

STAFF REPORT

SUBJECT: Annual Adjustment of the Regional Transportation Impact Fee

RECOMMENDED ACTION: Approve the 2.49% Annual Adjustment of the RTIF Fee (as depicted in Table 1) in order for participating agencies to make the adjustment effective July 1, 2020

DISCUSSION:

SUMMARY:

Based on Section 3.2 from the Regional Transportation Impact Fee (RTIF) Operating Agreement, the region wide RTIF fee schedule is annually adjusted by each participating agency at the beginning of each fiscal year (July 1). The approved annual adjustment methodology is a rolling three-year average of the Engineering News-Record California Construction Cost Index (CCCI). Based on this methodology, an adjustment of the fees of +2.49% is indicated. The resulting adjusted fee structure is as follows:

Table 1: Fee Adjustment by Land Use Type

Land Use Type	FY 19/20 RTIF Schedule	Annual Change @ 2.49%	FY 20/21 RTIF Schedule
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
*Alternative fee calculation method for non-retail, non-residential development projects not otherwise adequately represented in the six land-use categories; typically projects with minimal or no building area that would nonetheless generate impacts to the transportation network. Examples include mining, intermodal and recreational facilities.			

RECOMMENDATION:

Recommend Board approval the 2.49% annual adjustment to the RTIF fee as shown in Table 1 in order for participating agencies to make the adjustment effective July 1, 2020.

FISCAL IMPACT:

The ongoing cost of administering the RTIF is anticipated in SJCOG’s FY 20-21 Overall Work Program (OWP) and will not be affected by this action.

Development fees will be adjusted. There will be an increase in RTIF revenue of:

- \$87.42 for each single-family dwelling unit;
- \$52.45 for each multi-family dwelling unit;
- \$0.03 for each square foot of retail space;
- \$0.04 for each square foot of office space;
- \$0.03 for each square foot of commercial/industrial space;
- \$0.01 for each square foot of warehouse space; and
- \$2.70 for Other.

BACKGROUND:

Administrative Fee Adjustment

The original RTIF Operating Agreement was fully executed by SJCOG and all member agencies in 2006; a revised agreement was approved by the SJCOG Board in April 2015 and was approved by resolution by the governing boards of each member jurisdiction as of October 2015. As part of the program’s policy, the RTIF fee structure is to be administratively adjusted on an annual basis. Section 3.2 from the Operating Agreement states as follows:

RTIF Program Fee shall be adjusted annually. Annual adjustments to the RTIF Program Fee shall be adjusted by each Participating Agency on an annual basis at the beginning of each fiscal year (July 1). The annual adjustment shall be calculated by SJCOG as the arithmetic average of the annualized percentage change of the Engineering News Record California Construction Cost Index (CCCI) for each of the three most recent years.

The indices and adjustment calculations are detailed below. The historical CCCI table is included as Attachment A to the staff report.

Table 2: FY 20/21 CCCI Calculation for FY 19/20 Fee Adjustment

Year	2020	2019	2018	2017
CCCI (April - April)	6955	6841	6596	6461
Average % Change	1.67%	3.71%	2.09%	N/A
3 Year Average	2.49%			

COMMITTEE ACTIONS:

- *Technical Advisory Committee*—Approved the staff recommendation.
- *Management and Finance Committee*— Approved the staff recommendation.
- *Executive Committee*— Approved the staff recommendation with one abstention from the City of Tracy. In light of the current fiscal challenges facing local jurisdictions, the Executive Committee had the following questions:
 - Can the Board change the prescribed methodology and approve a lower fee adjustment—an adjustment as low as zero percent, as a hypothetical example.
 - Similarly, can the Board delay the start date of the fee adjustment (from July 1)?
 - Is there a requirement (in the operating agreement between all the cities and the county implementing the Regional Transportation Impact Fee) as to at what point the fee will be collected? And if not, can the Board stipulate when this occurs? One example from a committee member was for the local jurisdiction to not apply the RTIF fee at the time of the building permit, but rather, at project construction completion (in concert with the permission to occupy).

In addressing the questions raised by the Executive Committee, SJCOG staff and legal counsel reviewed the RTIF Operating Agreement for the above-mentioned areas. We conclude, that based upon the operating agreement, the answer to all the three questions would be “no”.

The operating agreement is very specific as to how the fee will be adjusted annually. This language was hammered out through some tough negotiations, and staff would urge caution in moving away from the procedure outlined in the operating agreement. There is no room within the agreement to change that or delay when the fee will be collected. Doing so would constitute a breach of that agreement.

To elaborate further, staff found the following:

1. Section 4.1 (c) states the RTIF fees shall not be waived or subject to negotiation.
2. Section 13.3 states amendments to the agreement shall be made by SJCOG and the participating agencies.
3. Section 13.5 states execution of the agreement is by the BOS, City Councils and SJCOG Board.
4. Section 4.1 (a) states the RTIF Program Fees shall be paid at the time of issuance of a building permit for the Development Project, or as otherwise required or permitted pursuant to Government Code section 66007.

Again, in both staff and legal counsel’s assessment, a change to the provisions of the Operating

Agreement cannot be made unilaterally by any party. Therefore, staff's recommendation (as described in the staff report) remains the same as it adheres to the specific provisions outlined in the operating agreement.

NEXT STEP(s):

Each participating agency will need to adjust their RTIF Fee structure accordingly to take effect on July 1, 2020.

SJCOG Staff will prepare the RTIF Annual Report for Fall 2020 adoption.

ATTACHMENTS:

Attachment A - Calculation of 2020/2021 Annual RTIF Adjustment

Prepared by Hailey Lang, Associate Regional Planner

Year	Month											
	January	February	March	April	May	June	July	August	September	October	November	December
2020	6955	6945	6947	6955								
2019	6684	6700	6616	6841	6852	6854	6854	6823	6814	6851	6985	6924
2018	6596	6596	6596	6596	6596	6598	6643	6613	6674	6679	6679	6684
2017	6373	6373	6373	6461	6455	6470	6474	6620	6620	6596	6596	6596
2016	6106	6132	6248	6249	6240	6238	6245	6244	6267	6343	6344	6373
2015	6073	6077	6069	6062	6069	6055	6055	6055	6113	6114	6109	6108
2014	5898	5896	5953	5956	5957	5961	5959	5959	5959	5969	5981	5977
2013	5774	5782	5777	5786	5796	5802	5804	5801	5802	5911	5903	5901
2012	5683	5683	5738	5740	5755	5754	5750	5778	5777	5780	5779	5768
2011	5592	5624	5627	5636	5637	5643	5654	5667	5668	5675	5680	5680
2010	5260	5262	5268	5270	5378	5394	5401	5401	5381	5591	5599	5596
2009	5309	5295	5298	5296	5288	5276	5263	5265	5264	5259	5259	5262
2008	4983	4983	4999	5004	5023	5065	5135	5142	5194	5393	5375	5322
2007	4869	4868	4871	4872	4886	4842	4849	4851	4942	4943	4978	4981
2006	4620	4603	4597	4600	4599	4593	4609	4616	4619	4867	4891	4877

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