



DATE: September 19, 2012

TO: Honorable Mayor and City Councilmembers

FROM: Development Services Department

SUBJECT: **RESOLUTION IMPLEMENTING AUTOMATIC ANNUAL INCREASES IN THE CITY'S THOROUGHFARE FEE PROGRAM FOR RESIDENTIAL DEVELOPMENT ACCORDING TO TRANSNET REQUIREMENTS**

SYNOPSIS

Staff recommends that the City Council adopt a resolution approving the "pass-through" collection of the Regional Transportation Congestion Improvement Plan fee under its Thoroughfare Impact Fee Program.

BACKGROUND

On November 4, 2004, the voters of San Diego County approved the extension of the TransNet Ordinance, which dedicates one-half cent of the region's sales tax revenue for funding transportation projects including transit, freeway improvements, new highways, and road maintenance. To help assure passage of the measure, its authors included a provision requiring cities to collect at least \$2,000 per new dwelling unit to fund the completion of the Regional Transportation Congestion Improvement Plan (RTCIP, and referred to as the "RTCIP fee").

The "RTCIP fee" is neither a new fee nor a fee that is remitted to SANDAG. Rather, it is a minimum exaction that each city must collect from the development community for the privilege of participating in the regional TransNet program.

The City of Oceanside is currently meeting the RTCIP exaction requirement through its existing Thoroughfare Fee Program. The Thoroughfare Fee is an "impact fee", which is collected on new development to pay for improvements required by the Thoroughfare Ordinance. The Thoroughfare Ordinance established a funding program in which new land development bears its fair share of the associated costs of the transportation improvements identified in the Circulation Element. The Thoroughfare Fee is calculated according to the average daily vehicle trips generated by new development.

As adopted by the 2004 San Diego County TransNet Extension Ordinance, the RTCIP fee differs in significant ways from the impact fee programs that exist among San Diego County cities. The key difference is that the RTCIP fee increases every year starting with FY 2009-10.



Cities need to either adopt their own separate impact fee to collect the mandated RTCIP fee exaction, or modify their existing impact fee program to allow for annual automatic “pass-through” increases as determined by SANDAG according to the TransNet Extension Ordinance.

In accordance with the Mitigation Fee Act, SANDAG commissioned a countywide nexus study to justify the RTCIP fee. The forty-nine-page impact fee nexus study may be found at http://www.sandag.org/uploads/committeeid/committeeid_75_9659.pdf

Staff recommends the “pass-through” approach for Oceanside.

ANALYSIS

Existing Thoroughfare Fee and RTCIP Exaction Comparison

Oceanside’s Thoroughfare fee is \$255 per vehicle trip. The current RTCIP exaction is \$2,165 per dwelling unit. This figure results from four consecutive 2% annual increases from \$2,000 starting in FY 2009-10.

<u>Comparison Item</u>	<u>City’s Thoroughfare Fee</u>	<u>RTCIP Fee</u>
Fee Calculation Method	Daily Vehicle Trips	Per Dwelling Unit
Project Type	Residential and Non-residential	Residential only
Annual Increase?	None	2% per year (1)
Can be deferred	Yes	Yes
Can be waived	No	No (2)

Footnotes:

- (1) The annual RCTIP increase can be less than 2% according to relevant construction cost indices, but the methodology used by SANDAG makes smaller increases unlikely. The TransNet Extension Ordinance implemented annual increases effective FY 2009-10.
- (2) The TransNet Extension Ordinance does not allow cities to subsidize or replace the RTCIP fee with their own funds. Failure to collect RTCIP fees from the development community will make a city ineligible to receive TransNet funds.

Oceanside’s Current Residential Thoroughfare Fee

For residential development, Oceanside’s current Thoroughfare Fees are listed below:

<u>Housing Type</u>	<u>Fee per Trip</u>	<u>Number of Daily Trips per Regional Standard</u>	<u>Existing Total Fee per Dwelling</u>	<u>Proposed Total Fee per Dwelling</u>
Single Family	\$255	10	\$2,550	\$2,550
Condo	\$255	8	\$2,040	\$2,165
Apartment	\$255	6	\$1,530	\$2,165

The City is currently collecting less than the required RTCIP exaction (\$2,165) from condominium and apartment projects. However, the fee paid by single-family projects, in effect, subsidizes the multi-family projects. This has allowed the City to be in compliance with the TransNet Extension Ordinance. However, the rising RTCIP exaction will exceed the average sum per dwelling unit that the City collects under its Thoroughfare Fee program. If undercollection is allowed to occur, Oceanside's share of TransNet funds will be reallocated by SANDAG to the other participating cities.

Proposed Action

The proposed Resolution sets the Thoroughfare Fee to be the **higher** of:

1. The existing Thoroughfare Fee as calculated by vehicle trips, or
2. The RTCIP exaction including all past and future annual increases

The RTCIP fee only applies to residential development, and it also excludes low-to-moderate income housing and certain residential care facilities. Commercial development and the specified categories of residential dwellings will continue to pay Thoroughfare Fees as calculated on the existing "per trip" basis.

Grandfathering

The development community is aware of the RTCIP fee and its countywide implementation. The other cities in the region have adopted it as either a direct "pass-through", or as a separate fee. Developers who are actively pursuing the entitlement process of their residential projects in Oceanside have been advised that they should budget for the RTCIP "pass-through" fee. For this reason, staff recommends this revision in Oceanside's Thoroughfare Fee program be adopted immediately, and without "grandfathering" active projects that have not yet paid impact fees.

The "grandfathering" issue was addressed in the 2004 TransNet Extension Ordinance. The initial RTCIP exaction was set at \$2,000 per dwelling unit, which was generally less than the equivalent impact fee then being collected by cities in San Diego County. The first automatic increase in the exaction amount was deferred for five years, or until FY 2009-10. There is no allowance or mechanism in the TransNet Extension Ordinance for cities to implement separate or redundant grandfathering with respect to the RTCIP exaction.

The 58 pages of the TransNet Extension 2004 ballot language, Ordinance, and Expenditure Plan may be found at <http://www.completestreets.org/webdocs/policy/cs-ca-sandiegocounty-tax.pdf>

FISCAL IMPACT

Adoption of the resolution will provide an unknown long-term increase in funds collected in the City's Thoroughfare Fee account (Fund 561) to be used for transportation improvements in the Circulation Element. Per SANDAG's accounting requirements, the RTCIP portion of the Thoroughfare Fee will be deposited into an account (1561.4427.100436) to provide tracking separate from the Thoroughfare Fees collected from commercial development or currently being collected over and above RTCIP minimums.

INSURANCE REQUIREMENTS

Does not apply.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The requested action is consistent with the provisions of the California Mitigation Fee Act and all other legal requirements. The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council adopt a resolution approving the "pass-through" collection of the Regional Transportation Congestion Improvement Plan fee under its Thoroughfare Impact Fee Program.

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Scott O. Smith, City Engineer
Teri Ferro, Financial Services Director

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GB
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Attachment:

- 1. Resolution

1 3. That low or moderate income housing and residential care facilities, where the
2 individual units lack kitchen or food preparation space, shall not pay the Regional
3 Transportation Congestion Improvement Plan fee, but only the current Thoroughfare Fee
4 calculated by trip generation.

5 4. That this resolution shall take effect immediately upon adoption.

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7
8 PASSED AND ADOPTED by the City Council of the City of Oceanside, California this
9 _____ day of September _____, 2012, by the following vote:

10
11 AYES:

12 NAYS:

13 ABSENT:

14 ABSTAIN:

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16 MAYOR OF THE CITY OF OCEANSIDE

17 ATTEST:

APPROVED AS TO FORM:

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20 _____
CITY CLERK



CITY ATTORNEY

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26 **RESOLUTION OF THE CITY OF OCEANSIDE ADOPTING THE REGIONAL TRANSPORTION
27 CONGESTION MANAGEMENT PLAN FFE AS A "PASS-THROUGH" TO ITS EXISTING
28 THOROUGHFARE FEE PROGRAM**