

REPORT TO SHASTA COUNTY RTPA

SUBJECT		MEETING DATE	ITEM NUMBER
Fix 5 Partnership: Consultant Agreement & Interim Fee Program		2/27/07	8

RECOMMENDATION

It is recommended that the Agency:

1. Authorize Chair to execute the attached contract agreement with MuniFinancial in the amount of \$585,000 to carry out the 'Interstate 5 Fee Program Study'; and
2. Authorize Executive Officer to draw upon the 10% contingency (\$58,500) included in the overall budget, for the purpose of carrying out unanticipated work tasks,
3. Direct staff to develop an interim traffic impact fee program for consideration by each governing board of the Fix 5 Partnership.

SUMMARY

The Fix 5 Partnership (Partnership) is a multi-jurisdictional effort to comprehensively address congestion and funding issues on the Interstate 5 (I-5) corridor between the cities of Shasta Lake and Corning. MuniFinancial's proposal to carry out the Partnership was top-ranked among three proposals received. MuniFinancial was interviewed and contract details fine-tuned after Partnership feedback. It is recommended that the Agency authorize the attached work plan and contract for \$585,000. It is further requested that the Executive Director be authorized to utilize budgeted contingency funds (up to \$58,500) as necessary to carry out unanticipated work tasks.

Staff, as directed by the Fix 5 Partnership Executive Committee, further recommends that the Agency prepare the interim fee program for consideration by each governing board of the Partnership.

DISCUSSION

Background

The RTPA previously approved the Fix 5 Partnership to develop a study of I-5 improvement needs and funding opportunities. A \$585,000 state grant, administered by the RTPA, will fund the effort. The Fix 5 Partnership includes Caltrans, the five cities, two counties, and two RTPAs along the I-5 Corridor between the cities of Shasta Lake and Corning. The purpose of the Partnership is to streamline development reviews in the corridor through a multi-jurisdictional, comprehensive approach while better leveraging state and federal funds.

The Fix 5 Partnership was first discussed with the Agency July 26, 2005. On February 28, 2006, the Agency authorized staff to pursue the grant which was approved last June. Shasta County RTPA staff made presentations to our three city councils and the Board of Supervisors in March and April. On August 2, 2006, the first 'Executive Committee' meeting was held to discuss key issues and define the project scope for use in the RFP. The Executive Committee consists of the Partnership's five city managers and two CAO's, or their designees. The Tehama County RTPA -- which serves with us as co-lead agency for the Partnership -- is undergoing concurrent and parallel efforts in their region. Additional background information regarding the Partnership, including the Executive Committee minutes, is available at <http://www.fixfive.org>

Consultant Services

In response to a Request for Proposals dated October 26, 2006, three proposals were received from qualified consulting firms to carry out the Partnership study. MuniFinancial of Oakland scored substantially higher in all evaluation categories and by all evaluators. Cost was considered independent of respective proposals; however, there were no appreciable differences.

It is recommended that the Agency authorize the Executive Officer to execute the attached work plan and contract agreement with MuniFinancial in the amount of \$585,000. This includes a contingency of 10% (\$58,500) that would allow the Executive Officer to authorize unanticipated work as needed. Legal counsel has reviewed and approved the contract as to form.

Interim Fee Program

The Fix 5 Partnership Executive Committee had a detailed discussion regarding the advantages and disadvantages of developing an interim traffic impact fee (TIF) program within the next three months while the fully detailed, long-term TIF is crafted over the next twenty months, or longer. The interim TIF will meet all legal requirements, but will be conservative in scope and based strictly on available information. As such, it is envisioned that the interim TIF would be roughly half the amount of the long-term TIF. An interim TIF of \$1,000 to \$2,000 per household equivalent has been contemplated for discussion purposes. Most likely, it would apply only in the valley and foothill areas. The TIF could be reduced if we have success in using the Partnership to leverage additional state and federal funds, such as those from Proposition 1B.

The interim fee benefits are the same as those driving the long-term goals of the Fix 5 Partnership, only they would be realized sooner. Once in effect, an I-5 TIF would:

- **Provide local agencies and developers a more efficient and equitable means to address I-5 impacts under the California Environmental Quality Act (CEQA).**

Currently, this is done on a project-by-project basis. The brunt of the responsibility rests on the high-profile projects which must conduct individual studies, grapple with Caltrans over fair-share mitigation, and deal with the challenge of creating a legally defensible CEQA document. Environmental Impact Reports are in the pipeline for several projects throughout the corridor with more than 20,000 homes and two million square feet of commercial area proposed (see attached map). The interim TIF provides a way to address I-5 impacts to the satisfaction of the development community, the lead agency, neighboring jurisdictions, Caltrans, and the public.

- **Establish a predictable and level "playing field" for new development across all jurisdictions.**

Presently, lead agencies address I-5 impacts from development proposals differently, if at all, across the seven jurisdictions. A regional fee program would more closely represent the impacts attributable to such development. Should approval of a TIF be deferred, a higher 'fair-share' burden would be placed on future development, as the same transportation costs would be spread over fewer projects. Or, if Interstate 5 level-of-service deteriorated to sub-par before a TIF can be implemented, the legal ability to require a TIF on new development would become limited. Many

large urban areas have already experienced these issues.

- **Deliver an immediate revenue stream critical to leveraging state and federal funding.** State and federal legislators and agencies have routinely favored projects that can demonstrate broad regional support based on a comprehensive plan to fund and maintain mobility gains.

Even without a TIF in place, the Fix 5 Partnership is already getting attention in Sacramento. A few examples: We have met at the request of the Caltrans director to discuss the benefits of the Partnership; we have used the promise of the Partnership to receive Caltrans recommendations for \$45 million in Proposition 1B CMIA funds; we have used the Partnership as a demonstration of cooperation resulting in a generous Blueprint Grant; and, we are currently lobbying the state legislature to allow the Partnership to participate in the \$1 billion State Local Partnership Program. Many leveraging opportunities are also the horizon. Federally, there is the potential for earmarks. There is also the FHWA "Corridors of the Future Program" where I-5 is one of 14 corridors selected nationwide to be eligible for demonstration funds. On the state side, there are discretionary funds through the State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP).

- **Aid in exposing and sorting out issues in preparation for the long-term TIF program.**

If successfully adopted with broad local agency consensus, the interim TIF would be a major step forward and help smooth the path to achieve long-term Partnership goals. This is particularly true if there are significant personnel or elected official changes over the course of developing the long-term TIF program.

The following disadvantages regarding the interim TIF were also identified and discussed by the Executive Committee:

- **The interim TIF will add administrative cost, primarily through the scheduling of added public meetings to adopt the interim program.**

The added costs were determined relatively minor in relation to the anticipated benefits. The costs are covered by the Fix 5 Partnership grant.

- **The interim TIF may derail the long-term Partnership goals and realization of the Partnership benefits.**

Support for the interim TIF over the past eighteen months, since the Partnership was first discussed, has been unanimous among the local officials and elected bodies. Nonetheless, the proposed work plan includes extensive and open communication with the public, agency staff, and -- most importantly -- the city councils and county boards. If at any point during development of the interim fee, there is a sense of dissention that cannot be readily overcome; we could abandon the interim fee plan (at least for that RTPA region). Any such dissention is better to flush out early rather than twenty months into the process.

Based on the above considerations, and direction from the Executive Committee, it is recommended that the RTPA direct staff begin development of the interim fee program.

Development of the interim TIF will entail another meeting of the Executive Committee and an initial round of presentations to each city council and county board. We would communicate the purpose, methodology, and ultimate goal of the program along with some preliminary TIF information. We would then request to proceed based on local agency feedback and direction. A second round of presentations - also to each governing board - will be held to present the interim fee program for adoption. Going forward, Partnership updates will be provided at every RTPA meeting.

ALTERNATIVES

With respect to the contract agreement with MuniFinancial, the Agency may approve the attached contract with changes or refer the matter back to staff for additional consideration as specified.

With respect to the interim fee program, the Agency may direct staff to forego its development and proceed with the long-term study. This is not recommended as the benefits specified above would be delayed, and there is general consensus among the Fix 5 partners to proceed.

OTHER AGENCY INVOLVEMENT

Proposals were evaluated by a committee of Fix 5 partners representing Caltrans District 2, the Shasta County RTPA, Tehama County Transportation Commission, Shasta County, Tehama County, and the cities of Anderson, Red Bluff, and Corning.

Members of the Partnership have and will continue to be actively involved in this project. Subtasks in the attached work plan are undertaken within regionally representative work groups. At appropriate project milestones - marked by key deliverables and/or decision points - Technical Advisory Committee, Executive Committee, city council and county board meetings are held to validate progress and provide direction going forward.

FINANCING

Funding for this project comes through a \$585,000 State Planning & Research (SPR) grant. No SCRTPA match is required for this work element; however, staff time required for completing FY 2006/07 tasks in the amount of \$25,000 will come from federal planning funds. Local agency staff time may also be reimbursed by the RTPA through the Overall Work Program.

Daniel S. Little, AICP, Executive Officer

DTW/jac

Attachments: Contract Agreement with MuniFinancial
 Pipeline Development Proposals
 Forecasted Congestion Map