Frequently Asked Questions
Transportation Uniform Mitigation Fee (TUMF) Program

WRCOG's Transportation Uniform Mitigation Fee (TUMF) Program is a regional fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in Western Riverside County. Each of WRCOG's member jurisdictions and the March JPA participates in the TUMF Program through an adopted ordinance, collects fees from new development, and remits the fees to WRCOG. WRCOG, as administrator of the TUMF Program, allocates TUMF to the Riverside County Transportation Commission (RCTC), groupings of jurisdictions – referred to as TUMF Zones – based on the amounts of fees collected in these jurisdictions, the Riverside Transit Agency (RTA), and the Western Riverside Regional Conservation Authority (RCA). Fees are used for planning, engineering, right-of-way acquisition, and construction of eligible TUMF facilities and acquisition of open space.

Below are responses to some "Frequently Asked Questions" regarding the TUMF Program. WRCOG staff is happy to provide a presentation on the Program to private sector and public agency groups that are interested in hearing more detailed information. Contact Chris Gray, Director of Transportation at gray@wrcog.cog.ca.us or at 951 955-8304 to schedule a presentation.

Comment: ***Where did the directive for developing the TUMF Program come from?***

Response: The directive for doing so came from the citizens of Riverside County. In 2002, Riverside County voters overwhelmingly approved a ½-cent transportation sales tax, commonly known as Measure A. By taxing themselves, voters put their own "skin in the game" to ensure that our quality of life, at least from a transportation viewpoint, would be improved.

But the voters also realized they could not do it all. They also approved the Measure's "Transportation Improvement Plan" which contemplated significant expenditures to come from *"revenues to be generated by the cities and County implementing a Transportation Uniform Mitigation Fee."* Riverside County voters approved Measure A with the expectation that a plan would also be implemented to ensure that new development pays its fair share to mitigate impacts to the region's road system. The TUMF Program fulfills those voter expectations.

Question: ***How is the fee determined?***

Response: In order for a fee program to be established, State law (Mitigation Fee Act) requires that a "Nexus Study" be prepared to establish the relationship between new growth in the region and the need for transportation improvements to mitigate the traffic impacts from new development. WRCOG prepares the Nexus Study that involves a multi-step process that examines, among other variables, future growth in the region, the road network needed to serve new development, and the estimated cost of needed improvements. The Nexus Study identifies each of the land use's proportional share of the traffic impacts and provides a fee schedule charged to future residential and non-residential development.

Question: ***Why a regional approach instead of just having individual jurisdictions setting their own fees?***

Response: City and County boundaries in Western Riverside County do not mean much when it comes to how people drive. A regional approach allows for a comprehensive examination of how travel occurs across the "commute shed," which allows for a more connected, comprehensive and meaningful regional system to be built – where roads do not bottleneck, for example, simply because they cross from one city to the next.

Question: ***What is WRCOG's role, and what are the roles of the other Program partners?***

Response: WRCOG is the administrator of the TUMF Program. It develops the "Nexus Study," the document that serves as the technical and legal anchor for the Program fee. WRCOG receives the fees collected from member jurisdictions, and distributes them to the Riverside County Transportation Commission, the local jurisdictions, the Riverside Transit Agency, and the Western Riverside Regional Conservation Authority in accordance with the Nexus Study.

The Program's partners mentioned above, are generally responsible for prioritizing facilities that are "TUMF-eligible" to be constructed, and for managing all contracts needed for planning, engineering, and construction of projects.

Comment: ***I've heard that TUMF has a negative impact on the economy. Is this true?***

Response: There exists considerable contemporary research demonstrating the positive linkages between a high quality transportation network and a top performing economy. According to the 2014 Economic Analysis of Transportation Infrastructure Investment prepared by the National Economic Council and the President's Council of Economic Advisors,

"A well-performing transportation network keeps jobs in America, allows businesses to expand, and lowers the price on household goods to American families. The economic benefits of smart infrastructure investment are long-term competitiveness, productivity, innovation, lower prices, and higher incomes, while infrastructure investment also creates many thousands of American jobs in the near-term."

Conversely, the disadvantages of inadequate transportation investments are costly to the economy. The report notes that Americans spend a whopping 5.5 billion hours in traffic each year, costing families more than $120 billion in extra fuel and lost time. American businesses pay $27 billion a year in extra freight transportation costs, which increases shipping delays and raises prices on everyday products. A recent study from the Duke University Center on Globalization, Governance and Competitiveness found that underinvestment in transportation infrastructure costs the United States more than 900,000 jobs, including more than 97,000 manufacturing jobs. The report doesn't mince words in concluding that

"Our decaying infrastructure is creating a significant drag on the economy."

The Duke University report also states that every $1 invested in transportation infrastructure creates more than $3.5 dollars in economic return. Further, it indicates that more than 21,000 jobs are created per each $1 billion invested in transportation infrastructure.

TUMF is a $3.3 billion Program, which translates to the creation of nearly 70,000 new jobs, which makes it one of the largest job producing programs in Riverside County. And, these are private sector jobs that provide the planning, engineering and construction of TUMF facilities.

Comment: ***Isn't the TUMF Program really just a tax?***

Response: TUMF is a fee, not a tax, and there is an important distinction. The TUMF is applied only to new development projects for the express purpose of mitigating the impact that new development will have on the transportation network, as demonstrated by the "Nexus Study." Existing property owners do not pay TUMF.

A tax, for whatever purpose it is used for, is levied on all citizens.

Comment: ***Don't TUMF fees negatively impact the ability to construct new homes and businesses in Western Riverside County?***

Response: It does not appear so. During the recent economic recession, WRCOG's Executive Committee adopted a policy that gave local jurisdictions the opportunity to discount TUMF by 50%. Ten (10) of WRCOG's 17 jurisdictions did so, under the assumption that the fee reduction would spur development. Subsequent tracking of permit activity in Western Riverside County showed no statistical change in the rate of development between full and discount fee jurisdictions during the period when the fee reductions were in place. In fact, trend lines showed that permit activity was slightly lower in the jurisdictions that had the reduced TUMF.

TUMF represents only about 2% to 3% of a typical monthly mortgage payment (assuming that the developer passes TUMF costs to the eventual homeowner by adding the fee amount to the price of a new home). It is likely that development activity would be more significantly impacted by economic factors such as the available housing stock, consumer demand, interest rates, land and material costs, labor costs and other factors, all of which can fluctuate significantly from one year to the next.

WRCOG is currently in the process of undertaking a comprehensive analysis of how development impact fees and increases over time might impact the development community compared with other development costs. The study will also examine the benefits of sound vs. unsound transportation infrastructure on the ability of a community to improve economically. The results of the study are anticipated in Summer 2016.

Comment: ***I've heard that TUMF fee increases are excessive and random. What's the deal?***

Response: Any proposal to increase TUMF undergoes a rigorous vetting process and incorporates a number of well-known approved and nationally respected factors and indices. From 2003 - when the TUMF Program commenced - to today, the fee on a single family residential home has increased by about 33%. Compare this to increases in a number of items tracked from 2002 through 2012 by the U.S. Bureau of Labor Statistics. During that time, prices for the cost of coffee (up 90%), ground beef (up 61%), eggs (up 73%), and wine (up 60%) are just a few of the thousands of items that, like pretty much everything, increased in cost during that period. The average prices of cars (up 24%), shoes (up 37%), and a refrigerator (up 56%) provide a sampling of non-food items that have increased in cost from 2003 – 2015.

The cost of building transportation infrastructure increases over time as well. Think about this; while the ½ cent transportation sales tax we pay on the cost of taxable items itself never increases, virtually everything it is attached to – taxable goods like those mentioned above – does. By being attached to the costs of goods that are always increasing in price, the amount paid in Measure A sales tax is constantly increasing as well, which allows the value of the Measure A dollar to keep pace with the real cost of road-building.

Increasing the TUMF, on the other hand, requires analysis, review, and approval by governing bodies. It does not occur automatically. As with Measure A, it is important that the TUMF dollar keep pace with increasing land, labor, and materials. By not adjusting the fee to keep pace with these costs, the TUMF's "buying power" gets reduced. What we think we can build, we cannot and our ability to improve transportation infrastructure lessens, and our quality of life – as measured in increased hours of delay and reduced productivity – is diminished.

Question: ***The TUMF sets a maximum fee level. Is there any harm in charging lower fees?***

Response: Lower fees might make the Program more palatable to some, but then new development is not fully mitigating its impacts on the system, which is precisely what the fee is intended to do.

If fees are lowered for some period of time, the revenue that was not collected cannot be recouped by charging more in the future, or by charging more to land use categories that might be thought to be better able to absorb the fees, that is against the law. Further, when the fee is reduced from what is identified in Nexus Study, the law requires the funding gap must be made up from some other source other than the fee program. Most often, it is local government that bears the responsibility of closing the funding gap, not the private sector.

Question: ***Are there any exemptions?***

Response: Yes, several development types are exempt from the TUMF , such as: Low income residential housing, Government and Public buildings, Public and Private Schools (K-12 not for profit), rehabilitation or reuse of an existing building, Development agreements prior to July 2003, and the Sanctuary building of church or house of worship, to name a few.

Question: ***Are credits and reimbursements allowed?***

Response: Yes. The program allows for private developers to build roadways, grade separations, and even interchanges as a way to offset their TUMF obligations. The program even allows developers who build an improvement where the cost exceeds their TUMF obligation to receive reimbursement up to certain limits set forth in the program.

Question: ***How is project eligibility determined?***

Response: The short answer: If it's identified in the Nexus Study Network, it's eligible. Arterial segments and facilities are screened through a six-step criteria selection process. Arterials must be regional (multi-jurisdictional), have a minimum of 4 lanes at build-out, forecasted to an excess of 20,000 vehicles per day by 2035, and have a volume to capacity ratio of 0.90 (Level Of Service E) or greater by 2035, to name a few. For some perspective, a Level of Service E means that 90% of the road's ability to carry traffic is being used.

Question: ***Do the jurisdictions work together to determine which projects get built?***

Response: Yes. Cities and the County are grouped into 5 TUMF Zones. Each Zone is a specific geographic area in the WRCOG subregion that have common transportation issues. Zone level meetings occur among the public works, executive management, and elected officials who select which projects are to be prioritized. Each TUMF Zone receives 46.39% of TUMF revenues that are collected from the jurisdictions in that Zone.

Question: ***Are matching funds to build projects required?***

Response: Matching funds are not required to receive TUMF funding. However, demonstrated matching funds will elevate a project's prioritization.

Question: ***Are appeals allowed?***

Response: Yes. The TUMF Administrative Plan provides for an appeals process in cases where a developer believes fees have been applied incorrectly. The process calls for developer, jurisdiction staff, and WRCOG to attempt to address issue. If not resolved, the matter goes to WRCOG Executive Committee for final determination.

Comment: ***How much of TUMF is really used for road and transit improvements?***

Response: While WRCOG does use a portion of TUMF funds collected to administer the Program, the Agency modeled its administration costs after those used by RCTC for administering Measure A. 1% of collected revenues is for salaries and benefits, and up to 3% can be used for direct expenses such as legal counsel and consultants, for a total of 4% for Program Administration. That means that, at a minimum, 96% of TUMF fees are used for building infrastructure. These include costs related to planning, engineering and construction, tasks that are performed by the private sector. TUMF funds are ultimately directed to the private sector, which builds public infrastructure to benefit the subregion's future residents and employers. You can see the value of the TUMF program through the 85 projects (as of 2016) which have been funded by TUMF including:

- Columbia Avenue Grade Separation – City of Riverside
- Ramona Expressway Widening – City of San Jacinto
- Nason Street/SR-60 Interchange – City of Moreno Valley
- Desert Lawn Drive Widening – City of Calimesa
- Perris Transit Center – City of Perris
- SR-79 Winchester Road Widening – County of Riverside

To find out more about what projects have been delivered through the TUMF program, please see our 85 and Counting Report here on WRCOG's website.

Question: How can I find out more about WRCOG's TUMF Program?

Response: To learn more about WRCOG's TUMF Program, please refer to the TUMF Annual Report (2015 Edition) and on the WRCOG website at www.wrcog.cog.ca.us and select the TUMF link. To request a presentation, please contact Chris Gray, WRCOG's Director of Transportation, at gray@wrcog.cog.ca.us or at 951-955-8304.