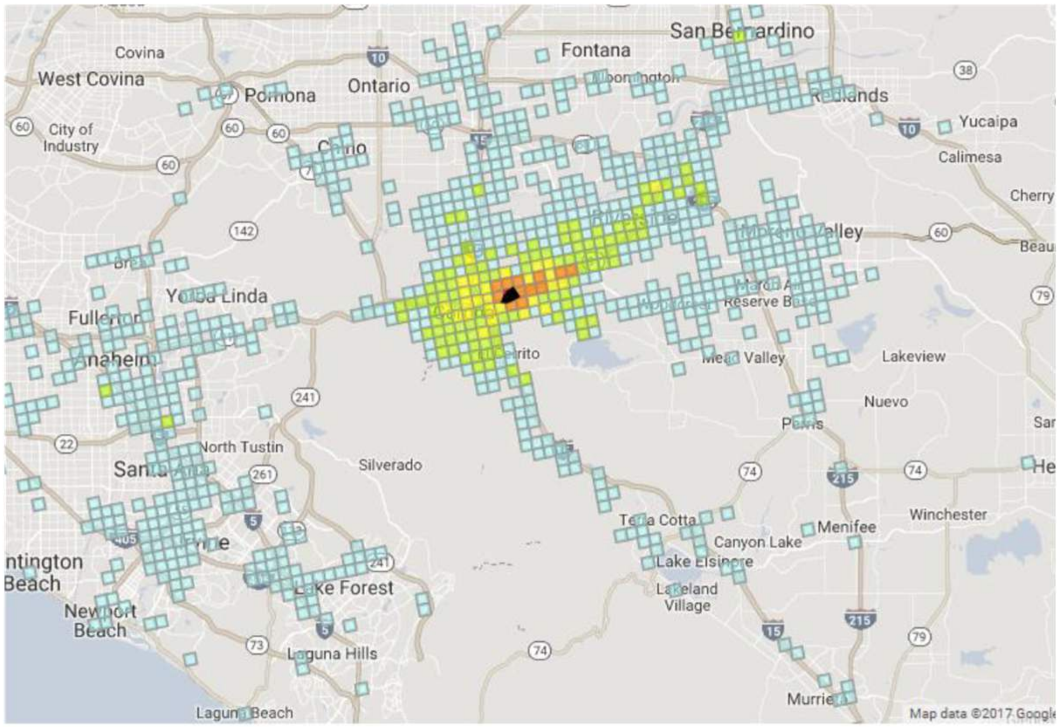
TUMF Overview

- Regional leaders came together in the late 1990’s, early 2000’s to address traffic congestion
- Recognizing that congestions does not respect agency boundaries, they sought to develop a regional transportation mitigation program
- Idea was that new development would be asked to pay it’s “fair share” of transportation impacts
- Funds are collected, aggregated, and then returns back to agencies for project implementation
- 96% of all TUMF revenue goes back to specific projects
- TUMF has funded 130 projects since 2003
- TUMF supplements other funding sources

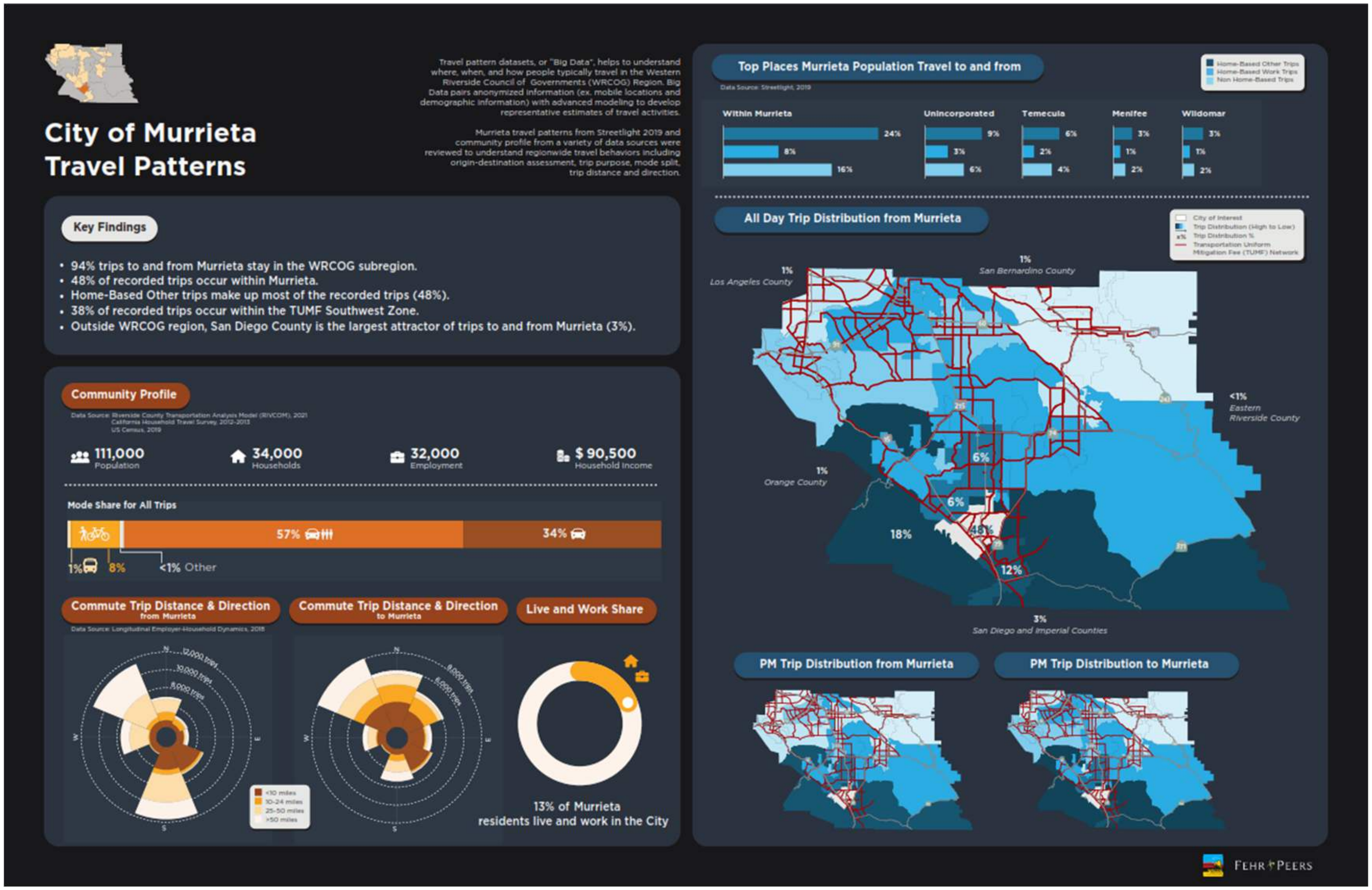
Regional Traffic Example



Location of Daily Trips Traveling To/From Costco Shopping Center (McKinley Avenue)

Source: Streetlight

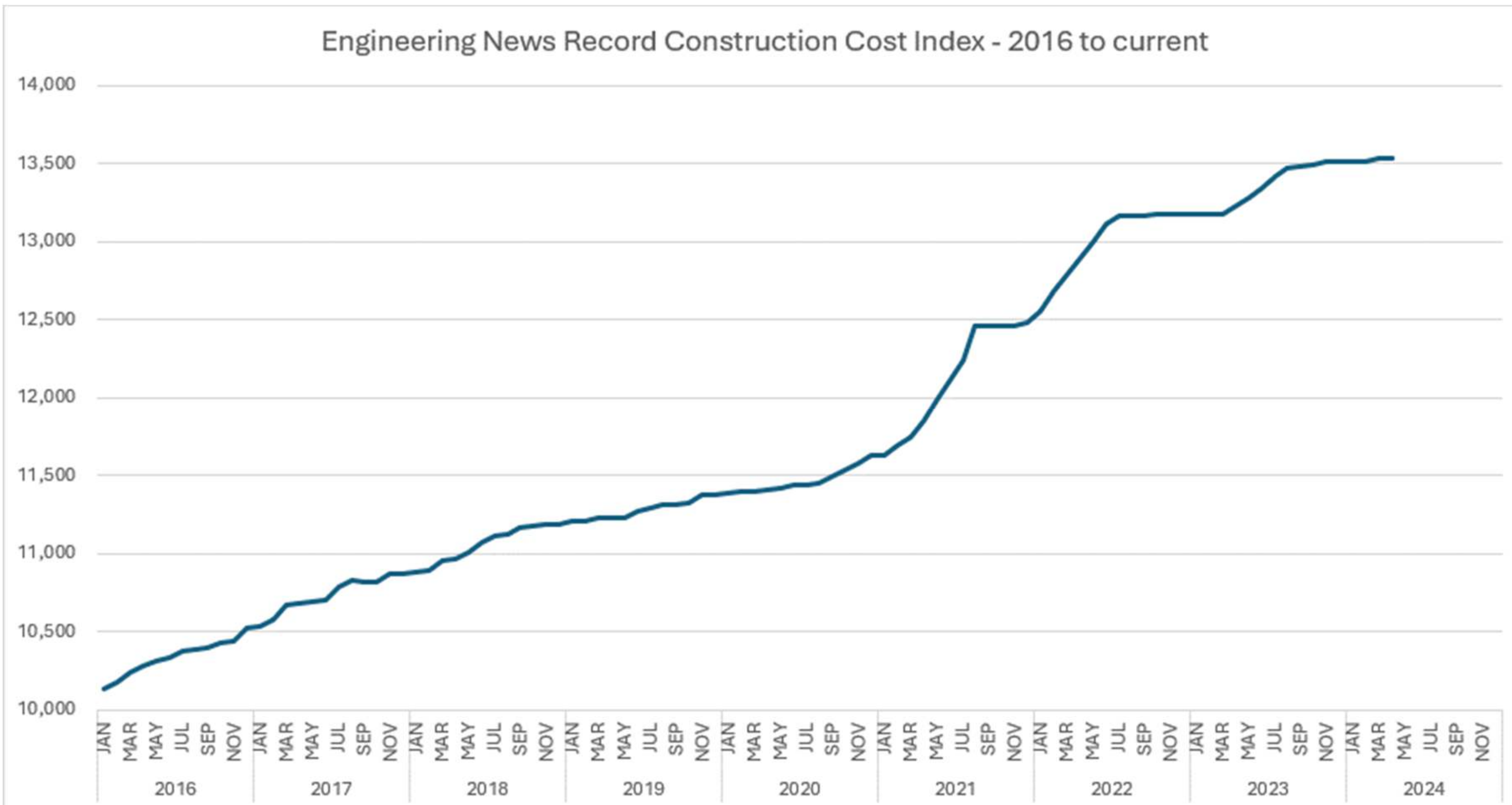
Travel Surveys- City of Murrieta



TUMF Nexus Study

- Updated started in 2021
- All technical work is complete
- 20 WRCOG committee meetings
- 2 public meetings
- Numerous agency staff meetings
- Outreach with individual developers and project applicants
- Public Works Committee, Administration & Finance, and Technical Advisory Committee all recommended:
    - Approval of the Nexus Study
    - Adoption of an updated Fee schedule, effective April 1, 2025

Roadway Cost Increases



Highlights of New Projects & Additional Funding for Existing Projects

- Corona: Ontario Ave (I-15 to El Cerrito), +$7M
- Eastvale: Hellman Ave (Walter to River), +$21M
- Norco: Hamner Ave (Santa Ana River to Hidden Valley), +$22M
- Perris: Ellis Ave (Goetz Rd to Evans Rd), +$9.5M
- Jurupa Valley: Van Buren (SR-60 to Bellegrave), +$5.9M
- Riverside County District 2: I-15/Temescal Canyon Interchange, +$13M
- Riverside County District 3: Rancho California (Butterfield Stage to Glen Oaks), +$47M
- San Jacinto / Hemet: SR-79 Realignment, +$20M
- Wildomar: Bundy Canyon (Monte Vista to Sunset), +$13.7M

Nexus Study Fee Levels

Category	Current Fees	2024 Nexus Study
Single-Family Residential	$10,104	$15,476
Multi-Family Residential	$6,580	$7,816
Industrial	$1.86	$2.33
Service/Office	$4.89	$9.76
- Class A/B Office	$2.45	$3.25
Retail	$7.72	$11.21

Development Impact Fees as % of Total Development Costs

Fee Type	SF	MF	Industrial	Retail	Service/ Office
TUMF	1.6%	1.6%	1.0%	1.4%	0.7%
Other Fees	7.4%	6.2%	3.0%	5.3%	4.0%
Total	8.9%	7.9%	4.0%	6.7%	4.7%

Source: 2022-2023 Analysis and Regional Comparison of Development Impact Fees in western Riverside County (WRCOG)

Residential Project

Menifee

Single-Family Home
2,088 square feet
Built 2024

Sales Price: $608K
TUMF: $10,104

TUMF as % of Sales Price: 1.6%

Non-Residential Project

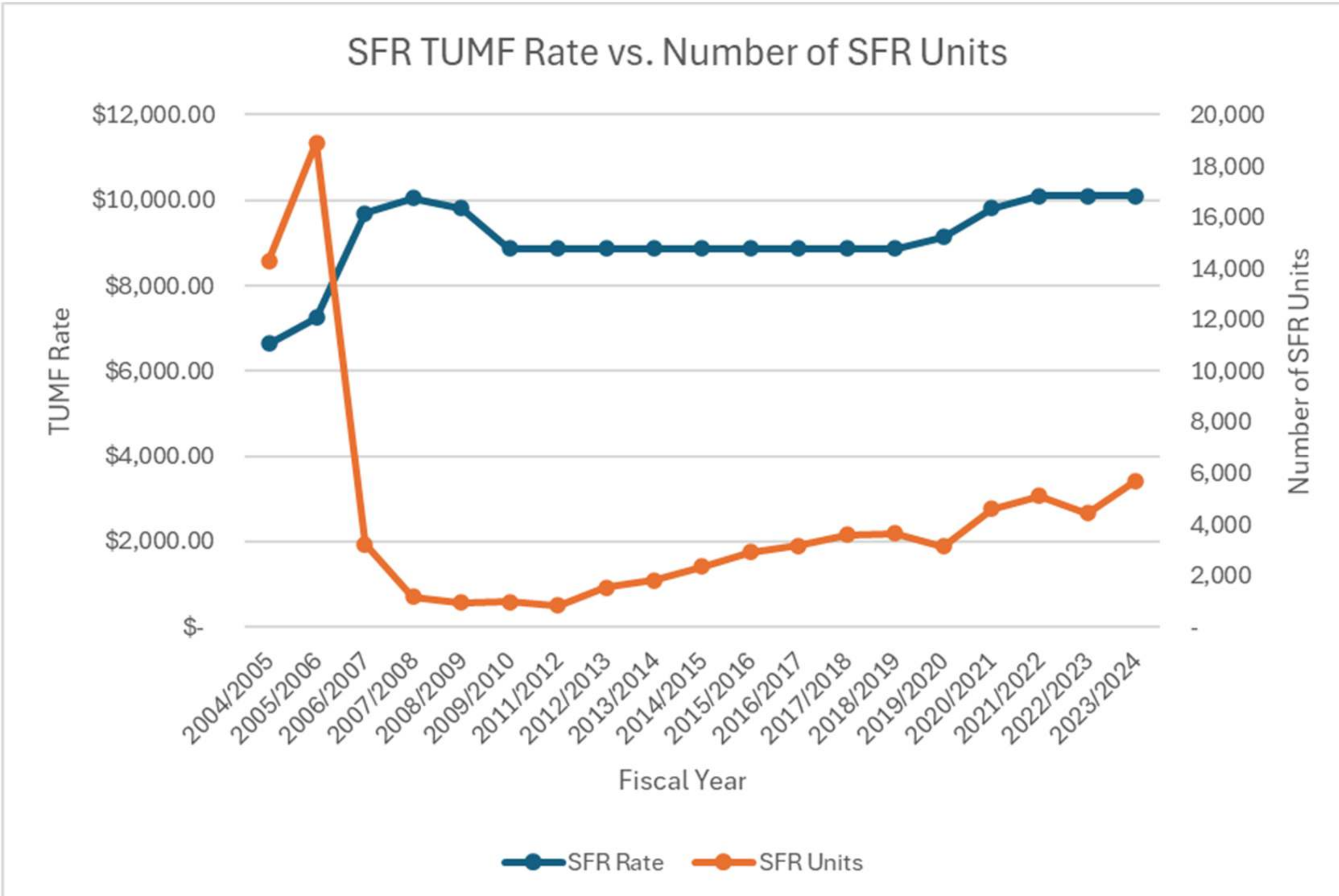
Winchester

Industrial Building
13,690 square feet
Built 2023

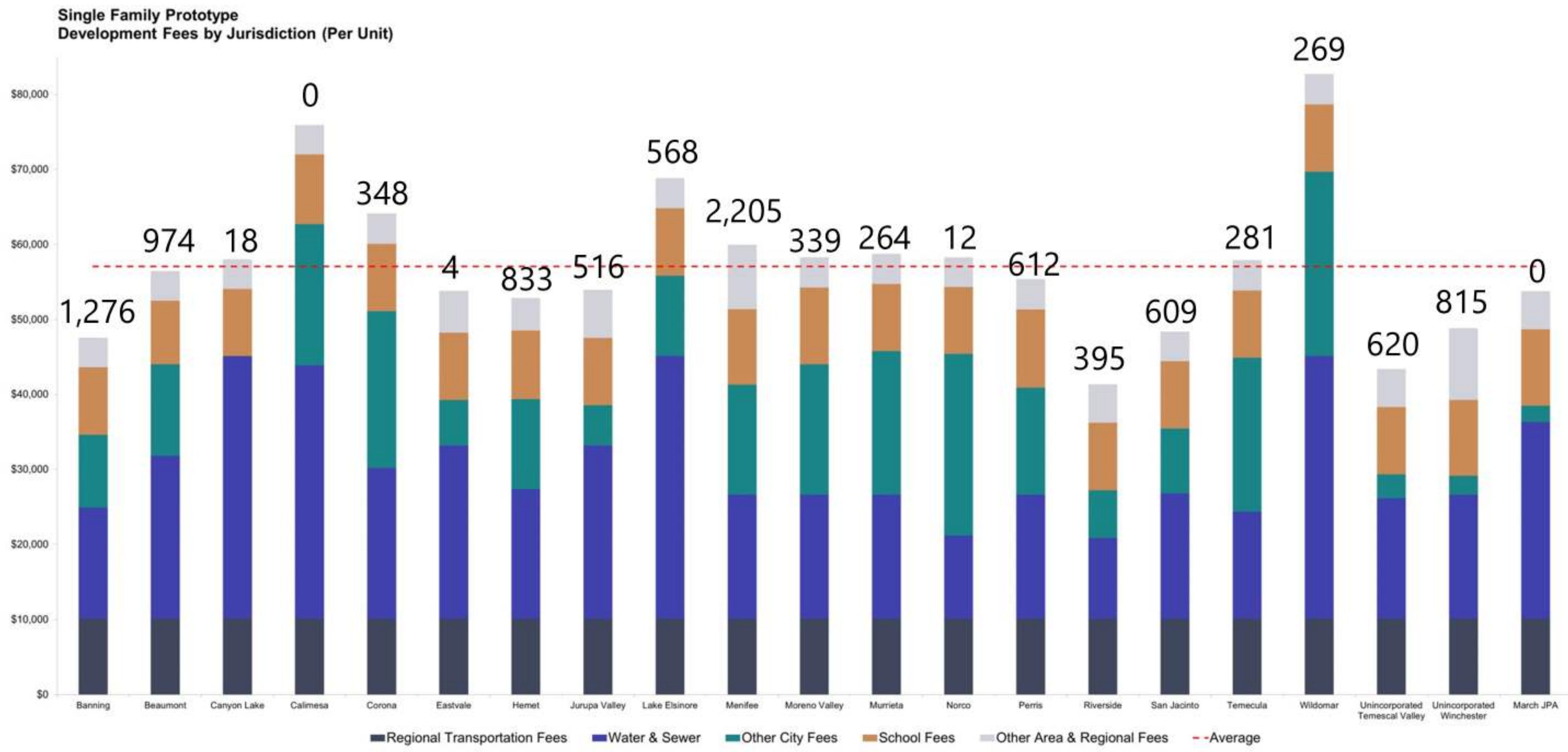
Sales Price: $3.6M
TUMF: $25,378

TUMF as % of Sales Price: 0.7%

How Have Previous Changes in TUMF Impacted SF Permits?

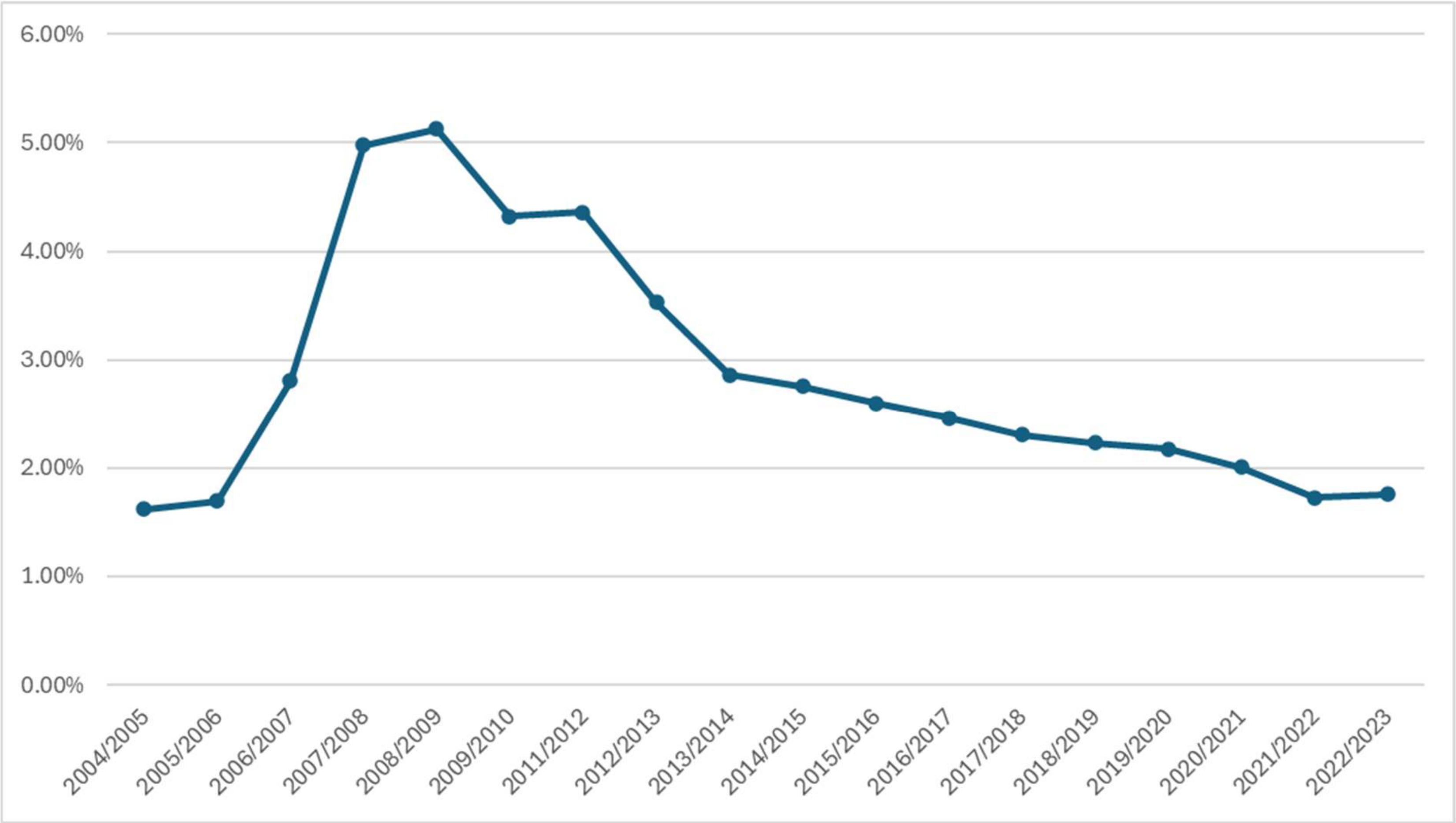


Impact Fee Analysis vs. SF Units



Fee estimates for specified development prototypes as of 2022. Actual fees will vary based on project specifics and any fee updates.
"Other Area Fees/ Regional Fees" include, but are not limited to, roads and bridges, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

TUMF as a Percentage of Median Home Price



How Will a Fee Change Impact Residential Developers?

- 95% or more of all Single-family TUMF fees are paid by national developers (many of which are publicly traded)
  - DR Horton, Pulte, Tri-Pointe, Meritage, Lennar, KB Homes, etc.
- Residential developers have not objected to the last two CCI increases
- Developers prize certainty so they will want to know what the fee is increasing to and when the change will occur
- WRCOG staff regularly fields calls from developers expecting our fees to increase on an annual basis (as many other fees do)
- The comment letter from BIA made a general suggestion about phasing in any fee increase and acknowledged the benefits of a tiered fee approach
- Home builders pay the fees when the unit is constructed, likely that fee is passed onto the homebuyer along with other costs

How to Reduce the Impacts to Home Buyers?

- AB 602 requires that impact fees for residential units be calculated based on square footage
- **TUMF Nexus Study must comply with AB 602 (not optional)**
- WRCOG and its consultants spent a year collecting data and conducting a detailed statistical analysis
- This analysis concluded that smaller homes generate fewer trips for homes less than 2,500 square feet
- For homes larger than 2,500 square feet, home size did not affect the number of trips
- Other factors also affected trips:
    - Income, number of workers, family members, etc.

AB 602 Compliant TUMF Fee

Home Size	Median Sales Price	Existing TUMF	Nexus Study TUMF*	AB 602 TUMF*
Less than 1,800 SF	$498,174	$10,104	$15,476	$12,380
1801-2300 SF	$575,900	$10,104	$15,476	$13,927
2301-2700 SF	$619,990	$10,104	$15,476	$15,476
More than 2,700 SF	$680,729	$10,104	$15,476	$19,344

Other TUMF Residential Exemptions/Reductions

- Affordable housing projects are 100% exempt from TUMF
- Accessory dwelling units (ADUs) are 100% exempt from TUMF
- Age restricted housing for seniors pay a reduced fee
- Housing at transit stations pay a reduced fee
- Multi-family units pay a reduced fee per unit compared to single-family residential

Non-Residential Fees

- All non-residential fees would be increasing
- Non-residential fees are paid on a per square foot basis
- Projects that generate more trips per square feet generate higher fees
- Ensures that each use pays its fair share based on how many trips are generated
- Trips to/from residences account for over 75% of all vehicle trips on the Network
- Trips from non-residential to non-residential uses are less than 25% of all trips

Non-Residential Fee Reductions/Exemptions

- All public buildings and facilities are exempt
- Worship areas of religious facilities are exempt
- First 3,000 square feet of all retail/service uses (up to 20,000 square feet) is exempt
- Reduced fee for Class A/B office space (rarely used)
- Discounted fees for nursing homes, mini-warehouses, nurseries, car dealership, and small/medium wineries
- EV charging stations pay no TUMF fees
- TUMF is waived when a retail/service/industrial use occupies a previously occupied building with the same use
- TUMF is also waived if a new retail/service/industrial demolishes an existing building and builds a new building with the same use

Example Non-Residential Projects

Land Use	TUMF Category	Building Size (sq ft)	TUMF Fee
Restaurant	Service	3,886	$4,332
Car Wash	Service	4,194	$5,838
Convenience Store	Retail	4,287	$6,293
Automotive Parts	Retail	7,380	$33,813
Industrial Building	Industrial	21,700	$43,362
Fitness Center	Service	37,361	$182,695
Hotel	Service	63,039	$299,435
Costco	Retail	153,000	$1.2M
Warehouse	Industrial	1.4M	$2.7M

Comment Period

- Draft Nexus Study was released for comment on May 6, 2024
- 13 letters with 42 separate comments
  - Local Jurisdictions
    - Cities of Corona, Eastvale, Lake Elsinore, Moreno Valley, Perris, Riverside, and San Jacinto, and the County of Riverside TLMA
  - BIA, Habitat for Humanity
  - Private Citizens
    - Ms. Marshall – City of Jurupa Valley resident
    - Ms. Dooley – City of Jurupa Valley resident
    - Mr. McCarthy – City of Riverside resident
- Each commenter was provided with written responses (attached to the Staff Report)

What Are You Being Asked to Do Today?

1. Adopts the Nexus Study
   - Accepts the technical work in the Study
2. Adopts a proposed fee schedule
   - Executive Committee can accept the fee or phase in any increase
   - Determine a date for fees to be effective
   - Cannot increase fee above recommendation

Executive Committee Action at 2017 Update

- Adopted the Nexus Study
- Approved a fee schedule with the following changes
  - Single-family increase was phased-in over a 3-year period
  - Retail / service fee was cut by 50%
  - Adopted the retail / service 3,000 square foot exemption
- Phasing the Single-family fee reduced TUMF revenues by approximately $5M
- Did not have a meaningful impact on single-family construction
- Retail construction has declined 60% since the fee reduction was implemented

Impact of Delaying / Phasing in The Fee

- Actions taken have reduced TUMF revenue by approximately $300M+ over the lifetime of the Program
  - Phasing in initial residential fee increases
  - Allowing projects with existing development agreements to be exempt from TUMF
  - Reducing TUMF in 2009
  - Not increasing TUMF between 2009 and 2017
  - Delaying the implementation of the residential fee increase in 2017
  - Not implementing CCIs on multiple occasions

Potential Impact of Deferring Implementation of a New Fee Schedule

Scenario	Revenue	Potential Revenue Loss
Adopt Nexus Study Fee Schedule	$125M	$0
Adopt Nexus Study Fee Schedule but freeze Retail Fee	$124M	$1M
Adopt Nexus Study Fee Schedule but freeze Retail/Service Fee	$123M	$1.6M
Defer All Fee Increases for 6 Months	$106M	$19M
Defer SF Residential Fee Increase for 6 Months	$112M	$15M
Defer SF Residential Fee Increase for 12 Months	$95M	$30M
Defer All Fee Increases for 12 Months	$87M	$37M

PWC, Administration & Finance, and TAC Actions

- Public Works Committee, Administration & Finance Committee, and Technical Advisory Committee all voted to approve the Nexus Study
- Public Works Committee and Administration & Finance Committee approved the Fee Schedule consistent with the Nexus Study
- Technical Advisory Committee voted to freeze the retail fee and leave all other fees consistent with the Nexus Study
    - Retail fee would remain at $7.72 and would not increase

Recommended Fee Levels- Effective Date April 1, 2025

Category	Current Fees	2024 Nexus Study	TAC Recommendation
Single-Family Residential	$10,104	$15,476	$15,476
Multi-Family Residential	$6,580	$7,816	$7,816
Industrial	$1.86	$2.33	$2.33
Service/Office	$4.89	$9.76	$9.76
- Class A/B Office	$2.45	$3.25	$3.25
Retail	$7.72	$11.21	$7.72*

*Executive Committee will be asked to approve the Fee Schedule consistent with the TAC recommendation

After Approval

- WRCOG assists each agency to adopt an updated TUMF ordinance
- We can provide the Staff Report and presentation materials, and attend the meetings to support the staff
- Local agencies schedule council / board action, likely to occur in late November, early December, potentially January
- WRCOG will update the TUMF Administrative Plan, Fee Calculation Handbook, Fee Calculator, and Online TUMF Payment Portal
  - Incorporate AB-602 provisions for single-family house size
- Process can take up to 6 months to be implemented
- Revised fee schedule, if approved, to be implemented on April 1, 2025

Final Notes

- TUMF is a fee on new development for their "fair share" of impacts associated with that development
- Only collecting fees for this share related to new development
- If you do not collect that fair share, you are impacting your existing residents 2 ways
  - Diverting funds from other sources to fund projects that new development should be paying for (possible)

    Or

  - Forcing these residents to experience additional congestion related to this new development (most likely)
- Transportation funding is an "all of the above" solution. TUMF is a critical part of the solution.