

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Matt Peters, Community Development Director

DATE: May 26, 2026

SUBJECT: Adopt Resolution Reconfirming the Automatic Annual Fee Adjustment in Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) Local Development Mitigation Fee

PREPARED BY: Michelle Amezcua, Senior Management Analyst

RECOMMENDATION: That the City Council adopt a resolution entitled:

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA RECONFIRMING THE AUTOMATIC ANNUAL FEE INCREASE IN THE WESTERN RIVERSIDE COUNTY MULTIPLE SPECIES HABITAT CONSERVATION PLAN LOCAL DEVELOPMENT MITIGATION FEE APPLICABLE TO ALL DEVELOPMENTS IN THE PLAN AREA PURSUANT TO TEMECULA MUNICIPAL CODE SECTION 15.10.050.D AND MAKING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS (LR26-0183)

BACKGROUND:

The City of Temecula (“City”) is a member agency of the Western Riverside County Regional Conservation Authority (“RCA”), a joint powers agency comprised of the County of Riverside and the eighteen cities located in western Riverside County.

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

In order to address these issues, the member agencies formulated a plan called the Western Riverside County Multiple Species Habitat Conservation Plan (the “MSHCP”) in which a

mitigation fee would be assessed on new development and would be used to fund the implementation of the MSHCP.

In furtherance of the MSHCP, the City adopted Resolution 2021-18 approving and adopting the updated “Western Riverside County Multiple Species Habitat Conservation Plan Nexus Fee Study Update,” dated October 2020.

ANALYSIS:

Chapter 15.10 of the Temecula Municipal Code, the "Western Riverside County Multiple Species Habitat Conservation Plan Mitigation Fee Ordinance," authorizes the City Council to impose the Local Development Mitigation Fee upon new development.

Section 15.10.050.A. of the Temecula Municipal Code authorizes the City to adopt an applicable Local Development Mitigation Fee schedule by resolution. On April 15, 2021, the City Council adopted Resolution No. 2021-18 that approved the MSHCP Local Development Mitigation Fee.

Section 15.10.050.D of the Temecula Municipal Code provides for an Automatic Annual Fee Adjustment in accordance with the RCA’s MSHCP Implementing Agreement:

“D. Automatic annual fee adjustment. In addition to the periodic fee adjustment mentioned above, the RCA shall provide the city with an automatic annual fee adjustment for the local development mitigation fee established by this chapter as set forth in the MSHCP Mitigation Fee Implementation Manual.”

Additionally, Section 8 of Resolution No. 2021-18 also provides for an Automatic Annual Fee Adjustment in accordance with the RCA’s MSHCP Implementing Agreement:

“Section 8. In addition to the Periodic Fee Adjustment mentioned above, the RCA shall provide the City with an automatic annual fee adjustment for the Local Development Mitigation Fee established by this Resolution as set forth in the MSHCP Mitigation Fee Implementation Manual adopted pursuant to the Local Development Mitigation Fee Ordinance.”

Pursuant to Section 15.10.050 of the Temecula Municipal Code, Section 8 of Resolution No. 2021-18, RCA’s MSHCP Mitigation Fee Implementation Manual and past practice, the MSHCP Local Development Mitigation Fee adjusts annually by the change in the Consumer Price Index (CPI). RCA has determined that based on the CPI increase for Riverside – San Bernardino – Ontario, CA, that the MSHCP fees will increase 3.2445% effective July 1, 2026. RCA has provided the City with revised MSHCP fees as provided in Section 3 of the proposed Resolution.

The fees collected pursuant to the MSHCP Local Development Mitigation Fee shall be used to finance the public facilities described or identified in the 2020 Nexus Study.

AUTOMATIC MSCHP FEE ADJUSTMENT:

For the period of July 1, 2026, to June 30, 2027, the MSHCP Local Development Mitigation Fee shall be increased by the CPI, 3.2445%, as follows:

**WESTERN RIVERSIDE COUNTY
MULTIPLE SPECIES HABITAT CONSERVATION PLAN**

**LOCAL DEVELOPMENT MITIGATION FEE SCHEDULE FOR FISCAL YEAR 2027
(EFFECTIVE JULY 1, 2026, TO JUNE 30, 2027)**

<u>Fee Category</u>	<u>Fee</u>
Residential, density less than 8.0 dwelling units per acre (fee per dwelling unit)	\$4,632
Residential, density between 8.0 and 14.0 dwelling units per acre (fee per dwelling unit)	\$1,931
Residential density greater than 14.0 dwelling units per acre (fee per dwelling unit)	\$854
Commercial (fee per acre)	\$20,846
Industrial (fee per acre)	\$20,846

In the event the proposed Resolution and Resolution No. 2021-18 are not further amended by July 1, 2026, the Local Development Mitigation Fee shall be the fee described in Section 5 of Resolution No. 2021-18.”

FISCAL IMPACT:

There will be a 3.2445% increase in the MSHCP Local Development Mitigation Fees to be paid by new development. The MSHCP fees the City collects are pass-through payments. The City collects the payment at the time of Building permit issuance and then passes through those payments to RCA, on or before the 30th day of the month following the date the fee payment was received.

ENVIRONMENTAL DETERMINATION:

Staff has determined that the Local Development Mitigation Fee adopted by this Resolution is not subject to the requirements of California Environmental Quality Act (“CEQA”) and the City’s CEQA Guidelines pursuant to Section 21080(b)(8) of the California Public Resources Code and Section 15273 of the CEQA Guidelines because CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of (a) meeting operating expenses,

including employee wage rates and fringe benefits or (b) obtaining funds for capital projects necessary to maintain service within existing service areas.

Staff has also determined, on a separate and independent basis, the Local Development Mitigation Fee adopted by this Resolution is not subject to the requirements of CEQA and the City's CEQA Guidelines pursuant to Section 15378(b)(4) of the State CEQA Guidelines because the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, is not a "project" for purposes of CEQA.

Finally, on a separate and independent basis, the Local Development Mitigation Fee adopted by this Resolution is not subject to the requirements of CEQA and the City's CEQA Guidelines because it implements the Fee as adopted by Resolution No. 2021-18.

ATTACHMENTS:

1. Resolution
2. WRCRCA Notice of Implementation Fee Letter FY 2026-27
3. Local Development Mitigation Fee Schedule FY 2026-27
4. Notice of Public Hearing