
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Regional Transportation Congestion Improvement Program

On Monday, April 14, 2008 the City Council will consider approving the Regional Transportation Congestion Improvement Program (RTCIP) impact fee. The RTCIP was approved by the Land Use & Housing Committee on March 12, 2008. *It should be noted that failure to comply with the RTCIP could cause the City of San Diego to lose TransNet sales tax funding for local roads.*

A September 5, 2006 RTCIP Impact Fee Nexus Study prepared for the San Diego Association of Governments (SANDAG) by the MuniFinancial Company includes the following summary of the RTCIP:

“In 2004 voters in San Diego County approved a 40-year extension to TransNet, a program designed to fund improvements to the region’s transportation system first initiated in 1987. The prime component of the program is a half-cent sales tax increase that is projected to raise over \$8 billion for improvements through 2030. Expenditures of TransNet funds is implemented through the Regional Transportation Plan (RTP), prepared by the San Diego Association of Governments (SANDAG) and updated every two years.

In addition to the sales tax extension, the TransNet program requires implementation of a new local funding source for the RTP, the Regional Transportation Congestion Improvement Program (RTCIP). The purpose of the RTCIP is to ensure that new development directly invests in the region’s transportation system to offset the negative impacts of growth on congestion and mobility.”

A key component of the RTCIP is that beginning on July 1, 2008, each local agency must contribute \$2,000 from exactions imposed on the private sector for each new residence constructed in the County. To comply with this component, City staff is proposing to initiate an RTCIP impact fee that will require all property owners with new residential building activity, which is not exempt through affordable housing or maintenance of effort provisions, to pay an impact fee. The impact fee will be \$1,865 per multi-family unit and \$2,331 per single family unit and is based on the September 5, 2006 RTCIP Impact Fee Nexus Study that was approved by the SANDAG Board of Directors on September 22, 2006. Staff states in their March, 2008 Report to the City Council that the proposed fee amounts will satisfy the RTCIP requirements.

Uses of the RTCIP Impact Fees

Another key component of the RTCIP is that revenue collected from impact fees must be expended on improvements to the Regional Arterial System (RAS) and in a manner consistent with the expenditure priorities in the most recently adopted RTP, *Mobility 2030*. Included in the City Staff's March, 2008 Report to the City Council, is the criteria used to define an RAS. This criteria includes:

- Provides parallel capacity in high-volume corridors to supplement freeways, state highways, and/or other regional arterials (Corridor).
- Provides capacity and a direct connection between freeways or other regional arterials, ensuring continuity of the freeway, state highways, and arterial network throughout the region without duplicating other regional facilities (Cross-corridor); or
- Provides all or part of the route for existing or planned regional and/or corridor transit service that provides headways of 15 minutes or less during the peak period.

City staff is estimating the annual generation of \$233,100 to \$291,375 in RTCIP revenues for FY 2009. These funds will be deposited into an interest bearing fund established for the deposit of RTCIP fees. Revenues generated from the RTCIP impact fees must be used on City projects that address improvements to the RAS. In addition, RTCIP eligible projects will be prioritized with other City transportation projects using the criteria established in **City Council Policy 800-14 Prioritizing Transportation and Drainage CIP Projects** (See Attachment A).

During the March 12, 2008 Land Use & Housing Committee meeting, Engineering and Capital Projects staff stated that the prioritized list of transportation and drainage projects would be presented to the City Council as part of the annual budget hearings. The IBA is concerned with this process. *Including the prioritized list of transportation and drainage projects in the context of the overall budget hearings does not allow enough time for an informed discussion on each of the projects and the overall list.* The IBA

offers the following recommendation regarding the prioritized list of transportation and drainage projects:

- *On an annual basis, the prioritized list of transportation and drainage projects should be brought to a City Council Committee for discussion prior to the annual budget hearings.*

It is important to note that the current language in the Council Policy requires the Mayor to report the prioritized list to the City Council as part of the annual CIP budget. To facilitate the IBA's recommendation, changes might need to be made to the Council Policy.

Conclusion

The IBA is supportive of initiating an impact fee which is a key component of the RTCIP. The impact fee is consistent with that approved by SANDAG in September, 2006. It should be noted that failure to comply with the RTCIP could cause the City of San Diego to lose TransNet sales tax funding for local roads.

[SIGNED]

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Attachment A