

# Fix 5 Partnership Executive Committee Meeting March 23, 2007

## Meeting Synopsis

**Attendance** (refer to sign-in sheet)

### **Welcome and Introductions**

RTPA Executive Director Dan Little welcomed committee members and asked for self-introductions. He also introduced the MuniFinancial consulting team that had been brought on to assist the RTPA and the Fix 5 Partnership in developing the proposed two-phase fee program. He briefly reviewed the agenda.

### **Project Update**

Mr. Little recapped the history of the fee program and progress to date:

- In July of 2003, the issue of I-5 congestion and the need for future funding sources was raised
- In December 2004 the gas tax gap was identified
- In July of 2005, the concept of having a Traffic Impact Fee, or TIF, was raised
- In August, 2006 Phase 1 was approved and RTPA was authorized to bring on a consultant to advise on fee process and structure.
- A good, defensible basic data set has been developed to allow for consideration of a fee:
  - Shasta County developed a traffic model
  - Tehama County developed a traffic analysis methodology
- Today's meeting represents the initiation of the process toward establishing a traffic impact fee to address future I-5 congestion.

Martin Nichols raised several questions, which are answered under "project purpose and benefits":

Why a 2 county effort?

Why not a sales tax

Why are local dollars needed for a state highway?

Brian Crane responded that state funding is increasingly being dedicated to more urban areas. Further, funding is increasingly being funneled to regional, rather

than local fee programs. Given these trends, the Partnership is a useful and valuable tool to help leverage more state funding.

## **Project Purpose and Benefits**

Mr. Little and other partnership members reviewed the benefits of the partnership and fee as identified so far:

- Helps articulate a common and coordinated approach
- Provides Shasta and Tehama Counties with better positioning to compete with other areas for state and federal transportation dollars – particularly more urbanized areas with massive congestion
- The ITIP is the most significant pot of money for us – the fee will place us in a stronger competitive position
- We can demonstrate that we're bringing local dollars to the table
- We will have the ability to identify impacts corridor-wide and in segments. A streamlined approach will decrease the cost of studies and make them more fair.
- Congestion relief projects will maintain our quality of life
- I-5 is the regional transportation backbone and where development is occurring.

There was also discussion of local initiatives relevant to the I-5 fee program:

- The corridor from Corning to Shasta Lake has common goals and needs. Improvements are high-cost and it is hard to afford the needed level of improvement by the efforts of individual jurisdictions by themselves.
- In Tehama, the General Plan is being updated. There is opportunity to tie the Del Web area with Lake California in determining impacts and needed improvements.
- The Shasta-Tehama dialogue is addressing the transportation problem. There is still the issue of allocation of State funding for Fix 5. Specifically:
  - Articulating the problem
  - Determining how jurisdictions will share in funding solutions
  - The spread of costs through the developer fee
  - What are alternate routes and possibilities to be funded?

## **I-5 Transportation Concept Report**

Kathy Grah, representing Caltrans District 2, reviewed the I-5 Transportation Concept Report. This provides a common link between the counties and a consistent approach. She discussed the definition of Level of Service, where

Level of Service A is a free-flow condition and Level of Service F is, essentially, gridlock. Ms. Grah reviewed the findings and recommendations of the report:

- V/C ratios throughout Shasta and Tehama Counties are projected to deteriorate considerably through 2025.
- LOS, generally at acceptable levels in 2005, is projected to reach E/F levels on many segments in both counties.
- One issue is what the threshold goal should be for I-5: Level of Service C/D or E/F.

Basic costing addressed providing six lanes as soon as possible and eight lanes in the future. Other considerations for the corridor included interchange spacing, capacity to accommodate the future vehicle “mix” (trucks, recreational vehicles, cars) and off ramp capacity.

### **Review of Other TIF Programs**

Bob Spencer of MuniFinancial provided an overview of other TIF programs around the state and the group discussed relevance of these approaches to Shasta/Tehama. The Executive committee then explored issues that could be raised by elected officials, residents and businesses and need to be addressed through the study and implementation of the Impact Fee in Shasta/Tehama:

- Why is this a 2-county effort?
  - It provides a common link between the counties and a consistent approach
- Why aren't we pursuing a sales tax?
  - We are pursuing a fee for now. A sales tax is for later consideration (if needed?)
  - This is a creative first step to secure funding for needed improvements.
- Why are we providing local funds for improvements to a state and national corridor? Why not Caltrans?
  - This funding provides an opportunity to leverage significant amounts of state and federal funds – the leverage is estimated to be around 25 local to 75 federal
  - There is no fee now to provide mainline improvements
- What part of the solution will the fee support?

- Is this a “loss leader” for other fees and taxes?
  - We’re optimistic that by leveraging state and federal funding we can address many of the future issues
  - However, this will mitigate, not eliminate, the future problems
  - This is a great first step and we need to start now
  
- How will the fee be collected? How will this relate to how it is spent? What is the process?
  - Early studies have been completed that may suggest phasing of project need
  - It will be a stepwise consensus process
    - The joint redevelopment agency process in Anderson could provide a model for a formal structure with an annual update and report
    - Another model is the transportation agency process in Tehama County
  - This is to be determined by the Executive Committee and the agencies
  
- What are benefits?
  - It will leverage Proposition 1B and other state and federal funds
  - It will allow for CEQA streamlining
  
- Will this meet the Caltrans needs for having a fee and streamline the Caltrans approval process?
  - That is the Caltrans goal.

Other points and questions brought up during discussion were:

- It is important to present the facts.
- There is no free ride – no one except us (local jurisdictions) builds interchanges
- This is not the only impact fee
- The fee comes out of the developer’s pocket
- Why are we paying for trucks?

The Committee agreed that the Fix 5 Committee is a groundbreaking partnership and that this effort provides leveraging, streamlining and a level playing field.

### **Traffic Impact Fee for Initial Program**

Bob Spencer of Muni Financial reviewed the process for developing the initial impact fee, or Phase I.

Mr. Spencer stressed that the Phase 1 fee, although serving an interim role, will be entirely defensible under the constraints of the Mitigation Fee Act. The fee will be based on the nexus between new development (as outlined in the Shasta County Traffic Model and Tehama County General Plan documentation) and the cost of planned I-5 improvements.

The fee analysis will consider the implementation of two zones: one that comprises development utilizing I-5 and one that will have a negligible impact and may be excluded from the fee. Mr. Spencer noted that the fee justification analysis would likely indicate that the maximum defensible fee will far exceed the highest politically palatable fee. The amount of the fee, therefore will be lower than the maximum defensible fee.

- What is the relationship of the nexus to the level of the fee?
  - It is legally defensible and conservative as a first fee.
  
- Will the fee be spent right away?
  - It will be collected locally used as “money in the bank.” Given the range of program costs, sufficient revenues will not accrue during the Phase I period for any major expenditures.

### **Executive Committee Recommendation to Proceed with Phase I TIF**

After discussion, the Executive Committee voted unanimously to proceed with the Phase I TIF, on the condition that the Committee would re-visit the terms and issues of the Phase 1 fee before proceeding to individual councils with a proposed implementation program and timing.

### **Timeline for City Council and Board Presentations and Other Deliverables**

Dan Little and Bob Spencer presented an overview of a draft timeline for the project and for City Council and Board presentations:

- First Week in April -- Public workshops to introduce the problem and the fee concept
- Month of April -- Council briefings
- May -- Draft nexus study will be presented
- Late May – Second round of public workshops
- Late May – TAC meeting to review nexus study and findings
- Early June – Fix 5 Executive Committee
- Mid-June through Mid-July – Council consideration of Phase I fee

The Executive Committee had the following observations and recommendations:

- Scheduling the public meetings for April 2 and 3 is too soon for public notice to go out
- Early council briefings by city staff on the overall issue and process (without numbers) followed by a presentation by RTPA staff and the consultants on specifics would be an effective process in some jurisdictions.
- Key organizations should be met with and briefed in advance – the Builders’ exchange, chambers of commerce, etc.
- While we will all aim to end up at the same place (considering the terms and issues with the Phase 1 fee in early June), the schedule needs to be customized for each jurisdiction – they will get back to Dan Little on specific strategy and timing

## **Meeting Conclusion**