



Western Riverside Council of Governments Joint Meeting of the WRCOG Executive Committee and Supporting Foundation

Staff Report

Subject: Overview of the TUMF Nexus Study - Final Draft
Contact: Chris Gray, Deputy Executive Director, cgray@wrcog.us, (951) 405-6710
Date: September 9, 2024

Recommended Action(s):

1. Approve the TUMF Nexus Study.
 2. Approve the recommended Fee Schedule with an effective date of April 1, 2025.
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Summary:

The TUMF Nexus Study draws a connection between the needs of the Program and the TUMF Program Fee Schedule. The Nexus Study identifies projects requiring mitigation from new development, determines anticipated project costs, and assesses fees to fund these projects. Analysis through transportation modeling work has determined a list of projects eligible for mitigation. Staff released the draft for a 30-day review / comment period. These comments have been addressed by WRCOG staff and responses have been provided to everyone who provided comments. The final draft is now being presented for approval.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to present the final draft of the TUMF Nexus Study. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #5 (Develop projects and programs that improve infrastructure and sustainable development in our subregion).

Discussion:

Background

At its October 4, 2021, meeting, the Executive Committee gave direction for staff to begin work on a Nexus Study update. The Nexus Study identifies projects requiring mitigation from new development and determines what the cost of those projects will be and which fees need to be assessed to fund these projects. Nexus Study updates have occurred on a regular basis with updates done in 2005, 2009, 2011, and 2017.

The key reasons for a Nexus Study update include the following:

- It is considered a best practice to update on a regular basis
- Underlying growth forecasts have changed since the last update
- Travel behavior has changed, particularly viewed in light of COVID-19
- The project list has changed, with past projects completed and new projects identified
- Opportunity to add new project types, such as Intelligent Transportation System (ITS) infrastructure

Present Situation

The draft Nexus Study satisfies the needs of the Mitigation Fee Act (AB 1600) which governs imposing development impact fees in California. The draft Nexus Study confirms the following, as per AB 1600 rules:

1. Establish a nexus or reasonable relationship between the development impact fee's use and the type of project for which the fee is required.
2. The fee must not exceed the project's proportional "fair share" of the proposed improvement and cannot be used to correct current problems or to make improvements for existing development.

This draft Nexus Study describes the various assumptions, data inputs, and analysis leading to the determination of each major variable in the TUMF calculation, and ultimately leads to the determination of the TUMF Schedule of Fees and the maximum "fair share" fee for each of the various use types defined in the TUMF Program. These two primary outputs are included in the draft Nexus Study and represent the two main components of the Nexus Study. The final Nexus Study is provided as Attachment 1 to this Staff Report.

The first output of the draft Nexus Study is the TUMF Network Cost Estimates (Table 4.4 of Attachment 1). This list includes all the infrastructure projects included in the TUMF Program. These infrastructure projects include road widening, interchanges, bridges, grade separations, transit projects, and ITS projects. Each project in this list is on the TUMF Regional System of Highways and Arterials (Network), and will have potential TUMF funding. Eligible projects would include those that, due to congestion, have a need to be mitigated. This mitigation could be adding a lane to a road, widening a bridge, or improving an interchange. The Nexus Study also determines how much of the mitigation need is being caused by traffic from new development. From these calculations a total eligible funding figure is presented on each project, also known as a 'maximum TUMF share.' This figure represents the maximum amount of TUMF funding that the local agency can request to be allocated towards one of its projects.

The second output of the Nexus Study is the TUMF Fee Schedule. The total cost to mitigate the TUMF Network is divided among the different types of developments in proportion to their expected traffic impacts. TUMF groups the various land use categories to simplify the administration of the Program. The main uses are Single-family Residential, Multi-family Residential, Service, Retail, and Industrial. The Fee Schedule represents the maximum fee permissible under California law for the purposes of the TUMF Program.

Consistent with the requirements of AB 602, WRCOG will be implementing a tiered approach to calculate and collect fees for single-family units based on the size of the unit itself. This tiered approach will use the final adopted Single-Family fee as a basis for these tiers. For example, a smaller home will pay a fee

which is less than the standard Single-Family fee while a larger home will be a higher fee. The exact values of these tiers will not be known until the Single-Family fee is finalized. The actual process by which these tiers are implemented is shown in the TUMF Fee Calculation Handbook, which is one of the main TUMF governance documents. The TUMF Fee Calculation Handbook, along with other TUMF governance documents, will be updated prior to the implementation of any increase in TUMF.

Public Comment: The public comment period for the Draft Nexus Study opened on May 13, 2024; informational meetings were held on May 21, 2024, and June 4, 2024. The comment period closed on June 10, 2024, though WRCOG has continued to accept comments after the closing of the comment period.

A total of 13 letters were received with 42 separate comments. Comments were received from:

- City of Corona
- City of Eastvale
- City of Lake Elsinore
- City of Moreno Valley
- City of Perris
- City of Riverside
- City of San Jacinto
- Habitat for Humanity
- Riverside County, Transportation Land Use Management Agency
- Southern California Building Industry Association (BIA)
- Mr. McCarthy (City of Riverside resident)
- Ms. Dooley (City of Jurupa Valley resident)
- Ms. Marshal (City of Jurupa Valley resident)

All parties who commented were provided with a written response during the week of July 29, 2024. Some key comments that were received included:

- Specific questions on the inclusion or exclusion of specific projects - The majority of the questions we received from our member agencies were in relation to the amount of funding for projects in the jurisdiction in question. Where appropriate, adjustments were made to the roadway network in response to these comments.
- Comments regarding the negative impacts of warehouses - Several residents commented that warehouses have negative impacts related to noise, air quality, road maintenance and other related items. WRCOG responded that many of these impacts are outside of the TUMF Program jurisdiction and those comments are best addressed to their local agency.
- Impact of SB 743 - Several commenters questioned whether the TUMF program could continue to fund roadway projects after the implementation of SB 743, which requires projects to evaluate their impacts to the environment using VMT as a metric. WRCOG noted that SB 743 is applicable to CEQA documents only, and has no impact on fee programs such as TUMF.
- One commenter asked that we reduce TUMF fees on affordable housing project. WRCOG's response was that these projects are currently exempt from TUMF and therefore any changes in the TUMF fees would not impact these types of projects.

All of the comments and WRCOG's responses are provided in Attachment 2 to this Staff Report.

Next Steps

The Executive Committee is being asked to take two separate actions. The first action will be to approve the Nexus Study. The second action will be to set the Fee Schedule for each land use type.

Traditionally, setting the fee schedule also requires determining a date at which the new fees become effective. Attachment 3 provides the recommended Fee Schedule with a recommended effective date of April 1, 2025.

The Public Works Committee, Administration & Finance Committee, and Technical Advisory Committee (TAC) have all recommended that the Executive Committee approve the Nexus Study and implement the Fee Schedule with one change. The members of the TAC voted to adopt the Fee Schedule as proposed by staff with the exception of the retail fee, which they recommended to be frozen at the current rate \$7.72.

If the Executive Committee adopts the Nexus Study and Updated Fee Schedule, the following actions will be required to implement the updated fees:

- WRCOG staff and BBK must develop an updated draft TUMF Ordinance and distribute this document to each WRCOG member agency staff and its legal counsel for review. This process generally takes 1 - 2 months.
- Member agency staff are then responsible for scheduling action by their elected body to formally adopt this ordinance. This adoption process must follow the requirements of state law and generally takes 2 - 3 months. Staff anticipates that any formal action by member agencies would occur in mid- to late-November or December. For consistency purposes, staff asks that each elected governing board (City Council / Board of Supervisors) from TUMF participating agencies adopt the ordinance with an effective date several months later than the action to allow a transition period between the old fee and new fee.
- WRCOG staff will also be working to update administrative and technical documents such as the TUMF Administrative Plan, the TUMF Fee Calculation Handbook, and the TUMF Fee Calculator, as well as the online TUMF Payment Portal. As noted above, the adjustment to the Single-Family fee based on the size of individual units will be implemented through the TUMF Fee Calculation Handbook. These updates will require approval by WRCOG Committees, occurring in Q1 2025.

Assuming all of this work proceeds on schedule, new fees will become effective on consistent dates amongst all member agencies. At this time, WRCOG is recommending that the updated Fee Schedule become effective April 1, 2025. This period of time allows for all of the necessary technical, administrative, and legal steps necessary and also provides an opportunity for extensive outreach with the development community to ensure that this transition to the new fee schedule is as orderly as possible.

Prior Action(s):

August 15, 2024: The Technical Advisory Committee recommended that the Executive Committee adopt the TUMF Nexus Study and the recommended Fee Schedule but freeze the retail fee at its current level.

August 14, 2024: The Administration & Finance Committee recommended that the Executive

Committee adopt the TUMF Nexus Study and the recommended Fee Schedule.

August 8, 2024: The Public Works Directors recommended that the Executive Committee adopt the TUMF Nexus Study and the recommended Fee Schedule.

August 8, 2024: The Planning Directors received and filed.

May 6, 2024: The Executive Committee released the draft Nexus Study for a 30-day review and comment period.

April 18, 2024: The Technical Advisory Committee received and filed.

April 11, 2024: The Public Works Committee recommended that the Executive Committee release the draft Nexus Study for a 30-day review and comment period.

April 11, 2024: The Planning Directors Committee's recommended that the Executive Committee release the draft Study for a 30-day review and comment period.

April 10, 2024: The Administration & Finance Committee recommended that the Executive Committee release the draft Study for a 30-day review and comment period.

February 15, 2024: The Technical Advisory Committee received and filed.

February 14, 2024: The Administration & Finance Committee received and filed.

February 8, 2024: The Public Works Committee received and filed.

December 14, 2023: The Public Works Committee received and filed.

October 12, 2023: The Public Works Committee received and filed.

August 10, 2023: The Public Works Committee received and filed.

June 8, 2023: The Public Works Committee received and filed.

April 13, 2023: The Public Works Committee approved the updated TUMF Nexus Study Roadway Network.

July 11, 2022: The Executive Committee received and filed.

March 17, 2022: The Technical Advisory Committee received and filed.

March 10, 2022: The Public Works Committee received and filed.

October 4, 2021: The Executive Committee gave direction to 1) begin work on a TUMF Nexus Study update; 2) update the TUMF Administrative Plan to expand the TUMF-eligible project list to include Intelligent Transportation Systems projects; 3) work with the Riverside County Transportation

Commission and Riverside Transit Agency to evaluate options to mitigate VMT impacts from new development outside of the TUMF Nexus Study update; and 4) begin work on an update of the Analysis of Development Impact Fees in Western Riverside County.

Financial Summary:

Funding for TUMF activities is included in the Fiscal Year 2024/2025 budget under the TUMF Program (1148) in the General Fund (110). 4% of all TUMF collections are allocated for administrative purposes.

Attachment(s):

[Attachment 1 - TUMF Nexus Study Final Draft](#)

[Attachment 2 - WRCOG Responses to Public Comments](#)

[Attachment 3 - Recommended Fee Schedule](#)