



Staff Report

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**File #:** 22-0769

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 10/05/2022

**TO:** Honorable Mayor and City Council Members

**FROM:** Planning and Development Department

**SUBJECT:**

First amendment to the Transportation Uniform Mitigation Fee Program Improvement and Credit/Reimbursement Agreement for the Cajalco Road and Interstate 15 Interchange Improvement Project.

**EXECUTIVE SUMMARY:**

This staff report asks that the City Council consider a request by the master developer of the Bedford Communities to amend an existing credit/reimbursement agreement with the City for the construction of the circulation improvements that were part of the Transportation Uniform Mitigation Fee (TUMF) Nexus Study. The developer constructed the circulation improvements for the Cajalco Road and Interstate 15 Improvement Project and was approved for TUMF credit against the 1,621 residential units entitled for the Bedford Communities. The request is to include land within the agreement that was not originally contemplated when the initial agreement was approved. The additional land being added to the agreement does not increase the number of residential units already entitled. The entitled residential units are being spread across the additional property, which is intended for future development.

**RECOMMENDED ACTION:**

**That the City Council:**

- a. Approve the First Amendment to the Transportation Uniform Mitigation Fee Program Improvement and Credit/Reimbursement Agreement between the City and Arantine Hills Holdings L.P for the Cajalco Road and Interstate 15 Interchange Improvement Project.
- b. Authorize the City Manager, or his designee, to execute the First Amendment to the Transportation Uniform Mitigation Fee Program Improvement and Credit/Reimbursement Agreement between the City and Arantine Hills Holdings L.P for the Cajalco Road and Interstate 15 Interchange Improvement Project.

**BACKGROUND & HISTORY:**

The master developer of the Bedford Communities, which is located on the southwest side of the Cajalco Road and Interstate 15 interchange, was approved for 1,621 housing units, and 80,000 square feet of commercial covering 275 acres identified in the Arantine Hills Specific Plan. The project was approved by the City Council in May 2016.

The project included a Development Agreement with the City, which required the developer to pay a fair share cost of the Cajalco Road and Interstate 15 Interchange improvement based on the project's impact to the circulation system. The developer's fair share cost of the interchange improvement was 32.5 percent of the total cost. Additionally, the developer agreed to advance the funding for the remaining unfunded portion of the interchange improvement, which was 67.5 percent of the total construction cost. The unfunded portion was to eventually be funded by other development projects in the area and through the Western Riverside County Transportation Uniform Mitigation Fee (TUMF) program. The TUMF program is applied throughout western Riverside County and is a fee developers pay directly to the Western Riverside County of Governments (WRCOG). Although the City is required to apply the TUMF for new developments at the time of issuance of a building permit, the fee is not an impact fee retained by the City.

The TUMF Nexus Study shows an estimated cost of \$44,251,000 for the Cajalco Interchange improvement, which is identified as a regionally significant transportation improvement. The study also identified local zone improvements, which included improvements on Cajalco Road beyond the boundary of the intersection. The local street improvements on Cajalco Road had a maximum cost of \$3,355,000. This is in addition to the \$44,251,000 obligation mentioned above.

Since the developer was responsible for constructing this regional transportation improvement, the developer was eligible for a TUMF credit and reimbursement that would be applied toward the project. The City and the developer entered into an Improvement and Credit/Reimbursement Agreement for the TUMF program on June 20, 2018. The credit/reimbursement agreement allows the City to issue the developer TUMF credit against the project for each building permit issued within the project. The developer's funding of the construction cost for the Cajalco Interchange improvement and street improvements on Cajalco Road resulted in a TUMF credit of \$47,606,000.

Since the initial approval of the agreement, the developer disposed of approximately 35 acres, which includes 10 acres where the 80,000 square feet of commercial/retail uses was planned. The commercial center is under construction by a developer that is separate from the master developer.

The master developer acquired 32 acres of adjacent property and annexed the property to the Arantine Hills Specific Plan in 2018. The 32 acres added to the overall project boundary of the Arantine Hills Specific Plan did not increase the number of residential units already entitled for the project, which was 1,621 residential units. The project's overall residential units were simply spread across the 32 acres added to the project boundary.

**ANALYSIS:**

The developer did not amend the Improvement and Credit/Reimbursement Agreement for the TUMF

program at the time of annexation of the adjacent 32 acres to the Arantine Hills Specific Plan. The specific plan allocated 125 residential units across this property from the 1,621 residential units already entitled. Therefore, TUMF credit should be applied to these residential units, which would occur at the time of issuance of the building permit.

The amendment to the agreement does not change the TUMF reimbursement amount already being applied to the development.

**FINANCIAL IMPACT:**

The proposed request will have no financial impact on the City. TUMF is a regional impact fee and not a local development impact fee retained by the City.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is an amendment to an existing agreement for a previously approved project. There is no possibility that this action will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** JOANNE COLETTA, PLANNING AND DEVELOPMENT DIRECTOR

**Attachments:**

1. Exhibit 1 - First Amendment to the Improvement and Credit/Reimbursement Agreement TUMF Program