

April 2015  
SJCOG Board

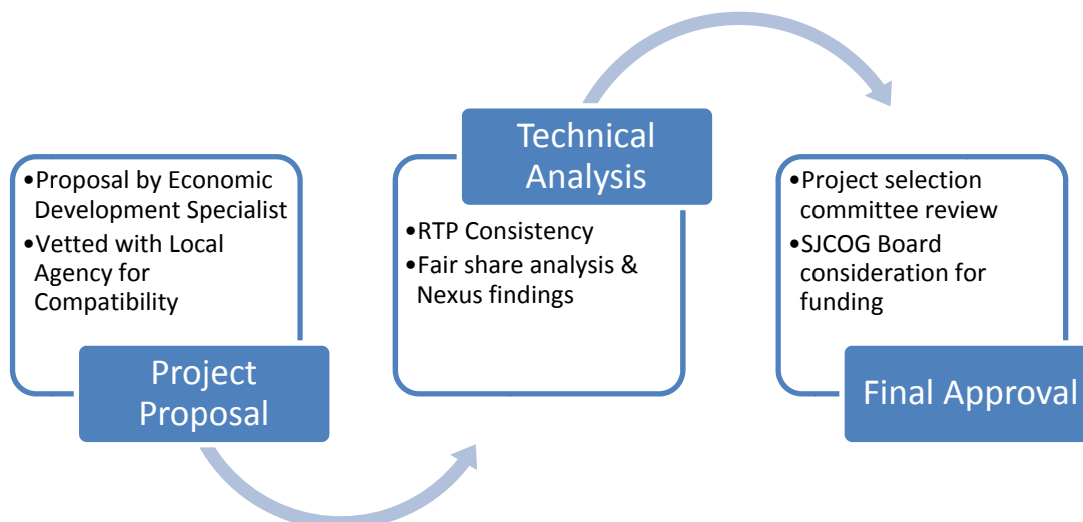
## STAFF REPORT

**SUBJECT:** Regional Transportation Impact Fee (RTIF)  
Jobs Balancing Investment Fund

**RECOMMENDED ACTION:** Adopt the Jobs Balancing Investment Fund  
Interim Guidelines and Interim  
Implementation Addendum to the 2011  
RTIF Update

**SUMMARY:**

In October 2014 the SJCOG Board approved creating an economic incentive program called the Jobs Balancing Investment Fund utilizing Regional Transportation Impact Fee Program (RTIF) funds. SJCOG staff provided an overview of the proposed program last month. To insure that the proposed program would meet the strict nexus requirements of AB 1600 (the Mitigation Fee Act) and the overall intent of the RTIF program, SJCOG obtained consultant assistance from Kittelson Associates, Inc. and Urban Economics. The consultant team, in conjunction with SJCOG staff and legal counsel, prepared an addendum to the 2011 RTIF Update with the required nexus findings to allow interim implementation of the program. Thus, initial implementation will be accommodated within the current nexus technical analysis and funding capacity identified in the 2011 RTIF update (and subsequent addendums) and incorporated into a concurrent update of the RTIF Operating Agreement, also before the Board this month. Full implementation will occur as part of the second required 5-year program update in 2016. Program guidelines are included in the staff report. The addendum with the required nexus findings is attached to the staff report. The project consideration and approval process is summarized in the graphic below.



**RECOMMENDATION:**

The recommendation is that the SJCOG Board adopt of the Jobs Balancing Investment Fund Guidelines as presented in the staff report and adopt the Interim Implementation Addendum to the 2011 RTIF Update, included as Attachment 1.

**FISCAL IMPACT:**

The work required for the creation of the economic incentive program is being conducted in conjunction with the legislatively required AB 1600 update. FY 14/15 costs for this task will result in the expenditure of approximately \$6,000 in previously collected third-party costs. This carry-over will be exhausted this fiscal year. The remainder of the previously approved consultant contract for both this task and the full RTIF update will result in the billing of approximately \$93,000 in third-party costs to signatories to the RTIF Operating Agreement in June 2015 to cover tasks to be completed in FY 15/16. Other eligible billable third party costs such as legal and auditing fees will be estimated and also billed at that time. The creation of this program may result in the expenditure of up to \$1 million annually in regional share RTIF on eligible projects.

**DRAFT GUIDELINES:****Background**

Over the past several years the SJCOG Board of Directors has discussed the creation of a funding program to promote job development in San Joaquin County. The rationale has been that the best way to reduce vehicle miles of travel by San Joaquin County residents is to have expanded employment opportunities within the county, thus reducing the length of trips. The argument is sound, but the existing and projected trend in San Joaquin County, as articulated by the University of the Pacific Business Forecasting Center, is a continuing deficit of jobs to population growth. Cities are taking steps to make their communities more attractive to potential employers looking to relocate or expand. However, the San Joaquin Council of Governments has not had such a program. While investments in transportation improvements through Measure K, Proposition 1B, and other funding sources are intended to attract economic growth, these are generally larger scale and not strategic in nature. In other words, their value is broad based and not specific to a particular potential employer. The RTIF Jobs Balancing Investment Fund provides an essential strategic funding mechanism to assist in attracting employers to the region and providing additional opportunities for San Joaquin County residents to both live and work in the same region, consistent with the policies and strategies in SJCOG's long-range transportation planning document, the Regional Transportation Plan.

These guidelines, the attached Jobs Balancing Investment Fund Interim Implementation Addendum to the 2011 RTIF Update, and concurrent revisions to the RTIF Operating Agreement, form the foundation of the interim implementation of the program.

## **Program Overview**

**Purpose:** The purpose of the program is to provide transportation project funding that may serve as part of a package of economic incentives to encourage job-creating firms to locate in San Joaquin County. The new economic incentive program provides the SJCOG Board, in conjunction with the San Joaquin Partnership and other economic development specialists, with a more tactical tool to attract employers to the region. Investments in transportation infrastructure will be made from this fund in order to supplement or enhance capital or capacity enhancing operational improvements needed by firms to locate in the area.

**Annual Program Maximum:** \$1 million

**Individual Project Maximum:** \$500,000

**Eligible Projects:** A variety of projects meeting the specific criteria indicated in the Jobs Balancing Fund Interim Implementation Addendum may be funded. Examples include Intersection/Traffic Control Devices, Turn Lanes, STAA Truck Routes, Transit Facilities, Biking or Walking Facilities on or supporting congestion relief on the RTIF network.

### **Program Funding:**

SJCOG oversees a “regional share” component of the RTIF funding. The “regional share” is further divided between transit and highway projects. Of the total 15%, 5% is designated for transit and 10% for highway, interchange, and regional roadway projects. The type of project proposed will dictate which category of funding is used. The San Joaquin COG Board has full discretion over the investment of these dollars in transportation projects based upon the adopted RTIF Operating Agreement among all member jurisdictions.

The maximum funding for any single project is \$500,000, up to \$1 million annually. Any funding not utilized during the year will remain in the regional share pool and be available for funding other projects meeting the inclusion criteria as designated in the RTIF Technical Report and the RTIF Operating Agreement.

### **Project Proposal: Project Eligibility**

The projects proposed must meet the following criteria:

- (a) The project is on or supports (within a half-mile buffer) the adopted Regional Transportation Network;
- (b) The project is scheduled for delivery within the time frame evaluated in the RTIF Technical Report;
- (c) If the project does not meet the criteria in the Operating Agreement for Highway, Interchange, and Regional Roadway Improvements or Public Transit Improvements, it must be

screened against the additional specific criteria for the Jobs Balancing Investment Fund in the attached addendum to the 2011 RTIF Update and an appropriate finding made;

(c) The project has been reviewed and recommended for funding by the RTIF Project Selection Committee;

(d) The project is being funded by the SJCOG 15% regional share available to be programmed to eligible projects by the SJCOG Board of Directors

### **Project Proposal: Selecting Employment Opportunities**

A committee of three professionals with economic development responsibilities and/or experience staffed by a COG staff member will review opportunities for investments brought forward for consideration. The committee chair will be the CEO of the San Joaquin Partnership. The other two members of the committee will be mutually agreed upon by SJCOG staff and the committee chair and confirmed by the SJCOG Board. The committee is known as the RTIF Project Selection Committee. Within the first 30 days of program implementation, the committee will meet and propose minimum economic development/job creation standards for reviewing project proposals. The selection of projects to be funded would proceed as follows:

- 1) Project proposal by the San Joaquin Partnership or other Economic Development Specialist
- 2) Project is screened by SJCOG staff for:
  - Consistency with the currently adopted Regional Transportation Plan
  - Consistency with the affected jurisdiction's currently adopted planning documents
  - Consistency with Mitigation Fee Act Fair Share and Nexus Findings as detailed in currently applicable RTIF Technical Report as amended.
- 3) Project proposal is reviewed by the Project Selection Committee and recommended for funding.
- 4) The SJCOG Board considers the project for incentive funding.

### **Interim Program Review**

Besides the criteria contained in these guidelines and the accompanying technical documents, two additional criteria will be essential: 1) regional geographic diversity, and 2) well qualified and vetted proposals. As part of the pending 2016 Update to the RTIF, the extent to which the Jobs Balancing Investment Fund is meeting the SJCOG Board's expectations will be evaluated and any needed changes will be incorporated into the full implementation of the program as part of that update.

## COMMITTEE ACTIONS:

The following committee actions were taken:

- *Technical Advisory Committee* – the TAC heard the item but did not have a quorum, therefore no action was taken. Of the TAC members present, the discussion did not include any opposition to the recommended action.
- *Citizens Advisory Committee* – the CAC heard the item and approved the staff recommendation unanimously.
- *Management & Finance* – did not convene in April
- *Executive Committee* – did not convene in April

## NEXT STEPS:

With SJCOG Board approval of the RTIF Jobs Balancing Investment Fund guidelines and the technical addendum that is the subject of this staff report, as well as approval of the revised RTIF Operating Agreement also before the Board. SJCOG staff will be agendaizing the Operating Agreement for approval by each jurisdiction (signatories to the original agreement) by resolution of the individual governing bodies in May. Once the Operating Agreement is approved, SJCOG staff will convene the Project Selection Committee and discuss program job creation/economic development standards for reviewing proposals for the interim implementation of the Jobs Balancing Investment Fund.

The full program implementation will occur as part of the ongoing second five-year update to the RTIF program to be completed in 2016.

## Attachments:

Attachment 1: Jobs Balancing Investment Fund Interim Implementation Addendum to the 2011 RTIF Update

Attachment 2: Map of Jobs Balancing Investment Fund Potential Project Opportunity Areas

*Prepared by: Kim Anderson, Senior Regional Planner and Andrew T. Chesley, SJCOG Executive Director*

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**ATTACHMENT 1: Jobs Balancing Investment Fund Interim  
Implementation Addendum**

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Map of the Stockton, CA area showing the RTIF Network and RTIF Half Mile Radius. The map includes major highways (Interstates 5, 205, 580, State Routes 99, 12, 88, 26, 4, 120, 132, 33) and cities (Stockton, Lodi, Lathrop, Manteca, Escalon, Ripon, Tracy). A legend indicates that red lines represent the RTIF Network and blue shaded areas represent the RTIF Half Mile Radius.

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San Joaquin Council of Governments

## **2015 RTIF Addendum:**

# **Jobs Balancing Investment Fund Interim Implementation Addendum to the 2011 RTIF Update**

San Joaquin County, CA

April 1, 2015

# San Joaquin County Regional Traffic Impact Fee: 2015 Addendum

San Joaquin County, CA

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## INTRODUCTION

Per the request of the San Joaquin Council of Governments (SJCOG), Kittelson & Associates, Inc. (KAI) and Urban Economics have prepared this addendum to the San Joaquin Council of Governments Regional Traffic Impact Fee (December 2011). This addendum documents the following modification to the 2011 RTIF document:

- Creation of Jobs Balancing Investment Fund Interim Guidelines and Implementation Addendum to the 2011 RTIF Update

KAI has reviewed the technical documentation and nexus justification for the RTIF 2011 Update report and this 2015 addendum, and find that the RTIF along with its documentation continue to conform to the requirements of the Mitigation Fee Act (AB 1600).

## **JOBS BALANCING INVESTMENT FUND INTERIM GUIDELINES**

The draft program guidelines, developed by SJCOG staff and reviewed by KAI, are included under separate cover. The guidelines, this addendum, and concurrent revisions to the RTIF Operating Agreement, form the foundation of the interim implementation of the program.

## AB1600 NEXUS JUSTIFICATION

This section provides the justification for a Jobs Balancing Investment Fund to be funded with Regional Transportation Impact Fee (RTIF) revenues available to the San Joaquin Council of Governments (SJCOC). The purpose of the Fund would be to provide funding for transportation capital projects that support nonresidential development projects considered a high priority to meet economic development policy objectives. The RTIF is based on a nexus study completed in 2011 (RTIF 2011 Update). Use of these funds for the Fund should be consistent with that nexus study for the RTIF to remain compliant with the Mitigation Fee Act. These guidelines will be updated and possibly refined as part of the scheduled update to the RTIF in 2016.

If the transportation capital project is included in Appendix A of the RTIF 2011 Update, as amended, then the project may be funded with RTIF revenues up to the fair share of total costs identified in the Appendix for the project.

If the transportation capital project is not included in Appendix A of the RTIF 2011 Update, as amended, then further analysis is needed to justify funding while maintaining compliance with the RTIF 2011 Update nexus analysis and the Mitigation Fee Act. Further analysis would include one or more of the following:

- ♦ The RTIF Network is the Regional Congestion Management Program (RCMP) network and includes regionally significant facilities supplemented with additional major arterials that serve inter-community travel within San Joaquin County. Inclusion of the project in the RTIF Network based on these criteria supports a reasonable relationship between new development and the use of RTIF revenues. If the project is not on the RTIF Network then either:
  - » The RTIF Network should be amended to include the facility to be improved by the project, or
  - » The project should be limited to within one half-mile of the Network and a finding made that the project will benefit or support improvement to the Network needed to accommodate new development.
- ♦ If the project does not address a future deficiency as defined in the RTIF 2011 Update (with RTIF 2014 Addendum) then additional analysis would be needed to support a reasonable relationship between new development and the need for the project based on benefits to or support of improvements to the RTIF Network needed to accommodate new development. Examples of the types of findings made by this supplemental analysis include:
  - » Increased traffic from new development will cause congestion on the facility to be improved based on the level of service (LOS) standards used in the RTIF 2011 Update.
  - » Increased traffic from new development will cause a safety hazard on the facility to be improved based on professionally accepted criteria, including the need for improved truck routes as defined by the Surface Transportation Assistance Act (STAA) to accommodate increased truck trips from new development by implementing projects such as STAA retrofit and signage improvements identified as STAA network deficiencies and non-STAA ramp termini identified in the SACOG/SJCOC Interregional Truck Operations on I-5 and SR 99 and STAA Improvements Study (Tioga Group, Inc., 2012).



- » Multi-modal improvements identified on designated multi-modal RCMP corridors identified in the Regional Congestion Management Program (2012) that improve modal options and decrease congestion on RTIF roadways where right-of-way constraints limit roadway expansion.
- » New Park-and-Ride lots and/or existing Park-and-Ride lot amenities and improvements identified in SJCOG's Park-and-Ride Master Plan (2007) that improve the attractiveness of TSM/TDM strategies to relieve congestion on the RTIF Network.
- » Improvements identified in the RCMP Regional Deficiency Plan (2010) that address identified RCMP deficiencies on the RTIF Network.
- ♦ If the project does not address a future deficiency as defined in the RTIF 2011 Update then the project must improve traffic conditions based on one or more of the needs or impacts identified in this memorandum to support a reasonable relationship between new development and the use of RTIF revenues.
- ♦ The fair share cost of the project funded by the RTIF should adjust for the following conditions and alternative funding sources should be identified for the remaining non-RTIF share:
  - » Proportion of total project benefit associated with correction of existing deficiencies
  - » Proportion of total project benefit associated with growth in external trips as defined by the RTIF 2011 Update.

Based on the RTIF operating agreement between cities within San Joaquin County, the County of San Joaquin, and SJCOG, SJCOG is allocated ten percent of RTIF revenues generation countywide for highway and interchange projects, and five percent of these total revenues for transit projects. These constraints on the use of RTIF funds by SJCOG are a function of the operating agreement only and not the nexus study completed for the RTIF 2011 Update. The operating agreement could be amended to provide more flexibility for SJCOG to implement the Jobs Balancing Investment Fund if SJCOG did not want to be constrained by these allocations. Projects funded by the Fund would still have to meet the nexus requirements described in this memorandum.

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