



City of San Diego
Regional Transportation
Congestion Improvement Program
(RTCIP) Funding Program

April 2017

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- A. SANDAG TRANSNET EXTENSION ORDINANCE AND EXPENDITURE PLAN**
- B. REGIONAL ARTERIALS WITHIN SAN DIEGO JURISDICTION**

1 INTRODUCTION

On May 28, 2004, the San Diego County Regional Transportation Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (TransNet 2 Ordinance), approved by San Diego voters in November, 2004. The TransNet 2 Ordinance (Appendix A) established a Regional Transportation Congestion Improvement Program (RTCIP) to ensure future development contributes its proportional share of the funding needed to pay for the Regional Arterial System (RAS) and related regional transportation facility improvements.

Under Section 9 of the TransNet 2 Ordinance, each local agency shall establish an impact fee or other revenue Funding Program by which it collects and funds its contribution to the RTCIP; and shall be responsible for establishing a procedure for providing its monetary contribution to the RTCIP. This program is known as the local jurisdiction's Funding Program.

RTCIP revenue is to be used to construct improvements on the RAS such as new or widened arterials, traffic signal coordination and other traffic improvements, freeway interchange and related freeway improvements, railroad grade separations, and improvements required for regional express bus and rail transit. If a local agency does not comply with the RTCIP requirements set forth in the TransNet 2 Ordinance, the agency may lose TransNet sales tax funding for local roads.

This document constitutes the City of San Diego's RTCIP Funding Program (City RTCIP Program) pursuant to the TransNet 2 Ordinance requirements. Key Components to the City RTCIP Program include:

- Beginning July 1, 2008, the City of San Diego (City) must contribute \$2,000 (increased annually based upon the Engineering Construction Cost Index or similar cost of construction index or two percent, whichever is greater, and as approved by the SANDAG Board of Directors) on RAS improvements per each new residential dwelling unit (City RTCIP Funding Requirement);
- Beginning July 1, 2008, the City implements a City RTCIP Development Impact Fee Schedule on residential development, as adopted and updated annually by City Council Resolution, which identifies the applicable RTCIP fee (City RTCIP Fee);
- Beginning July 1, 2008, certain residential development in communities, and specifically identified projects, as adopted and updated by City Council Resolution, are not required to pay a City RTCIP Fee because compliance with the City's RTCIP Program is demonstrated through private sector payments or provision of an average of \$2,000 (plus applicable annual increases) per residential unit through payment of a Facilities Benefit Assessment (FBA) or other similar development fee, or through provision of eligible RAS improvements;
- City RTCIP Fees are collected at building permit issuance; and revenues must be expended within the parameters defined under the Mitigation Fee Act (California

Government Code Sections 66000 *et seq.*) and in a manner consistent with the expenditure priorities in the SANDAG Regional Transportation Plan (RTP); and

- The Independent Taxpayer Oversight Committee (ITOC), created by SANDAG for the TransNet Program is responsible for reviewing the City's implementation of the RTCIP

2 NEXUS STUDY

In order to comply with the Mitigation Fee Act, the City is required to make certain findings demonstrating a reasonable relationship or nexus between the amount of the City RTCIP Fee collected and the cost of public facilities attributable to the development on which the fee is imposed. On September 22, 2006 the SANDAG Board of Directors approved the "RTCIP Impact Fee Nexus Study" dated September 5, 2006, as prepared by MuniFinancial (Nexus Study). The Nexus Study (Included in Appendix A) provides the basis for the dollar amount of the RTCIP Fee. The Nexus Study was adopted by the San Diego City Council (City Council) on April 14, 2008 by Resolution No. R-303554.

3 RTCIP IMPACT FEE CALCULATION

SANDAG staff developed the original RTCIP contribution amount of \$2,000 per residence using an approach that allocated transportation system improvements proportionately across both existing development and projected growth. The methodology, specified in the Nexus Study, assumes that all residential development, existing and new, has the same impact on the need for RAS improvements based on the amount of travel demand generated (vehicle trips). Thus, existing and new development should share proportionately in the cost of transportation system improvements.

The original City RTCIP Fee (FY 2009) was broken down into multi-family and a single family fees as: \$1,865 per new multi-family residential unit; and \$2,331 per single family residential unit. The purpose of bifurcating the fee is to reflect the reduced number of vehicle trips generated by multifamily residential development. This methodology is consistent with other Development Impact Fee calculations in which a separate single family and multi-family fee is provided. As it was anticipated that these fee amounts would satisfy the RTCIP Funding Requirement, the City adopted these fee amounts as the City RTCIP Fee with the implementation of the City RTCIP Program on July 1, 2008.

4 COLLECTION AND EXPENDITURE OF IMPACT FEES

In accordance with Municipal Code Section 142.0640(b), and the resolutions adopting the City RTCIP Fee, the City RTCIP Fee is due at building permit issuance.

Revenues collected through the City RTCIP Program shall be used for preliminary and final engineering, right-of-way acquisition, and construction that will be needed to accommodate future travel demand generated by new development throughout the San Diego region. Selection of proposed projects to be fully or partially funded by the City RTCIP Program are based upon RTCIP eligibility criteria and the City Council approved CIP Prioritization Policy (800-14).

RTCIP Fee revenues must be expended on improvements to the RAS, as designated and updated periodically in the SANDAG Regional Arterials by Jurisdiction (Appendix B). RAS arterials are defined as meeting one of three criteria:

- 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.

RTCIP revenues may be expended for costs associated with RAS improvements including: arterial widening, extension, and turning lanes; traffic signal coordination and other traffic improvements; reconfigured freeway-arterial interchanges; railroad grade separations; and expanded regional bus service.

5 RESERVED

6. REPORTING REQUIREMENTS

Annual Letter of Conformance

The City of San Diego Planning Department (Facilities Financing Section) submits an annual letter to the SANDAG Independent Taxpayers Oversight Committee (ITOC) prior to April 1st of each year to document that the City did submit to ITOC the San Diego RTCIP Funding Program in accordance with the RTCIP requirements contained within the TransNet Extension Ordinance, and to confirm that the program submitted is still in effect and has not materially changed (OR provide any changes to the RTCIP program approved by City Council).

Annual Audit

The ITOC annual audit is conducted in the Office of the City Comptroller in conjunction with Planning Department Facilities Financing Section to verify it has collected or provided RAS improvements in an amount or value greater than the current SANDAG RTCIP Feeper residential unit.

7 GENERAL EXEMPTIONS

Consistent with the RTCIP as set forth in the TransNet 2 Ordinance, the following types of development are exempt from the City RTCIP Fee:

- A. New moderate, low, very low and extremely low income residential units as defined in California Health and Safety Codes;
- B. Government/public buildings, public schools and public facilities;
- C. Rehabilitation and/or reconstruction of any legal residential structure and/or the replacement of a previously existing residential unit;
- D. Development projects subject to Public Facilities Development Agreements prior to the effective date of the TransNet 2 Ordinance (May 28, 2004) that expressly prohibit the imposition of new fees; provided however, that if the terms of the development agreement are extended after July 1, 2008, the requirements of the City RTCIP Program shall be imposed;
- E. Guest dwellings;
- F. Additional residential units located on the same parcel regulated by the provisions of any agricultural zoning;
- G. Kennels and catteries established in conjunction with an existing residential unit;
- H. The sanctuary building of a church, mosque, synagogue, or other house of worship eligible for property tax exemption;
- I. Residential units that have been issued a building permit prior to July 1, 2008; and
- J. Condominium conversions.

8 AFFORDABLE HOUSING EXEMPTION

In order to be exempt from payment of the City RTCIP Fee at the time of building permit issuance, each unit must meet the definition of affordable housing as defined above in Section 7(A), and developer must provide a recorded copy of an affordable housing agreement with the San Diego Housing Commission.

9 ALTERNATIVELY CONTRIBUTING COMMUNITY PLANNING AREAS

Community planning areas which collect development fees or facilities in an amount or value greater than the current SANDAG RTCIP Fee per residential unit are considered to have met the required contribution towards the RAS and thus the City's RTCIP Funding Requirement without additional payment of the City RTCIP Fee.

To ensure that City RTCIP Fees continue to be collected appropriately, the Planning Department Facilities Financing Section shall conduct an analysis to determine the current per residential unit contribution towards funding or provision of RAS projects, no less than once

every five years beginning in Fiscal Year 2009, to determine community planning areas that may meet the City's RTCIP Funding requirement without additional payment of the RTCIP fee.

Based on the analysis, the list of communities exempt from paying City RTCIP Fees may be amended by Council Action. Further, if a community no longer meets the City's RTCIP Funding Requirement, the community will no longer be exempt from the RTCIP Fee.

List of Potentially Exempt Community Planning Areas

Black Mountain Ranch	Otay Mesa
Carmel Valley	Pacific Highlands Ranch
Del Mar Mesa	Rancho Penasquitos
Midway/Pacific Highway	Scripps Miramar Ranch
Mira Mesa	Torrey Highlands
North University City	

10 ALTERNATIVELY CONTRIBUTING DEVELOPMENT PROJECTS

In certain circumstances, the City may determine that a particular project that is not otherwise located in an alternatively contributing community will otherwise contribute the required contribution toward the RAS, and thus meet the RTCIP Funding Requirement through the payment of other development fees or provision of RAS improvements valued at an amount greater than or equal to the amount the project would otherwise be required to pay through City RTCIP Fee collection. These development projects may be considered to be Alternatively Contributing Community Projects, and residential units within these projects may qualify for the RTCIP exemption.

To be exempt from paying the City RTCIP Fee at time of building permit issuance, prior to building permit issuance the City must verify that the value of the RAS improvement being provided exceeds the revenue requirements of the RTCIP Funding Program. If it cannot be verified, the City RTCIP Fee shall be paid at building permit issuance. If the value received from the project toward RAS improvements is determined to be insufficient after the building permit is issued, in no case shall a certificate of occupancy be issued until the deficit is paid in City RTCIP Fees. In order to comply with the annual auditing requirements of the RTCIP, the City must submit evidence demonstrating that the required contribution toward the City RTCIP has been met through the provision of improvements that equal or exceed the City RTCIP Fee.

Each alternatively contributing community project shall be required to submit documentation for each RAS improvement it provides, in support of its alternative contribution to the RTCIP Funding Requirement. Such documentation shall include, but not be limited to, copies of contracts, change orders, and invoices received, proof of vendor payments, and proof that all mechanic liens have been released. The City shall verify whether materials and work have been installed and performed per the documents submitted, terms of the project plans and specifications, and adherence to the bid list as to quality and quantities.

The applicant will be required to establish a deposit account with the City, and contribute up to a maximum of three percent (3%) of the total cost of each RAS improvement as stated below:

- Up to three percent (3%): RAS improvement less than \$1,000,000;
- Up to two percent (2%): RAS improvement greater than \$1,000,00 and less than \$5,000,000; or
- Up to one percent (1%): RAS improvement greater than \$5,000,000.

The deposit account will fund the cost to review and verify the value of the RAS improvement provided in lieu of the City RTCIP Fee. It is anticipated that the review and verification process will be conducted by a consultant retained by the City. The funds used in the deposit account shall not count toward the value of the RAS improvement contributed in lieu of the City RTCIP Fee, nor shall it be considered a credit against fees.

For approved alternatively contributing projects, RTCIP reimbursement or credit allowance may be issued.

RTCIP Reimbursement

At the City's sole discretion, City RTCIP Fees already paid at time of building permit issuance may be reimbursed to a private developer, if the private developer has designed and/or constructed an eligible RAS improvement and has entered into a Reimbursement Agreement (RA) with the City, and as per the specific terms of the RA.

RTCIP Credit Allowance

At the City's discretion, a private developer (Developer) may be entitled to a City RTCIP Fee credit allowance as follows:

- A. Up to twenty-five percent (25%) credit allowance based on the City verified cost estimate for the RAS improvement subject to a Developer satisfying all of the following requirements:
 1. All construction plans and drawings for the RAS improvement have been approved by the City;
 2. Any right-of-way required for the RAS improvement has been secured and dedicated, or an irrevocable offer to dedicate has been provided to the City;
 3. All required permits and environmental clearances necessary for the RAS improvement have been secured;
 4. Provision of all performance bonds and payment bonds to complete the RAS improvement; and

5. Payment of all City fees and costs.

- B. Up to fifty percent (50%) credit allowance based on the amount of the construction contract, consultants contract, and soft costs that qualify as allowable in lieu costs then incurred for the individual RAS improvement subject to a Developer satisfying all of the above referenced requirements for the twenty-five percent (25%) credit allowance, and provided Developer has received valid bids for the RAS improvement, and has awarded the construction contract.
- C. Up to ninety percent (90%) credit allowance at the time of Operational Acceptance, provided that reimbursement requests have been submitted and approved for such amounts, based on the value of the improvements as verified by the City.
- D. A credit allowance shall be issued to Developer based upon the remaining ten percent (10%) of value of RAS improvement upon the later of: (i) the recordation by Developer of the notice of completion and delivery of a conformed copy to City, or (ii) City's written acceptance of the Project As-Built Drawings.

List of Approved Projects (1) Potentially Exempt from City RTCIP Fee:

Quarry Falls Project No. 49068

In Lieu of paying the City RTCIP Fee, this project may provide its share towards mitigating new traffic impacts on the RAS by constructing RAS improvements in an amount or value greater than the City's RTCIP Funding Requirement per residential unit. Below is the project specific analysis:

Standard RTCIP Fee Calculation:

Number of Market Rate Residential Units:	4,302
Number of Affordable Units:	478
FY 2018 RTCIP Fee:	\$ \$2,240
Total Estimated Contribution:	\$9,636,480

Proposed Alternative Contribution

Number of Market Rate Residential Units:	4,302
Approx. Per Unit Average:	\$5,812
Value of RAS Improvements (2017)	\$27,784,180

RAS Projects and Construction Cost Details on next page.

RAS Projects and Construction Cost Estimates

Project	Project Title	Estimated Cost (FY 2017)
PHASE 1*		
4	Friars Road - Qualcomm Way to Mission Center Road	\$2,613,762
10	Friars Road & Avenida De Las Tiendas	\$206,180
11	Texas St. - Camino del Rio S. to El Cajon Blvd	<u>\$1,185,544</u>
		\$4,194,611
PHASE 2*		
15a	Friars Rd/SR-163 Interchange	\$2,660,000
15b	Mission Center Road/I-8 Interchange	\$1,000,000
16	Friars Rd. - Pedestrian Bridge across Friars Rd.	\$3,500,000
17	Friars Rd EB Ramp/Qualcomm Way	\$1,296,750
18	Friars Road WB Ramp/Qualcomm Way	Incl. Above
19	Friars Rd/I-15 SB Off-ramp	<u>\$1,056,044</u>
		\$9,512,794
PHASE 3*		
15b	Mission Ctr Rd/ I-8 Interchange	\$13,034,250
20	Texas St/ El Cajon Blvd	\$416,350
21	Qualcomm Way / I-8 WB off ramp	<u>\$626,175</u>
		\$14,076,775
Total Estimated Contribution:		\$27,784,180

*Quarry Falls Transportation Phasing Plan (TPP) assumes no Phyllis Place Road connection and may be modified if the City subsequently approves the connection.