

STAFF REPORT

- SUBJECT:** Regional Transportation Impact Fee (RTIF)
Jobs Balancing Investment Funding for City
of Tracy Home2 Suites Project
- RECOMMENDED ACTION:**
- 1) Approve \$92,000 in Regional Share Jobs Balancing Investment RTIF Funds for the Tracy Home2 Suites Project
 - 2) Authorize the SJCOG Executive Director to Execute a Cooperative Agreement with the City of Tracy

SUMMARY:

The SJCOG Board authorized the creation of the Jobs Balancing Investment Fund as a new category in the Regional Transportation Impact Fee (RTIF) program in April 2015. This project category is a part of the 15% “regional share” that is forwarded to SJCOG from the RTIF collected by each jurisdiction in San Joaquin County. The program allocated up to \$500,000 to any single project, with an annual program total of \$1 million, as a transportation improvement-specific incentive to land-use development projects creating new jobs in San Joaquin County. This is the first project to be recommended for funding in the new program.

The Project: The proposed project is the Home2 Suites hotel project in Tracy, located at the NWC of Grant Line & Corral Hollow Roads. The proposal is for a four-story, 94-room, 67,230 square foot hotel project expected to create 20 to 30 direct jobs.



City of Tracy economic development staff indicates additional potential economic effects due to a synergistic boost to tourism in the region. The transportation improvements to be funded include signal and intersection changes to address congestion impacts from the development and keep the intersection operating at an acceptable level of service (LOS) standards as indicated in

the Regional Congestion Management Program (RCMP). Specifically, the current right-in, right-out only access to Grant Line Road will be maintained and the southbound lane for Corral Hollow Road will have a right-turn signal installed at the existing corner island. In addition, the existing merge lane will be reconfigured as a dedicated acceleration lane, with appropriate curb and sidewalk improvements being installed to accommodate the changes to the intersection. Changes to the Class II bike lane include green pavement to clearly demarcate the bike lane. See Attachment 1 for additional project information.

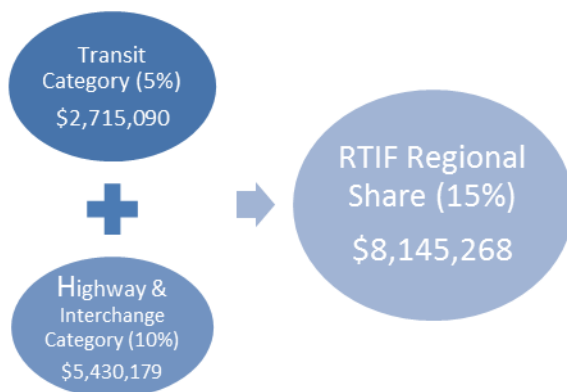
Both Grant Line & Corral Hollow Roads are part of the RTIF roadway network and the project otherwise meets the technical requirements of the program. The selection committee for the Jobs Balancing Investment Fund met on March 13, 2017 and recommended the project for funding.

RECOMMENDATION:

Recommend that 1) the SJCOG Board approve \$92,000 from the RTIF Jobs Balancing Investment Fund be allocated to the Tracy Home2 Suites development project, and 2) authorize the Executive Director to execute a cooperative agreement with the City of Tracy.

FISCAL IMPACT:

The recommended action will result in the expenditure of \$92,000 from the 15% regional share of the RTIF program. This action will reduce the funding available to the Jobs Balancing Investment Fund this fiscal year to \$908,000. Jobs Balancing Investment Fund projects are taken from the transit (5%) or regional roadway (10%) as appropriate given the type of project



proposed. As of June 2016, an approximate net of \$4.8 million has been retained by SJCOG and is available for programming to regional roadway, transit, and Jobs Balancing Investment Fund projects. The expenditures from the \$8.1 million available for programming to projects over the life of the program is detailed below. The charts below contain two projects being considered for funding, the Tracy project in this staff report, and the Ripon Multi-Modal Station that is the subject of a separate staff report.

Roadway and Interchange Projects:

<i>Project</i>	<i>Project Sponsor</i>	<i>Funding Amount</i>
Navy Drive/BNSF Undercrossing Project (Completed/Expended)	Port of Stockton	\$1,673,000
SR 99/Austin Road Interchange Improvements (Allocated, Not Expended/Completed)	Manteca	\$ 350,000
<i>Remaining Highway, Interchange, Regional Roadway Share Unprogrammed</i>		<i>\$3,407,179</i>
Proposed Tracy Jobs Balancing Investment Fund Project	Tracy	\$ 92,000
<i>Remaining Highway, Interchange, Regional Roadway Share Unprogrammed After Project Approval</i>		<i>\$3,315,179</i>

Transit Projects:

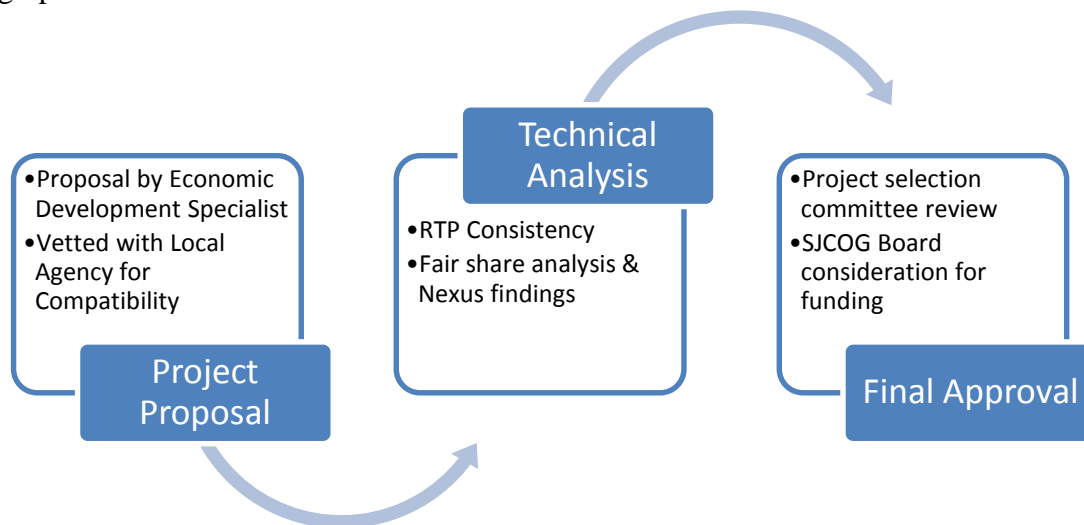
<i>Project</i>	<i>Project Sponsor</i>	<i>Funding Amount</i>
Bus Rapid Transit (BRT) Hammer Triangle Project (Completed/Expended)	SJRTD	\$ 800,000
Cabral Station Improvement Project (Allocated, Not Expended/Completed)	ACE	\$ 173,410
Regional Transit Center (Completed/Expended)	SJRTD	\$ 350,000
<i>Remaining Transit Share Unprogrammed</i>		<i>\$1,391,680</i>
Proposed Ripon Multi-Modal Station Project	Ripon	\$ 750,000
<i>Remaining Transit Share Unprogrammed After Project Approval</i>		<i>\$ 641,680</i>

BACKGROUND:**Program Inception**

In October 2014, the SJCOG Board approved the conceptual framework for creating an economic incentive program called the Jobs Balancing Investment Fund utilizing Regional Transportation Impact Fee Program (RTIF) funds. The impetus for the program's creation was discussions by the SJCOG Board of Directors of a mechanism to promote job development in San Joaquin County. Specifically, that the best way to reduce vehicle miles of travel by San Joaquin County residents was to have expanded employment opportunities within the county, thus reducing the length of commute trips. At that time, the existing and projected trend in San Joaquin County, as articulated by the University of the Pacific Business Forecasting Center, was a continuing deficit of jobs to population growth. While cities have been taking steps to make

their communities more attractive to potential employers looking to relocate or expand, the San Joaquin Council of Governments had no such program to directly support economic development. While investments in transportation improvements through Measure K, Proposition 1B, and other funding sources are intended to attract economic growth, these are generally larger scale and not strategic in nature. In other words, their value is broad-based and not specific to a particular potential employer. The RTIF Jobs Balancing Investment Fund was created to provide an essential strategic funding mechanism to assist in attracting employers to the region and provide additional opportunities for San Joaquin County residents to both live and work in the same region. This is conceptually consistent with the policies and strategies in SJCOG's long-range transportation planning document, the Regional Transportation Plan.

To ensure that the proposed program would meet the strict nexus requirements of AB 1600 (the Mitigation Fee Act) and the overall intent of the RTIF program, SJCOG obtained consultant assistance from Kittelson Associates, Inc. and Urban Economics. The consultant team, in conjunction with SJCOG staff and legal counsel, prepared an addendum to the 2011 RTIF Update with the required nexus findings to allow interim implementation of the program. Under those circumstances, the Jobs Balancing Investment Fund program was formally approved by the SJCOG Board of Directors in April 2015. The program has been incorporated in the draft 2017 RTIF update (the program is to be updated every five years as part of AB1600 requirements) also before the Board this month. The project consideration and approval process is summarized in the graphic below.



Program Overview

Purpose: The purpose of the program is to provide transportation project funding that may serve as part of a package of economic incentives to encourage job-creating firms to locate in San Joaquin County. The new economic incentive program provides the SJCOG Board, in conjunction with the San Joaquin Partnership and other economic development specialists, with a more tactical tool to attract employers to the region. Investments in transportation infrastructure are made from this fund to supplement or enhance capital or capacity enhancing operational improvements needed by firms to locate in the area.

Annual Program Maximum: \$1 million

Individual Project Maximum: \$500,000

Eligible Projects: A variety of projects meeting the specific criteria indicated in the Jobs Balancing Fund Interim Implementation Addendum may be funded. Examples include Intersection/Traffic Control Devices, Turn Lanes, STAA Truck Routes, Transit Facilities, Biking or Walking Facilities on or supporting congestion relief on the RTIF network.

Program Funding: SJCOG oversees a “regional share” component of the RTIF funding. The “regional share” is further divided between transit and highway projects. Of the total 15%, 5% is designated for transit and 10% for highway, interchange, and regional roadway projects. The type of project proposed will dictate which category of funding is used. The San Joaquin COG Board has full discretion over the investment of these dollars in transportation projects based upon the adopted RTIF Operating Agreement among all member jurisdictions.

The maximum funding for any single project is \$500,000, up to \$1 million annually. Any funding not utilized during the year will remain in the regional share pool and be available for funding other projects meeting the inclusion criteria as designated in the RTIF Technical Report and the RTIF Operating Agreement.

Project Eligibility

The projects proposed must meet the following criteria:

- (a) The project is on or supports (within a half-mile buffer) the adopted Regional Transportation Network;
- (b) The project is scheduled for delivery within the time frame evaluated in the RTIF Technical Report;
- (c) If the project does not meet the criteria in the Operating Agreement for Highway, Interchange, and Regional Roadway Improvements or Public Transit Improvements, it must be screened against the additional specific criteria for the Jobs Balancing Investment Fund in the attached addendum to the 2011 RTIF Update and an appropriate finding made;
- (c) The project has been reviewed and recommended for funding by the RTIF Project Selection Committee;
- (d) The project is being funded by the SJCOG 15% regional share available to be programmed to eligible projects by the SJCOG Board of Directors

Selecting Employment Opportunities

A committee of three professionals with economic development responsibilities and/or experience staffed by a COG staff member review opportunities for investments brought forward for consideration. The committee chair is the CEO of the San Joaquin Partnership. The other two members of the committee were to be mutually agreed upon by SJCOG staff and the

committee chair and confirmed by the SJCOG Board. The two additional members as confirmed by the SJCOG Board, are Dr. Jeff Michael of the University of the Pacific Center for Business and Policy Research and former City of Tracy Mayor, Brent Ives. The committee is known as the RTIF Project Selection Committee.

COMMITTEE ACTIONS

The Jobs Balancing Investment Fund project selection committee recommended approval of funding for the Tracy Home2 Suites project.

The Technical Advisory Committee (TAC) has reviewed the project. The TAC unanimously recommended approval of the requested Jobs Balancing Investments Funding for the City of Tracy Home2 Suites project.

The Management and Finance Committee also approved the project funding.

NEXT STEPS:

Project Next Steps:

Upon SJCOG Board approval of \$92,000 in Jobs Balancing Investment Fund RTIF regional share funding, a cooperative agreement will be executed with the City of Tracy.

Program Next Steps:

As noted earlier in the staff report, this is the first project to seek funding under the Jobs Balancing Investment Fund since its approval by the SJCOG Board in April 2015. Since approval of the program, a handful of projects have been proposed by jurisdictions and project proponents; however, only the current project and another City of Tracy project deemed ineligible for the program, have been formally proposed for funding. Over the last two years, SJCOG staff have proactively promoted the funding with regional economic development and jurisdictional staff, including recent formal presentations to City of Tracy and City of Stockton public works, planning, and economic development staff. SJCOG staff recognized at the time the program was approved that it was a conceptual change from the way development fee programs have traditionally been used and that there were few existing models for its implementation. Because of this, it was envisioned that the program would undergo an evaluation to assess its effectiveness and identify any barriers to its success. SJCOG staff believe some changes to the program are necessary and have had preliminary discussions with the project selection committee to identify issues that may be hampering project proposals. Based on these discussions, SJCOG staff have identified some implementation roadblocks for discussion with the SJCOG committees and the SJCOG Board. These include:

- It was envisioned that potential incentives could be offered early in negotiations with potential employers and incentivize the decision to locate in San Joaquin County. However, since the incentive is tied to specific transportation improvements that may not be known until an applicant makes formal application, it is difficult for the economic development professionals to identify the amount of incentive needed and/or communicate the incentive's purpose to a potential employer.
- Although examples of the types of projects that could be funded by the program were included in the program guidelines (noted in the ***Program Overview*** section), the guidelines were developed with maximum flexibility – anticipating that the variety of projects being proposed would help staff and the project selection committee identify priorities and job creation potential for the funding. Instead, the unstructured nature of the program appears to have limited its usefulness and caused confusion among public works, planning and economic development staff – with each viewing the program through a different lens.

SJCOG staff have also discussed potential solutions to these identified roadblocks:

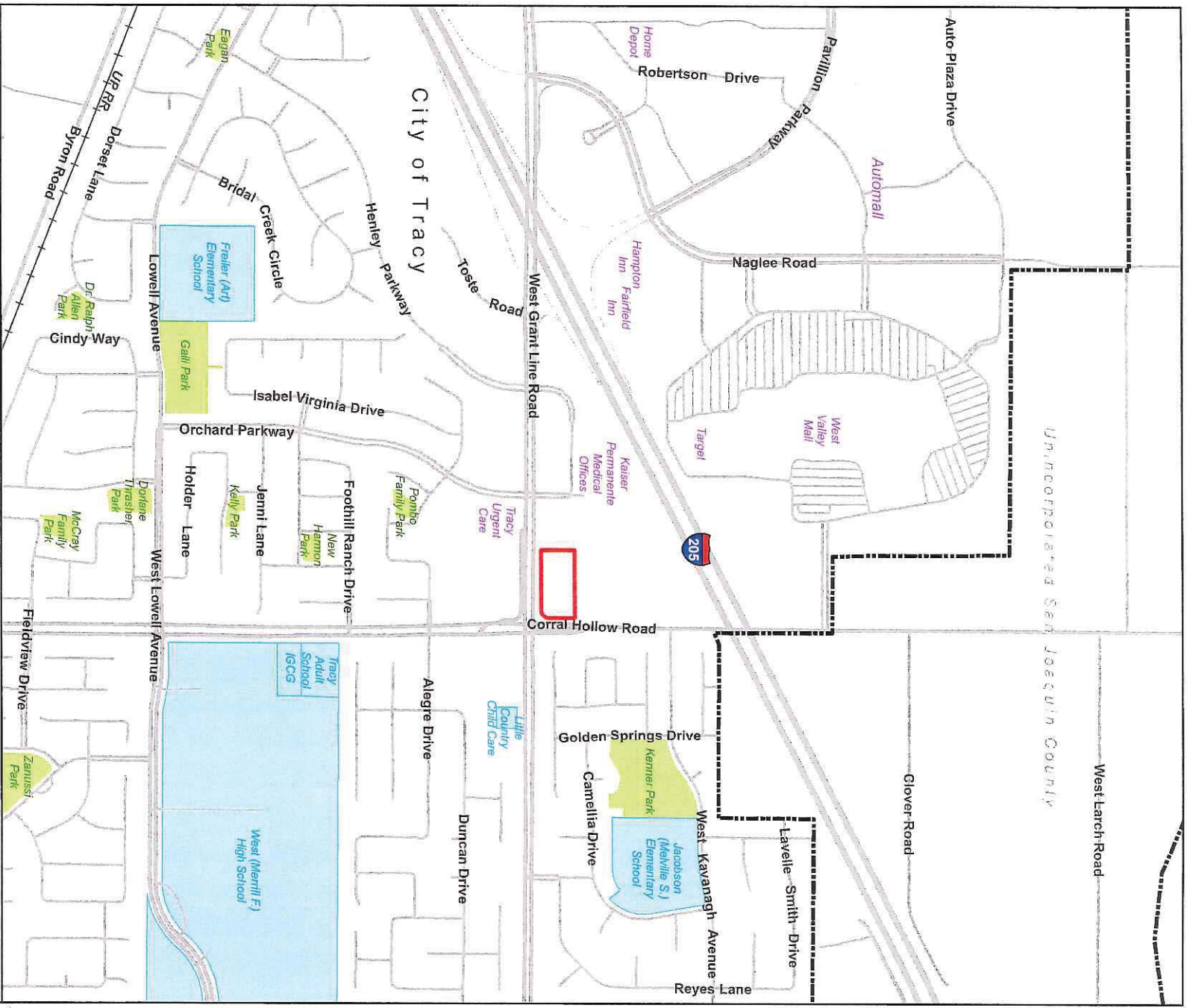
- Development of a more formal “checklist” of program requirements and/or a regular call for projects, similar to other SJCOG funding programs. The SJCOG Smart Growth Incentive program could provide a useful model.
- Expand the program eligibility criteria to include corridor, sub-regional, or multi-jurisdictional improvements to enhance the overall attractiveness of an area for economic development, instead of a direct benefit to a single potential employer. An example of this would be STAA truck route improvements.
- Proactively look for representative projects or programs with funding gaps and strong ties to economic development and the required program nexus. This would allow SJCOG staff to suggest specific projects or groups of projects for funding and/or leverage other program funds to create synergistic funding packages. Examples might include projects along multi-modal corridors identified in the Regional Congestion Management Program (typically State Highways functioning as “main streets”) or downtown “infill” type projects that include strong job creation and mixed-use components.

Staff's intent with bringing these preliminary discussions before the committees and the SJCOG Board is to gain input and direction to bring back to the project selection committee, and, ultimately, present a list of proposed changes to the Jobs Balancing Investment Fund program for Board approval and incorporation into the program's guidelines.

ATTACHMENTS:

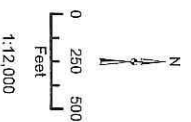
Project Description

Prepared by: Kim Anderson, Senior Regional Planner



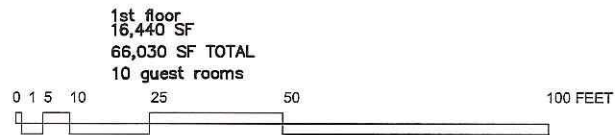
Legend

- Project Boundary
- City Limits
- Schools
- Parks



HOME2SUITES BY HILTON PROJECT

Project Vicinity

[illegible]

5  INDICATES FULLY ACCESSIBLE ROOM

6  INDICATES ROOM WITH HEARING IMPAIRED PROVISIONS (SEE PLANS FOR LOCATION)
(RS = ROLL IN SHOWER)

REVISION 1/2017

Abstract

MAIN FLOOR PLAN

THESE DRAWINGS, SPECIFICATIONS, SCHEDULES AND A REVISIONS LIST ARE THE SOLE & EXCLUSIVE PROPERTY OF LIFE SAZE & ASSOCIATES, INC. AND WERE CREATED AND DEVELOPED BY AND FOR THE ARCHITECT'S EXCLUSIVE USE IN AND IN CONNECTION WITH THE ARCHITECT'S SOLE ACTIONS CONTRACTED OR REFLECTED ON THESE DOCUMENTS SHALL BE USED OR REPRODUCED BY ANY PERSON, FIRM OR CORPORATION WITHOUT THE WRITTEN PERMISSION OF LIFE SAZE & ASSOCIATES, INC.

PROPOSED:
TRACY HOME2 HOTEL
W GRANT LINE ROAD & N CORRAL HOLLOW ROAD
TRACY, CALIFORNIA

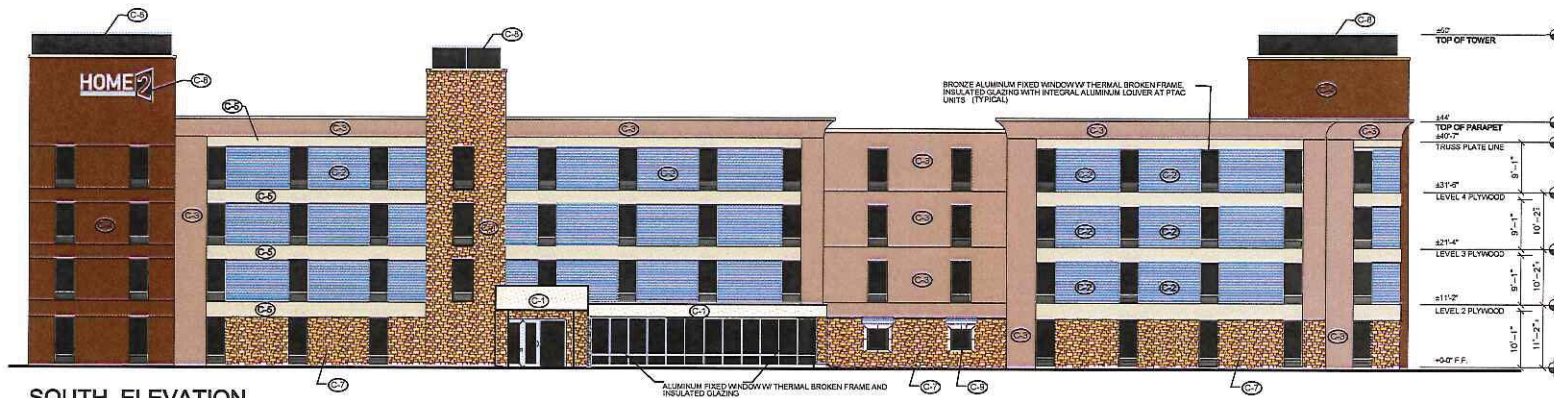


A1
SHEET _____

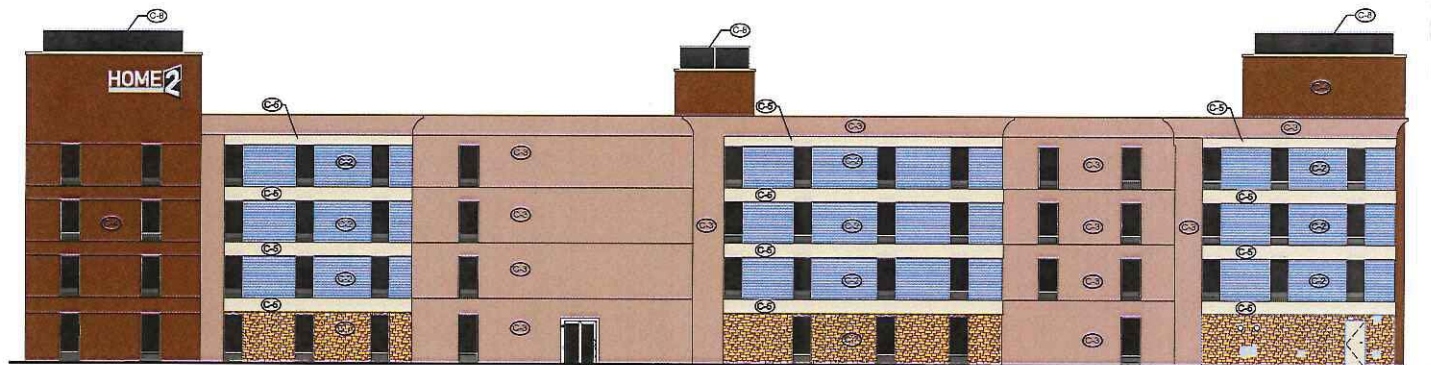
Attachment C



A2
Sheet _____
of _____



SOUTH ELEVATION

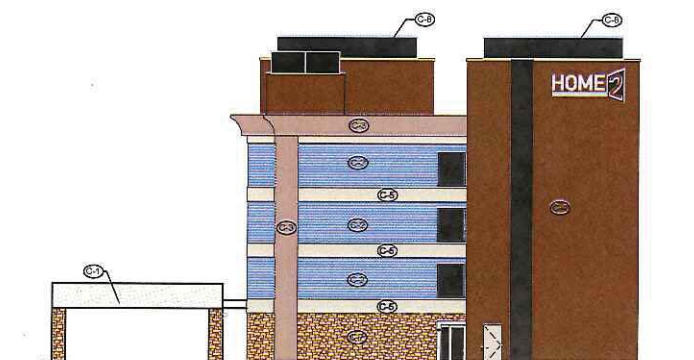


NORTH ELEVATION



WEST ELEVATION

0 15 10 25 50



EAST ELEVATION

100 FEET

COLOR SCHEDULE (BENJAMIN MOORE COLORS)	
 — SHERWIN WILLIAMS NATURAL SPIRIT ROSETTE	 — SHERWIN WILLIAMS WHITE DOVE WHITE DOVE
 — PAINT: AC-22 NANTUCKET FOG NANTUCKET FOG	 — PAINT: HC-77 ALEXANDRIA BEIGE ALEXANDRIA BEIGE
 — PAINT: HC-75 VAN BUREN BROWN VAN BUREN BROWN	 — PAINT: OC-28 COLLINGWOOD COLLINGWOOD
 — PAINT: OC-17 WHITE DOVE WHITE DOVE	 — STONE VENEER CORONADO CORONADO
 — GLASS CROWN MATCH LEPRECHAUN GREEN LEPRECHAUN GREEN	 — METAL AWNING MATCH WHITE DOVE COLOR WHITE DOVE COLOR

NOTE:
ALL ROOF DRAIN & DOWNS TO BE CONCEALED
INSIDE THE EXTERIOR WALL FINISHING.
ALL ROOF DRAINAGE IS IN THE MAIN ROOF AREA- NO
GUTTERS
ALL ROOF EQUIPMENT TO BE SCREENED FROM PUBLIC
VIEW

ELEVATIONS

