

**REGIONAL  
TRANSPORTATION  
IMPACT FEE (RTIF)  
PROGRAM**

**FY 2019/2020  
ANNUAL REPORT**

# Table of Contents

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Introduction .....	2
Background .....	2
Purpose.....	2
Fund Generation/Expenditures .....	2
Responsibilities.....	2
RTIF Overview .....	2
Project Eligibility Criteria .....	2
RTIF Capital Project List.....	3
The RTIF Roadway Network .....	3
FY 2019/2020 RTIF Structure.....	4
Financial Reporting .....	5
Development Permit Activity .....	5
Residential .....	5
Non-Residential.....	6
RTIF Collected.....	7
Revenue Distribution/Expenditures .....	7
San Joaquin County / SJCOG .....	7
Expenditures .....	8
Net Balance.....	8
SJCOG Regional Share.....	9
Program Changes During FY 2019/2020 .....	10
Upcoming Tasks .....	10
Jobs Balancing Investment Fund (JBIF) .....	10
Further Information.....	11

# Introduction

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## Background

The Regional Transportation Impact Fee (RTIF) program was established in October 2005. In April 2006, SJCOG entered into the RTIF Operating Agreement with the eight local jurisdictions in the county to administer the RTIF program. The first full fiscal year of the RTIF program was 2006-2007. A revised Operating Agreement was adopted April 2015 and fully executed during the 2015-2016 fiscal year. The first comprehensive update per AB 1600 was adopted in FY 10/11, and the second in FY 16/17.

## Purpose

The RTIF program's objective is to generate funding from new development projects that impact the Regional Transportation Network and integrate these funds with federal, State, and other local funding to make transportation improvements identified in the RTIF Program.

## Fund Generation/Expenditures

The RTIF generated approximately \$96 million since its inception; of which approximately \$67 million was retained after deducting project and program administrative costs. Jurisdictions retain 75% of RTIF funds collected and distribute 10% to San Joaquin County and 15% to SJCOG. In FY 2019-20, \$355,849 of RTIF funding was expended on one regionally significant transportation project. This project was the Thornton Road (Pershing Ave to Bear Creek Bridge) project.

## Responsibilities

SJCOG led the establishment of the RTIF program as the agency responsible for regional planning and programming of the regional transportation network, the countywide network of highways,

regional arterials, and related transit services. Program maintenance includes preparing the AB

1600 RTIF Update every five years, introducing any amendments to the RTIF capital project list, requesting necessary fee increases, and proposing projects to receive SJCOG RTIF funds. Jurisdictions are responsible for collecting fees, committing/ expending RTIF funds on projects within their jurisdiction, and reporting their activities annually. This document serves as an overview of all participating agencies' activities during fiscal year 19/20.

### **Projects Funded Fiscal Year 2019/2020: *Thornton Road (Pershing Ave to Bear Creek Bridge)***



## RTIF Overview

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The RTIF serves as a countywide, multi-jurisdictional multimodal capital improvement funding program for San Joaquin County. The RTIF Capital Project List is updated during the RTIF AB 1600 update or by amendment. Collected RTIF funds can be committed and expended on projects in the Capital Project List.

## Project Eligibility Criteria

RTIF funding can be expended on regionally significant capital improvement projects that have met approved criteria. The criteria for highway, interchange, and regional roadway projects include:

1. Falls on the adopted RTIF regional roadway network.
2. Identified in the fiscally constrained project list of the most recent Regional Transportation Plan (RTP).

3. Excluding interchanges, involves a capacity improvement of one or more through travel or passing lanes, auxiliary lanes, or turn lanes.
4. Modeled and screened consistent with the requirements of the Mitigation Fee Act criteria for establishing a rational nexus.

The criteria for public transit improvement projects include:

1. Must involve an improvement to an existing or a new service/facility which connects at least two (2) or more cities or regions.
2. Identified in the fiscally constrained project list of the most recent Regional Transportation Plan (RTP).
3. Modeled and screened consistent with the requirements of the Mitigation Fee Act criteria for establishing a rational nexus.

The Jobs Balancing Investment Fund (JBIF), created in 2015, expanded RTIF eligible projects to include job creation projects in San Joaquin County, reducing the need to travel into an adjacent county for work. The criteria for JBIF include:

1. Transportation projects that support economic development policy objectives.
2. The project must be an RTIF Capital Project or must meet the criteria set forth in the RTIF Operating Agreement, if not an RTIF Capital Project.
3. Modeled and screened consistent with the requirements of the Mitigation Fee Act criteria for establishing a rational nexus.

SJCOG is considering restructuring the JBIF program. See “Upcoming Tasks,” below.

## RTIF Capital Project List

The Capital Project List includes forty-nine projects, based on the adopted April 2017 RTIF Update and the 2018 and 2020 Amendments. These projects include a mix of mainline highway expansions, highway interchange, regional roadway, and public transit projects. The current RCPL, attached as **Exhibit B**, provides greater detail regarding each project’s description and limits.

SJCOG is responsible for establishing and maintaining the Capital Project List. As needs and priorities change over time, a jurisdiction can request modifications to an existing project or exchange another project from the fiscally constrained RTP project list for one or more existing projects on the RTIF Project List. This

process takes into consideration the comments received from each participating jurisdiction consistent with the project eligibility criteria. The List’s next comprehensive update will occur during the next AB 1600 RTIF update in 2022.

Each project on the Capital Project List undergoes a “fair share” nexus calculation, which identifies the percentage share of the project cost related to the network impacts of new development. These total “fair share” costs form the basis of the maximum RTIF fee schedule.

## The RTIF Roadway Network

The RTIF Regional Roadway Network is part of designated Regional Congestion Management Program (RCMP) network and includes designated highways and local roadways of regional significance to be eligible to receive RTIF revenue. The adopted 2017 RTIF Update

illustrates the current RTIF Regional Roadway Network (Figure 1).

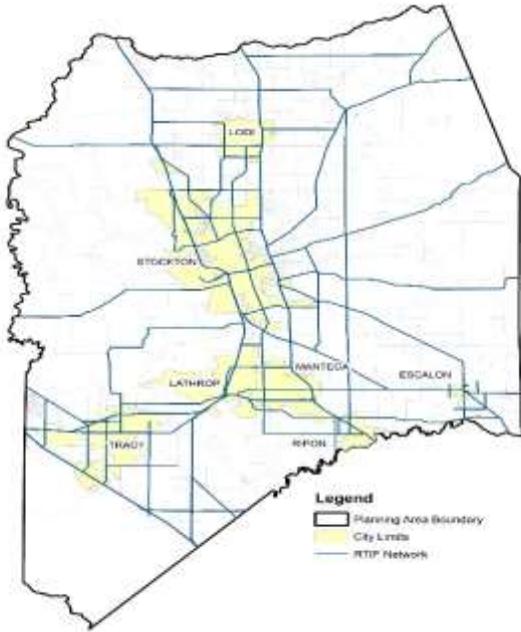


Figure 1: RTIF Regional Roadway Network

### FY 2019/2020 RTIF Structure

The RTIF program fee structure is set according to a nexus analysis that links the transportation impacts of new development projects to a “fair share” of the cost of projects designed to mitigate those impacts. The fee is uniform across all participating agencies. As noted previously, the “fair share” nexus findings from the 2017 RTIF Update forms the basis of the maximum justified fee schedule. The required analysis is detailed in the 2005 RTIF Technical Analysis and the 2017 RTIF Update.

The fee schedule in effect at the time of the 2017 RTIF update was lower than the calculated maximum allowed, thus the existing fee schedule was maintained, subject to an annual fee adjustment based on a three-year rolling average of the California Construction Cost Index (CCCI). The 2017 Update reexamined the “Other”

category and reduced the maximum fee. The 19/20 fee schedule reflects the maximum fee reduction.

The FY 19/20 RTIF fee structure (Table 1), below, was approved in May 2018.

Land Use Type	FY 18/19 Fee Structure	Annual Change + 3.07%	FY 19/20 Fee Structure
Residential (Single Family Due)	\$3,406.35	\$104.57	\$3,510.92
Residential (Multi-Family Due)	\$2,043.81	\$62.74	\$2,106.55
Retail (Sq. Ft.)	\$1.36	\$0.04	\$1.40
Office (Sq. Ft.)	\$1.71	\$0.05	\$1.76
Commercial/Industrial (Sq. Ft.)	\$1.03	\$0.03	\$1.06
Warehouse (Sq. Ft.)	\$0.43	\$0.01	\$0.44
Other (Per Trip)	\$105.04	\$3.22	\$108.26

Table 1: 2019/2020 Fee Schedule

The FY 20/21 RTIF fee structure (Table 2), below, was approved in May 2020.

Land Use Type	FY 19/20 Fee Structure	Annual Change + 2.49%	FY 20/21 Fee 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

Table 2: 2020/2021 Fee Schedule

A 15% RTIF discount can apply to housing projects that satisfy all the following “Smart Growth” characteristics:

- The housing development is located within one-half mile of a transit station and there is direct access between the housing development and the transit station along a barrier-free walkable pathway not exceeding one-half mile in length.
- Convenience retail uses, including a store that sells food, are located within one-half mile of the housing development.
- The housing development provides either the minimum number of parking spaces required by the local ordinance, or no more than one onsite parking space for zero to two-bedroom units, and two onsite parking spaces for three or more-bedroom units, whichever is less.

## Financial Reporting

The RTIF Annual Activity Report, **Exhibit A**, provides most of the information within this Financial Reporting section.

### Development Permit Activity

#### Residential

There were 2,199 single family residential permits in FY 19/20 (Figure 2). City of Tracy reported the highest single family permit activity with 557, followed by City of Manteca with 522 permits. The remaining jurisdictions reported FY 19/20 single family permit activity; as follows: 505 (City of

Lathrop), 315 (City of Stockton), 181 (City of Lodi), 66 (San Joaquin County ), 42 (City of Ripon), and 11 (City of Escalon).

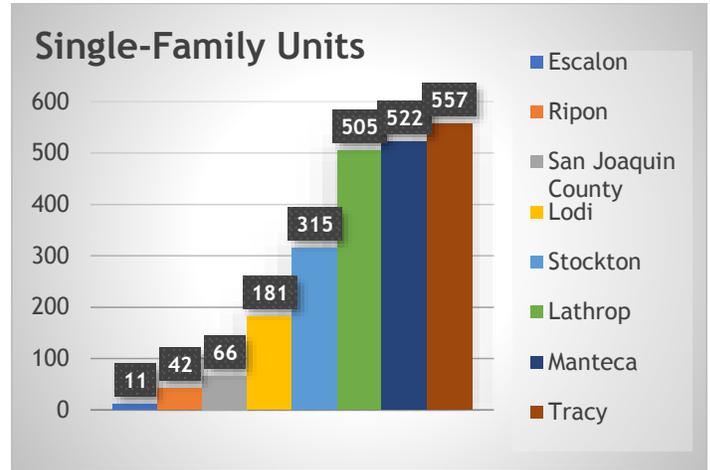


Figure 2: FY 19-20 New Single-Family Residential Activity (In Units)

There were 1,088 multi-family residential permits in FY 19/20. City of Manteca reported the highest multi-family permit activity with 301, followed by City of Tracy with 210. The City’s of Escalon and Ripon reported zero multi-family permit activity. The remaining FY 19/20 multi-family permit activity was reported; as follows: 183 (City of Stockton), 182 (City of Lathrop), 47 (San Joaquin County), and 165 (City of Lodi).

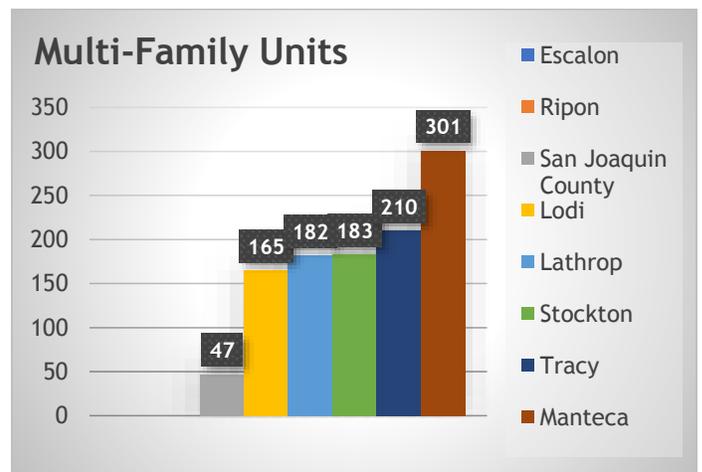


Figure 3: FY 19/20 New Multi-Family Residential Activity (In Units)

The total permit activity for all San Joaquin County jurisdictions were 3,287 units for FY 19/20 fiscal year, as illustrated in Figure 4, below.

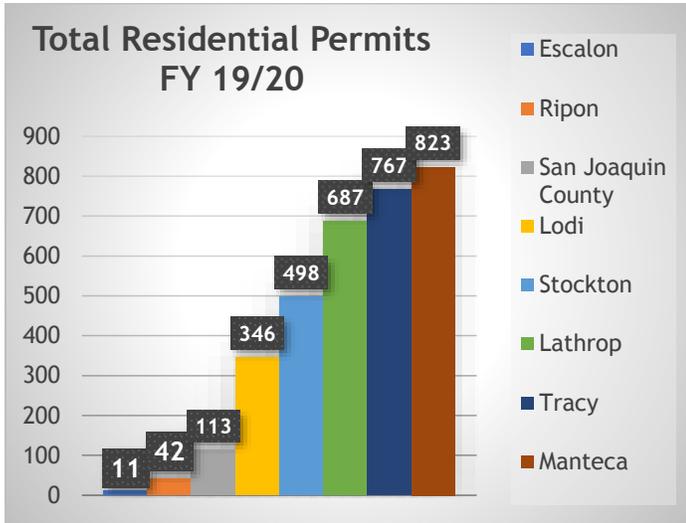


Figure 4: FY 19/20 Total Residential Permit Activity (In Units)

There were 19,351 residential permits since the RTIF's inception, 15,638 single family units and 3,713 multi-family units.

### Non-Residential

FY 19/20 non-residential permits accounted for 4,157,688 square feet of retail, office, commercial, industrial, and warehouse land uses. Jurisdictions reported 104,211 square feet of retail, 262,823 square feet of office, 3,781,750 of warehousing, and 8,904 square feet of commercial/industrial.

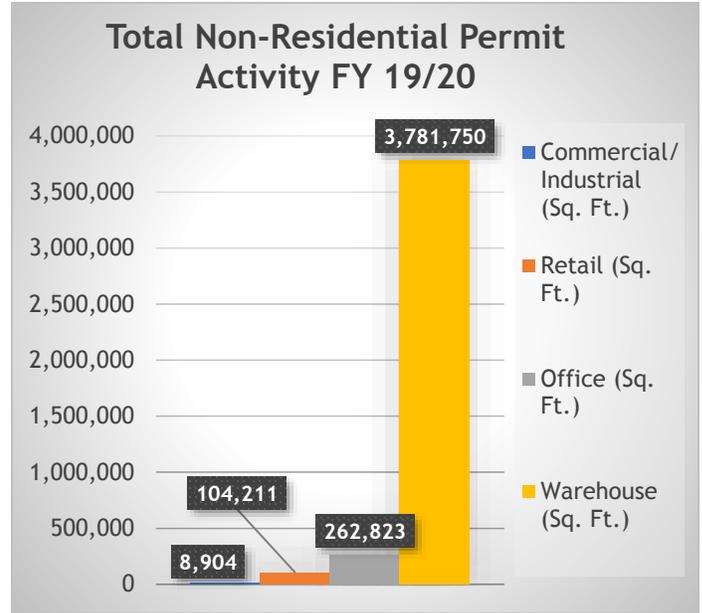


Figure 5: FY 19/20 RTIF Non-Residential Activity

Since RTIF's inception, the total non-residential permit activity is 3,133,963 square feet of retail, 2,685,283 square feet of office, 17,570,949 square feet of warehousing, and 21,512,284 square feet of commercial/industrial. The grand total non-residential permit activity is 44,902,479 square feet.

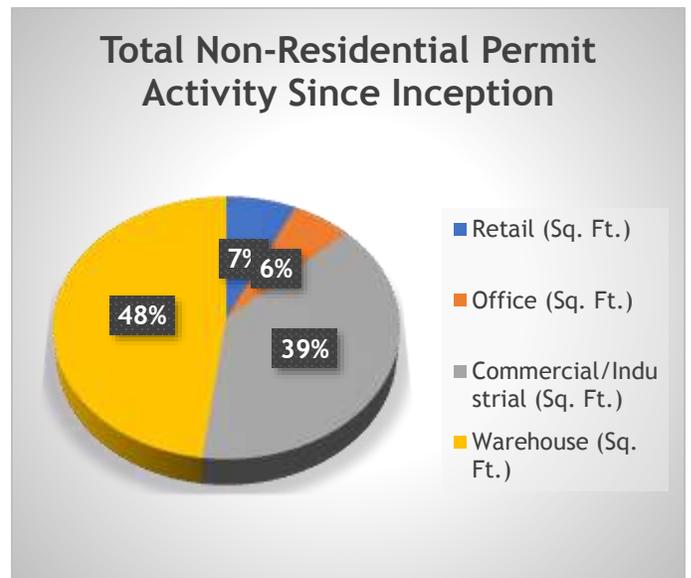


Figure 6: RTIF Non-Residential Activity Since Program Inception

## RTIF Collected

There has been over \$95 million of RTIF collected by all the incorporated cities and the County of San Joaquin since program inception (Figure 6). Since this is an impact fee program imposed on new development projects, it comes as no surprise that revenue was substantially reduced during the economic downturn, with revenue falling precipitously between 2008 and 2009, followed by a slow and steady recovery.

The total amount of RTIF collected this year of \$13 million is the highest amount of RTIF collected since program inception.

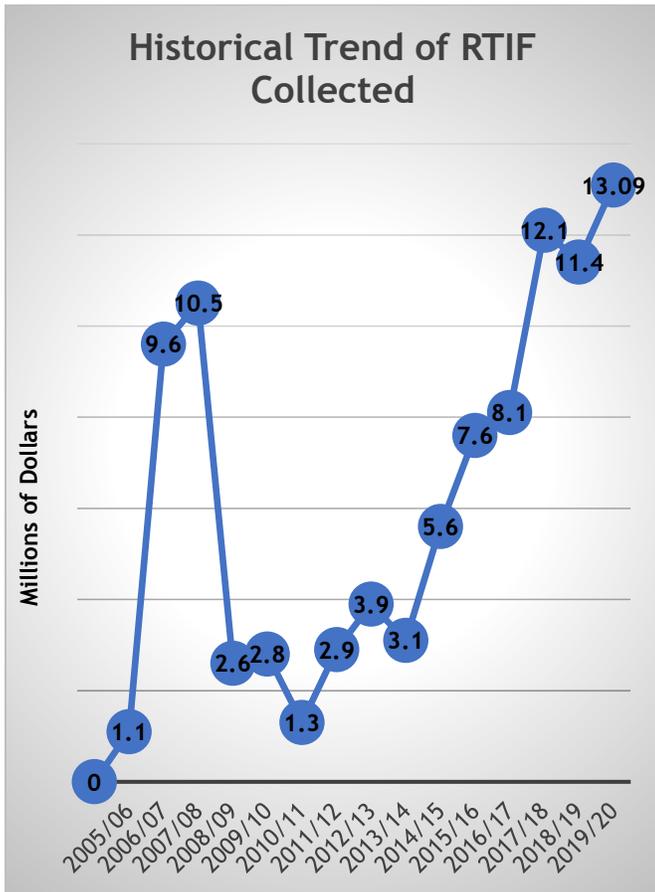


Figure 7: Historical Trend of RTIF Collected (in millions)

The City of Tracy collected the largest share of RTIF in FY 19/20, followed by the Cities of

Manteca and Stockton. Figure 8 displays RTIF collected by jurisdiction.

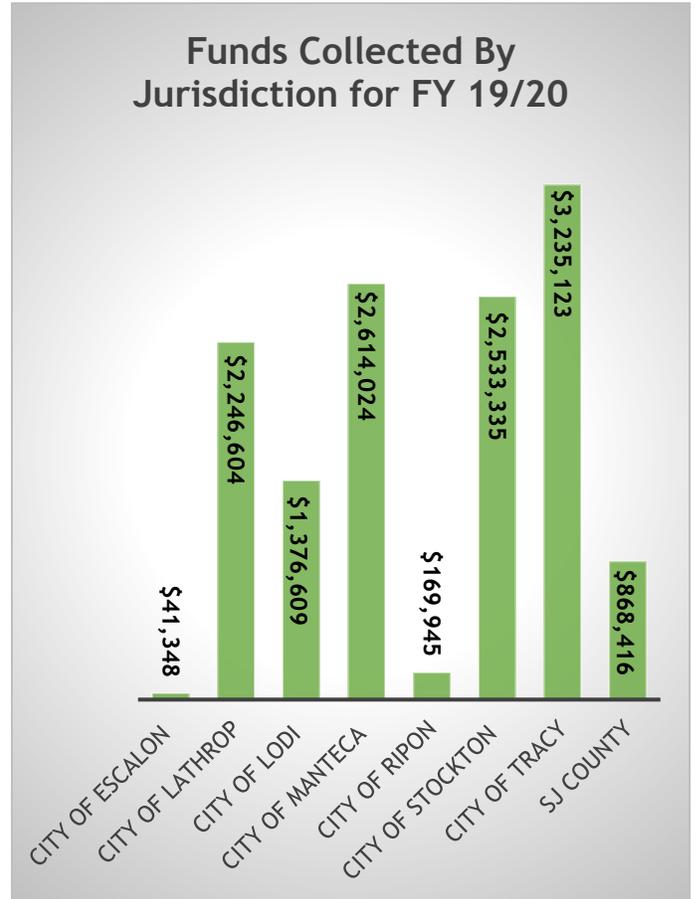


Figure 8: RTIF Funds Collected by Jurisdiction

## Revenue Distribution/Expenditures

### San Joaquin County / SJCOG

Each jurisdiction is responsible for collecting RTIF fees at the time a building permit is issued. Of the total RTIF collected, jurisdictions retain 75%, 10% is distributed to San Joaquin County and 15% is distributed to the San Joaquin Council of Governments. San Joaquin County also distributes 15% of total collections to SJCOG.

For FY 19/20, these distributions consisted of \$1,152,549 distributed to the County and \$1,945,276 distributed to SJCOG.

### Expenditures

Jurisdictions reported a total of \$585,905 in expenditures in FY 19/20, which are deducted from their collected RTIF funds.

- **3<sup>rd</sup> Party Cost** – Consultants, environmental document, etc. Jurisdictions were billed during FY 19/20.
- **Administration Cost** – Staff time to monitor this program. *Up to 2% of the first million dollars and 1% of the amount over one million each fiscal year.*

**Project Costs** – Costs spent on the projects within the Project List (**Exhibit B**).

	Admin. Cost	Project Costs	3 <sup>rd</sup> Party Costs	Total
Escalon	\$813	\$0	\$52	\$865
Lathrop	\$33,702	\$0	\$1,439	\$35,140
Lodi	\$27,532	\$0	\$0	\$27,532
Manteca	\$0	\$0	\$0	\$0
Ripon	\$0	\$0	\$171	\$171
Stockton	\$33,622	\$0	\$2,528	\$36,150
Tracy	\$44,925	\$0	\$1,961	\$46,886
SJ County	\$51,336	\$355,849	\$2,571	\$409,756
SJCOG	\$29,406	\$0	\$0	\$29,406
<b>Totals</b>	\$221,336	\$355,849	\$8,720	\$585,905

Table 3: Expenditures

### Net Balance

After distributions, operational deductions, and project expenditures, the 2019/20 net RTIF retained across participating agencies for this report period was \$11,105,836.

The cumulative net RTIF retained through fiscal year 2019/2020 by all participating agencies was \$66,728,425.

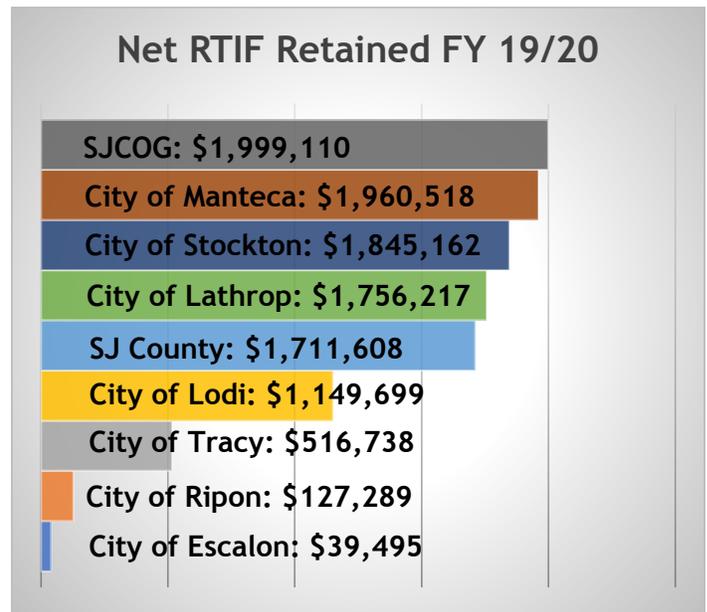


Figure 9: FY 19/20 Net RTIF Retained

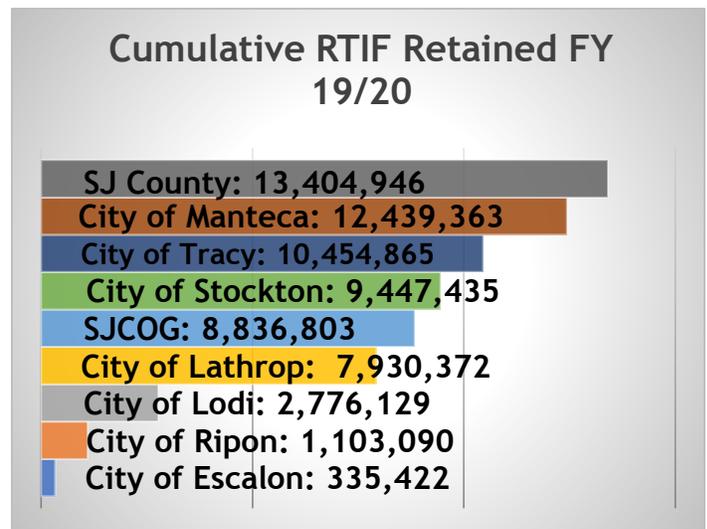


Figure 10: Cumulative to FY 19/20 Net RTIF Retained

## SJCOG Regional Share

Of the RTIF collected by participating agencies, 15% is distributed to SJCOG to manage and program on RTIF eligible projects at the regional level. Of the total 15%, 10% is to be expended on highway, interchange, or regional roadway projects and the remaining 5% is to be expended on public transit projects. Up to \$500,000 for a single project and \$1 million annually may be programmed to JBIF projects within either category.

As of FY 19/20, \$8,836,903 (minus administration costs) has been retained by SJCOG for allocation to regional projects. Per the calculation described above, \$5,890,680 is available for highway and interchange-related projects and \$2,946,223 is available for transit-related projects. However, \$5,957,615 has already been committed to highway projects and \$2,067,902 have already been committed to transit projects. This leaves only \$878,321 of transit funds that are uncommitted.

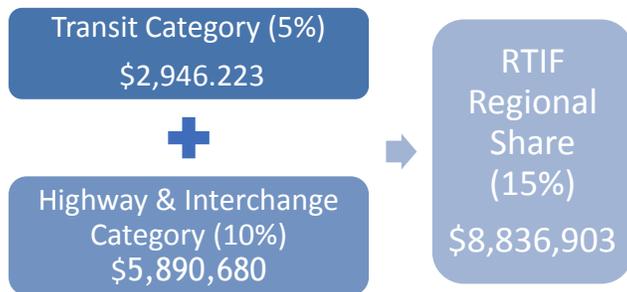


Figure 11: Cumulative SJCOG 15% RTIF Funds Distribution

**Table 4, below, identifies programmed projects and funds expended within the transit subcategory and the unprogrammed funding available for future projects:**

Project	Project Sponsor	Board approved Funding Amount
Bus Rapid Transit (BRT) Hammer Triangle Project	SJRTD	\$800,000
Cabral Station Improvement Project	ACE	\$173,410
Regional Transit Center	SJRTD	\$350,000
Ripon Multi-Modal Station	City of Ripon	\$744,492
Programmed Transit Share		\$2,067,902
<b>Remaining Transit Share Balance</b>		<b>\$878,321</b>

Table 4: Transit Regional Share Balances

Table 5, below, provides details on current programming in the highway, interchange, and regional roadway sub-category. During FY 18/19 SJCOG made a significant new commitment of \$4,000,000 to the I-205 Widening Project in May 2019, as part of a package of “Programming Recommendations to Avoid Loss of Funding from FAST Act Rescission.”

Project	Project Sponsor	Board approved Funding Amount
Navy Drive/BNSF Undercrossing Project	Port of Stockton	\$1,673,000
I-205 AUX Lane Study	Caltrans	\$284,615
I-205 Widening	SJCOG	\$4,000,000
Programmed Highway, Interchange, Regional Roadway Share		\$5,957,615
<b>Remaining Highway, Interchange, Regional Roadway Share Balance</b>		<b>\$0</b>

Table 5: Regional Roadway Share Balances

## Program Changes During FY 2019/2020

FY 19/20 was primarily an “operations and maintenance” year for the RTIF program, with no major program updates. Staff engaged in routine activities, including updating the Fee Schedule and billing Third Party Costs consistent with the Operating Agreement. SJCOG did propose a project for the Jobs Balancing Investment Fund (JBIF) program that was approved by the SJCOG Board during FY 20/21. See below for more details.

### Upcoming Tasks

During FY 2019-2020, the following tasks will be completed:

- Update fee schedule and third-party costs
- Update RTIF costs and eligibility for specific projects consistent with the

Mitigation Fee Act, if requested by participating agencies.

- Execute Cooperative Agreement between SJCOG and the City of Tracy for a project that was approved to receive JBIF funds.
- Determine how to restructure the JBIF program to more effectively implement the program’s purpose.

### Jobs Balancing Investment Fund (JBIF)

In April 2015, the SJCOG Board approved a new funding category within the RTIF program. Known as the Jobs Balancing Investment Fund (JBIF), up to \$1 million annually from the 15% SJCOG regional share can be utilized for the funding category. The intention of the program was for local economic development professionals to, as part of a package of incentives, fund the transportation improvements needed to attract job-creating firms to San Joaquin County. Over the last five years, SJCOG staff have proactively promoted JBIF with regional economic development staff. While there have been inquiries, only a handful of projects had gone beyond the proposal phase. This is due to the restrictive RTIF and economic development criteria used for JBIF project selection as outlined in the RTIF operating agreement and the 2017 Update.

During the 2019/2020 fiscal year, SJCOG staff made another effort to identify projects that can receive JBIF funds. After meetings with some member agencies, staff was successful in identifying a project that met the project selection criteria. This project is a service station/convenience store in the city of Tracy and will be located on Corral Hollow Road which is

part of the Regional Transportation Network. The project will result in a net gain of jobs for San Joaquin County and the project applicants are required to make off-site roadway improvements on the Regional Transportation network. In August 2020, the SJCOG Board approved the distribution of JBIF funds (maximum \$500,000) to the project. These funds will be used to pay for off-site roadway improvements.

During the committee and Board hearing process, SJCOG staff received comments that there needs to be more metrics in evaluating projects (particularly job creation) and that the JBIF program needs to be restructured. In response, staff will put the program on hiatus while considering improvements to the program. In the past, SJCOG staff has recognized the need to restructure the program due to the lack of success in implementing the program. In 2018, staff developed a list of ideas to improve the JBIF program that was reviewed by the Executive Committee. These included the following:

- Development of a more formal “checklist” of program requirements and/or a regular call for projects, similar to other SJCOG funding programs.
- 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.
- Proactively look for representative projects or programs with funding gaps and strong ties to economic development and the required program nexus.
- Remove the JBIF from the RTIF and include it in the Measure K Program

instead, which could allow for fewer restrictions on the use of funds.

During the 2020/2021 fiscal year, SJCOG staff will consider these ideas and other ideas to improve the JBIF program. Staff is anticipating that the program will be restructured during the next RTIF update in 2022.

## Further Information

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Documents referenced in this report and other RTIF program information may be accessed here: <http://www.sjcog.org/RTIF>.

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