

**WESTERN RIVERSIDE COUNTY
REGIONAL CONSERVATION AUTHORITY**

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES FOR THE
MULTIPLE SPECIES HABITAT CONSERVATION PLAN
FOR THE CITY OF WILDOMAR**

FOR THE YEAR ENDED JUNE 30, 2021

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Western Riverside County Regional Conservation Authority

We have performed the procedures enumerated in Attachment A solely to assist the management of the Western Riverside County Regional Conservation Authority (RCA) in determining that Multiple Species Habitat Conservation Plan (MSHCP) fees were collected and remitted by the City of Wildomar (City) in accordance with the MSHCP Implementing Agreement and the Joint Exercise of Powers Agreement (JPA) creating the RCA dated January 27, 2004 for the fiscal year ended June 30, 2021. The City's management is responsible for the collection and remittance of MSHCP fees.

The RCA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining the MSHCP fees were collected and remitted by the City in accordance with the MSHCP Implementing Agreement and the JPA. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and results are listed in Attachment A.

We were engaged by the RCA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the collection and remittance of MSHCP fees. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and RCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
May 27, 2022

**WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
AGREED-UPON PROCEDURES AND RESULTS – CITY OF WILDOMAR
FOR THE YEAR ENDED JUNE 30, 2021
ATTACHMENT A**

Our procedures and results are as follows:

1. Obtain any updates to the Member Agency’s ordinance for collection of the Multiple Species Habitat Conservation Plan (MSHCP) fees.

Results – No updates were made by the Member Agency. We obtained Ordinance No. 18 adopting ordinances of the County of Riverside (County) until superseded by other City of Wildomar (City) ordinances. We also obtained County Ordinance No. 810.2, which established the development mitigation fee for funding the preservation of ecosystems in accordance with the MSHCP.

We obtained Ordinance No. 196, dated April 14, 2021, which supersedes Ordinance No. 810.2. Ordinance No. 196 is effective July 1, 2021.

2. Upon obtaining the updates, determine if the ordinance is in accordance with the MSHCP Implementing Agreement and Joint Powers Agreement (JPA).

Results – The Western Riverside County Regional Conservation Authority (RCA) prepared a model ordinance for the Member Agencies to be in accordance with MSHCP Implementing Agreement and JPA. As described in Procedure 1, City Ordinance No. 18 adopted the County Ordinance No. 810.2. The County Ordinance was in agreement with the model ordinance except for the following:

- Section 2 of the County ordinance contained the following statements that are not included in the model ordinance:
 - Paragraph K: “Even though second units on existing single family lots may also contribute to the need for acquisition of lands necessary to implement the MSHCP, the Board refrains from imposing the Fee on such development at this time, and in this regard finds that second units: (1) provide a cost effective means of serving development through the use of infrastructure, as contrasted to requiring the construction of new costly infrastructure to serve development in undeveloped areas; and (2) provide relatively affordable housing for low and moderate income households without public subsidy.”
- Section 3 of the model ordinance included definitions for “Multiple Species Habitat Conservation Plan,” “MSHCP Conservation Area,” “Ordinance,” and “Riverside County Transportation Commission,” which were excluded from the County ordinance.
- Section 3 of the model ordinance defined the “Local Development Mitigation Fee” as a development impact fee, whereas the County ordinance (Section 6) defined the “Western Riverside County Multiple Species Habitat Conservation Plan Mitigation Fee” as a fee.
- Section 3 of the model ordinance defined “Residential Unit,” but not including hotels and motels. The County’s ordinance (Section 6) agrees to the model ordinance except it also excludes “congregate care residential facilities or individual spaces within recreational vehicle parks.”
- Section 4.A.3 of the model ordinance was not included in the County ordinance.
- Under the County ordinance, Section 10.A, the MSHCP fees are due at the earlier of certificate of occupancy or final inspection, whichever occurs first. Model ordinance Section 6.A. requires fees to be paid in full in accordance with applicable law.
- Section 10 of the County ordinance contained the following statements that are not included in the model ordinance:
 - Paragraph B: “The fee required to be paid when there is a change in land use shall be reduced by the amount of any previously paid fee for that property. No refunds shall be provided for changes in land use to a lower fee category. It shall be the responsibility of the applicant to provide documentation of any previously paid fee.”
 - Paragraph C: “The fee for commercial and industrial development projects shall be paid in its entirety for the project area and shall not be prorated.”

- Paragraph E: “There shall be no deferment of the fee beyond final inspection or issuance of certificate(s) of occupancy.”
 - Paragraph H: “For development projects which the county does not require a final inspection or issuance of a certificate of occupancy, the fee shall be paid prior to any use or occupancy.”
 - Paragraph I: “For purposes of this chapter, congregate care residential facilities and recreational vehicle parks shall pay the commercial acreage fee.”
 - Section 12 of the County ordinance contained the following statements that are not included in the model ordinance:
 - Paragraph B: “If the difference between the net acreage, as exhibited on the plot plan, and the project area is less than one-quarter acre, the fee shall be paid on the full gross acreage.”
 - Section 8.C. of the model ordinance allowing the County to recover costs of administering the provisions of the ordinance using the revenues generated by the fees was excluded from the County ordinance.
 - Section 16 of the County ordinance contained the following statements that are not included in the model ordinance:
 - Paragraph D: “Detached second units pursuant to Section 18.28a of Riverside County Ordinance No. 348 and attached second units pursuant to Section 18.28b of Ordinance No. 348.”
 - Paragraph E: “Construction of a single-family residential unit upon property wherein a mobile home, installed pursuant to an installation permit, was previously located prior to the effective date of Ordinance No. 810.2.”
 - Paragraph F: “Guest dwelling, as defined in Section 21.31 of Ordinance No. 348.”
 - Paragraph G: “Additional single-family residential units located on the same parcel pursuant to the provisions of any agricultural zoning classifications set forth in Ordinance No. 348.”
 - Paragraph H: “Kennels and catteries established in connection with an existing single-family residential unit and as defined in Sections 21.20 and 21.40a of Ordinance No. 348.”
 - Section 11 of the model ordinance contains the statement that “any partial or full waiver of a Local Development Mitigation Fee that may be applicable to a Development Project, shall be determined by the City in cooperation with the Riverside County Transportation Commission, which shall have an auditing role in this process,” which statement is absent from the County ordinance.
3. Determine if fees on the building permits are collected in accordance with the Member Agency ordinance.

Results – The County ordinance stated that the MSHCP fee must be collected prior to the issuance of the certificate occupancy or upon the final inspection, whichever occurs first. We tested 25 permits as described in Procedure 5. No exceptions were noted.

4. Obtain the schedule of fees collected on MSHCP building permits for the year ended June 30, 2021.

Results – We obtained the schedule from the City identifying the total amount collected for building permits for the year ended June 30, 2021, was \$190,485. This total amount was remitted to the RCA between July 31, 2020, and June 30, 2021.

5. Obtain a listing of building permits issued during the year ended June 30, 2021. Identify the new construction and commercial permits. Select for testing 10% of new construction or commercial building permits, selecting no less than 25 permits or 100% of permits if total permits for new construction or commercial is less than 25.

Results – We obtained the population of 1,071 issued permits for the period from July 1, 2020, through June 30, 2021. From the listing, we identified new construction or commercial permits (identified through the following description codes - commercial detached accessory structure, commercial grading permit, commercial electrical permit, non-residential, commercial re-roof, new residential, commercial retaining wall, commercial grading permit, residential agricultural building, residential private garage, New/Alter/Co-Locate: Cell Tower, Other Construction Exploratory Excavation, Install Residential Coach, residential addition, residential rehabilitation, and residential site preparation), identifying a total of 91 permits issued during the year. We haphazardly selected 25 new construction and commercial permits.

Our sample consisted of the following:

- 14 building permits were subject to the MSHCP fee.
- 10 building permits are exempt under Section 16.B of the County ordinance as a rehabilitation or remodeling of an existing residential unit, commercial or industrial building, and additions to an existing residential unit or commercial or industrial building.
- One building permit is part of the Won Meditation and Guest Houses. The permit has not yet been issued.

We made inquiries of City personnel and inspected building permits and other documentation to support the granting of the exemptions under the County ordinance. No exceptions were noted.

6. Recalculate the fees collected by the Member Agency on building permits to determine if they are correct and if the correct amounts have been remitted to the RCA. If fees are incorrect, determine the fees that should have been collected and remitted.

Results – For the sample selected in Procedure 5 above, the building permit fees were recalculated and agreed to the amount collected and remitted without exception.

7. Determine if fees collected on building permits were remitted on a timely basis to the RCA.

Results – Per the JPA dated January 27, 2004, all development mitigation fees must be remitted to the RCA within 90 days of the earlier of the date they were collected or should have been collected. No exceptions were noted.

8. Determine additional amounts, if any, which should be returned to the Member Agency for building permits.

Results – None noted.

9. If amounts are due to the RCA on building permits, calculate interest owed, based on the RCA's Resolution No. 07-04 adopted on September 10, 2007 for permits issued prior to or on December 6, 2020, or the MSHCP Mitigation Fee Implementation Manual for permits issued after December 6, 2020, using the interest rate paid by the County Treasury on amounts held by the County.

Results – Procedure not applicable.

10. Obtain a list of all infrastructure and civic contracts awarded by the Member Agency during the fiscal year.

Results – We obtained a list of two infrastructure and civic contracts awarded by the City during the year ended June 30, 2021.

11. Select a sample of 10% of the contracts for testing, selecting no less than three contracts, or 100% of contracts if the total number of contracts is less than three.

Results – We selected both infrastructure and civic contracts from the list provided.

12. Compute the amounts of MSHCP fees on the infrastructure and civic contracts that should have been remitted.

Results – The City asserted that both of the infrastructure and civic contracts selected for inspection were exempt. We inspected the contracts, project descriptions, and other supporting documentation summarized as follows:

- Bundy Canyon Road Widening CIP 026-1 – The City asserted the project was exempt under Section 1.A.3 of the RCA's fee collection and remittance policy as the project was funded by TUMF. The project consisted of widening and realigning Bundy Canyon Road and Scott Road from two to four lanes. No exceptions were found as a result of this procedure.
- Pedestrian Countdown Head and Crosswalk Enhancement CIP 041 – The City asserted the project was exempt under Section 1.A.2 of the RCA's fee collection and remittance policy as a maintenance and safety project. The project consisted of installation and new pedestrian countdown heads and push buttons at existing signalized intersections and also includes the upgrade of existing pedestrian curb ramps to current standards. No exceptions were found as a result of this procedure.

13. Determine if the MSHCP fees on the infrastructure and civic contracts were remitted to the RCA within 90 days of contract award.

Results – Procedure not applicable.

14. Determine additional amounts on infrastructure and civic contracts, if any, which should be remitted to the RCA or returned to the Member Agency.

Results – Procedure not applicable.

15. If additional amounts are due to the RCA on infrastructure and civic contracts, calculate interest owed, using the interest rate paid by the County Treasury on amounts held by the County.

Results – Procedure not applicable.