by federal and State agencies/sources for a total of 153,000 acres.

For the local portion of the goal (97,000 acres), this translates into about 42 percent of the goal conserved via dedications associated with the development review process—called Habitat Evaluation and Acquisition Negotiation Strategy (HANS)—and the other 58 percent purchased by the RCA from willing sellers. The level of dedication is a key assumption for the MSHCP implementation cost estimate as each acre dedicated through HANS is one fewer acre which must be conserved through land acquisitions at market values.

The HANS process was established to apply to developments proposed within the Criteria Cells of the MSHCP Study Area. The Criteria Cells represent areas with high conservation values relative to the areas outside of the Criteria Cells. The HANS process was designed to indicate what conservation (dedication) may be needed from new development from a biological needs

[18] This process is known as the Habitat Evaluation and Acquisition Negotiation Strategy (HANS).

perspective. Subsequent to that technical analysis, applicants could then proceed to the Joint Project Review (JPR) process during which the parties negotiate an implementation plan for the project, consistent with the HANS findings. The applicants would also pay mitigation fees on the actual development. To date, a modest amount of land (less than 1,000 acres) has been conserved via the HANS/JPR method compared to the 26,000 acres that was forecast to have occurred by this point in the MSHCP implementation.

While very little land has been dedicated to the RCA through HANS/JPR, several projects went through the HANS/JPR process and have agreements in place for dedication/conservation of lands, but the start date (if any) for these projects is unknown (i.e., may be far in the future). These projects cover about 35,000 acres in the Criteria Cells and, under the JPR agreements, have set aside about 30 percent of that total or about 10,000 acres for conservation/dedication.

The adoption of Resolution No. 2016-003 in September 2016 revised the RCA's fee credit and waiver policy. This resolution indicated that MSHCP fee credit should be provided in exchange for land that contributes to reserve assembly. As a result, after the adoption of this resolution, new development is not be expected to pay mitigation fees and dedicate land in the manner originally envisioned in the MSHCP limiting the likelihood of the types of dedications envisioned in the Original Nexus Study.

Future Conservation Scenario

This updated financial analysis, nexus study, and mitigation fees estimate require a base description of the additional habitat protection required. In subsequent chapters, cost estimates are developed in reference to, and in application to, this conservation scenario to develop the overall implementation costs and the associated funding required, both in aggregate and through time during the land acquisition period of the program. Four questions are of particular importance:

1. **Remaining Habitat Protection.** The amount of habitat protection required to meet the MSHCP requirements.
2. **Dedications.** The amount of land dedication assumed to occur through the HANS/JPR process over the habitat protection period and the associated amount of habitat that must be acquired.
3. **Time Frame.** The period over which habitat protection goals must be met.
4. **Land Characteristics.** The characteristics of the land to be protected to meet MSHCP requirements (e.g., goals by Area Plan, habitat cores and linkages etc., land use designations and parcel sizes).

The answers to question 1 are provided in the data above (see **Table 7**). The answer to question 4 is provided in the subsequent chapter on land costs, with illustrative answers coming from RCA data and GIS analysis. The answer to question 2 is addressed below and is based on information on accomplishments to date (described above), discussions with RCA staff, the current Fee Waiver and Credit Policy, and an assessment of realistic opportunities and expectations. Finally, question 3 raises the issue of whether an extension to the MSHCP land acquisition implementation period should be provided. As described below, three different extension scenarios (5-, 10-, and 15-year extension scenarios) are evaluated, as well as the baseline, “No Extension Scenario,” to indicate the outcomes under different scenarios.

Habitat Protection, Land Dedication, and Conservation Scenarios

As shown in **Table 8**, there is a total of about 91,200 acres of land protection still required to complete the land protection obligations under the MSHCP and to bring the Additional Reserve Lands to 153,000 acres. Of this, the State/federal requirements is for about 34,400 acres, while the Local Permittee requirement is for about 56,800 acres.

The experience of the last 16 years indicates that the MSHCP was overly optimistic in terms of land dedications, assuming that 41,000 acres would be dedicated to the RCA. As noted above, about 10,000 acres of potential future land dedication is associated with a range of previously proposed projects. Based on historical information on actual, dedications agreements on proposed projects, current RCA policy, and consultations with RCA staff, minimal additional dedication is expected or assumed. This analysis, therefore, assumes that the prior agreement concerning dedications, summing to about 10,000 acres, will be secured over the next eight years and prior to the end of the current habitat protection period. Even if the implementation period were extended, no extra land dedication is forecast to occur.

As a result, and as shown in **Table 8**, a total of about 46,800 acres of Additional Reserve Land acquisition is required by Local Permittees for MSHCP implementation once the forecast of dedications is incorporated. As shown in **Table 8**, the required average annual pace of habitat protection varies considerably under the different acquisition period extension scenarios, as described below: [19]

- **Baseline / No Extension Scenario.** As currently structured, RCA is required to complete land acquisition by the end of Year 25 of Plan implementation in 2029. This provides nine (9) years to protect the 47,000 acres through direct land acquisition (distinct from the assumed dedications), an average annual acquisition pace of about 5,200 acres each year.
- **5-Year Extension.** With a 5-year extension to the acquisition period, the RCA would be required to complete land acquisitions by the end of Year 30 of Plan implementation in 2034. This provides fourteen (14) years to protect the 47,000 acres through direct land acquisition (distinct from the assumed dedications), an average annual acquisition pace of about 3,300 acres each year.
- **10-Year Extension.** With a 10-year extension to the acquisition period, the RCA would be required to complete land acquisitions by the end of Year 35 of Plan implementation in 2039. This provides nineteen (19) years to protect the 47,000 acres through direct land acquisition (distinct from the assumed dedications), an average annual acquisition pace of about 2,500 acres each year.

[19] As a point of reference, the historical pace of Local Permittee-driven habitat protection has been somewhat above 2,000 acres each year with availability of funding being an important determinant of the pace of acquisition. The pace of State/federal-driven acquisition has averaged about 1,000 acres each year.

- **15-Year Extension.** With a 15-year extension to the acquisition period, the RCA would be required to complete land acquisitions by the end of Year 40 of Plan implementation in 2044. This provides twenty-four (24) years to protect the 47,000 acres through direct land acquisition (distinct from the assumed dedications), an average annual acquisition pace of about 2,000 acres each year.

Table 8 Required Acquisition Acres to Achieve ARL Goals

Entity/Item	Through 2019	2020-End of Acquisition Period	Years Remaining	Annual Conservation Acres Required	Total Acres
		NO EXTENSION			
State/Federal	21,608	34,392	9	3,821	56,000
Local					
HANS Dedication (1)	715	10,000	9	1,111	10,715
Net Local Acquisition	39,497	46,788	9	5,199	86,285
Total Local Conservation	40,212	56,788	9	6,310	97,000
State/Federal + Local = ARL Goal	**61,820**	**91,180**	**9**	**10,131**	**153,000**
		5 YEAR EXTENSION			
State/Federal			14	2,457	56,000
Local					
HANS Dedication	*See above*		14	714	10,715
Net Local Acquisition			14	3,342	86,285
Total Local Conservation			14	4,056	97,000
State/Federal + Local = ARL Goal			**14**	**6,513**	**153,000**
		10 YEAR EXTENSION			
State/Federal			19	1,810	56,000
Local					
HANS Dedication	*See above*		19	526	10,715
Net Local Acquisition			19	2,463	86,285
Total Local Conservation			19	2,989	97,000
State/Federal + Local = ARL Goal			**19**	**4,799**	**153,000**
		15 YEAR EXTENSION			
State/Federal			24	1,433	56,000
Local					
HANS Dedication	*See above*		24	417	10,715
Net Local Acquisition			24	1,950	86,285
Total Local Conservation			24	2,366	97,000
State/Federal + Local = ARL Goal			**24**	**3,799**	**153,000**
		20 YEAR EXTENSION			
State/Federal			29	1,186	56,000
Local					
HANS Dedication	*See above*		29	345	10,715
Net Local Acquisition			29	1,613	86,285
Total Local Conservation			29	1,958	97,000
State/Federal + Local = ARL Goal			**29**	**3,144**	**153,000**

1. About 10,000 acres of potential future land dedication is associated with a range of previously proposed projects. Based on historical information on actual, dedications agreements on proposed projects, current RCA policy, and consultations with RCA staff, minimal additional dedication is expected or assumed beyond these agreements. This analysis, therefore, assumes that the prior agreements concerning dedications will occur with future dedications summing to about 10,000 acres. The precise timing of these dedications is uncertain, but are assumed to occur over the next eight years. Average annual numbers in this table are shown distributed across the full remaining acquisition period of each extension scenario.

Shading indicates acreage to be acquired with fee revenue.

Sources: Western Riverside County Regional Conservation Authority; and Economic & Planning Systems, Inc.

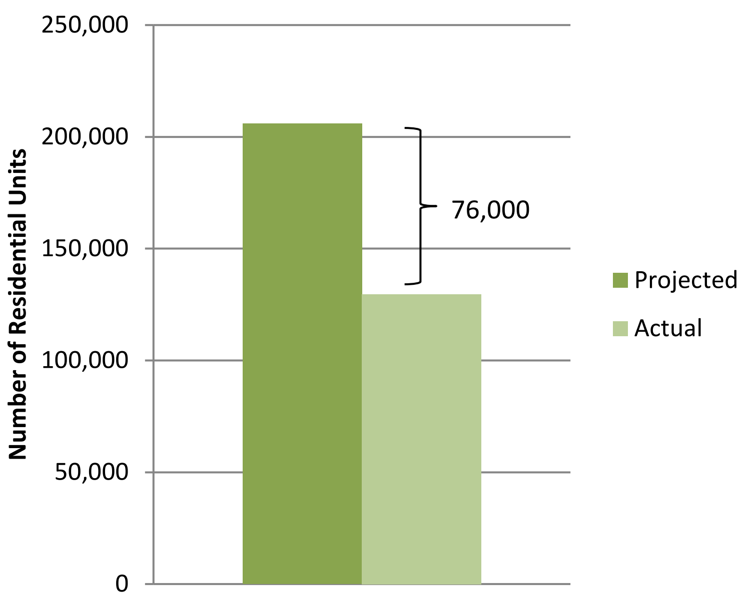
4. Forecasts of Development, Dedication, Fee Payment

Future development within Western Riverside County will both reduce land available for conservation while also serving as a primary funding mechanism for habitat acquisitions. This chapter identifies forecasts of future growth in Western Riverside County and develops an associated forecast of land development that is a key component of the fee calculation.

Historic Development and HCP Fees

The MSHCP anticipated that 13,000 to 14,000 residential units and about 370 commercial and industrial acres would be developed on average annually. Specifically, between 2005 and 2019, 206,000 residential units were expected in the Plan Area. A review of new units in the Plan Area indicates about 130,000 units were developed over the period (see **Figure 6**), about 37 percent below the forecast.[20] While the substantial volatility in the real estate market over the period (including the housing boom, deep recession, and modest recovery) may explain some of this difference, the slower pace of development means that fee revenues have been similarly constrained relative to the original revenue projections.

Figure 6 Residential Unit Development, Western Riverside County, 2005-2019



Source: California Department of Finance; MSHCP Projections

[20] Actual units developed have been derived from the California Department of Finance (DOF), Demographics Unit information through January 1, 2019. Note that the DOF reports data by city and for the entire Riverside County unincorporated area. Western Riverside's portion of the total unincorporated area has been derived based on the area's historic share of unincorporated County, taking into account the incorporations of new cities that occurred in Western Riverside County since MSHCP Plan adoption (Eastvale, Jurupa Valley, Menifee, and Wildomar).

Growth Projections

SCAG Forecasts in Context

The Southern California Association of Governments (SCAG) is a Metropolitan Planning Organization (MPO)[21] representing six counties, 191 cities and more than 18 million residents. MPOs, such as SCAG are charged under California Senate Bill 375 with developing Sustainable Community Strategies (SCSs) as part of regional transportation plans. SCAG's SCS includes population, household, and job projections through 2040 by city and unincorporated area. SCAG consults with local governments within the region, including the Western Riverside Council of Governments (WRCOG) which represents Western Riverside County, to develop the projections. SCAG adopted the 2012-2040 Regional Transportation Plan/Sustainable Community Strategy (RTP/SCS) in 2016. The 2016 RTP/SCS forms the basis of the SCAG projections; EPS extrapolated an annual growth rate from the SCAG projections and, assuming consistent development trends through 2050, applied the rate in order to estimate development projections through 2050.

SCAG forecasts for the future, on an annualized basis, were compared with the MSHCP's original forecast along with historical information (when available) as described further below:

- **Residential Development Forecast**. **Figure 7** shows, for Western Riverside County, the annual residential unit count for SCAG projections through 2050, MSHCP projections through 2029, and residential units produced in Western Riverside County between 2005 and 2019. As shown, the SCAG projections suggest about 8,750 units each. This is similar to the average annual historic pace of growth between 2005 and 2019 of about 9,260 units, but well below the original MSHCP projections of about 13,400 units each year. Based on the similarity between the historical average and the SCAG forecast, the SCAG forecast is considered a reasonable basis for determining the future pace of residential development and associated residential land development (based on assumed densities of development).
- **Commercial Development Forecast**. The SCAG jobs forecast of about 15,000 jobs each year was converted into an annual gross amount of commercial/industrial development using the employment density and FAR assumptions used in the most recent Transportation Uniform Mitigation Fee (TUMF) update documents. As shown in **Figure 8**, this results in a forecast of about 690 acres of commercial/industrial land development each year (representing an overall average of about 21 jobs per acre of development), considerably above the original MSHCP projections of about 370 acres each year. The higher SCAG number, however, appears reasonable given recent and ongoing trends in Western Riverside County where substantial amounts of new logistics/distribution development have occurred covering substantial land areas and, as such, is considered reasonable as the basis of the future forecast of commercial/industrial land development.

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[21] Federal law requires that an urbanized area with a population of at least 50,000 be guided by a regional entity known as an MPO. California's Senate Bill 375 expands the role of the State's 18 MPOs to include regional plans that help the State reach its greenhouse gas reduction targets by encouraging compact development and new development near public transit.

Figure 7 New Housing Units per Year, SCAG and MSHCP Projections and Historic Production (2005-2019)

SCAG (2012-2040) and MSHCP Projections (2004-2029) and Historic Production (2005-2019)

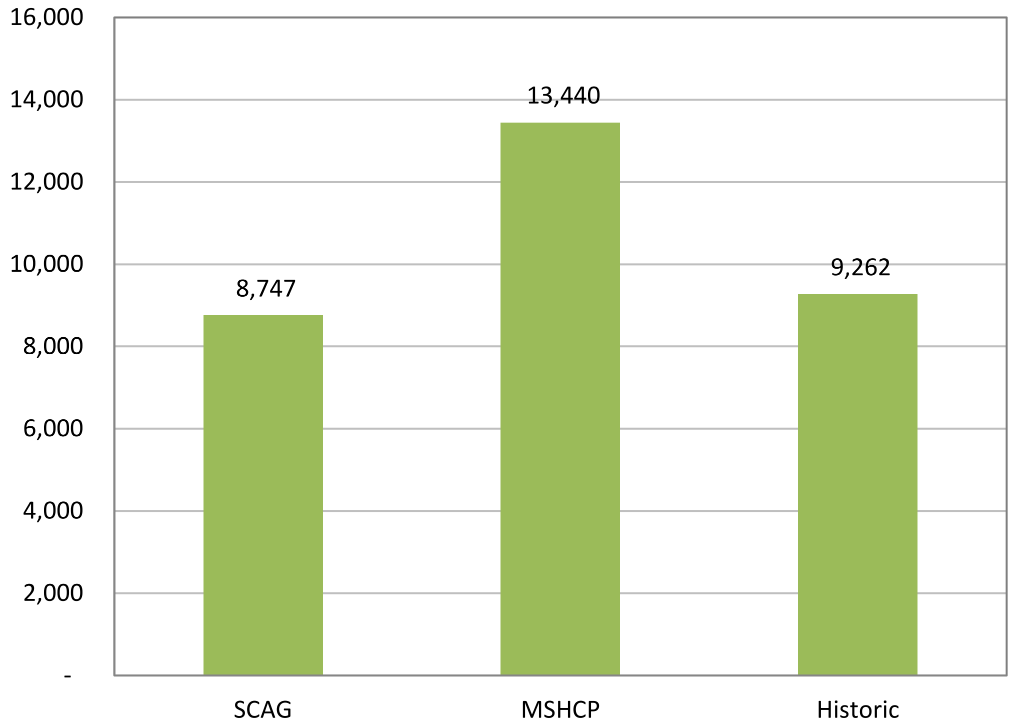
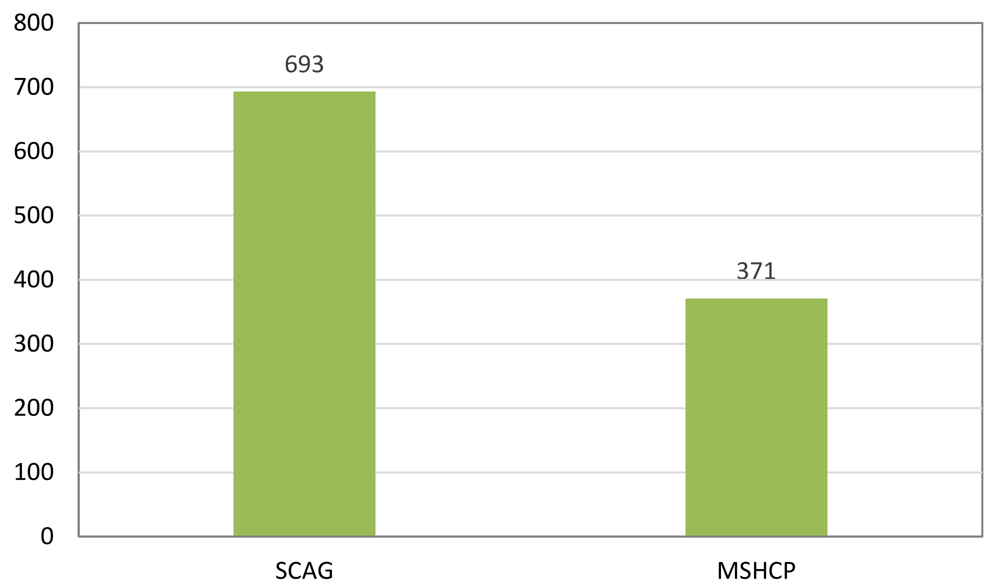


Figure 8 Newly Developed Commercial Acres per Year

SCAG (2012-2040) and MSHCP Projections



Note: SCAG job projections converted into acres by EPS

Forecasts for Fee Calculation

For this fee program update, the SCAG projections are considered a reasonable basis for forecasting future land development. Because all new development is expected to pay the mitigation fee, all of the forecasted household and job growth is converted into a land development forecast that is, in turn, used to calculate the mitigation fees. **Table 9** shows SCAG's overall projections for households and employment in Western Riverside County between 2012 and 2050, and **Table 10** shows the implied average annual land development rates, and, in turn, the overall level of residential and commercial/industrial land development that would be expected to occur through the end of the land acquisition period for each of the extension scenarios.[22] As shown, all scenarios assume an overall average annual land development of 2,252 acres each year, including 693 acres in commercial/industrial land development and 1,558 acres in annual residential land development.[23]

- **Baseline / No Extension Scenario**. Under the no extension scenario, a total of <u>20,265 acres</u> of land development is expected to occur during the remaining Plan implementation period of nine (9) years and would pay the mitigation fees.
- **5-Year Extension**. Under the 5-year extension to the acquisition period, a total of <u>31,523 acres</u> of land development is expected to occur during the remaining Plan implementation period of 14 years and would pay the mitigation fees.
- **10-Year Extension**. Under the 10-year extension to the acquisition period, a total of <u>42,782 acres</u> of land development is expected to occur during the remaining Plan implementation period of 19 years and would pay the mitigation fees.
- **15-Year Extension**. Under the 15-year extension to the acquisition period, a total of <u>54,040 acres</u> of land development is expected to occur during the remaining Plan implementation period of 24 years and would pay the mitigation fees.

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[22] Under the MSHCP, all new development is required to pay the mitigation fee and contribute to funding the implementation of the MSHCP except where specifically exempted in the Ordinance.

[23] The 1,558 acres of residential land development was derived based on the forecasted 8,747 residential units each year and assumptions concerning distribution by density category and an average density level. More specifically, consistent with the recent TUMF analysis assumptions, 70 percent of new residential units are assumed to be in the low density category (less than 8 units per acre) with an average of 4.5 units/acre, 20 percent are assumed to be the medium density category (8 to 16 units per acre) with an average of 10.8 units/acre, and 10 percent are assumed to be the high density category (over 16 units per acre) with an average of 24.4 units/acre. The unit per acre factors are consistent with those indicated in the Original Nexus Study. The overall implied average residential density is 5.6 units/gross acre.

Table 9 Projected Growth in Western Riverside County, through 2050

SCAG	Western Riverside MSHCP Plan Area	
	Households	Employment
2012	530,970	463,833
2040 Projection	775,882	869,792
2050 Projection (1)	863,350	1,014,777
New Households/Jobs Expected by 2050	332,380	550,944
Average Annual	8,747	14,499

(1) SCAG projections forecast growth through 2040. EPS assumes the annual growth rate from 2012 to 2040 remains constant through 2050 and applies the rate to an additional 10 years in order to project growth through 2050.

Sources: Southern California Association of Governments; Economic & Planning Systems, Inc.

Table 10 Projected Developed Acres in Western Riverside County, by Extension Scenario

SCAG	Western Riverside MSHCP Plan Area					
	Residential		Non Residential		Total	
No Extension						
Proportionate Share 2020-2028[1]	78,722	Households	130,487	Jobs		
New Development to Acres[2]						
Acres of New Development Through 2028	14,026	Acres	6,239	Acres	**20,265**	**Acres**
Acres per Year	1,558	Acres	693	Acres	**2,252**	**Acres**
5 Year Extension						
Proportionate Share 2020-2034[1]	122,456	Households	202,979	Jobs		
New Development to Acres[2]						
Acres of New Development Through 2034	21,818	Acres	9,705	Acres	**31,523**	**Acres**
Acres per Year	1,558	Acres	693	Acres	**2,252**	**Acres**
10 Year Extension						
Proportionate Share 2020-2038[1]	166,190	Households	275,472	Jobs		
New Development to Acres[2]						
Acres of New Development Through 2038	29,611	Acres	13,171	Acres	**42,782**	**Acres**
Acres per Year	1,558	Acres	693	Acres	**2,252**	**Acres**
15 Year Extension						
Proportionate Share 2020-2043[1]	209,924	Households	347,965	Jobs		
New Development to Acres[2]						
Acres of New Development Through 2043	37,403	Acres	16,637	Acres	**54,040**	**Acres**
Acres per Year	1,558	Acres	693	Acres	**2,252**	**Acres**

(1) SCAG forecasts from the 2016 Report have been used for all cities in Western Riverside County. The projections for the entire unincorporated area in Riverside have been split into just the Western part of the County through a review of WRCOG's recent proportion of unincorporated growth, compared to the whole County.

(2) Conversion from household projections to residential acres of developed land is based on expected development mix and average residential density by land use type, with an average residential density of 5.6 DUAC. Similarly, conversion from job projections to nonresidential acres of developed land is based on distribution of jobs by workspace type and average employment density by land use type, with an average nonresidential density of 21 jobs per land acre. Residential density assumptions are based on data from the Census and California Department of Finance; Employment density assumptions are based on SCAG data.

Sources: California Department of Finance; US Census Bureau; Southern California Association of Governments; Economic & Planning Systems, Inc.

5. MSHCP IMPLEMENTATION COSTS

This chapter describes the analysis and assumptions that underpin the estimation of the total remaining MSHCP implementation costs in 2019 dollars. Key cost factors evaluated include land costs, management and monitoring costs, administration and professional services costs, and endowment costs. Together these cost components form the total MSHCP implementation costs. Because the duration allowed for land acquisition and endowment establishment affect several of these cost items, distinct total implementation cost estimates are provided for all scenarios (i.e., Baseline/ No Extension and the three extension scenarios).

Land Costs

Planning-level estimates of the per acre values associated with potential Additional Reserve Land (ARL) acquisitions are a critical input into the estimation of total land acquisition costs associated with Plan implementation. Land acquisition costs represented the majority of the original estimates of MSHCP implementation costs. This chapter provides planning-level estimates of per acre land conservation costs in 2019-dollar terms based on available information. In combination with assumptions concerning the characteristics of the Additional Reserve Lands to be acquired and potential levels of dedication, the per acre land value estimates drive the estimate of overall land acquisition costs.

Actual per acre habitat conservation costs may vary from the average planning-level estimates presented in this chapter for a number of reasons, including differences in the specific characteristics of the actual parcels acquired as well as fluctuations in economic, real estate, and land market conditions over time. Individual transactions will require appraisals to establish their value at the time of acquisition based on parcel characteristics and pertinent market conditions at the time of appraisal. Over time, per acre and overall cost estimates typically change for a number of reasons as discussed further in **Chapter 9**.

MSHCP / Original Nexus Study

The initial adoption of the mitigation fees was based on a nexus study completed in July 2003 that included a land valuation analysis that was completed in December 2002. The land valuation analysis assumed the acquisition of vacant and unentitled lands in the Criteria Cells. The land value analysis provided planning-level estimates of per acre land values by grouped land use designation and by Area Plan. Planning-level land value estimates were based on sales comparables. The land value estimates indicated per acre land values that were primarily driven by differentiation in land use category. The land use designation categories represent groupings of the broad number of land use designations present in the Study Area. **Table 11** summarizes the per-acre land value ranges and resulting averages. Based on this analysis, an overall weighted average of $13,100 per acre was applied in the MSHCP financial sections in the Original Nexus Study.

Table 11 Per-Acre Land Value Estimates—2003 Dollars (2003 Nexus Study)

Land Use Designation	Value Range	Resulting Average *
Open Space	$2,500 to $10,000 per acre	$ 8,000 per acre
Rural/Agricultural	$5,000 to $25,000 per acre	$11,000 per acre
Community Development	$20,000 to $80,000 per acre	$45,000 per acre
Overall (1)	**$2,500 to $80,000 per acre**	**Varied (1)**

** Per acre values rounded to the nearest 1,000.*
(1) Reported overall average land value per acre depends on mix of land types. Number varies by documents, though $13,100 per acre was overall value applied in the MSHCP financing sections.

Source: Original 2003 Nexus Study

RCA Experience to Date

Table 12 summarizes average RCA land acquisition costs to date. Including land purchased shortly before the MSHCP was adopted through the end of 2018, costs for Local Permittee land acquisitions summed to $352.5 million in nominal dollar terms, an average of $9,400 per acre. However, for the year 2018, about 2,100 acres were acquired at the higher average per acre cost of $13,200 per acre.

Table 12 Local Conservation Costs Through 2018

Item	Pre-MSHCP through 2018	2018
Total Acres Acquired (1)	37,547	2,066
Total Cost (millions)	$352.5	$27.4
Cost per Acre (Nominal $s)	$9,400	$13,200

(1) Includes all acres purchased; does not include acres conserved via easement.

Sources: Western Riverside County Regional Conservation Authority MSHCP Annual Report 2018; Economic & Planning Systems, Inc.

To date, the overall historical level of per acre land acquisition expenditures is well below the original 2004 per acre land value estimates. The cost of RCA acquisitions during this timeframe were kept relatively low by concentrating more on lower cost parcels (larger parcels in remote areas with limited development potential). In 2018, as in the future, the average cost per acre is expected to be higher than this historical average due to the characteristics of land still needing to be acquired.

New Land Value Analysis and Conclusions

New 2019 per acre land value estimates were developed based on recent historical transactions as reported in the sales comparables sections of appraisals conducted for RCA acquisitions. This data set provided a substantial inventory of over 150 land sales between 2012 and 2017 that supported conclusions concerning per acre land values by key land value characteristic.

Similar to the Original Nexus Study, land values were determined to be substantially affected by land use designation and by parcel size. Land values were developed for twelve different value categories based on combinations of three land use designations and four different size ranges.

Based on the land valuation data and detailed GIS analysis by RCA staff, parcels were divided into three groups of development potential based on their land use designation:[24]

- **Open Space.** Low development potential land use designations included open space, rural mountainous, and rural residential.
- **Rural.** Medium development potential land use designations include agriculture and rural communities land use designations.
- **Community Development.** High development potential land use designations include all community development designations, including residential, non-residential, and other community development designations.

In addition to these three land use designation groupings reflecting different levels of development potential, parcels were also divided by parcel size. The land value information indicated a per acre value distinction between the following parcels sizes:

- Parcels less than 5 acres.
- Parcels between 5 and 20 acres.
- Parcels between 20 and 80 acers.
- Parcels over 80 acres.

Based on the analysis of the sales comparables, **Table 13** shows the planning level per acre land value by land use designation grouping/size range in 2017 dollars.

Table 13 Planning Level Per Acre Land Value Estimates by Category

	Per Acre Land Value ($ / Acre)[1]			
Land Use Designation	Less than 5 Acres	5 - 19.99 Acres	20 - 79.99 Acres	80 + Acres
Open Space	$11,761	$5,091	$3,949	$1,866
Rural	$33,363	$11,553	$8,337	$5,531
Community Development	$177,414	$76,050	$72,369	$24,335

1. Most land sale comparables used for pricing are from 2013 to 2017 and were converted to 2017 dollars using BLS CPI adjustments for the Los Angeles-Riverside-Orange County area.

Sources: Economic & Planning Systems, Inc.

[24] RCA staff developed a consistent set of land use designation categories across different jurisdictions in the Study Area for the purposes of this study. These formed the basis of the development potential categories.

The average land value per acre for future RCA acquisitions is dependent on the different land values per acre as well as the expected distribution of future acquisitions. The actual land to be acquired is uncertain and is dependent on the availability of land through willing sellers. However, based on the conservation needs by Area Plan, the suitable land available for protection, as well as the specific linkages that must be created between the core reserve areas, RCA staff provided sufficient information for EPS to develop a general expression of parcels by characteristic to support the land value analysis. An illustration of the expected distribution of acres by land use designation and size range is provided in **Table 14**.

Table 14 Illustrative Distribution of Land Acquisitions by Land Use and Size

Land Use Designation	Conservation Scenario (Acres) (1)				*Total*
	Less than 5 Acres	5 - 19.99 Acres	20 - 79.99 Acres	80 + Acres	
Open Space	535	1,531	3,626	4,654	10,346
Rural	1,901	17,241	26,802	29,428	75,371
Community Development	638	1,707	3,613	4,384	10,342
Total Purchases by Acreage	**3,074**	**20,479**	**34,041**	**38,466**	**96,059**

1. Conservation scenario analysis was conducted in 2017 so overall acres acquired more than those required as of end of 2019.

Sources: RCA; Economic & Planning Systems, Inc.

Applying the per acre land values in **Table 13** to the illustrative land conservation distribution in **Table 14** provides an estimate of the aggregate land value, supporting the estimate of the average planning level land value per acre in 2017-dollar terms (see **Table 15**).

Table 15 Aggregate Land Value of Remaining Areas (2017 dollars)

Land Use Designation	Land Comparables by Acres				*Total*
	Less than 5 Acres	5 - 19.99 Acres	20 - 79.99 Acres	80 + Acres	
Open Space	$6,292,633	$7,795,633	$14,319,467	$8,682,942	*$37,090,674*
Rural	$63,411,345	$199,183,566	$223,437,526	$162,777,034	*$648,809,470*
Community Development	$113,198,910	$129,817,405	$261,456,200	$106,682,740	$611,155,254
Total Cost of Purchases	**$182,902,887**	**$336,796,603**	**$499,213,192**	**$278,142,716**	***$1,297,055,399***
% of Total	**14%**	**26%**	**38%**	**21%**	***100%***

1. This table is the average land value per acre multiplied by the Conservation Scenario. See **Table E-1** and **E-2**.

Sources: RCA; Economic & Planning Systems, Inc.

As shown in **Table 15**, the aggregate land value of the approximately 96,000 acres remaining to be protected as part of the MSHCP as of 2017 is estimated at about $1.3 billion in 2017 dollars. This represents an average land value of about $13,500 per acre. To convert this land value into 2019 dollars terms (similar to the rest of the analysis), EPS indexed the value to about $14,300 per acre in 2019-dollar terms.[25]

Other Costs—Administration, Management, and Monitoring

Program administration, reserve management, and reserve monitoring are required functions that require annual funding. The forecasts for each of these cost categories are described below.

Administration and Professional Service Costs

The Western Riverside County Regional Conservation Authority is responsible for implementing the MSHCP. Since 2004, RCA staff members have directed the acquisition, management, and monitoring of the local portion of the Additional Reserve Land (ARL) required by the MSHCP, monitored State and federal Public/Quasi-Public lands and the State and federal portions of the ARL, and undertook all of the administrative tasks associated with maintaining the permit.

Costs categorized in this fee study under MSHCP administration include all RCA staff costs and other costs like building rents and average expenditures on non-acquisition related professional services that are not anticipated to vary as the size of the ARL increases. The forecast for the acquisition period assumes that these costs will remain at approximately $4.2 million in constant 2019 dollars, increasing with inflation but not increasing as the size of the ARL grows (see **Table 16**). This includes salaries and benefits of about $2.3 million annually and about $1.5 million in professional services, supplies, and other costs.

[25] Two years of inflation (2017 – 2019) based on by BLS CPI adjustment for Riverside-San Bernardino-Ontario Metro Area.

Table 16 Administrative and Professional Services Costs

Expenditures	RCA FY16/17- 18/19 3-Year Average of Actuals	CPI Adjusted to 2019$[1]
Total Salaries and Employee Benefits	**$2,219,261**	**$2,288,495**
Professional Services and Supplies		
Environmental		
Legal	$394,320	$406,621
Auditing, Accounting & Financial Services	$101,717	$104,891
GIS Services	$10,000	$10,312
Personnel Services	$13,920	$14,354
Real Estate Services	$653,774	$674,169
Other Services	$247,979	$255,715
Subtotal	**$1,421,710**	**$1,466,062**
Other Charges	$388,145	$400,254
Total	**$4,029,116**	**$4,154,811**

(1) Three year average CPI-adjusted by one year, the average of the annual CPI adjustments for the three years.

Sources: Western Riverside County Regional Conservation Authority; Bureau of Labor Statistics;

Management and Monitoring

Reserve Management

The MSHCP describes reserve management activities focused on maintaining and improving habitat conditions and ecosystem functions including habitat and landscape-based activities and species-specific activities. For the purposes of this analysis, the average per acre cost estimate for Reserve Management as reported in the RCA actual spending for FY 2018-19 has been used to inform cost projections through the full acquisition period. Because RCA staff and relevant contractors have indicated that the current spending on staff capacity is not adequate to accomplish necessary management with existing land holdings, additional staffing and associated expenditures have been added to the current reserve management expenditures. Specifically, three new full time equivalent (FTE) positions are added to the current 2019 spending for reserve management. Overall, the 2019 per acre reserve management cost of $25.39 per acre was adjusted to $32.70 per acre (2019 dollars) to account for three new mid-level park ranger FTEs. While as of the end of 2019 about 40,200 acres were under management, ultimately, reserve management activities will cover the entire 97,000 acres to be acquired by the RCA.

Biological Monitoring

The purpose of biological monitoring is to provide Reserve Managers with information and data upon which reserve management decisions will be made. According to the MSHCP, the monitoring program must provide "sufficient, scientifically reliable data for Reserve Managers to assess the MSHCP's effectiveness at meeting resource objectives and achieving or maintaining a healthy MSHCP Conservation Area in perpetuity." Unlike the RCA's reserve management activities which are limited to local ARL acres, the RCA will ultimately be responsible for monitoring all 500,000 acres of the reserve lands mandated under the MSHCP. The acreage currently being monitored totals roughly 408,000 acres. For the purposes of this analysis, the $1.1 million annual cost estimate based on FY 2018-19 actual spending was used to inform cost projections through the full acquisition period. Because current staff capacity is not adequate to accomplish necessary biological monitoring with existing land holdings, to address the additional land acquisitions, two new full time equivalent (FTE) positions are added to the current 2019 spending for reserve monitoring. The 2019 per acre reserve monitoring cost of $2.67 was adjusted to $3.01 (2019 dollars) to account for two new entry-level biologist FTEs. (see **Table 17**). This constant dollar per acre cost was assumed to apply throughout the period of implementation.

Reserve Management and Biological Monitoring Costs

Table 17 summarizes estimated per acre costs for reserve management and monitoring in 2019 dollars. Applying these per acre costs (in 2019 dollars) to current acreage under management and monitoring projects results in annual costs of $1.32 million and $1.23 million, respectively. The annual reserve management and biological monitoring costs increase as new acquisitions occur.

Table 17 Management and Monitoring Anticipated Costs in 2004 and 2019 Dollars

Item	Actual FY 2019 Spending
Reserve Management[1]	
Acres under Management	40,212
Existing Reserve Management Expenses	$1,021,000
Additional Staff Capacity Required[3]	$294,000
Total Reserve Management Expenses	$1,315,000
$/Acre	$32.70
$/Acre without additional staff capacity	$25.39
Biological Monitoring[2]	
Acres being Monitored	408,820
Existing Biological Monitoring Expenses	$1,092,000
Additional Staff Capacity Required[3]	$140,000
Total Biological Monitoring Expenses	$1,232,000
$/Acre	$3.01
$/Acre without additional staff capacity	$2.67

1. Reserve Management costs include Parks & Open Space contract fees, maintenance of motor vehicles, and HOA dues.
2. Biological Monitoring costs include SAWA contract fees, office and computer supplies, training, private mileage reimbursement, building rent, and rental vehicles/fuel.
3. Current staff capacity is not sufficient to accomplish necessary management and monitoring. An Expanded staff capacity scenario envisions adding 3 FTE mid-level park rangers to Reserve Management and 2 FTE entry-level biologists to Reserve Monitoring, with salaries and benfits of $98,000 and $70,000

Sources: Western Riverside County Regional Conservation Authority; and Economic & Planning Systems, Inc.

Endowment Funding

The overall permit period was set at 75 years, ending in 2079. To cover ongoing management and monitoring costs beyond the duration when mitigation fees will be collected, the establishment of a non-depleting endowment is required. In other words, the endowment must be sufficient such that expected average interest revenues (after inflation and transaction costs) can cover the ongoing costs associated with administration, management and monitoring in perpetuity. This section summarizes the estimated cost of establishing this endowment under the different scenarios. A key assumption is that the endowment must be fully established by the end of the land acquisition period as it is assumed that no more mitigation fees will be collected at that time.[26]

For the purposes of this analysis, we have assumed that habitat management and habitat monitoring costs continue in full, while administration costs are reduced by half following the end of the land acquisition period. All of these costs then continue in perpetuity. As a result and as shown in **Table 18**, the endowment is sized to cover the expected annual management and monitoring costs and 50 percent of the administration costs, totaling $6.8 million (2019 dollars) once all lands have been acquired.

Table 18 Annual Implementation Cost Estimate (2019$)

Cost Categories	Annual Cost by Last Year of Land Acquisition Period	Adjustment	Annual Post-Land Acquisition Cost
Ongoing Habitat Management	$3,172,063	100%	$3,172,063
Ongoing Habitat Monitoring	$1,506,776	100%	$1,506,776
Administration[1]	$4,154,811	50%	$2,077,406
Total	**$8,833,650**		**$6,756,244**

1. Adminsitration includes salaries and benefits, accounting, auditing and reporting, contracts, etc.. Assumes less administration is needed following the land acquisition period; ongoing adminsitrative needs include oversight, auditing and reporting, and board staffing.

Sources: Western Riverside County Regional Conservation Authority; and Economic & Planning Systems, Inc.

Consistent with many regional habitat conservations plans, the average annual net, real (allowing for inflation and institutional fees) interest rate is assumed to be three (3) percent.[27] Under all extension scenarios, the total required endowment funding is $225.2 million. Because the longer extension periods provide more time for the accrual of interest revenues, the net endowment cost (that must be funded by mitigation fees) is different for each scenario. **Table 19** shows the consistent total endowment funding required by scenario as well as the different levels of aggregate endowment interest and associated net endowment funding requirement. For a detailed time-series accounting of endowment funding by extension scenario, see **Appendix II**.

[26] It is important to note that the RCA has collected a distinct set of endowment funds for situations where specific conservation activities are required over-and-above the core activities covered by this endowment calculation.

[27] This assumes that the implementing entity can use investment vehicles that may be not be typical for Riverside County.

Table 19 Endowment Funding (2019$), by Extension Scenario

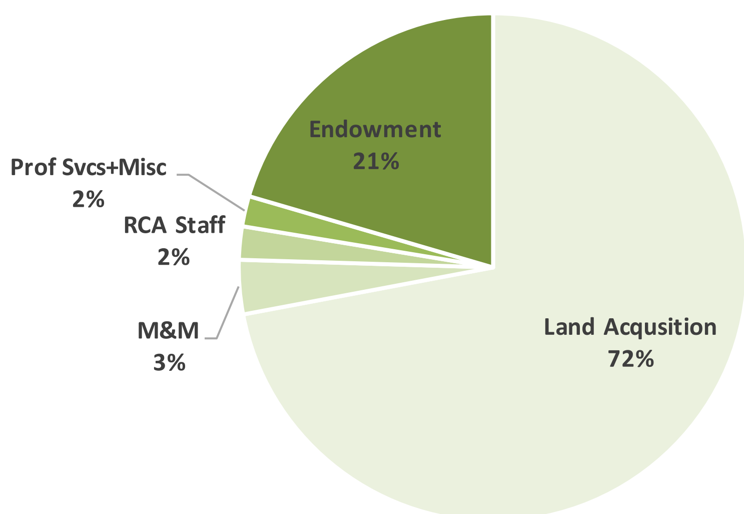
Item	No Extension	5-Year Extension	10-Year Extension	15-Year Extension
Total Endowment Funding Required	$225,208,133	$225,208,133	$225,208,133	$225,208,133
(Less) Endowment Interest	($25,695,187)	($40,679,628)	($54,846,349)	($68,206,990)
Net Endowment Funding Required	$199,512,947	$184,528,506	$170,361,785	$157,001,144

Sources: Western Riverside County Regional Conservation Authority; and Economic & Planning Systems, Inc.

Total Implementation Costs

Implementation costs include land costs, administrative and professional services expenses, management and monitoring costs, and the required net endowment funding. The remaining MSHCP implementation costs, as described in detail in the preceding sections, are all estimated in 2019 constant dollar terms. Under the Baseline/ No Extension scenario, as shown in **Figure 9**, the $702 million in estimated land acquisition costs make up 72 percent of the total implementation cost of $974 million. Administrative costs total about 4 percent of total costs, management and monitoring sum to 3 percent of total implementation costs, and the endowment constitutes 21 percent of total costs.

Figure 9 Comparison of Costs by Category



Total implementation costs vary by extension scenario. Land acquisition costs are the same for all scenarios. Administrative, management and monitoring costs increase the longer the acquisition period is extended, but the endowment funding required decreases the longer the acquisition period is extended. As shown in **Table 20**, total implementation costs range from $890 million to $967 million depending on the extension period. Although total costs over time increase with longer extension periods the per-year implementation costs decrease with longer extension periods, as shown in **Table 21**. For a detailed time-series of all implementation costs excepting the endowment, see **Appendix I**.

Table 20 Total Implementation Costs (2019$*), by Extension Scenario

Local Permittee MSHCP Implementation Costs	Total for 2020 - 2028 No Extension	Total for 2020 - 2033 5-Yr Extension	Total for 2020 - 2038 10-Yr Extension	Total for 2020 - 2043 15-Yr Extension
Land [1]	$701,931,902	$701,931,902	$701,931,902	$701,931,902
Management & Monitoring	$33,582,193	$51,646,790	$69,711,387	$87,775,983
RCA Staff [2]	$20,596,453	$32,038,927	$43,481,401	$54,923,875
Professional Services and Supplies [2]	$13,194,561	$20,524,873	$27,855,185	$35,185,497
Loan Repayment [3]	$2,000,000	$2,000,000	$2,000,000	$2,000,000
Other Costs [2 4]	$3,602,285	$5,603,554	$7,604,824	$9,606,093
Net Endowment Funding Required	$199,512,947	$184,528,506	$170,361,785	$157,001,144
Total Costs	**$974,420,341**	**$998,274,552**	**$1,022,946,483**	**$1,048,424,494**

1. Land value estimates at $14,288 per acre in 2019 dollar terms.
2. RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
3. RCA has “Other Long Term Obligations” totaling $5 million, which was a loan received from the County in FY 2012/13 and is now payable in increments of $1 million starting in FY 2018.
4. Includes rents and all other miscellaneous expenses.
NOTE: In some cases numbers may not perfectly sum due to rounding.

Sources: Western Riverside County RCA; Economic & Planning Systems, Inc.

* All costs are provided in constant 2019 dollar terms. Costs will change over time due to inflation and other factors. These changes will be addressed through the fee indexing/ updating process that will include automatic inflation-indexed fee changes annually based on the regional Consumer Price Index and periodic comprehensive updates to the Nexus Study.

Table 21 Average Annual Implementation Costs (2019$), by Extension Scenario

Local Permittee MSHCP Implementation Costs	Average Annual			
	2020 - 2028 No Extension	2020 - 2033 5-Yr Extension	2020 - 2038 10-Yr Extension	2020 - 2043 15-Yr Extension
Land [1]	$77,992,434	$50,137,993	$36,943,784	$29,247,163
Management & Monitoring	$3,731,355	$3,689,056	$3,669,020	$3,657,333
RCA Staff [2]	$2,288,495	$2,288,495	$2,288,495	$2,288,495
Professional Services and Supplies [2]	$1,466,062	$1,466,062	$1,466,062	$1,466,062
Loan Repayment [3]	$222,222	$142,857	$105,263	$83,333
Other Costs [2 4]	$400,254	$400,254	$400,254	$400,254
Net Endowment Funding Required	$22,168,105	$13,180,608	$8,966,410	$6,541,714
Total Costs	**$108,268,927**	**$71,305,325**	**$53,839,289**	**$43,684,354**

1. Land value estimates at $14,288 per acre in 2019 dollar terms.
2. RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
3. RCA has “Other Long Term Obligations” totaling $5 million, which was a loan received from the County in FY 2012/13 and is now payable in increments of $1 million starting in FY 2018.
4. Includes rents and all other miscellaneous expenses.

NOTE: In some cases numbers may not perfectly sum due to rounding.

Sources: Western Riverside County RCA; Economic & Planning Systems, Inc.

6. RCA NON-FEE REVENUES

MSHCP Forecast of Non-Fee Revenues

The MSHCP forecast an array of revenue sources, in addition to fee revenue, supporting the conservation program. These sources were anticipated to total about 44 percent of the revenue for the program, including:

- **Transportation funding** – includes the Measure A sales tax which is authorized through 2039 and other transportation funding sources such as the Transportation Uniform Mitigation Fees (TUMF) charged on new development. Note that the MSHCP envisioned up to $121 million of Measure A money to the HCP.
- **Other infrastructure projects** – funding from this source was not quantified in the MSHCP but reflected the expectation that local public construction projects such as schools, administrative facilities, libraries, jails, and other projects like flood control and utility projects would mitigate the construction through the payment of a per-acre fee.[28] Since MSHCP adoption, the standard contribution has been three to five percent of total project costs.
- **Landfill contributions** – Landfill tipping fees have been used in the County since the 1990 for conservation programs. Under county permitting of landfills, the County has committed to divert portions of tipping fees to MSHCP implementation.

Table 22 and **Figure 10** summarizes the revenue forecasts under the MSHCP. Including the fee revenues, these sources totaled $1.07 billion or an estimated average almost $43 million per year for 25-years (in 2004 dollars). Excluding fee revenues, a total of $18.84 million in annual revenues were forecast, including Measure A funding, $10 million each year from other transportation projects, and $4.0 million from land fill contributions.

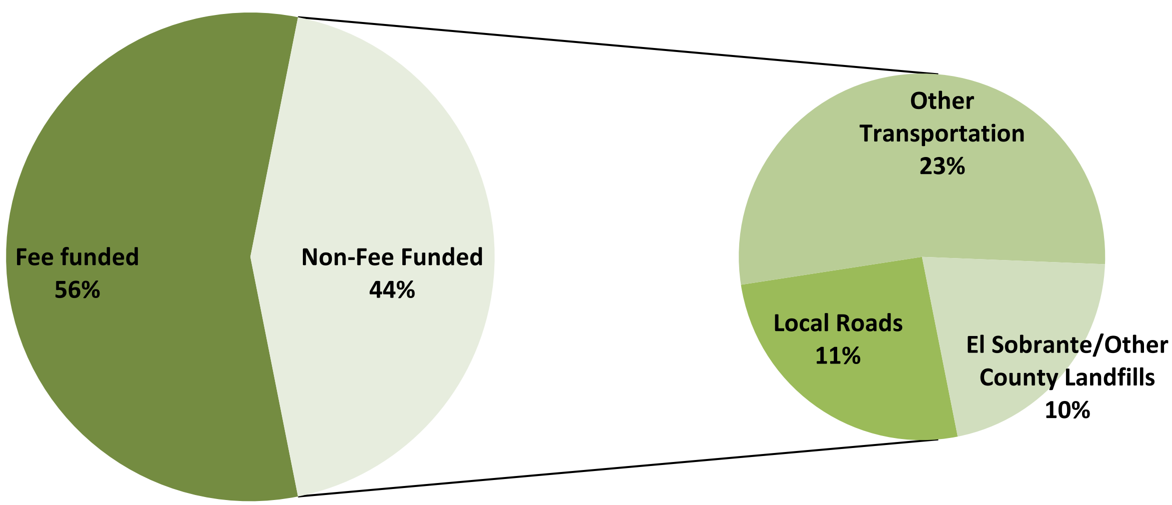
As described further below, at this point, the average annual funding from non-fee revenues sources are well below the MSCHP forecast. Measure A, a voter-approved ½ cent sales tax measure did provide substantial funding as envisioned (though is now fully used/ allocated) and, collectively, the other non-fee funding sources are well beyond what was originally envisioned.

[28] See Chapter 8.5.1 Funding Sources in the MSHCP.

Table 22 2004 MSHCP Anticipated Funding Sources

MSHCP Anticipated Funding Source	Estimate (millions)	% of Total	Avg/Yr (millions over 25 years)
Fee Funded Sources:			
Cities and County Development Mitigation Fees	$539.6	50%	$21,584,000
Density Bonus Fees	$66.0	6%	$2,640,000
Non-Fee Funded Sources	$605.6		$24,224,000.0
Public Funding Sources			
Local Roads (Measure A)	$121.0	11%	$4,840,000
Other Transportation	$250.0	23%	$10,000,000
Other infrastructure Projects	unknown	0%	$0
El Sobrante Landfill	$90.0	8%	$3,600,000
County Landfills	$10.0	1%	$400,000
Eagle Mountain Landfill	unknown	0%	$0
New Regional funding	unknown	0%	$0
Non-Fee Funded Sources	$471.0		$18,840,000
Total, Local Funds	$1,076.6	100%	$43,064,000

Figure 10 2004 MSHCP Anticipated Funding Sources



New Forecast of Non-Fee Revenues

Non-fee revenues to the RCA are projected to be $6.85 million annually in 2019 dollars. This estimate was derived from a line by line review of the major revenue items for a 3-year period from FY 2016-17 to FY 2018-19, projections by collection entities (e.g., TUMF revenue), and recent dynamics likely to affect the revenue source (e.g., greater diversion of trash to recycling will likely reduce tipping fees). The estimates have been inflated from a three-year average to 2019 dollars, as detailed in **Table 23**.

Table 23 Annual Non-Fee Revenue Projection (2019$s)

Non-Fee Revenue Item	RCA FY16/17- 18/19 3-Year Average of Actuals	CPI Adjusted to 2019$
Transportation Mitigation[1]		
TUMF Revenue-Developer Fees	$950,000	$979,637
Subtotal	**$950,000**	**$979,637**
Tipping Fee	**$3,865,728**	**$3,986,326**
Public Project Mitigation		
PSE Mitigation Fee[2]	NA	$500,000
Other Gov MSHCP Infrastructure	$284,570	$293,448
Other Gov MSHCP Civic Projects	$93,629	$96,550
Flood Control District	$293,084	$302,227
Subtotal	**$671,283**	**$1,192,225**
Other Revenue		
Interest and Other Sources	$467,073	$481,644
Rents	$80,531	$83,043
Joint Project Review Fees	$124,762	$128,654
Subtotal	**$672,365**	**$693,341**
Total Revenue	**NA**	**$6,851,529**

1. All Measure A funding was provided prior to 2020 and the associated obligations have been met.
2. Participating Special Entities fees. This does not include Developer Mitigation Fees. These fees vary widely year over year, $500,000 is used as an annual average per the recommendation of RCA staff.

Sources: Western Riverside County Regional Conservation Authority; Economic & Planning Systems, Inc.

7. *MITIGATION FEE CALCULATION*

The revised Local Development Mitigation Fee is based on a generally similar methodology to the Original Nexus Study that ensures the fee level is proportional to the development impact. This methodology looks at the remaining conservation requirements associated with Local Permittee obligations under the MSHCP and associated Incidental Take Permit and Implementing Agreement, determines the remaining Local Permittee implementation cost, subtracts out reasonable estimates of non-fee revenues and other contributions, to determine the overall fee-funding obligation. This obligation is then divided among the new development forecast to determine the required mitigation fee. In others words, the original 2003 and updated 2020 Local Development Mitigation Fee estimates are the outcome of the following formula (the 2003 and 2020 Nexus Studies differ in their process of allocating funding required between land uses):

1. **Implementation Costs**
   minus
2. **Non-Fee Funding**
   equals
3. **Outstanding Funding Required**
   divided by
4. **Development Forecast**
   equals
5. **Local Development Mitigation Fee Schedule**

Table 24 summarizes the estimated Net Implementation Costs, Expected Acres of Development, and the associated per gross acre mitigation fee. As shown, the average mitigation fee per gross acre decreases with each extension as similar levels of net implementation costs are spread across more development. **Tables 25** through **28** provide the detailed calculations that determine the total net MSHCP implementation costs shown in **Table 24**. As noted in **Chapter 1**, for residential development, the per-gross-acre fee is translated into a per-unit fee schedule for administrative continuity.

Table 24 MSHCP Implementation Costs and Per Acre Mitigation Fees

Fee Per Acre	No Extension	5-Year Extension	10-Year Extension	15-Year Extension
Net Cost	**$912,756,583**	**$902,353,150**	**$892,767,438**	**$883,987,805**
Acres of Development				
Residential	14,026	21,818	29,611	37,403
Nonresidential	6,239	9,705	13,171	16,637
Total	**20,265**	**31,523**	**42,782**	**54,040**
Mitigation Fee per Acre	**$45,041**	**$28,625**	**$20,868**	**$16,358**

Sources: Southern California Association of Governments; Western Riverside County RCA; Economic & Planning Systems, Inc.

Table 25 Recommended Fee Level—No Extension

Item	Total for 2020 - 2029 (Years 17 - 25)	9 yrs	Average Annual		% of Total Cost/ Funding Need
Local Permittee Land Requirements					
Preservation Requirement	56,788	acres	6,310	acres	na
(less) HANS Dedication	10,000	acres	1,111	acres	na
Local Permittee Acquisition	46,788	acres	5,199	acres	na
Local Permittee MSHCP Implementation Costs					
Land (1)	$701,931,902		$77,992,434		72.0%
Management & Monitoring	$33,582,193		$3,731,355		3.4%
RCA Staff (2)	$20,596,453		$2,288,495		2.1%
Professional Services and Supplies (2)	$13,194,561		$1,466,062		1.4%
Loan Repayment (3)	$2,000,000		$222,222		0.2%
Other Costs (2) (4)	$3,602,285		$400,254		0.4%
Net Endowment Funding Required	$199,512,947		$22,168,105		20.5%
Total Costs	**$974,420,341**		**$108,268,927**		**100.0%**
Offsetting Revenues (5) (exc. Private Development Mitigation)					
Public Project Mitigation (6)	$10,730,025		$1,192,225		1.4%
Transportation Mitigation (7)	$8,816,731		$979,637		1.1%
Tipping Fees	$35,876,934		$3,986,326		4.6%
Other Revenues (8)	$6,240,068		$693,341		0.8%
Total Selected Revenues	**$61,663,758**		**$6,851,529**		**8.0%**
Funding Required from Private Development Mitigation					
Net Cost	$912,756,583		$101,417,398		93.7%
Mitigation Fee Estimates (per gross acre of development)					
Growth Projection:					
Development	**2020 - 2028**		**Annual**		
Residential Units	79,000		8,778		
Residential Acres	14,026		1,558		
Non-Residential Acres	6,239		693		
Total Acres	20,265		2,252		
Mitigation Fee	**$45,041**	**per acre**			

(1) Land value estimates at $14,288 per acre in 2019 dollar terms plus a 5% transaction cost.
(2) RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
(3) RCA has "Other Long Term Obligations" totaling $2 million, which was a loan received from the County in FY 2012/13 and is now payable in increments of $1 million over the course of two years.
(4) Includes rents and all other miscellaneous expenses.
(5) RCA Revenues are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
(6) Includes Flood Control District, PSE mitigation payments, and other government MSHCP infrastructure & civic project revenues.
(7) Includes TUMF fees.
(8) Includes interest and other sources, rents, and joint project review fees.

Sources: MSHCP; RCA; Economic & Planning Systems, Inc.

Table 26 Recommended Fee Level—5-Year Extension

Item	Total for 2020 - 2034 (Years 17 - 30)	14 yrs	Average Annual		% of Total Cost/ Funding Need
Local Permittee Land Requirements					
Preservation Requirement	56,788	acres	4,056	acres	na
(less) HANS Dedication	10,000	acres	714	acres	na
Local Permittee Acquisition	46,788	acres	3,342	acres	na
Local Permittee MSHCP Implementation Costs					
Land (1)	$701,931,902		$50,137,993		70.3%
Management & Monitoring	$51,646,790		$3,689,056		5.2%
RCA Staff (2)	$32,038,927		$2,288,495		3.2%
Professional Services and Supplies (2)	$20,524,873		$1,466,062		2.1%
Loan Repayment (3)	$2,000,000		$142,857		0.2%
Other Costs (2) (4)	$5,603,554		$400,254		0.6%
Net Endowment Funding Required	$184,528,506		$13,180,608		18.5%
Total Costs	**$998,274,552**		**$71,305,325**		**100.0%**
Offsetting Revenues (5) (exc. Private Development Mitigation)					
Public Project Mitigation (6)	$16,691,150		$1,192,225		2.1%
Transportation Mitigation (7)	$13,714,915		$979,637		1.7%
Tipping Fees	$55,808,564		$3,986,326		6.9%
Other Revenues (8)	$9,706,772		$693,341		1.2%
Total Selected Revenues	**$95,921,402**		**$6,851,529**		**11.8%**
Funding Required from Private Development Mitigation					
Net Cost	$902,353,150		$64,453,796		90.4%
Mitigation Fee Estimates (per gross acre of development)					
Growth Projection:					
Development	**2020 - 2033**		**Annual**		
Residential Units (4.2 DU/Acres)	122,456		8,747		
Residential Acres	21,818		1,558		
Non-Residential Acres	9,705		693		
Total Acres	31,523		2,252		
Mitigation Fee	**$28,625**	**per acre**			

(1) Land value estimates at $14,288 per acre in 2019 dollar terms plus a 5% transaction cost.
(2) RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
(3) RCA has "Other Long Term Obligations" totaling $2 million, which was a loan received from the County in FY 2012/13 and is now payable in increments of $1 million over the course of two years.
(4) Includes rents and all other miscellaneous expenses.
(5) RCA Revenues are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
(6) Includes Flood Control District, PSE mitigation payments, and other government MSHCP infrastructure & civic project revenues.
(7) Includes TUMF fees.
(8) Includes interest and other sources, rents, and joint project review fees.

Sources: MSHCP; RCA; Economic & Planning Systems, Inc.

Table 27 Recommended Fee Level—10-Year Extension

Item	Total for 2020 - 2039 (Years 17 - 35)	19 yrs	Average Annual	% of Total Cost/ Funding Need
Local Permittee Land Requirements				
Preservation Requirement	56,788 acres		2,989 acres	na
(less) HANS Dedication	10,000 acres		526 acres	na
Local Permittee Acquisition	46,788 acres		2,463 acres	na
Local Permittee MSHCP Implementation Costs				
Land (1)	$701,931,902		$36,943,784	68.6%
Management & Monitoring	$69,711,387		$3,669,020	6.8%
RCA Staff (2)	$43,481,401		$2,288,495	4.3%
Professional Services and Supplies (2)	$27,855,185		$1,466,062	2.7%
Loan Repayment (3)	$2,000,000		$105,263	0.2%
Other Costs (2) (4)	$7,604,824		$400,254	0.7%
Net Endowment Funding Required	$170,361,785		$8,966,410	16.7%
Total Costs	**$1,022,946,483**		**$53,839,289**	**100.0%**
Offsetting Revenues (5) (exc. Private Development Mitigation)				
Public Project Mitigation (6)	$22,652,275		$1,192,225	2.7%
Transportation Mitigation (7)	$18,613,099		$979,637	2.2%
Tipping Fees	$75,740,195		$3,986,326	8.9%
Other Revenues (8)	$13,173,476		$693,341	1.5%
Total Selected Revenues	**$130,179,045**		**$6,851,529**	**15.3%**
Funding Required from Private Development Mitigation				
Net Cost	$892,767,438		$46,987,760	87.3%

Mitigation Fee Estimates (per gross acre of development)

Growth Projection:

Development	**2020 - 2038**	**Annual**
Residential Units (4.2 DU/Acres)	166,000	8,737
Residential Acres	29,611	1,558
Non-Residential Acres	13,171	693
Total Acres	42,782	2,252
Mitigation Fee	**$20,868 per acre**	

(1) Land value estimates at $14,288 per acre in 2019 dollar terms plus a 5% transaction cost.
(2) RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
(3) RCA has "Other Long Term Obligations" totaling $2 million, which was a loan received from the County in FY 2012/13 and is now payable in increments of $1 million over the course of two years.
(4) Includes rents and all other miscellaneous expenses.
(5) RCA Revenues are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
(6) Includes Flood Control District, PSE mitigation payments, and other government MSHCP infrastructure & civic project revenues.
(7) Includes TUMF fees.
(8) Includes interest and other sources, rents, and joint project review fees.

Sources: MSHCP; RCA; Economic & Planning Systems, Inc.

Table 28 Recommended Fee Level—15-Year Extension

Item	Total for 2020 - 2044 (Years 17 - 40)	24 yrs	Average Annual		% of Total Cost/ Funding Need
Local Permittee Land Requirements					
Preservation Requirement	56,788	acres	2,366	acres	na
(less) HANS Dedication	10,000	acres	417	acres	na
Local Permittee Acquisition	46,788	acres	1,950	acres	na
Local Permittee MSHCP Implementation Costs					
Land (1)	$701,931,902		$29,247,163		67.0%
Management & Monitoring	$87,775,983		$3,657,333		8.4%
RCA Staff (2)	$54,923,875		$2,288,495		5.2%
Professional Services and Supplies (2)	$35,185,497		$1,466,062		3.4%
Loan Repayment (3)	$2,000,000		$83,333		0.2%
Other Costs (2) (4)	$9,606,093		$400,254		0.9%
Net Endowment Funding Required	$157,001,144		$6,541,714		15.0%
Total Costs	**$1,048,424,494**		**$43,684,354**		**100.0%**
Offsetting Revenues (5) (exc. Private Development Mitigation)					
Public Project Mitigation (6)	$28,613,400		$1,192,225		3.2%
Transportation Mitigation (7)	$23,511,283		$979,637		2.6%
Tipping Fees	$95,671,825		$3,986,326		10.7%
Other Revenues (8)	$16,640,181		$693,341		1.9%
Total Selected Revenues	**$164,436,689**		**$6,851,529**		**18.4%**
Funding Required from Private Development Mitigation					
Net Cost	$883,987,805		$36,832,825		84.3%
Mitigation Fee Estimates (per gross acre of development)					
Growth Projection:					
Development	**2020 - 2043**		**Annual**		
Residential Units	210,000		8,750		
Residential Acres	37,403		1,558		
Non-Residential Acres	16,637		693		
Total Acres	54,040		2,252		
Mitigation Fee	**$16,358**	**per acre**			

(1) Land value estimates at $14,288 per acre in 2019 dollar terms plus a 5% transaction cost.
(2) RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
(3) RCA has “Other Long Term Obligations” totaling $2 million, which was a loan received from the County in FY 2012/13 and is now payable in increments of $1 million over the course of two years.
(4) Includes rents and all other miscellaneous expenses.
(5) RCA Revenues are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
(6) Includes Flood Control District, PSE mitigation payments, and other government MSHCP infrastructure & civic project revenues.
(7) Includes TUMF fees.
(8) Includes interest and other sources, rents, and joint project review fees.

Sources: MSHCP; RCA; Economic & Planning Systems, Inc.

8. MITIGATION FEE ACT (NEXUS) FINDINGS

Mitigation fees are utilized in California to finance public facilities necessary to mitigate impacts stemming from new development. In 1987, the California Legislature adopted the Mitigation Fee Act to provide a framework for the application and administration of such fees. Current prevailing practice among the majority of approved and permitted regional multiple-species Habitat Conservation Plans is that any habitat mitigation fees are to be adopted by the relevant jurisdictions (cities and Counties) consistent with the Mitigation Fee Act.[29] As discussed further in **Chapter 9**, the adoption of fees under the Mitigation Fee Act includes a number of auditing and reporting requirements.

The Mitigation Fee Act, defined in California Government Code Sections 66000 to 66025, requires all public agencies to document five findings when establishing or increasing a fee as a condition for new development. These findings were made when the Western Riverside County MSHCP Local Development Mitigation Fees were first justified and established.[30]

This Chapter of the Western Riverside Habitat Conservation Plan Nexus Fee Study was prepared to describe how the proposed increase in the Local Development Mitigation Fee satisfies the five statutory findings required by the Mitigation Fee Act and is based on the appropriate nexus between new development and the imposition of a mitigation fee. The five statutory findings required for the establishment of a mitigation fee are summarized in the sections below and supported by the technical analysis in the prior chapters of this Study.

Purpose of Fee

Identify the purpose of the fee. (66001(a)(1))

The purpose of the Local Development Mitigation Fee is to contribute to the funding required to implement the MSCHP and, as a result, help maintain the incidental take permits for new private and public development in Western Riverside County under the federal and State Endangered Species Acts. Maintaining the incidental take permit is necessary to allow for future development, and without the development community paying for the cost of the MSHCP, individual applicants will need to apply independently for development approval under federal and State law if the project impacts a threaten or endangered species. The federal Endangered Species Act specifically requires that the applicant for incidental take permit "ensure that adequate funding for the plan will be provided."[31] In addition, the Local Development Mitigation Fee helps provide the regional benefit of streamlined economic development in Western Riverside County as well as

[29] In addition to the current Western Riverside County habitat mitigation fee, see also the Coachella Valley habitat mitigation fee, the San Joaquin County Multi-Species Habitat Conservation and Open Space Fee, and the East Contra Costa County HCP/NCCP mitigation fee.

[30] See the Final Mitigation Nexus Report for the Western Riverside County Multiple Species Habitat Conservation Plan, published July 1, 2003.

[31] See Section 1539(a)(2)Biii of the federal Endangered Species Act.

the provision of contiguous open spaces that will serve as a community amenity to residents, workers, and visitors.

Use of Fee Revenues

Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specific in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged. (66001(a)(2)).

The MSHCP is the public document that outlines the actions required as a whole and the particular set of actions required by the Local Permittees (and the Regional Conservation Agency as their agent) to obtain incidental take permits—associated with State and federal Endangered Species Act requirements—for new public and private development in Western Riverside County. Failure to meet the requirements of the MSHCP will result in an inability to obtain or maintain incidental take permits through the MSHCP, which would require future development to secure individual take authorization if the project impacts a threaten or endangered species.

Revenues from the Local Development Mitigation Fee will be used, in conjunction with other local and regional funding sources, to fund the conservation actions identified as the responsibility of Local Permittees in the MSHCP. The revenue from the Local Development Mitigation Fee will be used to help fund the appropriate habitat acquisition (land acquisition and associated transaction costs), maintenance and monitoring of habitat land (preserve management, monitoring, and adaptive management), and program management, administration, and oversight activities and costs.[32] **Chapter 3** of this report describes the Local Permittee conservation requirements, progress to date, and the remaining actions required under the MSHCP.

Relationship

Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. (66001(a)(3)).

The implementation of the MSHCP, and the mitigation fee as a fundamental part of it, will benefit all new development by mitigating their collective impacts on covered species and associated habitat. All new public and private development in the Plan area will affect habitat and species either directly, indirectly, or as a cumulative effect. New infrastructure development, for example, in addition to its direct effects, will support new development on other parcels and other locations in the Plan Area. Similarly, new private development will require new infrastructure and also result in additional demand for new developments through linkages—for

[32] Consistent with the interpretation applied to the majority of permitted and approved regional, multiple-species Habitat Conservation Plans in California and guidance from RCA Counsel, the Local Development Mitigation Fee is assumed to fund its proportionate share (as determined by the technical analysis and constrained by the statutory requirements) of applicable MSHCP implementation costs including, but also limited to, habitat acquisition costs (and associated transaction costs), the costs of managing and monitoring the habitat preserves in perpetuity, and the administrative and other costs of managing the overall program.

example, the need for new housing to accommodate new workers at commercial developments or the need for new retail developments to serve new residents at residential developments. In other words, all new development in Western Riverside County will benefit from the incidental take permits obtained through the MSHCP and via the use of the mitigation fee revenues.

In addition, the incidental take permits are necessary to permit any future development within the Plan Area, and in order to obtain or maintain such incidental take permits, the MSHCP must be fully funded. Because funding the MSHCP is required in order to allow for future development under the MSHCP, there is a direct relationship between the proposed use of the mitigation fee and development within the Plan Area.

Need

Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed. (66001(a)(4)).

Without new development, no MSHCP would be necessary and no further habitat conservation would be required under the federal and State Endangered Species Acts. To allow for any future development under the Plan, the MSHCP must be fully funded. New development in the Plan Area, as noted above, will directly, indirectly, or cumulatively affect species and habitat in Western Riverside County. Because of this, development of the MSHCP was undertaken to provide a regional, streamlined approach to benefit future development of all types in Western Riverside County, including the development and improvements envisioned under the numerous General Plans and the Regional Transportation Improvement Program. The requirements of the MSHCP (habitat acquisition, management and monitoring, program administration) are a direct result of the regional approach to mitigation that is engendered by all new development in the Plan Area under the pertinent environmental regulations. Meeting the requirements of the MSHCP is necessary to obtain the necessary federal authorization to develop within the Plan Area.

Proportionality

Determine 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. (66001(b)).

The MSHCP includes detailed conservation requirements based on the scientific evaluations that form the basis of the MSHCP. Based on these evaluations, conservation responsibilities were allocated between the Local Permittees and other agencies, such as the State and federal governments. The Local Development Mitigation Fee appropriately provides funding towards the fulfillment of the Local Permittee conservation requirements. Furthermore, the Local Permittee obligations are not fully funded through the Local Development Mitigation Fee revenues. Other local and regional funding sources, such as the Measure A sales tax and tipping fees, provide additional mitigation and/or offsetting revenues that reduce the overall cost allocation to the Local Development Mitigation Fee Program. In addition, consistent with the relationship between new development in Western Riverside County and the need for the public facilities (conservation program) described above, proportional attribution between new development is ensured through the determination of a consistent per gross acre Local Development Mitigation Fee.[33] As a result, the Local Development Mitigation Fee level calculations are carefully determined to fund only the proportionate (or less than) conservation costs attributable to the new development on which the fee is imposed and to allocate the fee levels proportionally across all new development. It is this process of careful calculation based on the requirements of the MSHCP that is the subject of a substantial portion of this Nexus Study (see **Chapters 2** through **7**).

[33] Determining habitat mitigation fees on a gross acre basis is the clearest way of ensuring proportionate cost allocations among new developments and is a common practice among adopted Habitat Conservation Plans. For purposes of implementation/administrative consistency, for residential uses, the per-gross-acre fee is translated into per unit fees for different density categories.

9. FEE IMPLEMENTATION

The revised Local Development Mitigation Fee must be implemented consistent with the MSHCP (and associated Incidental Take Permit and Implementing Agreement) as well as the California Mitigation Fee Act. A detailed set of guidance is included in the Fee Implementation Handbook to support clarity and specificity in the implementation of the updated fee program by Local Permittees. The sections below summarize some of the key implementation and administration actions to be consistent with the requirements.

Adoption of Revised LDMF

- Consistent with the MSHCP and associated documents, each Local Permittee (i.e., all participating jurisdictions) must adopt an updated LDMF ordinance and a fee resolution establishing the revised fee level as prescribed by the Mitigation Fee Act.
- Consistent with the Mitigation Fee Act, the revised ordinance and associated fee resolution will become effective after a public hearing and 60 days.
- RCA Legal Counsel will prepare a Fee Update Ordinance and Resolution to facilitate the consistent adoption of the updated LDMF by Local Permittees.

Securing Supplemental Funding

The revised Local Development Mitigation Fee is set at the level that would cover the Local Permittee cost obligations once expected non-fee revenues are subtracted out. To the extent any discounts/exemptions are provided to new Western Riverside County development below the updated fee level, additional funding will be required to backfill the fee revenue losses. To the extent, these revenues do not make up for any fee discounts provided, other sources of funding will need to be sought by the RCA and the Local Permittees to fulfill their Plan obligations. At the same time, if new substantial funding sources become available to the RCA for Local Permittee obligations, the funding required through fees may decrease, in turn reducing the required fee levels through a new update.

Annual Review

The Mitigation Fee Act (at Gov. C. §§ 66001(c), 66006(b)(1)) stipulates that each local agency that requires payment of a fee make specific information available to the public annually within 180 days of the last day of the fiscal year. In this case, the RCA can play this role on behalf of the Local Permittees. This information includes the following:

- A description of the type of fee in the account.
- The amount of the fee (the mitigation fee schedule).
- The beginning and ending balance of the fund.
- The amount of fees collected and interest earned.
- Identification of the improvements constructed.
- The total cost of the improvements constructed.
- The fees expended to construct the improvement.
- The percentage of total costs funded by the fee.

If sufficient fees have been collected to fund specific improvement cost, the agency must specify the approximate date for the cost of that improvement. Because of the dynamic nature of growth and MSHCP implementation costs and consistent with current practice, the RCA should continue to monitor progress towards MSHCP goals. The overall adequacy of the fee revenues and other available funding in meeting these goals should be reviewed annually.

Surplus Funds

The Mitigation Fee Act also requires that if any portion of a fee remains unexpended or uncommitted in an account for 5 years or more after deposit of the fee, the RCA, acting for the Local Permittees, shall make findings once each year (1) to identify the purpose to which the fee is to be put, (2) to demonstrate a reasonable relationship between the fee and the purpose for which it was charged, (3) to identify all sources and amounts of funding anticipated to complete financing of incomplete improvements, and (4) to designate the approximate dates on which the funding identified in (3) is expected to be deposited into the appropriate fund (§66001(d)).

If adequate funding has been collected for specific investments, an approximate date must be specified as to when the cost of the investment will be incurred. If the findings show no need for the unspent funds, or if the conditions discussed above are not met, and the administrative costs of the refund do not exceed the refund itself, the local agency that has collected the funds must refund them (Gov. C §66001(e)(f)).

Annual and Periodic Updates

Consistent with the current practice, the Fee Ordinance should allow an automatic annual adjustment to the fees based on the Riverside-San Bernardino-Ontario, CA Consumer Price Index (CPI) or a similar inflation factor. In addition, a more comprehensive update should be conducted required periodically. The Nexus Study and the technical information it contains should be reviewed periodically by the RCA (every five years is recommended) to identify any necessary refinements to the Local Development Mitigation Fees to ensure adequate funding to implement the MSHCP. Under certain circumstances, the RCA may wish to conduct a Nexus Study update sooner than after five years. For example, to the extent there are significant and unexpected changes in implementation costs, in the level of non-fee funding, and/ or the level of fee-paying private development over time, a more immediate fee update may be appropriate.

APPENDIX I:

Detailed Time Series of Implementation Costs

All Implementation Costs Over Time – No Extension

Habitat Lands/ Cost Items	Factors		End of: 17 2020	18 2021	19 2022	20 2023	21 2024	22 2025	23 2026	24 2027	25 2028
ACRES											
Land Acuisition Costs											
Land Acquisition (Annual)											
Local			6,310	6,310	6,310	6,310	6,310	6,310	6,310	6,310	6,310
(less) HANS/JPR Dedications			-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	0
Total Local			5,060	5,060	5,060	5,060	5,060	5,060	5,060	5,060	6,310
State/Fed			3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821	3,821
Total			8,881	8,881	8,881	8,881	8,881	8,881	8,881	8,881	10,131
Land Acquisition (Cumulative)											
Local [1]			45,272	50,332	55,391	60,451	65,511	70,571	75,630	80,690	87,000
State/Fed			25,429	29,251	33,072	36,893	40,715	44,536	48,357	52,179	56,000
Local - HANS/JPR Dedications			1,250	2,500	3,750	5,000	6,250	7,500	8,750	10,000	10,000
Total			71,951	82,082	92,213	102,344	112,476	122,607	132,738	142,869	153,000
Management and Monitoring Costs											
Reserve Summary	***Financial Responsibility***										
	Monitoring	Management									
State/ Federal											
PQP	RCA	State/ Fed	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
ARL	RCA	State	25,429	29,251	33,072	36,893	40,715	44,536	48,357	52,179	56,000
Total			307,429	311,251	315,072	318,893	322,715	326,536	330,357	334,179	338,000
Local											
PQP	RCA	Non-RCA Local	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
ARL	RCA	RCA	46,522	52,832	59,141	65,451	71,761	78,071	84,380	90,690	97,000
Total			111,522	117,832	124,141	130,451	136,761	143,071	149,380	155,690	162,000
Total Acres under RCA Management			46,522	52,832	59,141	65,451	71,761	78,071	84,380	90,690	97,000
Total Acres under RCA Monitoring			418,951	429,082	439,213	449,344	459,476	469,607	479,738	489,869	500,000
COSTS (all constant 2019 dollars)											
Land Acquisition Costs											
Local, ARL, Annual	$14,288	$/Acre	$72,294,065	$72,294,065	$72,294,065	$72,294,065	$72,294,065	$72,294,065	$72,294,065	$72,294,065	$90,154,055
Land Transaction Costs	5%	of acquisition costs	$3,614,703	$3,614,703	$3,614,703	$3,614,703	$3,614,703	$3,614,703	$3,614,703	$3,614,703	$4,507,703
Total, Land Acquisition Costs			$75,908,768	$75,908,768	$75,908,768	$75,908,768	$75,908,768	$75,908,768	$75,908,768	$75,908,768	$94,661,758
Local, ARL, Cumulative			$75,908,768	$151,817,536	$227,726,304	$303,635,072	$379,543,840	$455,452,608	$531,361,376	$607,270,144	$701,931,902
Management and Monitoring Costs											
Management, Annual	$32.70	$/Acre	$1,521,340	$1,727,681	$1,934,021	$2,140,361	$2,346,702	$2,553,042	$2,759,382	$2,965,723	$3,172,063
Management Cumulative			$1,521,340	$3,249,021	$5,183,042	$7,323,403	$9,670,105	$12,223,147	$14,982,530	$17,948,252	$21,120,315
Monitoring, Annual	$3.01	$/Acre	$1,262,531	$1,293,061	$1,323,592	$1,354,122	$1,384,653	$1,415,184	$1,445,714	$1,476,245	$1,506,776
Monitoring Cumulative			$1,262,531	$2,555,592	$3,879,184	$5,233,306	$6,617,959	$8,033,143	$9,478,857	$10,955,102	$12,461,878
Endowment Costs											
Net Endowment Funding, Annual			$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105
Net Endowment Funding, Cumulative			$22,168,105	$44,336,210	$66,504,316	$88,672,421	$110,840,526	$133,008,631	$155,176,736	$177,344,842	$199,512,947
Administrative Costs [2]											
RCA Staff Costs			$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495
Professional Services			$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062
Loan Repayment [3]			$1,000,000	$1,000,000	$0	$0	$0	$0	$0	$0	$0
Other			$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254
Total Annual			$5,154,811	$5,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811
Cumulative Costs			$5,154,811	$10,309,622	$14,464,433	$18,619,244	$22,774,055	$26,928,866	$31,083,677	$35,238,488	$39,393,299
TOTAL ALL COSTS											
TOTAL Annual			$106,015,555	$106,252,426	$105,489,297	$105,726,168	$105,963,039	$106,199,910	$106,436,781	$106,673,652	$125,663,513
TOTAL Cumulative			$106,015,555	$212,267,981	$317,757,279	$423,483,447	$529,446,486	$635,646,396	$742,083,177	$848,756,829	$974,420,341

1. All local land conserved to date, including all HANS dedications to date, are captured in the year 17 number.
2. RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
3. Annual administrative costs decrease in year 19 due to assumption that loan repayment is completed.

All Implementation Costs Over Time – 5 Year Extension

Habitat Lands/ Cost Items	Factors		End of: 17 2020	18 2021	19 2022	20 2023	21 2024	22 2025	23 2026	24 2027	25 2028	26 2029	27 2030	28 2031	29 2032	30 2033
ACRES																
Land Acuisition Costs																
Land Acquisition (Annual)																
Local			4,056	4,056	4,056	4,056	4,056	4,056	4,056	4,056	4,056	4,056	4,056	4,056	4,056	4,056
(less) HANS/JPR Dedications			-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	0	0	0	0	0	0
Total Local			2,806	2,806	2,806	2,806	2,806	2,806	2,806	2,806	4,056	4,056	4,056	4,056	4,056	4,056
State/Fed			2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457
Total			5,263	5,263	5,263	5,263	5,263	5,263	5,263	5,263	6,513	6,513	6,513	6,513	6,513	6,513
Land Acquisition (Cumulative)																
Local [1]			43,018	45,825	48,631	51,437	54,243	57,050	59,856	62,662	66,719	70,775	74,831	78,887	82,944	87,000
State/Fed			24,065	26,521	28,978	31,434	33,891	36,347	38,804	41,261	43,717	46,174	48,630	51,087	53,543	56,000
Local - HANS/JPR Dedications			1,250	2,500	3,750	5,000	6,250	7,500	8,750	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total			68,333	74,846	81,359	87,871	94,384	100,897	107,410	113,923	120,436	126,949	133,461	139,974	146,487	153,000
Management and Monitoring Costs																
Reserve Summary	*Financial Responsibility*															
	Monitoring	Management														
State/ Federal																
PQP	RCA	State/ Fed	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
ARL	RCA	State	24,065	26,521	28,978	31,434	33,891	36,347	38,804	41,261	43,717	46,174	48,630	51,087	53,543	56,000
Total			306,065	308,521	310,978	313,434	315,891	318,347	320,804	323,261	325,717	328,174	330,630	333,087	335,543	338,000
Local																
PQP	RCA	Non-RCA Local	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
ARL	RCA	RCA	44,268	48,325	52,381	56,437	60,493	64,550	68,606	72,662	76,719	80,775	84,831	88,887	92,944	97,000
Total			109,268	113,325	117,381	121,437	125,493	129,550	133,606	137,662	141,719	145,775	149,831	153,887	157,944	162,000
Total Acres under RCA Management			44,268	48,325	52,381	56,437	60,493	64,550	68,606	72,662	76,719	80,775	84,831	88,887	92,944	97,000
Total Acres under RCA Monitoring			415,333	421,846	428,359	434,871	441,384	447,897	454,410	460,923	467,436	473,949	480,461	486,974	493,487	500,000
COSTS (all constant 2019 dollars)																
Land Acquisition Costs																
Local, ARL, Annual	$14,288	$/Acre	$40,096,188	$40,096,188	$40,096,188	$40,096,188	$40,096,188	$40,096,188	$40,096,188	$40,096,188	$57,956,178	$57,956,178	$57,956,178	$57,956,178	$57,956,178	$57,956,178
Land Transaction Costs	5%	of acquisition costs	$2,004,809	$2,004,809	$2,004,809	$2,004,809	$2,004,809	$2,004,809	$2,004,809	$2,004,809	$2,897,809	$2,897,809	$2,897,809	$2,897,809	$2,897,809	$2,897,809
Total, Land Acquisition Costs			$42,100,997	$42,100,997	$42,100,997	$42,100,997	$42,100,997	$42,100,997	$42,100,997	$42,100,997	$60,853,987	$60,853,987	$60,853,987	$60,853,987	$60,853,987	$60,853,987
Local, ARL, Cumulative			$42,100,997	$84,201,995	$126,302,992	$168,403,990	$210,504,987	$252,605,985	$294,706,982	$336,807,979	$397,661,967	$458,515,954	$519,369,941	$580,223,928	$641,077,915	$701,931,902
Management and Monitoring Costs																
Management, Annual	$32.70	$/Acre	$1,447,647	$1,580,295	$1,712,942	$1,845,589	$1,978,237	$2,110,884	$2,243,532	$2,376,179	$2,508,826	$2,641,474	$2,774,121	$2,906,768	$3,039,416	$3,172,063
Management Cumulative			$1,447,647	$3,027,942	$4,740,884	$6,586,474	$8,564,710	$10,675,595	$12,919,126	$15,295,305	$17,804,131	$20,445,605	$23,219,726	$26,126,494	$29,165,910	$32,337,973
Monitoring, Annual	$3.01	$/Acre	$1,251,627	$1,271,254	$1,290,880	$1,310,507	$1,330,134	$1,349,761	$1,369,388	$1,389,015	$1,408,641	$1,428,268	$1,447,895	$1,467,522	$1,487,149	$1,506,776
Monitoring Cumulative			$1,251,627	$2,522,880	$3,813,761	$5,124,268	$6,454,402	$7,804,163	$9,173,551	$10,562,566	$11,971,207	$13,399,476	$14,847,371	$16,314,893	$17,802,041	$19,308,817
Endowment Costs																
Net Endowment Funding, Annual			$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608
Net Endowment Funding, Cumulative			$13,180,608	$26,361,215	$39,541,823	$52,722,430	$65,903,038	$79,083,645	$92,264,253	$105,444,860	$118,625,468	$131,806,076	$144,986,683	$158,167,291	$171,347,898	$184,528,506
Administrative Costs [2]																
RCA Staff Costs			$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495
Professional Services			$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062
Loan Repayment [3]			$1,000,000	$1,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other			$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254
Total Annual Costs			$5,154,811	$5,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811
Cumulative Costs			$5,154,811	$10,309,622	$14,464,433	$18,619,244	$22,774,055	$26,928,866	$31,083,677	$35,238,488	$39,393,299	$43,548,111	$47,702,922	$51,857,733	$56,012,544	$60,167,355
TOTAL ALL COSTS																
TOTAL Annual			$63,135,690	$63,287,964	$62,440,239	$62,592,513	$62,744,787	$62,897,061	$63,049,335	$63,201,610	$82,106,873	$82,259,148	$82,411,422	$82,563,696	$82,715,970	$82,868,244
TOTAL Cumulative			$63,135,690	$126,423,655	$188,863,893	$251,456,406	$314,201,193	$377,098,254	$440,147,590	$503,349,199	$585,456,073	$667,715,220	$750,126,642	$832,690,338	$915,406,308	$998,274,552

1. All local land conserved to date, including all HANS dedications to date, are captured in the year 17 number.
2. RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
3. Annual administrative costs decrease in year 19 due to assumption that loan repayment is completed.

All Implementation Costs Over Time – 10 Year Extension

Habitat Lands/ Cost Items	Factors		End of: 17 2020	18 2021	19 2022	20 2023	21 2024	22 2025	23 2026	24 2027	25 2028	26 2029	27 2030	28 2031	29 2032	30 2033	31 2034	32 2035	33 2036	34 2037	35 2038
ACRES																					
Land Acuisition Costs																					
Land Acquisition (Annual)																					
Local			2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989
(less) Anheuser Busch purchase			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(less) HANS/JPR Dedications			-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	0	0	0	0	0	0	0	0	0	0	0
Total Local			1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989
State/Fed			1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810	1,810
Total			3,549	3,549	3,549	3,549	3,549	3,549	3,549	3,549	4,799	4,799	4,799	4,799	4,799	4,799	4,799	4,799	4,799	4,799	4,799
Land Acquisition (Cumulative)																					
Local [1]			41,951	43,690	45,429	47,167	48,906	50,645	52,384	54,123	57,112	60,100	63,089	66,078	69,067	72,056	75,045	78,033	81,022	84,011	87,000
State/Fed			23,418	25,228	27,038	28,848	30,659	32,469	34,279	36,089	37,899	39,709	41,519	43,329	45,139	46,949	48,760	50,570	52,380	54,190	56,000
Local - HANS/JPR Dedications			1,250	2,500	3,750	5,000	6,250	7,500	8,750	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total			66,619	71,418	76,217	81,016	85,815	90,614	95,413	100,212	105,011	109,809	114,608	119,407	124,206	129,005	133,804	138,603	143,402	148,201	153,000
Management and Monitoring Costs																					
Reserve Summary	***Financial Responsibility***																				
	Monitoring	Management																			
State/ Federal																					
PQP	RCA	State/ Fed	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
ARL	RCA	State	23,418	25,228	27,038	28,848	30,659	32,469	34,279	36,089	37,899	39,709	41,519	43,329	45,139	46,949	48,760	50,570	52,380	54,190	56,000
Total			305,418	307,228	309,038	310,848	312,659	314,469	316,279	318,089	319,899	321,709	323,519	325,329	327,139	328,949	330,760	332,570	334,380	336,190	338,000
Local																					
PQP	RCA	Non-RCA Local	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
ARL	RCA	RCA	43,201	46,190	49,179	52,167	55,156	58,145	61,134	64,123	67,112	70,100	73,089	76,078	79,067	82,056	85,045	88,033	91,022	94,011	97,000
Total			108,201	111,190	114,179	117,167	120,156	123,145	126,134	129,123	132,112	135,100	138,089	141,078	144,067	147,056	150,045	153,033	156,022	159,011	162,000
Total Acres under RCA Management			43,201	46,190	49,179	52,167	55,156	58,145	61,134	64,123	67,112	70,100	73,089	76,078	79,067	82,056	85,045	88,033	91,022	94,011	97,000
Total Acres under RCA Monitoring			413,619	418,418	423,217	428,016	432,815	437,614	442,413	447,212	452,011	456,809	461,608	466,407	471,206	476,005	480,804	485,603	490,402	495,201	500,000
COSTS (all constant 2019 dollars)																					
Land Acquisition Costs																					
Local, ARL, Annual	$14,288	$/Acre	$24,844,562	$24,844,562	$24,844,562	$24,844,562	$24,844,562	$24,844,562	$24,844,562	$24,844,562	$42,704,552	$42,704,552	$42,704,552	$42,704,552	$42,704,552	$42,704,552	$42,704,552	$42,704,552	$42,704,552	$42,704,552	$42,704,552
Land Transaction Costs	5%	of acquisition costs	$1,242,228	$1,242,228	$1,242,228	$1,242,228	$1,242,228	$1,242,228	$1,242,228	$1,242,228	$2,135,228	$2,135,228	$2,135,228	$2,135,228	$2,135,228	$2,135,228	$2,135,228	$2,135,228	$2,135,228	$2,135,228	$2,135,228
Total, Land Acquisition Costs			$26,086,790	$26,086,790	$26,086,790	$26,086,790	$26,086,790	$26,086,790	$26,086,790	$26,086,790	$44,839,780	$44,839,780	$44,839,780	$44,839,780	$44,839,780	$44,839,780	$44,839,780	$44,839,780	$44,839,780	$44,839,780	$44,839,780
Local, ARL, Cumulative			$26,086,790	$52,173,581	$78,260,371	$104,347,161	$130,433,952	$156,520,742	$182,607,532	$208,694,323	$253,534,102	$298,373,882	$343,213,662	$388,053,442	$432,893,222	$477,733,002	$522,572,782	$567,412,562	$612,252,342	$657,092,122	$701,931,902
Management and Monitoring Costs																					
Management, Annual	$32.70	$/Acre	$1,412,740	$1,510,480	$1,608,220	$1,705,961	$1,803,701	$1,901,441	$1,999,181	$2,096,921	$2,194,661	$2,292,402	$2,390,142	$2,487,882	$2,585,622	$2,683,362	$2,781,102	$2,878,843	$2,976,583	$3,074,323	$3,172,063
Management Cumulative			$1,412,740	$2,923,220	$4,531,441	$6,237,402	$8,041,102	$9,942,543	$11,941,725	$14,038,646	$16,233,307	$18,525,709	$20,915,851	$23,403,733	$25,989,355	$28,672,717	$31,453,819	$34,332,662	$37,309,245	$40,383,568	$43,555,631
Monitoring, Annual	$3.01	$/Acre	$1,246,462	$1,260,924	$1,275,386	$1,289,847	$1,304,309	$1,318,771	$1,333,233	$1,347,695	$1,362,157	$1,376,619	$1,391,081	$1,405,542	$1,420,004	$1,434,466	$1,448,928	$1,463,390	$1,477,852	$1,492,314	$1,506,776
Monitoring Cumulative			$1,246,462	$2,507,386	$3,782,771	$5,072,619	$6,376,928	$7,695,699	$9,028,932	$10,376,627	$11,738,784	$13,115,403	$14,506,484	$15,912,026	$17,332,030	$18,766,497	$20,215,425	$21,678,815	$23,156,667	$24,648,980	$26,155,756
Endowment Costs																					
Net Endowment Funding, Annual			$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410
Net Endowment Funding, Cumulative			$8,966,410	$17,932,819	$26,899,229	$35,865,639	$44,832,049	$53,798,458	$62,764,868	$71,731,278	$80,697,687	$89,664,097	$98,630,507	$107,596,917	$116,563,326	$125,529,736	$134,496,146	$143,462,556	$152,428,965	$161,395,375	$170,361,785
Administrative Costs [2]																					
RCA Staff Costs			$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495
Professional Services			$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062
Loan Repayment [3]			$1,000,000	$1,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other			$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254
Total Annual Costs			$5,154,811	$5,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811
Cumulative Costs			$5,154,811	$10,309,622	$14,464,433	$18,619,244	$22,774,055	$26,928,866	$31,083,677	$35,238,488	$39,393,299	$43,548,111	$47,702,922	$51,857,733	$56,012,544	$60,167,355	$64,322,166	$68,476,977	$72,631,788	$76,786,599	$80,941,410
TOTAL ALL COSTS																					
TOTAL Annual			$42,867,213	$42,979,415	$42,091,617	$42,203,819	$42,316,021	$42,428,223	$42,540,425	$42,652,627	$61,517,819	$61,630,021	$61,742,223	$61,854,425	$61,966,627	$62,078,829	$62,191,031	$62,303,233	$62,415,435	$62,527,637	$62,639,839
TOTAL Cumulative			$42,867,213	$85,846,628	$127,938,245	$170,142,065	$212,458,086	$254,886,309	$297,426,735	$340,079,362	$401,597,181	$463,227,202	$524,969,425	$586,823,850	$648,790,477	$710,869,307	$773,060,338	$835,363,571	$897,779,006	$960,306,644	$1,022,946,483

1. All local land conserved to date, including all HANS dedications to date, are captured in the year 17 number.
2. RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
3. Annual administrative costs decrease in year 19 due to assumption that loan repayment is completed.

All Implementation Costs Over Time – 15 Year Extension

End of:

Habitat Lands/ Cost Items	Factors		17 (2020)	18 (2021)	19 (2022)	20 (2023)	21 (2024)	22 (2025)	23 (2026)	24 (2027)	25 (2028)	26 (2029)	27 (2030)	28 (2031)
ACRES														
Land Acuisition Costs														
Land Acquisition (Annual)														
Local			2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366
(less) HANS/JPR Dedications			-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	0	0	0	0
Total Local			1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	2,366	2,366	2,366	2,366
State/Fed			1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433
Total			2,549	2,549	2,549	2,549	2,549	2,549	2,549	2,549	3,799	3,799	3,799	3,799
Land Acquisition (Cumulative)														
Local [1]			41,328	42,444	43,561	44,677	45,793	46,909	48,025	49,141	51,508	53,874	56,240	58,606
State/Fed			23,041	24,474	25,907	27,340	28,773	30,206	31,639	33,072	34,505	35,938	37,371	38,804
Local - HANS/JPR Dedications			1,250	2,500	3,750	5,000	6,250	7,500	8,750	10,000	10,000	10,000	10,000	10,000
Total			65,619	69,418	73,218	77,017	80,816	84,615	88,414	92,213	96,013	99,812	103,611	107,410
Management and Monitoring Costs														
Reserve														
Summary	***Financial Responsibility***													
	Monitoring	Management												
State/ Federal														
PQP	RCA	State/ Fed	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
ARL	RCA	State	23,041	24,474	25,907	27,340	28,773	30,206	31,639	33,072	34,505	35,938	37,371	38,804
Total			305,041	306,474	307,907	309,340	310,773	312,206	313,639	315,072	316,505	317,938	319,371	320,804
Local														
PQP	RCA	Non-RCA Local	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
ARL	RCA	RCA	42,578	44,944	47,311	49,677	52,043	54,409	56,775	59,141	61,508	63,874	66,240	68,606
Total			107,578	109,944	112,311	114,677	117,043	119,409	121,775	124,141	126,508	128,874	131,240	133,606
Total Acres under RCA Management			42,578	44,944	47,311	49,677	52,043	54,409	56,775	59,141	61,508	63,874	66,240	68,606
Total Acres under RCA Monitoring			412,619	416,418	420,218	424,017	427,816	431,615	435,414	439,213	443,013	446,812	450,611	454,410
COSTS (all constant 2019 dollars)														
Land Acquisition Costs														
Local, ARL, Annual	$14,288	$/Acre	$15,947,780	$15,947,780	$15,947,780	$15,947,780	$15,947,780	$15,947,780	$15,947,780	$15,947,780	$33,807,771	$33,807,771	$33,807,771	$33,807,771
Land Transaction Costs	5%	of acquisition costs	$797,389	$797,389	$797,389	$797,389	$797,389	$797,389	$797,389	$797,389	$1,690,389	$1,690,389	$1,690,389	$1,690,389
Total, Land Acquisition Costs			$16,745,170	$16,745,170	$16,745,170	$16,745,170	$16,745,170	$16,745,170	$16,745,170	$16,745,170	$35,498,159	$35,498,159	$35,498,159	$35,498,159
Local, ARL, Cumulative			$16,745,170	$33,490,339	$50,235,509	$66,980,678	$83,725,848	$100,471,017	$117,216,187	$133,961,356	$169,459,515	$204,957,674	$240,455,833	$275,953,992
Management and Monitoring Costs														
Management, Annual	$32.70	$/Acre	$1,392,378	$1,469,755	$1,547,133	$1,624,511	$1,701,888	$1,779,266	$1,856,643	$1,934,021	$2,011,399	$2,088,776	$2,166,154	$2,243,532
Management Cumulative			$1,392,378	$2,862,133	$4,409,266	$6,033,776	$7,735,664	$9,514,930	$11,371,574	$13,305,595	$15,316,993	$17,405,770	$19,571,923	$21,815,455
Monitoring, Annual	$3.01	$/Acre	$1,243,449	$1,254,898	$1,266,347	$1,277,796	$1,289,245	$1,300,694	$1,312,143	$1,323,592	$1,335,041	$1,346,490	$1,357,939	$1,369,388
Monitoring Cumulative			$1,243,449	$2,498,347	$3,764,694	$5,042,490	$6,331,735	$7,632,429	$8,944,572	$10,268,163	$11,603,204	$12,949,694	$14,307,633	$15,677,021
Endowment Costs														
Net Endowment Funding, Annual			$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714
Net Endowment Funding, Cumulative			$6,541,714	$13,083,429	$19,625,143	$26,166,857	$32,708,572	$39,250,286	$45,792,000	$52,333,715	$58,875,429	$65,417,143	$71,958,858	$78,500,572
Administrative Costs [2]														
RCA Staff Costs			$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495
Professional Services			$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062
Loan Repayment [3]			$1,000,000	$1,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other			$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254
Total Annual Costs			$5,154,811	$5,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811
Cumulative Costs			$5,154,811	$10,309,622	$14,464,433	$18,619,244	$22,774,055	$26,928,866	$31,083,677	$35,238,488	$39,393,299	$43,548,111	$47,702,922	$51,857,733
TOTAL ALL COSTS														
TOTAL Annual			$31,077,521	$31,166,348	$30,255,175	$30,344,001	$30,432,828	$30,521,655	$30,610,481	$30,699,308	$49,541,124	$49,629,951	$49,718,777	$49,807,604
TOTAL Cumulative			$31,077,521	$62,243,870	$92,499,044	$122,843,046	$153,275,874	$183,797,528	$214,408,009	$245,107,317	$294,648,441	$344,278,392	$393,997,169	$443,804,773

Habitat Lands/ Cost Items	Factors		29 (2032)	30 (2033)	31 (2034)	32 (2035)	33 (2036)	34 (2037)	35 (2038)	36 (2039)	37 (2040)	38 (2041)	39 (2042)	40 (2043)
ACRES														
Land Acuisition Costs														
Land Acquisition (Annual)														
Local			2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366
(less) HANS/JPR Dedications			0	0	0	0	0	0	0	0	0	0	0	0
Total Local			2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366
State/Fed			1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433
Total			3,799	3,799	3,799	3,799	3,799	3,799	3,799	3,799	3,799	3,799	3,799	3,799
Land Acquisition (Cumulative)														
Local [1]			60,972	63,338	65,705	68,071	70,437	72,803	75,169	77,535	79,902	82,268	84,634	87,000
State/Fed			40,237	41,670	43,103	44,536	45,969	47,402	48,835	50,268	51,701	53,134	54,567	56,000
Local - HANS/JPR Dedications			10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total			111,209	115,008	118,808	122,607	126,406	130,205	134,004	137,803	141,603	145,402	149,201	153,000
Management and Monitoring Costs														
Reserve														
Summary	***Financial Responsibility***													
	Monitoring	Management												
State/ Federal														
PQP	RCA	State/ Fed	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000
ARL	RCA	State	40,237	41,670	43,103	44,536	45,969	47,402	48,835	50,268	51,701	53,134	54,567	56,000
Total			322,237	323,670	325,103	326,536	327,969	329,402	330,835	332,268	333,701	335,134	336,567	338,000
Local														
PQP	RCA	Non-RCA Local	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
ARL	RCA	RCA	70,972	73,338	75,705	78,071	80,437	82,803	85,169	87,535	89,902	92,268	94,634	97,000
Total			135,972	138,338	140,705	143,071	145,437	147,803	150,169	152,535	154,902	157,268	159,634	162,000
Total Acres under RCA Management			70,972	73,338	75,705	78,071	80,437	82,803	85,169	87,535	89,902	92,268	94,634	97,000
Total Acres under RCA Monitoring			458,209	462,008	465,808	469,607	473,406	477,205	481,004	484,803	488,603	492,402	496,201	500,000
COSTS (all constant 2019 dollars)														
Land Acquisition Costs														
Local, ARL, Annual	$14,288	$/Acre	$33,807,771	$33,807,771	$33,807,771	$33,807,771	$33,807,771	$33,807,771	$33,807,771	$33,807,771	$33,807,771	$33,807,771	$33,807,771	$33,807,771
Land Transaction Costs	5%	of acquisition costs	$1,690,389	$1,690,389	$1,690,389	$1,690,389	$1,690,389	$1,690,389	$1,690,389	$1,690,389	$1,690,389	$1,690,389	$1,690,389	$1,690,389
Total, Land Acquisition Costs			$35,498,159	$35,498,159	$35,498,159	$35,498,159	$35,498,159	$35,498,159	$35,498,159	$35,498,159	$35,498,159	$35,498,159	$35,498,159	$35,498,159
Local, ARL, Cumulative			$311,452,152	$346,950,311	$382,448,470	$417,946,629	$453,444,788	$488,942,947	$524,441,106	$559,939,265	$595,437,424	$630,935,583	$666,433,743	$701,931,902
Management and Monitoring Costs														
Management, Annual	$32.70	$/Acre	$2,320,909	$2,398,287	$2,475,664	$2,553,042	$2,630,420	$2,707,797	$2,785,175	$2,862,553	$2,939,930	$3,017,308	$3,094,685	$3,172,063
Management Cumulative			$24,136,364	$26,534,651	$29,010,315	$31,563,357	$34,193,777	$36,901,574	$39,686,749	$42,549,302	$45,489,232	$48,506,540	$51,601,225	$54,773,288
Monitoring, Annual	$3.01	$/Acre	$1,380,837	$1,392,286	$1,403,735	$1,415,184	$1,426,633	$1,438,082	$1,449,531	$1,460,980	$1,472,429	$1,483,878	$1,495,327	$1,506,776
Monitoring Cumulative			$17,057,857	$18,450,143	$19,853,878	$21,269,062	$22,695,694	$24,133,776	$25,583,307	$27,044,286	$28,516,715	$30,000,593	$31,495,919	$33,002,695
Endowment Costs														
Net Endowment Funding, Annual			$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714
Net Endowment Funding, Cumulative			$85,042,286	$91,584,001	$98,125,715	$104,667,429	$111,209,144	$117,750,858	$124,292,572	$130,834,286	$137,376,001	$143,917,715	$150,459,429	$157,001,144
Administrative Costs [2]														
RCA Staff Costs			$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495	$2,288,495
Professional Services			$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062	$1,466,062
Loan Repayment [3]			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other			$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254	$400,254
Total Annual Costs			$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811	$4,154,811
Cumulative Costs			$56,012,544	$60,167,355	$64,322,166	$68,476,977	$72,631,788	$76,786,599	$80,941,410	$85,096,221	$89,251,032	$93,405,843	$97,560,654	$101,715,465
TOTAL ALL COSTS														
TOTAL Annual			$49,896,430	$49,985,257	$50,074,084	$50,162,910	$50,251,737	$50,340,563	$50,429,390	$50,518,217	$50,607,043	$50,695,870	$50,784,697	$50,873,523
TOTAL Cumulative			$493,701,203	$543,686,460	$593,760,544	$643,923,454	$694,175,191	$744,515,754	$794,945,144	$845,463,361	$896,070,404	$946,766,274	$997,550,971	$1,048,424,494

1. All local land conserved to date, including all HANS dedications to date, are captured in the year 17 number.
2. RCA Administrative Costs are based on a three year average of FY 2016-17 through FY 2018-19 actual costs, adjusted to 2019 dollars.
3. Annual administrative costs decrease in year 19 due to assumption that loan repayment is completed.

APPENDIX II:

Detailed Time Series of Endowment Funding

Annual Cost Estimate for Management and Monitoring, Constant 2019$

Cost Categories	Annual Cost by Last Year of Land Acquisition Period	Adjustment	Annual Post-Land Acquisition Cost
Ongoing Habitat Management	$3,172,063	100%	$3,172,063
Ongoing Habitat Monitoring	$1,506,776	100%	$1,506,776
Administration[1]	$4,154,811	50%	$2,077,406
Total	**$8,833,650**		**$6,756,244**

1. Adminsitration includes salaries and benefits, accounting, auditing and reporting, contracts, etc.. Assumes less administration is needed following the land acquisition period; ongoing adminsitrative needs include oversight, auditing and reporting, and board staffing.

Sources: Western Riverside County Regional Conservation Authority; and Economic & Planning Systems, Inc.

Endowment Funding – No Extension Scenario

Item	1	2	3	4	5	6	7	8	9	Post Permit
New Impact Acres (avg. annual)	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	
Average Per Acre Endowment Fee	$9,845	$9,845	$9,845	$9,845	$9,845	$9,845	$9,845	$9,845	$9,845	
Annual Endowment Funding	$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105	$22,168,105	
Endowment Balance	$22,168,105	$44,336,210	$67,169,359	$90,687,502	$114,911,189	$139,861,586	$165,560,496	$192,030,373	$219,294,346	
Annual Interest	$0	$665,043	$1,350,038	$2,055,582	$2,782,293	$3,530,804	$4,301,772	$5,095,868	$5,913,787	
Cumulative Interest Earnings	$0	$665,043	$2,015,081	$4,070,663	$6,852,955	$10,383,760	$14,685,531	$19,781,399	$25,695,187	
Total Endowment	$22,168,105	$45,001,254	$68,519,396	$92,743,083	$117,693,481	$143,392,391	$169,862,268	$197,126,241	$225,208,133	
Average Annual Post Permit Interest										$6,756,244

(1) Endowment fee set to ensure that, at the end of the permit term, the total endowment (Including endowment fee revenues and interest) are sufficient to provide annual interest revenues equal to the post-permit annual cost. The real interest rate is assumed to be 3 percent annually.

Assumptions

20,265	impact acres developed
9	year plan
3%	interest rate (real, net)
$6,756,244	annual post-permit cost estimate
$9,845	Endowment Funding Per Acre of Conservation

Endowment Funding – 5 Year Extension Scenario

Item	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Post Permit
New Impact Acres (avg. annual)	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	
Average Per Acre Endowment Fee	$5,854	$5,854	$5,854	$5,854	$5,854	$5,854	$5,854	$5,854	$5,854	$5,854	$5,854	$5,854	$5,854	$5,854	
Annual Endowment Funding	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	$13,180,608	
Endowment Balance	$13,180,608	$26,361,215	$39,937,241	$53,920,547	$68,323,353	$83,158,243	$98,438,180	$114,176,514	$130,386,999	$147,083,799	$164,281,502	$181,995,136	$200,240,180	$219,032,574	
Annual Interest	$0	$395,418	$802,699	$1,222,198	$1,654,282	$2,099,329	$2,557,727	$3,029,877	$3,516,192	$4,017,096	$4,533,027	$5,064,436	$5,611,787	$6,175,559	
Cumulative Interest Earnings	$0	$395,418	$1,198,117	$2,420,315	$4,074,598	$6,173,927	$8,731,654	$11,761,531	$15,277,723	$19,294,819	$23,827,846	$28,892,281	$34,504,069	$40,679,628	
Total Endowment	$13,180,608	$26,756,633	$40,739,940	$55,142,746	$69,977,636	$85,257,572	$100,995,907	$117,206,392	$133,903,191	$151,100,894	$168,814,529	$187,059,572	$205,851,967	$225,208,133	
Average Annual Post Permit Interest															$6,756,244

(1) Endowment fee set to ensure that, at the end of the permit term, the total endowment (Including endowment fee revenues and interest) are sufficient to provide annual interest revenues equal to the post-permit annual cost. The real interest rate is assumed to be 3 percent annually.

Assumptions	
31,523	impact acres developed
14	year plan
3%	interest rate (real, net)
$6,756,244	annual post-permit cost estimate
$5,854	Endowment Funding Per Acre of Conservation

Endowment Funding – 10 Year Extension Scenario

Item	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Post Permit
New Impact Acres (avg. annual)	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	
Average Per Acre Endowment Fee	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	$3,982	
Annual Endowment Funding	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	$8,966,410	
Endowment Balance	$8,966,410	$17,932,819	$27,168,221	$36,680,686	$46,478,524	$56,570,297	$66,964,823	$77,671,185	$88,698,738	$100,057,118	$111,756,249	$123,806,354	$136,217,962	$149,001,918	$162,169,393	$175,731,892	$189,701,266	$204,089,722	$218,909,831	
Annual Interest	$0	$268,992	$546,054	$831,428	$1,125,363	$1,428,117	$1,739,952	$2,061,143	$2,391,970	$2,732,721	$3,083,695	$3,445,198	$3,817,547	$4,201,065	$4,596,089	$5,002,964	$5,422,046	$5,853,699	$6,298,303	
Cumulative Interest Earnings	$0	$268,992	$815,047	$1,646,475	$2,771,838	$4,199,955	$5,939,907	$8,001,051	$10,393,020	$13,125,742	$16,209,437	$19,654,635	$23,472,182	$27,673,247	$32,269,336	$37,272,301	$42,694,347	$48,548,046	$54,846,349	
Total Endowment	$8,966,410	$18,201,812	$27,714,276	$37,512,114	$47,603,887	$57,998,413	$68,704,775	$79,732,328	$91,090,708	$102,789,839	$114,839,944	$127,251,552	$140,035,508	$153,202,983	$166,765,482	$180,734,856	$195,123,312	$209,943,421	$225,208,133	
Average Annual Post Permit Interest																				$6,756,244

(1) Endowment fee set to ensure that, at the end of the permit term, the total endowment (Including endowment fee revenues and interest) are sufficient to provide annual interest revenues equal to the post-permit annual cost. The real interest rate is assumed to be 3 percent annually.

Assumptions	
42,782	impact acres developed
19	year plan
3%	interest rate (real, net)
$6,756,244	annual post-permit cost estimate
$3,982	Endowment Funding Per Acre of Conservation

Endowment Funding – 15 Year Extension Scenario

Item	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
New Impact Acres (avg. annual)	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252
Average Per Acre Endowment Fee	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905
Annual Endowment Funding	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714
Endowment Balance	$6,541,714	$13,083,429	$19,821,394	$26,761,499	$33,909,807	$41,272,564	$48,856,204	$56,667,353	$64,712,836	$72,999,684	$81,535,138	$90,326,655	$99,381,917	$108,708,838	$118,315,566
Annual Interest	$0	$196,251	$398,390	$606,594	$821,043	$1,041,925	$1,269,435	$1,503,769	$1,745,134	$1,993,739	$2,249,803	$2,513,548	$2,785,206	$3,065,014	$3,353,216
Cumulative Interest Earnings	$0	$196,251	$594,642	$1,201,235	$2,022,278	$3,064,204	$4,333,638	$5,837,407	$7,582,541	$9,576,280	$11,826,083	$14,339,631	$17,124,837	$20,189,851	$23,543,067
Total Endowment	$6,541,714	$13,279,680	$20,219,785	$27,368,093	$34,730,850	$42,314,490	$50,125,639	$58,171,122	$66,457,970	$74,993,424	$83,784,941	$92,840,203	$102,167,123	$111,773,852	$121,668,781
Average Annual Post Permit Interest															

Item	16	17	18	19	20	21	22	23	24	Post Permit
New Impact Acres (avg. annual)	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	
Average Per Acre Endowment Fee	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	$2,905	
Annual Endowment Funding	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	$6,541,714	
Endowment Balance	$128,210,496	$138,402,273	$148,899,805	$159,712,262	$170,849,092	$182,320,028	$194,135,092	$206,304,607	$218,839,209	
Annual Interest	$3,650,063	$3,955,817	$4,270,743	$4,595,116	$4,929,221	$5,273,349	$5,627,801	$5,992,887	$6,368,925	
Cumulative Interest Earnings	$27,193,130	$31,148,947	$35,419,689	$40,014,806	$44,944,027	$50,217,377	$55,845,178	$61,838,065	$68,206,990	
Total Endowment	$131,860,559	$142,358,090	$153,170,547	$164,307,378	$175,778,314	$187,593,377	$199,762,893	$212,297,494	$225,208,133	
Average Annual Post Permit Interest										$6,756,244

(1) Endowment fee set to ensure that, at the end of the permit term, the total endowment (Including endowment fee revenues and interest) are sufficient to provide annual interest revenues equal to the post-permit annual cost. The real interest rate is assumed to be 3 percent annually.

Assumptions	
54,040	impact acres developed
24	year plan
3%	interest rate (real, net)
$6,756,244	annual post-permit cost estimate
$2,905	Endowment Funding Per Acre of Conservation

AGENDA ITEM NO. 12

Attachment 2

AN ORDINANCE OF THE CITY COUNCIL [BOARD OF SUPERVISORS] OF THE CITY OF ________ [COUNTY OF RIVERSIDE] 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

WHEREAS, the City Council [Board of Supervisors] of the City of ________________ [County of Riverside] ("City[County]") finds that the ecosystems of the City[County] and western Riverside County, and the vegetation communities and sensitive species they support are fragile, irreplaceable resources that are vital to the general welfare of all residents;

WHEREAS, these vegetation communities and natural areas contain habitat value which contributes to the City[County]'s and the region's environmental resources;

WHEREAS, special protections for these vegetation communities and natural areas are being established to prevent future endangerment of the plant and animal species that are dependent upon them;

WHEREAS, adoption and implementation of this Ordinance will help to enable the City[County] to achieve the conservation goals set forth in the Western Riverside County Multiple Species Habitat Conservation Plan ("MSHCP"), adopted by the City Council [Board of Supervisors] on _______________, 2003, to implement the associated Implementing Agreement executed by the City Council [Board of Supervisors] on ______________, 2003, and to preserve the ability of affected property owners to make reasonable use of their land consistent with the requirements of the National Environmental Policy Act ("NEPA"), the California Environmental Quality Act ("CEQA"), the Federal Endangered Species Act ("FESA"), the California Endangered Species Act ("CESA"), the California Natural Community Conservation Planning Act ("NCCP Act"), and other applicable laws;

WHEREAS, the purpose and intent of this Ordinance is to update its Local Development Mitigation Fee to assist in the maintenance of biological diversity and the natural ecosystem processes that support this diversity; the protection of vegetation communities and natural areas within the City[County] and western Riverside County which are known to support threatened, endangered, or key sensitive populations of plant and wildlife species; the maintenance of economic development within the City[County] by providing a streamlined regulatory process from which development can proceed in an orderly process; and the protection of the existing character of the City[County] and the region through the implementation of a system of reserves which will provide for permanent open space, community edges, and habitat conservation for species covered by the MSHCP;

WHEREAS, the findings set forth herein are based on the MSHCP and the 2020 Nexus Study, and the estimated implementation costs of the MSHCP as set forth in the 2020 Nexus Study, a copy of which is on file in the City[County] Clerk's office;

WHEREAS, The Western Riverside County Regional Conservation Authority ("RCA") has prepared an updated nexus study entitled "WESTERN RIVERSIDE COUNTY MULTIPLE SPECIES HABITAT CONSERVATION PLAN NEXUS FEE STUDY UPDATE" (2020 Nexus Study") pursuant to California Government code sections 66000 et seq. for the purpose of updating the Local Development Mitigation Fee ("LDMF"). On [ENTER DATE], the RCA Board of Directors reviewed the 2020 Nexus Study and directed RCA Permittees to adopt this updated MSHCP fee ordinance.

WHEREAS, pursuant to Article 11, Section 7 of the California Constitution, the City[County] is authorized to enact measures that protect the health, safety, and welfare of its citizens;

WHEREAS, pursuant to Government Code sections 66000 et seq., the City[County] is empowered to impose fees and other exactions to provide necessary funding and public facilities required to mitigate the negative effect of new development projects;

WHEREAS, on ______________, 2003 the City Council [Board of Supervisors] took action on the MSHCP and the associated Implementing Agreement and adopted the original LDMF, and made appropriate findings pursuant to CEQA;

WHEREAS, the levying of LDMF has been reviewed by the City Council [Board of Supervisors] and staff in accordance with the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines and it has been determined that the adoption of this ordinance is exempt from CEQA pursuant to Section 21080(b)(8) of the California Public Resources Code and Sections 15273 and 15378(b)(4) of the State CEQA Guidelines; and

WHEREAS, pursuant to Government Code sections 66016, 66017, and 66018, the City[County] has: (a) made available to the public, at least ten (10) days prior to its public hearing, data indicating the estimated cost required to provide the facilities and infrastructure for which these development fees are levied and the revenue sources anticipated to provide those facilities and infrastructure; (b) mailed notice at least fourteen (14) days prior to this meeting to all interested parties that have requested notice of new or increased development fees; and (c) held a duly noticed, regularly scheduled public hearing at which oral and written testimony was received regarding the proposed fees.

NOW THEREFORE, THE CITY COUNCIL [BOARD OF SUPERVISORS] OF THE CITY OF ___________ [COUNTY OF RIVERSIDE] DOES ORDAIN AS FOLLOWS:

SECTION 1. FINDINGS. The City Council [Board of Supervisors] finds and determines as follows:

A. The preservation of vegetation communities and natural areas within the City[County] and western Riverside County which support species covered by the MSHCP is necessary to protect and promote the health, safety, and welfare of all the citizens of the City[County] by reducing the adverse direct, indirect, and cumulative effects of urbanization and development and providing for permanent conservation of habitat for species covered by the MSHCP.

B. It is necessary to update certain development impact fees to ensure that all new development within the City[County] pays its fair share of the costs of acquiring and preserving vegetation communities and natural areas within the City[County] and the region which are known to support plant and wildlife species covered by the MSHCP.

C. A proper funding source to pay the costs associated with mitigating the direct, indirect, and cumulative impacts of development to the natural ecosystems within the City[County] and the region, as identified in the MSHCP, is a development impact fee for residential, commercial, and industrial development. The amount of the fee is determined by the nature and extent of the impacts from the development to the identified natural ecosystems and or the relative cost of mitigating such impacts.

D. The MSHCP and the 2020 Nexus Study, a copy of which is on file in the City[County] Clerk's office, provides a basis for the imposition of development impact fees on new construction.

E. The use of the development impact fees to mitigate the impacts to the City[County]'s and the region's natural ecosystems is reasonably related to the type and extent of impacts caused by development within the City[County].

F. The costs of funding the proper mitigation of natural ecosystems and biological resources impacted by development within the City[County] and the region are apportioned relative to the type and extent of impacts caused by the development.

G. The facts and evidence provided to the City[County] establish that there is a reasonable relationship between the need for preserving the natural ecosystems in the City[County] and the region, as defined in the MSHCP, and the direct, indirect, and cumulative impacts to such natural ecosystems and biological resources created by the types of development on which the fee will be imposed, and that there is a reasonable relationship between the fee's use and the types of development for which the fee is charged. This reasonable relationship is described in more detail in the MSHCP and the 2020 Nexus Study.

H. The cost estimates for mitigating the impact of development on the City[County]'s and the region's natural ecosystem and biological resources, as set forth in the MSHCP, are reasonable and will not exceed the reasonably estimated total of these costs.

I. The fee set forth herein does not reflect the entire cost of the lands which need to be acquired in order to implement the MSHCP and mitigate the impact caused by new development. Additional revenues will be required from other sources. The City Council [Board of Supervisors] finds that the benefit to each development project is greater than the amount of the fee to be paid by the project.

J. The fees collected pursuant to this Ordinance shall be used to finance the acquisition and perpetual conservation of the natural ecosystems and certain improvements necessary to implement the goals and objectives of the MSHCP.

SECTION 2. ADMINISTRATIVE RESPONSIBILITY. The RCA is hereby reaffirmed as the Administrator of this Ordinance. The RCA is hereby authorized to receive all fees generated from the Local Development Mitigation Fee within the City[County], and to invest, account for, and expend such fees in accordance with the provisions of the MSHCP, MSHCP Implementing Ordinance, this Ordinance, and the RCA Mitigation Fee Implementation Manual. The detailed administrative procedures concerning the implementation of this Ordinance shall be contained in the RCA Mitigation Fee Implementation Manual adopted December 7, 2020 and as may be amended from time to time. The RCA Board of Directors may adopt a policy that will allow the City[County] to authorize the RCA to calculate the fees due and collect those amounts directly from property owners. If such a policy is adopted, it will be included in the Implementation Manual.

SECTION 3. DEFINITIONS. As used in this Ordinance, the following terms shall have the following meanings:

"Accessory Dwelling Unit" means an accessory dwelling unit as defined by California Government Code section 65852.2(j)(1), or as defined in any successor statute.

"Board of Supervisors" means the Board of Supervisors of the County of Riverside, California.

"City[County]" means the City of ______________, [County of Riverside], California.

"City Council" means the City Council of the City of _________________, California.

"Credit" means a credit allowed pursuant to Section 10 of this Ordinance, which may be applied against the development impact fee paid.

"Development" means a human-created change to improved or unimproved real estate, including buildings or other structures, mining, dredging, filing, grading, paving, excavating, and drilling.

"Development Project" or "Project" means any project undertaken for the purpose of development pursuant to the issuance of a building permit by the City[County] pursuant to all applicable ordinances, regulations, and rules of the City[County] and state law.

"Junior Accessory Dwelling Unit" means a junior accessory dwelling unit as defined by California Government Code section 65852.22(h)(1), or as defined in any successor statute.

"Local Development Mitigation Fee" or "Fee" means the development impact fee imposed pursuant to the provisions of this Ordinance.

“Multiple Species Habitat Conservation Plan” or “MSHCP” means the Western Riverside County Multiple Species Habitat Conservation Plan, adopted by the City Council [Board of Supervisors] on _______________, 2003.

“MSHCP Conservation Area” has the same meaning and intent as such term is defined and utilized in the MSHCP.

“Ordinance” means this Ordinance No. ____ of the City of __________, [County of Riverside,] California.

“Project Area” means the area, measured in acres, within the Development Project including, without limitation, any areas to be developed as a condition of the Development Project. Except as otherwise provided herein, the Project Area is the area upon which the project will be assessed the Local Development Mitigation Fee. See the RCA Mitigation Fee Implementation Manual for additional guidance for calculating the Project Area.

“Revenue” or “Revenues” means any funds received by the City[County] pursuant to the provisions of this Ordinance for the purpose of defraying all or a portion of the cost of acquiring and preserving vegetation communities and natural areas within the City[County] and the region which are known to support threatened, endangered, or key sensitive populations of plant and wildlife species.

“Western Riverside County Regional Conservation Authority” or “RCA” means the governing body established pursuant to the MSHCP that is delegated the authority to oversee and implement the provisions of the MSHCP.

Any capitalized term not otherwise defined herein shall carry the same meaning and definition as that term is used and defined in the MSHCP.

SECTION 4. LOCAL DEVELOPMENT MITIGATION AND LOCAL INFRASTRUCTURE FEE.

A. Adoption of Local Development Mitigation Fee Schedule. The City Council [Board of Supervisors] shall adopt an applicable Local Development Mitigation Fee schedule provided by the RCA through a separate resolution, which may be amended from time to time.

B. Public Projects. The City[County] is required to mitigate the impacts of Public Projects pursuant to the MSHCP and the MSHCP Implementing Agreement. The definition of Public Project and the method for mitigating Public Projects will be set forth in the RCA Mitigation Fee Implementation Manual.

SECTION 5. IMPOSITION OF THE LOCAL DEVELOPMENT MITIGATION FEE.

A. The Local Development Mitigation Fee will be paid no later than at the issuance of a building permit. Notwithstanding any other provision of the City's Municipal Code [County Ordinance], no building permit shall be issued for any Development Project unless the Local Development Mitigation Fee applicable to such Development Project has been paid. The amount of the Fee shall be calculated in accordance with the RCA Mitigation Fee Implementation Manual.

B. In lieu of the payment of the Local Development Mitigation Fee as provided above, the Fee for a Development may be paid through a Community Facilities District, provided that such arrangement is approved by the RCA in writing.

SECTION 6. PAYMENT OF LOCAL DEVELOPMENT MITIGATION FEE.

A. The Local Development Mitigation Fee shall be paid in full in accordance with applicable law.

B. The Local Development Mitigation Fee required to be paid under this Ordinance shall be the fee in effect at the time the permit is issued *[or at the time the fee is paid]* for which the Local Development Mitigation Fee is assessed; provided, however, that Housing Development Projects as defined by California Government Code section 65589.5(h)(2) may be entitled to pay the fee in effect at the time of the preliminary application was submitted.

C. Notwithstanding anything in the City's Municipal Code [County Ordinance], or any other written documentation to the contrary, the Local Development Mitigation Fee shall be paid whether or not the Development Project is subject to conditions of approval by the City[County] imposing the requirement to pay the fee.

D. If all or part of the Development Project is sold prior to payment of the Local Development Mitigation Fee, the Project shall continue to be subject to the requirement to pay the fee as provided herein.

E. The fee title owner(s) of the Property is responsible for the payment of the Local Development Mitigation Fee.

SECTION 7. REFUNDS.

Under certain circumstances, such as double payment, expiration of a building permit, or fee miscalculation due to clerical error, an applicant may be entitled to a refund. Refunds will be reimbursed by the end of the fiscal year on a first come, first served basis, depending upon the net revenue stream. Refunds will only be considered reimbursable if requested within 3 years of the original LDMF payment. In all cases, the applicant must promptly submit a refund request with proof of LDMF payment to the RCA if RCA collected the LDMF, or if collected by a local jurisdiction, the refund request shall be submitted to that local jurisdiction, which will subsequently forward the request to RCA for verification, review, and possible action.

1. Expiration Of Building Permits - If a building permit should expire, is revoked, or is voluntarily surrendered and is, therefore voided and no construction or improvement of land has commenced, then the applicant may be entitled to a refund of the LDMF collected which was paid as a condition of approval, less administration costs. Any refund must be requested within three (3) years of the original payment. The applicant shall pay the current LDMF in effect at the time in full if s/he reapplies for the permit.

2. Double Payments – on occasion due to a clerical error, a developer has paid all or a portion of the required LDMF for project twice. In such cases, a refund of the double payment may be required.

3. Balance Due – when LDMF is incorrectly calculated due to City[County] clerical error, it is the City's[County]'s responsibility to remit the balance due to RCA. The error must be discovered within three (3) years of the original payment for the City[County] to be held accountable. The amount due can be remitted through alternate methods agreed to by the RCA Executive Committee. If first approved through RCA staff in writing, the calculation is not subject to additional review.

SECTION 8. ACCOUNTING AND DISBURSEMENT OF COLLECTED LOCAL DEVELOPMENT MITIGATION FEES.

A. All fees paid pursuant to this Ordinance shall be deposited, invested, accounted for, and expended in accordance with Section 66006 of the Government Code and all other applicable provisions of law.

B. Subject to the provisions of this section, all fees collected pursuant to this Ordinance shall be remitted to the Western Riverside County Regional Conservation Authority at least quarterly.

C. In the resolution mentioned in Section 4.A, the City[County] may also add an additional cost to the Local Development Mitigation Fee schedule to cover the costs of collecting the fees from project proponents. Any amounts collected by the City[County] shall not reduce the amount collected and remitted to the RCA under this Ordinance.

SECTION 9. EXEMPTIONS. The following types of construction shall be exempt from the provisions of this Ordinance:

A. Reconstruction or improvements that were damaged or destroyed by fire or other natural causes, provided that the reconstruction or improvements do not result in additional usable square footage.

B. Rehabilitation or remodeling to an existing Development Project, provided that the rehabilitation or remodeling does not result in additional usable square footage.

C. Accessory Dwelling Units, but only to the extent such fee is exempted under state law.

D. Junior Accessory Dwelling Units, but only to the extent such fee is exempted under state law.

E. Existing structures where the use is changed from an existing permitted use to a different permitted use, provided that no additional improvements are constructed and does not result in additional usable square footage.

F. Certain Agricultural Operations as allowed by the MSHCP, as amended.

G. Vesting Tentative Tract Maps entered into pursuant to Government Code section 66452 et seq. (also, Government Code section 66498.1 et seq.) and Development Projects which are the subject of a development agreement entered into pursuant to Government Code section 65864 et seq., prior to the effective date of Ordinance No. **_____** [insert number of original MSHCP Fee Ordinance], wherein the imposition of new fees are expressly prohibited, provided that if the term of such a vesting map or development agreement is extended by amendment or by any other manner after the effective date of Ordinance No. **_____** [insert number of original MSHCP Fee Ordinance], the MSHCP Fee shall be imposed.

Except as exempted above, all projects are required to make a mitigation payment/ contribution and where no mitigation payment process is specified, the project will pay the updated per acre mitigation fee.

SECTION 10. FEE CREDITS. Any Local Development Mitigation Fee credit that may be applicable to a Development Project shall be determined by the City[County] and approved by the RCA. All Fee Credits shall comply with the resolutions, ordinances, Implementing Agreement, and policies of the Western Riverside County Regional Conservation Authority including, without limitation, the RCA Mitigation Fee Implementation Manual.

SECTION 11. SEVERABILITY. This Ordinance and the various parts, sections, and clauses thereof, are hereby declared to be severable. If any part, sentence, paragraph, section, or clause is adjudged unconstitutional or invalid, the remainder of this Ordinance shall be affected thereby. If any part, sentence, paragraph, section, or clause of this Ordinance, or its application to any person entity is adjudged unconstitutional or invalid, such unconstitutionality or invalidity shall affect only such part, sentence, paragraph, section, or clause of this Ordinance, or person or entity; and shall not affect or impair any of the remaining provision, parts, sentences, paragraphs, sections, or clauses of this Ordinance, or its application to other persons or entities. The City Council [Board of Supervisors] hereby declares that this Ordinance would have been adopted had such unconstitutional or invalid part, sentence, paragraph, section, or clause of this Ordinance not been included herein; or had such person or entity been expressly exempted from the application of this Ordinance.

<u>SECTION 12.</u> <u>CEQA FINDINGS.</u> The City Council [Board of Supervisors] hereby finds that in accordance with CEQA and the CEQA Guidelines the adoption of this Ordinance is exempt from CEQA pursuant to Section 21080(b)(8) of the California Public Resources Code and Sections 15273 and 15378(b)(4) of the State CEQA Guidelines.

<u>SECTION 13.</u> <u>ORDINANCE SUPERSEDED</u>. This Ordinance supersedes the provisions of Ordinance No. ______ provided this Ordinance is not declared invalid or unenforceable by a court of competent jurisdiction. If, for whatever reason, this Ordinance is declared invalid or unenforceable by a court of competent jurisdiction, Ordinance No. _____ and all other related ordinances and policies shall remain in full force and effect.

<u>SECTION 14.</u> <u>EFFECTIVE DATE</u>. The Mayor [Chair of the Board of Supervisors] shall sign this Ordinance and the City[County] Clerk shall attest thereto and shall within fifteen (15) days of its adoption cause it, or a summary of it, to be published in the ___________________________, a newspaper published and circulated in the City of _________________, [County of Riverside,] and thereupon and thereafter this Ordinance shall take effect and be in force according to law. Pursuant to Section 13.2(A) of the MSHCP Implementing Agreement, the City[County] Clerk shall send a copy of this Ordinance to RCA within 30 days of the date of adoption.

PASSED, APPROVED, AND ADOPTED, this _____ day of _____________ 2021 by the following:

____
Mayor[Chair of the Board of Supervisors]

ATTEST:

____
City[County] Clerk

AGENDA ITEM NO. 12

Attachment 3

RESOLUTION NO._______

A RESOLUTION OF THE CITY OF ______________[BOARD OF SUPERVISORS FOR THE COUNTY OF RIVERSIDE] ESTABLISHING THE WESTERN RIVERSIDE COUNTY MULTIPLE SPECIES HABITAT CONSERVATION PLAN LOCAL DEVELOPMENT MITIGATION FEE APPLICABLE TO ALL DEVELOPMENTS IN THE PLAN AREA

WHEREAS, the City of __________[County of Riverside] ("City"["County"]) is a member agency of the Western Riverside County Regional Conservation Authority ("RCA"), a joint powers agency comprised of the County of Riverside and the 18 cities located in western Riverside County; and

WHEREAS, the member agencies of RCA recognized that a habitat conservation plan is necessary to provide special protections for vegetation communities and natural areas containing habitat values to prevent future endangerment of the plant and animal species impacted by new development in western Riverside County; and

WHEREAS, in order to address these issues, the member agencies formulated a plan called the Western Riverside County Multiple Species Habitat Conservation Plan (the "MSHCP") whereby a mitigation fee would be assessed on new development and would be used to fund the implementation of the MSHCP; and

WHEREAS, in furtherance of the MSHCP, the City[County] is approving and adopting the updated "Western Riverside County Multiple Species Habitat Conservation Plan Nexus Fee Study", dated [INSERT DATE] (the "2020 Nexus Study") attached hereto and incorporated herein by this reference as Exhibit "A;" and

WHEREAS, based on the 2020 Nexus Study, the City[County] adopted Ordinance [INSERT ORDINANCE NUMBER] on [INSERT DATE] (the "2021 Local Development Mitigation Fee Ordinance") pursuant to California Government Code sections 66000 *et seq.* authorizing the County to impose the Local Development Mitigation Fee upon new development; and

WHEREAS, section 4.A. of the 2021 Local Development Mitigation Fee Ordinance authorizes the City[County] to adopt an applicable Local Development Mitigation Fee schedule by resolution; and

WHEREAS, the fees collected pursuant to this Resolution shall be used to finance the public facilities described or identified in the 2020 Nexus Study; and

WHEREAS, the levying of Local Development Mitigation Fee has been reviewed by the City Council[Board of Supervisors] and staff in accordance with the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines and it has been determined that the adoption of this resolution is exempt from CEQA pursuant to Section 21080(b)(8) of the California Public Resources Code and Sections 15273 and 15378(b)(4) of the State CEQA Guidelines.

NOW, THEREFORE, the City Council[Board of Supervisors] does resolve as follows:

SECTION 1. <u>Findings</u>. The City Council[Board of Supervisors] finds and determines as follows:

A. The preservation of vegetation communities and natural areas within western

Riverside County which support species covered by the MSHCP is necessary to protect and promote the health, safety, and welfare of all the residents of the City[County] by reducing the adverse direct, indirect, and cumulative effects of urbanization and development and providing for permanent conservation of habitat for species covered by the MSHCP.

B. It is necessary to establish a mitigation fee to ensure that all new development within the City[County] pays its fair share of the costs of acquiring and preserving vegetation communities and natural areas within the City[County] and the region which are known to support plant and wildlife species covered by the MSHCP.

C. A proper funding source to pay the costs associated with mitigating the direct, indirect and cumulative impacts of development to the natural ecosystems within the City[County] and the region, as identified in the MSHCP, is a development impact fee for residential, commercial, and industrial development. The amount of the fee is determined by the nature and extent of the impacts from the development to the identified natural ecosystems and or the relative cost of mitigating such impacts.

D. The MSHCP and the 2020 Nexus Study, a copy of which is on file in the City Clerk's[Clerk of the Board's] office, provides a basis for the imposition of development impact fees on new construction.

E. The use of the development impact fees to mitigate the impacts to the City's[County's] and the region's natural ecosystems is reasonably related to the type and extent of impacts caused by development within the City[County].

F. The costs of funding the proper mitigation of natural ecosystems and biological resources impacted by development within the City[County] and the region are apportioned relative to the type and extent of impacts caused by the development.

G. The facts and evidence provided to the City[County] establish that there is a reasonable relationship between the need for preserving the natural ecosystems in the City[County] and the region, as defined in the MSHCP, and the direct, indirect and cumulative impacts to such natural ecosystems and biological resources created by the types of development on which the fee will be imposed, and that there is a reasonable relationship between the fee's use and the types of development for which the fee is charged. This reasonable relationship is described in more detail in the MSHCP and the 2020 Nexus Study.

H. The cost estimates for mitigating the impact of development on the City's[County's] and the region's natural ecosystem and biological resources, as set forth in the MSHCP, are reasonable and will not exceed the reasonably estimated total of these costs.

I. The fee set forth herein does not reflect the entire cost of the lands which need to be acquired in order to implement the MSHCP and mitigate the impact caused by new development. Additional revenues will be required from other sources. The City Council[Board of Supervisors] finds that the benefit to each development project is greater than the amount of the fee to be paid by the project.

J. The fees collected pursuant to this Resolution shall be used to finance the acquisition and perpetual conservation of the natural ecosystems and certain improvements necessary to implement the goals and objectives of the MSHCP.

SECTION 2. Local Development Mitigation Fee. There is hereby adopted the Local Development Mitigation Fee schedule as set forth below:

MSHCP Local Development Mitigation Fee Schedule Effective July 1, 2021 through December 31, 2021	
Fee Category	Fee
Residential density less than 8.0 dwelling units per acre (fee per dwelling unit)	$2,935
Residential density between 8.0 and 14.0 dwelling units per acre (fee per dwelling unit)	$1,473
Residential density greater than 14.0 dwelling units per acre (fee per dwelling unit)	$670
Non-Residential/Commercial (fee per acre)	$11,982
Industrial (fee per acre)	$11,982

MSHCP Local Development Mitigation Fee Schedule Effective January 1, 2022	
Fee Category	Fee
Residential density less than 8.0 dwelling units per acre (fee per dwelling unit)	$3,635
Residential density between 8.0 and 14.0 dwelling units per acre (fee per dwelling unit)	$1,515
Residential density greater than 14.0 dwelling units per acre (fee per dwelling unit)	$670
Non-Residential/Commercial (fee per acre)	$16,358
Industrial (fee per acre)	$16,358

SECTION 3. Collection Fee Schedule [OPTIONAL]. The City[County] may also add an additional cost to the Local Development Mitigation Fee schedule to cover the costs of collecting and remitting the fees from project proponents.

[INSERT FEE SCHEDULE HERE]

SECTION 4. <u>Adoption of 2020 Nexus Study</u>. The City Council[Board of Supervisors] hereby adopts the 2020 Nexus Study and its findings.

SECTION 5. <u>CEQA Findings</u>. The City Council[Board of Supervisors] hereby finds that in accordance with CEQA and the State CEQA Guidelines the adoption of this Resolution is exempt from CEQA pursuant to Section 21080(b)(8) of the California Public Resources Code and Sections 15273 and 15378(b)(4) of the State CEQA Guidelines.

SECTION 6. <u>SEVERABILITY</u>. This Resolution and the various parts, sections, and clauses thereof, are hereby declared to be severable. If any part, sentence, paragraph, section, or clause is adjudged unconstitutional or invalid, the remainder of this Resolution shall not be affected thereby. If any part, sentence, paragraph, section, or clause of this Resolution, or its application to any person entity is adjudged unconstitutional or invalid, such unconstitutionality or invalidity shall affect only such part, sentence, paragraph, section, or clause of this Resolution, or person or entity; and shall not affect or impair any of the remaining provision, parts, sentences, paragraphs, sections, or clauses of this Resolution, or its application to other persons or entities. The Board of Supervisors hereby declares that this Resolution would have been adopted had such unconstitutional or invalid part, sentence, paragraph, section, or clause of this Resolution not been included herein; or had such person or entity been expressly exempted from the application of this Resolution.

If the fees collected for the conservation of the land, including the monitoring and management thereof, are later adjudged by a final unappealable judgment of a court of competent jurisdiction to be unconstitutional or invalid, the prior Local Development Mitigation Fee adopted under the prior 2003 Local Development Mitigation Fee Nexus Study and the corresponding Ordinance No. __, shall each be revived and shall continue for the life of the MSHCP.

SECTION 7. <u>Effective Date</u>. This Resolution shall become effective on July 1, 2021.

ADOPTED this_____ day of ___________ 2021.

By:__________________________________
Mayor[Chair
Board of Supervisors]

ATTEST:

By:____________________________
Clerk, [Board of Supervisors]

AGENDA ITEM NO. 12

Attachment 4

RESOLUTION NO. 2020-013

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY REPEALING RESOLUTIONS 2007-04 AND 2016-003 AND THE TENETS RELATING TO LOCAL INFRASTRUCTURE CONTRIBUTION

WHEREAS, the Western Riverside County Regional Conservation Authority ("RCA") is a public agency of the State of California formed by a Joint Exercise of Powers Agreement ("JPA"); and

WHEREAS, the RCA is composed of the County of Riverside and the 18 cities in western Riverside County ("Member Agencies"); and

WHEREAS, the Member Agencies are all Permittees under the Western Riverside County Multiple Species Habitat Conservation Plan ("MSHCP") and parties to the MSHCP Implementing Agreement ("IA"); and

WHEREAS, the RCA has the power to adopt such policies as the Board may deem necessary for the conduct of the RCA's affairs; and

WHEREAS, the RCA has recently updated its Nexus Study concerning the MSHCP Local Mitigation Development Fee; and

WHEREAS, in updating the Nexus Study, the RCA Board of Directors authorized the Member Agencies to adopt a new MSHCP Fee Ordinance along with an MSHCP Fee Implementation Manual; and

WHEREAS, Resolutions 2007-04 and 2016-003 have been incorporated into the MSHCP Fee Implementation Manual.

NOW, THEREFORE, **BE IT RESOLVED, DETERMINED, AND ORDERED** that the Western Riverside County Regional Conservation Authority Board of Directors hereby repeals Resolutions 2007-04 and 2016-003 and the "*Tenets Relating to Local Infrastructure Contribution*" adopted on February 5, 2007.

PASSED, APPROVED, AND ADOPTED by Board of Directors of the Western Riverside County Regional Conservation Authority this _____ day of ________________, 2020.

By: ________________________________
Jonathan Ingram, Chair
Western Riverside County
Regional Conservation Authority

ATTEST:

By: ______________________________
Jennifer Fuller, Clerk of the Board
Western Riverside County
Regional Conservation Authority

AGENDA ITEM NO. 12

Attachment 5

Regional Conservation Authority
Western Riverside County

MSHCP Mitigation Fee Implementation Manual

November 2020

RCA's MSHCP MITIGATION FEE IMPLEMENTATION MANUAL

The Western Riverside County Regional Conservation Authority ("RCA") was formed in 2004 to achieve one of America's most ambitious environmental efforts, the Western Riverside County Multiple Species Habitat Conservation Plan ("MSHCP" or the "Plan"). As the nation's largest habitat conservation plan of its kind, the MSHCP strengthens the sustainability and quality of life in western Riverside County by nurturing economic development opportunities, alleviating traffic congestion, protecting natural resources, and improving air quality.

This MSHCP Mitigation Fee Implementation Manual ("Manual") provides direction to Local Jurisdictions under the MSHCP concerning their obligations under the MSHCP and Permits regarding the imposition, collection, accounting, remittance and calculation of the Local Development Mitigation Fee. The Local Development Mitigation Fee Program is administered by the RCA. The instructions in this Manual are intended to be consistent with and based on the MSHCP, the Implementing Agreement (IA), and the 2020 Nexus Study. The Manual is also intended to provide direction to Member Agencies concerning their Fee Ordinances and any related Resolutions. For questions and clarifications, please contact the RCA.

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CHAPTER I. INTRODUCTION

A. Background on MSHCP and Implementation Agreements

The MSHCP, originally adopted in 2004, is a comprehensive, multi-jurisdictional Habitat Conservation Plan 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 while addressing the requirements of the State and federal Endangered Species Acts. 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 under the NCCP Act of 2001. The MSHCP streamlines these environmental permitting processes by allowing the participating jurisdictions to authorize "take" of plant and wildlife species identified within the Plan Area and has saved taxpayers more than $500 million by expediting the construction of more than 30 major freeway and road improvements in Riverside County valued at more than $5 billion. At the same time, Plan implementation provides a coordinated MSHCP Conservation Area and implementation program to preserve biological diversity and maintain the region's quality of life.

The MSHCP and the associated Implementing Agreement ("IA") and Incidental Take Permit collectively determine a set of conservation actions that must be taken to meet the terms of the Incidental Take Permit and benefit from the regulatory streamlining and other benefits of the MSHCP. This includes the identification of the responsible parties, including the responsibilities of the Local Permittees.[1] One of the key requirements of the MSHCP, IA , and Incidental Take Permit (consistent with the requirements of the federal Endangered Species Act) is the provision of adequate funding by Local Permittees to the Implementing Entity (the Western Riverside County Regional Conservation Authority[2]) ("RCA") to conduct their portion of the conservation actions identified in the MSHCP.

B. Purpose of MSHCP and Local Development Mitigation Fee

The purpose of the Local Development Mitigation Fee ("LDMF") is to contribute to the funding required to implement the MSHCP and, as a result, help maintain the Incidental Take Permit for new private and public development in western Riverside County under the federal and State Endangered Species Acts. Maintaining the Incidental Take Permit is necessary to allow for future development, and without the development community paying for the cost of the MSHCP, individual applicants would need to apply

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[1] Local Permittees include the western Riverside Cities, the County of Riverside, County Flood Control and Water Conservation District, County Regional Park and Open-Space District, County Department of Waste Resources, and Riverside County Transportation Commission.

[2] The Western Riverside County Regional Conservation Authority is a joint powers authority established in 2004 to implement the MSHCP.

independently for development approval under federal and State law if the project impacts a threatened or endangered species. The Federal Endangered Species Act specifically requires that the applicant for Incidental Take Permit "ensure that adequate funding for the [MSHCP] will be provided."[3] In addition, the LDMF helps provide the regional benefit of streamlined economic development in western Riverside County as well as the provision of contiguous open spaces that will serve as a community amenity to residents, workers, and visitors.

New development in the MSHCP Area will directly, indirectly, or cumulatively affect species and habitat in western Riverside County. Because of this, the County of Riverside along with several other agencies prepared and adopted the MSHCP to provide a regional, streamlined approach to benefit future development of all types in western Riverside County, including the development and improvements envisioned under the numerous General Plans and the Regional Transportation Improvement Program. The requirements of the MSHCP (habitat acquisition, management and monitoring, and program administration) are a direct result of the regional approach to mitigation that is engendered by all new development in the Plan Area under the pertinent environmental regulations. Consequently, the LDMF applies to all new development in western Riverside County whether or not the development is within a Criteria Cell.

The overall permit period was set at 75 years, ending in 2079. To cover ongoing management and monitoring costs beyond the duration when mitigation fees will be collected, the establishment of a non-depleting endowment is required. In other words, the endowment must be sufficient such that expected average interest revenues (after inflation and transaction costs) can cover the ongoing costs associated with management and monitoring in perpetuity. The endowment must be fully established by the end of the land acquisition period as it is assumed that no more mitigation fees will be collected after that time.

Finally, the LDMF is required by the MSHCP and the IA (IA §13.2(A); MSHCP § 8.5.1).

C. Public Projects

A number of Public Projects also pay fees related to the MSHCP in order to mitigate the impact of public projects in accordance with the terms of the IA. These different types of Public Projects and the fees related to them are discussed more in the later chapters of this Manual.

D. RCA Administration of Fee Program

Section 2 of the Member Agencies' Fee Ordinance provides that the RCA is appointed as the Administrator of the Fee Ordinance. The RCA is authorized to receive all fees generated from the LDMF within the Cities or County, and to invest, account for, and expend such fees in accordance with the provisions of the Plan, IA, and Fee Ordinances.

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[3] See Section 1539(a)(2)(B)(iii) of the federal Endangered Species Act.

The RCA's Executive Director or his/her designee is authorized to act on behalf of the RCA as the Administrator of the LDMF Program. Furthermore, the RCA shall have the final determination regarding collection of the fee, the appropriate methodology to calculate the fee based on the information provided, and the interpretation of this Manual.

E. Purpose of Implementation Manual

The purpose of this Manual is to provide those jurisdictions and agencies that are participants in the MSHCP and IA with direction and policies for implementation of the LDMF Ordinance and Resolution adopted by each of the member jurisdictions. The Manual specifies implementation and responsibilities for the LDMF Ordinance and Resolution. The instructions in this Manual shall control the administration of the Local Development Mitigation Fee except where directly in conflict with the adopting Ordinance. Capitalized terms in this Manual shall have the same meaning as in the adopting Ordinance.

The RCA may, from time to time, amend this Manual as necessary to add additional direction, clarification, or guidance regarding implementation of the LDMF Ordinance.

CHAPTER II. LOCAL JURISDICTION INSTRUCTIONS

A. Legal Authority

Any capitalized terms used within this Manual which are not defined herein are the same as those defined in the LDMF Ordinances.

The MSHCP notes that “new development affects the environment directly through construction activity and cumulatively through population bases that result from Development.” As a result, the Member Agencies are required to implement a LDMF that was expected to represent one of the primary sources of funding for the implementation of the MSHCP. The LDMF has been developed in accordance with California Government Code Section 66000 et seq. (the “Mitigation Fee Act”) that “allows cities and counties to charge new development for the costs of mitigating the impacts of new development.” Fees charged to Public Projects have been imposed pursuant to the MSHCP IA.

B. Member Agency Obligations under MSHCP and Implementation Agreements. As set forth in Section 11.1 of the MSHCP Implementing Agreement, the Member Agencies and the RCA have selected legal mechanisms to ensure implementation of the terms of the MSHCP and the IA.

a. **Enactment of Fee Ordinance and Resolution.** Pursuant to Sections 11.1.1 and 11.1.2 of the MSHCP IA, the Member Agencies shall adopt an Ordinance imposing the LDMF in substantially the form proposed by the RCA and the related Resolution within 90 days’ notice from the RCA. The Member Agencies shall also adopt any updated Fee Ordinance or Resolution within 90 days’ notice from the RCA.

b. **Imposition of Fee.**

i. The LDMF will be paid no later than at the issuance of a building permit. Notwithstanding any other provision of the Municipal or County Ordinance, as relevant, no building permit shall be issued for any Development Project unless the LDMF applicable to such Development Project has been paid. The amount of the Fee shall be calculated in accordance with this Manual.

ii. In lieu of the payment of the LDMF as provided above, the Fee for a Development may be paid through a Community Facilities District, provided that such arrangement is approved by the RCA in writing.

c. **Remittance of Fees to the RCA**

i. Timing. The Member Agencies shall remit all LDMFs which are collected or should have been collected for any Development, as defined in the MSHCP, and contributions for Public Projects to the RCA on a monthly basis to be expended to fulfill the terms of the MSHCP. Payment to the RCA shall be made no later than 90 days after the LDMFs were collected. Payment to the RCA shall be made no later than 90 days after the construction contract for the Public Project is approved by the Member Agency.

ii. Documentation and Records Requirements. The Member Agencies shall maintain complete and accurate records with respect to all LDMF revenues collected under their LDMF Ordinances and the calculation of contributions for all Public Projects. All such records shall be clearly identifiable.

iii. Annual audits. The Member Agencies shall allow a representative of the RCA during normal business hours to examine, audit, and make transcripts or copies of such records.

d. **Imposition of CPI increases and other Fee Adjustments**

i. Automatic Annual Fee Adjustment. The RCA will provide the Member Agencies with an automatic annual fee adjustment for the fee established by Resolution based on the average percentage change over the previous calendar year set forth in the Consumer Price Index for the Riverside-San Bernardino-Ontario metropolitan area. The Member Agencies shall adopt a resolution implementing the fee adjustment no later than 60 days after receiving notice from the RCA.

ii. Periodic Fee Adjustment. The fee schedule may be periodically reviewed, and the amounts adjusted by the RCA Board of Directors. By amendment to the fee Resolution referenced in the Fee Ordinance, the fees may be increased or decreased to reflect the changes in actual and estimated costs of the MSHCP including, but not limited to, management and monitoring, endowment, and acquisition costs. The adjustment of the fees may also reflect changes in the facilities required to be acquired, in estimated revenues received pursuant to the Fee Ordinances, as well as the availability or lack thereof of other funds with which to implement the MSHCP. The Member Agencies shall adopt a resolution implementing the fee adjustment no later than 60 days after receiving notice from the RCA.

C. Fee Credits and Fee Credit Agreements

I. FEE CREDITS

When a Member Agency determines that a request for a fee credit (“Fee Credit”) is appropriate for on-site conservation which meets the standards in Section II below, the Member Agency shall notify the RCA’s Executive Director (“Executive Director”) in writing as part of the Joint Project Review (“JPR”) Application. This notification shall include all relevant documentation related to the project, including project description, map, criteria cells, and designation of land proposed for conservation.

Fee Credits shall be applied only to the Project they are associated with in the JPR. Fee Credits shall only be provided to the underlying property owner or development company at the time the LDMF applies and are not transferrable to other entities, individuals, or development projects. Fee Credits shall not be applied retroactively. Fee Credits shall not be granted for on-site conservation that would not be considered developable land in the absence of the MSHCP. Some examples of such undevelopable land include that which could not be developed under the California Environmental Quality Act, land with topography consisting of 50% or greater slopes, land that is in a flood way, or land that could not be developed due to other local ordinance restrictions. In cases where both developable and undevelopable land are included in on-site conservation, only that land that is developable in the absence of the MSHCP shall be considered for Fee Credit.

II. STANDARDS. Fee credits shall meet the following standards:

A. Proposed conservation land must be within Criteria Cells and contribute to Reserve Assembly;

B. Conservation land must be of a size, configuration, and location such that it can be managed as part of the MSHCP Conservation Area;

C. In addition to the exclusions identified in Section I above, fuel modification/hazardous vegetation areas, manufactured slopes, storm drain or detention basin outfalls, constructed slope protection, utility easement areas, and Best Management Practices such as bioswales, infiltration trenches, and basins will be excluded from Fee Credits and will not be accepted for management by the RCA.

III. APPRAISAL

A. The RCA or Member Agency will obtain an appraisal for the property being offered in exchange for the Fee Credit. The cost of the appraisal will be borne by the entity that commissions the appraisal.

B. The appraisal shall be prepared by a licensed appraiser and meet the standards in Section 6.1.1 of the MSHCP. The property owner may select the appraiser from an approved list of appraisers used by the RCA.

IV. DECISION.

A. Member Agency – Approval Authority up to $200,000 A Member Agency may approve Fee Credits up to $200,000. The RCA will assist Member Agency in making a determination on the Fee Credits if requested. Notwithstanding the above, the RCA is authorized to review and audit a Member Agency's approval of Fee Credits hereunder. In the event of a disagreement between RCA and a Member Agency regarding Fee Credits provided under this Section IV.A, the matter shall be referred to the RCA Board of Directors for consideration and further action.

B. Board of Directors – Approval Authority Over $200,000 All Fee Credits over $200,000 require approval of the RCA Board of Directors. The Executive Director shall place the Fee Credit request on the agenda for the next regularly scheduled meeting of the RCA Board of Directors for which an agenda has not been posted.

V. REPORTING. The Member Agency will provide the RCA with a copy of all Fee Credit agreements within 30 days of execution. The Executive Director shall provide monthly reports to the RCA Board of Directors of all notifications concerning Fee Credits.

VI. CONVEYANCE OF CONSERVATION LAND. Conservation land associated with approved Fee Credits shall be conveyed in fee title to the RCA or another entity or organization lawfully authorized to acquire and hold conservation easements pursuant to Civil Code Section 815.3. The conservation land shall be free of encumbrances that could adversely impact the ability to manage the conservation land in accordance with the MSHCP. Conveyance of the conserved land must occur prior to the point in time when MSHCP Fee payment is due for the Project, and the Member Agency shall not issue occupancy permits for the Project until such time as the conservation land has been conveyed and any Fee balance has been paid to the RCA. If a non-member agency holds title to the land, the entity must enter into a Management MOU with the RCA agreeing to manage the land in accordance with the MSHCP prior to issuance of a grading permit for the Project.

D. Fee Exemptions.

The following types of construction shall be exempt from the provisions of this Ordinance:

A. Reconstruction or improvements that were damaged or destroyed by fire or other natural causes, provided that the reconstruction or improvements do not result in additional usable square footage.

B. Rehabilitation or remodeling to an existing Development Project, provided that the rehabilitation or remodeling does not result in additional usable square footage.

C. Accessory Dwelling Units, but only to the extent such fee is exempted under state law.

D. Junior Accessory Dwelling Units, but only to the extent such fee is exempted under state law.

E. Existing structures where the use is changed from an existing permitted use to a different permitted use, provided that no additional improvements are constructed and does not result in additional usable square footage.

F. Certain Agricultural Operations as allowed by the MSHCP, as amended.

G. Vesting Tentative Tract Maps entered into pursuant to Government Code section 66452 et seq. (also, Government Code section 66498.1 et seq.) and Development Projects which are the subject of a development agreement entered into pursuant to Government Code section 65864 et seq., prior to the effective date of a Member Agency's original LMDF Ordinance, wherein the imposition of new fees are expressly prohibited, provided that if the term of such a vesting map or development agreement is extended by amendment or by any other manner after the effective date of the Member Agency's original LDMF Ordinance, the Fee shall be imposed.

Except as exempted above, all projects are required to make a mitigation payment/ contribution and where no mitigation payment process is specified, the project will pay the updated per acre mitigation fee.

E. Project Area. As defined in the Fee Ordinance, the "Project Area" means the area, measured in acres, within the Development Project including, without limitation, any areas to be developed as a condition of the Development Project. The Project Area shall be calculated in accordance with the following guidelines:

1. The Project Area shall be determined by the Member Agency staff based on the subdivision map, plot plan, and other information submitted to or required by the Member Agency.

2. An applicant may elect, at his or her own expense, to have a Project Area dimensioned, calculated, and certified by a registered civil engineer or licensed land surveyor. The engineer or land surveyor shall prepare a wet-stamped letter of certification of the Project Area dimensions and a plot plan exhibit thereto that clearly delineates the Project Area. Upon receipt of the letter of certification and plot plan exhibit, the Member Agency shall calculate the LDMF required to be paid based on the certified Project Area.

3. Where construction or other improvements on Project Area are prohibited due to legal restrictions on the Project Area, such as Federal Emergency Management Agency designated floodways or areas legally required to remain in their natural state, that portion of the Project Area so restricted shall be excluded for the purpose of calculating the LDMF.

F. Developer Refunds and Appeals

Under certain circumstances, such as double payment, expiration of a building permit, or fee miscalculation due to clerical error, an applicant may be entitled to a refund. Refunds will be reimbursed by the end of the fiscal year on a first come, first served basis, depending upon the net revenue stream. Refunds will only be considered reimbursable if requested within three (3) years of the original LDMF payment. In all cases, the applicant must promptly submit a refund request with proof of LDMF payment to the RCA if the RCA collected the LDMF, or if collected by a local jurisdiction, the refund request shall be submitted to that local jurisdiction, which will subsequently forward the request to the RCA for verification, review, and possible action.

1. Expiration of Building Permits If a building permit should expire, be revoked, or is voluntarily surrendered and is, therefore voided and no construction or improvement of land has commenced, then the applicant may be entitled to a refund of the LDMF collected which was paid as a condition of approval, less administration costs. Any refund must be requested within three (3) years of the original payment. The applicant shall pay the current LDMF in effect at the time in full if s/he reapplies for the permit.

2. **Double Payments** On occasion due to a clerical error, a developer has paid all or a portion of the required LDMF for project twice. In such cases, a refund of the double payment may be required if the request in made within three (3) years of the original payment.

3. **Balance Due** When LDMF is incorrectly calculated due to a Member Agency's clerical error, it is the Member Agency's responsibility to remit the balance due to the RCA. The error must be discovered within three (3) years of the original payment for the Member Agency to be held accountable. The amount due can be remitted through alternate methods agreed to by the RCA Executive Committee. If first approved through RCA staff in writing, the calculation is not subject to additional review.

G. Options for Administrative Add-On Costs to Fees

In the Fee Resolution mentioned in the Fee Ordinance, the Member Agencies are permitted to add an additional cost to the LDMF schedule to cover the Member Agency's costs of imposing, administering, collecting, and remitting the fees.

H. Public Project Fees

1. **City/County Roadways** The Member Agencies shall contribute 5% of the facility construction costs for city/County roads for impacts related to City/County roadways to the RCA as set forth herein.

   a. The 5% contribution shall apply to the construction of new roads, the widening of existing roads, or other improvements which increase roadway throughput.

   b. Maintenance projects, as defined herein, are exempt from the 5% contribution.

   c. The 5% does not apply to:

      i. Projects, or portions thereof, paid for by the existing Measure A (contribution already paid directly by RCTC); and

      ii. Projects, or portions thereof, paid for by TUMF (contribution already paid directly by WRCOG).

   d. The Member Agency will include the payment of MSHCP fees within its grant applications to the Federal Highway Administration.

   e. Only contributions for the Caltrans-funded portion of a Caltrans highway project shall be exempted from the Public

Project fee. Caltrans contributions are covered pursuant to MSHCP section 8.4.4 (pages 8-11 & 8-12).

2. **City/County Civic Projects** The Member Agency will contribute a per acre mitigation fee based upon the current commercial/industrial fee for these types of facilities.

3. **Riverside County Flood Control District Projects**. Riverside County Flood Control District will contribute mitigation through payment of 3% of total capital costs for a Covered Activity. Such payment may be offset through acquisition of replacement habitat or creation of new habitat for the benefit of Covered Species, as appropriate. Such mitigation shall be implemented prior to impacts to Covered Species and their habitats.

I. Monthly Payment. Pursuant to Section 8.5 of the MSHCP, Sections 12.2.1 and 12.2.2 of the IA, and Sections 19.A and 19.B of the Joint Powers Agreement (JPA), the Member Agencies shall remit all LDMFs which are collected or should have been collected for any Development, as defined in the MSHCP, and contributions for Public Projects to the RCA on a monthly basis to be expended to fulfill the terms of the MSHCP.

1. Payment to the RCA shall be made no later than 90 days after the LDMFs were collected.

2. Payment to the RCA shall be made no later than 90 days after the construction contract for the Public Project is approved by the County or the City/County.

J. No Withholding. The Member Agencies may not recover the costs of administering the provisions of their LDMF Ordinance using the LDMF revenues generated by them through said Ordinance.

K. Audit. Pursuant to the JPA, the Member Agencies shall maintain complete and accurate records with respect to all LDMFs collected under their LDMF Ordinance and the calculation of contributions for all Public Projects. All such records shall be clearly identifiable. The Member Agencies shall allow a representative of the RCA during normal business hours to examine, audit, and make transcripts or copies of such records.

L. Late Payments. Starting January 1, 2008, if a Member Agency fails to remit the monthly payment within 90 days as required in Section 2.0 above, any delinquent amounts will be assessed interest at the rate of the RCA's prevailing rate for invested funds. Notwithstanding the prior sentence, no interest shall be assessed on delinquent fees remitted prior to January 1, 2008.

M. **No Effect on Withdrawal.** The obligations imposed under this Article on the Member Agencies shall not affect any more strict obligation imposed on each of them under Section 22.1 of the I A pertaining to withdrawal from the MSHCP.

N. **Periodic Fee Adjustment**. The fee schedule may be periodically reviewed, and the amounts adjusted by the RCA Board of Directors; the LDMF may be increased or decreased to reflect the changes in actual and estimated costs of the MSHCP including, but not limited to, debt service, lease payments, and acquisition costs. The adjustment of the fees may also reflect changes in the facilities required to be acquired, in estimated revenues received pursuant to this Ordinance, as well as the availability or lack thereof of other funds with which to implement the MSHCP.

O. **Automatic Annual Fee Adjustment**. In addition to the Periodic Fee Adjustment mentioned above, the RCA will provide the Member Agencies with an automatic annual fee adjustment for the fee established by this Ordinance based on the average percentage change over the previous calendar year set forth in the Construction Price Index for the Riverside-San Bernardino-Ontario metropolitan area.

P. **Authority**. The RCA shall have final determination regarding the appropriate methodology to calculate the fee based on the information provided.

CHAPTER III. MITIGATION PAYMENT REQUIREMENTS

New private, public, and other development activity in western Riverside County must comply with the MSHCP, IA, Ordinances, and Resolutions to obtain permits and make the appropriate mitigation payment. This Chapter describes the mitigation payment mechanisms and formulae that apply to different types of projects. It first defines three broad project categories and then provides more detail on the different mitigation payment calculations that apply to different types of projects under these broad categories. The subsequent **Chapter IV** provides illustrative fee calculations for Private and Public Project examples to clarify the appropriate calculation of mitigation payments.[4] RCA staff is available to answer questions if there are questions about mitigation payment requirements for a specific project.

General Project Categories

All projects fall into one of three (3) general categories as described below. Local Permittees should first determine which general category any project falls under.

1. Private Projects

Private Projects include projects where the primary project purpose is for use by households, businesses, or other private entities (i.e. not accessible to the public except where allowed by private owner/ renter). These projects include homes, apartments, offices, industrial buildings, and retail stores, among others. This category also includes Private Projects that receive public support (e.g., support through direct public investments in infrastructure, ground leases of publicly owned land, or direct investment of public dollars in projects such as affordable housing).

Private Projects often require the development of public infrastructure, improvements, and amenities (e.g., streets, parks, and community buildings) by the project developer. In these cases, the Private Project developer will be responsible for making payments for the private and public components of the project. As discussed in more detail in subsequent sections, the mitigation fee payment calculation for privately developed public infrastructure, improvements, and amenities depends on the type of project (residential versus non-residential) and the nature and role of the improvements (whether they solely serve project residents or serve a broader community).

2. Public Projects

Public Projects include projects whose primary goal is to provide publicly accessible/ useable infrastructure, improvements, or other amenities. Public Projects include a broad range of project types, including transportation, flood control, water, wastewater, stormwater, parks, community centers and other public buildings, among others.

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[4] All projects are required to make mitigation payments, except where specifically exempted in the Fee Ordinance.

Some Public Projects will involve the private sector. Private sector involvement could be through design, construction, operation, and/or funding. For mitigation purposes, these projects are considered Public Projects and are treated the same from a mitigation perspective.[5]

3. Participating Special Entities (PSE) Projects

Some types of projects can obtain the MSHCP benefits of permit streamlining by participating as Participating Special Entities ("PSE's"). This is a third category of project and its mitigation payment requirements are described separately, though in many ways PSE projects are treated similarly to Public Projects.

Private Projects

This section categorizes the different types of Private Projects and the associated mitigation payment requirements. Private project mitigation payments are determined by the MSHCP LDMF for the current fiscal year and project characteristics. Chapter IV provides illustrative examples of different types of Private Projects to further clarify and support the calculation of the appropriate mitigation payment.

Private Project Types

Private Projects are further distinguished into three (3) types (along with some sub-types). In all cases, mitigation occurs through mitigation fee payment, though as described further below the mitigation fee type and calculation varies for these different types.

Non-Residential

The non-residential category of Private Projects encompasses the full and broad range of Private Projects that do not incorporate residential development. Uses include all commercial, industrial, and any other private non-residential projects.

Residential

The residential category of Private Projects covers the full range of residential development projects, including, but not limited to, residential subdivisions, apartment complexes, infill residential projects, affordable housing projects, single homesite developments, and Accessory Dwelling Units ("ADUs"). Mixed-use Private Projects (projects that combine residential and commercial/ industrial uses) are addressed distinctly, as described below.

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[5] As described above under Private Projects and explained in more detail below, when public infrastructure/ improvements/ amenities are part of a Private Project, the mitigation for the public part of the Private Project is incorporated into the Private Project mitigation requirement.

Because of the variation in the type and extent of public infrastructure, improvements, and amenities developed as part of private residential projects, distinctions between different types of residential projects are required. Distinctions are also required as State law limits and specifies the application of mitigation fees to ADUs.

- **Type I. Residential Development with Resident-Serving Public Improvements Only.** Residential projects whose public infrastructure, improvements, and amenities only serve project residents (e.g., in-tract roads, resident clubhouses, pocket parks, and parking for project resident/ guest use) and do not provide broader community access or benefits.

- **Type II. Residential Development with Community-Serving Public Improvements.** Residential projects that include the development of public infrastructure, improvements, and amenities that serve more than project residents alone; e.g., backbone infrastructure such as roads that serve beyond the project residents or parks and amenities that serve more than just the new residential units.

- **Type III. Accessory Dwelling Units**. State law restricts the imposition of mitigation fees on ADUs of less than 750 square feet and provides a formula for ADUs above this size.

Mixed-Use Projects

The mixed-use category of Private Projects encompasses projects that include private residential and private non-residential uses. The mixed-use project category is divided into two types because of the two distinct mixed-use project forms – horizontally mixed-use and vertically mixed-use.

- **Type I. Horizontally Mixed-Use Projects.** Mixed-use projects where a distinct portion of the project land area is developed as residential and a distinct portion as non-residential. For example, a project that includes a residential subdivision and neighborhood shopping center.

- **Type II. Vertically Mixed-Use Projects**. Mixed-use projects where one or more land use is developed vertically above another. For example, a project where apartment units are developed above ground floor retail.

Private Project Mitigation Fee Schedule

The updated 2020 Nexus Study developed a consistent per gross acre mitigation fee. For residential projects, this per gross acre fee was then translated into per residential unit fees for three different residential development density categories (to allow for a continuation of the existing fee structure). The mitigation fee schedule is shown in Table 3-1 and includes the mitigation fees provided under the updated 2020 Nexus Study (actual fee levels will vary with fee phase-in and annual adjustments).

Table 3-1: Updated Fee Levels (effective January 1, 2022)

Development Type		Fee	
Residential Development			
Low Density	(fewer less than or equal to 8.0 units per Gross Residential Project Acre)	$3,635	per Unit
Medium Density	(between 8.0 and 14.0 units per Gross Residential Project Acre)	$1,515	per Unit
High Density	(more than 14.0 units per Gross Residential Project Acre)	$670	per Unit
Non-Residential Development			
Commercial/ Industrial/ Non-Residential Mitigation Fee[1]		$16,358	per Gross Project Acre

[1] The per gross acre also applies to the public components to private projects and to certain types of public and PSE Projects.

Private Project Mitigation Fee Calculations by Project Type

The table below shows the mitigation payment approach for residential projects.

Table 3-2: Mitigation Payment Approach for Residential Projects

MITIGATION PAYMENT FORMULA FOR DIFFERENT TYPES OF RESIDENTIAL PROJECTS *

Residential Developments - Type I
Residential Development with Resident-Serving Public Improvements Only

Fee Calculation:
Fee Payment = Number of Residential Units x Per Unit Mitigation Fee for Appropriate Density Category

Notes:
1. Density Category = Total Number of Residential Units / Gross Residential Project Acres
2. Type I Residential Development cannot include any public improvements that serve beyond the project residents (i.e. only resident-serving public improvements; not "community-serving" public improvements)

Residential Developments - Type II
Residential Development with Community-Serving Public Improvements

Fee Calculation:
Fee Payment = Number of Residential Units x Per Unit Mitigation Fee for Appropriate Density Category
plus Gross Acres of community-serving Public Improvements x Per Gross Acre Fee

Notes:
1. Density Category = Total Number of Residential Units / Gross Residential Project Acres
2. Type II Residential Development includes "Community-serving" Public Improvements that serve beyond the project residents and are not covered by the per residential unit mitigation fee
3. Gross Project Acres = Gross Residential Project Acres + Gross Community-Serving Public Improvement Acres

Residential Developments - Type III
Development of an Accessory Dwelling Unit (ADU)

Fee Calculation:
Fee Payment for ADUs of less than 750 square feet
= $0
Fee Payment for ADUs of more than 750 square feet
= Per Unit Mitigation Fee for Low Density Category x (ADU square feet / Primary Residence square feet)

Notes:
1. State Law does not allow charging of mitigation fees to ADUs of less than 750 square feet
2. State law provides the formula for calculating fee payments by larger ADUs

* The term "Public Improvements" is used as a collective term for all Public Infrastructure, Improvement, and Amenities.

The table below shows the approach for non-residential projects and mixed-use projects.

Table 3-3: Mitigation Payment Approach for Non-Residential and Mixed-Use Projects

MITIGATION PAYMENT FORMULA FOR NON-RESIDENTIAL AND MIXED USE PROJECTS *

Non Residential Projects
All Non-Residential Projects

Fee Calculation:
Fee Payment = Gross Project Acres x Per Gross Acre Fee

Notes:
1. Gross Project Acres include all project acres including non-residential development areas and all associated project acreage (i.e. including all parking, landscaping, public improvements etc.)

Mixed-Use Project - Type I
Horizontally mixed-use project with residential and non-residential private development

Fee Calculation:
Fee Payment = Number of Residential Units x Per Unit Mitigation Fee for Appropriate Density Category
plus Gross Acres of Community-serving Public Improvements x Per Gross Acre Fee
plus Gross Acres of Non-Residential Development x Per Gross Acre Fee

Notes:
1. Density Category = Total Number of Residential Units / Gross Residential Project Acres
2. All gross project acres outside of the Gross Residential Project Acres contribute through the per gross acre fee

Mixed-Use Project - Type II
Vertically mixed-use project with residential and non-residential private development

Fee Payment is the higher of two (2) calculations:

Calculation 1: Fee Payment = Gross Project Acres x Per Gross Acre Fee

Calculation 2:
Fee Payment = Number of Residential Units x Per Unit Mitigation Fee for Appropriate Density Category
plus Gross Acres of Community-serving Public Improvements x Per Gross Acre Fee

Notes:
1. Density Category = Total Number of Residential Units / Gross Project Residential Acres
(Gross Residential Acres = Gross Project Acres minus Community-serving Public Improvements Acres)

* The term "Public Improvements" is used as a collective term for all Public Infrastructure, Improvement, and Amenities.

Key definitions associated with the above mitigation formula table include:

- **Gross Project Area/ Acres**. This is the total or gross areas of the project. This overall acreage can only be reduced under unique circumstances.[6]

- **Gross Residential Area/ Acres**. This is the total area of the project dedicated to residential land uses and includes residential buildings as well as "Project Resident-Serving" Infrastructure/ Improvements/ Amenities.

- **Project Resident-Serving Infrastructure/ Improvements/ Amenities.** Infrastructure/ improvements, and amenities that only serve project residents and include, but are not limited to, roads, parks, and non-residential buildings that only serve project residents.

- **Gross "Community-Serving" Area/ Acres**. This is the area of residential projects that provide infrastructure, improvements, and amenities that go beyond only serving project residents and hence are "community-serving". This includes, but is not limited to, roads that serve multiple projects, parks that serve more than one residential project, parking that serves other uses/ developments etc. The acreage associated with these improvements/ amenities are part of the gross project acreage but distinct from project resident-serving improvements/ amenities and the gross residential area.

For further clarification, mitigation fee payment calculations for illustrative Private Projects are provided in **Chapter IV**.

Public Projects

This section categorizes the different types of Public Projects and the associated mitigation payment requirements. The MSHCP, Implementing Agreement, and other documents established the mitigation system for Public Projects that includes a mix of approaches typically tied to a percent of capital cost or the adopted per gross acre mitigation fee for non-residential uses. The mitigation payments for road projects are more complex as certain funding sources (Measure A and TUMF) provide direct mitigation payments for the portions of transportation projects they fund. **Chapter IV** provides illustrative examples of selected Public Projects to further clarify and support the calculation of the appropriate mitigation payment.

Public Project Types

Public Projects include the full range of projects that provide public infrastructure, improvements, or amenities. This includes, but is not limited to, public roads, parks, libraries, administrative facilities, jails, courts, and flood control projects among others. As

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[6] Specifically, the MSHCP exempts flood control areas that cannot be developed from mitigation fee calculations.

described in the following section, certain public/ quasi-public improvements are covered as Participating Special Entity projects (the third major project category type). These include public (and private) utility districts/ companies, School Districts, Special Districts, and other quasi-public entities.

Per the MSHCP, Implementing Agreement, and other documents, the mitigation payment requirement/ obligation varies between the following Public Project types.

- **City/ County Road Projects**. Includes all City and County road projects.

- **City/County Civic Projects**. Includes all non-road City and County projects, including City/ County administrative facilities, jails, courts, juvenile facilities, parks, libraries, and all other facilities that serve the public.

- **Riverside County Flood Control District Projects**. Includes all Riverside County Flood Control District projects.

As noted in the MSHCP and the Implementing Agreement, mitigation contributions for Caltrans Projects are intended to be covered through a combination of Measure A funds, 3,000 acres of land dedication, and support for the endowment and ongoing positions. Mitigation for federal projects (e.g., development of a federal building) occurs through the Section 7 consultation process of the Federal Endangered Species Act; in some cases, these projects might be required to provide mitigation similar to those of other Public Projects under the MSHCP.

Mitigation Requirements and Transportation Funding Sources

For transportation projects, the mitigation payment calculations are more complicated due to the distinct mitigation payments/ contributions directly incorporated into certain types of transportation funding, as described below:

- **TUMF Funding**. The TUMF includes a small component tied to the mitigation of the portions of projects funded by TUMF revenues. This portion of the TUMF is passed directly from WRCOG to the RCA. As a result, the proportion of transportation projects that are funded by TUMF revenues are netted out from transportation project mitigation payments (described in more detail below).

- **Measure A Funding**. A portion of the Measure A sales tax revenues was collected and provided to the RCA to support MSHCP implementation. This contribution represented the mitigation payment for the portions of projects funded with Measure A dollars. As a result, the proportion of transportation projects that are funded by Measure A funds are netted out from transportation project mitigation payments (described in more detail below).

- **Federal Funding**. Unlike TUMF and Measure A funding, direct mitigation funding has not been provided for the portions of transportation projects that are federally funded. As a result, federal funding is not excluded from the mitigation payment calculation. It is recommended that Local Permittees incorporate the mitigation payment associated with federally funded portions of their transportation projects into any grant applications for federal transportation funding.

Public Project Mitigation Payment Approaches

There are two primary approaches that underlie the calculation of Public Project mitigation payments, including:

- **Per Gross Acre Fee Payments**. For some Public Projects, the required mitigation payment is based on the application of the per gross acre fee to the gross project acres. The per gross acre fee is the same fee that applies to Private Projects. The fee will vary each year/ periodically and is calculated at $16,358 per Gross Project Acre in the updated 2020 Nexus Study.

- **Percent of Construction Costs**. For some Public Projects, the mitigation payment requirement is three (3) percent or five (5) percent of total construction costs (described in more detail below).

Public Project Mitigation Fee Calculations by Project Type

The table below shows fee calculations for different Public Projects types.

Table 3-4: Mitigation Payment Approach for Public Projects

MITIGATION PAYMENT FORMULA FOR DIFFERENT TYPES OF PUBLIC PROJECTS

City/ County Road Projects
All City and County Road Projects

Fee Calculation:
Fee Payment = 5% x Total Construction Costs

Notes:
1. Applies to all new road projects, all road widening projects, and other road investments that are not maintenance efforts.
2. The proportion of total project costs covered by TUMF funding and Measure A funding is discounted from the total construction costs (where applicable) prior to fee payment calculation.
3. Total construction costs are a portion of total project costs. Total construction costs include all direct/ hard costs, including contingencies and change orders. ROW acquisition costs and soft costs are not included in total construction costs.

Local Public Capital Construction Projects
All City and County (non-road) public projects, including City/ County administrative facilities, jails, courts, juvenile facilities, parks, libraries, or other facilities that serve the public.

Fee Calculation:
Fee Payment = Gross Project Acres x Per Gross Acre Fee

Notes:
1. No exceptions unless specifically noted in the Ordinance.
2. School District, Special District, and certain other public projects are covered as PSE's.

Riverside County Flood Control District Projects
All Riverside County Flood Control District projects

Fee Calculation
Fee Payment = 3% x Total Construction Costs

Notes
1. Total construction costs are a portion of total project costs. Total construction costs include all direct/ hard costs, including contingencies and change orders. ROW acquisition costs and soft costs are not included in total construction costs.

Participating Special Entity Projects

Participating Special Entities ("PSE's") are entities that are not formally covered under the MSHCP but are allowed to obtain the same MSHCP streamlined permitting by making the appropriate mitigation payments. This section categorizes the different types of PSE projects and the associated mitigation payment requirements. The mitigation payment system for PSE projects is similar to the one for public projects and includes a mix of approaches typically tied to percent of construction costs or the adopted per gross acre mitigation fee for non-residential uses.

PSE Project Types

Participating Special Entities includes entities/ agencies such as public and private utility districts/ companies, School Districts, Special Districts, and Quasi-Public entities, among others. Public water districts, private water companies, telecommunication companies, Investor Owned Utilities (IOU's), Schools, Colleges, and Universities would all fall in this project category.

The mitigation payment requirement/ obligation varies between the following Public Project types.

- Non-Linear Projects. Includes all projects that are non-linear in form.

- Linear Projects. Includes all linear projects with differentiation in payment amount between permanent and temporary projects.

PSE Mitigation Payment Approaches

There are two primary approaches that underlie the calculation of Public Project mitigation payments, including:

- Per Gross Acre Fee Payments. For non-linear Public Projects, the required mitigation payment is based on the application of the per gross acre fee to the gross project acres. The per gross acre fee is the same fee that applies to Private Projects. The fee will vary each year/ periodically and is calculated at $16,358 per Gross Project Acre in the updated 2020 Nexus Study.

- Percent of Construction Costs. For linear projects, the mitigation payment requirement is 5 percent of total construction costs for permanent impacts and three (3) percent of total construction costs for temporary impacts.

PSE Project Mitigation Fee Calculations by Project Type

The table below shows fee calculations for different PSE project types.

Table 3-5: Mitigation Payment Approach for PSE Projects

MITIGATION PAYMENT FORMULA FOR DIFFERENT TYPES OF PSE PROJECTS

Non-Linear Projects
All PSE projects that are not linear in form

Fee Calculation:
Fee Payment = Gross Project Acres x Per Gross Acre Fee

Linear Projects - Permanent Impacts
All PSE projects that are linear in form and permanent

Fee Calculation
Fee Payment = 5% *x* Total Construction Costs

Linear Projects - Temporary Impacts
All PSE projects that are linear in form and temporary

Fee Calculation
Fee Payment = 3% *x* Total Construction Costs

Notes
1. Total construction costs are a portion of total project costs. Total construction costs include all direct/ hard costs, including contingencies and change orders. ROW acquisition costs and soft costs are not included in total construction costs.

CHAPTER IV. MITIGATION PAYMENT EXAMPLES

This chapter provides illustrative fee calculations for examples of Private and Public Projects. Building off the comprehensive description of mitigation requirements and formulae by project type in **Chapter III**, this chapter provides fee calculations for an illustrative set of projects. Illustrative examples were developed for a range of circumstances and are designed to help Local Permittees identify the appropriate approach for estimating mitigation payments. The examples included in this chapter are for illustration purposes only. In the event of a conflict between these examples and the Fee Ordinance of the applicable City/County, the Fee Ordinance shall control the administration of the Local Development Mitigation Fee. Please contact RCA staff if you are unclear on how to conduct the mitigation payment calculation for a particular project.

Private Projects: Residential/Mixed Use Examples

This section contains six (6) examples of private development projects, including four (4) residential projects and two (2) mixed-use projects. More specifically, the include:

- Example 1: All Residential – Low Density
- Example 2: All Residential – Low Density **–** including Backbone Road Construction
- Example 3: All Residential – High Density - including Backbone Road Construction
- Example 4: All Residential – Combination of Densities
- Example 5: Horizontal Mixed Use – Residential/ Commercial – including Backbone Road Construction
- Example 6: Vertical Mixed Use – Residential/ Commercial

These examples are not intended to be all inclusive but rather give permittees guidance on calculating the mitigation fee payment given different project types and characteristics. Included in each example is a narrative of the example project, a figure representation of the project layout, the development program description, and the mitigation fee calculation. No stand-alone commercial project examples are included as the application of the per gross acre mitigation fee to the gross project acres is universal for all non-residential Private Projects.

Example 1 - All Residential – Low Density

Residential project to be developed on a total of ten acres (area inside red boundary). The project will include residential units, a community building/ area for the residents of the development (project residents only), and streets within the development (in-tract streets). All roads leading to the development have already been built and do not require investments by the developer. A total of 50 residential units are planned within the ten gross acres, resulting in an average residential density of five units per acre. This represents a low-density residential project for the purpose of the fee program. Please see the visual representation of the project layout (Figure 1-1), the development program data (Table 1-1), and mitigation payment calculation (Table 1-2) below.

Figure 1-1: Illustrative Project Layout

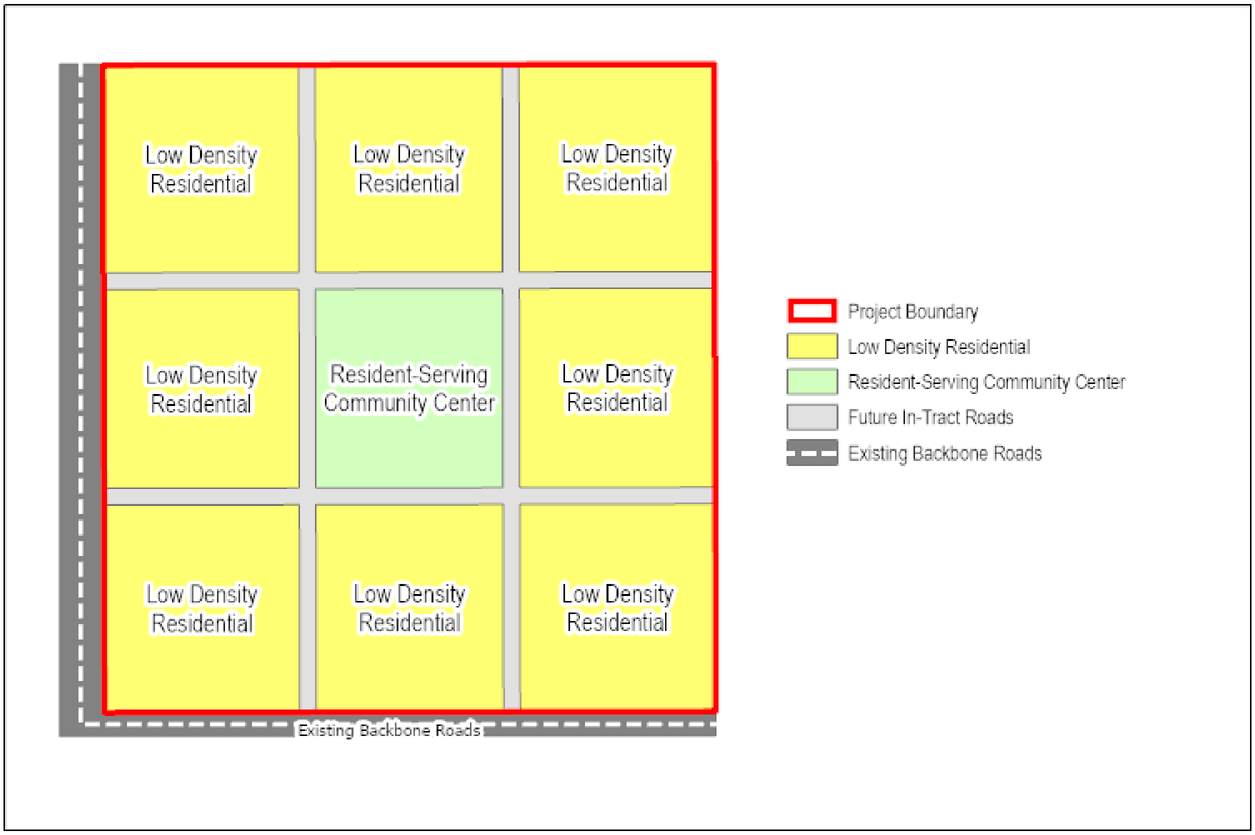

Table 1-1: Illustrative Development Program

Item	Amount	
Gross Project Area	**10**	**acres**
Residential Development Area		
Residential Development Area	8.25	
In-Tract/ Project Resident Serving (Residential)	1.75	
Total/ Gross Residential Acres	10.00	
All Other Development		
Non-Residential Development Area	0	
Backbone/ Area-Serving	0	
Total Non-Residential Development	0	
Residential Development		
Low Density (1)	50	
Medium Density (1)	0	
High Density (1)	0	
Total Units	**50**	**units**
Residential Project Density		
Residential Project Density	5	units/ acre
Residential Fee Density Category (1)	LOW	

(1) Residential density categories as follows:
- Low Density - less than or equal to 8 residential units/ gross residential acre.
- Medium Density - greater than 8 and less than 16 residential units/ gross residential acre.
- High Density - greater than 16 residential units/ gross residential acre.

Table 1-2: Mitigation Fee Payment Calculation

Item	Units/ Acres	Per Unit/ Per Acre Mitigaiton Fee (1)	Mitigation Fee Payment
Residential Development (2)	50 units	$3,635 (low density)	$181,750
Non-Residential Development (3)	0 acres	$16,358	$0
Backbone/ Community-Serving (4)	0 acres	$16,358	$0
Total Mitigation Fee Payment (5)			**$181,750**

(1) Fee schedule will be updated periodically. Fee schedule used for Example Calculations as follows:

<u>Residential Development</u>		
Low Density (on average)	$3,635	per unit
Medium Density (on average)	$1,515	per unit
High Density (on average)	$670	per unit
<u>All Other Development</u>	$16,358	per gross acre

(2) Residential mitigation fee payment covers residential units and associated in-tract infrastructure/ improvements and project resident-serving amenities. All infrastructure, improvements, and amenities that serve beyond the projet residents is covered in separate component of the fee calculation.

(3) Includes land area associated with non-residential development, such as commercial/ industrial buildings, parking, and landscaping, among other components.

(4) All infrastructure/ improvements/ amenities that serve beyong the project/ project residents and that are not included in the non-residential development fee payment calculation included here.

(5) Mitigation fee payment calculation does not include any additional member jurisdiction adminstrative charges.

Example 2 – All Residential – Low Density – Including Backbone Road Construction

Residential project to be developed on a total of 12.5 acres (inside red boundary). The project will include residential units, a community building/ area for the residents of the development (project residents only), streets within the development (in-tract streets), and new streets leading to the project (backbone/ community-serving streets). The member agency has required the builder to construct backbone roads as a condition of the permit. The backbone roads will be built on an additional 2.5 acres of land distinct from the 10 acres that will incorporate the residential development and project resident-serving improvements/ amenities. A total of 50 residential units are planned within the 10 gross acres (gross residential acres) that exclude the backbone/community-serving infrastructure. This results in an average residential density of five units per acre and represents a low-density residential project for the purpose of the fee program. Please see the visual representation of the project layout (Figure 2-1), the development program data (Table 2-1), and the mitigation payment calculation (Table 2-2) below.

Figure 2-1: Illustrative Project Layout

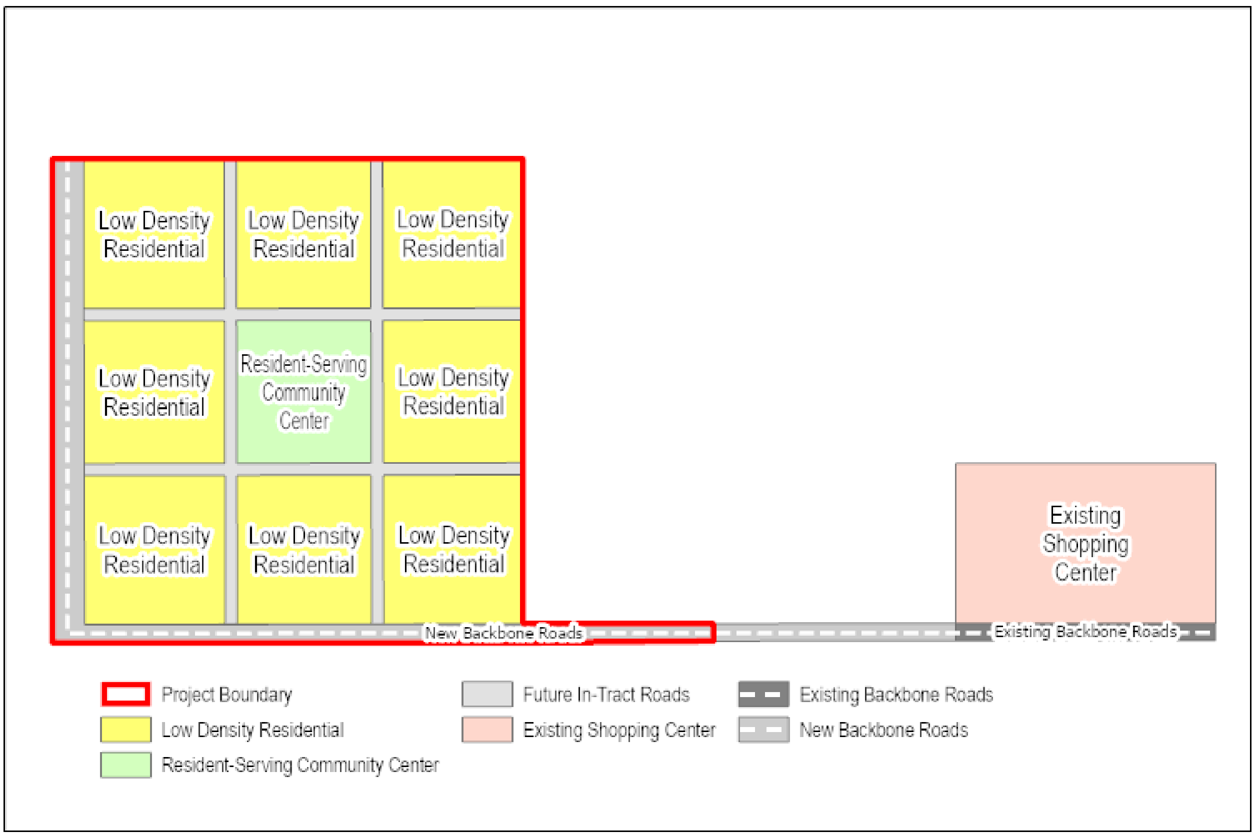

Table 2-1: Illustrative Development Program

Item	Amount	
Gross Project Area	**12.5**	**acres**
Residential Development Area		
Residential Development Area	8.25	
In-Tract/ Project Resident Serving (Residential)	1.75	
Total/ Gross Residential Acres	10.00	
All Other Development		
Non-Residential Development Area	0	
Backbone/ Area-Serving	2.5	
Total Non-Residential Development	2.5	
Residential Development		
Low Density (1)	50	
Medium Density (1)	0	
High Density (1)	0	
Total Units	**50**	**units**
Residential Project Density		
Residential Project Density	5	units/ acre
Residential Fee Density Category (1)	LOW	

(1) Residential density categories as follows:
- Low Density - less than or equal to 8 residential units/ gross residential acre.
- Medium Density - greater than 8 and less than 16 residential units/ gross residential acre.
- High Density - greater than 16 residential units/ gross residential acre.

Table 2-2: Mitigation Payment Calculation

Item	Units/ Acres	Per Unit/ Per Acre Mitigaiton Fee (1)	Mitigation Fee Payment
Residential Development (2)	50 units	$3,635 (low density)	$181,750
Non-Residential Development (3)	0 acres	$16,358	$0
Backbone/ Community-Serving (4)	2.5 acres	$16,358	$40,895
Total Mitigation Fee Payment (5)			**$222,645**

(1) Fee schedule will be updated periodically. Fee schedule used for Example Calculations as follows:

Residential Development		
Low Density (on average)	$3,635	per unit
Medium Density (on average)	$1,515	per unit
High Density (on average)	$670	per unit
All Other Development	$16,358	per gross acre

(2) Residential mitigation fee payment covers residential units and associated in-tract infrastructure/ improvements and project resident-serving amenities. All infrastructure, improvements, and amenities that serve beyond the projet residents is covered in separate component of the fee calculation.

(3) Includes land area associated with non-residential development, such as commercial/ industrial buildings, parking, and landscaping, among other components.

(4) All infrastructure/ improvements/ amenities that serve beyong the project/ project residents and that are not included in the non-residential development fee payment calculation included here.

(5) Mitigation fee payment calculation does not include any additional member jurisdiction adminstrative charges.

Example 3 – All Residential – High Density – Including Backbone Road Construction

Residential project to be developed on a total of 12.5 acres (inside red boundary). The project will include residential units, a community building/area for the residents of the development (project residents only), streets within the development (in-tract streets), and new streets leading to the project (backbone/ community-serving streets). The member agency has required the builder to construct backbone roads as a condition of the permit. The backbone roads will be built on an additional 2.5 acres of land distinct from the 10 acres that will incorporate the residential development and project resident-serving improvements/ amenities. A total of 200 residential units are planned within the 10 gross acres that exclude the backbone/ community-serving infrastructure. This results in an average residential density of 20 units per acre and represents a high-density residential project for the purpose of the fee program. Please see the visual representation of the project layout (Figure 3-1), the illustrative development program data (Table 3-1), and the mitigation payment calculation (Table 3-2) below.

Figure 3-1: Project Layout

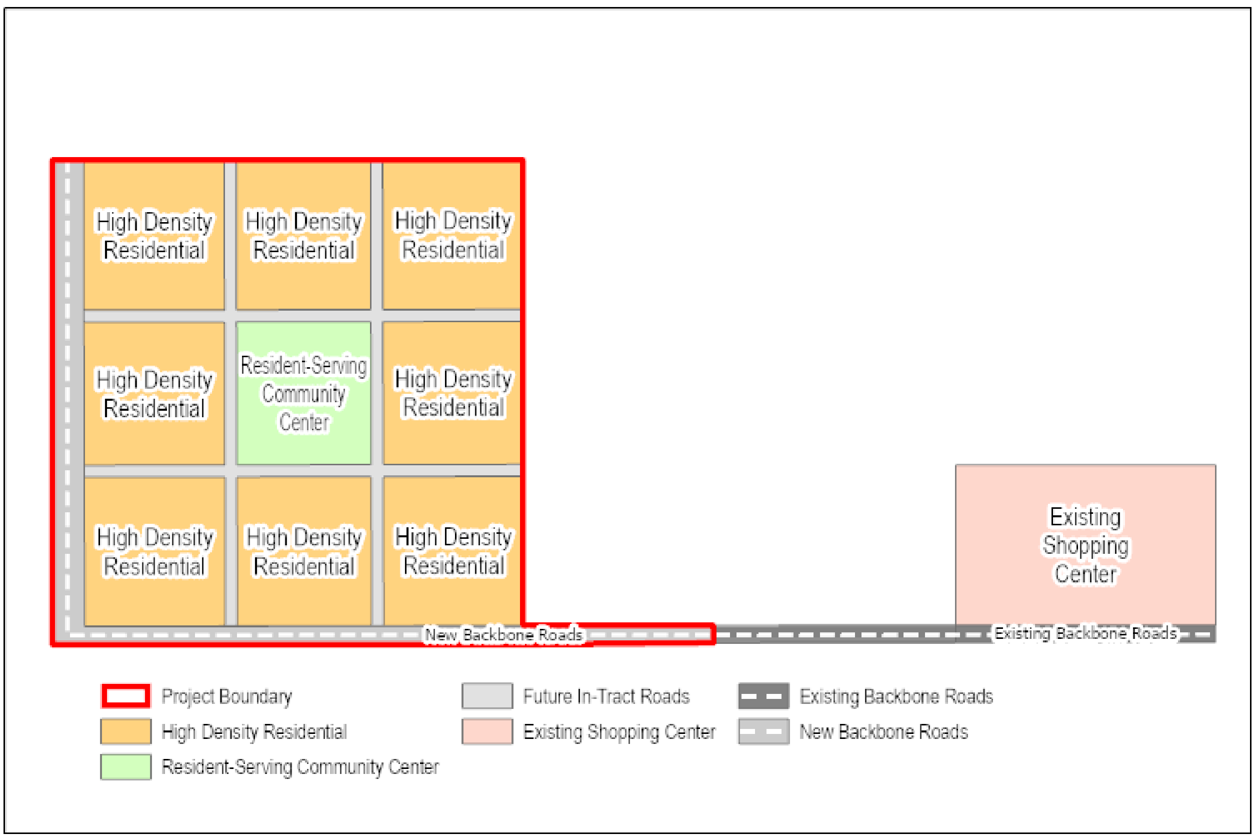

Table 3-1: Illustrative Development Program

Item	Amount	
Gross Project Area	**12.5**	**acres**
Residential Development Area		
Residential Development Area	8.00	
In-Tract/ Project Resident Serving (Residential)	2.00	
Total/ Gross Residential Acres	10.00	
All Other Development		
Non-Residential Development Area	0	
Backbone/ Area-Serving	2.5	
Total Non-Residential Development	2.5	
Residential Development		
Low Density (1)	0	
Medium Density (1)	0	
High Density (1)	200	
Total Units	**200**	**units**
Residential Project Density		
Residential Project Density	20	units/ acre
Residential Fee Density Category (1)	HIGH	

(1) Residential density categories as follows:
- Low Density - less than or equal to 8 residential units/ gross residential acre.
- Medium Density - greater than 8 and less than 16 residential units/ gross residential acre.
- High Density - greater than 16 residential units/ gross residential acre.

Table 3-2: Mitigation Payment Calculation

Item	Units/ Acres	Per Unit/ Per Acre Mitigaiton Fee (1)	Mitigation Fee Payment
Residential Development (2)	200 units	$670 (high density)	$134,000
Non-Residential Development (3)	0 acres	$16,358	$0
Backbone/ Community-Serving (4)	2.5 acres	$16,358	$40,895
Total Mitigation Fee Payment (5)			**$174,895**

(1) Fee schedule will be updated periodically. Fee schedule used for Example Calculations as follows:

<u>Residential Development</u>		
Low Density (on average)	$3,635	per unit
Medium Density (on average)	$1,515	per unit
High Density (on average)	$670	per unit
<u>All Other Development</u>	$16,358	per gross acre

(2) Residential mitigation fee payment covers residential units and associated in-tract infrastructure/ improvements and project resident-serving amenities. All infrastructure, improvements, and amenities that serve beyond the projet residents is covered in separate component of the fee calculation.
(3) Includes land area associated with non-residential development, such as commercial/ industrial buildings, parking, and landscaping, among other components.
(4) All infrastructure/ improvements/ amenities that serve beyong the project/ project residents and that are not included in the non-residential development fee payment calculation included here.
(5) Mitigation fee payment calculation does not include any additional member jurisdiction adminstrative charges.

Example 4 – All Residential – Combination of Densities

Residential project to be developed on a total of 7.25 acres (area inside red boundary). The project will include residential units, a community building/area for the residents of the development (project residents only), and streets within the development (in-tract streets). All roads leading to the development have already been built and do not require investments by the developer. A total of 50 residential units are planned within the 7.25 gross acres, including a mix of low- and high-density development. The 50 residential units planned on 7.5 gross acres result in an average residential density of 6.9 units per acre. This represents a low-density residential project for the purpose of the fee program. Please see the visual representation of the project layout (Figure 4-1), the illustrative development program data (Table 4-1), and the mitigation payment calculation (Table 4-2) below.

Figure 4-1: Illustrative Project Layout

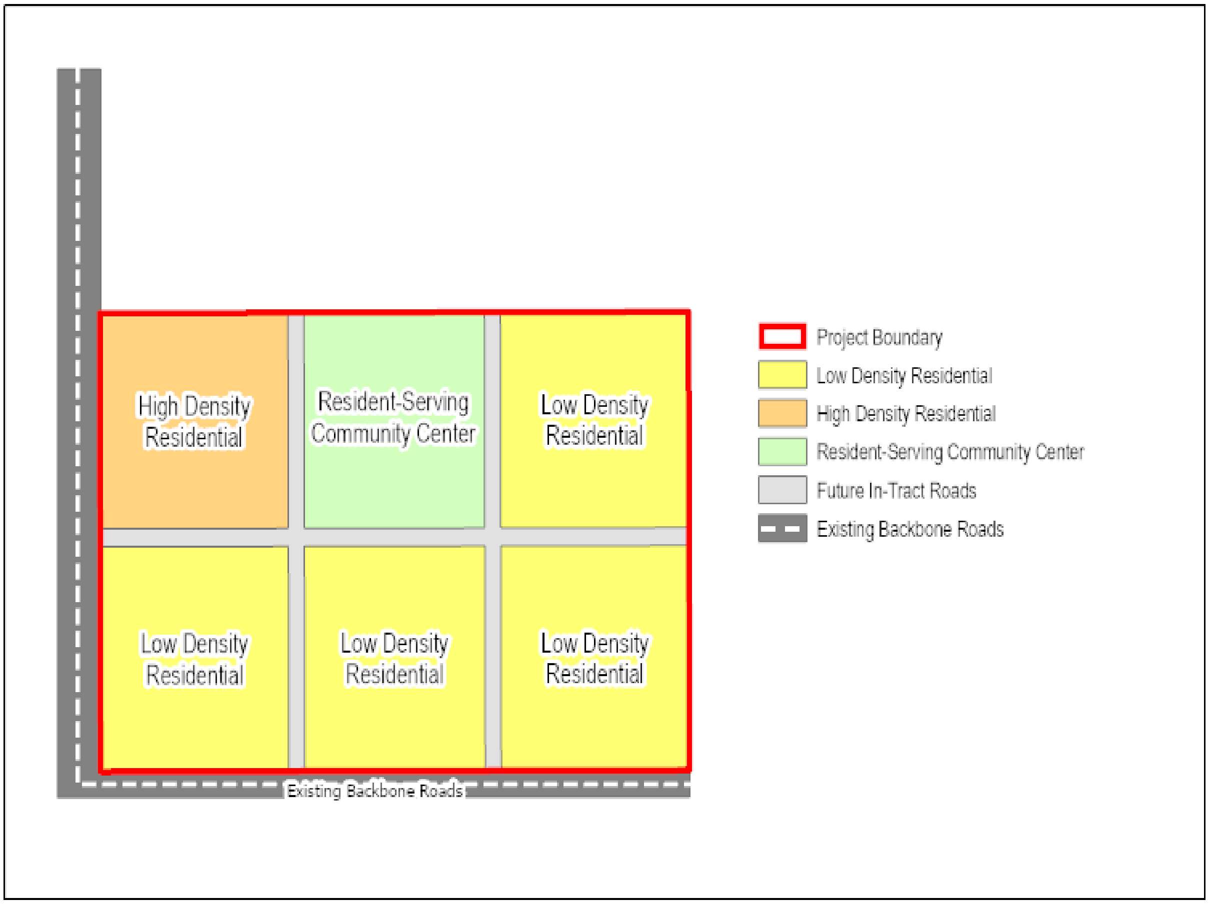

Table 4-1: Illustrative Development Program

Item	Amount	
Gross Project Area	**7.25**	**acres**
Residential Development Area		
Residential Development Area	5.75	
In-Tract/ Project Resident Serving (Residential)	1.50	
Total/ Gross Residential Acres	7.25	
All Other Development		
Non-Residential Development Area	0	
Backbone/ Area-Serving	0	
Total Non-Residential Development	0	
Residential Development		
Low Density (1)	25	
Medium Density (1)	0	
High Density (1)	25	
Total Units	**50**	**units**
Residential Project Density		
Residential Project Density	6.9	units/ acre
Residential Fee Density Category (1)	LOW	

(1) Residential density categories as follows:
- Low Density - less than or equal to 8 residential units/ gross residential acre.
- Medium Density - greater than 8 and less than 16 residential units/ gross residential acre.
- High Density - greater than 16 residential units/ gross residential acre.

Table 4-2: Mitigation Payment Calculation

Item	Units/ Acres	Per Unit/ Per Acre Mitigaiton Fee (1)	Mitigation Fee Payment
Residential Development (2)	50 units	$3,635 (low density)	$181,750
Non-Residential Development (3)	0 acres	$16,358	$0
Backbone/ Community-Serving (4)	0 acres	$16,358	$0
Total Mitigation Fee Payment (5)			**$181,750**

(1) Fee schedule will be updated periodically. Fee schedule used for Example Calculations as follows:

Residential Development		
Low Density (on average)	$3,635	per unit
Medium Density (on average)	$1,515	per unit
High Density (on average)	$670	per unit
All Other Development	$16,358	per gross acre

(2) Residential mitigation fee payment covers residential units and associated in-tract infrastructure/ improvements and project resident-serving amenities. All infrastructure, improvements, and amenities that serve beyond the projet residents is covered in separate component of the fee calculation.

(3) Includes land area associated with non-residential development, such as commercial/ industrial buildings, parking, and landscaping, among other components.

(4) All infrastructure/ improvements/ amenities that serve beyong the project/ project residents and that are not included in the non-residential development fee payment calculation included here.

(5) Mitigation fee payment calculation does not include any additional member jurisdiction adminstrative charges.

Example 5 – Horizontal Mixed Use – Residential and Commercial – Including Backbone Road Construction

Mixed use project to be developed on a total of 22.5 acres (inside red boundary). Residential project to be developed on ten acres. The project will include three components: (1) residential units, a community building/area for the residents of the development (project residents only), and streets within the residential development (in-tract streets); (2) a commercial development (e.g. shopping center) and project -serving improvements (e.g. parking, landscaping, and any other component that is not restricted to use by the residents only); and, (3) backbone/community serving roads on 2.5 acres of land that the member agency has required the builder to construct as a condition of the permit. A total of 50 residential units are planned within the 10 gross residential acres that exclude the backbone/community-serving infrastructure and the commercial development. This results in an average residential density of five units per acre, meaning that the residential component of the project is low density for the purpose of the fee program. Please see the visual representation of the project layout (Figure 5-1), the illustrative development program data (Table 5-1), and the mitigation payment calculation (Table 5-2) below.

Figure 5-1: Illustrative Project Layout

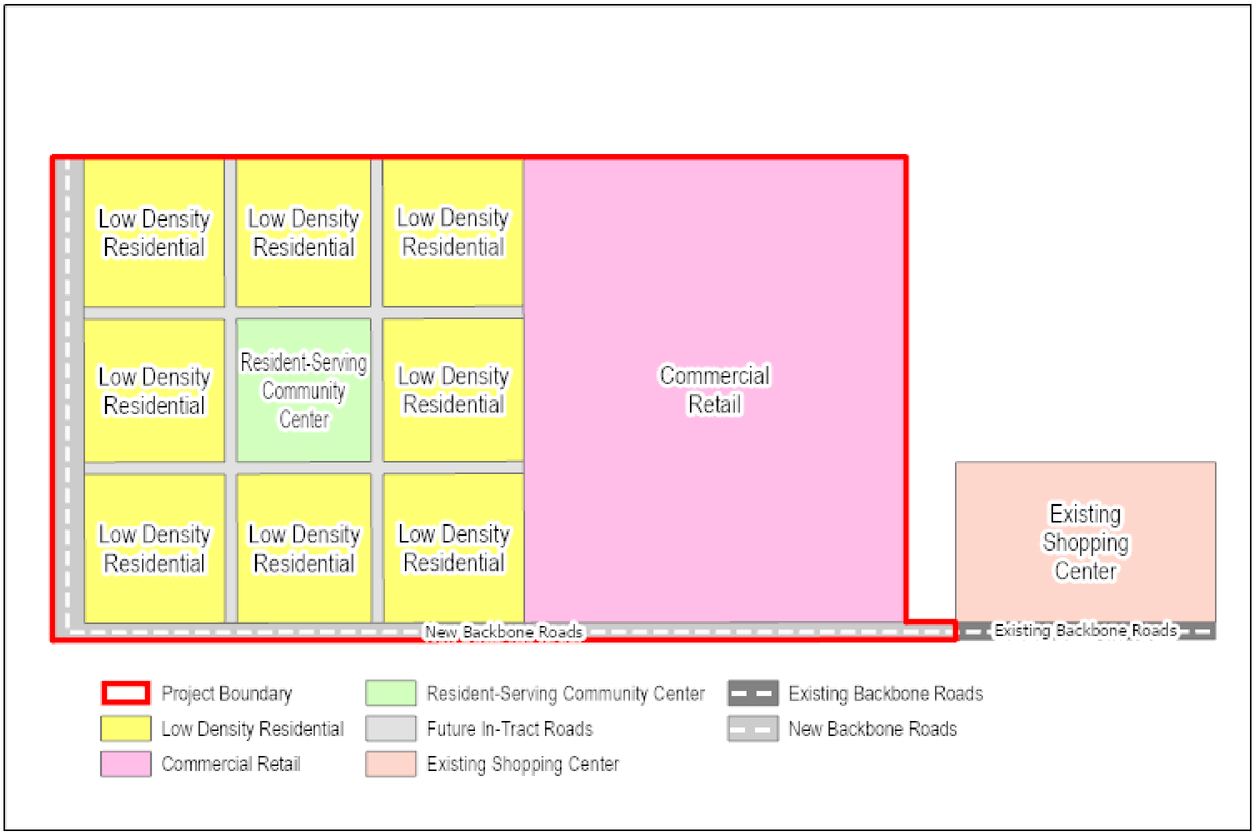

Table 5-1: Illustrative Development Program

Item	Amount	
Gross Project Area	**22.5**	**acres**
Residential Development Area		
Residential Development Area	8.25	
In-Tract/ Project Resident Serving (Residential)	1.75	
Total/ Gross Residential Acres	10.00	
All Other Development		
Non-Residential Development Area	10.0	
Backbone/ Area-Serving	2.5	
Total Non-Residential Development	12.5	
Residential Development		
Low Density (1)	50	
Medium Density (1)	0	
High Density (1)	0	
Total Units	**50**	**units**
Residential Project Density		
Residential Project Density	5.0	units/ acre
Residential Fee Density Category (1)	LOW	

(1) Residential density categories as follows:
- Low Density - less than or equal to 8 residential units/ gross residential acre.
- Medium Density - greater than 8 and less than 16 residential units/ gross residential acre.
- High Density - greater than 16 residential units/ gross residential acre.

Table 5-2: Mitigation Fee Payment Calculation

Item	Units/ Acres		Per Unit/ Per Acre Mitigaiton Fee (1)		Mitigation Fee Payment
Residential Development (2)	50	units	$3,635	(low density)	$181,750
Non-Residential Development (3)	10	acres	$16,358		$163,580
Backbone/ Community-Serving (4)	2.5	acres	$16,358		$40,895
Total Mitigation Fee Payment (5)					**$386,225**

(1) Fee schedule will be updated periodically. Fee schedule used for Example Calculations as follows:

Residential Development		
Low Density (on average)	$3,635	per unit
Medium Density (on average)	$1,515	per unit
High Density (on average)	$670	per unit
All Other Development	$16,358	per gross acre

(2) Residential mitigation fee payment covers residential units and associated in-tract infrastructure/ improvements and project resident-serving amenities. All infrastructure, improvements, and amenities that serve beyond the projet residents is covered in separate component of the fee calculation.

(3) Includes land area associated with non-residential development, such as commercial/ industrial buildings, parking, and landscaping, among other components.

(4) All infrastructure/ improvements/ amenities that serve beyong the project/ project residents and that are not included in the non-residential development fee payment calculation included here.

(5) Mitigation fee payment calculation does not include any additional member jurisdiction adminstrative charges.

Example 6 – Vertical Mixed Use – Residential and Commercial

Mixed use project to be developed on a total of 3 acres (inside red boundary). The project will include a podium at street level that will include commercial/ retail as well as parking, residential units in the stories above the podium, as well as streets within the project area (in-tract streets). A total of 90 residential units are planned within the 3-acre project area. This results in an average residential density of 30 units per acre, meaning that the residential component of the project is high density for the purpose of the fee program. Please see the visual representations of the project layout (Figures 6-1 and 6-2), the illustrative development program data (Table 6-1), and the mitigation payment calculations (Tables 6-2 and 6-3) below. Two calculations must be conducted for mixed-use vertical projects and the higher of the two calculations must be used. One calculation treats the project like a residential project and the other calculation treats it like a commercial project. In the example below, the mitigation payment is $60,300 under the first method and $49,300 under the second method, so $60,300 payment applies.

Figure 6-1: Illustrative Project Layout – Residential and Commercial Vertical View

Figure 6-2: Illustrative Project Layout – Residential and Commercial Horizontal View

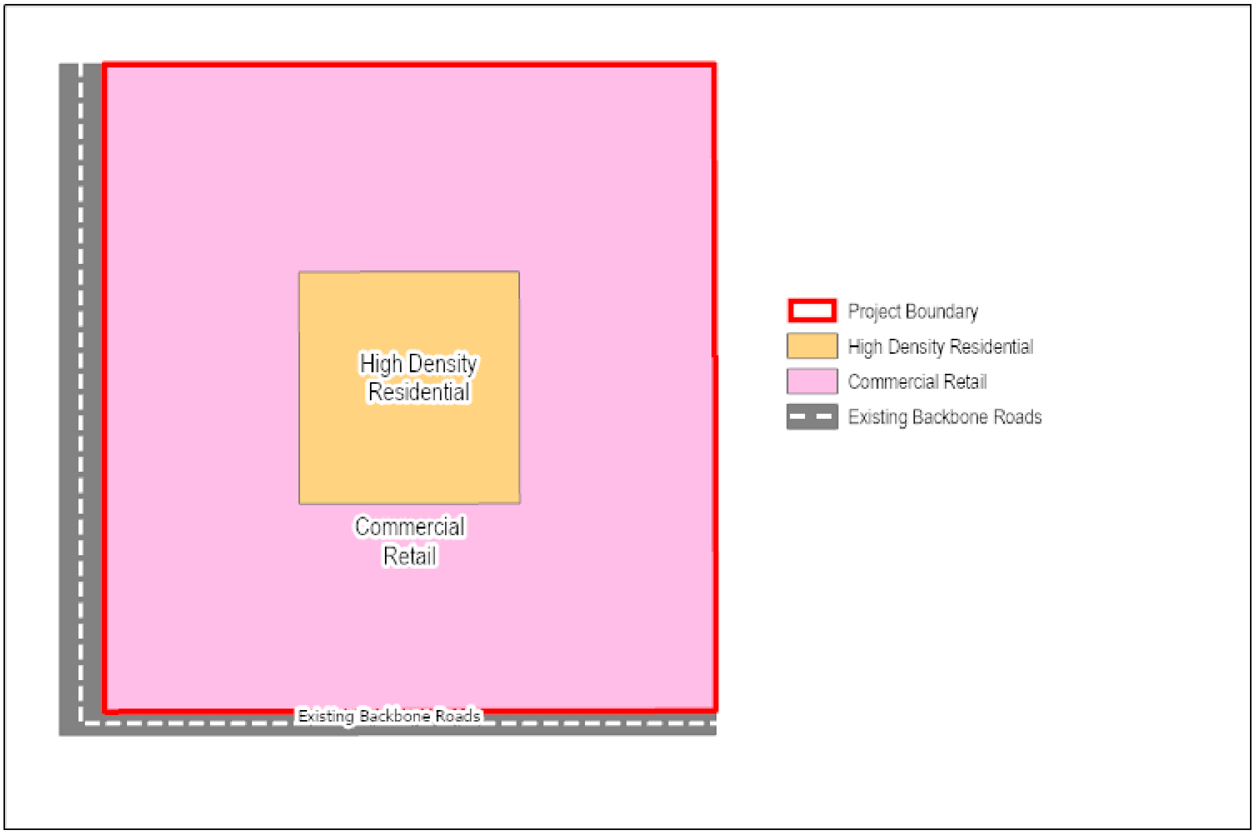

Table 6-1: Illustrative Development Program

Item	Amount	
Gross Project Area	**3**	**acres**
Residential Development Area		
Residential Development Area	2.75	
In-Tract/ Project Resident Serving (Residential)	0.25	
Total/ Gross Residential Acres	3.00	
All Other Development		
Non-Residential Development Area	0.0	
Backbone/ Area-Serving	0	
Total Non-Residential Development	0	
Residential Development		
Low Density (1)	0	
Medium Density (1)	0	
High Density (1)	90	
Total Units	**90**	**units**
Residential Project Density		
Residential Project Density	30.0	units/ acre
Residential Fee Density Category (1)	HIGH	

(1) Residential density categories as follows:
- Low Density - less than or equal to 8 residential units/ gross residential acre.
- Medium Density - greater than 8 and less than 16 residential units/ gross residential acre.
- High Density - greater than 16 residential units/ gross residential acre.

Table 6-2: Mitigation Fee Payment Calculation – Method 1 (Residential Focus)

Item	Units/ Acres		Per Unit/ Per Acre Mitigaiton Fee (1)		Mitigation Fee Payment
Residential Development (2)	90	units	$670	(high density)	$60,300
Non-Residential Development (3)	0	acres	$16,358		$0
Backbone/ Community-Serving (4)	0	acres	$16,358		$0
Total Mitigation Fee Payment (5)					**$60,300**

(1) Fee schedule will be updated periodically. Fee schedule used for Example Calculations as follows:

<u>Residential Development</u>		
Low Density (on average)	$3,635	per unit
Medium Density (on average)	$1,515	per unit
High Density (on average)	$670	per unit
<u>All Other Development</u>	$16,358	per gross acre

(2) Residential mitigation fee payment covers residential units and associated in-tract infrastructure/ improvements and project resident-serving amenities. All infrastructure, improvements, and amenities that serve beyond the projet residents is covered in separate component of the fee calculation.
(3) Includes land area associated with non-residential development, such as commercial/ industrial buildings, parking, and landscaping, among other components.
(4) All infrastructure/ improvements/ amenities that serve beyong the project/ project residents and that are not included in the non-residential development fee payment calculation included here.
(5) Mitigation fee payment calculation does not include any additional member jurisdiction adminstrative charges.

Table 6-3: Mitigation Fee Payment Calculation – Method 2 (Commercial/ Project Area Focus)

Item	Units/ Acres	Per Unit/ Per Acre Mitigaiton Fee (1)	Mitigation Fee Payment
Residential Development (2)	0 units	$670 (high density)	$0
Non-Residential Development (3)	3 acres	$16,358	$49,074
Backbone/ Community-Serving (4)	0 acres	$16,358	$0
Total Mitigation Fee Payment (5)			**$49,074**

(1) Fee schedule will be updated periodically. Fee schedule used for Example Calculations as follows:

<u>Residential Development</u>		
Low Density (on average)	$3,635	per unit
Medium Density (on average)	$1,515	per unit
High Density (on average)	$670	per unit
<u>All Other Development</u>	$16,358	per gross acre

(2) Residential mitigation fee payment covers residential units and associated in-tract infrastructure/ improvements and project resident-serving amenities. All infrastructure, improvements, and amenities that serve beyond the projet residents is covered in separate component of the fee calculation.
(3) Includes land area associated with non-residential development, such as commercial/ industrial buildings, parking, and landscaping, among other components.
(4) All infrastructure/ improvements/ amenities that serve beyong the project/ project residents and that are not included in the non-residential development fee payment calculation included here.
(5) Mitigation fee payment calculation does not include any additional member jurisdiction adminstrative charges.

Public Project Examples

This section contains four (4) examples of public development projects, including one (1) Member Agency Civic Project and three (3) transportation/ road projects. These examples are not intended to be all inclusive but rather give permittees guidance on calculating the mitigation fee payment given different project types, characteristics, and, in the case of road/ transportation projects, different sources of funding. The Member Agency Civic project example provides a brief narrative, a representation of the project layout, the development program description, and the mitigation payment calculation. The road/ transportation examples provide a brief narrative of the project, cost estimates, key funding source information, and the mitigation payment calculation. Graphic layouts for the public road projects are not provided as the mitigation payment calculation is tied to costs and funding sources (not the specific layout of the project.)

As described in Chapter III and illustrated in the private project examples provided above in this chapter, mitigation payments for road and Member Agency Civic Projects that are developed by a private developer as part of a Private Project are calculated and made as part of the Private Project development mitigation payment.

Example 7 – Member Agency Civic Project

Member Agency Civic Projects includes the development of a library and park with adjacent parking lot. The parking lot will also serve as a park and ride location. The total acreage of the project is 6 acres (area inside red boundary). Please see the visual representation of the project layout (Figure 7-1), the development program data (Table 7-1), and mitigation payment calculations (Table 7-2) below.

Figure 7-1: Project Layout

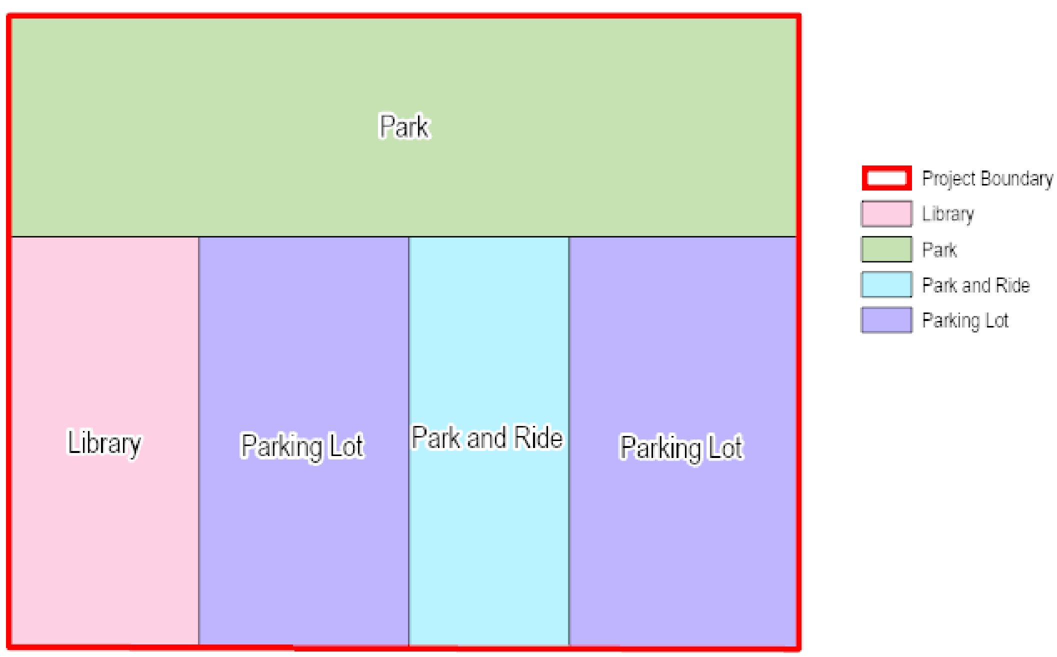

Table 7-1: Illustrative Development Program

Item	Amount
Library Area	1.0 acres
Park	2.0 acres
Parking Area	
Park and Ride Area	1.0 acres
General Parking Lot	2.0 acres
Subotal - Parking	3.0 acres
Gross Project Area	**6.0 acres**

Table 7-2: Mitigation Payment Calculation

Item	Amount
Gross Project Acres	6.0 acres
Mitigation Fee per Gross Acre (2)	$16,358
Total Mitigation Payment	**$98,148**

(1) Fee schedule will be updated periodically. Fee schedule used for Example Calculations as follows:

Commerical/ Industrial* $16,358 per gross acre

* Per gross acre fee for Local Public Capital Projects is the same as for commerical/ industrial development.

Example 8 – Road Widening with No Measure A or TUMF Funding

Road widening project with no Measure A or TUMF funding. Whole project is required to mitigate as project falls into the "new road, road widening, and other non-maintenance road projects" category that are required to mitigate (only maintenance projects costs such as road rehabilitation, restriping, and resealing are not required to mitigate). Total project cost is estimated at $5.5 million, including total direct construction costs of $4.4 million (including the construction cost contingency), $1.1 million in soft costs, and no land/ ROW acquisition costs. Please see the example road project cost estimates data

(Table 8-1), the funding source information (Table 8-2), and the mitigation payment calculations (Table 8-3) below.

Table 8-1: Illustrative Project Costs

Cost Item	Cost	
NEW ROAD, ROAD WIDENING, OR OTHER NON-MAINTENANCE PROJECTS (1)		
Construction Costs		
Base Construction Costs	$4,000,000	
Changes Orders/ Contingency	$400,000	(3)
Total Construction Costs	**$4,400,000**	
Soft Costs	**$1,100,000**	(4)
Land Acquisition/ ROW Costs	$0	
Total Capacity-Increasing Cost	**$5,500,000**	
MAINTENANCE PROJECTS (2)		
Total Construction Costs	$0	
Total Soft Costs	$0	
Total Non-Capacity-Increasing Cost	**$0**	
TOTAL PROJECT COSTS/ USES	**$5,500,000**	

(1) Total Construction costs for new roads, road widening, and other non-maintenance projects are included in the mitigation fee payment calculation (see Table 8-3).
(2) Examples of maintenance projects include road rehabilitation, re-striping, and resealing. See Ordinance for full list of maintenance projects that are not required to mitigate.
(3) Initial fee payment calculations made on construction cost and construction contigency cost estimates. Additional fee payments also due on any change orders that add net costs above-and-beyond the initial construction cost contigency estimates
(3) For illustrative purposes shown as 10% of base construction cost. Contigency (and future Change Orders) will vary by project.
(4) For illustrative purposes shown as 25% of total construction costs.

Table 8-2: Illustrative Funding Sources

Cost Item	Amount	% of Total
TUMF/ Measue A Funding		
TUMF Fee Revenues	$0	0%
Meaure A Funding	$0	0%
Subtotal	$0	0%
Other Funding	$5,500,000	100%
TOTAL PROJECT FUNDING/ SOURCES	$5,500,000	100%

Table 8-3: Mitigation Payment Calculation

Cost Item	Amount	Source/ Calculation	
TOTAL PROJECT COSTS	$5,500,000	a	See Table 8-1
TOTAL NON-MAINTENANCE CONSTRUCTION COSTS	$4,400,000	b	See Table 8-1
% of FUNDING FROM OTHER FUNDING SOURCES (1)	100%	c	See Table 8-2
ELIGIBLE COST BASIS FOR MITIGATION PAYMENT CALCULCATION	$4,400,000	d = b *c	Calculation
MITIGATION FEE PAYMENT DUE FROM LOCAL JURISDICTION (2)	**$220,000**	e = d * 5%	Calculation

(1) Other funding sources includes all costs not funded by TUMF or Measue A revenues as calculated in Table 8-2.
(2) Mitigation fee paymet by permitting agency is 5% of eligible construction cost.

Example 9 – Road Widening Project with 20% Measure A/ TUMF Funding

Road widening project with 20% of funding from Measure A and TUMF funding. Whole project is required to mitigate as project - new road, road widening, and other non-maintenance road projects are required to mitigate (only maintenance costs are not required to mitigate). However, 20 percent of the project will be mitigated separately through TUMF or Measure A funding. Total projects cost is estimated at $5.5 million, including total direct construction costs of $4.4 million (including the construction cost contingency), $1.1 million in soft costs, and no land/ ROW acquisition costs. Please see the example road project cost estimates data (Table 9-1), the funding source information (Table 9-2), and the mitigation payment calculations (Table 9-3) below.

Table 9-1: Illustrative Project Costs

Cost Item	Cost	
NEW ROAD, ROAD WIDENING, OR OTHER NON-MAINTENANCE PROJECTS (1)		
Construction Costs (2)		
Base Construction Costs	$4,000,000	
Changes Orders/ Contingency	$400,000	(3)
Total Construction Costs	**$4,400,000**	
Soft Costs	**$1,100,000**	(4)
Land Acquisition/ ROW Costs	$0	
Total Capacity-Increasing Cost	**$5,500,000**	
MAINTENANCE PROJECTS (2)		
Total Construction Costs	$0	
Total Soft Costs	$0	
Total Non-Capacity-Increasing Cost	**$0**	
TOTAL PROJECT COSTS/ USES	**$5,500,000**	

(1) Total Construction costs for new roads, road widening, and other non-maintenance projects are included in the mitigation fee payment calculation (see Table 8-3).
(2) Examples of maintenance projects include road rehabilitation, re-striping, and resealing. See Ordinance for full list of maintenance projects that are not required to mitigate.
(3) Initial fee payment calculations made on construction cost and construction contigency cost estimates. Additional fee payments also due on any change orders that add net costs above-and-beyond the initial construction cost contigency estimates
(4) For illustrative purposes shown as 10% of base construction cost. Contigency (and future Change Orders) will vary by project.
(5) For illustrative purposes shown as 25% of total construction costs.

Table 9-2: Funding Sources

Cost Item	Amount	% of Total
TUMF/ Measue A Funding		
TUMF Fee Revenues	$800,000	15%
Meaure A Funding	$300,000	5%
Subtotal	$1,100,000	20%
Other Funding	$4,400,000	80%
TOTAL PROJECT FUNDING/ SOURCES	**$5,500,000**	**100%**

Table 9-3: Mitigation Fee Payment Calculation

Cost Item	Amount	Source/ Calculation	
TOTAL PROJECT COSTS	$5,500,000	a	See Table 1
TOTAL NON-MAINTENANCE CONSTRUCTION COSTS	$4,400,000	b	See Table 1
% of FUNDING FROM OTHER FUNDING SOURCES (1)	80%	c	See Table 2
ELIGIBLE COST BASIS FOR MITIGATION PAYMENT CALCULCATION	$3,520,000	d = b *c	Calculation
MITIGATION FEE PAYMENT DUE FROM LOCAL JURISDICTION (2)	**$176,000**	e = d * 5%	Calculation

(1) Other funding sources includes all costs not funded by TUMF or Measue A revenues as calculated in Table 9-2. In cases where Measue A/ TUMF funding is allocated for specifc project cost categories, additional calculations and allocations may be appropriate. In these cases, please contact RCA staff and provide documentation of funding restrictions for support on the appriorate mitigation fee payment calcuation.
(2) Mitigation fee paymet by permitting agency is 5% of eligible construction cost.

Example 10 - Combined New Road/ Road Rehabilitation Project with 50% Measure A / TUMF Funding

Road project that includes the development of a new segment of road along with rehabilitation of a segment of existing roadway. Road project is 50% funded through Measure A or TUMF funds. Total project costs are $8 million. About $6 million is associated with the new road, including $4.4 million in direct construction costs (including the construction cost contingency), $1.1 million in soft costs, and $500,000 in land acquisition costs. About $2 million (25% of overall project cost) is associated with rehabilitation of the existing roadway, including $1.6 million in direct construction costs (including the construction cost contingency) and $400,000 in soft costs. Please see the example road project cost estimates data (Table 10-1), the funding source information (Table 10-2), and the mitigation payment calculations (Table 10-3) below.

Table 10-1: Cost Estimates

Cost Item	Cost	
NEW ROAD, ROAD WIDENING, OR OTHER NON-MAINTENANCE PROJECTS (1)		
Construction Costs (2)		
Base Construction Costs	$4,000,000	
Changes Orders/ Contingency	$400,000	(3)
Total Construction Costs	**$4,400,000**	
Soft Costs	**$1,100,000**	(4)
Land Acquisition/ ROW Costs	$500,000	
Total Capacity-Increasing Cost	**$6,000,000**	
MAINTENANCE PROJECTS (2)		
Total Construction Costs	$1,600,000	
Total Soft Costs	$400,000	(4)
Total Non-Capacity-Increasing Cost	**$2,000,000**	
TOTAL PROJECT COSTS/ USES	**$8,000,000**	

(1) Total Construction costs for new roads, road widening, and other non-maintenance projects are included in the mitigation fee payment calculation (see Table 8-3).
(2) Examples of maintenance projects include road rehabilitation, re-striping, and resealing. See Ordinance for full list of maintenance projects that are not required to mitigate.
(3) Initial fee payment calculations made on construction cost and construction contigency cost estimates. Additional fee payments also due on any change orders that add net costs above-and-beyond the initial construction cost contigency estimates
(4) For illustrative purposes shown as 10% of base construction cost. Contigency (and future Change Orders) will vary by project.
(5) For illustrative purposes shown as 25% of total construction costs.

Table 10-2: Funding Sources

Cost Item	Amount	% of Total
TUMF/ Measue A Funding		
TUMF Fee Revenues	$2,000,000	25%
Meaure A Funding	$2,000,000	25%
Subtotal	$4,000,000	50%
Other Funding	$4,000,000	50%
TOTAL PROJECT FUNDING/ SOURCES	**$8,000,000**	**100%**

Table 10-3: Mitigation Payment Calculation

Cost Item	Amount	Source/ Calculation	
TOTAL PROJECT COSTS	$8,000,000	a	See Table 1
TOTAL NON-MAINTENANCE CONSTRUCTION COSTS	$4,400,000	b	See Table 1
% of FUNDING FROM OTHER FUNDING SOURCES (1)	50%	c	See Table 2
ELIGIBLE COST BASIS FOR MITIGATION PAYMENT CALCULCATION	$2,200,000	d = b *c	Calculation
MITIGATION FEE PAYMENT DUE FROM LOCAL JURISDICTION (2)	**$110,000**	e = d * 5%	Calculation

(1) Other funding sources includes all costs not funded by TUMF or Measue A revenues as calculated in Table 10-2. In cases where Measue A/ TUMF funding is allocated for specifc project cost categories, additional calculations and allocations may be appropriate. In these cases, please contact RCA staff and provide documentation of funding restrictions for support on the appriorate mitigation fee payment calcuation.
(2) Mitigation fee paymet by permitting agency is 5% of eligible construction cost.

DEFINITIONS

(Including Definitions defined in the Fee Ordinances):

“Accessory Dwelling Unit” means an accessory dwelling unit as defined by California Government Code section 65852.2(j)(1), or as defined in any successor statute.

“City/County Civic Projects” means all non-road City and County projects, including City/ County administrative facilities, jails, courts, juvenile facilities, parks, libraries, and all other facilities that serve the public.

“City/ County Road Projects” means all City and County road projects.

“Construction Cost” means and includes the cost of the entire construction of the roadway project, including all supervision, materials, supplies, labor, tools, equipment, transportation and/or other facilities furnished, used or consumed, without deduction on account of penalties, liquidated damages or other amounts withheld from payment to the contractor or contractors, but such cost shall not include the Consulting Engineer/Architect’s fee, or other payments to the Consulting Engineer/Architect and shall not include cost of land or Rights-of-Way and Easement acquisition.

“Credit” means a credit allowed pursuant to Section 10 of this Ordinance, which may be applied against the development impact fee paid.

“Development” means a human-created change to improved or unimproved real estate, including buildings or other structures, mining, dredging, filing, grading, paving, excavating, and drilling.

“Development Project” or **“Project”** means any project undertaken for the purpose of development pursuant to the issuance of a building permit by the City/County pursuant to all applicable ordinances, regulations, and rules of the City/County and state law.

“Fuel modification area” means an area established adjacent to structures or roads in which highly combustible native plants, invasive introduced, or ornamental plants are modified and/or totally replaced with fire resistant or drought resistant alternatives; or areas subject to hazardous abatement orders.

“Gross “Community-Serving” Area/ Acres” means the area of residential projects that provide infrastructure, improvements, and amenities that go beyond only serving project residents and hence are “community-serving”. This includes, but is not limited to, roads that serve multiple projects, parks that serve more than one residential project, parking that serves other uses/ developments etc. The acreage associated with these improvements/ amenities are part of the gross project acreage but distinct from project resident-serving improvements/ amenities and the gross residential area.

“Gross Project Area/ Acres” means is the total or gross areas of the project. This overall acreage can only be reduced under unique circumstances.

“Gross Residential Area/ Acres” means the total area of the project dedicated to residential land uses and includes residential buildings as well as “Project Resident-Serving” Infrastructure/ Improvements/ Amenities.

“Hazardous vegetation” means vegetation that is flammable and endangers the public safety by creating a fire hazard, including, but not limited to, seasonal and recurrent weeds, stubble, brush, dry leaves, and tumbleweeds.

“Junior Accessory Dwelling Unit” means a junior accessory dwelling unit as defined by California Government Code section 65852.22(h)(1), or as defined in any successor statute.

“Linear Projects” means all linear PSE projects with differentiation in payment amount between permanent and temporary projects.

“Local Development Mitigation Fee” or **“Fee”** means the development impact fee imposed pursuant to the provisions of this Ordinance.

“Maintenance Projects” means projects that include, but are not limited to, pavement repairs, tree trimming, bridge maintenance, and pavement restriping and roadway reconstruction which do not add new lanes.

“Manufactured slope” means a slope created by natural landform alteration (grading), by cutting or filling a natural slope, or importing fill material to create a slope.

“Member Agency” or “Member Agencies” means those Cities and Counties that are signatories to the RCA Joint Powers Agreement.

“Multiple Species Habitat Conservation Plan” or **“MSHCP”** means the Western Riverside County Multiple Species Habitat Conservation Plan

“MSHCP Conservation Area” has the same meaning and intent as such term is defined and utilized in the MSHCP.

“Non-Linear Projects” means all PSE projects that are non-linear in form.

“Ordinance” means the Fee Ordinance adopted by the Cities and the County to implement the MSHCP Local Development Mitigation Fee.

“Private Projects” means those projects where the primary project purpose is for use by households, business, or other private entities (i.e. not accessible to the public except where allowed by private owner/ renter). This category also includes Private Projects that receive public support (e.g., support through direct public investments in infrastructure, ground leases of publicly owned land, or direct investment of public dollars in projects such as affordable housing).

“Project Area” means the area, measured in acres, within the Development Project including, without limitation, any areas to be developed as a condition of the

Development Project. Except as otherwise provided herein, the Project Area is the area upon which the project will be assessed the Local Development Mitigation Fee. See the RCA Mitigation Fee Implementation Handbook Manual for additional guidance for calculating the Project Area.

"Project Resident-Serving Infrastructure/ Improvements/ Amenities" means Infrastructure/ improvements, and amenities that only serve project residents and include, but are not limited to, roads, parks, and non-residential buildings that only serve project residents.

"Public Projects" means all City/County Civic Projects and all City/County Road Projects. These Public Projects include infrastructure projects, civic projects and Riverside County Flood Control District projects.

"Revenue" or **"Revenues"** means any funds received by the City/County pursuant to the provisions of this Ordinance for the purpose of defraying all or a portion of the cost of acquiring and preserving vegetation communities and natural areas within the City/County and the region which are known to support threatened, endangered, or key sensitive populations of plant and wildlife species.

"Riverside County Flood Control District Projects" means all Riverside County Flood Control District projects.

"Western Riverside County Regional Conservation Authority" or **"RCA"** means the governing body established pursuant to the MSHCP that is delegated the authority to oversee and implement the provisions of the MSHCP.

Any capitalized term not otherwise defined herein shall carry the same meaning and definition as that term is used and defined in the MSHCP.

2020 RCA - Commonly Used Acronyms

ARL	Additional Reserve Lands
BUOW	Burrowing Owl
CALFIRE	California Department of Forestry and Fire Protection
CALTRANS	California Department of Transportation
CD	Consistency Determination
CDFG	California Department of Fish and Game
CDFW	California Department of Fish and Wildlife *(formerly CDFG)*
CEQA	California Environmental Quality Act
CETAP	Community and Environmental Transportation Acceptability Process
CHD	Critical Habitat Designation
CIP	Capital Improvement Program
CNLM	Center for Natural Lands Management
DBESP	Determination of Biologically Equivalent or Superior Preservation
EMWD	Eastern Municipal Water District
EPD	Environmental Programs Department *(Riverside County)*
ERP	Expedited Review Process
ESA	Endangered Species Act
FAST	Fixing America's Surface Transportation
FY	Fiscal Year
HANS	Habitat Evaluation and Acquisition Negotiation Strategy
HCP	Habitat Conservation Plan
HMU	Habitat Management Unit
IC	Interchange
IMER	Initial Management Evaluation Report
JPR	Joint Project Review
LDMF	Local Development Mitigation Fee
MOU	Memorandum of Understanding
MSHCP	Multiple Species Habitat Conservation Plan
OHV	Off-Highway Vehicle
PCL	Proposed Constrained Linkage
PQP	Public/Quasi-Public
PSE	Participating Special Entities
RCA	Regional Conservation Authority
RCD	Resource Conservation Districts
RCOE	Riverside County Office of Education
RCRCD	Riverside-Corona Resource Conservation District
RCTC	Riverside County Transportation Commission
RCTD	Riverside County Transportation Department
RMOC	Reserve Management Oversight Committee
ROVE	Recreation Off-Highway Vehicle Enforcement
SAWA	Santa Ana Watershed Association
SB	San Bernardino
SR	State Route
SWG	State Wildlife Grant
TAC	Technical Advisory Committee
TIFIA	Transportation Infrastructure Finance and Innovation Act
TUMF	Transportation Uniform Mitigation Fee
USFWS	United States Fish and Wildlife Service
UTM Nad 83 Zone 11	Meter Coordinate System for Maps
WA	Wildlife Agencies *(USFWS & CDFW)*
WCB	Wildlife Conservation Board
WIFIA	Water Infrastructure Finance and Innovation Act
WIIN	Water Infrastructure Improvements for the Nation
WPT	Western Pond Turtle
WRDA	Water Resources Development Act

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