Western Riverside Council of Governments
Transportation Uniform Mitigation Fee Program
Five-Year Expenditure Report (FY2008/09 to FY2014/15)

Report prepared for:
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WRCOG Director of Transportation

Prepared by:
Paul Rodriguez
Rodriguez Consulting Group
August 2016

Overview

AB 1600 provides a mechanism for addressing transportation infrastructure needs necessitated by growth. This legislative tool enables collection of development impact fees to address these infrastructure needs. Impact fees are governed by specific requirements including identification of a clear Nexus and purpose, reasonable expectation that the identified need can be fulfilled, and that funds collected will be expended in a timely manner.

California Government Code Section 66000-66008 generally defines the purpose, intent and practical application of impact fees such as the Transportation Uniform Mitigation Fee (TUMF). The Western Riverside Council of Governments (WRCOG) TUMF is a regional program that requires participation by member agencies as prescribed in the Measure A Transportation Sales Tax adopted by Riverside County voters in 2002. The TUMF is based upon a formal Nexus Study and discrete network improvement plan.

The purpose of this report is to satisfy periodic reporting requirements identified in California Government Code 66001 (d), specifically:

> (1) FOR THE FIFTH FISCAL YEAR FOLLOWING THE FIRST DEPOSIT INTO THE ACCOUNT OR FUND, AND EVERY FIVE YEARS THEREAFTER, THE LOCAL AGENCY SHALL MAKE ALL OF THE FOLLOWING FINDINGS WITH RESPECT TO THAT PORTION OF THE ACCOUNT OR FUND REMAINING UNEXPENDED, WHETHER COMMITTED OR UNCOMMITTED:
>
> (A) IDENTIFY THE PURPOSE TO WHICH THE FEE IS TO BE PUT.
>
> (B) DEMONSTRATE A REASONABLE RELATIONSHIP BETWEEN THE FEE AND THE PURPOSE FOR WHICH IT IS CHARGED.
>
> (C) IDENTIFY ALL SOURCES AND AMOUNTS OF FUNDING ANTICIPATED TO COMPLETE FINANCING IN INCOMPLETE IMPROVEMENTS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (A).
>
> (D) DESIGNATE THE APPROXIMATE DATES ON WHICH THE FUNDING REFERRED TO IN SUBPARAGRAPH (C) IS EXPECTED TO BE DEPOSITED INTO THE APPROPRIATE ACCOUNT OR FUND.
>
> (2) WHEN FINDINGS ARE REQUIRED BY THIS SUBDIVISION, THEY SHALL BE MADE IN CONNECTION WITH THE PUBLIC INFORMATION REQUIRED BY SUBDIVISION (B) OF SECTION 66006. THE FINDINGS REQUIRED BY THIS SUBDIVISION NEED ONLY BE MADE FOR MONEYS IN POSSESSION OF THE LOCAL AGENCY, AND NEED NOT BE MADE WITH RESPECT TO LETTERS OF CREDIT, BONDS, OR OTHER INSTRUMENTS TAKEN TO SECURE PAYMENT OF THE FEE AT A FUTURE DATE. IF THE FINDINGS ARE NOT MADE AS REQUIRED BY THIS SUBDIVISION, THE LOCAL AGENCY SHALL REFUND THE MONEYS IN THE ACCOUNT OR FUND AS PROVIDED IN SUBDIVISION (E).

Purpose/Approach

The Five-Year TUMF Expenditure Report is a requirement of the enabling legislation to substantiate the purpose, need and use of regional development impact fees. This assessment is required every five years starting from the fifth fiscal year following the first deposit into the program account or fund. The TUMF program was implemented in Fiscal Year 2002/03. The inaugural Expenditure Report was published in 2009 related to program activities through June 30, 2008. The current reporting effort covers the intervening period through June 30, 2015.

Revenues, programming commitments and expenditure information have been compiled from documentation provided by WRCOG and RCTC staff. Methodology for compiling the data is described more fully in the respective sections contained within this report. Technical memoranda were produced during the review process to more fully explore the depth and details of the program. These memoranda are attached for reference and include the following topics: TUMF Program Cash Flows, Future TUMF Program Revenues and Expenditures, and Sufficiency of Funding for TUMF System.

Revenue

Revenues have historically been reported by WRCOG as fees collected *"attributable to"* Zones and primary users, including RCTC, WRCOG Administrative, RTA and MSHCP. However, revenues are comprised of fees collected by local agencies plus interest earned on those deposits held by WRCOG and RCTC. "Revenues" attributable to entities not directly engaged in fee collection are assigned based upon a proportionate share of the prevailing TUMF Nexus Study network cost and expense assumption. Since the Nexus Study is updated periodically, the proportionate share is subject to change and this approach bears no resemblance to the actual source of revenues. Therefore, Net Revenues identified in the current Expenditure Report are reported in the following manner:

- Fees collected by member agencies and transmitted to WRCOG for distribution
- Interest earned on fund balances held by WRCOG and RCTC
- Less refunds issued for fees paid in error and prepayments for permits that have expired or been withdrawn

During the current reporting period, Net Revenues totaled $170,794,813. Total Net Revenues from program inception through FY2014/15 are $679,706,094 as shown in Table 1.

Table 1 - Revenue Summary

PERIOD	FEE COLLECTIONS	INTEREST*	REFUNDS	NET REVENUES
Through FY2007/08	$ 481,506,847	$ 41,015,183	$ (13,610,749)	$ 508,911,281
FY2008/09	$ 25,857,708	$ 4,834,135	$ (347,736)	$ 30,344,107
FY2009/10	$ 17,073,642	$ 2,376,172	$ (399,594)	$ 19,050,219
FY2010/11	$ 15,201,017	$ 2,261,842	$ (1,364,533)	$ 16,098,326
FY2011/12	$ 14,438,863	$ 1,099,978	$ (705,246)	$ 14,833,595
FY2012/13	$ 26,081,990	$ 999,249	$ (429,732)	$ 26,651,507
FY2013/14	$ 24,577,519	$ 905,230	$ (119,799)	$ 25,362,950
FY2014/15	$ 37,596,993	$ 974,610	$ (117,495)	$ 38,454,108
Current Reporting Period	***$ 160,827,731***	***$ 13,451,217***	***$ (3,484,135)***	***$ 170,794,813***
Total through FY2014/15	***$ 642,334,578***	***$ 54,466,400***	***$ (17,094,884)***	***$ 679,706,094***

*Interest income for FY2008-09 through 2014-15 annualized for RCTC

Interest income is driven by interest rates and cumulative fund balances. In the early years of TUMF, revenues were accumulating faster than project implementation. In addition, interest rates were substantially higher prior to the economic downturn. Declining annual interest yield during this reporting period are a reflection of reduced fund balances due to successful project implementation and historic low interest rates on those balances. Revenue collections are affected by cyclical land use development and program policies. Figure 1 illustrates the composition of fee collections by land use.

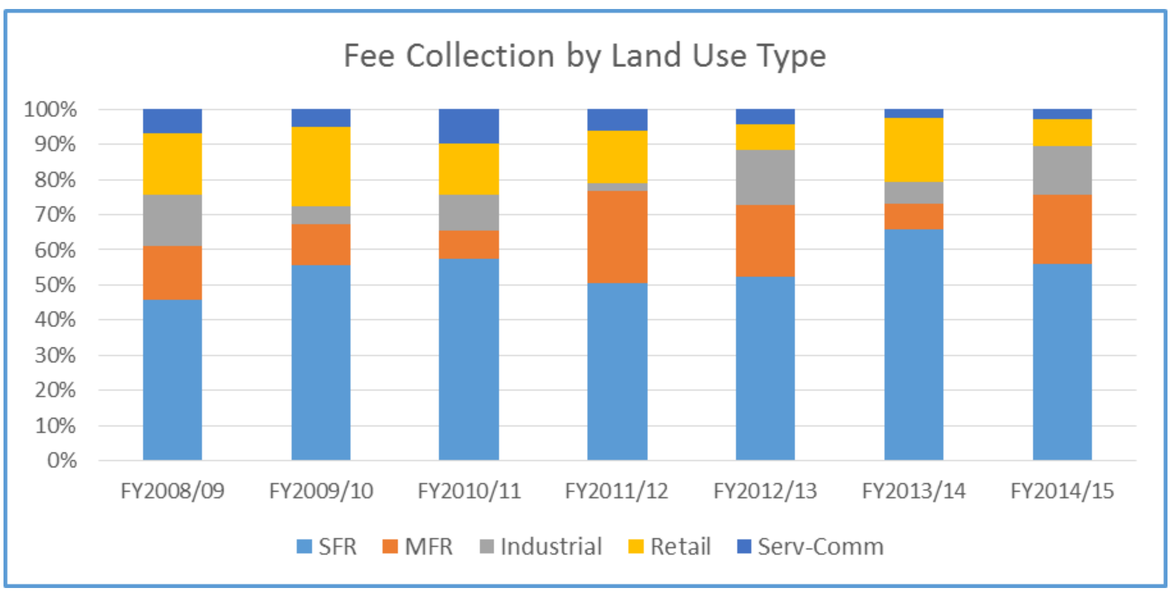

Figure 1 - Proportion of Fees Collected by Land Use

Fee credit agreements comprise a significant component of the overall TUMF program. This tool enables developers to receive an in-lieu credit against their fee obligation for actual eligible improvements on the TUMF network. The Net Revenues shown above do not include the value of developer-led improvements but have a positive effect on the delivery of the network needed to accommodate regional growth.

Projected Revenues

Future revenue collections are assumed for the TUMF program for forecasting purposes. Fee collections have been on the rise since FY2011/12. For FY2015/16, net revenues are expected to reach approximately $41 million. Historically, residential development has been the majority source of fee collections as a percentage of total annual fees collected (see Figure 1). Although there has been an increase in building permits issued over the past few years, continued growth is expected to be modest. In keeping with conservative and prudent forecasting practices, we assume a level rate of fee collections at $43 million per year (represents 5% increase for FY2016/17 to establish conservative baseline) through FY2019/2020. This estimate represents 5% growth for FY2016/17 and flat revenues for the next 5 years.

Expenditures/Programming

TUMF is a capital improvement program designed to address cumulative impacts of growth. The program includes arterial improvements, transit projects, certain environmental impacts and administrative activities necessary to manage the program. One purpose of the Expenditure Report is to report how fee collections are used toward completion of the program. TUMF uses a Nexus Study process to determine funding needs over a given time period. The initial TUMF Nexus Study projected needs through 2025. The 2005 TUMF Update extended the program horizon to 2030. The 2009 TUMF Update extended the program horizon through 2035.

Capital improvements and program implementation is accomplished through a process of programming and reimbursements. Actual expenditures for large capital projects may span one or more fiscal years. In addition, individual projects may be segregated into discrete project phases and/or segmentation based upon need and/or available capital. The initial Expenditure Report identified actual and projected expenditures by fiscal year. Since then, the program has been extended twice with an additional 10 years added to the program. Periodic updates to the program horizon and content, combined with the typical lag in time between when funds are encumbered versus when a reimbursement is requested, suggest that the current and future Expenditure Reports should emphasize the programmed year rather than the payment year for purposes of substantiating timely investment of fees collected.

A summary of programming and expenditure activities is presented on Table 2. The period covering FY2002/03 through 2007/08 is provided for reference. The period covering FY2008/09 through FY2014/15 is the focus of the current Expenditure Report. The period covering FY2015/16 through 2019/20 provides a forward looking perspective and is presented to illustrate commitments already made against Net Revenues received and a small allowance for anticipated future Net Revenues covered by the current TUMF Nexus Study. Programming is typically a blend of actual revenues and anticipated revenues.

Table 2 -Programming Summary by Period

Category	FY2002/03 to 2007/08	FY2008/09 to 2014/15	FY2015/16 to 2019/20	Total
Zones	$ 46,140,547	$ 262,302,805	$ 75,961,559	$ 384,404,911
RCTC	$ 114,986,295	$ 136,898,581	$ 55,163,949	$ 307,048,825
RTA	$ -	$ 13,389,995	$ 12,519,303	$ 25,909,298
RCA	$ 750,000	$ 4,338,923	$ -	$ 5,088,923
WRCOG Administration	$ 5,411,346	$ 11,370,039	$ 10,184,366	$ 26,965,751
Total	***$ 167,288,188***	***$ 428,300,343***	***$ 153,829,177***	***$ 749,417,708***

Zone values represent programming commitments made through the five TUMF zones. Project allocations are determined through a multi-year Transportation Improvement Plan (TIP). Although the primary focus of Zone funding is on the Secondary (local) TUMF network, a significant portion of funding approved to date is dedicated to the Backbone (regional) TUMF network. Backbone projects have been advanced through the Zones to address regional funding shortfalls. A reconciliation of the Local and Regional funding allocations will be necessary to ensure each of these components can be completed according to the Nexus Study cost allocation assumptions.

Riverside County Transportation Commission (RCTC) values represent programming commitments utilizing the Backbone (regional) funding component of TUMF. Funding commitments are updated periodically. Allocations to date are specific to Backbone facilities selected through a competitive call for projects, CETAP corridors selected by RCTC restricted to those improvements contained on the TUMF Network, and developer reimbursements.

Riverside Transit Agency (RTA) values represent eligible capital improvements and regional system planning efforts. Funds are reported by WRCOG using the Zone TIPs.

Riverside Conservation Authority (RCA) values represent reimbursement for expenditures related to the Multiple Species Habitat Conservation Program (MSHCP) as mitigation for TUMF improvements. Funds are dispersed to RCA on a reimbursement basis rather than through a programming effort. The MSHCP has its own distinct impact fee program. TUMF funds supplement the larger program. TUMF includes a provision for up to 5% of the construction cost of network construction for mitigation purposes.

WRCOG Administration cost includes the cost to administer the overall TUMF program, periodic Nexus updates and legal support. Values reported in the period covering FY2015/16 through 2019/20 reflect an estimated actual value for FY2015/16 plus a modest growth factor for future years.

Findings

TUMF is a 25-30 year program that is updated periodically. Updates enable removal of completed improvements and addition of growth-induced transportation needs with each time horizon extension. Fees are determined through the Nexus Study process and assigned by the representative share of trips by land use type. The Nexus Study includes a specific list of improvements and eligible activities which serves as basis for the fee. ***The Nexus Study provides a clear indication of the purpose of the TUMF and meets the requirements of California Government Code 66001 (d)(1)(A) and (B) regarding the purpose of the fee and the relationship between the fee and its purpose.***

Rapid growth and resulting revenues in the prior reporting period are offset by programming of projects once critical mass of revenue is achieved. Current programming levels reflect maturity of the planning and implementation process for capital improvements. During the reporting period FY2008/09 through 2014/15, Net Revenues totaled $170.8 million while Programming totaled $428.3 million. Uncommitted fund balances dropped from $341.6 million in the previous reporting period to $84.1 million at the end of FY2014-15. Additional programming commitments through FY2019-20 total $143.6 million. Without additional programming commitments, the uncommitted fund balance will increase to $143.5 million after inclusion of estimated administrative expenses.

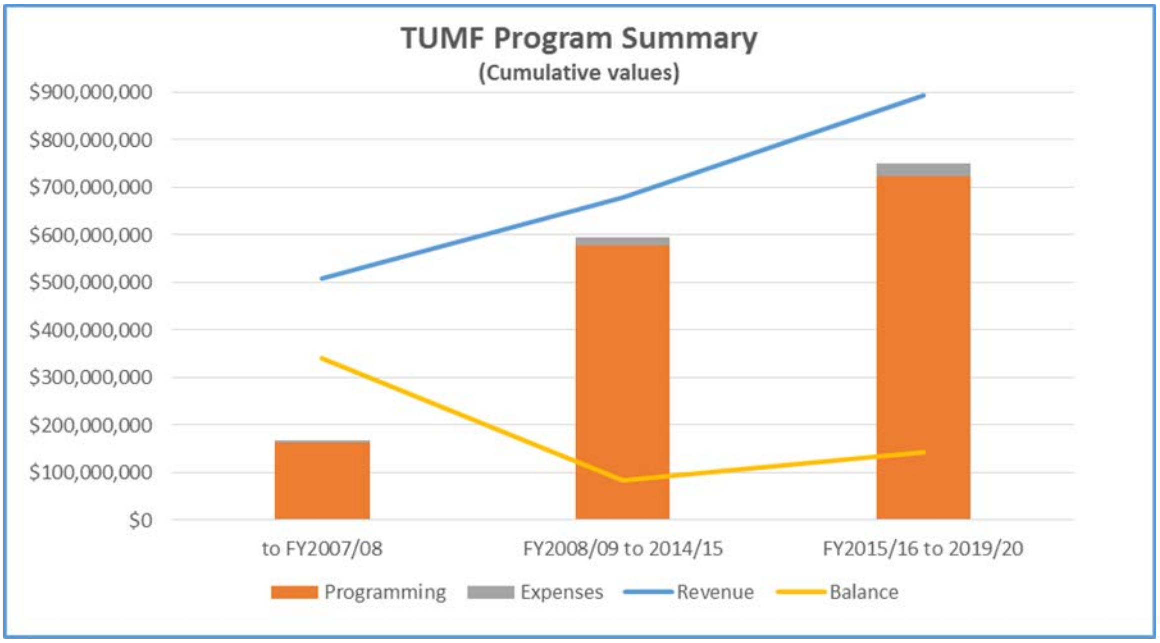

Figure 2 - Revenue and Expenditure Summary

The TUMF program represents the majority source of funding for regional projects necessitated by growth. Additional funding sources are used as a supplement to cover ineligible program costs and cost in excess of the program allowance. Projects are implemented through local agencies on a pay-as-you-go basis. WRCOG maintains revenue and programming records, along with its agency partners that demonstrate funds are programmed within a 2-5 year window of collection. The current "uncommitted fund balance" is roughly equivalent to two years of revenue. Timely dedication of funds is a concern and WRCOG should consider establishing policies to establish and ensure an appropriate fund balance target. ***WRCOG tracking of revenues and programming commitments meets the requirements of California Government Code 66001 (d)(1)(C) and (D) regarding identification of revenue sources, revenue forecasting, and funding commitments.***

Recommendations

The recommendations below are provided for consideration to streamline the data collection process and improve program effectiveness.

Use Programming rather than Expenditures as the basis for future Expenditure Reports

TUMF revenues are programmed for expenditure by public agencies. There is typically a lag in time between the contracting of eligible activities and the actual expenditure of funds, particularly for complex multi-year projects. The timely use of funds provision is most relevant toward the dedication of revenues rather than measuring invoicing and payment activities.

Standardize programming data for all program partners for timely expenditure reporting

During the data collection process, there was some delay in obtaining and reconciling programming data from program partners. The internal reporting processes and methods are different between the program administrator (WRCOG) and RCTC. In addition, there does not appear to be a capital expenditure plan available from RCA. Annual reporting from program partners would enable WRCOG to more nimbly anticipate programming needs and ensure that funds are expended in a timely manner.

Establish policy on timely use of funds and "uncommitted fund balance" maximum

Uncommitted/unprogrammed revenues have represented significant balances since program inception. Conservative commitments are prudent to guard against potential grant cancellation due to a funding shortfall. Use of a maximum uncommitted fund balance will ensure timely use of funds. It does not appear appropriate to carry substantial balances from one year to the next. Use of a one year revenue maximum combined with annual programming cycles is recommended.

Reconcile Zone programming and repayment from Regional components for backbone

During the early years of the program, WRCOG did not make an absolute distinction between Backbone (regional) and Secondary (Zone) programming. Although some funds were allocated with RCTC administering a portion of the TUMF revenues, Zones routinely prioritized both Backbone and Secondary facilities with funds available to each respective Zone. That practice has continued despite RCTC automatically receiving half of net revenues after excluding MSHCP, Transit and administrative expenses. However, no formal provision is in place to ensure that the Zone component is used specifically for Secondary facilities. Without a reconciliation or repayment plan in place, it is conceivable that Zone funds could be fully allocated with without having completed the facilities that are contained within the component.

MSHCP Programming CIP

TUMF includes an environmental mitigation contribution to MSHCP. Funds are paid on a reimbursement basis upon demand. Without a capital plan in place, WRCOG has to either escrow funds for possible use by MSHCP or carry a larger than necessary balance to ensure timely reimbursement. The Regional Conservation Authority (RCA) should provide a programming document to WRCOG on an annual basis to facilitate mitigation in a timely manner and ensure adequate funds are available.

Appendix A
Task 1 Technical Memorandum
TUMF Program Cash Flow

To: Christopher Gray
WRCOG Director of Transportation

From: Paul Rodriguez
Project Manager

Date: July 31, 2016

Subject: Five-Year TUMF Expenditure Report
Task 1 Technical Memorandum – TUMF Program Cash Flow

The Five-Year Transportation Uniform Mitigation Fee (TUMF) Expenditure Report is statutorily required to substantiate purpose, need and use of development impact fees.[1] This assessment is required every five years starting from the fifth fiscal year following the first deposit into the program account or fund. The TUMF program was implemented in Fiscal Year (FY) 2002/03. The inaugural Expenditure Report was published in 2009 related to program activities through June 30, 2008. The current reporting effort covers the intervening period through June 30, 2015.

Revenues

Revenues have historically been reported by WRCOG as fees collected attributable to Zones and primary users, including RCTC, WRCOG Administrative, RTA and MSHCP. However, revenues are comprised of fees collected by local agencies plus interest earned on those deposits held by WRCOG and RCTC. "Revenues" attributable to entities not directly engaged in fee collection are assigned based upon a proportionate share of the prevailing TUMF Nexus Study network cost and expense assumption. Since the Nexus Study is updated periodically, the proportionate share is subject to change and this approach bears no resemblance to the actual source of revenues. Net Revenues identified in the current Expenditure Report are proposed to be reported in the following manner:

- Fees collected by member agencies and transmitted to WRCOG for distribution
- Interest earned on fund balances held by WRCOG and RCTC
- Less refunds issued for fees paid in error and prepayments for permits that have expired or been withdrawn

Although revenues will be reported in the aggregate by type (fees and interest), the underlying data is tracked by collecting agency and can be summarized by land use type, zone, and fiscal year based upon reporting needs. The data does not include land use by unit (i.e., dwelling units for residential or square footage for non-residential). Revenues do not include fees deferred through fee credit agreements for in-lieu construction.

The chart below illustrates gross fee collections by land use category. Refunds and interest income are not represented in this data. Phasing of fees for non-residential development contributed to the relative imbalance in the early years of the program.

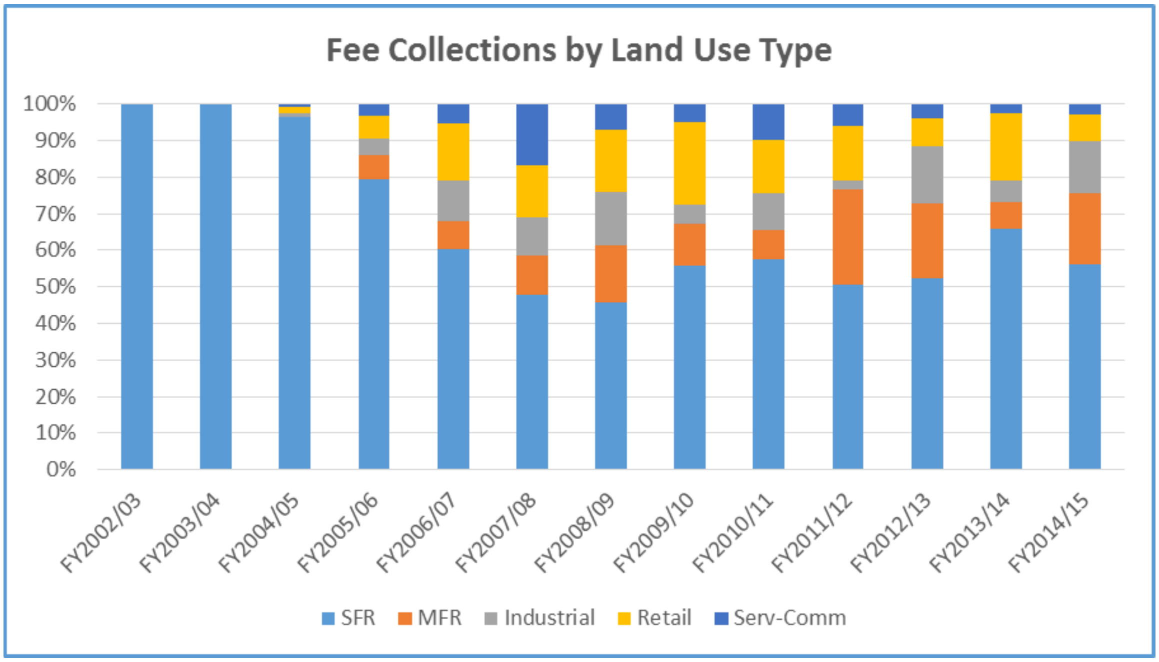

Figure 1 - Fee Collections

Our review is based on fee collection reports supplied by WRCOG for fiscal years FY2008/09 through FY2014/15. The data includes refunds issued to each agency. Attachment A is a summary of revenue collections, less refunds issued, by jurisdiction and land use category for FY2008/09 through FY2014/15.

Interest income information has been provided for fee balances held by WRCOG on an annualized basis. Interest income information received from RCTC is aggregated for 2002-2008 and 2009-2015 ($17,012,310 and $5,229,421, respectively).[2]

Revenues are reported through a variety of mechanisms. Timing and accounting method may affect the information. The TUMF Annual Report contains fiscal year revenue summaries totaling $642,647,519 from program inception through June 30, 2015. This appears to be a "gross receipts" value. The cumulative net revenues identified in the initial Five-Year Expenditure Report and revenue statements received from WRCOG and summary data from RCTC through June 30, 2015 total $679,706,094. This value includes $642,334,578 in gross receipts, $54.5 million in interest and $17.1 million in refunds.

Table 1 - Net Revenues

PERIOD	FEE COLLECTIONS	INTEREST*	REFUNDS		NET REVENUES
Through FY2007/08	$ 481,506,847	$ 41,015,183	$ (13,610,749)		$ 508,911,281
FY2008/09	$ 25,857,708	$ 4,834,135	$ (347,736)		$ 30,344,107
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Current Reporting Period	***$ 160,827,731***	***$ 13,451,217***	***$ (3,484,135)***		***$ 170,794,813***
Total through FY2014/15	***$ 642,334,578***	***$ 54,466,400***	***$ (17,094,884)***		***$ 679,706,094***

*Interest income for FY2008-09 through 2014-15 annualized for RCTC

Programming/Expenditures

TUMF is a capital improvement program designed to address cumulative impacts of growth. The program includes arterial improvements, transit projects, certain environmental impacts and administrative activities necessary to manage the program. One purpose of the Expenditure Report is to report how fee collections are used toward completion of the program. TUMF uses a Nexus Study process to determine funding needs over a given time period. The initial TUMF Nexus Study projected needs through 2025. The 2005 TUMF Update extended the program horizon to 2030. The 2009 TUMF Update extended the program horizon through 2035.

Capital improvements and program implementation are accomplished through a process of programming and reimbursements. Actual expenditures for large capital projects may span one or more fiscal years. In addition, individual projects may be segregated into discrete project phases and/or segmentation based upon need and/or available capital. The initial Expenditure Report identified actual and projected expenditures by fiscal year. Since then, the program has been extended twice with 10 years added to the program. Periodic updates to the program horizon and content, combined with the typical lag in time between when funds are encumbered versus when a reimbursement is requested, suggest that the current and future Expenditure

Reports should emphasize the programmed year rather than the payment year for purposes of substantiating timely commitment of fees collected and its investment in infrastructure.

Table 2 represents expenditure & programming data based upon detailed information collected from WRCOG and summary information provided by RCTC. Zone funding reflects programmed values derived from periodic Transportation Improvement Plan (TIP) updates. RCTC funding reflects reported values and commitments. RTA funding reflects programmed values as reported through Zone documentation. RCA funding reflects actual reimbursements for TUMF mitigation addressed through the MSHCP program. WRCOG administrative expenses are based on "actuals" through FY2014/15 and are projected for FY2015/16 to FY2019/20.

Table 2 - Expenditure and Programming Summary

Category	FY2002/03 to 2007/08	FY2008/09 to 2014/15	FY2015/16 to 2019/20	Total
Zones	46,140,547	262,302,805	75,961,559	384,404,911
RCTC	114,986,295	136,898,581	55,163,949	307,048,825
RTA	0	13,389,995	12,519,303	25,909,298
RCA	750,000	4,308,923	0	5,058,923
WRCOG Admin	5,411,346	11,370,038	10,184,366	26,965,750
Totals	***167,288,188***	***428,270,342***	***153,829,177***	***749,387,707***

Program Summary

TUMF is based primarily on a pay-as-you-go programming strategy. Although Zone programming will typically include commitments against near-term revenue projections, funding decisions are determined predominately on available fund balances. At the end of FY2007/08, "uncommitted" revenues were $317.6 million. This value can be misleading since the program was in its infancy and programming commitments extended beyond the reporting period. This anomaly should correct over time if aggressive and timely programming commitments are made. At the end of FY2014/15, this fund balance shrunk to $60.1 million. Without additional programming commitments made between now and FY2019/20, the fund balance will grow to $143.5 million as shown in Figure 2 below.[3] This suggests that excess programming capacity exists. Ideally, uncommitted funding should not exceed 1 year of revenues. It is prudent to retain a modest allowance for administrative expenses and qualifying fee refunds.[4]

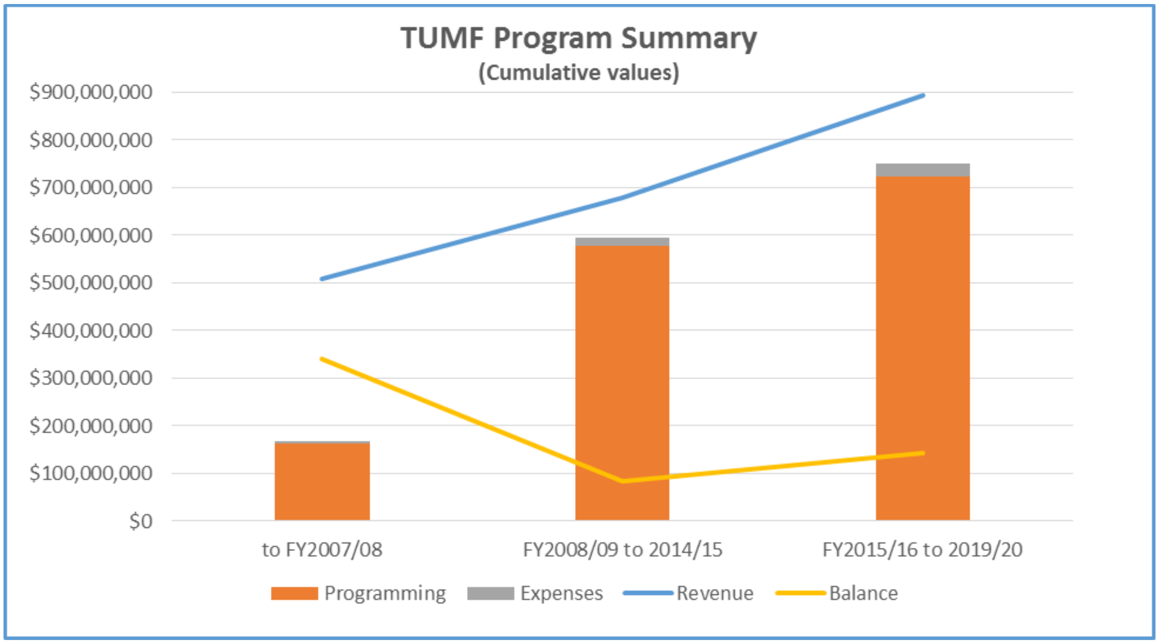

Figure 2 - Summary Programming, Expenditures and Uncommitted Fund Balance

Next Steps

The Expenditure Report contains summary information contained within each task memo. Task 2 will address revenue forecast data based upon available trend and industry information. Task 3 will address sufficiency of funding but is not legislatively required. This information is useful as a planning tool and may influence recommendations for future consideration.

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[1] California Government Code Section 66000-66008. The Expenditure Report requirement is described within Section 66001(d).

[2] Data shown for RCTC is based upon summarized information presented to Rodriguez Consulting Group (RCG) rather than annualized detail. This approach is reflective of the differences in internal reporting and program tracking tools used by WRCOG and RCTC. RCTC has provided records and supporting information to WRCOG. The information provided in this report was substantiated by WRCOG and has been accepted by RCG for reporting purposes. Interest income from WRCOG fund balances is reported as actual annual values while RCTC interest was reported in aggregate values for two reporting period. For this report, cumulative interest for the current reporting period has been annualized for ease of reporting.

[3] Revenue projected beyond FY2014/15 are based upon estimated FY2015/16 revenues with 5% growth in FY16/17 and no additional growth over the remaining years through FY2019/20. Revenue forecast methodology will be discussed in greater detail within the next task technical memorandum and the Final Report.

[4] Since the inception of the program, a total of approximately $17 million in refunds have been issued. The majority of these refunds were for fees paid against building permits issued in FYs 2005/06 and 2006/07. Construction deferred due to the housing crisis resulted in requests for refunds in FYs 2006/07 and 2007/08. Since then, the average annual refunds issued have been approximately $500,000.

Transportation Uniform Mitigation Fee Program (TUMF)
Revenue by Jurisdiction and Land Use Category
FY2008-09 through 2014-15

ATTACHMENT A

Agency	Zone	Fiscal Year	SFR	MFR	Industrial	Retail	Serv-Comm	Receipts	Refunds	Total
Banning	Pass	FY2008-09	29,904	-	-	-	-	29,904	-	29,904
		FY2009-10	-	-	-	-	86,604	86,604	-	86,604
		FY2010-11	4,437	-	-	-	-	4,437	-	4,437
		FY2011-12	-	-	7,093	123,373	62,850	193,316	-	193,316
		FY2012-13	-	-	-	-	-	-	-	-
		FY2013-14	8,873	-	-	-	-	8,873	-	8,873
		FY2014-15	8,873	-	1,626	106,253	-	116,752	-	116,752
	Agency Totals		***52,087***	***-***	***8,719***	***229,626***	***149,454***	***439,886***	***-***	***439,886***
Calimesa	Pass	FY2008-09	-	-	-	-	-	-	-	-
		FY2009-10	-	-	-	334,595	-	334,595	-	334,595
		FY2010-11	10,046	-	-	39,520	-	49,566	-	49,566
		FY2011-12	-	-	-	-	2,468	2,468	-	2,468
		FY2012-13	-	-	-	1,987	838	2,825	-	2,825
		FY2013-14	-	43,617	-	98,328	-	141,945	-	141,945
		FY2014-15	8,873	267,933	-	3,973	-	280,779	-	280,779
	Agency Totals		***18,919***	***311,550***	***-***	***478,403***	***3,306***	***812,178***	***-***	***812,178***
Canyon Lake	Southwest	FY2008-09	5,023	-	-	-	-	5,023	-	5,023
		FY2009-10	4,906	-	-	-	-	4,906	-	4,906
		FY2010-11	13,310	-	-	-	-	13,310	-	13,310
		FY2011-12	9,283	-	-	-	-	9,283	(410)	8,873
		FY2012-13	8,874	-	-	-	-	8,874	-	8,874
		FY2013-14	48,807	-	-	-	-	48,807	-	48,807
		FY2014-15	57,681	-	-	-	-	57,681	-	57,681
	Agency Totals		***147,883***	***-***	***-***	***-***	***-***	***147,883***	***(410)***	***147,473***
Corona	Northwest	FY2008-09	-	303,322	287,476	169,201	157,569	917,568	-	917,568
		FY2009-10	89,931	137,800	8,128	-	1,519	237,379	-	237,379
		FY2010-11	155,283	-	-	165,517	144,947	465,747	-	465,747
		FY2011-12	70,984	2,517,324	44,475	109,138	3,101	2,745,021	-	2,745,021
		FY2012-13	141,968	-	55,069	28,816	-	225,853	-	225,853
		FY2013-14	221,825	-	12,293	921	12,092	247,132	-	247,132
		FY2014-15	351,379	3,495,965	45,790	256,541	75,166	4,224,841	-	4,224,841
	Agency Totals		***1,031,370***	***6,454,411***	***453,232***	***730,134***	***394,394***	***9,063,541***	***-***	***9,063,541***
County of Riverside	Northwest	FY2008-09	4,753,062	-	226,232	321,638	222,433	5,523,365	-	5,523,365
		FY2009-10	3,334,301	-	23,555	2,662	42,541	3,403,059	(46,371)	3,356,688
		FY2010-11	1,082,628	-	293,014	79,040	23,316	1,477,999	-	1,477,999
		FY2011-12	399,330	-	199,794	-	2,953	602,077	(63,349)	538,728
		FY2012-13	407,545	-	21,541	-	-	429,086	-	429,086
		FY2013-14	394,845	-	-	-	964	395,809	-	395,809
		FY2014-15	257,317	-	-	201,345	-	458,662	-	458,662
	Agency Totals		***10,629,028***	***-***	***764,136***	***604,685***	***292,207***	***12,290,056***	***(109,720)***	***12,180,336***
County of Riverside	Central	FY2008-09	1,940,290	-	225,360	-	51,104	2,216,754	-	2,216,754
		FY2009-10	98,805	-	215,983	-	-	314,788	-	314,788
		FY2010-11	70,992	-	5,978	3,930	-	80,900	(348,948)	(268,048)
		FY2011-12	48,807	-	3,750	28,500	-	81,057	-	81,057
		FY2012-13	72,631	-	863,259	-	-	935,890	-	935,890
		FY2013-14	97,603	-	-	1,930	-	99,533	-	99,533
		FY2014-15	1,164,470	-	52,831	39,558	-	1,256,859	-	1,256,859
	Agency Totals		***3,493,598***	***-***	***1,367,160***	***73,918***	***51,104***	***4,985,780***	***(348,948)***	***4,636,832***
County of Riverside	Southwest	FY2008-09	1,611,431	1,227,396	112,764	1,337,511	85,878	4,374,981	-	4,374,981
		FY2009-10	1,419,960	-	63,160	2,302	-	1,485,422	(93,752)	1,391,670
		FY2010-11	734,057	1,129	57,813	-	851	793,849	-	793,849
		FY2011-12	1,497,471	3,489	15,096	31,278	106,262	1,653,595	(356,372)	1,297,222
		FY2012-13	3,191,173	8,411	58,775	-	221,793	3,480,152	(217,532)	3,262,620
		FY2013-14	2,686,320	10,219	37,458	33,463	9,817	2,777,277	-	2,777,277
		FY2014-15	3,185,902	-	65,489	1,962	-	3,253,353	-	3,253,353
	Agency Totals		***14,326,314***	***1,250,644***	***410,554***	***1,406,516***	***424,601***	***17,818,629***	***(667,657)***	***17,150,972***

Transportation Uniform Mitigation Fee Program (TUMF)
Revenue by Jurisdiction and Land Use Category
FY2008-09 through 2014-15

Agency	Zone	Fiscal Year	SFR	MFR	Industrial	Retail	Serv-Comm	Receipts	Refunds	Total
County of Riverside	Pass	FY2008-09	80,368	-	339	-	-	80,707	-	80,707
		FY2009-10	51,621	-	423	-	-	52,044	-	52,044
		FY2010-11	-	-	-	-	-	-	(6,958)	(6,958)
		FY2011-12	-	-	-	4,706	-	4,706	-	4,706
		FY2012-13	7,900	-	-	921,606	-	929,506	-	929,506
		FY2013-14	8,873	-	-	-	-	8,873	-	8,873
		FY2014-15	35,492	-	-	8,350	-	43,842	-	43,842
	Agency Totals		***184,254***	***-***	***762***	***934,662***	***-***	***1,119,677***	***(6,958)***	***1,112,719***
County of Riverside	Hemet-San Jacinto	FY2008-09	231,058	-	-	175,605	35,887	442,550	-	442,550
		FY2009-10	71,936	-	-	-	-	71,936	-	71,936
		FY2010-11	13,311	-	316	-	-	13,627	-	13,627
		FY2011-12	25,562	-	158	8,153	-	33,874	-	33,874
		FY2012-13	62,401	-	2,491	-	-	64,892	-	64,892
		FY2013-14	177,460	-	277	-	-	177,737	-	177,737
		FY2014-15	88,730	-	-	95,879	-	184,609	-	184,609
	Agency Totals		***670,458***	***-***	***3,243***	***279,637***	***35,887***	***989,225***	***-***	***989,225***
Eastvale	Northwest	FY2008-09	-	-	-	-	-	-	-	-
		FY2009-10	-	-	-	-	-	-	-	-
		FY2010-11	958,290	-	-	97,521	5,996	1,061,806	(125,656)	936,151
		FY2011-12	984,157	-	-	444,133	7,560	1,435,849	-	1,435,849
		FY2012-13	2,892,842	-	-	66,324	249,781	3,208,947	(22,185)	3,186,762
		FY2013-14	3,043,439	-	88,813	225,199	-	3,357,452	-	3,357,452
		FY2014-15	2,511,060	124,620	-	58,282	-	2,693,962	(49,331)	2,644,631
	Agency Totals		***10,389,788***	***124,620***	***88,813***	***891,459***	***263,337***	***11,758,017***	***(197,172)***	***11,560,845***
Hemet	Hemet-San Jacinto	FY2008-09	1,065,094	110,240	-	-	26,443	1,201,777	-	1,201,777
		FY2009-10	1,133,824	-	90,160	945,883	86,278	2,256,145	(27,485)	2,228,661
		FY2010-11	275,063	-	-	21,048	17,336	313,447	-	313,447
		FY2011-12	212,952	205,623	-	-	145	418,720	-	418,720
		FY2012-13	825,189	43,617	-	179,610	97,241	1,145,656	-	1,145,656
		FY2013-14	1,055,887	-	-	517,902	14,078	1,587,867	-	1,587,867
		FY2014-15	1,082,506	-	-	8,413	68,573	1,159,492	-	1,159,492
	Agency Totals		***5,650,515***	***359,480***	***90,160***	***1,672,856***	***310,094***	***8,083,105***	***(27,485)***	***8,055,620***
Jurupa Valley	Northwest	FY2008-09	-	-	-	-	-	-	-	-
		FY2009-10	-	-	-	-	-	-	-	-
		FY2010-11	-	-	-	-	-	-	-	-
		FY2011-12	70,984	-	-	-	-	70,984	-	70,984
		FY2012-13	106,476	-	107,633	71,783	-	285,892	-	285,892
		FY2013-14	354,920	-	40,200	65,688	16,957	477,765	-	477,765
		FY2014-15	2,865,979	-	791,991	-	40,316	3,698,286	-	3,698,286
	Agency Totals		***3,398,359***	***-***	***939,824***	***137,471***	***57,273***	***4,532,927***	***-***	***4,532,927***
Lake Elsinore	Southwest	FY2008-09	231,058	14,108	51,623	80,240	599,225	976,254	-	976,254
		FY2009-10	130,795	-	86,473	-	82,795	300,063	-	300,063
		FY2010-11	425,904	-	-	101,522	41,900	569,326	-	569,326
		FY2011-12	558,999	-	-	-	-	558,999	-	558,999
		FY2012-13	1,393,061	-	-	-	-	1,393,061	-	1,393,061
		FY2013-14	1,339,823	-	6,109	14,634	121,181	1,481,746	-	1,481,746
		FY2014-15	1,799,170	-	10,380	-	-	1,809,550	-	1,809,550
	Agency Totals		***5,878,810***	***14,108***	***154,584***	***196,395***	***845,101***	***7,088,999***	***-***	***7,088,999***
March JPA	Northwest	FY2008-09	-	-	-	-	-	-	-	-
		FY2009-10	-	-	339	-	-	339	-	339
		FY2010-11	-	-	-	-	-	-	-	-
		FY2011-12	-	-	-	-	-	-	-	-
		FY2012-13	-	-	490,828	-	-	490,828	-	490,828
		FY2013-14	-	-	-	-	-	-	-	-
		FY2014-15	-	-	512,478	-	-	512,478	-	512,478
	Agency Totals		***-***	***-***	***1,003,644***	***-***	***-***	***1,003,644***	***-***	***1,003,644***

Transportation Uniform Mitigation Fee Program (TUMF)
Revenue by Jurisdiction and Land Use Category
FY2008-09 through 2014-15

Agency	Zone	Fiscal Year	SFR	MFR	Industrial	Retail	Serv-Comm	Receipts	Refunds	Total
Menifee	Central	FY2008-09	62,672	-	-	-	-	62,672	-	62,672
		FY2009-10	1,506,923	772,520	-	-	198,997	2,478,440	(9,185)	2,469,255
		FY2010-11	1,889,142	-	84,606	386,154	32,784	2,392,686	(882)	2,391,804
		FY2011-12	1,406,053	-	52,239	147,909	18,390	1,624,591	(88,391)	1,536,200
		FY2012-13	1,640,016	-	53,031	78,182	-	1,771,229	-	1,771,229
		FY2013-14	2,825,806	884,802	-	153,720	39,805	3,904,133	-	3,904,133
		FY2014-15	1,774,600	-	-	31,848	51,256	1,857,704	-	1,857,704
	Agency Totals		***11,105,212***	***1,657,322***	***189,877***	***797,813***	***341,232***	***14,091,456***	***(98,458)***	***13,992,997***
Moreno Valley	Central	FY2008-09	366,835	232,782	357,607	410,929	25,004	1,393,156	-	1,393,156
		FY2009-10	854,923	55,120	-	-	-	910,043	-	910,043
		FY2010-11	381,580	-	531,609	4,626	-	917,815	-	917,815
		FY2011-12	-	-	-	70,671	165,392	236,064	(166,298)	69,766
		FY2012-13	-	-	1,260,232	219,052	15,838	1,495,123	-	1,495,123
		FY2013-14	763,078	-	1,286,079	370,328	34,480	2,453,965	-	2,453,965
		FY2014-15	771,951	-	3,409,400	671,402	133,053	4,985,807	-	4,985,807
	Agency Totals		***3,138,367***	***287,902***	***6,844,927***	***1,747,009***	***373,768***	***12,391,972***	***(166,298)***	***12,225,675***
Murrieta	Southwest	FY2008-09	70,322	230,814	-	259,585	154,027	714,748	(343,077)	371,671
		FY2009-10	-	461,571	46,701	459,053	-	967,325	(178,886)	788,439
		FY2010-11	399,285	118,389	-	915,688	84,118	1,517,480	(891)	1,516,590
		FY2011-12	70,984	-	-	51,590	47,096	169,669	(30,427)	139,243
		FY2012-13	88,730	-	-	86,070	220	175,020	-	175,020
		FY2013-14	133,095	-	-	-	19,835	152,930	-	152,930
		FY2014-15	576,745	2,479,938	51,545	32,088	46,149	3,186,465	-	3,186,465
	Agency Totals		***1,339,161***	***3,290,712***	***98,246***	***1,804,074***	***351,445***	***6,883,638***	***(553,280)***	***6,330,358***
Norco	Northwest	FY2008-09	-	-	63,221	61,718	-	124,939	-	124,939
		FY2009-10	4,437	-	-	-	8,860	13,297	-	13,297
		FY2010-11	-	-	1,535	9,353	129,347	140,236	-	140,236
		FY2011-12	-	-	-	-	-	-	-	-
		FY2012-13	17,746	-	-	-	-	17,746	-	17,746
		FY2013-14	8,873	-	-	7,448	8,011	24,332	-	24,332
		FY2014-15	-	-	-	-	216,095	216,095	-	216,095
	Agency Totals		***31,056***	***-***	***64,756***	***78,520***	***362,314***	***536,645***	***-***	***536,645***
Perris	Central	FY2008-09	-	-	860,400	39,714	-	900,114	(4,659)	895,455
		FY2009-10	219,086	-	32,200	2,398	12,334	266,017	(30,912)	235,105
		FY2010-11	257,346	190,015	-	-	-	447,361	(858,295)	(410,934)
		FY2011-12	195,228	-	-	53,092	21,141	269,460	-	269,460
		FY2012-13	603,306	17,746	-	150,416	109,500	880,968	(190,015)	690,953
		FY2013-14	1,259,966	6,231	-	2,048,580	35,837	3,350,614	(119,799)	3,230,815
		FY2014-15	2,057,563	-	-	213,197	-	2,270,760	(132)	2,270,627
	Agency Totals		***4,592,495***	***213,992***	***892,600***	***2,507,397***	***178,811***	***8,385,295***	***(1,203,813)***	***7,181,482***
Riverside	Northwest	FY2008-09	481,094	152,196	874,152	429,440	303,975	2,240,857	-	2,240,857
		FY2009-10	94,368	-	127,648	192,079	245,452	659,546	(9,644)	649,902
		FY2010-11	452,574	439,215	584,458	151,020	204,013	1,831,280	(22,904)	1,808,376
		FY2011-12	270,657	590,096	16,228	1,011,636	172,960	2,061,577	-	2,061,577
		FY2012-13	1,016,390	523,320	1,168,047	23,370	211,372	2,942,499	-	2,942,499
		FY2013-14	798,699	-	5,806	432,363	44,364	1,281,232	-	1,281,232
		FY2014-15	1,613,833	321,755	309,779	760,608	106,670	3,112,645	-	3,112,645
	Agency Totals		***4,727,615***	***2,026,582***	***3,086,118***	***3,000,516***	***1,288,804***	***14,129,635***	***(32,548)***	***14,097,088***
San Jacinto	Hemet-San Jacinto	FY2008-09	538,038	-	8,400	226,513	-	772,951	-	772,951
		FY2009-10	170,969	6,230	9,116	247,912	76,531	510,758	-	510,758
		FY2010-11	70,986	62,300	-	114,410	18,671	266,367	-	266,367
		FY2011-12	159,714	-	1,630	24,854	9,011	195,208	-	195,208
		FY2012-13	141,968	-	10,380	-	-	152,348	-	152,348
		FY2013-14	337,174	-	-	86,438	-	423,612	-	423,612
		FY2014-15	408,158	-	-	158,231	-	566,389	(16,247)	550,142
	Agency Totals		***1,827,007***	***68,530***	***29,526***	***858,358***	***104,213***	***2,887,633***	***(16,247)***	***2,871,386***

Transportation Uniform Mitigation Fee Program (TUMF)
Revenue by Jurisdiction and Land Use Category
FY2008-09 through 2014-15

Agency	Zone	Fiscal Year	SFR	MFR	Industrial	Retail	Serv-Comm	Receipts	Refunds	Total
Temecula	Southwest	FY2008-09	321,472	1,760,508	702,721	942,309	142,333	3,869,343	-	3,869,343
		FY2009-10	321,918	528,188	3,735	1,192,326	-	2,046,168	(3,358)	2,042,810
		FY2010-11	1,508,410	411,246	5,802	105,351	748,108	2,778,917	-	2,778,917
		FY2011-12	1,268,839	467,325	8,792	18,861	273,037	2,036,854	-	2,036,854
		FY2012-13	771,951	2,835,105	919	91,137	121,828	3,820,940	-	3,820,940
		FY2013-14	505,761	803,799	26,760	133,962	231,963	1,702,244	-	1,702,244
		FY2014-15	239,571	710,334	6,304	135,720	351,319	1,443,248	(21,744)	1,421,504
	Agency Totals		***4,937,922***	***7,516,505***	***755,033***	***2,619,666***	***1,868,588***	***17,697,714***	***(25,102)***	***17,672,612***
Wildomar	Southwest	FY2008-09	10,046	-	-	-	-	10,046	-	10,046
		FY2009-10	-	-	190,405	449,970	34,394	674,769	-	674,769
		FY2010-11	17,746	-	-	-	47,115	64,861	-	64,861
		FY2011-12	35,492	-	-	-	-	35,492	-	35,492
		FY2012-13	239,571	1,944,072	-	-	41,011	2,224,654	-	2,224,654
		FY2013-14	133,095	-	-	316,462	24,084	473,641	-	473,641
		FY2014-15	177,460	-	9,100	-	20,175	206,735	(30,041)	176,694
	Agency Totals		***613,410***	***1,944,072***	***199,505***	***766,432***	***166,779***	***3,690,198***	***(30,041)***	***3,660,157***
All Jurisdictions		FY2008-09	11,797,767	4,031,366	3,770,294	4,454,402	1,803,879	25,857,708	(347,736)	25,509,972
		FY2009-10	9,508,703	1,961,429	898,026	3,829,179	876,305	17,073,642	(399,594)	16,674,047
		FY2010-11	8,720,390	1,222,294	1,565,132	2,194,701	1,498,500	15,201,017	(1,364,533)	13,836,484
		FY2011-12	7,285,496	3,783,857	349,254	2,127,892	892,364	14,438,863	(705,246)	13,733,617
		FY2012-13	13,629,738	5,372,271	4,092,205	1,918,353	1,069,422	26,081,990	(429,732)	25,652,258
		FY2013-14	16,204,222	1,748,668	1,503,794	4,507,367	613,469	24,577,519	(119,799)	24,457,720
		FY2014-15	21,037,313	7,400,545	5,266,713	2,783,650	1,108,772	37,596,993	(117,495)	37,479,498
	Program Total		***88,183,627***	***25,520,430***	***17,445,417***	***21,815,545***	***7,862,711***	***160,827,731***	***(3,484,135)***	***157,343,596***

Appendix B
Task 2 Technical Memorandum
Future TUMF Revenues and Expenditures

To: Christopher Gray
WRCOG Director of Transportation

From: Paul Rodriguez
Project Manager

Date: August 2, 2016

Subject: Five-Year TUMF Expenditure Report
Task 2 Technical Memorandum – Future TUMF Program Revenues and Expenditures

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The TUMF Program relies on a combination of revenues and in-lieu construction to complete the Regional System of Highways and Arterials (RSHA), transit improvements and other elements contained in the Nexus Study. The Nexus Study identifies program cost to accomplish the improvements needed to address the cumulative impacts of development. Anticipated "revenues" represent the difference between estimated system cost less exemptions and the portion of improvements attributable to existing need. The resulting value is distributed among distinct land uses and development units based upon growth assumptions through the effective program horizon year. The Nexus Study assumes that all development identified in the study is likely to occur within the program time horizon but makes no attempt to predict annual revenues.

Program expenditures and revenues to date were addressed in the Task 1 memorandum. The Task 2 memo expands upon the revenue discussion and provides information to support near-term revenue forecast. The purposes of this exercise is to better understand the TUMF program need and effectiveness as it relates to the Expenditure Report requirements.

Revenue Forecast – Purpose and intent

The purpose of a revenue forecast is to provide a realistic estimation of future revenues for programming purposes. Funds are committed to projects contained on the TUMF network. Timely project planning and implementation is reliant on predictable funding. Prior to the economic downturn in 2007, WRCOG had a programming philosophy in place that aggressively committed future funding for proposed projects. When actual revenues dropped significantly in FY2007-08, many projects that had relied on future revenues had to be de-programmed or deferred to a later date. Since then, programming decisions are more closely aligned with near term revenue estimates. In keeping with this conservative approach, revenue forecast contained in the Expenditure Report are intended to meet planning and programming needs that scale over time rather than based upon complex economic analysis inputs.

Interest income is applied to actual revenues but are not included in estimated or forecast revenues. This approach is purposely conservative due to the dynamic interplay between interest rates and fund balances and local agency preference for reliable programming commitments.

Projected Revenues

The 2009 Expenditure Report contained a revenue forecast that held collections constant at the FY2007/08 value. This conservative approach is appropriate given the cyclical nature of growth in the region and programming policies in place. Actual revenues fell short of projections but have since stabilized.

There are a number of factors that influence revenues based upon development activities. The pace of development is the single largest factor in revenue production. Land use activities are cyclical. The percentage of overall revenues from each land use fluctuates based upon development activity, fee levels and other factors.

Figure 1 shows the evolution of fee collections by land use category. Non-residential land uses were granted a deferral of fees in the first two years of TUMF and a phase-in for the next several years. Other than Class A office space, all land uses are currently assessed the full TUMF.

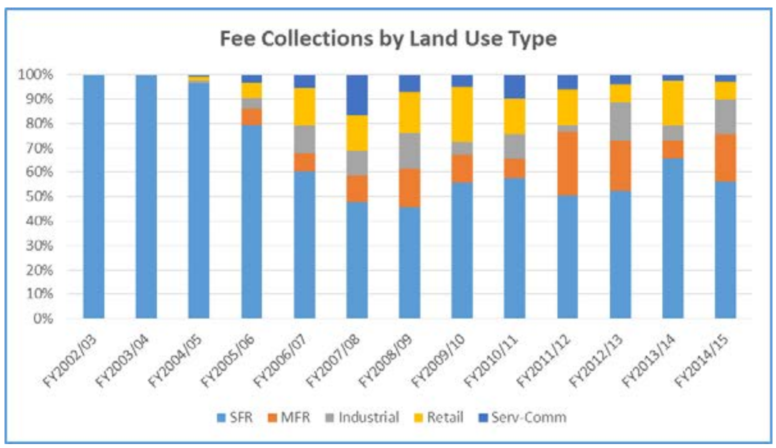

Figure 1 - Composition of Fee Collections

TUMF permits the use of in-lieu improvement planning, engineering, right of way acquisition and construction through the use of a fee credit mechanism. For example, a development that improvements a TUMF facility can receive credit against their TUMF obligation subject to specific requirements. Historically, the value of these improvements has not been considered in revenue assumptions. Although there is no official tally of credit agreements in place, a conservative estimate based upon anecdotal information is $50-100 million in improvement value. These agreements benefit the overall program but do not yield direct revenue collection, an appropriate revenue forecast must consider that any uptick in development activities, particularly for large scale projects, will likely result in a corresponding increase of in-lieu credit activity.

TUMF revenues for FY2015/16 are trending approximately 5% higher than the prior year and are expected to be approximately $41 million. The current Expenditure Report effort will assume 5% growth in revenues beyond the estimated FY2015/16 levels and held constant through FY2019/20 at approximately $43 million annually. This is in line with conservative programming policies currently in place. Figure 2 illustrates actual, estimated and projected net revenues.

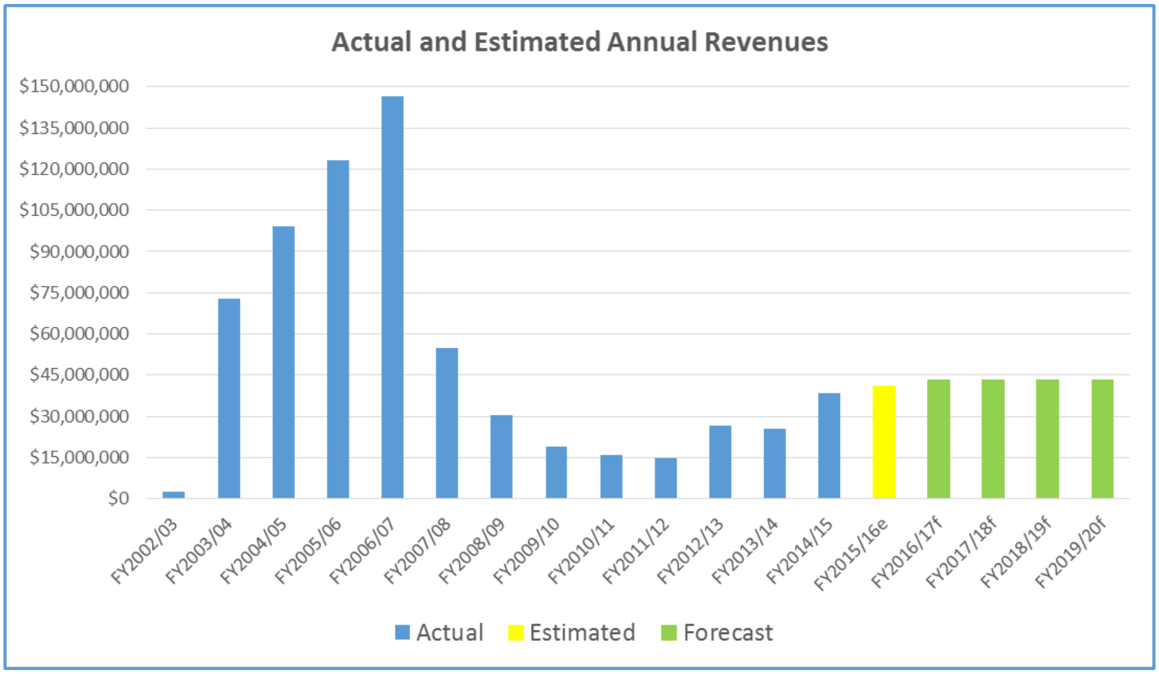

Figure 2 - TUMF Net Revenues by Year

Outstanding System Needs

TUMF is based upon a finite list of projects needed to address a specific level of projected growth. The fee is based upon net cost attributable to growth after removing that portion of the cost covered by other obligated sources as well as the portion attributable to existing need. The 2009 Nexus Study included total TUMF related cost of approximately $3.8 billion. Since then, approximately $343.2 million has been programmed or spent on TUMF activities as shown on Table 1 below.

Table 1 - Remaining Needs Summary

Category	2009 Nexus Estimate	Programming Commitments*	Remaining Need
Network (net)	$ 3,535,388,000	$ 312,967,453	$ 3,222,420,547
MSHCP	$ 61,826,000	$ 4,300,000	$ 57,526,000
Administration	$ 107,916,420	$ 20,440,662	$ 87,475,758
Transit	$ 59,959,000	$ 25,909,298	$ 34,049,702
Totals	***$ 3,765,089,420***	***$ 363,617,414***	***$ 3,401,472,006***

*FY2009/10 to FY2019/20

Based upon actions taken since the last Nexus Update, $3.4 billion is needed to complete the TUMF network (including MSHCP and RTA improvements). Cost attributable to government/public sector exemptions are included in the "Remaining Need" values shown and must be made up from non-TUMF sources. In addition, funds previously assumed to be obligated but subsequently cancelled would similarly need to be covered by non-TUMF sources. Project improvements that have been or can be delivered for less than the Nexus cost factors will help to address the remaining need budget.

Projected Expenditures

Task 1 included a summary of approved programming commitments through FY2019/20. Based on that information, we project an uncommitted fund balance of approximately $90 million in FY2015/16. This balance will grow to $143.5 million by FY2019/20 if no new programming commitments are made and the conservative revenue projections are met.

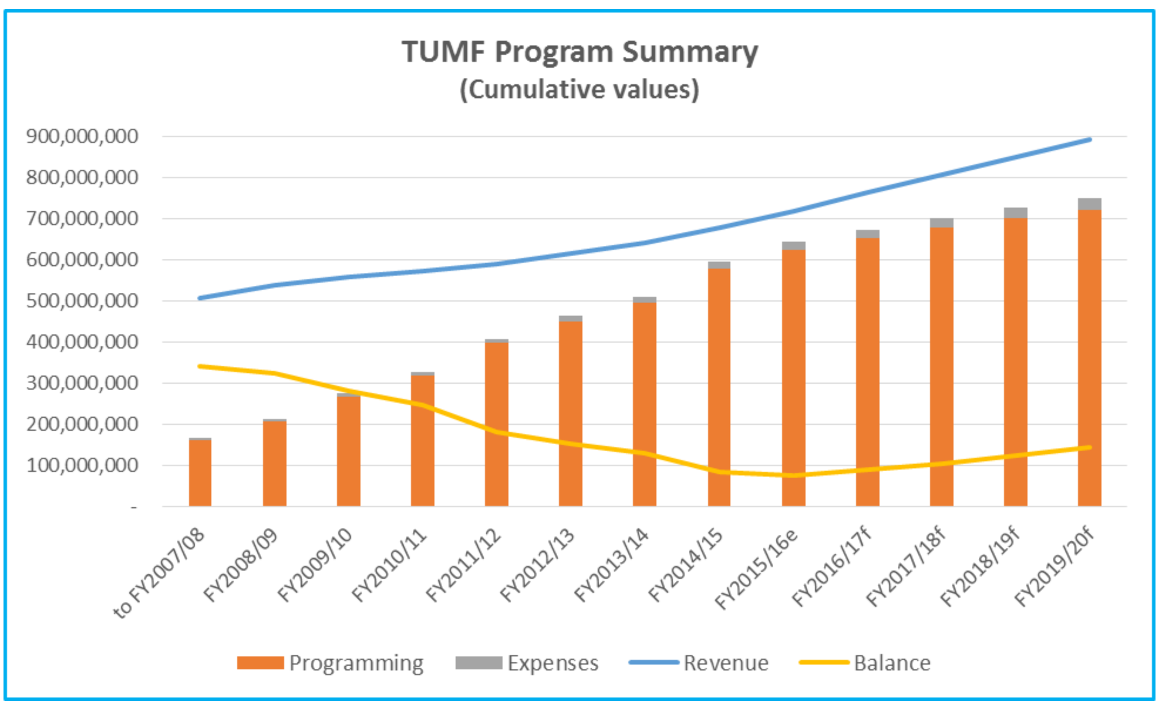

Figure 3 - Revenue and Uncommitted Balance

It is important to note that these are uncommitted funds. The actual fund balance is substantially higher and reflects the relative lag in time between the programmed year and the time reimbursement is requested and made. Historically, RCA reimbursement requests have been less than the 5% set aside for TUMF eligible construction activities. In addition, RTA programming was non-existent prior to FY2009/10 but has steadily kept pace with expectations since then. These factors, combined with a conservative approach to programming through the Zone, have led to an uncommitted balance that is two to four times the annual revenue projection.

Revenue and Expenditures Summary by Entity

Revenues are collected at the local agency level and transmitted to WRCOG for distribution on a formula basis according to the Administrative Plan and Nexus Study. Revenues shown in the Annual TUMF Report are based upon an allocable method for its planned purpose. Non-network collections are assigned to MSHCP, RTA and WRCOG based upon a percentage while the remaining balance is divided equally between the Zones for “secondary” network improvements and RCTC for “backbone” improvements. Revenues collected at the local agency level for this reporting period were reported in the Task 1 memo.

A summary of programming commitments by Zone and entity is shown in Table 2. It should be noted that Zone programming includes Backbone projects which, by definition, should be covered by the RCTC regional component. Balancing of the Backbone (RCTC/Regional) and Secondary (Zone) network funding is being considered in future administrative actions. The programming represented in this table denotes current commitment structures.

Table 2 - Programming Summary by Entity

		Programming	
		Reporting Period	**Inception to FY2019-20**
Zones	Central	$ 66,620,255	$ 91,861,738
	Hemet/San Jacinto	$ 22,580,558	$ 25,181,245
	Northwest	$ 67,767,108	$ 119,204,740
	Pass	$ 5,755,559	$ 7,322,559
	Southwest	$ 99,644,731	$ 140,834,630
	Sub-Total Zones	*$ 262,368,211*	*$ 384,404,912*
MSHCP		$ 4,338,923	$ 5,088,923
RTA		$ 13,389,995	$ 25,909,298
RCTC		$ 136,898,581	$ 307,048,825
WRCOG Administration		$ 21,554,405	$ 26,965,751
Totals		$ 438,550,115	$ 749,417,709

Next Steps

The Expenditure Report is expected to be comprised of summary information contained within each task memo. Task 1 addressed program cash flows. Task 3 will address sufficiency of funding but is not legislatively required. This information is useful as a planning tool and may influence recommendations for future consideration.

Appendix C

Task 3 Technical Memorandum

Sufficiency of Funding for TUMF System

To: Christopher Gray
WRCOG Director of Transportation

From: Paul Rodriguez
Project Manager

Date: August 8, 2016

Subject: Five-Year TUMF Expenditure Report
Task 3 Technical Memorandum – Sufficiency of Funding for TUMF System

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The TUMF program and fee levels are established through a Nexus Study process with periodic updates. Each update includes adjustments to the network, cost factor assumptions and growth projections. In this way, funding sufficiency is routinely evaluated and corrections are made as needed. There are risks and implications to program exemptions, fee discounts and other revenue reductions. While these have direct impact on the program receipts, offsetting actions such as interest revenue, capital project implementation savings due to competitive bidding, external funding contributions (i.e., state/federal grants and local match commitments), improvements constructed by developers without benefit of a credit agreement, and ROW dedications have a balancing effect.

Programmatic Shortfall Challenges

The 2009 Nexus Study identified $3,765,089,420 in net eligible TUMF cost (need). This reflects removal of "existing" need that cannot be assigned to growth as well as reductions taken for other committed funding sources. Fees are assigned based upon the relative share of future trips attributable to project development units. Fee categories include single family residential (SFR), multi-family residential (MFR), industrial, retail, service/commercial, and government. The government category is exempt within the program and results in a policy-related funding shortfall of $389.8 million through the 2035 program horizon year.

The $3.765 billion program would need to collect an average of $144.8 million in fees and in-lieu value through 2035 to be whole. After exemptions are taken into account, $3.375 billion is projected in revenue at an annual rate of $129.8 million leaving a shortfall of $15 million that must be filled by program cost savings or other revenue sources. Average annual revenues since program inception have been approximately $50.7 million which includes extraordinary collection years in FY2003/04 through 2006/07. The average net revenues without those years is $26.9 million. Figure 1 illustrates the differences between program cost, program revenue assumptions and actual/projected revenues.

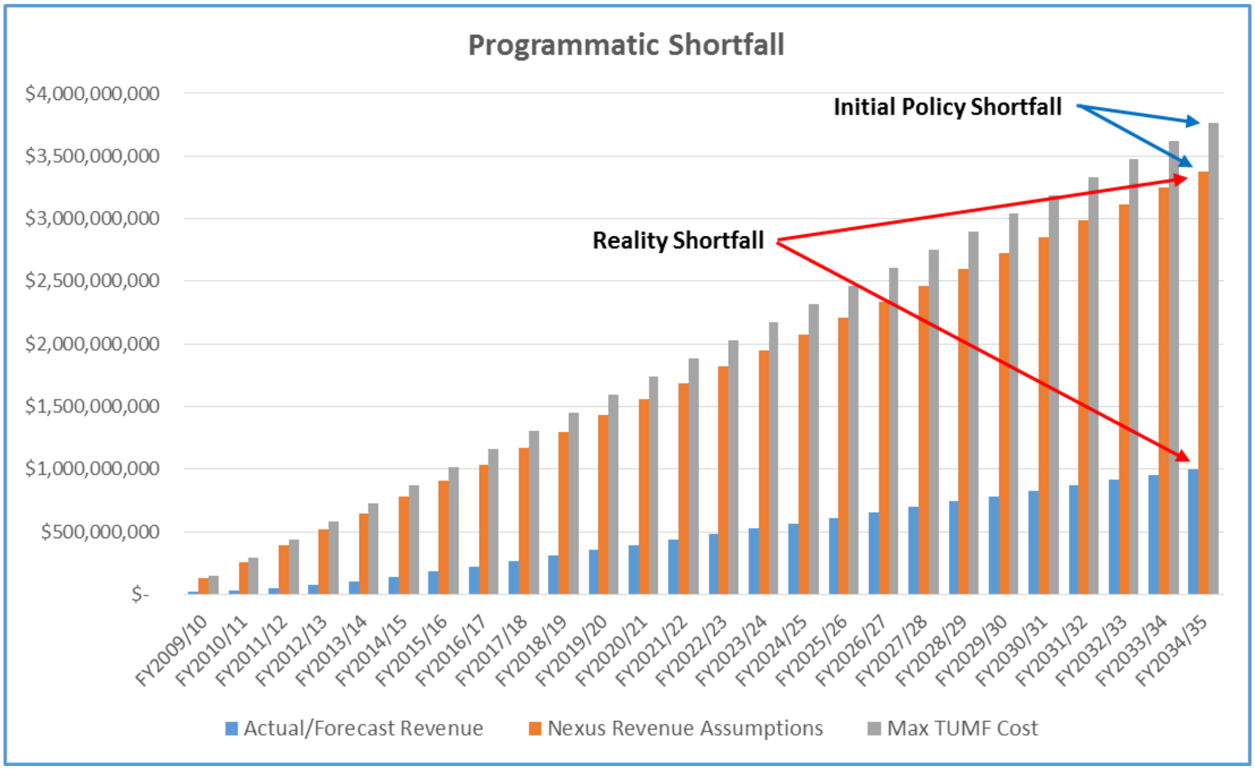

Figure 1 - Revenue Gap Over Time

Sufficiency of Funding

The pace of development has a direct effect on the need for the program improvements and the revenues generated through the program. In theory slow development, provided it still occurs in the patterns contained within the Nexus Study, results in deferred need for improvements necessitated by growth. By re-examining the network periodically and making adjustments to growth projections and infrastructure needs, the program is able to recalibrate assumptions.

Despite the recalibration opportunities of program updates, there are several policy and procedural actions that amplify the programmatic shortfalls that were discussed in the previous section.

Construction Cost Index

TUMF is based upon cost factors established during Nexus Study development. Over time, these factors become outdated based upon economic influences, bidding environment and legislative changes. It is common for impact fee programs to adjust cost factors and related fees periodically to ensure sufficient funding is available to implement improvements contained within the program. Since adoption of the 2009 Nexus Study, actual cost has increased but adjustments to the underlying cost factors have been deferred in an effort to hold fees steady. Without adjusting the cost basis, it is more likely that improvements will cost more than the eligible values contained within the program.

Fee Discounts

Following the adoption of the 2009 Nexus Study, many jurisdictions adopted temporary fee reductions. The primary intent was to address a concern that the full fee would inhibit the ability for development to meet housing needs in the region. In addition, there was significant concern about the ability to retain and/or generate jobs in a rapidly declining economy. TUMF hit an all-time revenue high of $146 million in FY2006/07 and dropped to its lowest level of $14 million by FY2011/12. The bidding environment during this period was very competitive but the lack of revenues inhibited the ability to take full advantage. Still, the relative lower cost delivered short term program savings that exceeded the perceived loss of revenue resulting from the discounted fee. Class A office discounts have been in place continuously since the early years of the program. The fee reduction was put in place to stimulate production of professional office space and improve job availability for "higher paying" jobs. The economic benefit of this policy has not been evaluated.

Land Use Shifts

The 2009 Nexus Study projected development of 57.5 million square feet of industrial development through 2035. This land use category represents a potential of $99.5 million in TUMF based upon the adopted fee of $1.73 per square foot. However, the explosive growth in high cube distribution structures has played a prominent role in the industrial land use category. The fee calculation for industrial uses includes a provision for a different trip generation profile between typical industrial uses and those of distribution centers. As a result, high cube development is charged the full rate for the first 200,000 square feet with square footage above this amount assessed based upon a factor of 0.24 meaning that a 500,000 square foot building would be assessed a fee based upon 272,000 square feet (i.e., 200,000 square feet + [300,000 square feet x 0.24]) for a total fee of $470,560. The fee for typical industrial uses that are not high cube would be $865,000. Although the lower fee assessment is a more accurate reflection of the relative impact on the system, the Nexus Study cannot distinguish these subtleties. Although industrial uses are highlighted here, other fee calculation methodologies result in a difference between the theoretical approach taken in the Nexus Study (consistent with legislative requirements) and the practical side of implementation.

Next Steps

The Expenditure Report is expected to be comprised of summary information contained within each task memo. Task 1 program covered cash flows. Task 2 covered revenue and programming forecast. This information is useful as a planning tool and may influence recommendations for future consideration.