

TUMF/NEXUS ADVISORY SUB-COMMITTEE

February 1, 2018

9:00 AM

CVAG Conference Room 119
73-710 Fred Waring Drive, Palm Desert



AGENDA

1. Welcome and Introductions

- a. [Introduce Team and Welcome Members](#)

2. Public Comments

3. Recap Prior Meetings

- a. Discussions from prior meetings
- b. [Meeting Notes](#)

4. TUMF Technical Memorandum

Recommendation: Provide direction to staff to move the Nexus Study forward.

5. Next Meeting

6. Adjournment

ITEM 1a.**2017-2018 TUMF/NEXUS ADVISORY COMMITTEE MEMBERS**

First Name	Last Name	Title	Agency
Savat	Khamphou	Assistant City Engineer / Assistant Public Works Director	City of Palm Springs
Bryan	McKinney	Principal Engineer	City of La Quinta
Lisa	Middleton	Councilmember	City of Palm Springs
Jan	Harnik	Councilmember	City of Palm Desert
Patricia	Romo	Deputy Director of Transportation	TLMA
Manuel	Perez	4th District Supervisor	County of Riverside (Alternate)
Juan	Perez	Director of Transportation	TLMA (Alternate)
Mark	Scott	City Manager	City of Indio
Tim	Wassil	Public Works Director	City of Indio
Charles	McClendon	City Manager	Cathedral City
Ted	Weill	Councilmember	Rancho Mirage
Chuck	Maynard	City Manager	Desert Hot Springs
Bill	Pattison	City Manager	City of Coachella
Tom	Davis	Chief Planning and Development Officer	Agua Caliente Tribe of Cahuilla Indians
Bill	Blankenship	Chief Executive Officer	BIA of Southern California - Riverside County Chapter
Clint	Loimore	Government Affairs Director	BIA of Southern California – Riverside County Chapter (Alternate)
Gretchen	Gutierrez	Chief Executive Officer	Desert Valley Builders Association
James	Brownyard	Legislative Analyst	Desert Valley Builders Association (Alternate)
Ken	Seumalo	Public Works Director / City Engineer	City of Indian Wells

**TUMF/NEXUS ADVISORY SUB-COMMITTEE
MEETING NOTES
OCTOBER 12, 2017**



1. Welcome and Introductions

The October 12, 2017 TUMF/NEXUS Advisory Sub-Committee meeting was called to order at 9:06 a.m. by Martin Magaña

a. Introduce Team and Welcome Members

Mr. Magaña introduced the consulting team and sought public comments. There were no public comments.

b. Those present included:

Members

Charles McClendon	City of Cathedral City
Bill Pattison	City of Coachella
Luke Rainey	City of Desert Hot Springs
Ken Seumalo	City of Indian Wells
Tim Wassil	City of Indio
Bryan McKinney	City of La Quinta
Mayor Jan Harnik	City of Palm Desert
Councilmember Ginny Foat	City of Palm Springs
Councilmember Ted Weill	City of Rancho Mirage
Isaiah Hagerman	City of Rancho Mirage
Patricia Romo	County of Riverside
Pat Cooper	County of Riverside
Tom Davis	Agua Caliente Band of Cahuilla Indians
Clint Lorimore	BIA, Riverside County Chapter
Gretchen Gutierrez	Desert Valley Builders Association
James Brownyard	Desert Valley Builders Association

Others Present

Erika Harnik	BIA, Coachella Valley
Rick Hendrickson	Michael Baker International
Jason Moody	EPS
Juan Raya	City of Indio
Paul Rodriguez	RCG
Bill Sanchez	Chandi Group USA
Ryan Zellers	Michael Baker International

CVAG Staff

Tom Kirk
Martin Magaña
Jim Sullivan
Eric Cowle
Erica Felci
Joanna Stueckle

2. Recap Prior Meetings

a. Discussions from prior meetings

Martin Magaña gave an update regarding things discussed at previous meetings. Past topics of discussions included: Active Transportation Projects (ATP), the Transportation Project Prioritization Study (TPPS), funding commitments, land use categories and the reduction of categories, exemptions and the inflation factor. Mr. Magaña indicated that based on previous discussions, a consensus allowed staff to move forward to the topics of today's meeting.

3. TUMF Technical Memorandum

This portion of the meeting involved a consultant led presentation.

Jason Moody, EPS, presented the staff report using a PowerPoint presentation. Mr. Moody briefly discussed the history of the TUMF fee review process, indicating that the fee is reviewed every 5 years. Mr. Moody also discussed the challenges CVAG committee members consider during the process.

Paul Rodriguez, RCG, discussed the Nexus study in comparison to the Western Riverside Council of Government's (WRCOG) study. Mr. Rodriguez also briefly described the process the committee used to recommend the retail and single-family number increase in relation to the feasibility of implementing such an increase.

A discussion ensued regarding land use exemptions, the fee, reducing the number of categories, and low income housing, among committee members, staff and the consulting team.

Direction suggested via consensus included:

- 1) Work with Public Works Directors and City/County staff to reduce the level of improvements assumed to be needed over the next 25 years and report back.
- 2) Confirm simplification of the TUMF process by consolidating land uses to provide fewer categories and eliminating exemptions.
- 3) Return to the committee with a robust definition on what exemptions mean.

The discussion concluded after a brief discussion of ATP projects

4. Items for Future Agendas

Staff will proceed to work on the direction given and return to this committee with an update.

5. Next Meeting

The Committee will be asked to return for a meeting tentatively set for December.

6. Adjournment

The meeting adjourned at 10:11 a.m.

ITEM 4

Coachella Valley Association of Governments TUMF/Nexus Advisory Sub-Committee

February 1, 2018



Staff Report

Subject: TUMF Nexus Study

Contact: Eric Cowle, Transportation Program Manager (ecowle@cvaq.org)

Recommendation: Provide direction to staff to move the Nexus Study forward.

Background:

The Staff Report from the last TUMF/Nexus Sub-Committee meeting on October 12, 2017 provides detailed background on the TUMF Nexus Study and the study process. That Staff Report has been attached for your reference.

The consultant team has prepared a revised Technical Memorandum (attached) as a preface to the actual Nexus Study, describing the key assumptions and methodology underlying the calculation. They included a revised calculation of the fee based upon new assumptions.

At the October 12, 2017 TUMF/Nexus meeting, the Sub-Committee requested that staff work with individual jurisdictions to reduce the TUMF cost. By monetizing external funding assumptions and re-evaluating whether individual projects are feasible within a 15-25 year timeframe, nearly \$1 billion was eliminated from TUMF consideration. The Building Industry Association (BIA) and Desert Valley Builder's Association (DVBA) had written letters suggesting the need to reevaluate whether the TPPS projects being included in the TUMF would realistically be built in the next few decades.

All CVAG jurisdictions identified assumptions in external funding and projects that may not be feasible in a 15-25 year timeframe. Aggregating the "cuts", there was a strong consensus that projects scoring at 7.5 points and below were uncertain. Eliminating the cost of these low-ranking projects from TUMF consideration added up to more than \$600 million in reductions. It is proposed that the TPPS remain unchanged, and that the projects ranked at 7.5 points and below would only be removed from TUMF consideration, which would remove them from regional funding consideration in the near-term. Monetizing the external funding assumptions resulted an additional reduction of TUMF eligible costs of over \$300 million.

The TPPS would remain fully in place as a regional prioritization of projects, and would continue to be updated every five years, but there would no longer be an assumption that all of the projects would be funded in a given time period.

The revised preliminary calculation of the fee now translates to \$226/trip. This equates to \$2,151 per single family dwelling, only a 20% increase over the current fee of \$192/trip which hasn't been updated in over a decade! By comparison, WRCOG's fee is \$8,873 for a single-family dwelling, more than four times as much. The original preliminary calculation of the maximum allowable fee was \$751/trip, which would have equated to \$7,145 per single-family dwelling.

Ordinance 88-1 which established Measure A, provided that "The Uniform Traffic Mitigation Fee Schedule shall be established in order to generate at least the equivalent of Measure A funding...". At \$226 per trip, this 50% goal is not being accomplished. Cuts to the TPPS beyond

the 7.5 point threshold would further diminish the ratio of TUMF funding and could open the door to litigation.

Streamlining TUMF

As part of the current update, CVAG is proposing to consolidate land uses (industrial, office, retail) to simplify the process by charging a fee on a stand-alone building based on square footage. Other land uses including single-family and multi-family will be charged per unit and hotels will be charged per room.

CVAG's current TUMF Program includes several exemptions:

1. Low and lower-income residential housing.
2. Public buildings (public schools and public facilities) unless they are primarily leased for-profit enterprises.
3. Building used for religious purposes but excluding other commercial or residential properties or businesses owned by a religious institution.
4. The reconstruction of any structure or improvement to land (continues pre-existing use; generates same or fewer trips as original use; and reconstruction or improvement occurs within one (1) year of the demolition of the structure or improvement.
5. Solar facilities are not charged on arrays but buildings are charged specific rates (Industrial for maintenance or storage buildings or Office Building for office space).

Low-income single-family and multi-family housing exemptions accounted for approximately 4.5% of total TUMF collected over a period spanning 2011-2016, totaling over \$600,000.

Under the TUMF update, CVAG staff proposes that these exemptions be eliminated. Therefore, no exemptions will be allowed and all land uses will be subject to TUMF.

CVAG's current TUMF Program does not have an inflationary adjustment factor. As part of the TUMF update, CVAG is proposing an annual inflationary adjustment to the final TUMF fee that would be considered on an annual basis. CVAG proposes to utilize the Consumer Price Index, similar to the inflation factor that was approved for the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP). The building industry organizations are not opposed to an inflation adjustment that would be re-visited on annual basis and not be an automatic increase.

The goal of the February TUMF/Nexus Advisory Sub-Committee meeting will be to discuss the consultant's revised calculation. Based upon what is determined by the TUMF/Nexus Sub-Committee, the consultant team will prepare the Draft TUMF Nexus Report and present it to the Sub-Committee in March for a recommendation in order to advance the process through CVAG's committee structure for adoption of the new TUMF Program.

Attachments:

- a) Listing of TPPS projects at 7.5 points and below
- b) TUMF/Nexus Sub-Committee Staff Report from 10/12/2017
- c) Revised Technical Memorandum

2016 TPPS Projects Scored at 7.5 Points and Lower

2015 RANK	BLD. PROJ. NUMBER	STREET NAME	AGENCY	BUILDABLE PROJECT DESCRIPTION	2015 POINTS	2010 POINTS	TOTAL BUILDABLE PROJECT COST
158	B-136	PALM DR	DHS	Two Bunch Palms Trl to Pierson Blvd - PD5 PD6	7.50	5.50	\$ 4,452,912
158	B-192	MISSION LAKES BLVD	DHS	Little Morongo Rd to Eastern Terminus at Verbena Dr - MSLK2 MSLK3	7.50	4.50	\$ 6,821,856
158	B-504	DUNE PALMS RD	LQ	Hwy 111 to Blackhawk Way (Incl. Br. at Whitewater Chnl.) - DUNEP1 DUNEP2	7.50	N/A	\$ 14,577,774
158	B-075	FRANK SINATRA DR	PD	Cook St to Tamarisk Row Dr - FS8 FS9	7.50	8.50	\$ 4,614,432
158	B-147	N PALM CYN DR	PS	Vista Chino to Alejo Rd - PLCN1 PLCN2	7.50	7.50	\$ 3,596,250
158	B-508	GENE AUTRY TR	PS	N of Palm Canyon Wash Bridge to Mesquite Ave - GAT2C GAT2D	7.50	N/A	\$ 849,100
164	B-334	DA VALL DR	CC	Dinah Shore to Ramon Rd - DVALL1	7.00	8.00	\$ 5,745,168
164	B-053	VISTA CHINO	CC	E side of Whitewater Rvr to Landau Blvd - VC5	7.00	7.00	\$ 3,936,800
164	B-118	AVE 56 / AIRPORT BLVD	COA	0.25 mi. W of Van Buren St to Harrison St - 56D	7.00	9.00	\$ 6,317,670
164	B-352	HARRISON ST	COA	Ave 52 to Ave 54 - HARSN2	7.00	8.00	\$ 4,063,800
164	B-350	GRAPEFRUIT BLVD	COA	Ave 54 to Ave 56 - GRPF4	7.00	7.50	\$ 10,133,200
164	B-210	VAN BUREN ST	COA	Ave 52 to Ave 54 - VANB4	7.00	6.00	\$ 6,723,600
164	B-540	AVE 52	COA	Intersection of Ave 52 and SR-86	7.00	N/A	\$ 2,843,100
164	B-159	INDIAN CYN DR	DHS	Mission Lakes Blvd to SR-62 - INCN14	7.00	8.00	\$ 10,251,000
164	B-464	MOUNTAIN VIEW RD	DHS	Miracle Hill Rd/Pierson Blvd to Hacienda Ave - PRS4B MTV0	7.00	7.50	\$ 11,580,000
164	B-194	HACIENDA AVE	DHS	Palm Dr to Mountain View Rd - HAC2	7.00	7.00	\$ 6,407,360
164	B-191	MISSION LAKES BLVD	DHS	N Indian Canyon Dr to Little Morongo Rd - MSLK1	7.00	7.00	\$ 10,013,440
164	B-160	LITTLE MORONGO RD	DHS	Mission Lakes Blvd to Pierson Blvd - LM1	7.00	5.00	\$ 3,721,040
164	B-533	VARNER RD / AVE 42	IND	Madison St to Clinton St - VRNR10A	7.00	N/A	\$ 6,482,520
164	B-525	MONROE ST	LQ	58th Ave to Ave 60 - MON8A	7.00	N/A	\$ 4,446,660
164	B-256	PORTOLA AVE	PD	Magnesia Falls Dr to Country Club Dr (Excl. Br. at Whitewater Chnl) - POR2	7.00	11.00	\$ 5,306,400
164	B-328	COOK ST	PD	Br. at Whitewater Chnl - CK7	7.00	10.00	\$ 16,080,000
164	B-428	COUNTRY CLUB DR	PD	Cook St to Eldorado Dr - CC6	7.00	9.00	\$ 3,962,112
164	B-074	FRANK SINATRA DR	PD	Portola Ave to Cook St - FS7	7.00	9.00	\$ 3,041,800
164	B-448	GENE AUTRY TR	PS	Intersection of Gene Autry Trl and Mesquite Ave / Dinah Shore Dr - GAT1A	7.00	10.50	\$ 995,085
164	B-320	BOB HOPE DR	RM	Gerald Ford to Dinah Shore Dr - BH2-6	7.00	6.00	\$ 4,598,880
164	B-321	BOB HOPE DR	RM	Dinah Shore Dr to Ramon Rd (southbound only) - BH3-6	7.00	6.00	\$ 3,564,400
164	B-319	BOB HOPE DR	RM	Frank Sinatra Dr to Gerald Ford Dr - BH1-6	7.00	5.00	\$ 4,703,400
164	B-119	AVE 56 / AIRPORT BLVD	UNC	Harrison St to Tyler St - 56E	7.00	8.00	\$ 3,978,240
164	B-164	MOUNTAIN VIEW RD	UNC	Dillon Rd to 20th Ave - MTV2	7.00	7.00	\$ 5,428,320
164	B-173	DILLON RD	UNC	Bennett Rd to Thousand Palms Cyn Rd (Incl. Br. At Wide Cyn Chnl) - DLN7	7.00	6.00	\$ 32,505,560
164	B-184	VARNER RD	UNC	Monterey Ave to Cook St - VRNR6	7.00	6.00	\$ 20,174,000
190	B-419	DA VALL DR	CC RM UNC	Ramon Rd to Vista Chino - DVALL2 DVALL3 DVALL4	6.67	9.33	\$ 30,570,618
191	B-429	CROSSLEY RD / GOLF CLUB DR	PS	Br. at Palm Cyn Chnl - CROSLY3A	6.50	7.50	\$ 7,967,900
192	B-236	DATE PALM DR	CC	Hwy 111 (E Palm Cyn Dr) to Gerald Ford Dr (Incl. at Cath. Cyn Br., doesn't Incl. WW Br.) - DPLM0A	6.00	9.50	\$ 14,970,948
192	B-327	CATHEDRAL CYN DR	CC	Dinah Shore Dr to Ramon Rd - CTHCN5	6.00	9.00	\$ 771,400
192	B-238	DATE PALM DR	CC	Dinah Shore Dr to Ramon Rd - DPLM0C	6.00	8.00	\$ 3,909,048
192	B-237	DATE PALM DR	CC	Gerald Ford Dr to Dinah Shore Dr - DPLM0B	6.00	7.00	\$ 3,537,600
192	B-165	MOUNTAIN VIEW RD	CC	20th Ave to Varner Rd - MTV3	6.00	7.00	\$ 6,579,600
192	B-177	DILLON RD	COA	I-10 IC to N side of Whitewater Br. - DLN11	6.00	7.00	\$ 3,889,200
192	B-188	PIERSON BLVD	DHS	N Indian Canyon Dr to Little Morongo Rd (Incl. Br. at Mission Cr.) - PRS2	6.00	8.00	\$ 7,630,600
192	B-187	PIERSON BLVD	DHS	SR-62 to N Indian Canyon Dr - PRS1	6.00	6.00	\$ 11,780,520
192	B-463	PIERSON BLVD	DHS	Palm Dr to Miracle Hill Rd - PRS4A	6.00	6.00	\$ 3,500,640
192	B-099	AVE 48	IND	Madison St to W side of All-Amer. Canal (Excl. Br. At All-Amer. Canal) - 48B	6.00	7.00	\$ -
192	B-500	AVE 48	IND	Jefferson St to Madison St - 48B1	6.00	N/A	\$ 1,940,400
192	B-518	JEFFERSON ST	LQ	Intersection of Jefferson St and Dunbar Dr - JEF1A	6.00	N/A	\$ 1,032,993
192	B-526	MONROE ST	LQ	Ave 60 to 62nd Ave - MON8B	6.00	N/A	\$ 3,953,160

192	B-079	COUNTRY CLUB DR	PD	Monterey Ave to Portola Ave - CC4	6.00	6.00	\$ 3,643,728
192	B-082	COUNTRY CLUB DR	PD	Eldorado Dr to Oasis Club Dr - CC7	6.00	6.00	\$ 3,891,360
192	B-345	GERALD FORD DR	PD	Cook St to Frank Sinatra Dr - GFD4	6.00	6.00	\$ 1,875,456
192	B-150	E PALM CYN DR	PS	Palm Cyn Dr to Sunrise Way - PLCN7	6.00	7.00	\$ 4,530,750
192	B-511	GENE AUTRY TR	PS	Escena Way to Vista Chino - GAT2G	6.00	N/A	\$ 9,034,956
192	B-512	INDIAN CYN DR	PS	Racquet Club Rd to Sunrise Pkwy - INCN6	6.00	N/A	\$ 3,404,000
192	B-174	DILLON RD	UNC	Thousand Palms Cyn Rd to Sunny Rock Rd - DLN8	6.00	6.00	\$ 23,441,880
192	B-175	DILLON RD	UNC	Sunny Rock Rd to Ave 44 (Incl. Br. over All-Amer. Canal) - DLN9	6.00	6.00	\$ 36,460,540
192	B-470	S VALLEY PKWY / 62ND AVE	UNC	Fillmore St to Pierce St (Incl. Br. at Whitewater Chnl) - SV7	6.00	6.00	\$ 18,720,640
214	B-433	DATE PALM DR	CC	Ramon Rd to 30th Ave - DPLM1 DPLM2	5.50	7.50	\$ 3,716,064
214	B-189	PIERSON BLVD	DHS	Little Morongo Rd to Palm Dr - PRS3A PRS3B	5.50	5.50	\$ 6,985,680
216	B-195	HACIENDA AVE	DHS	Mountain View Rd to Dillon Rd (Long Cyn Rd) - HAC3	5.00	5.00	\$ 10,346,240
216	B-303	58TH AVE	LQ	Jefferson St to Madison St - 58A	5.00	4.00	\$ 3,632,250
216	B-524	MONROE ST	LQ	Ave 54 to 58th Ave - MON7	5.00	N/A	\$ 8,576,820
216	B-478	WORSLEY RD	UNC	1 mile S of Pierson Blvd to Pierson Blvd - WORS3	5.00	10.00	\$ 4,396,400
216	B-305	58TH AVE	UNC	Monroe St to Jackson St - 58C	5.00	7.00	\$ 3,829,440
216	B-477	WORSLEY RD	UNC	Dillon Rd to 1 mile S of Pierson Blvd - WORS2	5.00	7.00	\$ 6,215,600
216	B-421	20TH AVE	UNC	Worsley Rd to N Indian Canyon Dr - 20A	5.00	6.00	\$ 16,314,000
216	B-168	RAMON RD	UNC	Monterey Ave to Thousand Palms Cyn Rd - RAM15	5.00	6.00	\$ 16,106,940
216	B-143	WASHINGTON ST	UNC	Ave 38 to Ramon Rd - WSH10A WSH10B	5.00	5.50	\$ 26,976,900
216	B-116	AVE 56 / AIRPORT BLVD	UNC	Monroe St to Jackson St - 56B	5.00	5.00	\$ 4,389,660
216	B-120	AVE 56 / AIRPORT BLVD	UNC	Tyler St to Polk St - 56F	5.00	5.00	\$ 3,326,400
227	B-323	CATHEDRAL CYN DR	CC	Terrace Rd to E Palm Canyon Dr - CTHCN1	4.00	8.00	\$ 3,043,100
227	B-326	CATHEDRAL CYN DR	CC	N side of Whitewater Br. to Dinah Shore Dr - CTHCN4	4.00	6.00	\$ 1,486,350
227	B-434	DATE PALM DR	CC	30th Ave to Vista Chino - DPLM3	4.00	5.00	\$ 3,323,856
227	B-521	JEFFERSON ST	IND	Ave 39 to Ave 38 - JEF9B	4.00	N/A	\$ 1,992,210
227	B-505	FRED WARING DR	IW	Bridge at Whitewater River - FW1	4.00	N/A	\$ 16,451,400
227	B-304	58TH AVE	LQ	Madison St to Monroe St - 58B	4.00	6.00	\$ 2,429,100
227	B-444	HIGHWAY 74	PD	El Paseo to Mesa View Dr - HWY74B	4.00	4.00	\$ 3,247,200
227	B-445	HIGHWAY 74	PD	Mesa View Dr to S Palm Desert City Limits - HWY74C	4.00	3.00	\$ 3,304,000
227	B-510	GENE AUTRY TR	PS	Ramon Rd to Escena Way - GAT2F	4.00	N/A	\$ 2,099,520
227	B-117	AVE 56 / AIRPORT BLVD	UNC	Jackson St to 0.25 miles W of Van Buren St - 56C	4.00	5.00	\$ 2,803,680
227	B-476	WORSLEY RD	UNC	20th Ave to Dillon Rd - WORS1	4.00	5.00	\$ 3,333,120
227	B-460	PALM DR	UNC	Varner Rd to 20th Ave - PD2	4.00	4.00	\$ 4,219,776
227	B-469	S VALLEY PKWY / 62ND AVE	UNC	Polk St to Fillmore St - SV6	4.00	4.00	\$ 4,973,760

ITEM 3

**Coachella Valley Association of Governments
TUMF/Nexus Advisory Sub-Committee
October 12, 2017**



Staff Report

Subject: TUMF Nexus Study

Contact: Eric Cowle, Transportation Program Manager (ecowle@cvaq.org)

Recommendation: Provide direction to staff to:

- 1) Work with Public Works Directors and City/County staff to reduce the level of improvements assumed to be needed over the next 25 years and report back.
- 2) Confirm simplification of the TUMF process by consolidating land uses to provide fewer categories and eliminating exemptions.

Background:

TUMF Origins

In 1987, the California Legislature passed a groundbreaking bill titled Assembly Bill 1600, also known as the "Mitigation Fee Act." The bill outlined the legal requirements in which a development impact fee is charged by a local governmental agency to an applicant related to the approval of a development project. The fee was intended to pay for all or a portion of the costs of public facilities associated with that project.

Two years later, in 1989, the Board of Supervisors of the County of Riverside drafted and adopted Ordinance No. 673, which outlines the establishment of a Transportation Uniform Mitigation Fee (TUMF) Program for the Coachella Valley. The fee would be imposed on future residential, commercial and industrial development within the jurisdiction.

The TUMF program compliments the 20-year Measure A sales tax measure approved by the voters of Riverside County in November of 1988. Measure A was due to expire in 2009, but the Riverside County Transportation Commission adopted Ordinance 02-001 following a 30-year extension by the voters in 2002. Measure A is currently slated to expire in 2039.

At the time of its adoption, the intention was for the TUMF to generate at least the equivalent of Measure A funding toward the Regional Arterial System. Today, TUMF revenue provides only a small fraction of match toward Measure A funding. The TUMF is required to be updated periodically. To accomplish this, a Nexus Study is conducted to lawfully link projected growth in the Coachella Valley to the current Transportation Project Prioritization Study (TPPS) Area. CVAG has utilized a five-year period for its updates, seeking to maintain the fee level at a fair and equitable level as conditions change.

In 2006, CVAG conducted a TUMF Nexus Study to update the fee, with relatively small changes made. However, the fee was not fully implemented. In 2010, CVAG considered another update but elected not to, given the economic downturn at that time. The current Nexus Study was initiated in 2015 and is anticipated to be adopted in 2018. As part of the update, a TUMF/ Nexus Advisory Sub-Committee was created and it is representative of both CVAG's membership and community stakeholders. CVAG staff had sought volunteers and appointments through the standing CVAG committee structure.

Transportation Project Prioritization Study

It is CVAG's responsibility to prepare and adopt a Regional Transportation Plan (RTP) for the Coachella Valley. This is accomplished through the creation of the Transportation Project Prioritization Study (TPPS), which identifies and prioritizes the needs of transportation projects in the region.

The CVAG Executive Committee approved the most recent Transportation Project Prioritization Study (TPPS) in June of 2016. The TPPS incorporated regional Active Transportation Projects (ATP) such as CV Link, consistent with the California Complete Streets Act (2008), and incorporated the Regional Arterial Cost Estimate (RACE) which established the cost of our Regional Transportation System. Collectively, the TPPS, ATP and RACE create the summary of needs and priorities for the ultimate regional transportation system used for the Transportation Uniform Mitigation Fee (TUMF) Nexus Study.

Transportation in California is shifting its focus. While Measure A has benefitted the Coachella Valley by bringing in a significant amount of funding to implement regional transportation projects, transportation needs and the TPPS will continue to change over time. A significant change to the last TPPS update was the inclusion of "Complete Streets." Complete Streets is a transportation policy and design approach that requires streets to be "planned, designed, operated, and maintained to enable safe, convenient and comfortable travel and access for users of all ages and abilities regardless of their mode of transportation (walking, cycling, automobiles, public transportation)." The state Legislature has mandated that ATP projects be integrated into their RTPs.

In 2014 CVAG's Executive Committee confirmed an approach that involved integrating ATP projects, such as CV Link, into the overall update of the TPPS. Historically, Measure A and TUMF have been invested on freeways projects to move more automobiles, but the State has shifted their focus toward more multi-modal transportation alternatives (bicycle, pedestrian, NEVs) that diversify our transportation system. CVAG's ATP includes projects that provide multimodal transportation alternatives to automobiles and addresses the need to move towards compliance with State initiatives. Although this program may only be a small portion of the overall TPPS, it allows for the region to be in a better position to compete for state and federal funding when available. Total costs associated with bicycle and pedestrian improvements are less than 1% of the preliminary TUMF costs of \$800 million. The very small percentage of total TUMF cost is due in part to the fact that ATP projects typically leverage a disproportionate amount of external funding. Additionally, most of the ATP projects contained within the TPPS support existing development.

Further reinforcing this philosophy, the CVAG Executive Committee recently approved investing \$10 million in regional funding for ten (10) projects that directly address bicycle and pedestrian accidents and fatalities on CVAG's Regional Arterials. These projects are scheduled to be under construction within the next year.

TUMF Nexus

The TUMF Nexus Study analyzes the relationship between the ultimate regional transportation system and the travel demand generated by future development. The result is a fee imposed onto new development to pay for its proportional contribution towards the future transportation system.

With the TPPS and accompanying documents approved, CVAG's consultant team went to work establishing the TUMF parameters and assumptions, which were presented at the December 2016 TUMF/Nexus Advisory Sub-Committee meeting.

With the maximum fee as a starting point, CVAG policy then determines what percentage of maximum fee will actually be charged (based on economic and other considerations), with local match and other funding sources making up the difference.

The consultant team has prepared a Technical Memorandum (attached) as a preface to the actual Nexus Study, describing the key assumptions and methodology underlying the calculation. They have included an initial calculation of the fee based upon current assumptions. The preliminary calculation of the maximum allowable fee is \$751/trip, which equates to \$7,145 per Single Family Dwelling.

Setting the fee at this level would be a substantial increase. At the same time, leaving the fee at its current level of \$1,837 per Single Family Dwelling will not provide the necessary funding to fully implement the Regional Transportation System, which is largely designed to serve new development. By comparison, WRCOG's TUMF fee is \$8,873 per Single-Family Dwelling, resulting in a fee that is more than four times higher than CVAG's current fee

CVAG staff recommends that they meet with City and County staff to evaluate reducing the preliminary maximum allowable fee by eliminating some of the projects from the TPPS over the 25-year horizon. This would reduce the overall TPPS costs and provide a lower TUMF fee. Historically, the TPPS, RACE and TUMF have been consistent; the Transportation Program has been fiscally constrained. To eliminate TPPS projects from funding consideration during the 25-year horizon would be a departure from CVAG policy. The TPPS would remain in place as a regional prioritization of projects, and would continue to be updated every five years, but there would no longer be an assumption that all of the projects would be funded in a given time period.

CVAG staff also has had discussions with the building industry organizations, Building Industry Association (BIA) and Desert Valley Builder's Association (DVBA), to brief them on the progress of the TUMF update and to seek their input regarding the methodology and assumptions related to the TUMF update. CVAG received letters from both organizations (attached). Notably, both organizations point to the need to reevaluate whether the projects being included in the TUMF would realistically be built in the next few decades.

Streamlining TUMF

CVAG's TUMF program is based on a land use classification category with the daily trip generation rate for that land use taken from the International Transportation Engineers Trip Generation Manual. Originally, CVAG's TUMF Program had approximately seventy-five (75) land use categories, but it was later reduced to the current thirty-seven (37) land uses for simplification.

Based on the last TUMF update, CVAG has experienced a number of problems with some land uses, including the shopping center category. Shopping centers are defined as a development with three business establishments in one or more buildings with a total floor area of 10,000 sq. ft. minimum, and the largest building is not larger than 50% of the floor area. Shopping centers are considered retail/services for the purpose of calculating TUMF. If a business establishment other than a restaurant is specifically listed in the TUMF formula and it's within a shopping center, TUMF is calculated as retail/services. For restaurants, a shopping center may include up to 25% restaurant use with no additional TUMF assessment. However, any restaurant use beyond the 25% will be assessed under the restaurant category (Low Turnover, High Turnover, Fast Food).

By meeting this definition, specific high trip generating land uses such as convenience markets and fast food can pay at the general retail rate, which is approximately 10% of the convenience/fast food TUMF rate which is \$54,611.26 per 1,000 sq. ft. There are a number of problems with the administration of the fee for "shopping centers," including that neither the fee technicians nor the CVAG TUMF administrator know where all past shopping centers are located. There currently are a number of small shopping centers which intend to build convenience stores with gas pumps and then expand at some future point in time. Tracking the timeline of these developments is difficult, and a high TUMF payment at first is a burden for developers.

As part of the current update, CVAG is proposing to consolidate land uses (industrial, office, retail) to simplify the process by charging a fee on a stand-alone building based on square footage.

Other land uses including single-family and multi-family will be charged per unit and hotels will be charged per room.

As a comparison, WRCOG does not have a “shopping center” provision and also does not have separate, higher TUMF for convenience markets and fast food. They are considered retail uses and pay a flat rate. Below is a sample comparison between WRCOG and CVAG of the TUMF that would be charged for a 1,500 sq. ft. building for various land uses.

	WRCOG	CVAG
Any of below in shopping center	See below	N/A
1,500 sq. ft. Convenience Market	\$11,250	\$81,917
1,500 sq. ft. fast food	\$6,285	\$67,273
1,500 sq. ft. High Turnover Restaurant	\$6,285	\$14,114
1,500 sq. ft. Low Turnover Restaurant	\$6,285	\$9,984

As can be seen, WRCOG has a simplified process of charging TUMF for the land uses listed. Again, CVAG is proposing to further consolidate land uses to simplify the process in charging for TUMF. WRCOG has worked to update their TUMF Program parallel to CVAG’s efforts in updating its TUMF Program. WRCOG’s Program is currently in effect.

CVAG’s current TUMF Program includes a number of exemptions:

1. Low and lower-income residential housing.
2. Public buildings (public schools and public facilities) unless they are primarily leased for-profit enterprises.
3. Building used for religious purposes but excluding other commercial or residential properties or businesses owned by a religious institution.
4. The reconstruction of any structure or improvement to land (continues pre-existing use; generates same or fewer trips as original use; and reconstruction or improvement occurs within one (1) year of the demolition of the structure or improvement.
5. Solar facilities are not charged on arrays but buildings are charged specific rates (Industrial for maintenance or storage buildings or Office Building for office space).

Under the TUMF update, CVAG staff proposes that these exemptions be eliminated. Therefore, no exemptions will be allowed and all land uses will be subject to TUMF. At the last two TUMF/Nexus Advisory Sub-Committee meetings (August and December 2016), the Committee generally concurred with the recommendation of simplifying the process and eliminating exemptions.

CVAG’s current TUMF Program does not have an inflationary adjustment factor. As part of the TUMF update, CVAG is proposing an annual inflationary adjustment to the final TUMF fee. CVAG proposes to utilize the Consumer Price Index, similar to the inflation factor that was approved for the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP). In discussions with the building industry organizations (BIA and DVBA), both support this fee adjustment but are opposed to an automatic annual adjustment. CVAG staff proposes the annual inflation factor since TUMF revenues have decreased drastically over the last ten years. While the economy is not back to its strength it was ten years ago, the inflation adjustment will bring in some minimal revenues that would help further offset the cost of regional improvements. The building industry

organizations are not opposed to the inflation adjustment, but would like it to be visited on annual basis and not be an automatic increase. Staff concurs that the inflation adjustment should be considered on an annual basis.

WRCOG's TUMF Program includes an inflation factor (Construction Cost Index Adjustment) for the TUMF. However, it is not automatic and is considered by its Executive Committee on an annual basis.

The goal of the October TUMF/Nexus Advisory Sub-Committee meeting will be to discuss the consultant's initial calculation and, if needed, consider possible alternatives to reduce the fee. Based upon what is determined by the TUMF/Nexus Sub-Committee, the consultant team will prepare the Draft TUMF Nexus Report and present it to the Sub-Committee in November for a recommendation in order to advance the process through CVAG's committee structure for adoption of the new TUMF Program.

Attachments:

- Memo from Economic & Planning Systems, Inc.
- Letter From DVBA
- Letter from BIA

TECHNICAL MEMORANDUM

To: Martin Magana, Coachella Association of Governments (CVAG)

From: Jason Moody, Economic & Planning Systems (EPS)
Paul Rodriguez, Rodriguez Consulting Group
Ryan Zellers, Michael Baker International
Anna Luo, Fehr & Peers

Subject: Updated Methodology and Analysis for Updating the CVAG Transportation Uniform Mitigation Fee (TUMF); EPS 144043

Date: January 25, 2018

The Economics of Land Use



This technical memorandum describes the preliminary methodology, assumptions, and calculations for updating the Coachella Valley Transportation Uniform Mitigation Fee (TUMF). It has been prepared as a precursor to a more formal Nexus Study that will be needed to implement the TUMF update and satisfy the requirements of California Government Code Chapter 5 Section 66000-66008 (also known as the California Mitigation Fee Act). Economic & Planning Systems (EPS) has prepared this memo, with support from a broader consultant team led by Michael Baker International, retained by the Coachella Valley Association of Governments (CVAG) to assist in developing key components of the Regional Transportation Plan (RTP).

Initially established in 1989, the CVAG TUMF is a one-time fee charged on all new development occurring within the CVAG region designed to cover the "fair share" cost of regional serving transportation projects and improvements needed to serve growth. The program relies on local agencies (e.g., cities and unincorporated communities) to collect TUMF as development occurs. The forthcoming TUMF Nexus Study will establish a nexus or reasonable relationship between the updated fee amount and the proportion of transportation improvement costs attributable to new development.

This memo has been updated based on direction received from the TUMF/Nexus Committee on October 12th, 2017. Specifically, the Committee asked CVAG staff to look at reducing the cost of the TUMF program by reevaluating TPPS projects. Based on this input, CVAG staff has met with representatives from member jurisdictions to obtain input on the following:

*Economic & Planning Systems, Inc.
One Kaiser Plaza, Suite 1410
Oakland, CA 94612-3604
510.841.9190 tel
510.740.2080 fax*

*Oakland
Sacramento
Denver
Los Angeles*

1. Identify and estimate the level of non-TUMF external funding assumptions inherent in each jurisdiction's ability to move specific Transportation Project Prioritization Study (TPPS) projects forward. These external funding assumptions have been removed from the TUMF obligation.
2. To identify and remove projects from TUMF consideration where there was much uncertainty in the likelihood of that project moving forward in the next 15-25 years.

The primary goal of the preliminary calculations presented in this memorandum is to update the TUMF calculation based on the new information received from the process described above.

TUMF Projects and Costs

The TPPS, as well as the Regional Arterial Cost Estimate (RACE), and Active Transportation Plan (ATP) were formally approved by the CVAG Executive Committee on June 27, 2016. These studies provide the core elements of the TUMF calculation by providing the list of potentially eligible projects and their corresponding costs. However, after meeting with each jurisdiction, CVAG found that nearly all projects scoring below 7.5 points on the TPPS had been “removed” from TUMF consideration. Jurisdictions pointed out that these projects may become higher in priority in the next 5, 10 and 15 years, when the TUMF Nexus study is repeated. While there were some projects that scored above 7.5 points included in the jurisdictional project removals, CVAG felt that their regional priority in the TPPS necessitated their inclusion in the TUMF Study.

Table 1 provides an updated cost estimate for TPPS projects after removing those that scored below 7.5 points. Eliminating these projects removed \$605.5 million from TUMF consideration. As shown, the updated total delivery cost is estimated at approximately \$3.444 billion, including the TPPS, ATP, and two other regional projects.

Table 1 Initial List of TUMF Eligible Projects and Total Costs

Type of Projects	Project Cost	
	\$ Amount	%
Buildable Projects	\$2,534,500,000	89.3%
-- Capacity Improvement Projects	\$2,040,620,000	71.9%
-- Widening or Updating Cross-Sections	\$156,400,000	5.5%
-- Other Operational Improvements	\$336,540,000	11.9%
-- Resurface or Reconstruction Only	\$940,000	0.03%
ATP Regional Projects	\$157,700,000	5.6%
-- Regional Bicycle Projects	\$149,700,000	5.3%
-- Regional Pedestrian Improvements	\$8,000,000	0.3%
Other Regional Transportation Projects	\$146,100,000	5.1%
-- CV Link	\$99,400,000	3.5%
-- Valley-wide Signal Synchronization	\$46,700,000	1.6%
Regional Traffic System Costs	\$2,838,300,000	100%

As shown above, the bulk of the project costs, or approximately 72 percent, are identified as "Capacity Improvement Projects." These projects are so-named because they expand the capacity of the regional transportation network by adding lanes or entirely new arterials and connections, allowing the network to better accommodate growth. The projects referred to as "Widening or Updating of Cross-Sections" and "Other Operational Improvements", which combine for about 17 percent of costs, provide a variety of benefits to both new and existing commuters, but do not expand the network capacity in a measurable way. ATP and other regional projects such as CV Link and valley-wide signal synchronization, combine for slightly less than 11 percent of total costs. Projects categorized as "Resurface and Reconstruction Only" have been removed from the TUMF calculation since they are related to the maintenance of the current network, as described further below (a relatively minor adjustment since total cost of these projects is only \$940,000).

Traffic Model Used for TUMF Update

As noted, pursuant to the Mitigation Fee Act, development impact fees must establish a reasonable relationship, or nexus, between the cost of new capital facilities and improvements allocated to future development and the contribution of growth to the need for these facilities. For transportation impact fees, recently updated and adopted traffic models are generally used as a tool to estimate the allocation of costs of new transportation facilities between existing and future development.

Based on direction from the CVAG Executive Committee, the Riverside County Traffic Analysis Model (RIVTAM) has been used to calculate the TUMF. Specifically, as part of this study process, Fehr & Peers has updated the RIVTAM model to reflect the latest 2040 socio-economic and roadway network assumptions in the CVAG region consistent with the SCAG's 2016 Regional Transportation Plan (RTP). In addition to the Federal Transportation Improvement Program (FTIP) and RTP projects identified in the 2016 RTP, the TPPS projects were also added to the model to estimate the daily trips generated in the CVAG region by Year 2040.

Table 2 shows the estimated growth in the number of daily vehicle trips ends in the CVAG region between existing (2015) and 2040 based on the model update. As shown, the existing 2015 vehicle trip ends were estimated to be 3,141,640 and the total growth was estimated to be 1,074,500 trip ends over the next 25 years, or by 2040.¹ Based on this projection, the future growth in trip ends will represent about 25 percent of total trips in 2040. In other words, future growth is expected to account for roughly 25 percent of total trips ends within the CVAG region

¹ The traffic growth in CVAG was estimated using the delta in origin-destination (O-D) trip tables between the Base Year 2008 Model and Future Year 2040 Model. In order to capture the trips only associated with the Coachella Valley region, the external-to-external trips (meaning trips starting from and ending at areas outside of the Coachella Valley) were excluded from traffic growth. For external-to-internal or internal-to-external trips (meaning trips having one end in CVAG and the other end outside of CVAG), only half of those trips were included in the traffic growth calculation. For the purpose of the TUMF, the number of trip ends was used to calculate the fee which is consistent with the 2005 TUMF study. Any internal-to-internal trip (meaning trips traveling inside CVAG) is considered as two trip ends and any external-to-internal or internal-to-external trip is considered to have one trip end in Coachella Valley.

by 2040. This proportion is used to allocate a portion of the cost for TUMF eligible projects to future growth, as described further below.

Table 2 Estimated Growth in Trip Ends in CVAG Region (2015 – 2040)

	Avg. Daily Trip (ADT) Ends in Year:		2015 - 2040 Growth in ADT		
	2015	2040 (with TPPS)	Total	Growth as % of 2040 total	Average Annual
Total for CVAG Regional Network	3,141,640	4,216,160	1,074,520	25%	1.2%

Source: F&P; RIVTAM

TUMF Costs Allocated to New Development

Under the Mitigation Fee Act, development impact fees cannot include the cost of infrastructure improvements needed to address “existing deficiencies”. In other words, the cost of new capital facilities and improvements needed solely to address the needs of existing users must be excluded from the TUMF calculation. In accordance with this requirement, the preliminary nexus calculations provided herein utilize RIVTAM projections to allocate the cost of the TUMF eligible projects between new and existing development.

This nexus analysis has identified three distinct cost allocation methodologies depending on the type of project under consideration, as describe below:

- Regional Capacity Improvement Projects:** For TPPS projects that have been identified as “capacity improvements” the RIVTAM model has been used to estimate the portion of costs attributable to growth. The daily volume/capacity (v/c) ratio was obtained from RIVTAM base year model to determine whether the project is contributed by existing deficiency based on level of service (LOS) criteria. Consistent with the 2005 TUMF study, LOS D is considered to be acceptable LOS for arterial roadway network. Any project’s roadway segment with a v/c ratio exceeding 0.62 were considered to operate with existing deficiency, and a fair share calculation was then performed to estimate the portion of costs attributable to growth for the project. The fair share percentage was calculated by subtracting the existing volumes from future demand and then divided by the future demand, and the percentage was applied to the project’s total cost to estimate the portion of costs attributable to growth. For projects with roadway segments operating at LOS D or better (or v/c ratio of 0.62 or less), it is assumed 100 percent of the project’s cost is attributable to growth.
- Regional Operational, Safety, and ATP Projects:** In addition to “capacity improvement projects”, other regional projects are included in the TUMF calculation because they improve the regional network for both existing and new users, either through operational enhancements, safety, and/or active transportation modes (e.g. bicycle and pedestrian facilities). Since these improvements and facilities are designed to serve and benefit both existing and new development, the costs are allocated in proportion to growth. Specifically, approximately 25 percent of the cost of these projects are allocated to growth reflecting the estimated share of new trip ends to total trip ends in 2040 (see **Table 2**).

- **Resurfacing Projects:** The TPPS projects focused on the resurfacing of existing arterials have been removed from the TUMF calculation (i.e., these costs are excluded from TUMF). This is because these projects are needed to maintain the current network rather than help accommodate growth.

Table 3 summarizes the allocation of TUMF eligible project costs between new and existing development based on the methodology described above. As shown, overall, about 80 percent of the TUMF eligible project costs are allocated to new development. This amount includes 97 percent of the cost of “Capacity Improvement Projects” since the majority of these projects are not currently needed given level of service standards assumed for this analysis.

Table 3 Allocation of TUMF Eligible Project Costs to New Development

Type of Projects	Project Costs	Proportion of Costs Allocated to Growth	Total Costs Allocated to Growth
Buildable Projects	\$2,534,500,000		\$2,099,399,456
-- Capacity Improvement Projects	\$2,040,620,000	97%	\$1,973,770,000
-- Widening or Updating Cross-Sections	\$156,400,000	25%	\$39,859,713
-- Other Operational Improvements	\$336,540,000	25%	\$85,769,743
-- Resurface or Reconstruction Only	\$940,000	0%	\$0
ATP Regional Projects	\$157,700,000		\$40,191,028
-- Regional Bicycle Projects	\$149,700,000	25%	\$38,152,168
-- Regional Pedestrian Improvements	\$8,000,000	25%	\$2,038,860
Other Regional Transportation Projects	\$146,100,000		\$37,234,681
-- CV Link	\$99,400,000	25%	\$25,332,836
-- Valley-wide Signal Synchronization	\$46,700,000	25%	\$11,901,845
Total	\$2,838,300,000	77%	\$2,176,825,165

[1] Cost allocation based on RIVTAM analysis. For projects with no existing deficiencies, 100 percent of costs are allocated to growth. Cost for all other projects allocated proportional to growth in trip-ends attributable to new development growth.

[2] Cost allocation based on new trips from 2015 - 2040 divided by total trips in 2040.

Other Funding for TUMF Projects

CVAG has programming authority for Measure A, State and Federal formula funds. Riverside County Transportation Commission (RCTC) is the regional transportation planning agency responsible for administration of funds throughout Riverside County. Due to the diverse needs of sub-regions throughout the County, programming decisions within Coachella Valley are typically delegated to CVAG. Competitive grant funding is typically managed directly by RCTC or State and Federal sponsoring agencies.

It is a common practice in calculation of a development impact fee to deduct any obligated or projected revenue from other funding sources from the total cost of planned capital facilities and improvements. For the purposes of the TUMF update calculations five separate and discrete

revenue or funding sources (other than the TUMF itself) have been estimated and deducted from the costs attributable to new development, as described below.

Obligated Funds

TUMF project costs should exclude funding that has already been secured or is obligated from other sources. As of November, 2016 CVAG staff report that it has approximately \$232 million allocated to TPPS projects from available sources. Programming decisions are made periodically and obligation values are updated as needed. A list of current projects and funding commitments is summarized in **Table 4**.

Table 4 Summary of Obligated Funds Available to Off-set TUMF Costs

Type of Projects	Project Cost		Obligated Funding ¹
	\$ Amount	%	
Buildable Projects	\$2,534,500,000	89.3%	\$145,886,000
-- Capacity Improvement Projects	\$2,040,620,000	71.9%	\$102,956,000
-- Widening or Updating Cross-Sections	\$156,400,000	5.5%	\$1,972,000
-- Other Operational Improvements	\$336,540,000	11.9%	\$40,958,000
-- Resurface or Reconstruction Only	\$940,000	0.03%	\$0
ATP Regional Projects	\$157,700,000	5.6%	\$8,300,000
-- Regional Bicycle Projects	\$149,700,000	5.3%	\$8,300,000
-- Regional Pedestrian Improvements	\$8,000,000	0.3%	\$0
Other Regional Transportation Projects	\$146,100,000	5.1%	\$77,767,625
-- CV Link	\$99,400,000	3.5%	\$75,000,000
-- Valley-wide Signal Synchronization	\$46,700,000	1.6%	\$2,767,625
Regional Traffic System Costs	\$2,838,300,000	100%	\$231,953,625

[1] Only includes portion of obligated funding applicable to TUMF related costs.

Although a significant portion of obligated funds are under CVAG's control, competitive funding from State and/or federal sources, such as Active Transportation Program (ATP) funding, is determined by others. ATP projects in the CVAG region, including major infrastructure projects such as CV Link, have received approximately \$75 million in grants and funding allocations from CMAQ and various other sources. The values are deducted from the TPPS and ATP gross network.

Other External Funding

As noted, based on direction from the TUMF/Nexus Committee CVAG staff have worked with member jurisdictions to identify and estimate the additional, external funding assumptions associated with the all TPPS projects rated above 7.5 points. Specifically, jurisdictions provided estimates of the level of non-TUMF funding that would be necessary to move these projects

forward. The total external funding estimate from all the jurisdictions was \$328,032,689. Consequently, this amount has been removed from the TUMF calculation, as shown in **Table 6**.

Developer Funded Improvements

Section 6 (d) (2) of the CVAG TUMF model ordinance indicates that CVAG will “establish an estimate of the value of customary developer dedications to the extent they have been included in the total cost of the regional system.” Dedications are right of way and/or completed roadway segments that are required to be completed by developers as part of their development approvals. In previous TUMF Nexus Studies, the estimated value of developer dedications has been used to offset or reduce the TUMF collection target.

This reduction of the TUMF collection target provides an appropriate program ‘credit’ to developers for completing actual improvements to the arterial system.

While the value of developer contributions is difficult to quantify, they are real and should be accounted for in the TUMF. As part of the initial TUMF calculation in 1988 it was estimated that such dedications represented 25 percent of the value of total TPPS (regional system) costs. This estimate was affirmed in 2005. It is recommended that we retain the 25 percent estimate for the value of developer dedications for the 2017 Nexus Study, excluding CV Link.

State and Federal Transportation Funding

CVAG receives transportation funding from a variety of State and federal sources, much of which is allocated by formula or agreement through RCTC. This includes funding through the State Transportation Improvement Program (STIP), CMAQ, the federal Surface Transportation Program (STP)² and Transportation Investment Generating Economic Recovery (TIGER) grants, and other sources. While the funding levels from State and Federal sources can vary significantly from year to year, for the purposes of the TUMF analysis, CVAG projects that the region will receive about \$172 million from these sources over the next 25 years, or an average of about \$6.86 million per year.³

Local Match

The CVAG share of regional road system project costs has been set by the Executive Committee at 75 percent of qualified project costs, excluding such typical improvements as landscaping improvements. Local jurisdictions are required to provide the remaining 25 percent of project costs, as well as 100 percent of unqualified project costs. For the purposes of the TUMF, CVAG has indicated that projects on the TPPS will be funded with 75 percent regional funds with a 25

² The federal The Surface Transportation Program (STP) provides flexible funding that may be used by States and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.

³ Based on the last call for projects in 2013 for federal grant funds STP, CVAG received \$21,458,175, or about 33 percent of the total pot for Riverside County. For CMAQ funds, CVAG is averaging about \$6 million per year, which would. These two sources would combine for about \$171,458,175 over a 25-year period (\$21,458,175 + \$6 million times 25 years).

percent local match requirement. Accordingly, this analysis assumes that the TUMF costs are reduced by 25 percent to account for this local match.

Measure A

In accordance with RCTC Ordinance No.02-001, Riverside County Transportation Commission Transportation Expenditure Plan and Retail Transaction and Use Tax (Measure A), 50 percent of the sales tax revenue generated by Measure A within the Coachella Valley is allocated to CVAG for use on the Regional Arterial System. This sales tax was approved through 2038. CVAG uses this revenue to complete projects included in the TPPS. CVAG intends to continue to utilize this revenue for projects included in the TPPS

For the purpose of determining the share of Measure A revenues that will likely be available for completing future TPPS projects, EPS used an average from actual revenues between 2007 and 2016 as well as projected growth in trips through 2040. In addition, it is assumed that 81 percent of the Measure A revenue would be used to off-set TUMF costs, with the remaining available to cover future project costs not covered by TUMF (e.g., the amount allocated to “existing deficiencies”). This methodology yields average annual Measure A revenues available to off-set TUMF costs of about \$22.8 million per year or \$461 million over 25 years, as shown in **Table 5**.

Table 5 Estimated Measure A Revenues Available To Off-set TUMF Costs

Type of Projection	Average Annual Amount	Total
2007-16 Growth Rate In Measure A \$s	\$20,308,586	\$487,406,064
2010-16 Growth Rate in Measure A \$s	\$26,270,481	\$630,491,536
SCAG Trip Growth (2017 - 2040)	<u>\$21,934,342</u>	\$526,424,215
Average of All Projections	\$22,837,803	
25 Year Total		\$570,945,075
Allocation to TUMF Eligible Projects @ 81%		\$461,309,188

Table 6 summarizes the assumptions above to estimate the total revenue that is likely to be available to off-set TUMF project costs over the next 25 years. As shown, the total TUMF Costs of \$2.176 billion (i.e., the TPPS costs attributable to growth) are reduced by an additional \$1.934 billion to account for other funding sources, leaving a net TUMF cost of about \$242.7 million.

Table 6 Net TUMF Costs After Funding from Other Sources

<u>Category</u>	<u>Source</u>	<u>Formula</u>	<u>Amount</u>
TUMF Cost Allocation	See Table 3	= a	\$2,176,825,000
Obligated Funding	See Table 4	= b	\$231,953,625
External Funding	CVAG Jurisdiction data	= c	\$328,000,000
CV Link Costs Allocated to Growth	See Table 3	= d	\$25,332,836
Developer Funded Improvements	CVAG Estimate	e = 25% * (a - d)	\$537,873,000
State and Federal Funding	CVAG Estimate	= f	\$171,458,000
Subtotal		g = a - b - c - e - f	\$907,540,000
25% Local Match	CVAG Policy	h = g * 25%	\$226,885,000
Measure A Funding to TUMF	See Table 5	= i	\$437,885,000
Net TUMF Costs		j = g - h - i	\$242,770,000

TUMF Calculation

The data and analysis described above provide the core components of the TUMF calculation. The next step in the TUMF calculation is to divide the net TUMF cost above by the projected growth in average daily trips (ADT) over from 2015 – 2040. As shown in **Table 7** this calculation results in TUMF per ADT of \$226. This average TUMF per trip amount would be used as the basis for calculating the actual TUMF obligation for a particular development based on ADT generation factors for the different land use categories. It should be noted that based on guidance from Fehr & Peers, the TUMF per trip rate for retail will likely be reduced by 35 percent to account “linked” trips, or trips that are part of multi-purpose commute (e.g., stopping at a retail store on the way to or from work).

Ordinance 88-1 which established Measure A, provided that “The Uniform Traffic Mitigation Fee Schedule shall be established in order to generate at least the equivalent of Measure A funding...”. At \$226 per trip, this 50% goal is not being accomplished. Cuts to the TPPS beyond the 7.5 point threshold would further diminish the ratio of TUMF funding and could open the door to litigation.

Table 7 Calculation of TUMF per Average Daily Trip (ADT)

<u>Category</u>	<u>Source</u>	<u>Formula</u>	<u>Amount</u>
Net TUMF Cost	See Table 6	= a	\$242,782,000
Growth in ADT (2015 - 2040)	See Table 2	= b	1,074,520
Avg. TUMF / ADT		= a / b	\$226

Comparison with Existing TUMF by Land Use

Table 8 provides illustrative TUMF calculations based on 2012 trip rates by for the major land use categories applicable to the update. It also compares this initial TUMF update amount to the existing TUMF as well as the TUMF calculated in the Nexus Report prepared by Parsons Brinckerhoff in 2006. As shown, the differences in fee levels calculated in the preliminary TUMF update compared to the existing and 2006 calculated TUMF is primarily the result of the factors described below.

Table 8 Illustrative TUMF Amount by Land Use and Comparisons with Existing

Fee Category	Avg. Daily Trip Rates (2012 ITE) ¹	Preliminary TUMF Update		Existing TUMF ²		2006 Calculated TUMF ³	
		Per trip	Total	Per trip	Total	Per trip	Total
Single Family (per unit)	9.52	\$226	\$2,151	\$192	\$1,828	\$303	\$2,885
Multi-Family (per unit)	6.23	\$226	\$1,408	\$192	\$1,196	\$303	\$1,888
Industrial (per 1,000 Sq. Ft.)	5.49	\$226	\$1,240	\$148	\$812	\$233	\$1,279
Office (per 1,000 Sq. Ft.)	19.43	\$226	\$4,390	\$148	\$2,875	\$233	\$4,527
Retail (per 1,000 Sq. Ft.) ⁴	51.63	\$147	\$7,583	\$74	\$3,821	\$117	\$6,041
Hotel (per room)	8.17	\$226	\$1,846	\$148	\$1,209	\$233	\$1,904
Projected TUMF Revenue Through 2040⁵							
Total		\$221,539,000		\$166,052,000		\$262,000,000	
Annual		\$8,861,560		\$6,642,080		\$10,480,000	

[1] Based on weighted trip generation rates derived from Institute of Transportation Engineers 9th Trip Generation manual, published in 2012. Trip rates differ slightly from the 2012 TUMF Handbook which is based on 2008 ITE.

[2] The existing fees vary slightly from those shown here because they are based on 2008 ITE trip rates.

[3] Based on the fee levels calculated in the "Transportation Uniform Mitigation fee, 2006 fee schedule Update Nexus Study Report" prepared by Parsons Brinckerhoff (see page 41).

[4] The retail fee per trip for the TUMF update is reduced by 35% to account for linked or pass-through trips, based on guidance from Fehr & Peers.

[5] Rought estimate based on ADT projections by land use category through 2040 from RIVTAM.

- 1. Reduction in new average weekday trip ends.** The projected growth in the number of trip ends in the CVAG region, a key determinant in the TUMF estimate (it represents the denominator in the calculation), has significantly reduced relative to the 2006 TUMF Nexus Report. Fehr & Peers has calculated about 1,074,520 new weekday trip ends by 2040 compared to 4,399,536 estimated in the 2006 TUMF. This update reflects the most recent SCAG RFP land use assumptions which indicate traffic levels growing at an average rate of about 1.5 percent per year (compared to about 7 percent in the 2006 Report).
- 2. Increase in total costs of TUMF eligible projects.** The list of projects included in the TUMF and their associated cost is a key determinant of the fee level (it represents the numerator in the calculation). In 2006 the total TUMF eligible project costs were \$2.6 billion compared to \$2.8 billion in the preliminary updated estimate.
- 3. Policy Decision to Reduce 2006 TUMF:** Based on policy considerations, the existing TUMF approved by CVAG is slightly lower than the amount calculated in the 2006 Report for all fee categories (for example, the 2006 TUMF Nexus Report calculated a residential TUMF rate of \$303 per ADT compared to the existing approved TUMF rate of \$192 per ADT).

Comparison with Proposed WRCOG TUMF

The Western Riverside Council of Governments (WRCOG) is currently preparing the Draft Transportation Uniform Mitigation Fee (TUMF) Nexus Study. **Figure 1** and **Figure 2** compare the preliminary CVAG TUMF with the proposed WRCOG TUMF for residential and nonresidential land uses, respectively. As shown, the preliminary CVAG TUMF is substantially lower than the proposed WRCOG TUMF for residential but substantially higher for nonresidential. The WRCOG nexus analysis utilizes a different methodology to allocate costs between residential and nonresidential development that incorporates estimated differences in trip purpose and peak hour vehicle miles traveled (VMT) by land use. For example, all "home based" trips to work, school, or other are allocated entirely to residential land uses (i.e., single-family or multifamily development).⁴ In addition, the WRCOG TUMF does not account for the use of comprehensive funding sources to deliver the network.

⁴Detailed methodology for WRCOG can be found in the Transportation Uniform Mitigation Fee Nexus Study 2016 Update prepared by WSP and Parsons Brinckerhoff (page 57 illustrates cost allocations. See http://www.wrcog.cog.ca.us/uploads/media_items/tumfnexusstudy-170228-draft.original.pdf

Figure 1 Residential TUMF Comparison between Preliminary TUMF Update and WRCOG

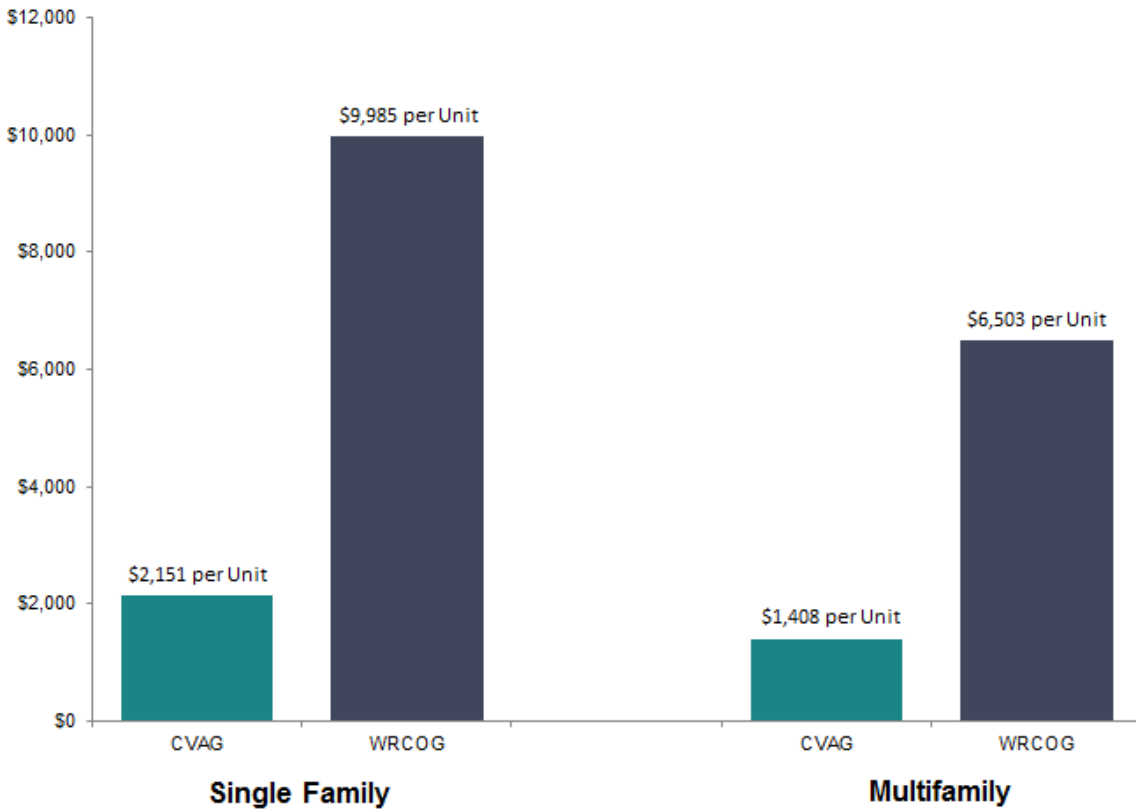
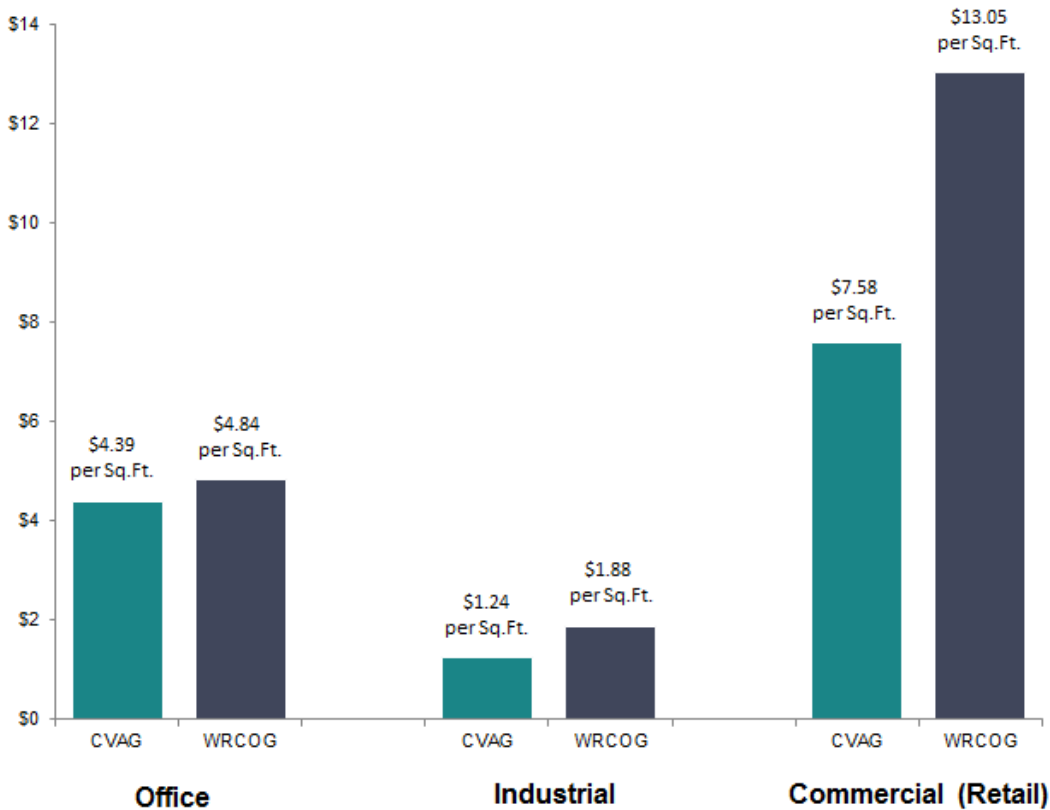


Figure 2 Nonresidential TUMF Comparison Preliminary TUMF Update and WRCOG



TUMF Implementation and Administration

Many of the key implementation and administrative elements of the TUMF are specified in the CVAG TUMF Handbook, last update in July, 2012 as well as the CVAG TUMF model ordinance. It is likely that the TUMF update will include a number of modifications to this Handbook and corresponding model ordinance, including the following.

Elimination of Land Use Exemptions

The current TUMF policy handbook exempts a number of land use categories from paying the fee (examples include affordable housing, public buildings, and some religious structures). It is proposed that the TUMF update will eliminate any TUMF land use exemptions except those required by State or federal law (for example, public schools are statutorily exempt from AB 1600 impact fees). In other words, all new development in the CVAG region will be subject to the TUMF unless otherwise exempt due to superseding law.

Application of Annual Inflation Adjustment

The existing CVAG TUMF manual does not currently allow for or prescribe an inflation adjustment factor to account for the increase in construction cost that is likely to occur over time. However, it is common practice to include such an annual adjustment factor so that the fee revenues keep pace with inflation. By way of example, the County-wide habitat mitigation fee is revised annually by means of an automatic adjustment at the beginning of each fiscal year based on the average percentage change over the previous calendar year set forth in the Consumer Price Index (CPI) for the Los Angeles-Anaheim-Riverside Area.

It is proposed that an inflation adjustment be made automatically and validated on an annual basis.

Simplification of Land Use Categories

The current TUMF Manual defines over 35 separate land use categories, and numerous sub-categories, each with different fee rates based on the trip generation, or ADT rates. There have been concerns raised by developers and CVAG member agencies that this structure is overly complicated and confusing. Consequently, CVAG has simplified the land use categories which eliminate factors that override the basic fee rate of a land use. For example, under the current TUMF Program, the highest TUMF rates are for convenience markets and fast food restaurants. When convenience stores are located within shopping centers it can create confusion because under the current TUMF Manual, shopping centers are defined as having at least three business establishments which may be housed in one or more buildings; have a total building floor area of at least 10,000 square feet (sq. ft.), and that the largest establishment not contain more than 50 percent of the floor area.

Under the new TUMF Program, convenience stores, restaurants and shopping centers are proposed to be charged strictly as "retail." Therefore, TUMF would apply to each new building based on square footage without any additional factors. All CVAG TUMF land use categories are proposed as shown in **Table 8** above and include: single-family home (per unit), multifamily (per unit), industrial (per 1,000 sq. ft.), office (per 1,000 sq. ft.), retail (per 1,000 sq. ft.), hotel (per room) without any extenuating modifications. This allows the fairest fee contribution into the regional roadway system by each new building.

Next Steps

It is recommended that the TUMF/Nexus Sub-Committee direct CVAG staff to have the consultant use the TUMF updated methodology and preliminary calculations presented above in drafting the Final TUMF Nexus Study for action through CVAG's committee structure starting April 2018.