

STAFF REPORT

SUBJECT: Fiscal Year 2020-2021 Regional
Transportation Impact Fee (RTIF)
Program Annual Report

RECOMMENDED ACTION: Information Only

DISCUSSION:

SUMMARY:

The objective of the Regional Transportation Impact Fee (RTIF) program is to mitigate the impact of new development on the regional transportation network and to combine RTIF funds with federal, state, and other local funding to implement transportation improvements identified in the RTIF program. Attachment A is the RTIF annual report, which highlights the expenditure amounts and projects funded.

RECOMMENDATION

This item is for information only; no action is requested.

FISCAL IMPACT:

Staff time related to program administration and annual reporting are covered by the 2% administrative fee calculated on the RTIF funds forwarded to the San Joaquin Council of Governments by member jurisdictions per the RTIF operating agreement and Local Transportation Funds (LTF). These funding sources are outlined in the adopted Overall Work Programs for Fiscal Years 2020-2021 and 2021-2022. Professional audit activities, consultants, and legal services are funded through billing of third-party costs to each participating agency.

DISCUSSION:

Land Use Approvals

The following is a summary of land use approvals that were subject to the RTIF. All new developments in San Joaquin County are required to pay the RTIF.

- San Joaquin County jurisdictions accepted permits for 3,267 single-family homes and 988 multifamily residential units in FY 20-21, for a total of 4,255 residential units.

- The greatest total residential permit activity was seen in Lathrop (1,046 units), followed by Stockton (989 units) and Manteca (908 units) (Figure 1).
- San Joaquin County jurisdictions accepted permits for almost 7 million square feet of retail, office, commercial, industrial, and warehouse. Of this amount, over 5.8 million square feet was for warehouse (Figure 2).

Figure 2

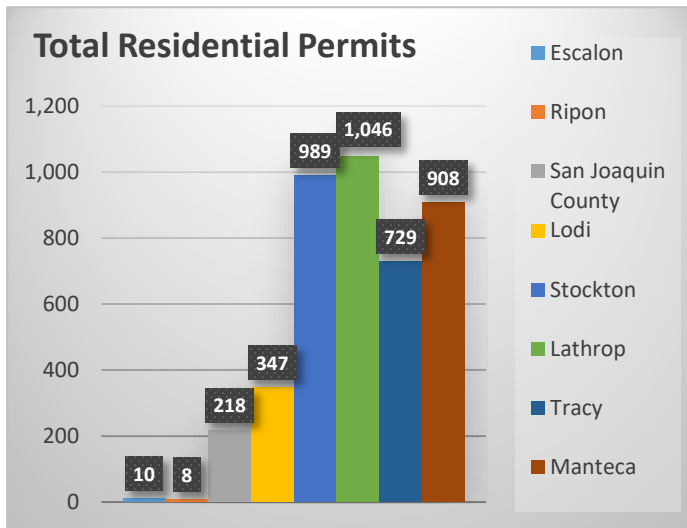
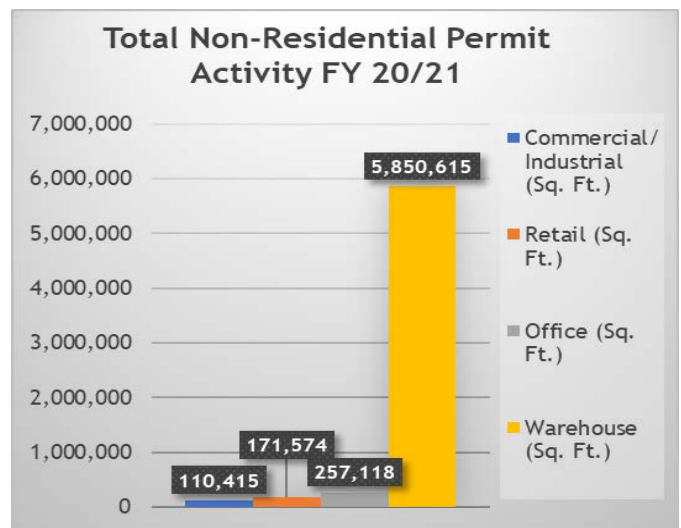


Figure 1



Summary of Revenue, Expenditure and Net-Retained RTIF

The bullet points below describe the fees collected and what is available for RTIF projects after expenditures and fund allocations. RTIF fund expenditures may include third-party costs (i.e., environmental documents, consultant fees, etc.), percent of administrative cost, RTIF project expenditures, and miscellaneous (i.e., credits, reimbursements, etc.). Fund allocations include 10 percent of funds collected by cities allocated to San Joaquin County and 15 percent of funds collected by cities and the county allocated to SJCOG.

- Participating agencies collected approximately \$18 million in RTIF funds for FY 20-21. Lathrop collected the most funds (\$4.5 million), followed by Stockton (\$3.9 million) and Tracy (\$3.7 million) (Figure 3).
- Of the approximately \$18 million of collected RTIF funds, \$1.4 million was allocated to San Joaquin County and \$1.9 million to SJCOG.
- After expenditures and fund allocations, the net retained RTIF funds is \$13.7 million for FY 20-21. The cumulative retained since program inception is approximately \$80.5 million. Jurisdictions that have accumulated the largest amount of RTIF funds are San Joaquin County (\$15.9 million), Manteca (\$14.7 million) and Stockton (\$12.5 million) (Figure 4).

Figure 4

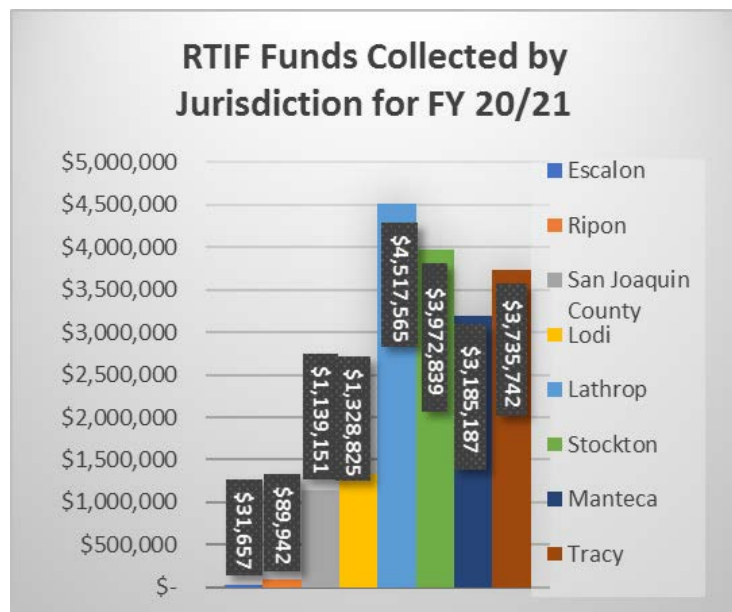
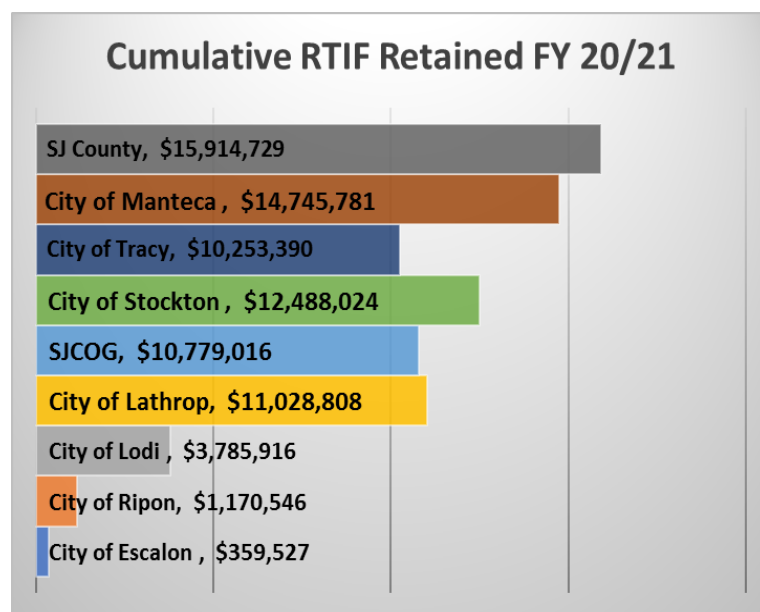


Figure 3

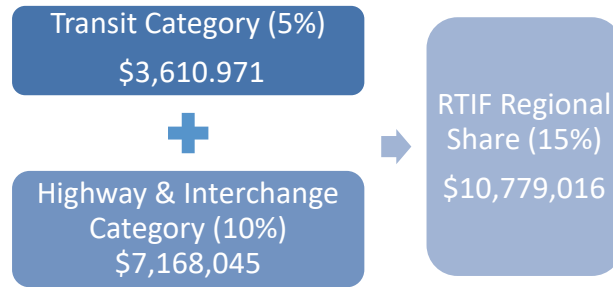


Project Expenditures

During FY 20-21, \$2,765,404 of RTIF funds were reported on expenditures, including third-party, administration, and project costs.

As of FY 20-21, SJCOG has retained \$10.8 million (minus administration costs) for allocation to regional projects. Of this amount, two-thirds are to be expended on highway, interchange, or regional roadway projects, and one-third is to be expended on public transit projects. Figure 6 shows the amount available for highway projects and transit projects. SJCOG has committed \$4 million to highway projects and \$500,000 to a Jobs Balancing Investment Fund (JBIF) project on Corral Hollow Road in Tracy. This leaves \$2,668,045 of highway funds that are uncommitted. All the funds available for transit projects are currently uncommitted.

Figure 5: SJCOG Regional Share



NEXT STEPS:

The next comprehensive five-year update of the program per Assembly Bill 1600 (Mitigation Fee Act) is scheduled for 2022. For now, SJCOG anticipates engaging in routine annual maintenance tasks such as updating the fee schedule, third-party cost billing, and processing requests to update the RTIF Capital Project List for specific projects (if needed).

As a part of the required AB1600 update SJCOG also plans to reevaluate the Jobs Balancing Investment Fund (JBIF) program. The JBIF is a funding category under the SJCOG regional share that was established in 2015 as an incentive program to further economic development. A project was approved in 2020 to receive JBIF funds using the current criteria. However, SJCOG staff received many comments during the review process that the program needs revisions to make it more responsive to economic development needs. Revisions to the JBIF program will occur during the next RTIF update in 2022 and will be informed by an ongoing Surface Transportation Assistance Act (STAA) truck route study.

ATTACHMENTS:

Attachment A – Regional Transportation Impact Fee (RTIF) Annual Report

Prepared by: Isaiah Anderson, Assistant Regional Planner

REGIONAL TRANSPORTATION IMPACT FEE (RTIF) PROGRAM

FY 2020/2021 ANNUAL REPORT



Table of Contents

Introduction	2
Background	2
Purpose	2
Fund Generation/Expenditures	2
Responsibilities	2
RTIF Overview	3
Project Eligibility Criteria	3
RTIF Capital Project List	3
The RTIF Roadway Network	4
FY 2019/2020 RTIF Structure	4
Financial Reporting	5
Development Permit Activity	5
Residential	5
Non-Residential	6
RTIF Collected	7
Revenue Distribution/Expenditures	8
San Joaquin County / SJCOG	8
Expenditures	8
Net Balance	8
SJCOG Regional Share	9
Program Changes During FY 2019/2020	10
Upcoming Tasks	10
Jobs Balancing Investment Fund (JBIF)	10
Further Information	11

Introduction

Background

The Regional Transportation Impact Fee (RTIF) program was established in October 2005. In April 2006, SJCOG entered into the RTIF operating agreement with the eight local jurisdictions in the county to administer the RTIF program. The first full fiscal year of the RTIF program was 2006-2007. A revised operating agreement was adopted April 2015 and fully executed during the 2015-2016 fiscal year. The first comprehensive update per AB 1600 was adopted in FY 10/11, and the second in FY 16/17.

Purpose

The RTIF program's objective is to generate funding from new development projects that impact the regional transportation network and integrate these funds with federal, state, and other local funding to make transportation improvements identified in the RTIF Program.

Fund Generation/Expenditures

The RTIF has generated approximately \$113 million since its inception; of which approximately \$87 million was retained after deducting project and program administrative costs. Jurisdictions retain 75% of RTIF funds collected and distribute 10% to San Joaquin County and 15% to SJCOG. In FY 2020-21, \$2,531,749 of RTIF funding was expended on five regionally significant transportation projects. These projects are:

- State Route 120 & McKinley Avenue highway interchange project (Manteca)
- Airport Way (SR-120 to Lathrop Road) regional roadway project (Manteca)
- Interstate 205 & Lammers Road highway interchange project (Tracy)

- Interstate 205 & Mountain House Parkway highway interchange project (Tracy)
- Interstate 580 & Mountain House Parkway highway interchange project (Tracy)

Responsibilities

SJCOG led the establishment of the RTIF program as the agency responsible for regional planning and programming of the regional transportation network, the countywide network of highways, regional arterials, and related transit services. Program maintenance includes preparing the AB 1600 RTIF Update every five years, introducing any amendments to the RTIF capital project list, requesting necessary fee increases, and proposing projects to receive SJCOG RTIF funds. Jurisdictions are responsible for collecting fees, committing/ expending RTIF funds on projects within their jurisdiction, and reporting their activities semi-annually. This document serves as an overview of all participating agencies' activities during fiscal year 20/21.

Project Funded Fiscal Year 2020/2021: State Route 120 & McKinley Avenue Highway Interchange Project



Photo by Hime Romero, Manteca Bulletin

RTIF Overview

The RTIF serves as a countywide, multi-jurisdictional multimodal capital improvement funding program for San Joaquin County. The RTIF capital project list is updated during the RTIF AB 1600 update or by amendment. Collected RTIF funds can be committed and expended on projects in the capital project list.

Project Eligibility Criteria

RTIF funding can be expended on regionally significant capital improvement projects that have met approved criteria. The criteria for highway, interchange, and regional roadway projects include:

1. Falls on the adopted RTIF regional roadway network.
2. Identified in the fiscally constrained project list of the most recent Regional Transportation Plan (RTP).
3. Excluding interchanges, involves a capacity improvement of one or more through travel or passing lanes, auxiliary lanes, or turn lanes.
4. Modeled and screened consistent with the requirements of the Mitigation Fee Act criteria for establishing a rational nexus.

The criteria for public transit improvement projects include:

1. Must involve an improvement to an existing or a new service/facility which connects at least two (2) or more cities or regions.
2. Identified in the fiscally constrained project list of the most recent Regional Transportation Plan (RTP).
3. Modeled and screened consistent with the requirements of the Mitigation Fee Act criteria for establishing a rational nexus.

The Jobs Balancing Investment Fund (JBIF), created in 2015, expanded RTIF eligible projects to include job creation projects in San Joaquin County, reducing the need to travel into an adjacent county for work. The criteria for JBIF include:

1. Transportation projects that support economic development policy objectives.
2. Modeled and screened consistent with the requirements of the Mitigation Fee Act criteria for establishing a rational nexus.

SJCOG is considering restructuring the JBIF program. See “Upcoming Tasks,” below.

RTIF Capital Project List

The capital project list includes forty-nine projects, based on the adopted April 2017 RTIF update and the 2018 and 2020 amendments. These projects include a mix of mainline highway expansions, highway interchange, regional roadway, and public transit projects. The current project list, attached as **Exhibit B**, provides greater detail regarding each project’s description and limits.

SJCOG is responsible for establishing and maintaining the capital project list. As needs and priorities change over time, a jurisdiction can request modifications to an existing project or exchange another project from the fiscally constrained RTP project list for one or more existing projects on the RTIF project list. This process takes into consideration the comments received from each participating jurisdiction consistent with the project eligibility criteria. The list’s next comprehensive update will occur during the next AB 1600 RTIF update in 2022.

Each project on the capital project list undergoes a fair share nexus calculation, which identifies the

percentage share of the project cost related to the network impacts of new development. These total fair share costs form the basis of the maximum RTIF fee schedule.

The RTIF Roadway Network

The RTIF Regional Roadway Network includes designated highways and local roadways of regional significance that are eligible to receive RTIF revenue. The adopted 2017 RTIF update illustrates the current RTIF regional roadway network (Figure 1).

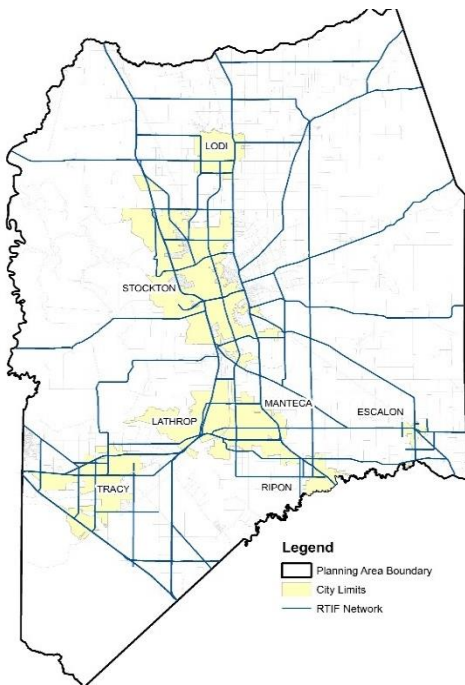


Figure 1: RTIF Regional Roadway Network

FY 2020/2021 RTIF Structure

The RTIF program fee structure is set according to a nexus analysis that links the transportation impacts of new development projects to a fair share of the cost of transportation projects to mitigate those impacts. The fee is uniform across all participating agencies. As noted previously, the fair share nexus findings from the 2017 RTIF update form the basis of the maximum justified

fee schedule. The required analysis is detailed in the 2005 RTIF Technical Analysis and the 2017 RTIF update.

The fee schedule in effect at the time of the 2017 RTIF update was lower than the calculated maximum allowed, thus the existing fee schedule was maintained, subject to an annual fee adjustment based on a three-year rolling average of the California Construction Cost Index (CCCI). The 2017 update reexamined the “Other” category and reduced the maximum fee. The 20/21 fee schedule reflects this maximum fee reduction.

The FY 20/21 RTIF fee structure (Table 1), below, was approved in May 2020.

Land Use Type	FY 19/20 Fee Structure	Annual Change + 2.49%	FY 20/21 Fee Structure
Residential (Single Family Due)	\$3,510.92	\$87.42	\$3,598.34
Residential (Multi-Family Due)	\$2,106.55	\$52.45	\$2,159.00
Retail (Sq. Ft.)	\$1.40	\$0.03	\$1.43
Office (Sq. Ft.)	\$1.76	\$0.04	\$1.80
Commercial/Industrial (Sq. Ft.)	\$1.06	\$0.03	\$1.09
Warehouse (Sq. Ft.)	\$0.44	\$0.01	\$0.45
Other (Per Trip)	\$108.26	\$2.70	\$110.96

Table 1: 2020/2021 Fee Schedule

The FY 21/22 RTIF fee structure (Table 2), below, was approved in May 2021.

Land Use Type	FY 19/20 Fee Structure	Annual Change + 2.72%	FY 20/21 Fee Schedule
---------------	------------------------	-----------------------	-----------------------

Residential (Single Family DUE)	\$3,598.34	\$97.87	\$3,696.21
Residential (Multi-Family DUE)	\$2,159.00	\$58.72	\$2,217.72
Retail (Sq. Ft.)	\$1.43	\$0.04	\$1.47
Office (Sq. Ft.)	\$1.80	\$0.05	\$1.85
Commercial/Industrial (Sq. Ft.)	\$1.09	\$0.03	\$1.12
Warehouse (Sq. Ft.)	\$0.45	\$0.01	\$0.46
Other (per Trip)	\$110.96	\$3.02	\$113.98

Table 2: 2020/2021 Fee Schedule

A 15% RTIF discount can apply to housing projects that satisfy all the following criteria:

- The housing development is located within one-half mile of a transit station and there is direct access between the housing development and the transit station along a barrier-free walkable pathway not exceeding one-half mile in length.
- Convenience retail uses, including a store that sells food, are located within one-half mile of the housing development.
- The housing development provides either the minimum number of parking spaces required by the local ordinance, or no more than one onsite parking space for zero to two-bedroom units, and two onsite parking spaces for three or more-bedroom units, whichever is less.

Financial Reporting

The RTIF annual activity report, **Exhibit A**, provides most of the information within this Financial Reporting section.

Development Permit Activity Residential

There were 3,267 single family residential permits in FY 20/21 (Figure 2). City of Manteca reported the highest single-family permit activity with 788, followed by City of Lathrop with 782 permits. The remaining jurisdictions reported FY 20/21 single-family permit activity; as follows: 629 (City of Tracy), 622 (City of Stockton), 344 (City of Lodi), 88 (San Joaquin County), 8 (City of Ripon), and 6 (City of Escalon).

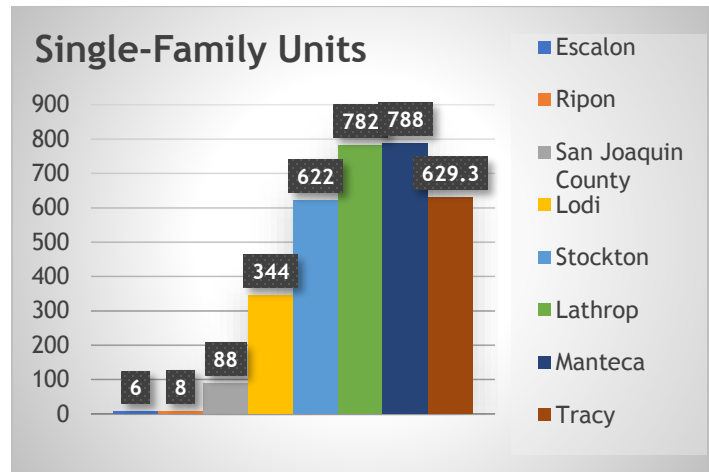


Figure 2: FY 20-21 New Single-Family Residential Activity (In Units)

There were 988 multi-family residential permits in FY 20/21. City of Stockton reported the highest multi-family permit activity with 367, followed by City of Lathrop with 264. The City Ripon reported zero multi-family permit activity. The remaining FY 20/21 multi-family permit activity was reported; as follows: 130 (San Joaquin County), 120 (City of Manteca), 100 (City of Tracy), 4 (City of Escalon), and 3 (City of Lodi).

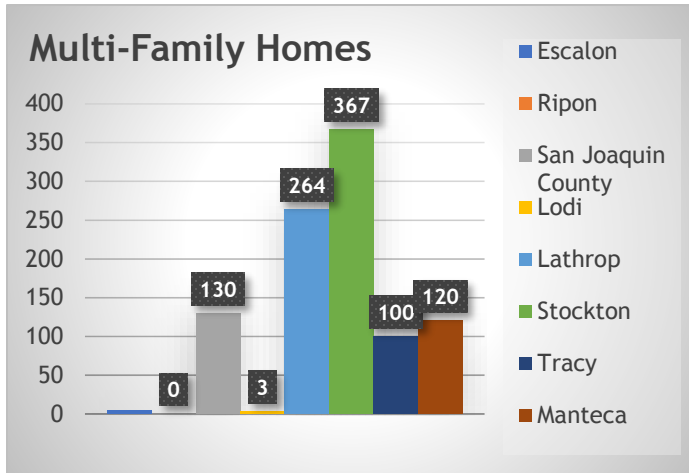


Figure 3: FY 20/21 New Multi-Family Residential Activity (In Units)

The total permit activity for all San Joaquin County jurisdictions were 4,255 units for FY 20/21 fiscal year, as illustrated in Figure 4, below.

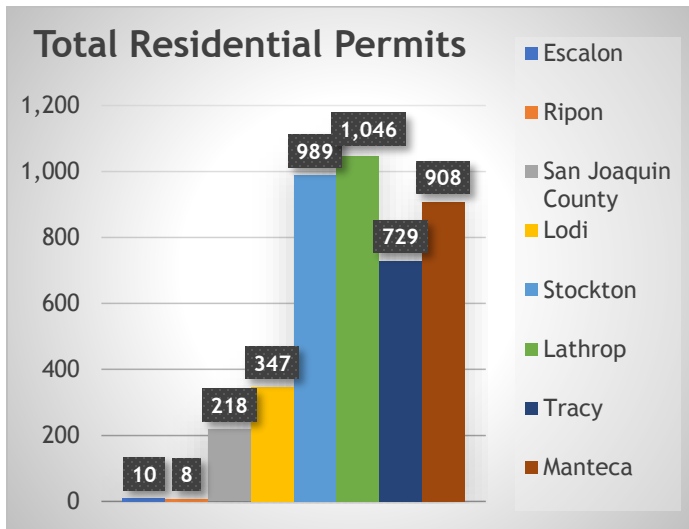


Figure 4: FY 20/21 Total Residential Permit Activity (In Units)

There were 23,606 residential permits since the RTIF's inception, 18,905 single family units and 4,701 multi-family units.

Non-Residential

FY 20/21 non-residential permits accounted for 6,389,722 square feet of retail, office, commercial, industrial, and warehouse land uses. Jurisdictions reported 171,574 square feet of

retail, 257,118 square feet of office, 5,850,615 of warehousing, and 110,415 square feet of commercial/industrial.

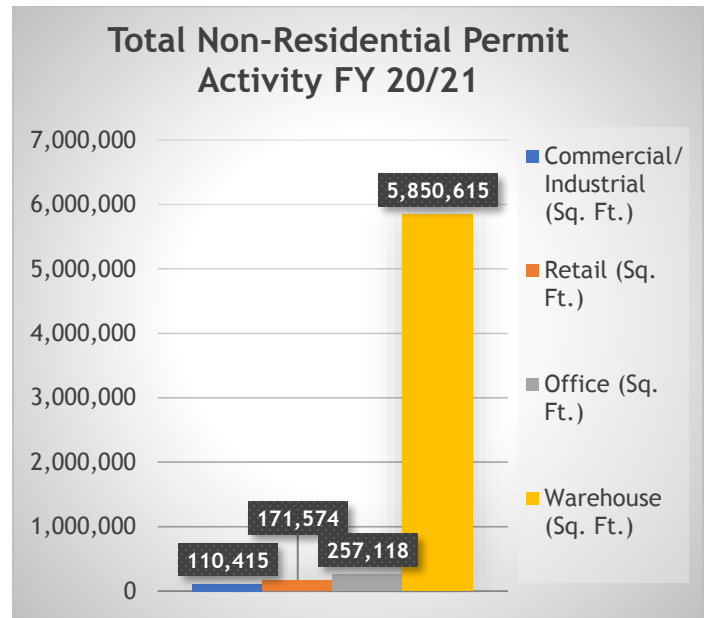


Figure 5: FY 20/21 RTIF Non-Residential Activity

Since RTIF's inception, the total non-residential permit activity is 3,305,537 square feet of retail, 2,942,401 square feet of office, 23,421,564 square feet of warehousing, and 21,610,795 square feet of commercial/industrial. The grand total non-residential permit activity is 51,711,989 square feet.

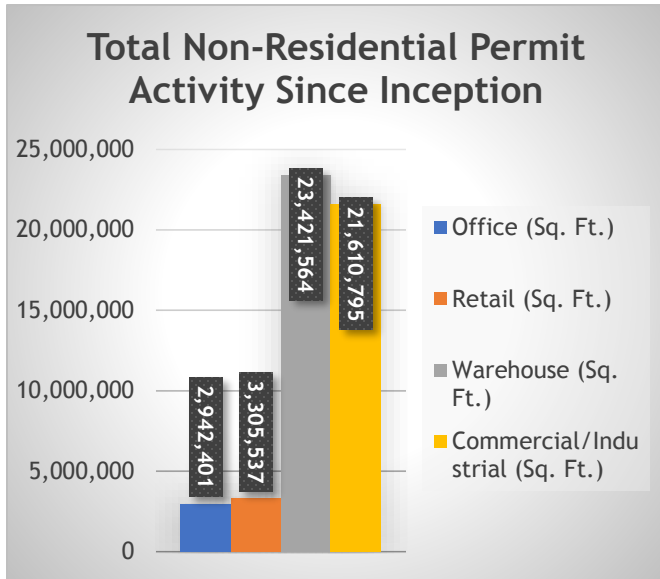


Figure 6: RTIF Non-Residential Activity Since Program Inception

RTIF Collected

There has been over \$113 million of RTIF collected by all the incorporated cities and the County of San Joaquin since program inception (Figure 6). Since this is an impact fee program imposed on new development projects, it comes as no surprise that revenue was substantially reduced during the economic downturn, with revenue falling precipitously between 2008 and 2009, followed by a slow and steady recovery.

The total amount of RTIF collected this year of \$18 million is the highest amount of RTIF collected since program inception.

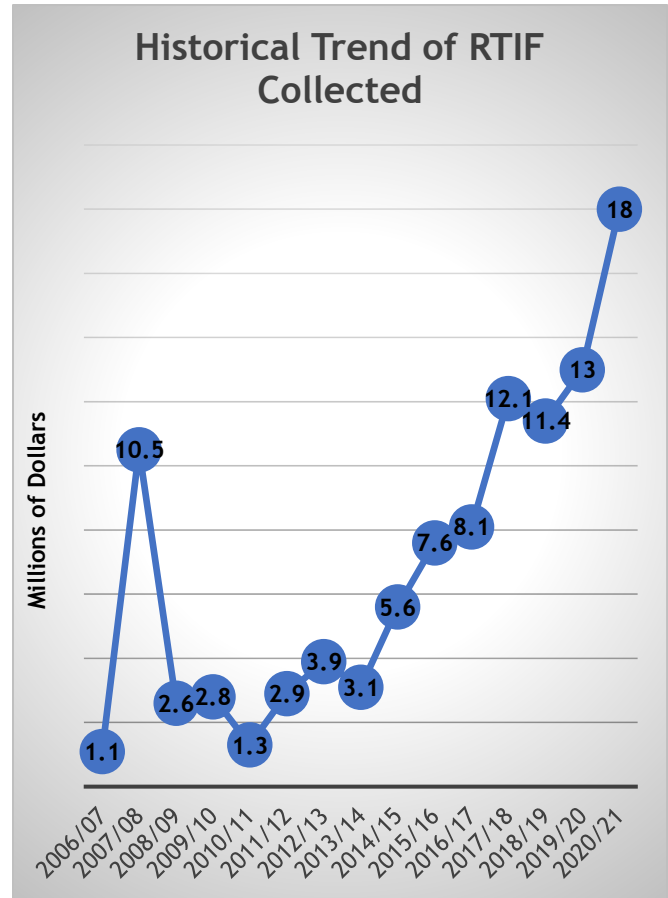


Figure 7: Historical Trend of RTIF Collected (in millions)

The City of Lathrop collected the largest share of RTIF in FY 20/21, followed by the Cities of Stockton and Tracy. Figure 8 displays RTIF collected by jurisdiction.

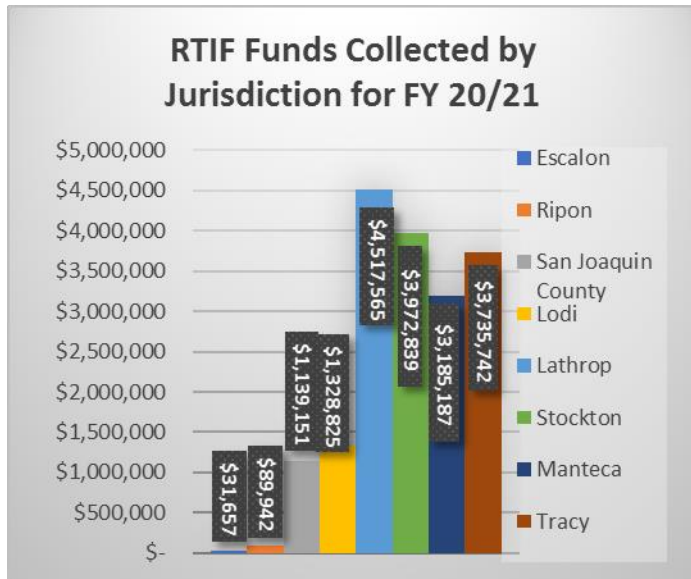


Figure 8: RTIF Funds Collected by Jurisdiction

Revenue Distribution/Expenditures San Joaquin County / SJCOG

Each jurisdiction is responsible for collecting RTIF fees at the time a building permit is issued. Of the total RTIF collected, jurisdictions retain 75%, 10% is distributed to San Joaquin County and 15% is distributed to the San Joaquin Council of Governments. San Joaquin County also distributes 15% of total collections to SJCOG.

For FY 20/21, these distributions consisted of \$1,449,921.79 distributed to the County and \$1,964,035 distributed to SJCOG.

Expenditures

Jurisdictions reported a total of \$2,765,404 in expenditures in FY 20/21, which are deducted from their collected RTIF funds.

- **3rd Party Cost** – Consultants, environmental document, etc. Jurisdictions were billed during FY 20/21.

- **Administration Cost** – Staff time to monitor this program. *Up to 2% of the first million dollars and 1% of the amount over one million each fiscal year.*

Project Costs – Costs spent on the projects within the Project List (**Exhibit B**).

	Admin. Cost	Project Costs	3 rd Party Costs	Total
Escalon	\$626	\$0	\$0	\$626
Lathrop	\$67,764	\$283,000	\$0	\$350,764
Lodi	\$26,577	\$0	\$0	\$26,577
Manteca	\$0	\$82,473	\$0	\$82,473
Ripon	\$0	\$0	\$0	\$0
Stockton	\$49,728	\$0	\$0	\$49,728
Tracy	\$35,924	\$2,166,277	\$0	\$2,202,201
SJ County	\$10,489	\$0	\$0	\$10,489
SJCOG	\$36,952	\$0	\$5,586	\$42,547
Totals	\$228,069	\$2,531,749	\$5,586	\$2,765,404

Table 3: Expenditures

Net Balance

After distributions, operational deductions, and project expenditures, the 2020/21 net RTIF retained across participating agencies for this report period was \$13,764,572.

The cumulative net RTIF retained through fiscal year 2020/21 by all participating agencies was \$80,525,737.

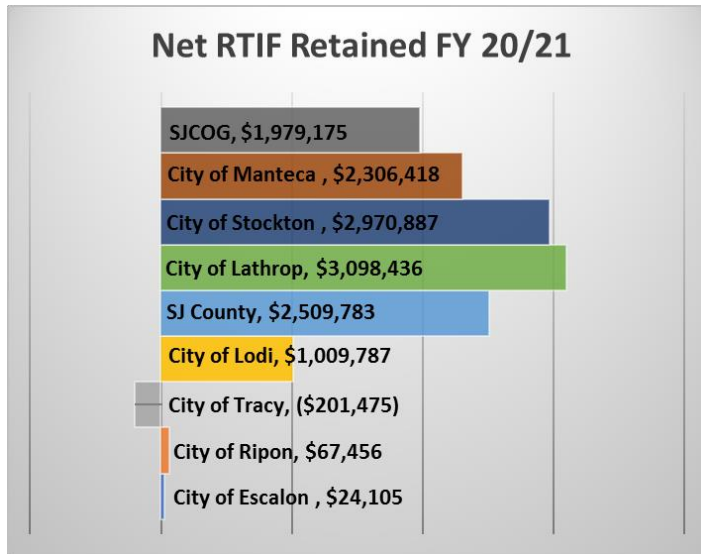


Figure 9: FY 20/21 Net RTIF Retained

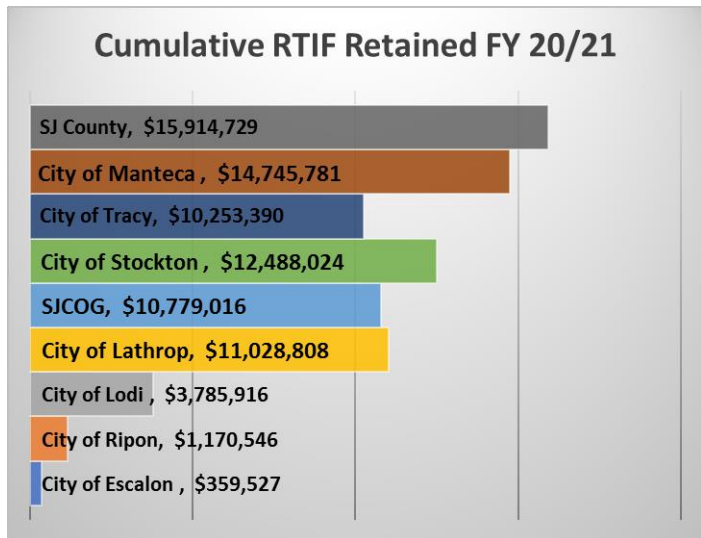


Figure 10: Cumulative to FY 20/21 Net RTIF Retained

SJCOG Regional Share

Of the RTIF collected by participating agencies, 15% is distributed to SJCOG to manage and program on RTIF eligible projects at the regional level. Of the total 15%, 10% is to be expended on highway, interchange, or regional roadway projects and the remaining 5% is to be expended on public transit projects. Up to \$500,000 for a single project and \$1 million annually may be

programmed to JBIF projects within either category.

As of FY 20/21, \$10,779,016 (minus administration costs) has been retained by SJCOG for allocation to regional projects. Per the calculation described above, \$7,168,045 is available for highway and interchange-related projects and \$3,610,971 is available for transit-related projects. Of the funds available for highway/interchange projects, \$4,500,000 has been committed to highway projects. None of the funds available for transit-related projects have been committed to transit projects.

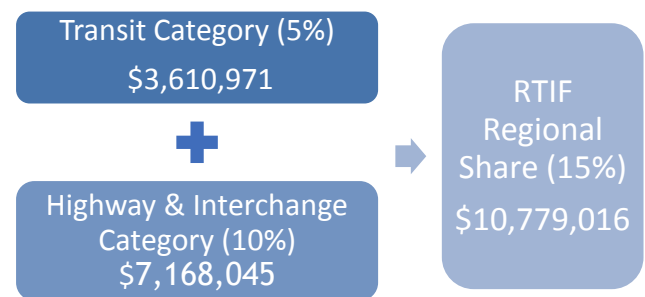


Figure 11: Cumulative SJCOG 15% RTIF Funds Distribution

Table 4, below, identifies programmed projects and funds to be expended within the transit subcategory and the unprogrammed funding available for future projects:

Project	Project Sponsor	Board approved Funding Amount
No funds have been committed		
Programmed Transit Share		\$0
Remaining Transit Share Balance		\$3,610,971

Table 4: Transit Regional Share Balances

Table 5, below, provides details on current programming in the highway, interchange, and regional roadway sub-category. During FY 18/19 SJCOG made a significant new commitment of \$4,000,000 to the I-205 widening project in May 2019, as part of a package of “Programming Recommendations to Avoid Loss of Funding from FAST Act Rescission

Table 5: Regional Roadway Share Balances

Program Changes During FY 2020/2021

FY 20/21 was primarily an “operations and maintenance” year for the RTIF program, with no major program updates. Staff engaged in routine activities, including updating the fee schedule and billing third party costs consistent with the operating agreement.

Upcoming Tasks

During FY 21/22, the following tasks will be completed:

- Update fee schedule and third-party costs
- Update RTIF costs and eligibility for specific projects consistent with the Mitigation Fee Act, if requested by participating agencies.
- Start the process of updating the RTIF program. Hire a consultant through an RFP process. The update will consider restructuring the Jobs Balancing Investment Fund (JBIF) program.

Jobs Balancing Investment Fund (JBIF)

In April 2015, the SJCOG Board approved a new funding category within the RTIF program.

Known as the Jobs Balancing Investment Fund (JBIF), up to \$1 million annually from the 15% SJCOG regional share can be utilized for the funding category. The intention of the program is for SJCOG, as part of a package of incentives advanced by local economic development professionals, to fund the transportation improvements needed to attract job-creating firms

Project	Project Sponsor	Board approved Funding Amount
Service Station/Convenience Store Off-Site Improvements to Corral Hollow Road	Tracy	\$500,000
I-205 Widening	SJCOG	\$4,000,000
Programmed Highway, Interchange, Regional Roadway Share		\$4,500,000
Remaining Highway, Interchange, Regional Roadway Share Balance		\$2,668,045

to San Joaquin County. Since passage of the program, SJCOG staff have proactively promoted JBIF with regional economic development staff. While there have been inquiries, only a handful of projects have gone beyond the proposal phase. This is due to the restrictive RTIF and economic development criteria used for JBIF project selection as outlined in the RTIF operating agreement and the 2017 RTIF update.

During the 2019/2020 fiscal year, SJCOG staff made another effort to identify projects that can receive JBIF funds. After meetings with some member agencies, staff was successful in identifying a project that met the project selection

criteria. This project is a service station/convenience store in the city of Tracy and will be located on Corral Hollow Road. The project meets the eligibility criteria and will result in a net gain of jobs for San Joaquin County. In August 2020, the SJCOG Board approved the allocation of JBIF funds (maximum \$500,000) to the project. These funds will be used to pay for needed off-site roadway improvements.

During the committee and Board approval process, SJCOG staff received comments that there needs to be more metrics in evaluating projects (particularly job creation) and that the JBIF program needs to be restructured. In response, staff has put the program on hiatus while considering improvements to the program. In the past, SJCOG staff has recognized the need to restructure the program due to the lack of success in implementing the program. In 2018, staff developed a list of ideas to improve the JBIF program that was reviewed by the Executive Committee. These included the following:

- Development of a more formal checklist of program requirements and/or a regular call for projects, similar to other SJCOG funding programs.
- Expand the program eligibility criteria to include corridor, sub-regional, or multi-jurisdictional improvements to enhance the overall attractiveness of an area for economic development.
- Proactively look for representative projects or programs with funding gaps and strong ties to economic development and the required program nexus.

During the 2021/2022 fiscal year, SJCOG staff will consider these ideas and others to improve the

JBIF program. The original JBIF program identified Surface Transportation Assistance Act (STAA) truck route improvements as an example of an eligible project type. SJCOG is currently conducting an STAA truck route study that could identify candidate routes and improvements as a focus for JBIF funds. This focus on improving STAA truck route corridors would both improve the regional roadway network and support future economic development. Staff is planning to restructure the JBIF program during the next RTIF update in 2022.

Further Information

Documents referenced in this report and other RTIF program information may be accessed here: <http://www.sjcog.org/RTIF>.

Questions regarding this report may be directed to Tim Kohaya (SJCOG Senior Regional Planner) at (209) 235-0389 or kohaya@sjcog.org.