

FIX 5 Partnership



REPORT TO FIX FIVE PARTNERSHIP EXECUTIVE COMMITTEE

March 23, 2007

FIX FIVE PARTNERSHIP PHASE I TRAFFIC IMPACT FEE PROGRAM

Fix Five Partnership Background:

The **Shasta and Tehama County RTPA's** 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 Shasta County RTPA, will fund this effort. The Fix 5 Partnership includes Caltrans, the five cities, two counties, and two RTPA's 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 Shasta County RTPA on July 26, 2005. On February 28, 2006, Shasta RTPA authorized staff to pursue the grant which was approved last June. Within Shasta County, RTPA staff made presentations to the three city councils and the Board of Supervisors in March and April. In Tehama County similar presentations have been made to the RTPA and local agencies. 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. Elected RTPA board members are encouraged to participate on the Executive Committee as ex-officio (non-voting) members. The two RTPA directors and the Caltrans District 2 directors also represent key stakeholders agencies and participate as ex officio Executive Committee members.

Additional background information regarding the Partnership is available at <http://www.fixfive.org>

Discussion Regarding Phase I Traffic Impact Fee:

At the August 2, 2006, Executive Committee meeting, there was detailed discussion regarding the advantages and disadvantages of developing a Phase I traffic impact fee (TIF) program within the next three months while the more refined, long-term TIF is crafted over the next twenty months, or longer. The Phase I TIF will meet all legal requirements, but will be conservative in scope and based well-developed information that is currently available. It is envisioned that the interim TIF would be roughly half the amount of the long-term TIF. A Phase I 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 Phase I TIF 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:

- **Minimize the TIF amount (development share) by addressing the I-5 congestion issue early and in a proactive rather than reactive manner.**

Should approval of an I-5 TIF continue to be deferred, a higher 'fair-share' burden would be placed on future development, as the same transportation costs would be spread over fewer projects. Deferral would also result in missed opportunities to leverage "one-time" state and federal funds thereby increasing future TIF amounts. If the I-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, shifting the development improvement share and burden to general revenue sources. Many large urban areas have already experienced these issues, waiting until gridlock becomes unmanageable and resulting in traffic impact fees as high as \$38,000 per household equivalent.

- **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 as shown on the attached map. This does not include the added effects of smaller developments. The Phase I 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.

- **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 California Transportation Commission approval of a \$23 million Proposition 1B grant for I-5 widening at south of Anderson; we have a Caltrans Headquarters commitment to fund the remaining \$4 million for the same project through state discretionary funds; we have used the Partnership as a demonstration of cooperation resulting in a \$375,000 Regional 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 substantial discretionary funds through the State Interregional Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP).

- **Aid in exposing and sorting out issues in preparation for the Phase II TIF program.**

If successfully adopted with broad local agency consensus, the Phase I TIF would be a major,

collective 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 twenty-month course of developing the Phase II TIF program.

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

- **The Phase I 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 additional meeting will provide added opportunities for public and agency input. All costs are covered by the Fix 5 Partnership grant.

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

Support for the TIF over the past twenty 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 Phase I fee there is a sense of dissention that cannot be readily overcome; we could abandon the Phase I fee plan (at least for that RTPA region). Any such dissention is better to flush out early rather than twenty months into the process.

RECOMMENDATION:

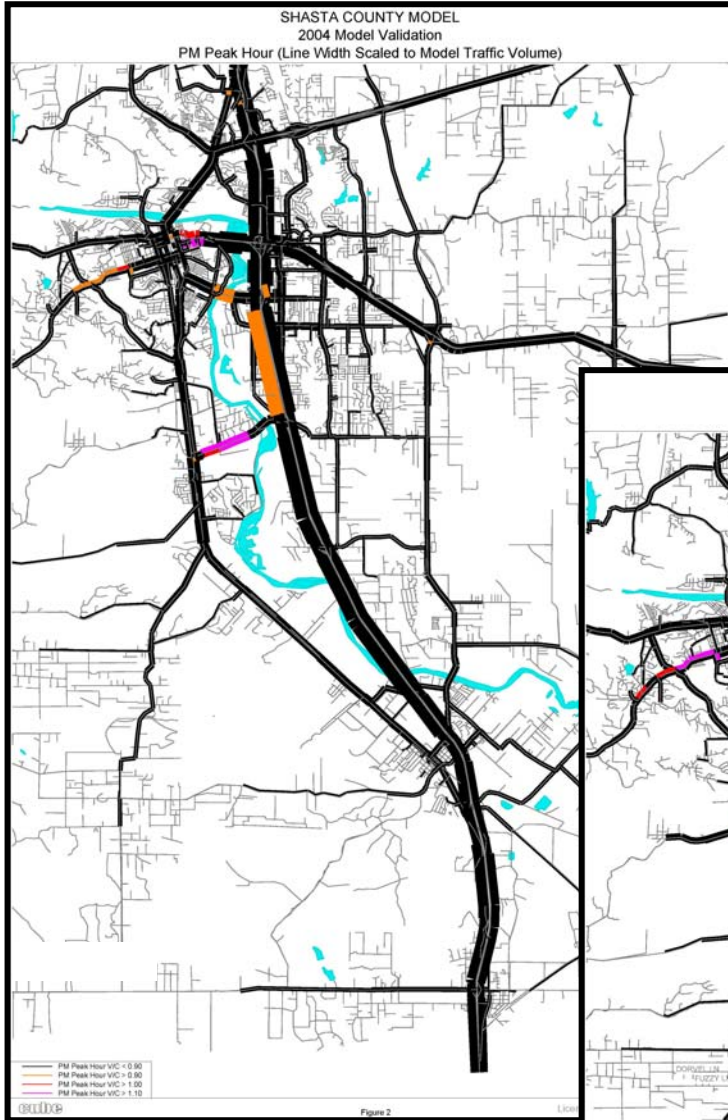
Based on the above considerations, it is recommended that the Executive Committee support staff development of the Phase II fee program for city council and board consideration consistent with the schedule attached to the agenda.

Development of the interim TIF will entail at least two public meetings and an initial round of presentations to the five city councils and two county boards. The initial meeting 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. Partnership updates and overall guidance will be provided at regularly scheduled RTPA meetings.

Attachments: Pipeline Development Proposals
Forecasted Congestion Map

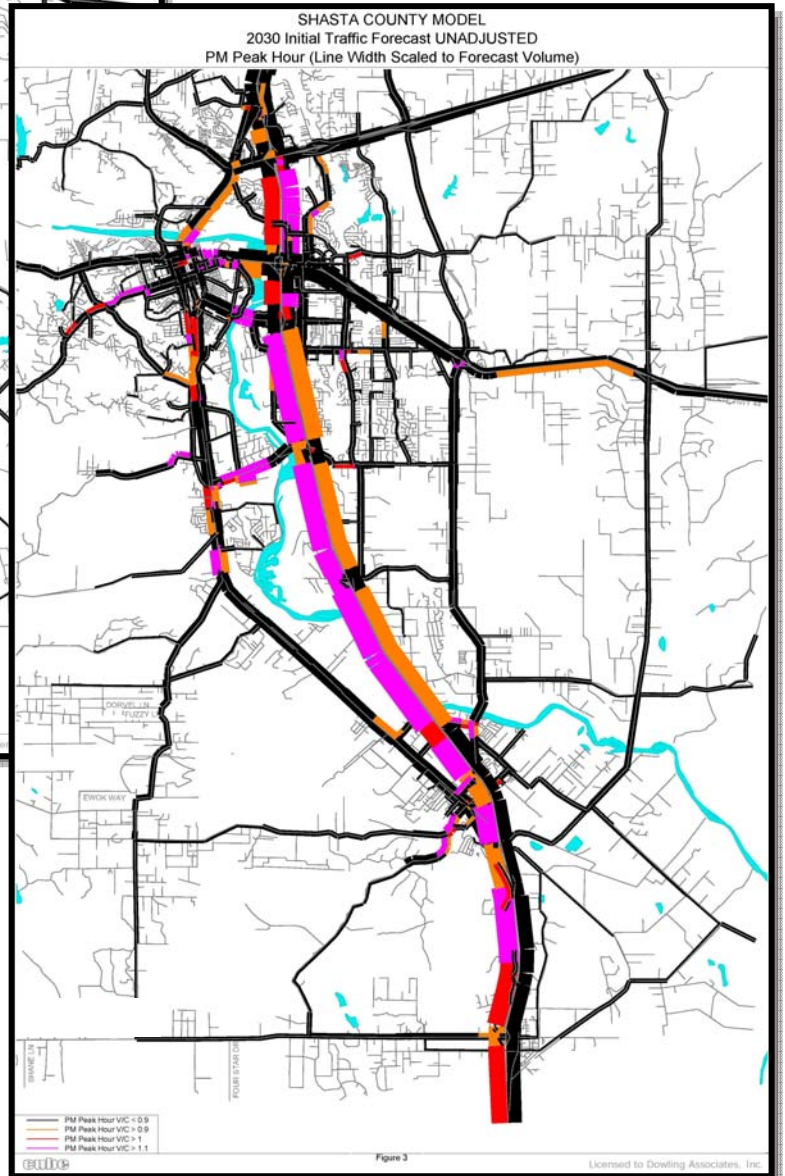
Shasta County Model

Comparison of Vehicle to Capacity Ratio on I-5 PM Peak Hour (Lane Width Scaled to Model Traffic Volume) 2004 vs. 2030



2004 Conditions

- PM Peak Hour V/C < 0.9
- PM Peak Hour V/C > 0.9
- PM Peak Hour V/C > 1
- PM Peak Hour V/C > 1.1



Forecasted 2030 Conditions

