

TUMF and Nexus Study Background

- WRCOG's TUMF Program was implemented in 2003
- Provides transportation and transit infrastructure to mitigate the impact of new growth by the implementation of fees on new development
- The original purpose of TUMF is to address regional traffic since traffic occurs throughout the region
- TUMF Program relies on a Nexus Study to establish the fee. Last Nexus Study adopted in 2017
- Construction Cost Index (CCI) Adjustments occur between Nexus Study updates
- TUMF fees are "uniform" throughout the WRCOG region due to similar costs for infrastructure improvements



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TUMF Contributions to the City of Riverside

- 19 Completed Projects - \$81.2M in TUMF funding
 - Magnolia Grade Separation - \$15.6M
 - Magnolia/I-15 Interchange - \$13.6M
 - Van Buren/SR-91 Interchange - \$10M
- Currently funding 5 projects - \$20M
 - Iowa Ave Widening - \$3.2M
 - Adams/SR-91 Interchange - \$6.7M
 - 3rd St Grade Separation - \$8.7M
- TUMF fulfills requirement for Measure A funding ~ \$63M over life of TUMF program



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CCI Background

- CCI = Construction Cost Index
- Similar to a cost of living adjustment for salaries but for infrastructure
- The CCI is an administrative element of the TUMF Program
- Staff is required to bring an adjustment on a yearly basis to Committee structure for consideration by the Executive Committee
- Latest action was to implement the 2019 CCI adjustment in November 2019
 - Implemented by a phase-in approach through January 2021
- 2020 CCI not brought forward due to concerns about COVID-19 in 2020
- 2021 CCI adjustment brought to WRCOG Committees in Summer of 2021



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Why do a CCI?

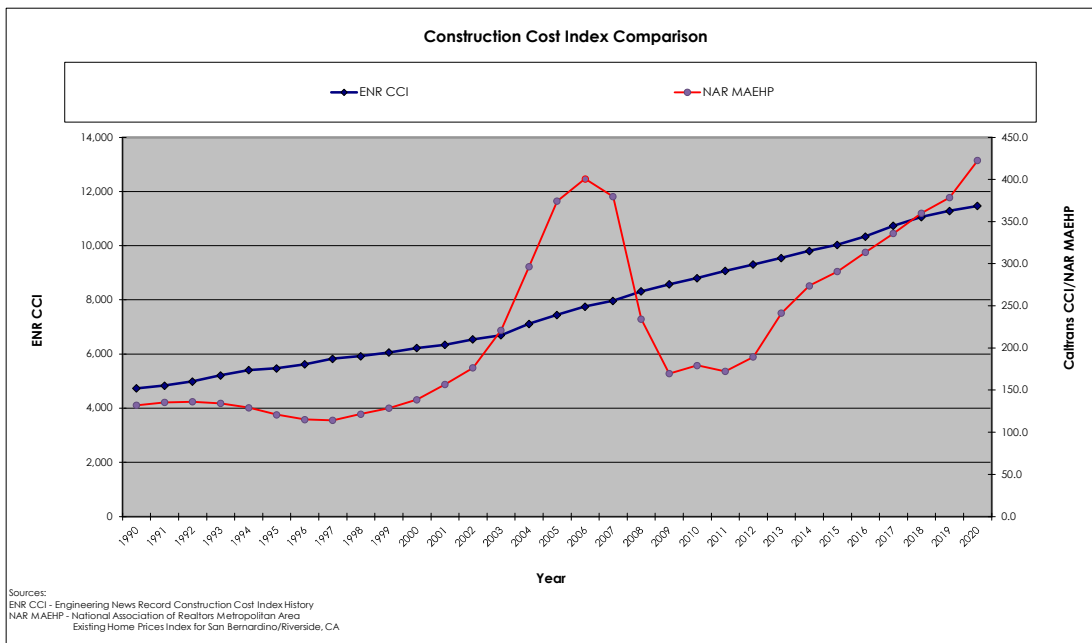
- Regular updates to the program ensure that fees and reimbursements are calculated using the most updated information
- Increase in costs result in an increase in fees
- Negligible impact to development costs
- Implementing a CCI increases available funding for projects
- Regular CCI increases reduce the need to make larger changes in the fee during periodic Nexus Study updates
- Failing to approve a CCI is essentially "kicking the can down the road"
- Next TUMF Nexus Study will start in Fall 2021 and likely take 12-18 months
- Without a CCI, current fee schedule will be in place until at least 2023



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CCI Adjustment

- The Executive Committee approved using the Engineering News Record (ENR) CCI and the National Association of Realtors (NAR) median sales price of existing Single-Family homes as the basis for calculating the adjustment
- Since the CCI was not implemented in 2020, the ENR CCI adjustment encompasses two years (from 2018 to 2020) for a total of **3.7%** since the last CCI adoption
- Since the CCI was not implemented in 2020, the NAR adjustment encompasses two years from 2018 to 2020 for a total of **17.4%** since the last CCI adoption



Will a CCI negatively affect development?

- Not likely, CCI increase results in nominal increase in total project costs
- 20% of all development projects are covered by credit agreements, which mean that any increase in fees are offset by increase in additional reimbursement
- We are seeing tremendous growth throughout the WRCOG region (TUMF collections are some of the highest in the past 10 years)
- Other costs, labor, materials, etc. are driving total cost increases, not fees
- Difficult to see how a \$300 fee increase on a \$400,000 house will negatively affect a project's profitability or affordability
- Staff did share these proposals with the BIA, NAIOP, and others in the development community



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Next Steps

- If adopted, CCI would not be implemented any sooner than January 1, 2022
- If adopted, updates to member agency TUMF ordinances will need to occur in Fall 2021
 - Template ordinances and resolutions will be made available by WRCOG staff
- A fee increase on January 1, 2022, would allow project applicants sufficient time to account for this fee increase
- Projects would be able to pay the current rate through the end of the calendar year



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2021 CCI Fee Structure

Land Use Type	Units	Current TUMF	New Fee with CCI
Single- Family Residential	DU	\$9,810	\$10,104
Multi-Family Residential	DU	\$6,389	\$6,580
Retail	SF	\$7.50	\$7.72
Service	SF	\$4.75	\$4.89
Industrial	SF	\$1.81	\$1.86

