Western Riverside Council of Governments
Planning Directors Committee

AGENDA

Thursday, March 14, 2019
9:00 a.m.

Western Riverside Council of Governments
Citrus Tower
3390 University Avenue, Suite 450
Riverside, CA 92501

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Planning Directors Committee meeting, please contact WRCOG at (951) 405-6703. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 3390 University Avenue, Suite 450, Riverside, CA, 92501.

The Planning Directors Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER (Keith Gardner, Chair)

2. SELF INTRODUCTIONS

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENTS

At this time members of the public can address the Planning Directors Committee regarding any items with the subject matter jurisdiction of the Committee that are not separately listed on this agenda. Members of the public will have an 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. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

5. MINUTES

A. Summary Minutes from the February 14, 2019, Planning Directors Committee Meeting are Available for Consideration. **P. 1**

Requested Action: *1. Approve Summary Minutes from the February 14, 2019, Planning Directors Committee meeting.*

6. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

A. WRCOG Committees and Agency Activities Update ***Rick Bishop*** **P. 5**

Requested Action: *1. Receive and file.*

7. REPORTS / DISCUSSION

A. Riverside Transit Agency Activities Update ***Rohan Kuruppu, Riverside Transit Agency*** **P. 23**

***Requested Action*:** *1. Receive and file.*

B. Regional Energy Network Activities Update ***Anthony Segura, WRCOG*** **P. 25**

***Requested Action*:** *1. Discuss and provide input on interested program sectors for REN development.*

C. Seismic Improvements with PACE ***Michael Wasgatt, WRCOG*** **P. 37**

***Requested Action*:** *1. Receive and file.*

D. Fee Comparison Analysis Update - Final Report ***Christopher Tzeng, WRCOG*** **P. 39**

***Requested Action*:** *1. Receive and file.*

E. Subregional Cannabis Ordinance Survey Results ***Christopher Gray, WRCOG*** **P. 97**

***Requested Action*:** *1. Receive and file.*

8. ITEMS FOR FUTURE AGENDAS ***Members***

Members are invited to suggest additional items to be brought forward for discussion at future Planning Directors Committee meetings.

9. GENERAL ANNOUNCEMENTS ***Members***

Members are invited to announce items/activities which may be of general interest to the Planning Directors Committee.

10. NEXT MEETING: **The next Planning Directors Committee meeting is scheduled for Thursday, April 11, 2019, at 9:00 a.m. at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.**

11. ADJOURNMENT

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1. CALL TO ORDER

The meeting of the Planning Directors Committee was called to order at 9:05 a.m. by Chair Keith Gardner at WRCOG's Office, Citrus Conference Room.

2. SELF INTRODUCTIONS

Members present:

Maryann Marks, City of Banning (9:08 a.m. arrival)
Christina Taylor, City of Beaumont (9:08 a.m. arrival)
Joanne Coletta, City of Corona (9:12 a.m. arrival / 10:43 a.m. departure)
Nancy Gutierrez, City of Hemet
Annete Tam, City of Jurupa Valley (9:28 a.m. arrival)
Richard MacHott, City of Lake Elsinore
Lisa Gordon, City of Menifee (9:12 a.m. arrival)
Jarrett Ramaiya, City of Murrieta
Jay Eastman, City of Riverside (9:48 a.m. arrival)
Travis Randel, City of San Jacinto (9:16 a.m. arrival)
Matt Bassi, City of WIldomar
Keith Gardner, County of Riverside (Chair)
Jeffrey Smith, March JPA (9:13 a.m. arrival)
Kristin Warsinski, Riverside Transit Agency

Staff present:

Christopher Gray, Director of Transportation & Planning
Andrea Howard, Program Manager
Christopher Tzeng, Program Manager
Cynthia Mejia, Staff Analyst
Rachel Singer, Staff Analyst
Ivana Medina, WRCOG Fellow
Suzy Nelson, Administrative Assistant
Alexa Washburn, Consultant

Guests present:

Phayvanh Nanthavongduongsy, County of Riverside
Robert Flores, County of Riverside
Colin Rukker, Placeworks
Steve Gunnels, Placeworks

3. PLEDGE OF ALLEGIANCE

Chair Keith Gardner led members in the Pledge of Allegiance.

4. PUBLIC COMMENTS

There were no public comments.

5. MINUTES – *(San Jacinto / March JPA) 12 yes; 0 no; 2 abstentions. Item 5.A was approved. The Cities of Calimesa, Canyon Lake, Eastvale, Moreno Valley, Norco, Perris, and Temecula, and the Morongo Band of*

Mission Indians were not present. The Cities of Lake Elsinore and Menifee abstained. This item was taken out of order.

A. Summary Minutes from the December 13, 2018, Planning Directors Committee Meeting are Available for Consideration.

Action: *1. Approved the Summary Minutes from the December 13, 2018, Planning Directors Committee meeting.*

6. CONSENT CALENDAR - *(San Jacinto / Lake Elsinore) 14 yes; 0 no; 0 abstentions. Items 6.A through 6.D were approved. The Cities of Calimesa, Canyon Lake, Eastvale, Moreno Valley, Norco, Perris, and Temecula, and the Morongo Band of Mission Indians were not present. This item was taken out of order.*

A. WRCOG Committees and Agency Activities Update

Action: *1. Received and filed.*

B. Public Service Fellowship Program Activities Update

Action: *1. Received and filed.*

C. Resilient IE Update (Climate Adaptation Toolkit)

Action: *1. Received and filed.*

D. CAPtivate 2.0 Activities Update

Action: *1. Received and filed.*

7. REPORTS / DISCUSSION

A. Housing Workshop Discussion

Colin Drukker and Steve Gunnels from consulting firm PlaceWorks presented their findings from the Cities of Menifee and Riverside and found that both Cities match the statewide trend of smaller household formation size rates, which in turn leads to the need of more housing units. Additionally, Mr. Drukker and Mr. Gunnels presented on innovative technology solutions in home construction and the impact the solutions can have on labor and costs of building.

Given that housing is a top priority by the state, staff held a thoughtful discussion to clarify local challenges in developing more housing and identifying potential solutions in the subregion. Member agency challenges range from legislation adversely impacting housing production to the cost of construction impeding development. Among the issues discussed, members present reported that, while a significant number of sites are entitled in most jurisdictions for projects similar to what is being built, permit rates lag. Other various challenges facing member agencies include new state solar regulations, Riverside County facing a shortage of construction workers, the timely CEQA process typically lasting 12-18 months, outside agencies such as water districts that are beyond city or county control which hold significant power in the construction process and prohibiting development.

Staff asked Committee members to review the list of questions discussed at the meeting and requested information on specific problems facing their respective jurisdictions so WRCOG can better understand the barriers and potential solutions to building more housing in the subregion.

Action: *1. Received and filed.*

B. Fee Comparison Analysis Update

Christopher Tzeng presented on some key findings found in the update to the 2016 WRCOG Fee Comparison Analysis. This study examined fees required of development projects, the effect of other development costs, and the economic benefits of transportation investment. Development types analyzed included single-family residential development, multi-family residential development, retail development, office development, and industrial development.

The study found that, with the exception of retail, fees on land uses increased at or below the rate of inflation (6.5%). Other general takeaways included fees on land, besides retail, increased at or below the rate of inflation, school fees increased the highest amongst fees analyzed, and the TUMF fee collected is usually the third largest fee.

Action: *1. Received and filed.*

8. ITEMS FOR FUTURE AGENDAS

Committee members noted that they would like to hear from developers and to bring them into the discussion to find out why developments that have been approved are not being built despite demand being high.

9. GENERAL ANNOUNCEMENTS

Christopher Gray announced that WRCOG is currently exploring the pros and cons of subregional delegation if WRCOG were to assume responsibility for preparing the Regional Housing Needs Assessment (RHNA) for the subregion for the sixth cycle of RHNA. Staff will present results with a recommended action to be considered through the WRCOG committee structure over the next few months. A final decision must be made by June 28, 2019.

10. NEXT MEETING: The next Planning Directors Committee meeting is scheduled for Thursday, March 14, 2019, at 9:00 a.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside.

11. ADJOURNMENT: The meeting of the Planning Directors Committee adjourned at 10:52 a.m.

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Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **WRCOG Committees and Agency Activities Update**

Contact: **Rick Bishop, Executive Director, rbishop@wrcog.us, (951) 405-6701**

Date: **March 14, 2019**

***The purpose of this item** is to provide updates on noteworthy actions and discussions held in recent standing Committee meetings, and to provide general project updates.*

Requested Action:

1. Receive and file.

Attached are summaries of actions and activities from recent WRCOG standing Committee meetings that have taken place for meetings which have occurred during the month of February.

Prior Action:

March 4, 2019: The Executive Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachments:

1. WRCOG February Committees Activities Matrix (Action items only).
2. Summary recaps from February Committee meetings.

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Item 6.A

WRCOG Committees and Agency Activities Update

Attachment 1

WRCOG February Committees Activities Matrix (Action items only)

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WRCOG Committees Activities Matrix (Action Items Only)	Executive Committee	Administration & Finance Committee	Technical Advisory Committee	Planning Directors Committee	Public Works Committee	Finance Directors Committee	Solid Waste Committee
Date of Meeting:	**2/4/19**	**2/13/19**	**2/21/19**	**2/14/19**	**2/14/19**	**Did not meet**	**Did not meet**
Current Programs / Initiatives:							
Regional Streetlights Program	Received and filed.	n/a	Received and filed.	n/a	n/a		
Property Assessed Clean Energy (PACE) Programs	Accepted the Cities of Santa Barbara and Alameda as Associate Members of the Western Riverside Council of Governments; 2) adopted WRCOG Resolution Number 02-19; 3) authorized staff to implement a $15,000.00 deposit for all new Commercial PACE Providers to work within the WRCOG Program; 4) supported the Administration & Finance Committee's recommendation to direct and authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Lord Capital, LLC, under WRCOG's statewide PACE umbrella; 5) supported the Ad Hoc Committee's recommendation to direct and authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Twain Financial Partners Holding, LLC, under WRCOG's PACE umbrella;	Considered the recommendation from the PACE Ad Hoc Committee recommending that the ExecutiveCommittee authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Lever Energy Capital under WRCOG's Commercial PACE umbrella.	Received and filed.	n/a	n/a		
Community Choice Aggregation (CCA) / Western Community Energy	n/a	n/a	Received and filed.	n/a	n/a		
TUMF	Received and filed.	n/a	Received and filed.	n/a	Recommended that the Executive Committee approve the proposed revisions to the TUMF Fee Calculation Handbook to include clarification language on the 3,000 square foot deduction policy for retail and service uses; 2) discussed and provided input on proposed clarification to the issuance of credit for existing uses for the exemption outlined in the TUMF Administrative Plan;		
Fellowship	Directed staff to implement the following changes to the Fellowship Program: 1) recruit Fellows from additional universities, both within and outside of the subregion; 2) expand candidate eligibility to students and recent graduates who live, work, attend school in, or are from the region and meet other minimum qualifications, 3) establish a minimum 3.0 GPA threshold for all applicants; 4) alternate Fellow placements over two years so members receive a Fellow every-other year, and 5) admit Fellows to serve in either a part-time or full-time capacity.	n/a	n/a	Received and filed.	n/a		
New Programs / Initiatives:							
EXPERIENCE	n/a	n/a	n/a	n/a	n/a		

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Item 6.A

WRCOG Committees and Agency Activities Update

Attachment 2

Summary recaps from February Committee meetings

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Western Riverside Council of Governments
Executive Committee
Meeting Recap
February 4, 2019

Following is a summary of key items discussed at the last Executive Committee meeting. To review the full agenda and staff reports for all items, click here. To review the meeting PowerPoint presentations, click here.

New Representatives Welcomed

- The Executive Committee approved the appointment of Kevin Bash, City of Norco, as 2nd Vice-Chair for the remainder of the fiscal year.
- The Committee welcomed three new representatives from member jurisdictions including: Daniela Andrade (Banning), Victoria Baca (Moreno Valley) and James "Stew" Stewart (Temecula).

PACE Programs Activities Update

- The Committee approved the institution of a $15,000 application deposit for commercial PACE providers to cover costs associated with onboarding.
- The Committee approved the addition of two new PACE commercial providers: Twain Financial Partners Holding and Lord Capital, both to operate within the WRCOG statewide "footprint".

Report from Southern California Association of Governments

- The Honorable Alan Wapner, City of Ontario Council Member and SCAG President, shared that SCAG is in the midst of working on two key initiatives: the Regional Housing Needs Assessment (RHNA) and Regional Transportation Plan/Sustainable Community Strategy (RTP/SCS).
- The RHNA is a plan to address the housing needs of the future population while the RTP/SCS addresses the transportation needs of the future population without adversely impacting the environment. WRCOG will work with members to determine if the subregion should assume responsibility for allocating the RHNA to local jurisdictions instead of SCAG.

Update on the Development of a Sustainability Indicators Report

- WRCOG's Economic Development and Sustainability Framework, which serves to guide the Agency, included approximately 40+ indicators with data on the subregion's performance in the six goal areas of the Framework: Economic Development, Energy, Education, Health, Transportation and Water.
- WRCOG has updated a selection of 15 indicators to better understand what areas we are performing well in and where there is room for improvement. For example, the updated indicators revealed that water use per capita has dropped considerably, while the number of those who commute out of the subregion for work, essentially stayed the same at 62%, and the inflation adjusted income has decreased.
- As next steps, WRCOG will compile and share all data, available at the City level upon request, and track these metrics on a regular basis. WRCOG's semi-annual Future of Cities event, scheduled for late April 2019, will be organized to address some of the key findings of the indicators.

Public Service Fellowship Activities Update

- WRCOG's Public Service Fellowship Program is designed to support the development of emerging professionals and encourage them to work in the public sector here in the WRCOG subregion.
- The Committee approved several changes aimed at enhancing the Program and instituting greater sustainability. Of note, the Committee approved the adoption of a policy placing Fellows in member agencies every-other-year to help stretch the Program budget and ensure only top tier candidates are admitted.

Next Meeting

The next Executive Committee meeting is scheduled for Monday, March 4, 2019, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.

Western Riverside Council of Governments
Administration & Finance Committee
Meeting Recap
February 13, 2019

Following is a summary of key items discussed at the last Administration & Finance Committee meeting. To review the full agenda and staff reports, please click [here](). To review the meeting PowerPoint presentation, please click [here]().

PACE Activities Update

- Commercial PACE financing is projected to become a viable tool for the development community to comply with energy efficiency mandates with cost effective financing. WRCOG has on boarded three commercial PACE providers (Greenworks, CleanFund, and Ygrene) to maximize this opportunity.
- The Administration & Finance Committee recommended that the Executive Committee authorize the Executive Director to enter into contract negotiations and execute any necessary documents to include Lever Energy Capital under WRCOG's Commercial PACE umbrella.
- Lever Energy Capital has over a century of combined real estate finance, underwriting and securitization experience and has originated more than $30 million in Commercial PACE financing.

Appointment of a WRCOG Representative to a SCAG Policy Committee

- The Committee recommended City of Eastvale Councilmember Joseph Tessari for appointment to SCAG's Community, Economic & Human Development Committee (CEHD).

Fiscal Year 2017/2018 Comprehensive Annual Financial Report (CAFR)

- The Fiscal Year (FY) 2017/2018 CAFR determined that WRCOG's Financial Statements are in conformity with US Generally Accepted Auditing Standards. WRCOG's auditors are providing an unmodified opinion on the FY 2017/2018 CAFR, which is the highest form of assurance an auditing firm can provide to its client.

28th Annual General Assembly & Leadership Address Update

- The 28th annual General Assembly & Leadership Address will be held Thursday, June 20, 2019, at Pechanga Resort and Casino featuring keynote speaker Josh Earnest, former White House Press Secretary (2014-2017).

General Announcements

- The WRCOG Public Service Fellowship Program is now accepting applications for the 2019-2020 year. Applications will close on March 30, 2019. Interested candidates can find more information at wrcog.us/169/Fellowship.

Next Meeting

The next Administration & Finance Committee meeting is scheduled for Wednesday, March 13, 2019, at 12:00 p.m. in WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.

Western Riverside Council of Governments
Technical Advisory Committee
Meeting Recap
February 21, 2019

Following is a summary of key items discussed at the last Technical Advisory Committee meeting. To review the full agenda and staff reports for all items, please click here. To review the meeting PowerPoint presentations, please click here.

2020 Census Update

- The County of Riverside and the UCR Center for Social Innovation have partnered together to develop a framework to facilitate the 2020 Decennial Census process.
- Population data from the Census will play a key role in critical issues, such as Congressional redistricting and the allocation of federal grants and other funds.
- One of the major challenges of the Census is reaching hard to count (HTC) populations. Examples of these populations include students, renters, immigrants, and seniors.
- The County and UCR have developed collaborative strategies to streamline efforts across partnerships to reach HTC populations. One advantage of this year's Census is that, for the first-time participants can respond online.

County of Riverside Efforts to Address Homelessness

- Homelessness is a critical issue for Riverside County that requires significant coordination between organizations. Natalie Profant Komuro, Deputy County Executive Officer for the County of Riverside, has been tasked to oversee the issue of homelessness within the County.
- Ms. Komuro provided a detailed account of the work of various County departments to address homelessness and discussed some of the challenges to a comprehensive solution and the vision for the County's involvement moving forward.
- Ms. Komuro will be invited to return to the TAC to provide members with regular updates.

Potential WRCOG Assistance for Regional Housing Needs Assessment (RHNA) Update

- The state-wide housing crisis is creating challenges locally in housing the subregion's growing population, complying with changing legislation, meeting RHNA targets, and avoiding growing risks of non-compliance.
- WRCOG has identified three options for assisting local agencies in navigating the 6th Cycle RHNA:
  1. Informational capacity
  2. Provide assistance in reviewing SCAG data
  3. Subregional delegation
- Staff is evaluating the pros and cons of subregional delegation, at the request of member agencies, but TAC members noted a strong aversion to taking on subregional delegation, noting the high cost and potential for conflict between WRCOG and member agencies as primary reasons not to pursue the option.
- Staff will return with an update on all options within the coming months. A final decision regarding subregional delegation must be made by the end of June 2019.

High-Cube Warehouse Trip Generation Study

- Based on the results of the Trip Generation Study and recommendation from the subcommittee (comprised of the Cities of Eastvale, Jurupa Valley, Moreno Valley, Perris, and Riverside), staff recommended an adjustment to the current High-Cube Warehouse TUMF Calculation to better accommodate the higher number of trips generated by large fulfilment centers.
- Per committee recommendation, staff will conduct additional research regarding trips created by large fulfillment centers and report back to the Committee for further discussion

General Announcements

- WRCOG's 28th Annual General Assembly & Leadership Conference will be held on Thursday, June 20, at Pechanga Resort and Casino. This year's event will include a full-day Conference beginning with a State of the Region and panel conference in the morning and afternoon, followed by the General Assembly in the evening, featuring Keynote Speaker Josh Earnest, former White House Press Secretary (2014-2017).

Next Meeting

The next meeting of the Technical Advisory Committee is scheduled for Thursday, March 21, 2019, at 9:30 a.m. in WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.

Western Riverside Council of Governments
Planning Directors Committee
Meeting Recap
February 14, 2019

Following is a summary of key items discussed at the last Planning Directors Committee meeting. To review the full agenda and staff reports, please click [here](). To review the meeting PowerPoint presentation, please click [here]().

Housing Workshop Discussion

- The state-wide housing shortage has led to an onslaught of new legislation in recent years with the aim of fostering increased housing production. Despite this, production still lags and WRCOG member agencies are experiencing/anticipating significant challenges complying with the new laws.
- Committee members engaged in a thoughtful discussion aimed at clarifying the local challenges to developing more housing and identifying potential solutions.
- Among the issues discussed, members present reported that, while a significant number of sites are entitled in most jurisdictions for projects similar to what is being built, but permit rates lag. Various challenges were discussed including:
  - There is no silver bullet to increasing housing production, all barriers will need to be reduced.
  - Construction costs remain high and state solar regulations have increased costs by approximately $25,000 per home.
  - Riverside County has a shortage of construction workers, and companies are diverting the resources available to more profitable regions, such as Orange County.
  - CEQA typically extends a project timeline by 12-18 months.
  - Outside agencies, such as water districts, that are beyond control of the city or county, hold significant power in the construction process and can prohibit development.
- Accompanying this meeting summary is a list of questions pertaining to housing development. WRCOG asks that each member agency respond to these questions to help WRCOG better understand the barriers and potential solutions to building more housing in the subregion.

Fee Comparison Analysis

- WRCOG is in the process of finalizing an update to the 2016 WRCOG fee comparison analysis, which examined fees required of development projects, the effect of other development costs, and the economic benefits of transportation investment.
- The study found that, with the exception of retail, fees on land uses increased at or below the rate of inflation (6.5%)
- Since 2016, the TUMF program instituted a fee reduction for retail, accounting for an overall reduction in total fees for retail uses from $24.11 to $23.63 per square foot.
- The TUMF fee collected is usually the 3rd largest fee.
- As a percentage, school fees increased more than any other fee category (10%).

Resilient IE Update

- The project team is now working to develop a comprehensive, city-level inventory of Hazard and Evacuation Maps.
- PDC members are asked to please share any existing evacuation maps and/or preferred routes by Thursday, February 28, 2019, by emailing ahoward@wrcog.us.
- The consultant team will develop recommended routes for all jurisdictions needing additional/all routes/maps.

CAPtivate 2.0 Consultant Selected

- Six proposals were received in response to the RFP to update CAPtivate 2.0 and, after holding interviews, Environmental Science Associates (ESA) was the selected to lead the update.
- Grant funds will cover updates to the transportation and land use measures only; WRCOG is looking for additional funds to cover the costs of updating the water, waste, and energy measures to conduct a comprehensive update.
- The project is anticipated to commence in early March 2019 and be completed in February 2021.
- If there is sufficient interest in conducting a program Environmental Impact Report (EIR) to make a CEQA qualified CAP, WRCOG would likely explore cost-sharing measures with interested member agencies. Staff will return with additional details regarding EIR options at future meetings.

Announcements

- WRCOG is currently exploring the pros and cons of subregional delegation, to assume responsibility for preparing the subregional housing needs allocation in place of SCAG for the sixth cycle of RHNA. Staff will be researching the process and bringing the option forward for consideration by the WRCOG committee structure over the next few months. A final decision must be made by June 28, 2019.

Next Meeting

The next Planning Directors Committee meeting is scheduled for Thursday, March 14, 2019 at WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.

Western Riverside Council of Governments
Public Works Committee
Meeting Recap
February 14, 2019

Following is a summary of key items discussed at the last Public Works Committee meeting. To review the full agenda and staff reports, please click here. To review the meeting PowerPoint presentation, please click here.

Riverside Transit Agency Activities Update

- Rohan Kuruppu, Riverside Transit Agency (RTA), Director of Planning, provided an update on activities underway and recently completed with TUMF funding contributions.

Fee Comparison Analysis Update

- Staff presented preliminary findings from the Fee Comparison Analysis Study currently underway to update the results of a similar study completed in 2016. The purpose of the study was to understand the fees required of development projects in and around the WRCOG subregion, the effects of other development costs, and the economic benefits of transportation investment.
- Staff anticipate the final results of the study will be presented at the March Public Works Committee meeting.

Fiscal Year 2019/2020 SB 821 – Bicycle and Pedestrian Facilities Program Call for Projects

- Riverside County Transportation Commission (RCTC) staff announced that the call for projects was released on February 4, 2019 and that proposals are due on April 25, 2019 by 5 p.m. at the RCTC office.
- RCTC staff encourage interested jurisdictions to schedule 1:1 coordination sessions with RCTC to offer insight and assistance prior to the deadline.

High-Cube Warehouse Calculation

- Staff presented the proposed adjustment to the High-Cube Warehouse component of the TUMF Calculation Handbook based on the results of the TUMF High-Cube Warehouse Trip Generation Study completed in January 2019.
- The adjustment to the High-Cube Warehouse TUMF calculation would account for the higher number of observed trips generated by large fulfillment centers and would recognize fulfillment centers as a subset of the general High-Cube Warehouse fee calculation category.
- The Committee recommended that the Executive Committee approve the adjustment to the High-Cube Warehouse component of the TUMF Calculation Handbook.

TUMF Calculation Handbook Revisions

- Staff presented several proposed minor revisions to the TUMF Calculation Handbook to clarify implementation of the 3,000 square foot deduction policy for retail and service uses and the credit for existing uses exemption outlined in the TUMF Administrative Plan.

- The Committee recommended that the Executive Committee approve the proposed revisions to the TUMF Calculation Handbook related to the 3,000 SF deduction policy.
- The Committee indicated that credits for existing uses should be determined based on the current policies and rates in effect at the time a project is requesting credit.

Next Meeting

The next Public Works Committee meeting is scheduled for Thursday, March 14, 2019, at 2:00 p.m., in WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.

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Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **Riverside Transit Agency Activities Update**

Contact: **Rohan Kuruppu, Director of Planning, Riverside Transit Agency, rkuruppu@riversidetransit.com, (951) 565-5130**

Date: **March 14, 2019**

The purpose of this item is to *provide an update on projects that the Riverside Transit Agency is in the process of implementing.*

Requested Action:

1. Receive and file.

This item is reserved for a presentation from Rohan Kuruppu, Director of Planning with the Riverside Transit Agency (RTA), on projects that are underway with funding contributions from the TUMF Program. RTA receives approximately 3% of TUMF funds collected to implement transit projects in the WRCOG subregion to alleviate congestion from new growth.

Prior Action:

February 14, 2019: The Public Works Committee received and filed.

Fiscal Impact:

This item is informational only; therefore, there is no fiscal impact.

Attachment:

None.

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Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **Regional Energy Network Activities Update**

Contact: **Anthony Segura, Staff Analyst, asegura@wrcog.us, (951) 405-6733**

Date: **March 14, 2019**

***The purpose of this item is to** provide information on the development of a Regional Energy Network between the Coachella Valley Association of Governments (CVAG), the San Bernardino Council of Governments (SBCOG), and WRCOG; and the status of the Request for Proposals (RFP) for consultant support.*

Requested Action:

1. Discuss and provide input on interested program sectors for REN development.

Evolution of Local Government Partnerships & Development of a Regional Energy Network

Local Government Partnerships Background: Local Government Partnerships (LGPs) were approved by the California Public Utilities Commission (CPUC) in 2009 and allow Investor Owned Utilities (IOUs) to work with local governments on the implementation of LGPs. Through this model, LGPs were developed to focus on three objectives: 1) retrofitting local government buildings; 2) promoting utility core programs; and 3) supporting qualified energy efficiency activities included in the Energy Efficiency Strategic Plan.

The Western Riverside Energy Partnership (WREP) is an LGP which formed in 2010 and is administered by WRCOG to achieve these three objectives. WREP works closely with WRCOG's member agencies, Southern California Edison (SCE), and SoCal Gas to provide project support and community outreach through a number of energy efficiency initiatives. There are currently more than 40 LGPs in the state which are facing three immediate challenges that could affect the continuity of their status and ongoing support of energy efficiency projects / outreach they provide to their members. These challenges include:

1. Decreases in funding: IOUs are decreasing the funding that LGPs will be receiving; this will start to take effect in January 2019. For LGPs performing work in the territories of Pacific Gas & Electric (PG&E), SoCal Gas, and SCE, there has been an average decrease in funding of 31%.

2. IOUs bidding out Energy Efficiency Programs: IOUs will be exporting approximately 60% of their Energy Efficiency Portfolio / Programs and will bid them out to third party providers to take over the role that LGPs currently have as partners with the IOUs. The reason for this export of programs is that IOUs believe that there are other resources to make its energy efficiency programs more effective. In doing so, the IOUs are looking at distributing a Request for Proposal (RFP) to identify a potential contractor that can better assist with meeting their goals. The RFP is expected to be released in March 2019 and a selected contractor will begin conducting work in 2020.

3. Eliminating Strategic Planning: IOUs have stopped offering Strategic Plan funding as of January 2019. The reasoning behind this approach is that that is no quantifiable way to calculate or identify the

effectiveness of energy efficiency with these programs. Programs that have been funded in the past through this source include Benchmarking services and Online Permitting Systems.

Regional Energy Network (REN) might be the next evolution: A potential solution WRCOG has been examining to address these challenges is to work with SBCOG and CVAG (which implement its own individual LGPs) to develop and implement a REN. The result would be that the REN would cover both Riverside and San Bernardino Counties.

The following provides a brief overview of RENs in California.

What is the difference between a REN and an LGP? RENs differ from LGPs from the fact that the CPUC sought for the RENs to address the following three operational areas:

1. Undertake programs that the IOUs cannot or do not intend to do.
2. Target hard to reach areas.
3. Design programs that have the potential to be scaled to larger geographic areas.

In addition to these focus areas, the CPUC also directed RENs to address the areas of Workforce Education & Training (WE&T), Technology development, and Water – Energy Nexus.

Where are there RENs and what do they accomplish? To date, there are three active RENs which include SoCal REN (administered by the County of Los Angeles), BAYREN (administered by the Association of Bay Area Governments (ABAG)), and 3CREN (administered by Santa Barbara, San Luis Obispo, and Ventura Counties). These three REN implementers work cohesively with their respective IOUs and administer the following programs for their regions:

1. Residential & Commercial Energy Efficiency Installation Programs
2. Workshops & Trainings
3. Financing Mechanisms for Energy Efficiency Projects
4. Working with 3rd party providers for either municipal / business energy efficiency support

Why do RENs exist? The goal of each REN is to implement and administer energy efficiency programs the current IOUs cannot or do not have the available resources to implement within each service territory. As directed by the CPUC, RENs look to fill the gap that IOUs cannot reach. For RENs, the term “filling the gap” means areas that are hard to reach or low-income communities.

What are the benefits of a REN? RENs focus on opportunities to grow and educate in the field of energy efficiency by providing programs that benefit communities considered to be low income or that do not have a high penetration rate by IOU providers. Furthermore, RENs have more access to funding to implement regional programs offered to various members involved within RENs than what current LGPs have within their funding cycle.

What does the funding look like for the existing RENs? The table below compares the 2019 WREP budget to the total amount of funding that each REN will be looking to utilize for 2019. More specifically, the flow of money is different between a REN and an LPG. In an LPG, the IOUs approved the budget and reimburse. In a REN, the money is sent directly from the CPUC in advance.

2019 Energy Program Funding	
Program	**Funding Allocation**
SoCal REN	$ 21,800,800
BAYREN	$ 24,702,000
3C REN	$ 5,964,400
WREP	$ 216,000

On December 3, 2018, the Executive Committee authorized staff to continue working with both CVAG and SBCOG to develop a joint cooperative agreement and release a Request for Proposal to identify a consultant to assist all three entities with development / implementation of a REN of a not to exceed amount of $150,000 ($50,000 per COG).

Request for Proposal – REN Development

On January 31, 2019, WRCOG released an RFP to identify and select a consultant(s) to support CVAG, SBCOG, and WRCOG to develop a REN through the creation of a Business Plan that will be submitted to the CPUC for approval. In order for RENs to be established, a Business Plan would need to be developed and filed to the CPUC for its final approval. The Business Plan is the framework for RENs as they lay the foundation for future work by RENs as it provides information on the Program's service boundary, energy efficiency analysis, energy efficiency measures / programs interested in implementing within the service territory, and how the RENs programs will meet California's energy efficiency goals for the upcoming years.

The Business Plan for all three entities will highlight the various program sectors that each agency will look into providing to the region. As part of this presentation to this Committee, staff would like to inquire the level of interest of each member jurisdiction in each market sector. Examples of program sectors that have been mentioned in prior meetings but not yet confirmed include Residential (single / multi-family), small commercial, Workforce Education & Training, and financing initiatives to help the region's growth of energy efficiency continue.

The Business Plan will also go through stakeholder review from the CPUC's Energy Division & the California Energy Efficiency Coordination Committee (CAEECC) where various entities will provide comments on the proposed Business Plan before it reaches the CPUC for final approval. If approved by the CPUC, staff anticipates the REN to launch by Fall 2020.

The following table lists the schedule of events for the RFP:

Event	Date
1. RFP Distribution	January 31, 2019
2. Questions from Vendors about scope or approach due	February 14, 2019
3. Responses to questions posted on website	February 26, 2019
4. Proposal Due Date	March 7, 2019
5. Review of proposals	Week of March 11, 2019
6. Potential Interviews	Week of March 18, 2019
7. Anticipated decision and selection of Vendor(s)	Week of March 25, 2019
8. Anticipated commencement date of work	Upon approval of contract by Administration & Finance Committee

As for next steps, CVAG, SBCOG, and WRCOG will be meeting with the qualified bidders for the interview process and once a firm is selected then WRCOG will report out through the Committee structure.

For additional questions or information on the REN development, please contact Anthony Segura at asegura@wrcog.us.

Prior Actions:

December 3, 2018: The Executive Committee 1) authorized the Executive Director to develop a joint cooperation agreement between CVAG, SBCOG, and WRCOG; and 2) directed the Executive Director to release a Request for Proposals for feasibility & implementation of a Regional Energy Network.

November 14, 2018: The Administration & Finance Committee recommended that the Executive Committee 1) authorize the Executive Director to develop a joint cooperation agreement between CVAG, SBCOG, and WRCOG; and 2) direct the Executive Director to release a Request for Proposals for feasibility & implementation of a Regional Energy Network.

Fiscal Impact:

REN Program development has been included in WRCOG's 2nd Quarter Budget Amendment.

Attachment:

1. Final WRCOG REN White Paper.

Item 7.B

Regional Energy Network Activities Update

Attachment 1

Final WRCOG REN White Paper

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White Paper Evolution of Local Government Energy Partnerships with Utilities and Regional Energy Networks (RENs)

This paper describes the purpose and role of Local Government Partnerships (LGPs), the challenges they are facing, and a solution local governments can utilize to continue their work to provide localized energy efficiency programs for their communities.

What are Local Government Partnerships (LGPs)?

Local Government Partnerships (LGPs) were approved by the California Public Utilities Commission (CPUC) in 2009 and allow Investor Owned Utilities (IOUs) *[Southern California Edison (SCE), Southern California Gas Company (SoCal Gas)]* to work with local governments to support various energy efficiency programs and activities. LGPs work to help meet the state's energy efficiency goals and provide support to local governments with assistance on various energy efficiency projects. There are over 40 LGPs in California that provide local jurisdictions with energy efficiency support.

LGPs were developed to focus on three objectives: 1) retrofitting local government buildings; 2) promoting utility programs such as residential & customer energy efficiency support; and 3) supporting qualified energy efficiency activities included in the CPUC Energy Efficiency Strategic Plan.

The Western Riverside Energy Partnership (WREP), an LGP administered by WRCOG formed in 2010, works closely with SCE, SoCal Gas, and 15 WRCOG member agencies in Western Riverside County. The following cities are involved with the WREP Partnership: Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, San Jacinto, Temecula, and Wildomar. Since the Partnership's inception, activities undertaken by the member jurisdictions have resulted in a total of over 16.7 million kWh savings (equates to 2,000 homes electricity use for 1 year) and over 9,000 therms (equates to 8 homes electricity use for 1 year).

LGPs are facing challenges that could impact their continued work

LGPs (like WREP) in the state are facing three challenges that could affect the long-term viability of their existence. These include:

1. **Decreases in Funding**: For LGPs performing energy efficiency work in the in utilities territories throughout the state, there has been an average decrease in funding of 31%.

2. **IOUs Outsourcing Energy Efficiency Programs**: IOUs will be exporting approximately 60% of their Energy Efficiency Portfolio / Programs and will bid them out to third party providers to take over the role that LGPs currently have as partners with the IOUs. The reason for outsourcing the programs is that the current model the

programs are being run on is not cost effective, and the utilities are looking at another model to meet the cost effectiveness of their programs.

3. **Eliminating Strategic Planning**: IOUs have stopped offering Strategic Plan funding as of January 2019 which were funds made available for benchmarking and Energy Action Plan (EAP) models. Strategic Plan funding has been eliminated because there is no quantifiable method to calculate the energy savings from the utilities side. Strategic Planning projects were considered to be "non-resource" projects which do not have any energy savings tied to them and are, therefore, not deemed cost effective.

Regional Energy Networks (REN) represent the next iteration of LGPs

In 2012, the CPUC authorized a new model for administering energy efficiency programs outside the traditional IOU-administered paradigm which has utilized Local Government Partnerships. These new models are known as Regional Energy Networks (RENs).

The CPUC sought for the RENs to address the following three operational areas:

1. Undertake programs that the IOUs cannot or do not intend to do. RENs have the opportunity to work on "Pilot" programs that are different or unique in approach to have a potential to scale and or target hard to reach customers. Examples of pilot programs can include offering new emerging technologies and regional workforce trainings.
2. Target hard to reach areas which includes communities that are considered to be areas that do not have easy access to program information or participation in energy efficiency programs due to language, geographic location, housing type (rent / lease, multi-family & mobile home tenants), and socioeconomic status.
3. Design programs that have the potential to be scaled to larger geographic areas. Programs of this subject includes a regional implementation of emerging energy efficiency technologies and regional workforce trainings.

What are RENs and how do they differ from LGPs?

The following provides a brief overview of RENs in California.

Why do RENs exist?

- The goal of a REN is to implement and administer energy efficiency programs the current IOUs cannot or do not have the available resources to implement within each service territory.
- As directed by the CPUC, RENs look to fill the gap that IOUs cannot reach. For RENs, the term "filling the gap" means areas that are hard to reach or low-income communities. These areas are considered to be at a disadvantage due to language barrier, geographic location, economically demographic, and housing type (rent / lease, multi-family & mobile home tenants).

What is the difference between a REN and a LGP?

- RENs provide a greater level of local control in the development and implementation of programs that are specific to the region the REN represents. LGPs do not have the same control to design regionally specific programs and are beholden to the programs developed by the IOUs.
- RENs are also able to develop programs to support Workforce Education & Training, Technology development and Marketing & Outreach programs.
- A significant difference between an LGP and REN is the size of budget. The WREP budget is approximately $216,000 annually, compared to a REN budget, which can range from approximately $6,000,000 to $24,000,000 annually. The difference in budget is because with LGPs, each implementer such as WREP is allocated funding based off of their members involved, project pipeline, and estimated gas / energy savings. Whereas with RENs, there are more opportunities to implement, create, and design programs in a regional approach which will be focused to a larger audience. This type of work requires a larger budget and also provides RENs with more flexibility to create new programs to continue the growth of energy efficiency. Such programs that can be created through RENs are residential / customer Direct Install Programs for hard to reach areas.

What are the benefits of a REN?

- RENs focus on opportunities to grow and educate in the field of energy efficiency by providing programs that benefit communities considered to be low income or that do not have a high penetration rate by IOU providers.
- Furthermore, RENs have more access to funding to implement regional programs offered to various members involved within RENs than what current LGPs have within their funding cycle.

Where are RENs in California and what do they accomplish?

- To date, there are three active RENs which includes SoCal REN (administered by the County of Los Angeles), BAYREN (administered by the Association of Bay Area Governments (ABAG)), and 3CREN (administered by Santa Barbara, San Luis Obispo, and Ventura Counties).
- These three REN implementers work with their respective IOUs and administer the following programs for their regions:

    1. Residential & Commercial Energy Efficiency Installation Programs
    2. Workshops & Trainings
    3. Financing Mechanisms for Energy Efficiency Projects

4. Working with 3rd party providers for either municipal / business energy efficiency support

How are RENs funded?

The table below compares the 2019 WREP budget to the total amount of funding that each REN will be looking to utilize for 2019. More specifically, the flow of money is different between a REN and an LPG. In an LPG, the IOUs approved the budget and reimburse. In a REN, the money is sent directly from the CPUC in advance.

2019 Energy Program Funding	
Program	**Funding Allocation**
SoCal REN	$ 21,800,800
BAYREN	$ 24,702,000
3C REN	$ 5,964,400
WREP	$ 216,000

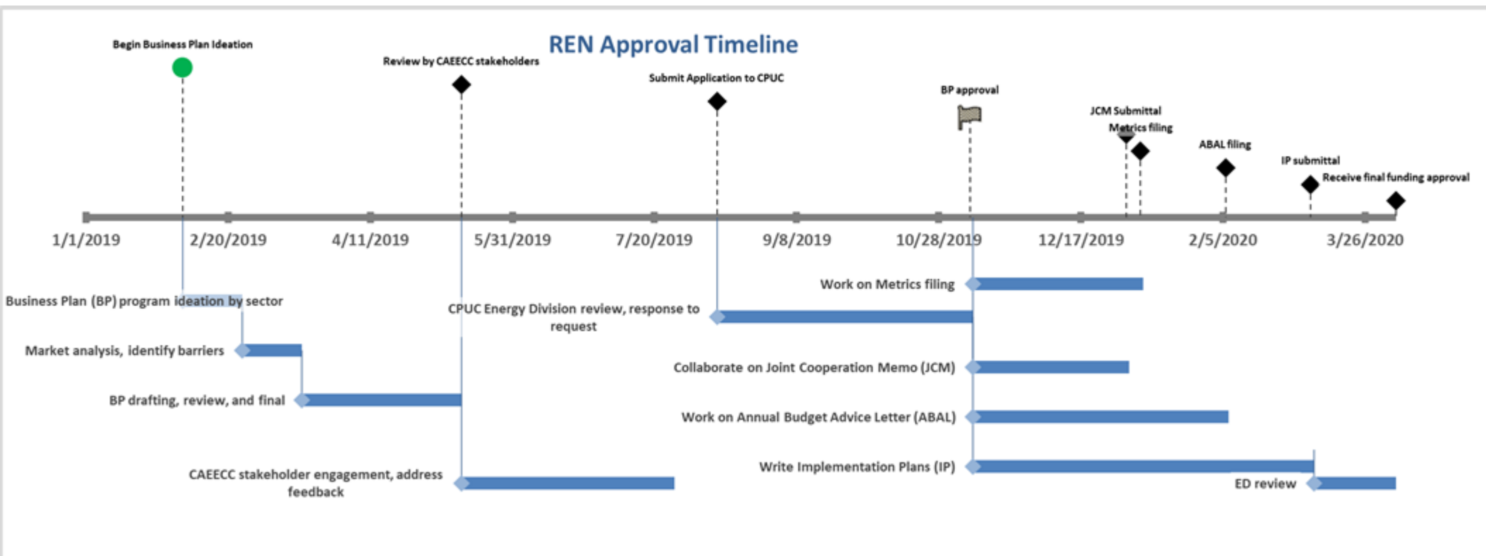
Conclusion and moving forward

A potential solution WRCOG has been examining to address these challenges is to work with San Bernardino Council of Governments (SBCOG) and Coachella Valley Association of Governments (CVAG) (which implement its own individual LGPs) to develop and implement a Regional Energy Network. The result would be a REN covering both Riverside and San Bernardino Counties.

With the Utilities going out to bid and exporting 60% of their energy efficiency programs to a new provider, SBCOG, CVAG and WRCOG are working together to continue promoting and offering energy efficiency programs to their members. Each Council of Governments (COGs) currently has an existing LGP in their region and their goal with the implementation of a REN is to evolve their LGPs because both San Bernardino & Riverside County are areas with so much potential for the field of energy efficiency.

All three COGs are interested in working together to create a REN within the Inland Empire because it allows for the idea of local control & regional perspective. With the opportunity to create and grow energy programs in both Counties, RENs allow the agencies to provide programs to their members that catch their interest and provide support with energy efficiency. In comparison to an LGP, RENs have the opportunity to design and implement programs with a much larger budget than that of an LGP. Additionally, by working collectively, each COG will be able to provide offerings within the Inland Empire which has a lot of jurisdictions that meet the criteria of hard to reach. With a REN, the COGs will provide its members with resources to grow their businesses, prolong the life of their homes / buildings, and increase the awareness of energy efficiency for a region that needs support.

In order for a REN to be established in both San Bernardino & Riverside County, all three COGs would need to create and submit a Business Plan to the CPUC. This Business Plan is the framework behind a REN as it lays out the foundation for the proposed REN. The Business Plan will consist of the proposed budget, projected cost savings & cost effectiveness, the target sector for energy efficiency (residential, commercial, etc), energy efficiency metrics, and new technologies to be implemented. Once the Business Plan is approved at the CPUC level, then the creation of an Implementation Plan, Annual Budget Advice Letter (ABAL), and Joint Cooperation Memo will need to be completed before the funds are dispersed to the REN. The timeline for all these documents to be created and approved at the CPUC level vary, but all three COGs look to have an active REN running in 2020.



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Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **Seismic Improvements with PACE**

Contact: **Michael Wasgatt, Program Manager, mwasgatt@wrcog.us, (951) 405-6731**

Date: **March 14, 2019**

The purpose of this item *is to provide an update on Commercial PACE and Seismic Improvements.*

Requested Action:

1. Receive and file.

WRCOG's PACE Programs provide financing to property owners to implement energy saving, renewable energy, water conservation, and seismic strengthening improvements to their homes and businesses. Financing is paid back through a lien placed on the property tax bill. The Program was initiated in December 2011 and was expanded in 2014 to allow jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. WRCOG now offers HERO, CaliforniaFIRST, PACE Funding, and Ygrene as residential PACE providers and Greenworks, CleanFund, and Ygrene as commercial PACE providers.

Launch of New PACE Programs

Since the last update to this Committee, WRCOG has added two new Commercial PACE Programs: Greenworks Lending, based in San Francisco, launched in February 2018 in the statewide program; and CleanFund, based in Sausalito, launched in December of 2018 in the WRCOG subregion only.

In addition, staff is currently working with three other providers – Twain Financial Partners, Lord Capital and Lever Energy Capital – to bring into the statewide Commercial Program and expect them to be active in the next couple months.

Member agencies retain the right to adopt any PACE Program that is not participating under WRCOG's PACE umbrella. The member agency also may "opt-out" of any WRCOG PACE Program and would do so by adopting a resolution that can be requested from WRCOG staff.

New Construction

In 2015, Chapter 29 of the Streets & Highways Code was amended to allow Commercial PACE to finance new construction projects. Several states (e.g., Colorado and Ohio) have guidelines which state that Commercial PACE financing can only be used to fund energy / water-related measures that exceed minimum energy codes. This means that if a commercial building is designed to code, there would be zero eligible commercial PACE costs. However, if some portion of the building design, for example the roof, exceeded code (e.g., higher insulated, cool roof, solar roof), then 100% of the cost of that roof would be eligible for commercial PACE financing.

Allowing Commercial PACE financing on new construction within WRCOG's PACE Programs provides a new source of financing for projects in the Commercial sector.
The current requirements for New Construction in WRCOG's Commercial PACE Programs include:

- Eligible improvements must exceed the minimum specifications for California Title 20 and Title 24, meet EnergyStar or WaterSense standards, or other new standards as may be appropriate and agreed upon by WRCOG.
- New construction projects will require additional supporting documentation, including building plans, equipment cut sheets, and Title 20 and 24 Code Compliance Certificates, as required by the Program Administrator.
- For new construction, the property developer must provide:
  - Resumes of the development team including experience on comparable properties
  - A complete appraisal including full financial projections for property lease-up or revenue
  - A summary of capital stack showing sources and uses for property construction
  - Financial documentation of developer equity allocated toward property construction

Commercial PACE Seismic Improvements

On July 10, 2017, the Executive Committee adopted Resolution Number 35-17 which approved the proposed modification of the Program Report to include seismic strengthening projects as eligible for PACE financing including foundation reinforcement / strengthening, wall reinforcement / strengthening, roofing beams / supports, bracing / strapping / anchoring, automatic shutoff valves, as well as other structural improvements.

PACE Seismic Improvements Workshop

WRCOG will be hosting a workshop on March 21, 2019, with presentations by our Providers to explain the value of Commercial PACE and how it can be used to finance Seismic Improvements with no upfront costs to the building owner.

Prior Action:

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment:

None.

Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **Fee Comparison Analysis – Final Report**

Contact: **Christopher Tzeng, Program Manager, ctzeng@wrcog.us, (951) 405-6711**

Date: **March 14, 2019**

The purpose of this item is to *provide a final report of the Fee Comparison Analysis. In 2016, WRCOG conducted an analysis of the fees required of development projects, the effect of other development costs, and the economic benefits of transportation investment. WRCOG commenced an update to the analysis utilizing 2018 fee schedules.*

Requested Action:

1. Receive and file.

In 2016, WRCOG conducted a study to analyze fees / exactions required and collected by jurisdictions / agencies in and immediately adjacent to the WRCOG subregion. The study was received by the WRCOG Committees and subsequent presentations were completed to various City Councils in the subregion. Based on the feedback provided and the requests made for data and presentations, WRCOG indicated the study would be updated on a consistent basis to enable jurisdictions to understand the impact of fees on development and the regional economy. WRCOG and its project team have been updating the analysis since September 2018 and it is now finalized.

Background on 2018 Update

Generally, the analysis methodologies, assumptions, and jurisdictions analyzed are consistent with the original study. The fee comparison update process primarily involved contacting jurisdictions and special districts to understand if and how its development impact fees had changed since 2016. In some cases, jurisdictions indicated the need for adjustments to the 2016 assumptions / methodologies, particularly concerning the calculation of water and sewer fees. As a result, the changes between 2016 and 2018 represent a combination of changes driven by fee schedule changes (actual changes in fee levels), as well as those driven by suggested refinements in other underlying assumptions.

Findings of Development Impact Fee Breakdown

TUMF represents a modest proportion of total residential development impact fees in Western Riverside County and a more variable proportion of nonresidential development impact fees.

- On average, TUMF on residential development represents about 20% of total development impact fees for both single-family (SF) and multifamily (MF) development.
  - Water and sewer fees together represent 36% SF and 32.4% MF
  - Other City fees represent 21.2% SF and 24.3% MF
  - TUMF represent 18.7% SF and 20.6% MF
  - School fees represent 18.5% SF and 17.5% MF

- Other subregional / area fees represent 5.7% SF and 5.1% MF

- Average TUMF fees as a proportion of total fees show more variation for nonresidential land uses, ranging from 31.7% for retail development to 15.6% for Class A/B office development.

  - Retail development impact fees – water and sewer are 41.6%, TUMF is 31.7%
  - Office development impact fees – water and sewer are 52.2%, TUMF is 15.6%
  - Industrial development impact fees – other city fees are 31.8%, TUMF is 28%, and water and sewer are 20.1%

- Average development impact fees in WRCOG member jurisdictions are within the Inland Empire range.

- Average residential development impact fees for WRCOG jurisdictions are lower than the average of selected San Bernardino County cities and higher than the average of selected Coachella Valley cities.

  - When compared with the average of selected San Bernardino County cities (Fontana, Yucaipa, San Bernardino, Ontario, Chino, and Rialto), the WRCOG average is modestly lower for both SF and multi-family development. The average for selected Coachella Valley cities (Indio, Palm Desert, and Palm Springs) is substantially lower for SF and multi-family development.

- Average retail development impact fees are substantially higher than the relatively similar average fee levels for San Bernardino County and Coachella Valley.

  - At $23.63 per square foot of retail space, the WRCOG average total fee is substantially higher than the equivalent fees in the other areas of study that ranged from $13.62 to $15.47 per square foot. This remains true despite the reduction in the TUMF fee on retail development.

- For office development, the WRCOG average is slightly below the average of the San Bernardino County cities evaluated, but substantially higher than the average for the Coachella Valley cities evaluated.

  - The WRCOG average for industrial development is somewhat lower than the San Bernardino County average of $5.91 per square foot and somewhat higher than the average for Coachella Valley cities of $4.44 per square foot.

- Average development impact fees among WRCOG member jurisdictions represent between 3.8% and 8.9% of total development costs / returns, with TUMF as a lower fraction of these proportions.

- Total development impact fees represent between 3.8% and 8.9% of total development costs / returns for the prototype feasible projects.

  - 8.5% for SF development
  - 8.9% for MF development
  - 3.8% for industrial development
  - 4.3% for office development
  - 6.9% for retail development

- TUMF represents between 0.7% and 2.2% of total development costs / returns for the prototype feasible projects. While changes in the TUMF can add or subtract from total development costs, it would take a substantial change to increase / decrease overall development costs / returns by more than 1%.

  - TUMF represents between 16.1% and 31.7% of total development impact fees with the highest ratios for retail and industrial development and lowest for office development.

    - 1.6% for SF development
    - 1.8% for MF development
    - 1.1% for industrial development

    - 0.7% for office development
    - 2.2% for retail development

- Average total development impact fees as a proportion of estimated overall development costs have fallen for all land uses since 2016. Similarly, the TUMF proportion of total development costs has decreased for land uses with the largest change in retail, where the TUMF has fallen from 3.5% to 2.2% of overall development costs since 2016.

Findings of Development Impact Fee Analysis

Below are highlights based on Figures 2-5 in the attachment to this report (Updated Analysis of Development Impact Fees in Western Riverside County – Draft Final Report).

- Figure 2 shows that WRCOG TUMF residential fees, on average, represent about 20% of total development impact fees for both SF and MF development.
- On average, WRCOG nonresidential TUMF show more variation in level and in proportion of overall development impact fees (between 10% and 56%) than for the residential fee categories.
- As shown on Figure 3, water and sewer fees together represent the greatest proportion of residential development impact fees followed by similar proportions from other city fees, TUMF, and school fees.
- As shown on Figure 4, nonresidential development impact fees show more variation in terms of the distribution between fee categories.
- Figure 5 shows that unincorporated jurisdictions have slightly lower total fees as compared to the average for all WRCOG study jurisdictions.

Findings of Fee Comparison with Non-WRCOG Jurisdictions

Below are highlights based on Figures 6-10 in the attachment to this report (Updated Analysis of Development Impact Fees in Western Riverside County – Draft Final Report).

- Figures 6-10 compare average development impact fee costs and proportions in the WRCOG subregion to those in neighboring jurisdictions.
- Average development impact fees for WRCOG jurisdictions are modestly lower than the average of selected San Bernardino County cities, except for retail development impact fees.
- The average development impact fees for selected Coachella Valley cities is below that of the WRCOG average for all land uses.

Development Costs – Key Factors in New Development

Developers (whether looking to do speculative development or to provide build-to-suit developments for larger users) will review a number of conditions before determining whether to move forward with site acquisition / optioning and pre-development activities. Factors will include: 1) the availability of appropriate sites, 2) the availability of / proximity to / quality of infrastructure / facilities (e.g., proximity to transportation corridors, schools, and other amenities), 3) local market strength (achievable sales prices / lease rates) in the context of competitive supply, 4) expected development costs (including land acquisition costs, construction materials and labor costs, the availability and costs of financing, and development impact fees, among others), and, 5) where sites are unentitled, the entitlement risk.

An illustrative static pro forma structure was developed to provide overall insights on general economic relationships (Figures 11 and 12). It is important to note that these pro formas do not draw conclusions concerning the feasibility of individual projects. The pro forma incorporated different categories of development costs (see below). It also considered potential land values / acquisition costs based on a residual land value approach that considered potential development values, subtracted direct and indirect development costs and developer return requirements, and indicated a potential residual land value. The development values were refined based on available market data ranges and the need to generate a land value of an appropriate level to support land acquisition and new development. Available information on land transactions was also reviewed.

Development Costs Analysis Results

As shown in Figures 11 and 12 in the Draft Final Report, direct construction costs represent the largest proportion of total development costs / returns, typically followed by other land costs, other soft costs (collectively), developer returns, and development impact fees.

- Total development impact fees represent between 3.8% and 8.9% of total development costs / returns for the prototype feasible projects.
- TUMF represent between 0.7% and 2.2% of total development costs / returns for the prototype feasible projects.

Prior Actions:

February 14, 2019: The Public Works Committee received and filed.

February 14, 2019: The Planning Directors Committee received and filed.

Fiscal Impact:

Transportation Department activities are included in the Agency's adopted Fiscal Year 2018/2019 Budget under the Transportation Department.

Attachment:

1. Updated Analysis of Development Impact Fees in Western Riverside County – Draft Final Report

Item 7.D

Fee Comparison Analysis – Final Report

Attachment 1

Updated Analysis of Development Impact Fees in Western Riverside County – Draft Final Report

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The Economics of Land Use

Draft Final Report

Updated Analysis of Development Impact Fees in Western Riverside County

Prepared for:

Western Riverside Council of Governments (WRCOG)

Prepared by:

Economic & Planning Systems, Inc. (EPS)

March 1, 2019

EPS #181032

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1. INTRODUCTION AND FINDINGS

The Western Riverside Council of Governments (WRCOG) commissioned this Report to provide increased regional understanding of development impact fees on new development in Western Riverside County. More specifically, the purpose of this Report is to: (1) indicate the types and relative scale of the development impact fees placed on different land uses and (2) indicate the scale of fees relative to overall development costs. The Report is also intended to provide helpful background information on the impact of the Transportation Uniform Mitigation Fee (TUMF) by placing TUMF in the context of the broader development impact fee structure, overall development costs, and other regional dynamics.

This Report represents the first update to the Original Study completed in December 2016.[1] This study provided similar information on development impact fees and development costs based on 2016 fee schedules and development cost estimates. This Report (the 2019 Updated Study) provides updated information based on 2018 fee schedules and estimates of development costs. A companion memorandum provides a summary of the changes in fee levels between 2016 and 2018.[2]

This Report recognizes that there are substantive and ongoing debates about the appropriate levels of development impact fees in regions throughout California and elsewhere in the United States. On the one hand, development impact fees provide revenue to support the construction of critical infrastructure and capital facilities (or in-kind capital facility development) that can generate development value, economic development, and quality of life benefits. On the other hand, development impact fees act as an additional development cost that can influence development feasibility and potentially the pace of new development. **In reality, each fee-adopting jurisdiction needs to weigh the costs and benefits of potential new/increased fee levels in the context of their goals, capital improvement needs, and economic and development dynamics**.

This Report considers development impact fees defined as one-time fees collected for the purposes of funding infrastructure and capital facilities.[3] Because of the broad variation in land use and development projects in Western Riverside County, prototype development projects for single-family, multifamily, retail, Class A/B office and large industrial developments were all developed to support comparisons of fees in different jurisdictions.

A summary of key findings is provided below, followed by a description of the organization of this Report.

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[1] See Report entitled "Analysis of Development Impact Fees in Western Riverside County", December 2016.

[2] See Technical Memorandum entitled "Overview of Changes in WRCOG Jurisdiction Fees: 2016 to 2018", March 2019.

[3] As used in this report and discussed further below, the phrase "development impact fee" includes all fees adopted pursuant to the Mitigation Fee Act and other monetary exactions due at the time of development.

Summary of Findings

FINDING #1: **New development in Western Riverside County pays a wide range of one-time infrastructure/capital facilities associated fees with a number of different public agencies.**

New development in Western Riverside County is required to pay development impact fees to help fund:

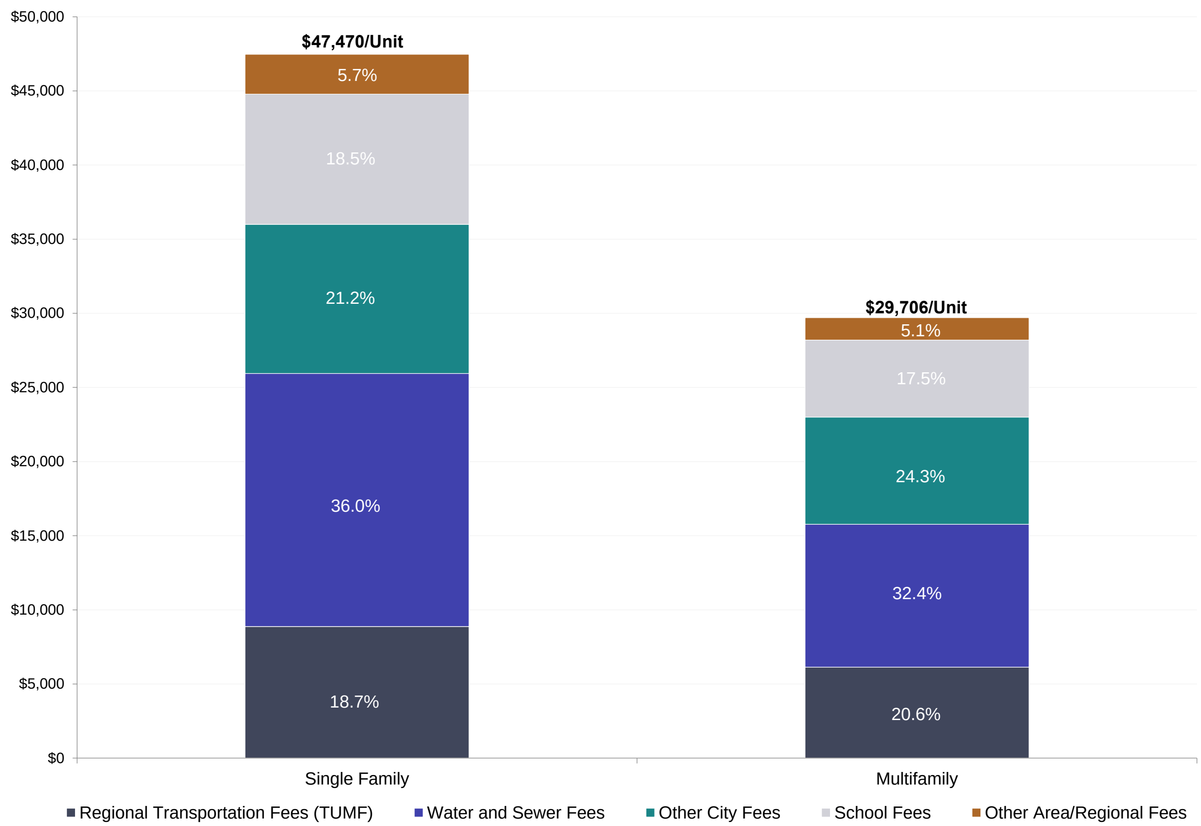
- Water and Sewer Facilities
- School Facilities
- Regional Transportation Infrastructure
- Additional Local Infrastructure/Capital Facilities (local transportation, parks and recreation, public facility, community/civic facilities, and storm drain infrastructure).
- Subregional/Area Fees (habitat mitigation fees, Road and Bridge Benefit Assessment Districts, and other area-specific infrastructure/capital facilities fees).

These fees are set/administered by a combination of water districts, school districts, individual cities, the County, the Western Riverside Council of Governments, the Western Riverside County Resource Conservation Authority, and other special districts.

FINDING #2: **TUMF represents a modest proportion of total residential development impact fees in Western Riverside County and a more variable proportion of nonresidential development impact fees.**

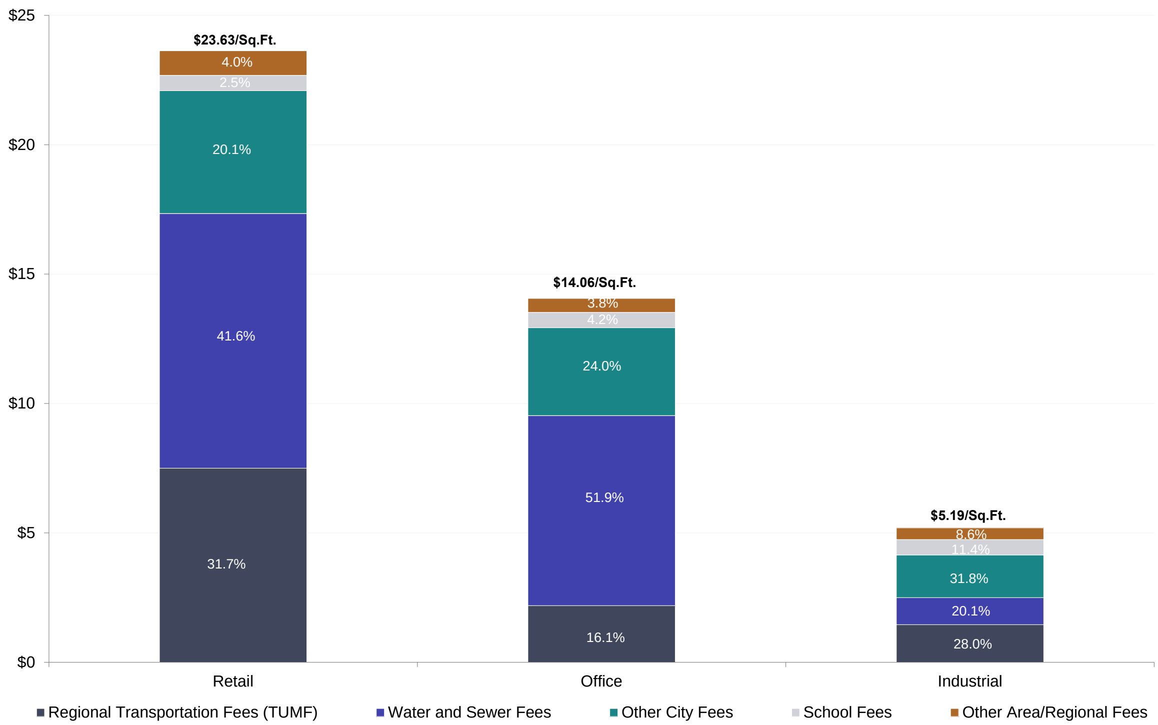
- **On average, TUMF on residential development represents about 20 percent of total development impact fees for both single-family and multifamily development**. Water and sewer fees together represent the greatest proportion of residential development impact fees (36.0 percent/32.4 percent), followed by similar proportions from other City fees (21.2 percent/24.3 percent), TUMF (18.7 percent/20.6 percent), and school fees (18.5 percent/17.5 percent). A smaller proportion is associated with other subregional/area fees (5.7 percent/5.1 percent).

Average WRCOG Residential Development Impact Fees by Fee Category



- **Average TUMF fees as a proportion of total fees show more variation for nonresidential land uses, ranging from 31.7 percent for retail development to 15.6 percent for Class A/B office development**. Retail development impact fees are dominated by water and sewer fees (41.6 percent) with an additional one-third (31.7 percent) associated with the TUMF. The substantial reduction in the TUMF fee on retail development reduced the TUMF proportion from 43.5 percent to the current 31.6 percent. Office development impact fees are also dominated by water and sewer fees (52.2 percent), with TUMF (15.6 percent) representing a lower proportion of total fees relative to all other land uses. Large industrial developments that do not have intensive water needs have a large proportion of water and sewer fees (20.1 percent). While lower in absolute terms, industrial development impact fees are dominated on a proportionate basis by other City fees (31.8 percent) and TUMF (28.0 percent).

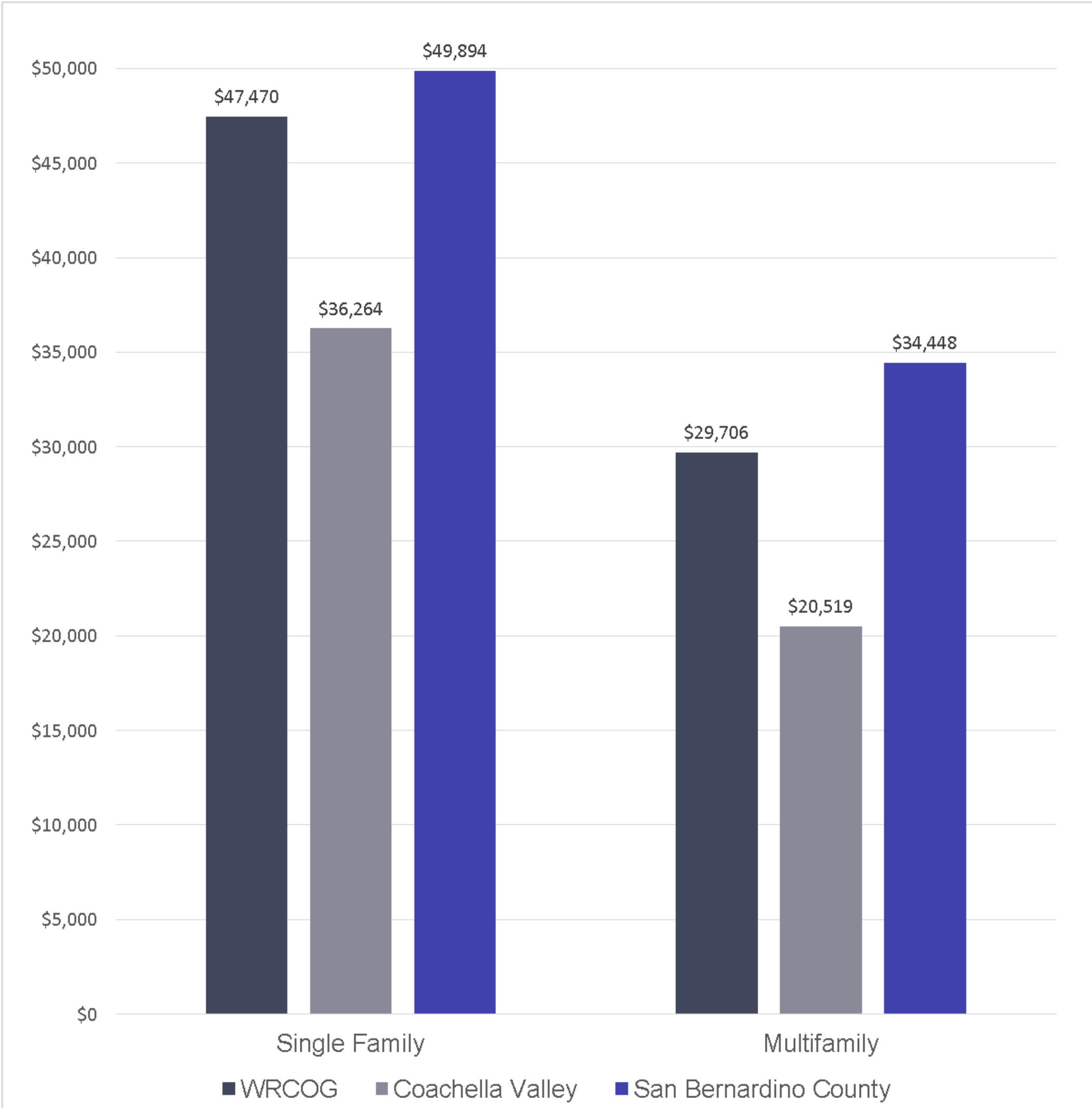
Average WRCOG Nonresidential Development Impact Fees



FINDING #3: Average development impact fees in WRCOG member jurisdictions are within the Inland Empire range.

- **Average residential development impact fees for WRCOG jurisdictions are lower than the average of selected San Bernardino County cities and higher than the average of selected Coachella Valley cities.** When compared with the average of selected San Bernardino County cities (Fontana, Yucaipa, San Bernardino, Ontario, Chino, and Rialto), the WRCOG average is modestly lower for both single-family and multifamily development. The average for selected Coachella Valley cities (Indio, Palm Desert, and Palm Springs) is substantially lower for single-family and multifamily development.

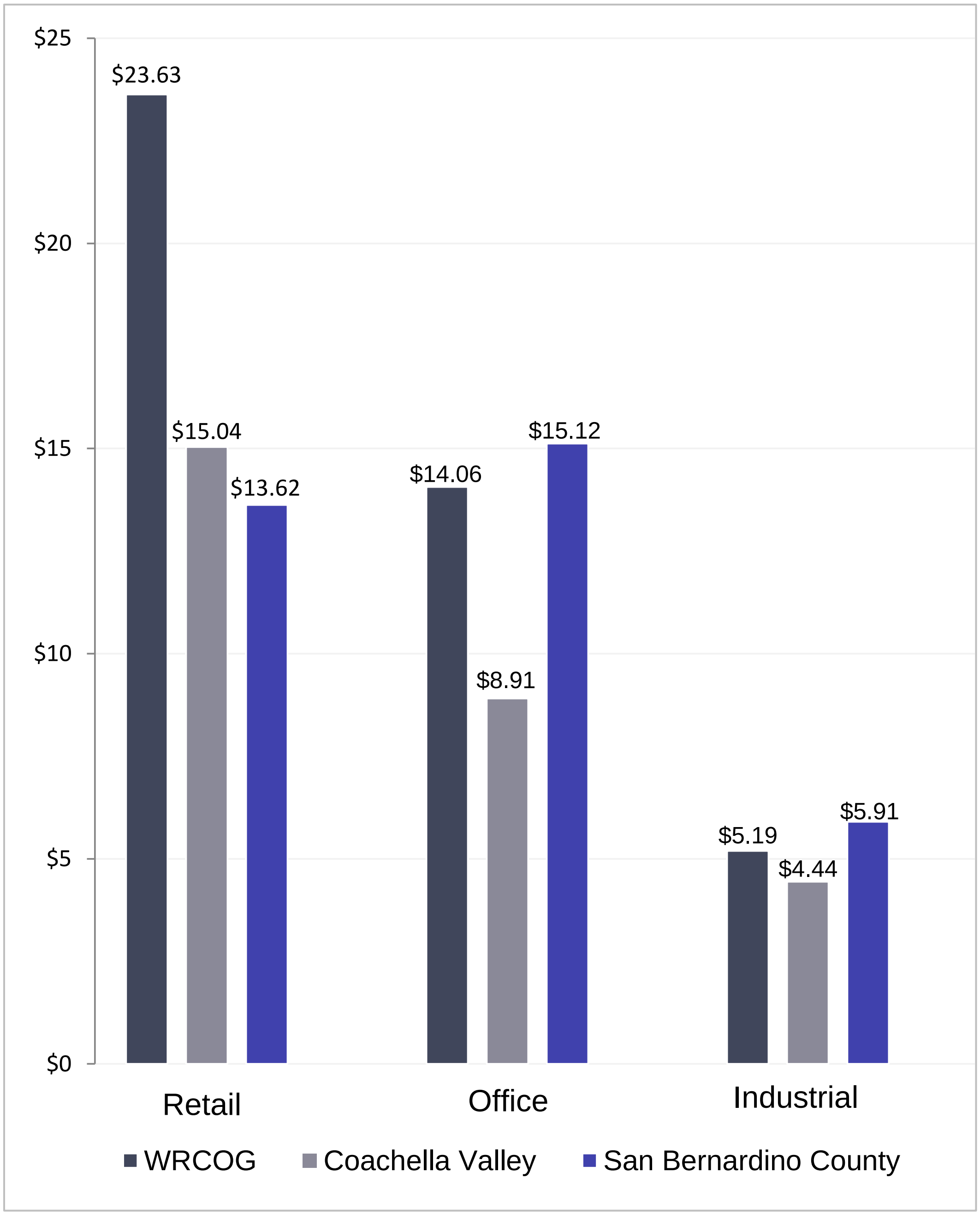
Average Residential Development Impact Fees in Neighboring Jurisdictions



- **Average retail development impact fees are substantially higher than the relatively similar average fee levels for San Bernardino County and Coachella Valley**. At $23.63 per square foot of retail space, the WRCOG average total fee is substantially higher than the equivalent fees in the other areas of study that ranged from $13.62 to $15.47 per square foot. This remains true despite the reduction in the TUMF fee on retail development.[4] For office development, the WRCOG average is slightly below the average of the San Bernardino County cities evaluated, but substantially higher than the average for the Coachella Valley cities evaluated. The WRCOG average for industrial development is somewhat lower than the San Bernardino County average of $5.91 per square foot and somewhat higher than the average for Coachella Valley cities of $4.44 per square foot.

[4] Refinements in the calculation methodology of water/ sewer fees based on input from some jurisdictions resulted in an increase in estimated water/ sewer fees that partially balanced out the reduction associated with the TUMF retail fee.

Average Nonresidential Development Impact Fees in Neighboring Jurisdictions



FINDING #4: Average development impact fees among WRCOG member jurisdictions represent between 3.8 percent and 8.9 percent of total development costs/returns, with TUMF as a lower fraction of these proportions.

- **Total development impact fees represent between 3.8 percent and 8.9 percent of total development costs/returns for the prototype feasible projects.** Total development impact fees represent 8.5 percent and 8.9 percent of total development costs/returns respectively for the prototype single-family and multifamily developments evaluated. As is common, nonresidential development impact fees are lower as a percent of total development cost/return at 3.8 percent for industrial development and 4.3 percent for office development. For retail development, the fee level percentage is 6.9 percent, is between the proportions for residential uses and other nonresidential uses.

- **TUMF represents between 0.7 percent and 2.2 percent of total development costs/returns for the prototype feasible projects**. **While changes in the TUMF can add or subtract from total development costs, it would take a substantial change to increase/decrease overall development costs/returns by more than 1 percent.** TUMF represents between 16.1 percent and 31.7 percent of total development impact fees with the highest ratios for retail and industrial development and lowest for office development. As a proportion of overall development costs, TUMF represents 1.6 percent and 1.8 percent for single-family and multifamily respectively. For nonresidential uses, TUMF represents 0.7 percent of total development costs for office development, 1.1 percent for industrial development, and 2.2 percent for retail development. Average total development impact fees as a proportion of estimated overall development costs have fallen for all land uses since 2016. Similarly, the TUMF proportion of total development costs has decreased for land uses with the largest change in retail, where the TUMF has fallen from 3.5 percent to 2.2 percent of overall development costs since 2016.

Development Impact Fees as % of Total Developments Costs/Returns

Development Impact Fees	Single Family	Multifamily	Industrial	Retail	Office
TUMF	1.6%	1.8%	1.1%	2.2%	0.7%
Other Development Impact Fees	6.9%	7.0%	2.7%	4.7%	3.6%
Total Development Fees	**8.5%**	**8.9%**	**3.8%**	**6.9%**	**4.3%**

Organization of Report

After this initial chapter, this Report is divided into three other chapters and several appendices. **Chapter 2** describes the definitions, methodology, and results of the fee review and comparison for WRCOG and non-WRCOG jurisdictions. **Chapter 3** describes the overall development cost estimates for land uses/development prototypes evaluated and considers total development impact fees and the TUMF relative to all development costs. Finally, **Chapter 4** provides a brief conclusion on the purposes and goals of this and other development impact fee comparison studies.

The appendices provide a substantial amount of additional supporting detail and information, including:

- **Appendix A** provides detailed information on the Development Prototypes.
- **Appendix B** provides fee comparison summaries and detailed fee estimation information for each WRCOG jurisdiction/area and each land use category.

2. Development Impact Fee Review and Comparisons

This chapter describes the detailed development impact fee research conducted for WRCOG jurisdictions as well as for selected neighboring jurisdictions in Coachella Valley and San Bernardino County. The purpose of this research is to explore the typical composition of development impact fees in WRCOG member jurisdictions, to understand the scale of TUMF relative to other development impact fees, and to consider the development impact fees among WRCOG member jurisdictions relative to neighboring jurisdictions.

While every effort was made to provide an accurate comparison through the use of defined development prototypes and the latest jurisdictional fee schedules, the frequent adjustments to fee programs and the complex, project-specific calculations required for some fees mean that the numbers presented are planning-level approximations. All the development impact fee estimates shown are based on available fee schedules at the time the research was conducted (July 2018) and as applied to the particular land uses/development prototypes developed. The actual fees due from any particular project will depend on the specifications of the individual project and the fee schedule at the pertinent time.

The first section below provides some key definitions. The subsequent section provides a detailed description of the fee research methodology. The final section provides findings concerning development impacts fees in WRCOG member jurisdictions and the other jurisdictions studied. In general, the definitions and approach in this Update Study are consistent with those in the Original Study to maintain consistency. In some situations, as noted below, refinements were necessary; for example, some water districts provided new information on the water meter assumptions to be used in fee calculations.

Study Definitions

Development impact fees have become an increasingly used mechanism among California jurisdictions to require new development to fund the demands it places on local and regional infrastructure and capital facilities. This Report defines development impact fees as one-time fees collected for the purposes of funding infrastructure and capital facilities.[5] This includes fees for the funding of a broad range of capital improvements, including water, sewer, storm drain, transportation, parks and recreation, public safety, and numerous other types of civic/community facilities. The majority of these fees are adopted under or consistent with the Mitigation Fee Act, though the analysis also includes other one-time capital facilities fees, such as parkland in-lieu fees under the Quimby Act and one-time charges through Community Facilities Districts or Benefit Assessment Districts among others.

There are a number of smaller permitting, planning, and processing fees that are charged on new development, but that do not fund capital facilities/infrastructure. Due to the large number of more modest charges typically associated with such fees and their relative modesty compared

[5] As used in this report and discussed further below, the phrase "development impact fee" includes all fees adopted pursuant to the Mitigation Fee Act and other monetary exactions due at the time of development. The term "fee," as used in this report, means "development impact fee."

to development impact fees (most studies find them to be in the 5 to 15 percent range of development impact fees, between 1 and 2 percent of total development costs), these smaller fees were not tracked as part of this study.

Methodology

In order to provide a fee comparison that was as close as possible to an "apples-to-apples" comparison, WRCGOG staff and the Consulting Team identified the following parameters to guide the study:

- Jurisdictions to be studied.
- Land uses to be evaluated and associated development prototypes.
- Selection of service providers where there are multiple service providers in same jurisdiction.
- Organization of development impact fee data.

This section describes these study parameters as well as the process of review with the jurisdictions/relevant service providers.

Selection of Jurisdictions

Jurisdictions selected for this analysis include all eighteen (18) WRCOG member cities. WRCOG staff and the Consulting Team also identified three additional member areas to study, including the March JPA and two unincorporated areas in the County. The selected unincorporated areas included Temescal Valley and Winchester, two areas where substantial growth is occurring and/or planned. The only difference from the Original 2016 Study was the inclusion of the City of Beaumont as a WRCOG member city.

For the comparison of WRCOG jurisdictions to neighboring/peer areas, the jurisdictions selected included: (1) selected Coachella Valley communities in eastern Riverside County, and (2) selected San Bernardino County communities. These jurisdictions were selected by WRCOG staff and the Consulting Team and refined based on feedback from the WRCOG Planning Directors' Committee and WRCOG Public Works Committee in 2016. The San Bernardino County communities selected were those likely to compete for development with neighboring WRCOG jurisdictions. All these jurisdictions remain the same as in the 2016 Study.

Figure 1 shows the cities/communities evaluated, including the twenty-one (21) WRCOG cities/communities and the nine (9) non-WRCOG comparison communities.

Figure 1 Jurisdictions included in Fee Study

WRCOG Jurisdictions		Coachella Valley	San Bernardino County
Banning	Murrieta	Indio	Fontana
Canyon Lake	Norco	Palm Desert	Yucaipa
Beaumont	Perris	Palm Springs	San Bernardino
Calimesa	Riverside		Ontario
Corona	San Jacinto		Chino
Eastvale	Temecula		Rialto
Hemet	Wildomar		
Jurupa Valley	Temescal Valley		
Lake Elsinore	Winchester		
Menifee	March JPA		
Moreno Valley			

Land Uses and Development Prototypes

Land Uses

The TUMF is levied on a variety of residential and Nonresidential land uses with variations for certain product types built into the fee program. TUMF includes fees on the following land uses:

- **Single-Family Residential Development** – Per unit basis.
- **Multifamily Residential Development** – Per unit basis.
- **Retail Development** – Per gross building square foot basis.
- **Industrial Development** – Per gross building square foot basis. The industrial fee includes a base fee on square footage up to 200,000 square feet and then, where the building meets the definition of a "high cube" building, an effective discount of 73 percent in the base fee for all additional development above 200,000 square feet.[6] "High Cube" is defined as warehouses/distribution centers with a minimum gross floor area of 200,000 square feet, a minimum ceiling height of 24 feet and a minimum dock-high door loading ratio of 1 door per 10,000 square feet.
- **Service (including Office) Development** – Per gross building square foot basis. There is a per-building square foot fee for Service Development. Office development is a sub-category within Service Development. Class A and B office development is charged a discounted TUMF fee relative to other land uses in the service category.

For the purposes of this study, five (5) land use types were selected, including the single-family residential, multifamily residential, and retail development categories in addition to a large "high-cube" industrial building, and a Class A/B office building. The large industrial building land use

[6] The square footage above 200,000 square feet is multiplied by 0.27 and then the base fee is applied resulting in an effective increment fee of about $0.47 per square foot.

was selected based on industrial development trends in Western Riverside County, while the Class A/B office building was selected due to its reduced fee level.

Development Prototype Selection

Within each of the five (5) general land use types selected, it is necessary to select specific development prototypes. Because development impact fees vary based on a number of development characteristics, the definition of development prototype improves the extent to which the fee comparison will be "apples-to-apples".

In order to identify appropriate development prototypes for the five land uses, in 2016, the Consulting Team reviewed data on the general characteristics of new single-family, multifamily, office, retail, and industrial development among Western Riverside County communities in recent years.

Information on multifamily, retail, office, and industrial developments developed between 2010 and 2016 were reviewed as was information on single-family developments between 2014 and 2016. A smaller time period was used for single-family developments as there were substantially more single-family developments. The characteristics of the median development for each of the land use types was identified and used as the selected development prototype. For single-family development, the median home and lot size characteristics were identified, while for multifamily residential, office, retail, and industrial buildings the average building sizes were identified.

Based on this analysis, the following development prototypes were developed for each of the selected land uses and reviewed, in 2016, with the WRCOG Planning Directors' Committee, Public Works Committee, and Technical Advisory Committee (images represent examples of projects that matched the development prototypes). The same prototypes are used in this Study Update.

Single-Family Residential Development
50-unit residential subdivision; 2,700 square foot homes and 7,200 square foot lots

Example Prototype Single-Family Home, City of Riverside

Multifamily Residential Development
200-unit market-rate, 260,000 gross square foot apartment building

Example Prototype Multi-Family Development, City of Temecula

Retail Development
10,000-gross square foot retail building


Example Prototype Retail Development, City of Hemet

Office Development
20,000-gross square foot, Class A or Class B office building

Example Prototype Office Development, City of Hemet

Industrial Development
265,000 gross square foot "high cube" industrial building[7]

Example Prototype Industrial Development, City of Perris

In addition to development scale, there are a number of other development characteristics that can affect development impact fees. For example, many water facilities fees are tied to the number and size of meters associated with a new development. Other fees are tied to the gross site area or other characteristics that will vary for each development. The Consulting Team developed a set of additional development prototypes assumptions to use in the fee estimates (see **Appendix A**). These assumptions were based on a review of the equivalent assumptions

[7] "High Cube" is defined as warehouses/distribution Centers with a minimum gross floor area of 200,000 square feet, a minimum ceiling height of 24 feet and a minimum dock-high door loading ratio of 1 door per 10,000 square feet.

used in other regional fee studies (e.g., in the San Joaquin Valley and the Sacramento Valley) and were refined based on feedback, when provided, from Western Riverside County service providers. In some cases, the formula for fee calculation required even more assumptions. In these cases, service providers typically conducted their own fee estimates and provided the results to WRCOG Staff/the Consulting Team. The assumptions used in this Update Study were maintained the same as in the Original Study except where individual jurisdictions recommended changes. Changes primarily occurred where Water Districts/ Cities provided updated information on their typical water meter assumptions.

Service Provider/Subarea Selection

In some cities, there were multiple service providers providing the same type of facilities in different parts of the city. For example, some cities were served by two or more distinct School Districts, while many cities were served by two or more Water Districts. For the purposes of the fee comparison one set of service providers was assumed based on the following approach:

- Suggestions from the City.
- Commonality of service provider between multiple cities; for example, Eastern Municipal Water District serves many cities.
- Scale/nature of service areas was also considered; for example, in some cases the majority of a City was served by one service provider and/or the majority of the growth areas were served by a particular service provider.
- In some cases, there was one service provider – e.g., the City – with different fees by City subarea (e.g., storm drain). In these cases, an effort was made to select the area expected to see the most growth based on discussions with City and WRCOG staff.
- In other cases, area-specific one-time fees/assessments/special taxes were in place to cover the costs of capital facilities in a new growth area. Where substantial in scale, these areas and the associated area fees were used in the fee comparison.

Organization of Fee Information/Categories

The primary focus of the fee research is to develop estimates of existing development impact fees charged on new development in the selected jurisdictions. While there is some conformance in fee categories (e.g., School District fees), there is also variation in the naming and facilities included in water and sewer facilities fees and substantial variation in the capital facilities fees that different cities charge. The fee review sought to obtain all the development impact fees charged from all the jurisdictions studied and then compiled them into normalized set of categories to allow for comparisons. The key fee categories are as follows:

- **Regional Transportation Fees**. This category includes the respective TUMFs in Western Riverside County and Coachella Valley. It also included regional transportation impact fees in other subregions/jurisdictions where they were clearly called out. The lines between regional transportation fees and local transportation fees are harder to discern in San Bernardino County where cities are required to contribute towards regional transportation funding, but do not necessarily separate out those fees from the other, local transportation fees.

- **Water/Sewer Connection and Capacity Fees**. All jurisdictions charged some form of water and sewer development impact fee and these were combined together into one aggregate water/sewer category. In several cases, the County, city, or water district provided their own calculations due to the complexity of the fee calculation. In some cases, Water District/ City staff adjusted the prior underlying water meter assumptions to better match their current practice. In these cases, the water fees changed in part due to the updated methodology.

- **City/County Capital Facilities Fees**. Beyond any water/sewer fees that in some cases might be charged by individual jurisdictions (cities/County), these jurisdictions frequently adopt a large number of additional citywide fees. Such fees often include local transportation fees, parks and recreation facilities fees, Quimby Act requirements in-lieu parkland fees, storm drain fees, public safety facilities fees, other civic/community facilities fees, and, on occasion, affordable housing fees. This category captures all of these local development impact fees.

- **School Development Impact Fees**. School facilities fees are governed by State law and therefor show more similarity between jurisdictions than most fees. Under State law, School Districts can charge specified Level 1 development impact fees. If School Districts go through the process of identifying and estimating required capital improvement costs, higher Level 2 fees can be charged to fund up to 50 percent of the School District's capital improvement costs. At present, about nine of the fifteen School Districts studied (that serve WRCOG member jurisdictions) appear to charge Level 2 fees.

- **Other Area/Regional Fees**. A final category was developed to capture other fees not included in the above categories, typically other sub-regional fees as well as area-specific fees. For example, this category includes the Western Riverside County MSHCP mitigation fee, relevant Road and Bridge Benefit Districts (RBBD) fees, as well as other one-time CFD charges/impact fees for infrastructure/capital facilities applied in particular growth areas.

Data Compilation and Review Process

For WRCOG member jurisdictions, the following data collection and review process was followed:

- Identify set of service providers and development impact fees charged in jurisdiction.

- Obtain development impact fee schedules from City, County, and other service provider online sources.

- Review available mitigation fee nexus studies, Ordinances, and Resolutions.

- Where sufficient data was not available, contact City, County, or other service provider to obtain appropriate fee schedules.

- Develop initial estimates of development impact fees for each jurisdiction for each development prototype.

- Share PowerPoint document noting development prototypes specifications and initial fee estimates with each jurisdiction and selected other service providers (e.g., Eastern Municipal Water District).

- Receive feedback, corrections, and refinements (and in some cases actual fee calculations).
- Refine fee estimates based on feedback.
- Share revised fee estimates with jurisdictions.

For other non-WRCOG jurisdictions, fee information was obtained either on-line or by contacting cities directly. Fee information was then compiled in a similar structure to the WRCOG jurisdictions.

Findings from WRCOG Member Jurisdiction Fee Review

General findings from fee research concerning WRCOG member jurisdictions are summarized below and in **Figures 2** to **4**. **Appendix B** provides more detailed comparison charts for the WRCOG jurisdictions studied.

On average, WRCOG TUMF residential fees represent about 20 percent of total development impact fees for both single-family and multifamily development. Single-family TUMF and multifamily TUMF both represent about 20 percent of the respective average total development impact fees of about $47,470 per unit and $29,706 per unit. Due to the variation in overall development impact fees – from $33,993 per unit to $60,763 per unit for single-family development and from $19,267 per unit to $47,196 per unit for multifamily development – and the fixed nature of the TUMF across jurisdictions, TUMF as a percent of total development impact fees ranges from 14.6 percent to 26.1 percent for single-family development and 13.0 percent to 31.8 percent for multifamily development (see **Figures 2 to 4**).

Figure 2 TUMF as a Proportion of Total Fees

Item	Average	Range	
		Low	High
Single Family			
Total Fees per Unit	$47,470	$33,993	$60,763
TUMF as a % of Total Fees	18.7%	26.1%	14.6%
Multifamily			
Total Fees per Unit	$29,706	$19,267	$47,196
TUMF as a % of Total Fees	20.6%	31.8%	13.0%
Retail			
Total Fees per Sq.Ft.	$23.63	$13.48	$41.21
TUMF as a % of Total Fees	31.7%	55.6%	18.2%
Industrial			
Total Fees per Sq.Ft.	$5.19	$2.76	$9.64
TUMF as a % of Total Fees	28.0%	52.6%	15.1%
Office			
Total Fees per Sq.Ft.	$14.06	$6.62	$22.28
TUMF as a % of Total Fees	15.6%	33.1%	9.8%

* Average and ranges as shown encompass 21 jurisdictions, including 18 cities and the unincorporated areas of Temescal Valley, Winchester, and March JPA.

On average, WRCOG Nonresidential TUMF show more variation in level and in proportion of overall development impact fees (between 10 percent and 56 percent) than for the residential fee categories. Average retail development impact fees are about $24 per square foot and TUMF represents 32 percent of the average total fees on new retail development. Due to the variation in the total development impact fees on retail development among jurisdictions from $13.48 to $41.21 per square foot, the TUMF as a percent of the total fees ranges from 18.2 percent to 55.6 percent. Average industrial development impact fees are substantially lower at $5.19 per square foot with a range from $2.76 per square foot to $9.64 per square foot. TUMF represents about 28 percent of the average total industrial fees, with a range from 15.1 percent to 52.6 percent. Total development impact fees on office development fall in between the retail and industrial fees at an average of $14.06 per square foot and a range from $6.62 to $22.28 per square foot. The TUMF fee represents a relatively low 15.6 percent of average overall fees on office development with a range from 9.8 percent to 33.1 percent (see **Figure 2** to **Figure 4**).

Water and sewer fees together represent the greatest proportion of residential development impact fees followed by similar proportions from other City fees, TUMF, and school fees. Single-family and multifamily development both show that about 34 percent of their development impact fees are associated with water and sewer fees, about 21 percent with other City capital facilities fees, about 20 percent with regional transportation fees, about 18 percent with school facilities fees, and the remaining 5 percent associated with other regional fees or area-specific fees (see **Figure 3** and **Figure 4**).

Nonresidential development impact fees show more variation in terms of the distribution between fee categories. Retail development impact fees are dominated by water and sewer fees (41.6 percent) with an additional one-third associated with the regional transportation fee. While the overall fees are lower, industrial development impact fees are more dominated on a proportionate basis by other City fees (31.8 percent) and TUMF (28.0 percent), for non-intensive water using industrial buildings. Office development impact fees show a different pattern with substantial water and sewer fees at 52.2 percent followed by other city fees at 24.1 percent then regional transportation fees at 15.6 percent (see **Figure 3** and **Figure 4**).

Unincorporated jurisdictions have slightly lower total fees as compared to the average for all WRCOG study jurisdictions. For residential uses, total fees for the unincorporated study areas were approximately 80 percent of the WRCOG average total fee amount for residential uses. For nonresidential uses, total fees for unincorporated study areas were between 60 and 75 percent of the WRCOG average for nonresidential uses. Most of this difference can be attributed to the lack of substantial local fees for all land use types. See **Figure 5** for further detail.

Figure 3 Average Development Impact Fee Costs by Category in WRCOG Jurisdictions

Fee	Single Family (per Unit)	Multifamily (per Unit)	Industrial (per Sq.Ft.)	Retail (per Sq.Ft.)	Office (per Sq.Ft.)
Regional Transportation Fees (TUMF)	$8,873	$6,134	$1.45	$7.50	$2.19
Water and Sewer Fees	$17,070	$9,636	$1.04	$9.84	$7.34
Other City Fees	$10,055	$7,231	$1.65	$4.75	$3.39
School Fees	$8,785	$5,191	$0.59	$0.59	$0.59
Other Area/Regional Fees	$2,686	$1,512	$0.45	$0.95	$0.54
Total Fees	**$47,470**	**$29,706**	**$5.19**	**$23.63**	**$14.06**

Figure 4 Average Development Impact Fee Costs in WRCOG Jurisdictions

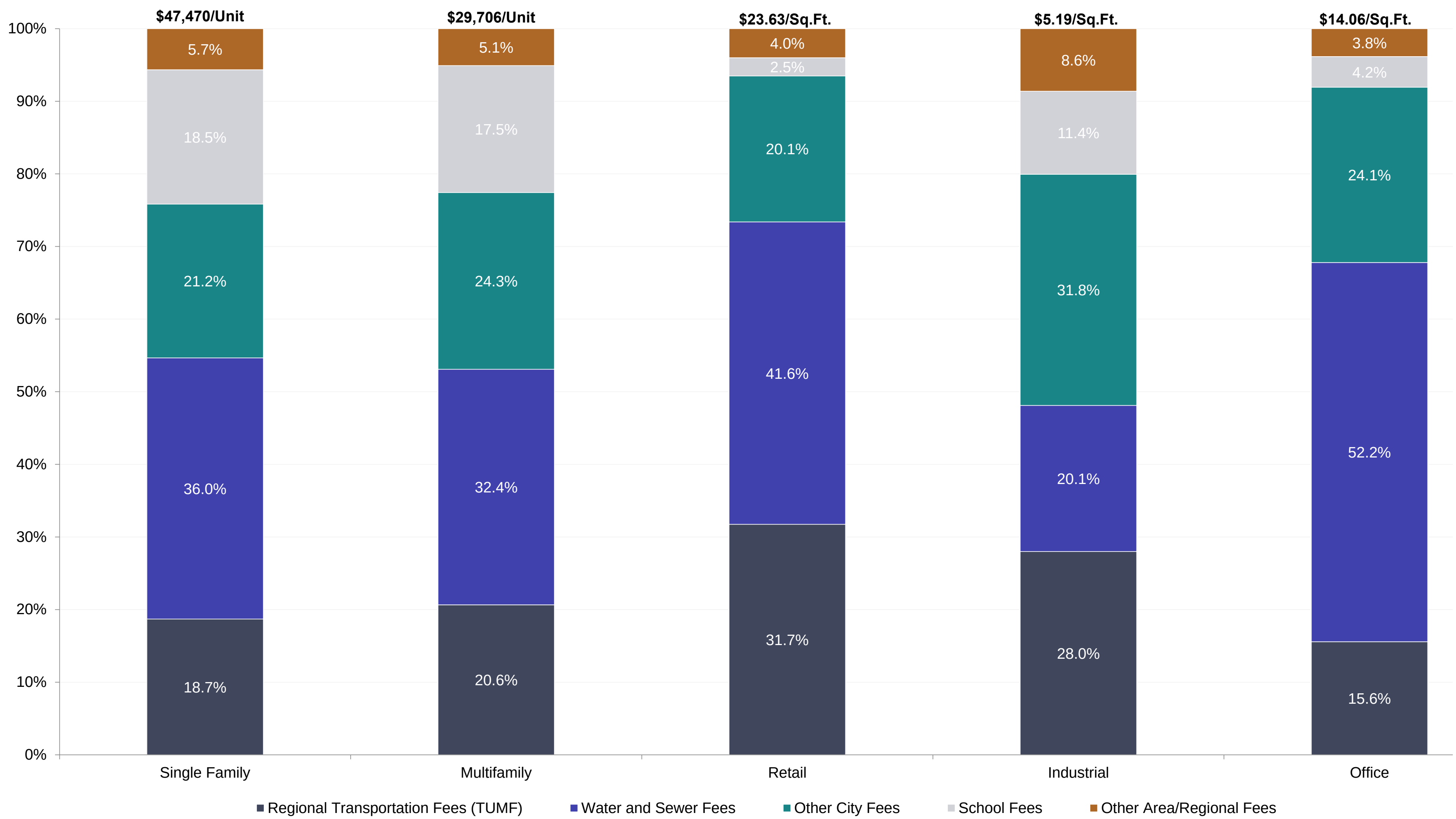


Figure 5 Unincorporated Jurisdictions/March JPA and Total Jurisdictions Comparison

Item	Single Family	Multifamily	Retail	Industrial	Office
Unincorporated Jurisdictions and March JPA	$37,326	$23,653	$17.61	$3.16	$10.54
Total Jurisdictions	$47,470	$29,706	$23.63	$5.19	$14.06
Unincorporated Jurisdictions and March JPA / Total Jurisdictions	79%	80%	75%	61%	75%

Findings from Fee Comparison with Non-WRCOG Jurisdictions

Figures 6 through **10** compare the average overall WRCOG development impact fees (and their proportionate distributions between the five major fee categories) with other cities/group of cities for all five land uses/development prototypes studied. The comparative cities/subregions include selected jurisdictions in the Coachella Valley and San Bernardino County.

Average development impact fees for WRCOG jurisdictions are modestly lower than the average of selected San Bernardino County cities, with the exception of retail development impact fees. When compared with the average of selected San Bernardino County cities (Fontana, Yucaipa, San Bernardino, Ontario, Chino, and Rialto), the WRCOG average is modestly lower for residential land uses, roughly equivalent for industrial and office land uses, with retail development the exception, where it is substantially higher. New development in San Bernardino County cities is required to make payments towards regional transportation infrastructure, though the distinction between the regional and local transportation fees is often unclear. Overall, the combination of regional transportation fees, other City fees, and area/other regional fees is higher in San Bernardino County than in Riverside County for single-Family and multifamily development.

The average development impact fees for selected Coachella Valley cities is below that of the WRCOG average for all land uses. The average for selected Coachella Valley cities (Indio, Palm Desert, and Palm Springs) is substantially lower for single-family, multifamily, office, and retail development, and modestly lower industrial development. For residential development, there are substantial differences in regional transportation fees, water and sewer fees, and other City fees. Regional transportation fees are set at an equal rate for both office and retail in Coachella Valley resulting in higher regional transportation fees for office development in Coachella Valley but lower fees for retail development.

Figure 6 Average Single-Family Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

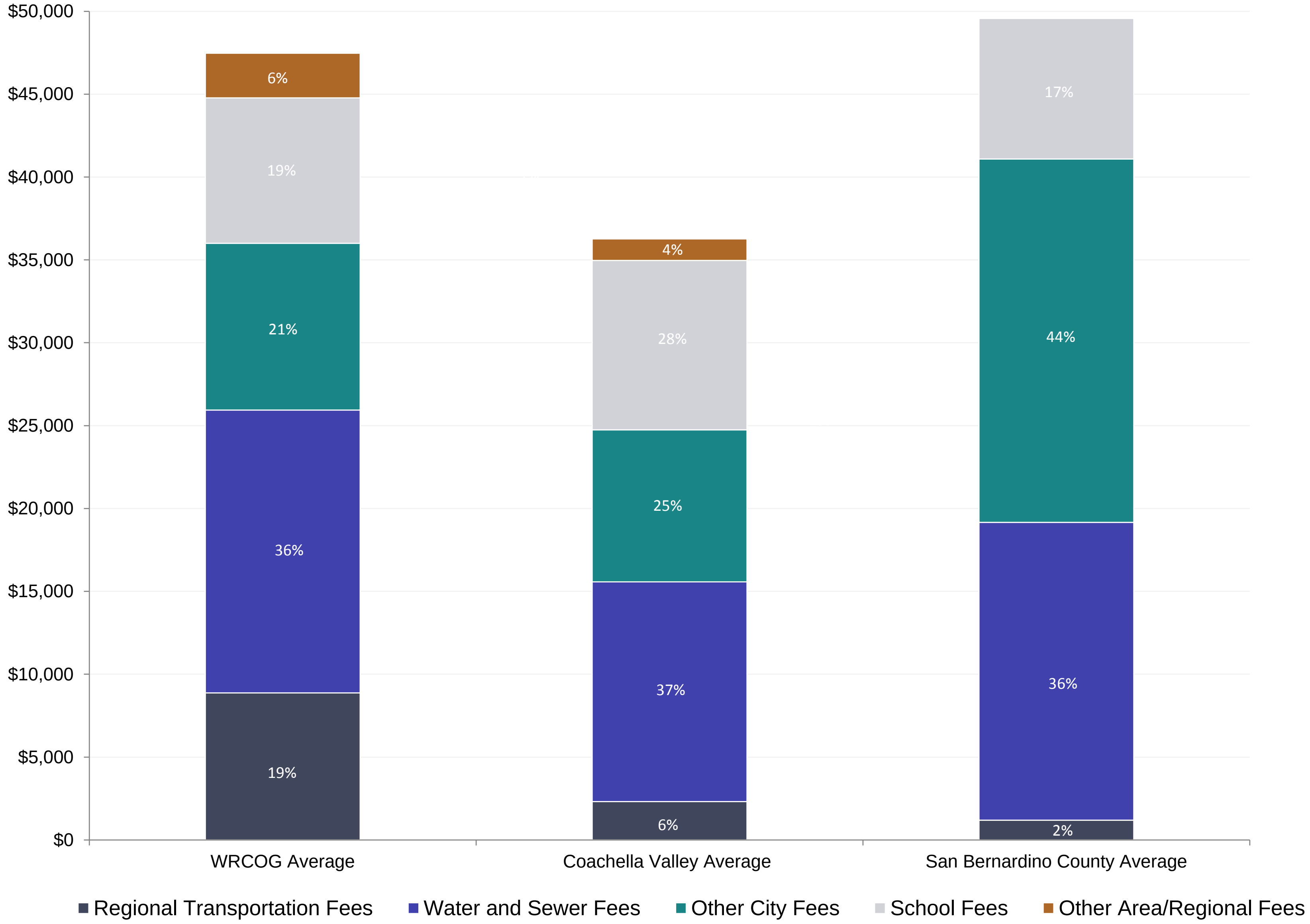


Figure 7 Average Multifamily Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

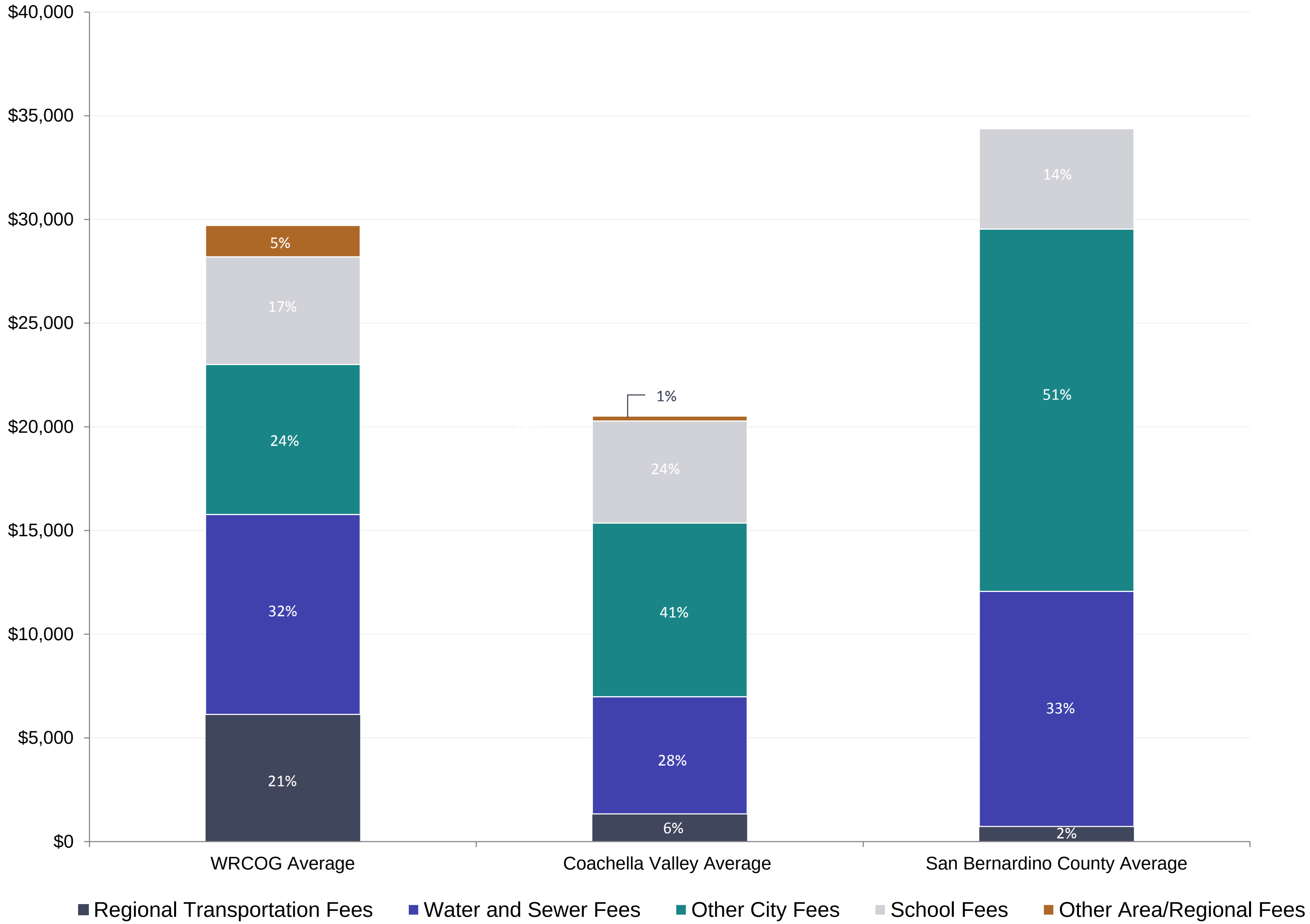


Figure 8 Average Retail Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

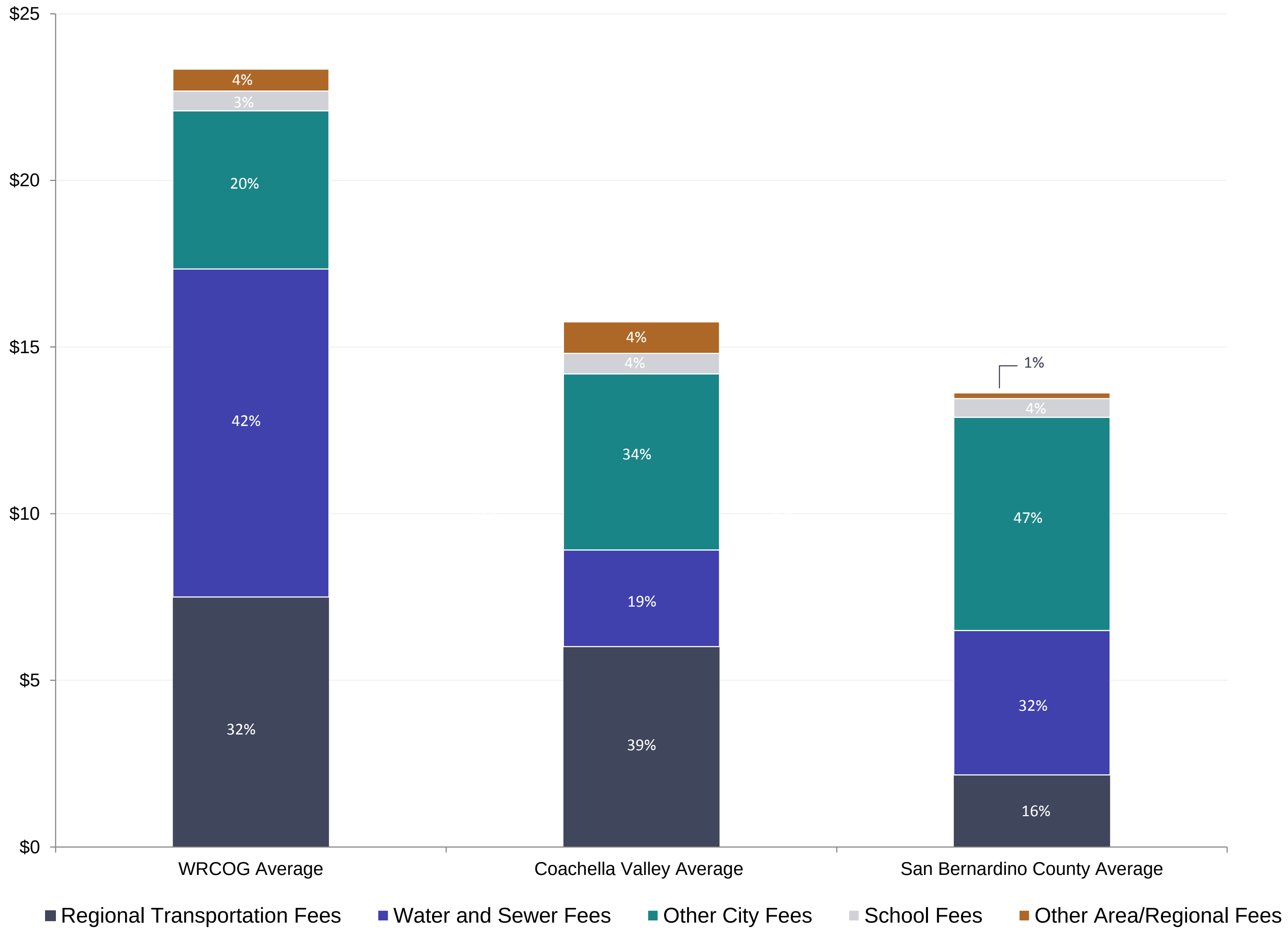


Figure 9 Average Industrial Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

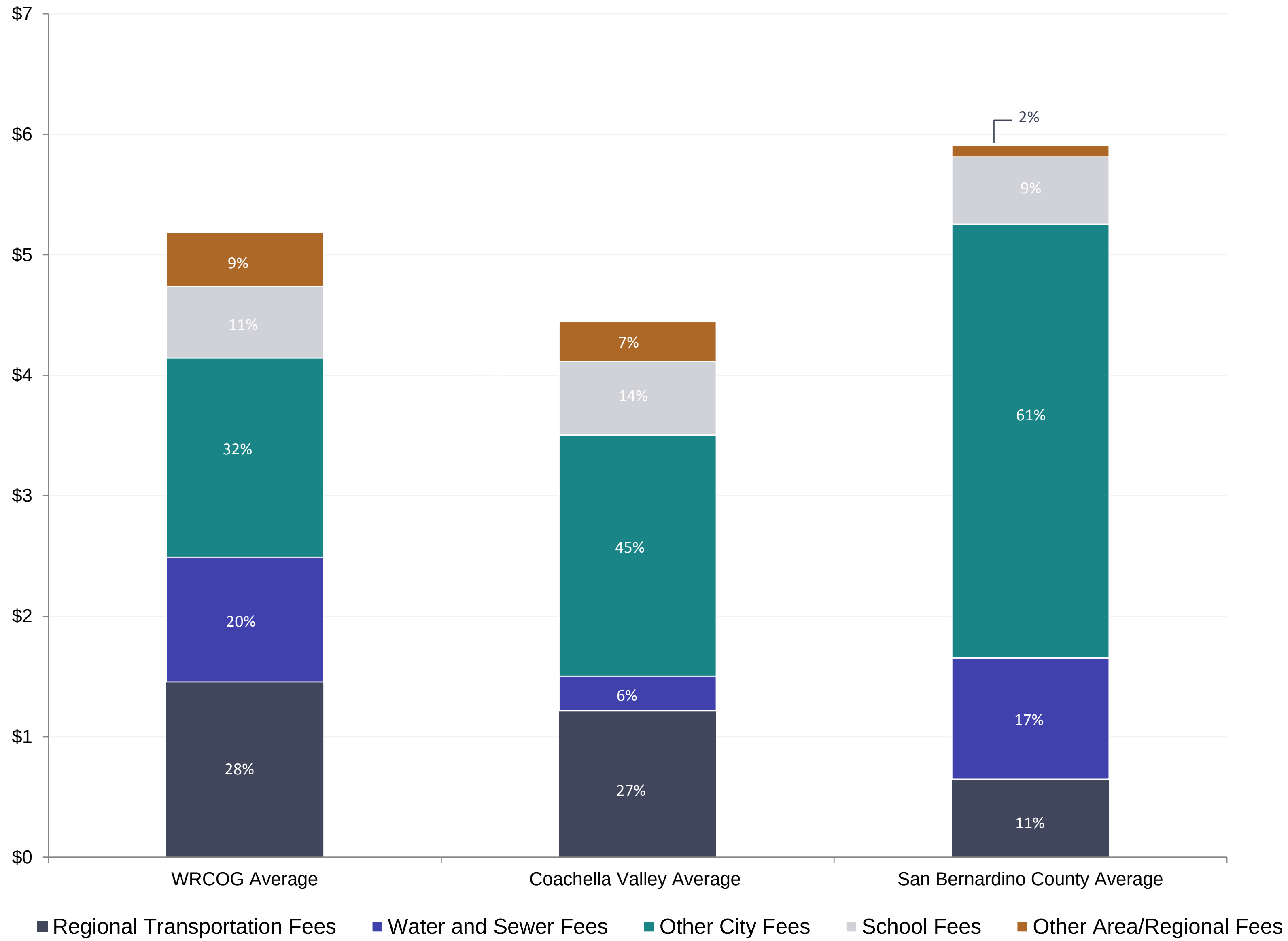
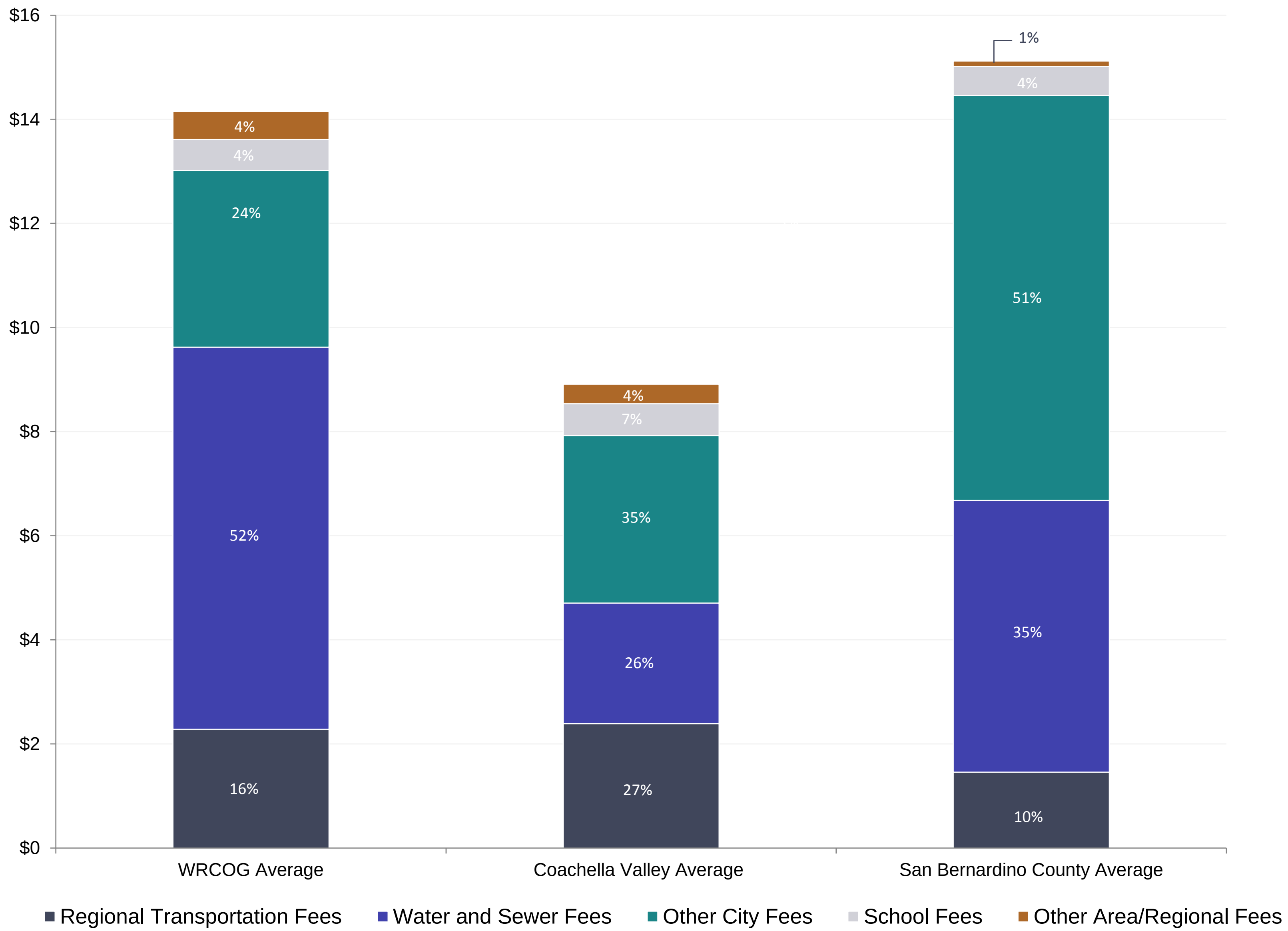


Figure 10 Average Office Development Impact Fee Costs and Proportions in Neighboring Jurisdictions



3. *Development Impact Fees and Development Costs*

This chapter evaluates development impact fees, including the TUMF, in Western Riverside County in the context of overall development costs. The first section below provides an overview of the complex factors that influence decisions to develop, one of which is development cost. The subsequent section describes the methodology used to estimate development costs for different land use types. The next section provides conclusions concerning the level of development impact fees and TUMF in the context of overall costs.

It is critical to note that this analysis uses generalized development prototypes and development cost and return estimates to draw overall conclusions about development impact fees relative to development costs. This analysis does not represent a project-specific analysis as the development program, development costs, and returns associated with any individual project can vary widely. No conclusions concerning the feasibility of any specific project should be drawn from this analysis.

Economics of Development

Key Factors in New Development

The drivers of growth and development are complex and multifaceted. Broader global, national, and regional economic conditions are key drivers. As witnessed by the recent Great Recession, there are no regional and local policy options available to fully counterbalance a strong economic downturn. Under more moderate or strong market conditions, the regional demand for housing and workspaces translate into the potential for cities and subregions to capture new residential and economic/workforce development.

Developers (whether looking to do speculative development or to provide build-to-suit developments for larger users) will review a number of conditions before determining whether to move forward with site acquisition/optioning and pre-development activities. Factors will include: (1) the availability of appropriate sites, (2) the availability of/proximity to/quality of infrastructure/facilities (e.g., proximity to transportation corridors, schools, and other amenities), (3) local market strength (achievable sales prices/lease rates) in the context of competitive supply, (4) expected development costs (including land acquisition costs, construction materials and labor costs, the availability and costs of financing, and development impact fees, among others), and, (5) where sites are unentitled, the entitlement risk.

For some subregions, cities, and/or areas, market conditions for particular uses may be too weak to have a realistic chance of attracting certain types of development. For example, to the extent the market-supported lease rates for new office development in a particular area of a City do not support Class A office development construction costs, the attraction of this type of space will not be realistic in the short term. Similarly, some users, like major retailers, will only be interested in sites along major transportation corridors. In other cases, there may be a nominal or potential demand, but the willingness of home-buyers/businesses to pay may still not be sufficient to cover the development costs. This willingness to pay will be constrained by competitive supply and prices, whether the price points/lease rates among existing homes/workspaces in the same community or by the price points/lease rates offered in neighboring communities with different characteristics (proximity to jobs centers, local infrastructure/amenities, school district quality, among other factors).

In other cases, the strength of market demand for new residential and Nonresidential development will spur more detailed review and evaluation of sites by developers. Even in cases where market factors look strong, there is a complex balance between development revenues, development costs, land costs, and required developer returns that must be achieved to catalyze new development. Modest fluctuations in development revenues (i.e., market prices), development costs (materials, labor costs, etc.), and landowner expectations (perceived value of land) can all affect development decisions as can assessments of entitlement risk and complexity, where entitlements are still required. And many of these factors, such as the price of steel, the complexities of CEQA, the market for labor, and landowner's land value preferences, to name a few, are outside of the control of developers and local public agencies.

Methodology

Every development project is different and will have different development costs. For the purposes of this analysis, EPS considered the same set of land use prototypes as for the fee review and comparison and developed an illustrative estimate of the full set of development costs. The steps taken in developing the development cost estimates are described in the subsections below.

Land Uses Evaluated

The development cost evaluation considered the following land uses/development prototypes, consistent with those used in **Chapter 2**:

- Residential Single-family Development – Single-family Units in a 50-unit subdivision
- Residential Multifamily Development – Multifamily Units in a 200-unit apartment building.
- Industrial Development – Industrial Space in a 265,000 square foot "high cube" development.
- Office Development – Office Space in a 20,000 square foot office building.
- Retail Development- Retail Space in a 10,000 square foot retail building.

Development Cost Estimates

An illustrative static pro forma structure was developed. The pro forma incorporated different categories of development costs (see below). It also considered potential land values/acquisition costs based on a residual land value approach that considered potential development values, subtracted direct and indirect development costs and developer return requirements, and indicated a potential residual land value. The development values were refined based on available market data ranges and the need to generate a land value of an appropriate level to support land acquisition and new development. Available information on land transactions was also reviewed. As noted above, this analysis is designed to provide overall insights on general economic relationships and does not draw conclusions concerning the feasibility of individual projects.

It is also important to note that the pro formas developed were specifically configured to represent a potentially feasible set of relationships, in terms of revenues, costs, and returns. This allows for consideration of development impact fees in the context of illustrative projects that would make sense to undertake. To the extent, development costs/ returns are higher than those indicated – a reality which could certainly be true for many projects – development values would need to be higher or feasibility is not likely to be attained. To the extent, this is true, development impact fees as a proportion of development costs/ returns would be lower than those shown.

In 2016, the key development cost categories were estimated for all land uses as described below. In this Update, major cost categories were revised, including direct construction costs, land costs, and development impact fees.

- **Direct Construction Costs** – Site Work/Improvements and Vertical Construction Costs. Estimates were taken from RS Means (a construction cost data provider) estimates, available pro formas, and feedback from developers where provided.
- **Indirect Costs** – Architecture and Engineering Costs, Sales and Marketing, Financing, Development Impact Fee, and other soft costs. Estimates were taken from RS Means, the WRCOG Fee Comparison, available pro formas, and feedback from developers where provided.
- **Developer Return Requirements** – Developer return requirements were set to be equal to 10 percent of development value for all land uses. This represented between 10 and 20 percent of direct and indirect construction costs consistent with typical developer hurdle returns.
- **Land Costs** – Land costs were based on the estimated residual land values when costs and returns were subtracted from estimates of development value and/or information on actual land transactions. Development values in all cases were adjusted to ensure land values reached between 25 and 35 percent of development value, unless other information was available to justify a different percentage. This was used as a general metric of potential feasibility; i.e., if the residual land value fell below this level, developers would have a hard time finding willing sellers of land and so the project as a whole may not be feasible.[8]

It is also important to note that the following additional assumptions were used in this analysis:

- **Development Impact Fees**. The development cost estimates include the average development impact fees for WRCOG jurisdictions identified in **Chapter 2**. In reality, the fees, like other development costs factors, vary by jurisdiction.
- **Land Values**. Land values will vary by area and by development prospects as well as by the level of entitlement and improvement of the land. The land value estimates provided represent illustrative estimates for the purposes of this analysis.

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[8] A similar evaluation was not conducted for retail development as the location decisions of major retailers are typically more tied to location/site characteristics than to modest variations in development costs.

- **Direct Construction Costs**. The direct construction costs shown, whether provided by developers or through RS Means, assume non-union construction costs per square foot. The actual construction cost per square foot would be higher if union-labor is required. Depending on the specific union roles required, direct construction would be expected to increase by 10 percent or more.

Results

As context for the description of the results of this analysis, it is worth repeating that there will be considerable variation throughout Western Riverside County in terms of different development cost components and overall development costs. On an average/illustrative basis, overall development costs included in this analysis may be conservative as they do not include union labor costs and may be conservative with regard to entitlement costs. Given that the focus of this analysis is on the relationship between development impact fees and total development costs, an underestimate in total development costs would mean that the proportionate significance of development impact fees has been overestimated.

It is again important to note that the analysis shown here is not an evaluation of development feasibility. Such an analysis would require a more-location specific analysis and is highly dependent on site characteristics, local market conditions, and site land values, among other factors.

Figure 11 summarizes the estimated development costs/returns on a per residential unit and per Nonresidential building square foot basis. **Figure 12** converts the cost estimates into percent allocations out of the total development/return. It should be noted that the total cost/return (equivalent to the 100 percent) equals the sum of direct and indirect costs, estimated land costs, and required development return. This total cost/return is equivalent to the sales prices/capitalized building value a developer would need to command to cover all costs/return requirements. To the extent, actual costs are higher (e.g., higher land costs or construction costs), the achievable sales prices/capitalized lease rates would also need to be higher.

Figure 11 Proportionate Development Costs/Return for Development Prototypes

Development Costs, Land Values, and Return	Single Family Per Unit	Multifamily Per Unit	Industrial Per Bldg Sq.Ft.	Retail Per Bldg Sq.Ft.	Office Per Bldg Sq.Ft.
DIRECT					
Basic Site Work/ Lot Improvements	$31,652	$9,766	$12.13	$26.38	$15.07
Direct Construction Cost	$227,898	$196,540	$37.98	$138.75	$148.31
Hard Cost Total	$259,550	$206,307	$50.12	$165.13	$163.38
INDIRECT					
TUMF	$8,873	$6,134	$1.45	$7.50	$2.19
Other Development Impact Fees	$38,597	$23,572	$3.74	$16.13	$11.87
Other Soft Costs	$56,893	$47,674	$20.05	$31.26	$33.02
Soft Cost Total	$104,363	$77,380	$25.24	$54.89	$47.08
Total Direct and Indirect Costs	**$363,913**	**$283,686**	**$75.35**	**$220.01**	**$210.46**
Developer Return Requirement	$56,160	$33,492	$13.68	$34.02	$32.52
Land Value	$141,527	$17,737	$45.75	$86.21	$82.38
TOTAL COST/RETURN	**$561,600**	**$334,915**	**$136.19**	**$340.25**	**$325.36**

* Assumes generally feasible market conditions (i.e. ability to generate developer return and positive land value).

Figure 12 Average Development Costs/Return for Development Prototypes

Development Impact Fees	Single Family	Multifamily	Industrial	Retail	Office
DIRECT					
Basic Site Work/ Lot Improvements	5.6%	2.9%	8.9%	7.8%	4.6%
Direct Construction Cost	40.6%	58.7%	27.9%	40.8%	45.6%
Hard Cost Total	46.2%	61.6%	36.8%	48.5%	50.2%
INDIRECT					
TUMF	1.6%	1.8%	1.1%	2.2%	0.7%
Other Development Impact Fees	6.9%	7.0%	2.7%	4.7%	3.6%
Other Soft Costs	10.1%	14.2%	14.7%	9.2%	10.1%
Soft Cost Total	18.6%	23.1%	18.5%	16.1%	14.5%
Total Direct and Indirect Costs	**64.8%**	**84.7%**	**55.3%**	**64.7%**	**64.7%**
Developer Return Requirement	10.0%	10.0%	10.0%	10.0%	10.0%
Land Value	25.2%	5.3%	33.6%	25.3%	25.3%
TOTAL COST/RETURN	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

* Assumes generally feasible market conditions (i.e. ability to generate developer return and positive land value).

Key findings include:

- **Direct construction costs represent the largest proportion of total development costs/returns, typically followed by other land costs, other soft costs (collectively), developer returns, and development impact fees.** Unsurprisingly, direct construction costs are the largest cost, representing between 27.9 percent and 58.7 percent of total costs/returns for the prototypes evaluated. Land costs are likely to be most variable, depending on circumstance, range from 5.3 percent to 33.6 percent for the prototypes. Other soft costs collectively are the next highest component, though their individual components, such as sales and marketing, architecture and engineering, financing costs, are smaller. The expected hurdle developer return at 10 percent is the next highest factor. The range for total development impact fees is below all these other ranges, though when indirect costs are considered individually development impact fees represent the largest component.

- **Total development impact fees represent between 3.8 percent and 8.9 percent of total development costs/returns for the prototype feasible projects.** Total development impact fees represent 8.5 percent and 8.9 percent of total development costs/returns respectively for single-family and multifamily developments. As discussed in Chapter 2, these capital facilities fees included water and sewer fees, school district fees, other local jurisdiction fees, TUMF, and other agency/subarea fees. As is common, Nonresidential development impact fees are lower as a percent though show a significant range from 3.8 percent for industrial development, to 4.3 percent for office development, and 6.9 percent for retail development.

- **TUMF represent between 0.7 percent and 2.2 percent of total development costs/returns for the prototype feasible projects**. TUMF represent between 16.1 percent and 31.7 percent of total development impact fees, on average, as indicated in the Fee Comparison with the highest ratios for retail and industrial development and lowest for office development. As a proportion of overall development costs, TUMF represent 1.6 percent and 1.8 percent of total residential development costs for single-family and multifamily respectively. For nonresidential uses there is greater variation with TUMF representing 0.7 percent of total costs for office development, 1.1 percent of total costs for industrial development, and 2.2 percent of total costs for retail development.

4. CONCLUSIONS

The Western Riverside Council of Governments (WRCOG) commissioned the Original 2016 Study and this Study Update to provide increased regional understanding of development impact fees on new development in Western Riverside County. As noted in **Chapter 1**, the purpose of the Original and this Updated Report is to: (1) indicate the types and relative scale of the development impact fees placed on different land uses; and, (2) indicate the scale of fees relative to overall development costs. This Report is intended to provide helpful background information on development impacts fee in the region as they are introduced, updated, and debated. It is also intended to indicate the Transportation Uniform Mitigation Fee (TUMF) in the context of the broader development impact fee structure, overall development costs, and other regional dynamics.

At this point in time, it is common practice for new and updated Development Impact Fee Nexus Studies to be accompanied by some consideration of development impact fees in neighboring and peer communities and, less frequently, by consideration of development impact fees in the context of overall development costs and economics. This is true where individual jurisdictions are introducing/ updating a single development impact fee category (e.g. transportation or parks) as well as when jurisdictions undertake more comprehensive updates to a larger number of different fee categories.

Similarly, there have been a number of efforts to provide a regional/ subregional review of development impact fee practices and levels to inform regional conversations about the appropriate use and level of development impact fees. All of these regional studies require definitions of development impact fees included and land use and development prototypes utilized to ensure as close of an "apples-to-apples comparison" as possible. Examples of such studies include:

- **Residential Development Impact Fees in California Cities and Counties**. This August 2001 publication by the State of California Division of Housing was entitled: "Pay to Play: Residential Development Fees in California Cities and Counties, 1999" and was prepared by John Landis, Michael Larice, Deva Lawson, and Lan Deng at the Institute of Urban and Regional Development, University of California, Berkeley. This study considered 89 cities and counties spread throughout California.

- **Regional Development Fee Comparative Analysis for San Joaquin County**. This 2013 publication by San Joaquin Partnership represented a fourth publication prepared for the Partnership's public and private sector investors. The regional development fee comparison compared a snapshot of development fees in 21 jurisdictions, including eight (8) in San Joaquin County and thirteen (13) in comparative/ neighboring California counties.

- **Ongoing Development Impact Fee Databases**. In addition to these regional efforts, there are a number of consulting companies that keep ongoing databases of development impact fees in regions, such as the Sacramento Valley, to inform their work for public and private sector clients. In these cases, development impact fee schedules are typically updated every year or two due to the dynamic nature of the development impact fees and the numerous different agencies that charge development fees.

In 2016, WRCOG recommended that this Report/ Study be updated periodically to ensure the regional understanding of development impact fees in Western Riverside County remains current in the context of: (1) frequent adjustments to fee levels by individual jurisdictions, (2) changing development cost and economic conditions, and, (3) less frequent, but highly significant changes in State law that affect the use and availability of other public financing tools. This development of this Update Study followed that recommendation and represents the first update to the Original Study, bringing the Original Study "up-to-date".

- **APPENDIX A** provides detailed information on the Development Prototypes.
- **APPENDIX B** provides fee comparison summaries and detailed fee estimation information for each WRCOG jurisdiction/area and each land use category.

APPENDIX A:

Development Prototypes

Single Family Prototype

- Reflects median home size for Western Riverside County home sales since 2014

Product Type:	Single Family Detached Unit	
Development Type:	Residential Subdivision	
No. of Acres:	10	Acres
No. of Units:	50	Units
Building Sq.Ft.	2,700	Sq.Ft.
No. of Bedrooms:	4	
No. of Bathrooms:	3	
Garage Space (Sq.Ft):	500	Sq.Ft.
Habitable Space (Sq.Ft:)	2,200	Sq.Ft.
Lot Size:	7,200	Sq.Ft.
Density:	5	DU/AC
Lot Width:	60	Ft.
Lot Depth:	120	Ft.
Total Lot Dimensions (Sq.Ft.):	7,200	Sq.Ft.
Water Meter Size	One 1	Inch Meter

Example Prototype Home, City of Riverside

Multi-Family Prototype

- Reflects median building size for multi-family developments since 2010

Example Prototype Multi-Family Development, City of Temecula

Product Type:	Multi Family Apartment Unit	
Development Type:	Multi Family Apartment Building	
Number of Acres:	10	Acres
Apartment Building Square Feet:	260,000	Sq.Ft.
FAR:	0.60	
Number of Stories:	3	
Dwelling Units:	200	
Density:	20.0	DU/AC
Average Unit Size:	1,100	
Water Meter Sizes*:	Eight 2 inch Meters	
Roof Area:	86,667	Sq.Ft.
Lot Width:	515.3	Ft.
Lot Depth:	717.2	Ft.

*Note: Assumption is for analytical simplicity. Different assumptions are used where recommended by individual jurisdictions.

Industrial Prototype

- Reflects median building size for industrial developments since 2010

Product Type:	Warehouse/ Distribution	
Criteria:	Meets criteria for High-Cube	
No. of Acres:	15.2	Acres
Rentable Square Feet:	265,000	Sq.Ft.
FAR:	0.4	
Water Meter Sizes:	One 2	Inch Meter
Roof Area:	265,000	Sq.Ft.
Lot Width:	813.9	Ft.
Lot Depth:	813.9	Ft.

Example Prototype Industrial Development, City of Perris

Retail Prototype

- Reflects building size for retail developments since 2010

Example Prototype Retail Development, City of Hemet

Product Type:	Retail Building	
No. of Acres:	1.15	Acres
Rentable Square Feet:	10,000	Sq.Ft.
FAR:	0.2	
No. of Stories:	1	
Water Meter Sizes:	One 2	Inch Meter
Roof Area:	10,000	Sq.Ft.
Lot Width:	223.6	Ft.
Lot Depth:	223.6	Ft.

Office Prototype

- Reflects median building size for office developments since 2010

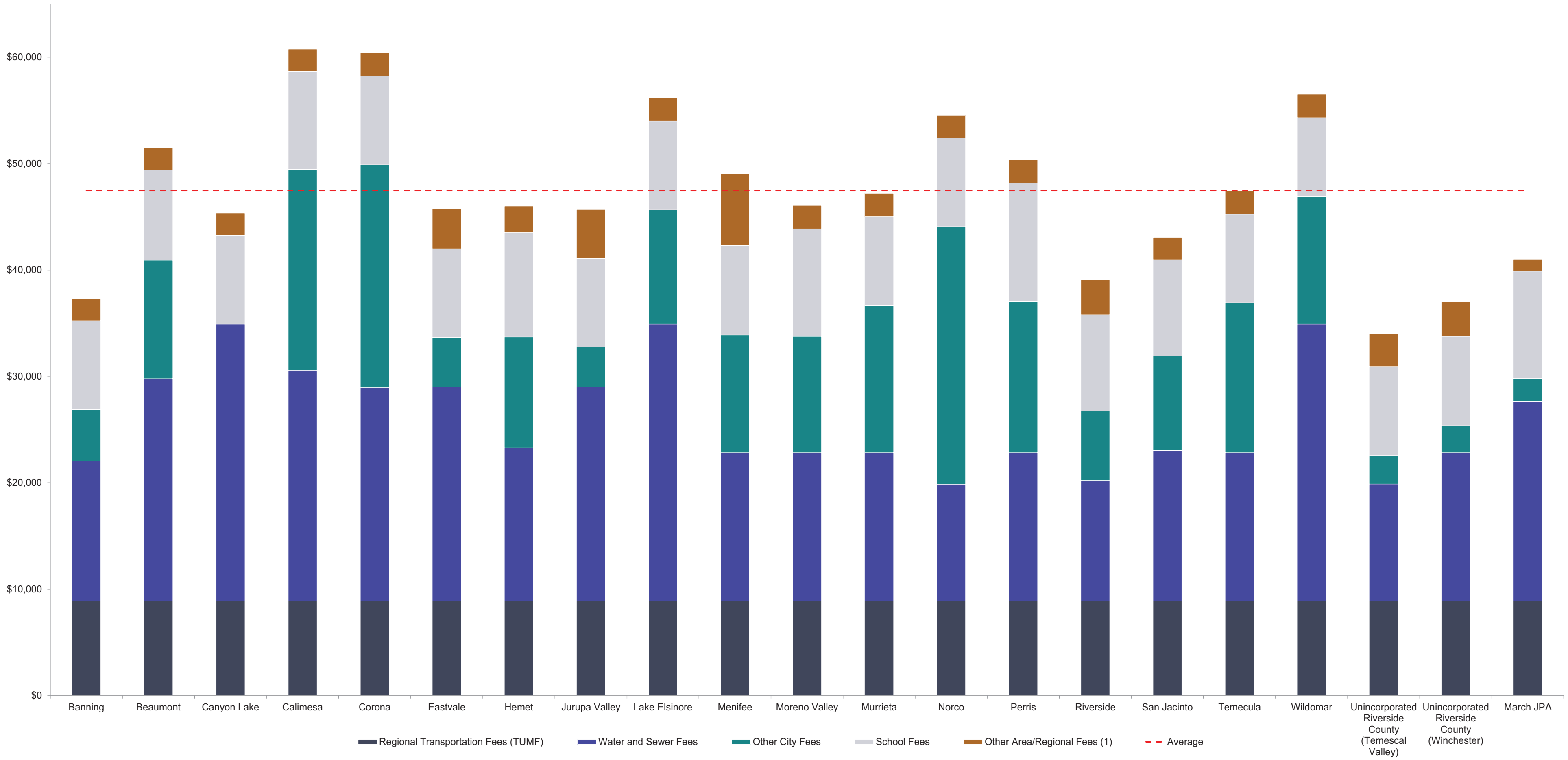
Product Type:	Office Building	
Number of Acres:	1.3	Acres
Rentable Square Feet:	20,000	Sq.Ft.
FAR:	0.35	
No. of Stories:	2	
Water Meter Sizes:	One 2	Inch Meter
Roof Area:	10,000	Sq.Ft.
Lot Width:	239.0	Ft.
Lot Depth:	239.0	Ft.

Example Prototype Office Development, City of Hemet

Appendix B:

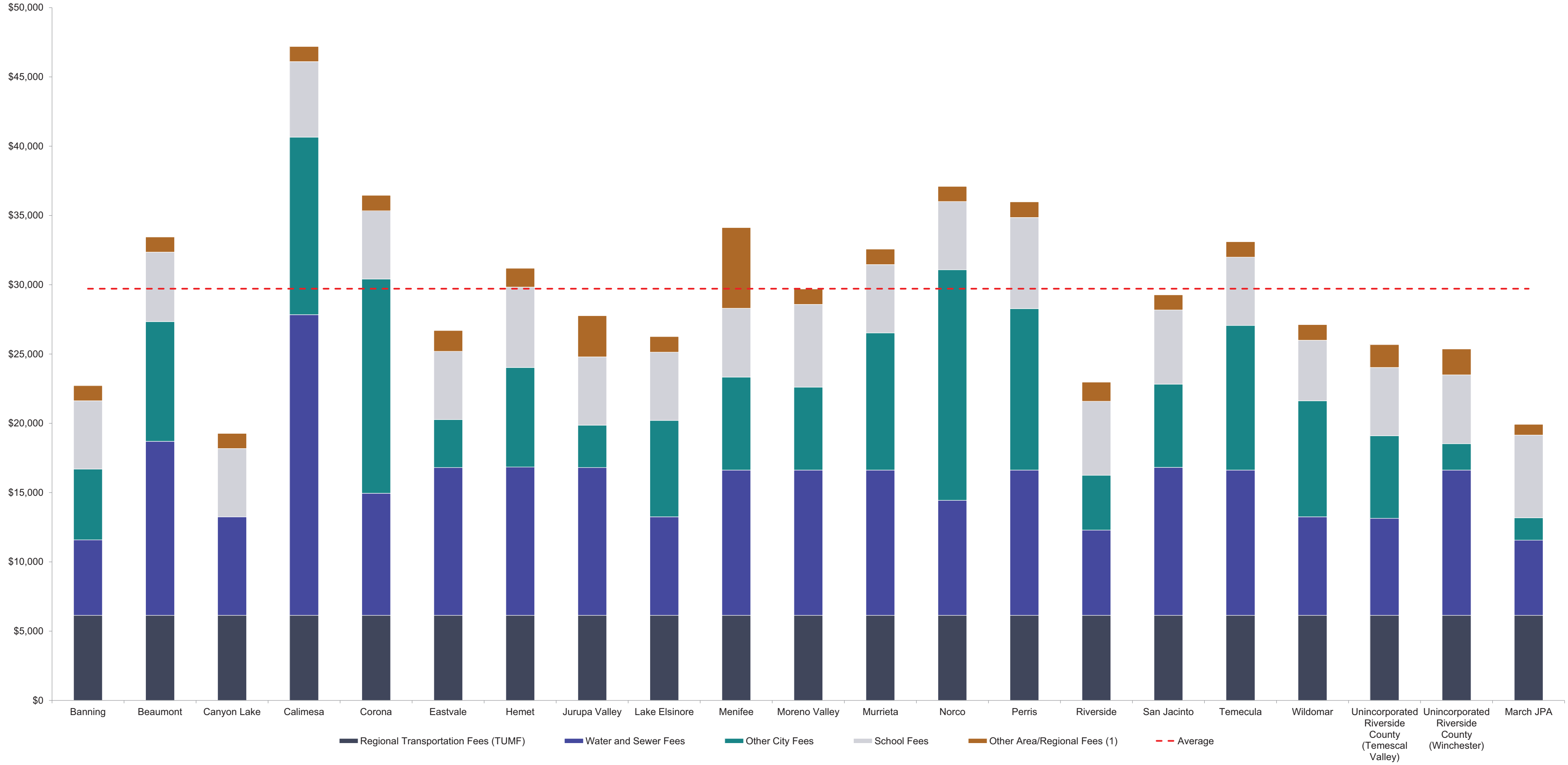
Fee Comparison Summaries and Estimations for WRCOG Jurisdictions

Single Family Detached Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Unit)



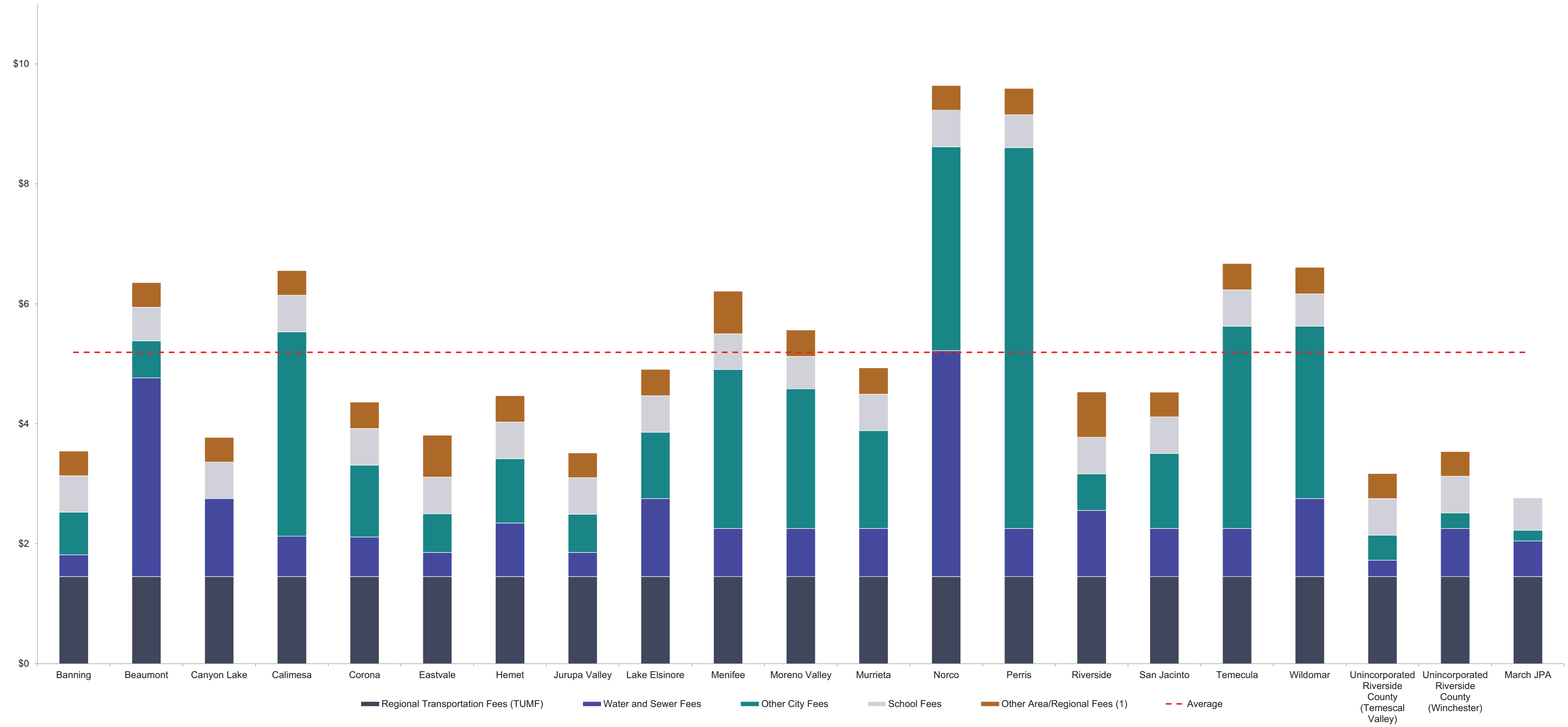
* Fee estimates for specified development prototypes as of July 2018. Actual fees will vary based on project specifics and any fee updates.
(1) "Other Area Fees/ Regional Fees" include, but are not limited to, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

Multifamily Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Unit)



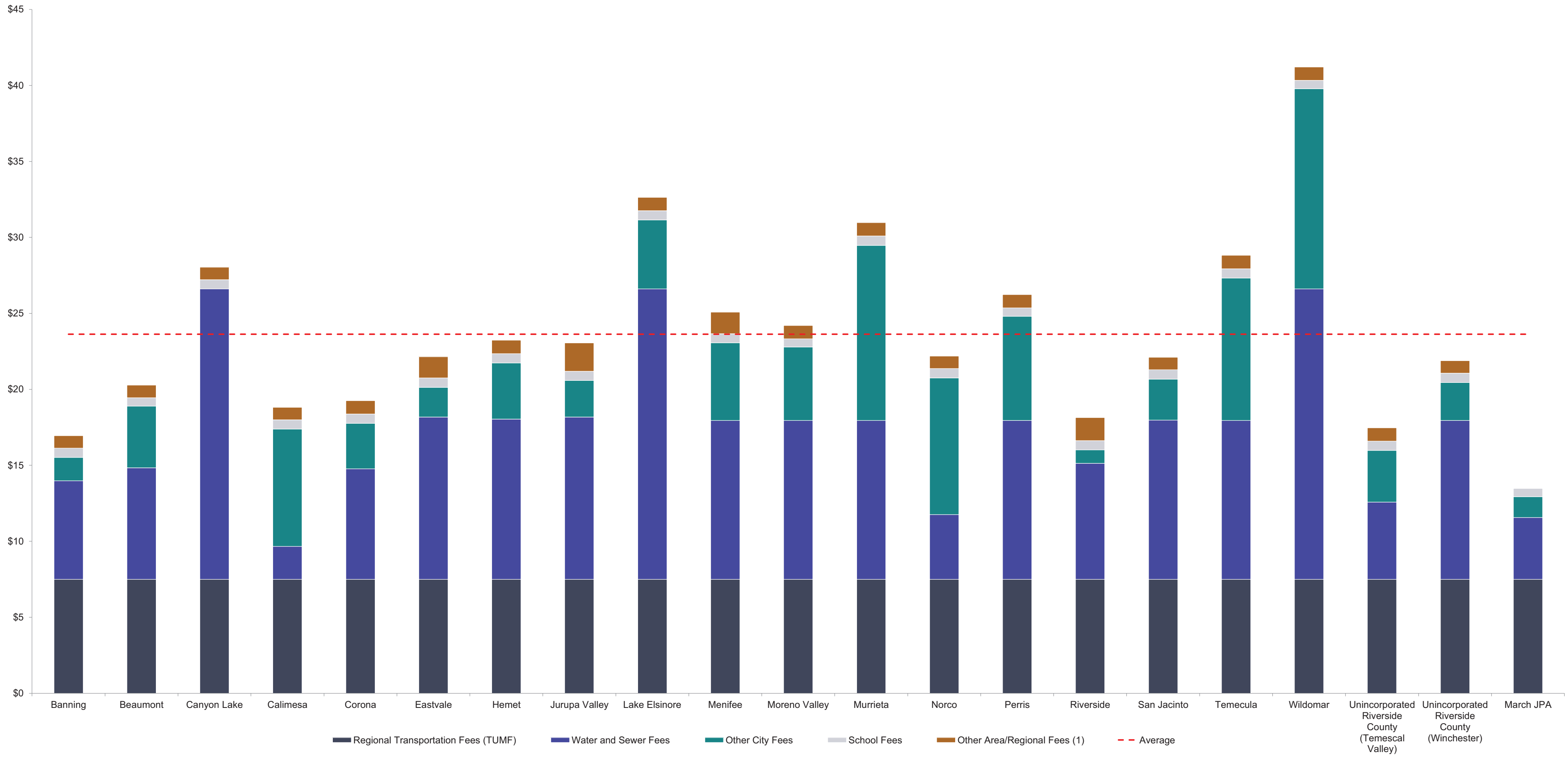
* Fee estimates for specified development prototypes as of July 2018. Actual fees will vary based on project specifics and any fee updates.
(1) "Other Area Fees/ Regional Fees" include, but are not limited to, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

Industrial Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Building Sq.Ft.)



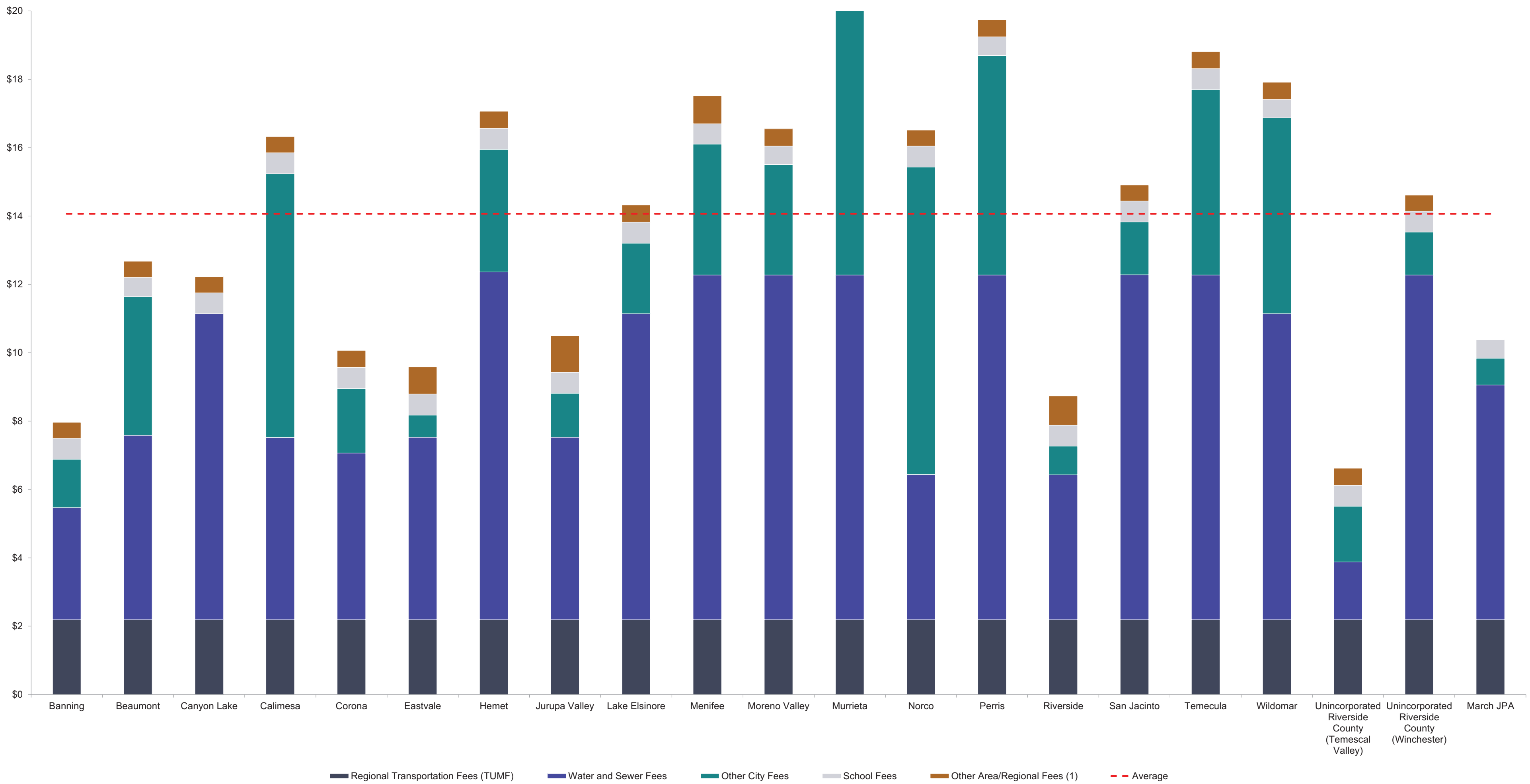
* Fee estimates for specified development prototypes as of July 2018. Actual fees will vary based on project specifics and any fee updates.
(1) "Other Area Fees/ Regional Fees" include, but are not limited to, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

Retail Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Building Sq.Ft.)



* Fee estimates for specified development prototypes as of July 2018. Actual fees will vary based on project specifics and any fee updates.
(1) "Other Area Fees/ Regional Fees" include, but are not limited to, regional parks, trails, multiservice center fees, area specific fe es, and habitat mitigation fees.

Office Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Building Sq.Ft.)



* Fee estimates for specified development prototypes as of July 2018. Actual fees will vary based on project specifics and any fee updates.
(1) "Other Area Fees/ Regional Fees" include, but are not limited to, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

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Western Riverside Council of Governments
Planning Directors Committee

Staff Report

Subject: **Subregional Cannabis Ordinance Survey Results**

Contact: **Christopher Gray, Director of Transportation & Planning, cgray@wrcog.us, (951) 405-6710**

Date: **March 14, 2019**

***The purpose of this item is to** provide an update on cannabis policies throughout the subregion.*

Requested Action:

1. Receive and file.

It has been over a year since Proposition 64, which legalized cannabis, took effect. While cannabis remains a Schedule I drug at the Federal level, local jurisdictions have control over the regulation or banning of cannabis sales and related business within their jurisdictions, but cannabis regulation has implications beyond the boundaries of any one jurisdiction. This item is intended to update member jurisdictions on the cannabis-related policies across the WRCOG subregion.

Past Cannabis Ordinance Reports

In January 2018, staff surveyed member jurisdictions on the local policies planned or in place regarding cannabis activity; the results are summarized in Attachment 1 to this report. At the time of the survey, some jurisdictions had already taken action, many to ban all cannabis activity, while others had not yet made final determinations on which activities it might ban or allow.

Survey Update

WRCOG recently issued an updated and simplified survey to members to identify the extent to which jurisdictions are now allowing any kind of cannabis-related activity. Cannabis activity can be separated into three general categories: cultivation, manufacturing, and/or retail sales. Staff will present the results of the updated survey at the March Committee meeting.

Prior Action:

January 11, 2018: The Planning Directors Committee received and filed.

Fiscal Impact:

This item is informational only; therefore, there is no fiscal impact.

Attachment:

1. 2018 Member Agency Cannabis Policy Survey.

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Item 7.E

Subregional Cannabis Ordinance Survey Results

Attachment 1

2018 Member Agency Cannabis Policy Survey

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Member Agency Cannabis Policy Survey

Business	Recreational			Medicinal (Y/N)			Cultivation			Manufacturing			Transportation			Storage		
Jurisdiction	Allowed (Y/N)	Tax Rate	Applicable Zone	Allowed (Y/N)	Tax Rate	Applicable Zone	Allowed (Y/N)	Tax Rate	Applicable Zone	Allowed (Y/N)	Tax Rate	Applicable Zone	Allowed (Y/N)	Tax Rate	Applicable Zone	Allowed (Y/N)	Tax Rate	Applicable Zone
Banning	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Beaumont	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Calimesa	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Canyon Lake	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Corona	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Hemet	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Eastvale	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Jurupa Valley	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Lake Elsinore	Y		M-1, M-2	Y		M-1, M-2	Y		M-1, M-2	Y		M-1, M-2						
Menifee	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Moreno Valley	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Murrieta	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Norco	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Perris	N	NA	NA	N	NA	NA	Y			N	NA	NA	N	NA	NA	N	NA	NA
Riverside	N	N/A	N/A	N	N/A	N/A	N	N/A	N/A	N	N/A	N/A	N	N/A	N/A	N	N/A	N/A
San Jacinto	N	NA	NA	N	NA	NA	Y	$25/$15	IL	Y	$25	IL	Y	$10	IL	Y	$10	IL
Temecula	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
Wildomar	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA
County of Riverside	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Morongo	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA	N	NA	NA

Business	Delivery			Testing			comments
Jurisdiction	Allowed (Y/N)	Tax Rate	Applicable Zone	Allowed (Y/N)	Tax Rate	Applicable Zone	
Banning	N	NA	NA				
Beaumont	N	NA	NA				
Calimesa	N	NA	NA				Information based on WRCOG staff review.
Canyon Lake	N	NA	NA				Information based on WRCOG staff review.
Corona	N	NA	NA				
Hemet	N	NA	NA				
Eastvale	N	NA	NA				Information based on WRCOG staff review.
Jurupa Valley	N	NA	NA				At it's October 5, 2017, meeting, the City Council voted to prohibit all marijuana related enterprises with certain limited exemptions in all zones, and to order the marijuana initiative to be submitted to voteres on the June 5, 2018 primary election. Information based on WRCOG staff review.
Lake Elsinore	N	NA	NA	Y		M-1, M-2	Oridinance 2017-01 allows for a maximum of five cannabis business permits within the M-1 and M-2 zone districts. In the event that the City has issued the maximum number of annabis business permits as provided, a cannabis business permit applicant may elect to submit an application with a request for a finding of public convenience that an additional permit should be issued. Cannabis dispensaries shall be permitted as an accessory use only to either a cannabis cultivation facility or cannabis manufacturing facility. In no case shall either the gross floor area of the dispensary exceed 25 percent of the total area of the business or 50 percent of gross proceeds . Delivery and consumption of cannabis while on a dispensary site are prohibited. Indoor cultivation only. Information based on WRCOG staff review.
Menifee	N	NA	NA				Menifee prohibits all recreational and medical marijuana cultivation, delivery, dispensaries – with an exception that allows a recreational cultivation of a maximum of 6 plants per residence in a secured/enclosed structure.
Moreno Valley	TBD	TBD	TBD				The City is currently in the process of developing our land use regulations. Staff have been directed by the City Council to develop regulations to allow all types of cannabis activities. The regulations must be processed through our Planning Commission and City Council, which is expected over the next 3 months.
Murrieta	N	NA	NA				
Norco	N	NA	NA				The City Manager has asked if our Ordinance needs to reflect what is allowed by the state for personal medicinal growth or not. The Ordinance currently does not.
Perris	N	NA	NA	Y			Permitted activities approved under ordinance 1355 at the November 14, 2017, Council meeting. Information based on WRCOG staff review.
Riverside	N	N/A	N/A	Y			Currently have a moratorium in place that temporarily prohibits most commercial cannabis uses, with the exception of Cannabis Testing Laboratories. The City is continuing to monitor the rollout of the legalization process in other communities while considering the other license types that the state will be regulating including Cultivation, Manufacturing, Distribution, Retail, and Microbusinesses.
San Jacinto	N	N/A	N/A				The City allows a maximum of eight indoor cultivation permits and maximum of eight outdoor cultivation permits. Indoor cultivation is allowed in Light Industrial zones and can include, manufacturing, testing and transportation/distribution of products made using the plant material grown on-site. Each indoor cultivation use must have at least 10,001 square feet of cultivation area and a maximum of 22,000 square feet. The tax is $25 per square foot. Outdoor cultivation is allowed in the geographic area of the City defined as north of Cottonwood Avenue and west of Sanderson. Manufacturing is not allowed in the outdoor cultivation area. Each outdoor cultivation use must have at least 10,001 square feet of cultivation area and a maximum of 43,560 square feet (1 acre). The tax is $15 per square foot.
Temecula	N	NA	NA				Information based on WRCOG staff review.
Wildomar	N	NA	NA				City of Wildomar currently has a mortorium on all things related to marijuana. This will end in December 2018 but before then we will have either a permenant prohibition or some kind of regulations.
County of Riverside	TBD	TBD	TBD				The County of Riverside is in the process of preparing regulations. The County has not presented anything to the board but hopes to do a workshop in February.
Morongo	N	NA	NA				