

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

731A



FROM: TLMA - Transportation Department

SUBMITTAL DATE:
November 8, 2011

SUBJECT: Initiation of Amendment to Ordinance No. 824 Relating to Extending the Temporary Fee Reduction Period for the Western Riverside County Transportation Uniform Mitigation Fee (TUMF) Program

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt an order initiating an amendment to Riverside County Ordinance No. 824, to extend the temporary fee reduction period for one year, and;
2. Direct and authorize the Transportation Department and County Counsel to prepare and process the amendment to Ordinance No. 824.

BACKGROUND: At the October 3, 2011 meeting of the Western Riverside Council of Governments (WRCOG), the Executive Committee unanimously endorsed giving local jurisdictions the options of

Juan C. Perez
Director of Transportation

(Continued On Attached Page)

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A
SOURCE OF FUNDS:				Positions To Be Deleted Per A-30 <input type="checkbox"/>
				Requires 4/5 Vote <input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY:

Tina Grande

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: November 8, 2011
xc: Transp., Auditor, Co.Co.

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.

District: 1,2,3,5

Agenda Number:

3.26

Dept's Recomm.: ☐ Policy ☒ Policy
Per Exec. Ofc.: ☐ Consent ☒ Consent

The Honorable Board of Supervisors

RE: Initiation of Amendment to Ordinance No. 824 Relating to Extending the Temporary Fee Reduction Period for the Western Riverside County Transportation Uniform Mitigation Fee (TUMF) Program

November 8, 2011

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extending the 50% temporary TUMF fee reduction adopted in December 2009, adopting a lesser temporary fee reduction or not agreeing to any fee reduction. This is due to the fact that the aggregate amount of uncollected revenue has not reached \$20 million, which was the target cap set in December 2010. This Board took a position last year to extend the 50% temporary fee reduction to stimulate development activity and construction jobs. The reduction was also taken in recognition of the fact that the cost of delivering transportation projects had been reduced during this economic cycle. This action is consistent with recent Board action to reduce the County's Development Impact Fee (DIF) temporarily to 50%.

The information gathered by WRCOG indicates that the amount of additional funds that would have been collected, had the 50% reduction not been adopted, is estimated to be roughly \$14.2 million through September 2011 for the entire Western County area. It is unknown if this is truly lost revenue, or if some development projects would not have moved forward without the fee reduction, thereby creating even less revenue for the program. By extending this temporary fee reduction, the County understands it will need to demonstrate that any loss of fees that would have been collected will be made up through recommended specific, effective costs savings, repayment methods or alternative funding sources. A reduction in project costs and cost saving measures is the County's preferred choice. The \$20 million is a small percentage of the overall TUMF Program, which is expected to generate over \$3.7 billion over the next 25 years. Over \$538 million has been collected since the inception of the program in February 2003.

We are not seeing any signs of a rebound in economic conditions, and we are still seeing lower construction costs that can offset the reduction in revenue. However, there is a recognition that this needs to be monitored closely so that we are able to react to significant changes in either development activity or a rise in construction prices. Given this, the WRCOG Executive Committee recommended that the allowance of the temporary fee reduction be brought back for another look should the aggregate amount of the fees that would have been collected reach \$20 million.

It is imperative to make the same fee reduction adjustment to the entire TUMF schedule to assure that each development continues to contribute a fair share of the total TUMF Program costs. The benefit of extending the temporary fee reduction outweighs the resulting limited decrease in TUMF revenues and will not have a material effect on the ability to fulfill the purposes of the TUMF Program.

Temporary fee reductions, while they serve as an important economic stimulus mechanism, must be balanced with extending such reductions for the proposed limited time so as to not jeopardize the applicability of the Nexus Study, the integrity of the TUMF Program, and the ability to deliver currently programmed and future planned projects.

If granted, the request for an order initiating an amendment to Ordinance No. 824 would allow staff to prepare and present an amendment that would extend the temporary fee reduction for one year until December 31, 2012 or until the aggregate amount of fees that would have been collected reach \$20 million, whichever comes first.

SPEAKER'S NAME: Bill Blankenship

City: Riverside Zip: 92501

Phone #: (951) 781-7310

Date: 11/8 Agenda # 3-26

Position on "Regular" (non-appealed) Agenda Item:

 X **Support** **Oppose** **Neutral**

Note: If you are here for an agenda item that is filed for "Appeal", please state separately your position on the appeal below:

 Support **Oppose** **Neutral**

I give my 3 minutes to: _____