WRCOG
Western Riverside
Council of Governments

Transportation Uniform Mitigation Fee Program

Frequently Asked Questions

The Transportation Uniform Mitigation Fee (TUMF) Program is a regional development impact fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in Western Riverside County.

- **Since inception, the TUMF Program has funded over 90 projects with a value of nearly $1 billion dollars**
- **Over the next 20 years, the TUMF Program will provide $3 billion to improve more than 3,000 lane miles, 47 interchanges, 39 bridges, and 10 railroad grade separations in Western Riverside County.**

Frequently Asked Questions: General

Q1: Where did the directive for developing the TUMF Program come from?

The directive came from the citizens of Riverside County. In 2002, Riverside County voters overwhelmingly approved a 1/2 cent transportation sales tax, commonly known as Measure A. As part of Measure A, voters also approved a "Transportation Improvement Plan" which contemplated significant expenditures to come from "revenues to be generated by the cities and the County implementing a Transportation Uniform Mitigation Fee." The TUMF Program was designed and implemented to fulfill voter expectations.

Q2: Why is a regional approach used instead of just having individual jurisdictions set their own fees?

City and county boundaries in western Riverside County do not mean much when it comes to where people drive. People commonly live in one jurisdiction, work in another, and shop in others. The TUMF Program is built around the idea that a community's impact on traffic does not stop at its boundary.

Q3: What are the roles of WRCOG and other Program partners?

WRCOG is the administrator of the TUMF Program. It develops the "Nexus Study," the document that serves as the technical and legal anchor for eligible improvements and the Program fee. WRCOG receives TUMF fees collected from member agencies and then distributes them back to these agencies, to the Riverside County Transportation Commission (RCTC), and Riverside Transit Agency (RTA) to prioritize and to build projects.

Q4: How are TUMF fees determined?

In order for a fee program like TUMF to be established, State law requires that a "Nexus Study" be prepared to establish the relationship between new growth and transportation improvements needed to mitigate traffic impacts. The most recent Nexus Study for the TUMF Program was adopted by the Executive Committee of the Western Riverside Council of Governments (WRCOG) in July 2017. Fees are set based on the impacts that different land use vehicle trips generate.

Q5: Do agencies work together to determine which projects get built?

Yes. Cities, March JPA and the County are grouped into five TUMF Zones for purposes of project selection and prioritization as follows:

- Northwest Zone – The Cities of Corona, Eastvale, Jurupa Valley, Norco, Riverside, the County of Riverside, and the March JPA
- Southwest Zone – The Cities of Canyon Lake, Lake Elsinore, Murrieta, Temecula, Wildomar and the County of Riverside
- Central Zone – The Cities of Menifee, Moreno Valley and Perris, the County of Riverside, and the March JPA
- Pass Zone – The Cities of Banning, Beaumont, Calimesa and the County of Riverside
- Hemet/San Jacinto Zone – The Cities of Hemet and San Jacinto and the County of Riverside

Each of the agencies in the Zones have common transportation issues. Regularly scheduled Zone level meetings occur among the public works directors, executive management, and elected officials who work together to select which projects are to be prioritized. TUMF funds are then transmitted to RCTC and RTA for project prioritization and construction.

Q6: Do fee programs like TUMF have a negative impact on the economy?

No. The TUMF Program actually creates a significant economic benefit to the region since it will result in the estimated creation of nearly 70,000 new private sector jobs over the life time of the Program, making it one of the largest job producing programs in Riverside County.

Q7: Is TUMF a tax?

TUMF is a fee, not a tax, and there is an important distinction. The TUMF is applied only to new development projects for the express purpose of mitigating the impact that new development will have on the transportation network, as demonstrated by the "Nexus Study." Existing property owners do not pay TUMF. A tax, for whatever purpose it is used for, is levied on all citizens.

Q8: Do TUMF fees make the region less competitive than neighboring jurisdictions?

In 2016, WRCOG conducted a Fee Analysis Study, and compared fees assessed on new development in and around the WRCOG subregion. By land use, the fees assessed on new development are similar to those assessed in San Bernardino County, except for the retail land use. Average retail development impact fees are about twice as high as the relatively similar average fee levels for San Bernardino County and the Coachella Valley. These findings were presented to the WRCOG Executive Committee, which in July 2017, approved a retail TUMF fee reduction to $7.50/square foot. For all land uses, TUMF represents less than 5% of total development costs for the prototypical projects reviewed.

Q9: Don't TUMF fees negatively impact the ability to construct new homes and businesses in western Riverside County?

It does not appear so. During the recent economic recession, WRCOG's Executive Committee adopted a policy that gave member agencies the opportunity to discount TUMF by 50%. Ten (10) of WRCOG's 17 member agencies did so, under the assumption that the fee reduction would spur development. Subsequent tracking of permit activity in western Riverside County showed no statistical change in the rate of development between full and discount fee agencies during the period when the fee reductions were in place.

Development activity is more significantly impacted by economic factors such as the available housing stock, consumer demand, interest rates, land and material costs, labor costs and other factors, all of which can fluctuate significantly from one year to the next.

Frequently Asked Questions: for developers

Q10: When is TUMF triggered?

The TUMF obligation for a development is assessed when a building permit or certificate of occupancy is issued by a WRCOG member agency. The actual TUMF obligation is based on the size of the development and the land use category (residential and non-residential). Residential TUMF obligations are calculated by multiplying the net increase in the total number of dwelling units associated with a new development by the appropriate residential land use fee. Non-residential TUMF obligation are calculated by multiplying the net increase in the gross floor area of the buildings or structures associated with a new development by the appropriate non-residential land use fee.

Q11: Do all land uses fall under the standard residential and non-residential calculations?

No. At the Program's inception, it was known that certain land uses have unique trip generating characteristics that need specific calculations to determine the TUMF for these uses. WRCOG developed the TUMF Calculation Handbook for such specific land uses, which includes fuel filling stations, active senior living developments, and high cube warehouses for example. The TUMF Calculation Handbook is updated regularly. For a copy of the TUMF Calculation Handbook, please visit the WRCOG website.

Q12: How are TUMF obligations met?

Developers may choose, with member agency approval, to meet their TUMF obligation through one of the following options:

- Pay TUMF directly to member agency
- Construct TUMF improvements to receive credit against TUMF obligation
- Provide 100% of the funding for the construction of a regionally significant TUMF improvement such as an interchange
- Participation in a financing district that will construct a regionally significant TUMF improvement to receive credit

The process to obtain TUMF credit for constructing a TUMF improvement is outlined in the flowchart titled "Improvements in Lieu of TUMF Payment".

Q13: Are there any exemptions?

Yes, several development types are exempt from the TUMF, such as: low income residential housing, government and public buildings, public and private schools (K-12 not for profit), rehabilitation or reuse of an existing building, development agreements prior to July 2003, and the sanctuary building of church or house of worship, to name a few.

Q14: Are appeals allowed?

Yes, the TUMF Administrative Plan provides for an appeals process in cases where a developer believes fees have been applied incorrectly. The process calls for developer, agency staff, and WRCOG to attempt to address issue. If not resolved, the matter is presented to the WRCOG Executive Committee for final determination.

Frequently Asked Questions: for participating agency staff

Q15: How does an agency access funding from the TUMF Program?

Unlike other funding programs, TUMF funding is tied to specific projects based on the adopted Nexus Study. The Nexus Study identifies specific amounts of funding that the Program provides for each transportation project included in the Nexus Study. The general process is therefore as follows:

- The agency requests that a project be included in the Nexus Study
- The agency requests funding through the TUMF Zone
- The agency executes a formal Reimbursement Agreement for the project
- The agency implements the project and submits invoices for reimbursement
- WRCOG reimburses the agency for actual costs incurred

Q16: How do TUMF projects get prioritized?

Member agencies can request that TUMF funding be programmed on the WRCOG Transportation Improvement Program (TIP). This request is then forwarded to other agencies in the Zone for their review and approval. Decisions on the level of funding and timing of that funding occurs at the Zone level.

Q17: What are considered eligible expenses?

The TUMF Program provides funding for various pre-construction and construction activities. Eligible expenses included but are not limited to planning, environmental studies, roadway design, right-of-way acquisition, construction of the actual roadway itself, and other related items.

WRCOG staff has prepared a TUMF Reimbursement Manual which describes the reimbursement process in detail. This Manual states that the reimbursement process is guided by the following principles:

- Principle 1: Proposed improvements / costs contribute to the reduction of congestion in the region’s transportation network
- Principle 2: Proposed improvements/costs contribute to capacity enhancement in the region’s transportation network
- Principle 3: Proposed improvements/costs do not exceed the maximum TUMF share identified in the most recent TUMF Nexus Study
- Principle 4: Proposed improvements / costs are integral to the implementation of the TUMF facility

Improvements in Lieu of TUMF Payment

TUMF improvements as a requirement of the conditions of approval?

No

Developer can not receive TUMF credit through a credit agreement.

Yes

Is there an executed and valid credit agreement prior to construction?

No

Credit agreement must be executed and valid prior to construction of TUMF improvements.

Yes

Has the project been completed and accepted by the member agency?

No

Credit agreement must be executed and valid prior to construction of TUMF improvements.

Yes

Member agency issues credit: does the TUMF credit equal the TUMF obligation?

No

If credit is less than TUMF obligation, a balance is due to the member agency.

No

If actual project cost is more than TUMF obligation, but less than the maximum TUMF share, developer may receive a reimbursement.

Yes

Developer TUMF obligation has been met.

Q18: What are considered ineligible expenses?

There are a variety of expenses which are generally ineligible. For example, any improvements which are related to aesthetics such as additional landscaping would be ineligible under most circumstances. Drainage improvements beyond those needed to serve the project are also typically ineligible. Agencies are encouraged to verify in advance with WRCOG if certain expenses would be eligible if there are questions about a particular item.

Q19: How does the reimbursement process work?

The TUMF Program operates on a reimbursement basis. What that means is that the agency must first perform the action, such as laying pavement, prior to requesting reimbursement. The agency is required to consolidate invoices from contractors and then submit these invoices to WRCOG. WRCOG staff and consultants review these invoices and recommend whether they are compliant with the Program requirements and eligible for repayment. Once invoices are verified, WRCOG will remit payment to the jurisdiction.

Q20: When is a facility eligible for TUMF funding?

Prior to being considered for TUMF funding, a facility must meet the necessary criteria for inclusion in the TUMF Program. The criteria include the following:

- Arterial highway facilities proposed to have a minimum of four lanes at ultimate build-out (not including freeways)
- Facilities that serve multiple jurisdictions and/or provide connectivity between communities both within and adjoining western Riverside County
- Facilities with forecast traffic volumes in excess of 20,000 vehicles per day in the future horizon year
- Facilities with forecast volume to capacity ratio of 0.90 (LOS E) or greater in the future horizon year

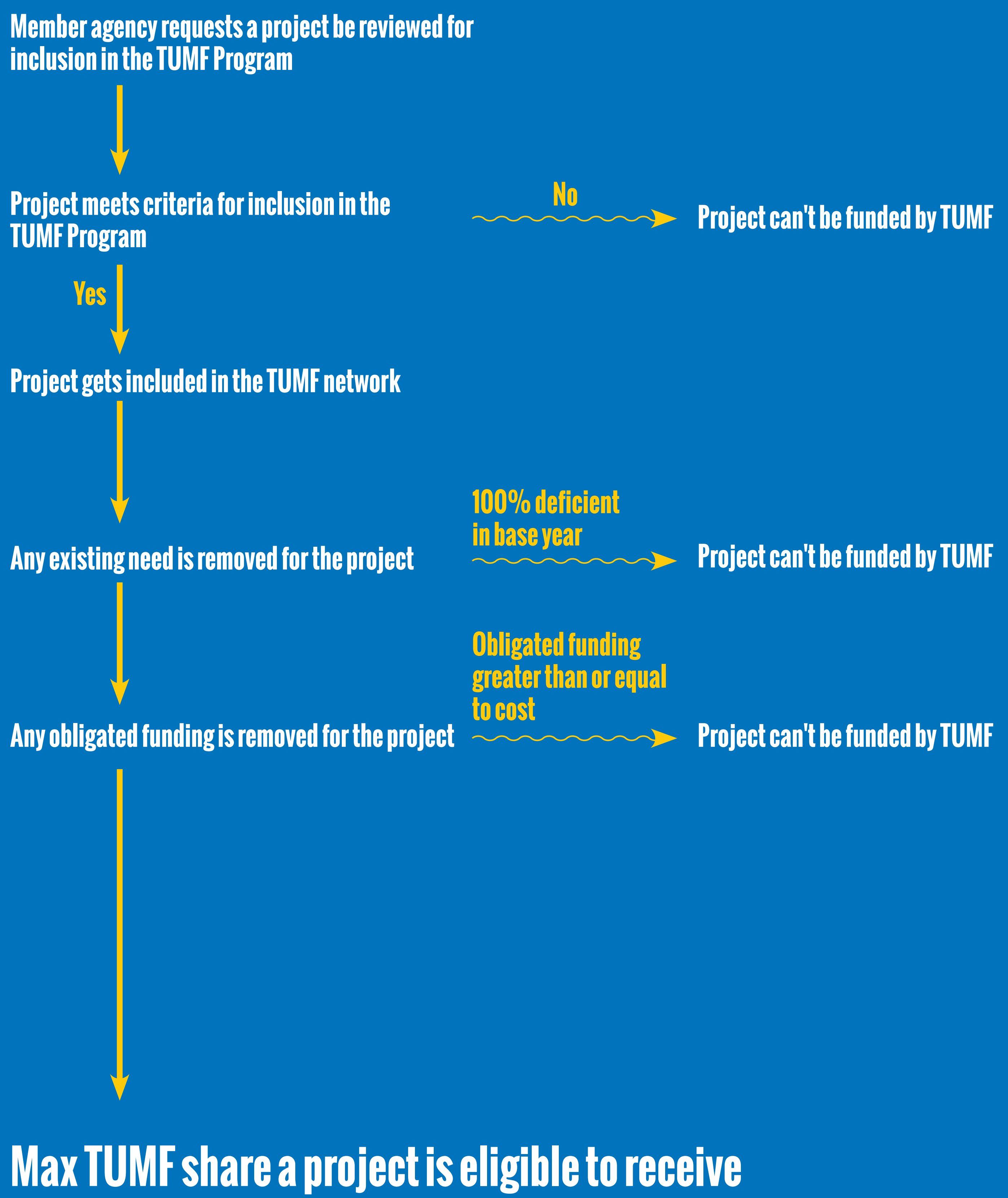
If a facility meets the above criteria, it is included as part of the Regional System of Highways and Arterials (TUMF Network). The TUMF Network identifies the maximum amount of TUMF a facility can receive from the Program after accounting for obligated funding and existing need.

The process to add a project to the TUMF Network is shown on the flowchart titled "TUMF Program Eligible Projects".

Q21: What if I don’t agree with WRCOG’s review of submitted invoices?

WRCOG staff makes every effort to work with member agencies to process payment on invoices as soon as possible. In many cases, items in question often only require clarification or documentation. As an example, if an agency was required to install a particular feature to obtain a permit from Caltrans, then the expense associated with that feature would be eligible for reimbursement. Therefore, agencies should make sure that they document their expenses and submit their requests for reimbursement in a timely fashion, which should facilitate their review.

TUMF Program Eligible Projects



Q22: What If I don’t agree with the amount of reimbursement?

The TUMF Nexus Study sets the maximum amount of reimbursement for every project in the TUMF Program. Reimbursement values are set by reviewing recent construction costs throughout the region for similar projects. This approach ensures that all agencies are treated in a fair and equitable manner. The downside to this approach is that it does not have the flexibility to accommodate an instance in which an agency may incur additional expenses for a specific project. In some instances, the Program provides for a 15% contingency factor which can be used for these unforeseen expenses. If member agencies require additional funding, agencies like WRCOG and RCTC are available to assist with securing additional funds.

Frequently Asked Questions: for elected officials

Q23: TUMF sets a maximum fee level. Is there any harm in charging lower fees?

In July 2017, the WRCOG Executive Committee approved the 2016 TUMF Nexus Study and corresponding fee scheduling with two land use fees (single-family residential and retail) being lower than the maximum fee level.

Though these fees were reduced from what is identified in Nexus Study to spur economic activity in the subregion, the law requires the funding gap must be made up from some other source other than the TUMF. Fee revenues not collected cannot be recouped by charging more in the future, or by charging more to land use categories that might be thought to be better able to absorb the fees.

Q24: How much of TUMF is really used for road and transit improvements?

WRCOG uses a small portion of TUMF funds collected to administer the Program, with administration costs modeled after those used by RCTC for administering Measure A. 1% of collected revenues is for staff salaries and benefits, and up to an additional 3% can be used for direct expenses such as legal counsel and consultants, for a total of 4% for Program administration. That means that, at a minimum, 96% of TUMF fees are used for building infrastructure. These include costs related to planning, engineering and construction, tasks that are performed by the private sector. TUMF funds are ultimately directed to the private sector, which builds public infrastructure to benefit the subregion’s future residents and employers. You can see the value of the TUMF program through the 90 projects (as of 2017) which have been funded by TUMF including:

- Columbia Avenue Grade Separation – City of Riverside
- Sunset Avenue Grade Separation – City of Banning
- Ramona Expressway Widening – City of San Jacinto
- Nason Street/SR-60 Interchange – City of Moreno Valley
- Desert Lawn Drive Widening – City of Calimesa
- Perris Transit Center – City of Perris
- SR-79 Winchester Road Widening – County of Riverside

Since the inception of the Program in 2003, over 97% of all funds collected have been returned to the participating and partner agencies.

How an Agency Receives TUMF Funding

1. Project is included in the TUMF Nexus Study
2. Agency requests funding from the TUMF Zone for a project
3. Agency begins work on the TUMF project
4. Agency submits TUMF project invoices to WRCOG for review
5. WRCOG reimburses agency for eligible expenses incurred

Q25: What if a participating agency is contributing more to the Program than it is receiving funding?

Transportation is an issue that has no relation to jurisdictional boundaries. Commuters who live in one jurisdiction benefit from transportation improvements made within and outside the jurisdiction they live in. TUMF is a regional infrastructure program that will contribute vital funding for projects that will meet the needs of future growth in subregion. Jurisdictions simply serve as the collection points for this regional fee. The fee is used to then build facilities that benefit all commuters in Western Riverside County, regardless of where they reside.

The TUMF Program functions best when member agencies in their respective Zones prioritize projects based on the necessity to provide a network of arterials that benefit residents of the region. As a regional program, the TUMF Program is modeled after the idea that existing and new residents live in one jurisdiction and work and/or shop in another, therefore, creating the need to address the impact of new development on a regional transportation system.

Q26: Why isn't a participating agency receiving TUMF funding?

Participating agency staff must request funding from their respective TUMF Zone, which is subject to the approval of members within that particular Zone. Because TUMF funds projects on a reimbursement basis, agencies must complete the work and then apply for reimbursement by submitting invoices. The agency has control of project schedules and delivery and WRCOG has no control over the decisions an agency makes to deliver projects. For reference, please see steps included on "How an Agency Receives TUMF Funding".

Q27: What do I do if I think my agency has not received sufficient TUMF funding?

The first step is to make sure your agency has projects included in the TUMF Nexus Study. The next step is to review the Zone 5-Year TIP. The Zone 5-Year TIP allocates near-term TUMF funds which agencies can draw from. The third step is to ensure that your agency has active Reimbursement Agreements in place for projects on the Zone 5-Year TIP. The fourth step is to verify that your agency has completed the work and submitted invoices for reimbursement to WRCOG. In many instances, specific projects may not be progressing because of various delays, including those under control of the agency and those associated with external agencies. Regardless, TUMF is a reimbursement program and funds will only be provided to an agency when work is completed. Lastly, an agency should make sure that they are involved and engaged in their respective TUMF Zone.

Q28: How can I find out more about WRCOG's TUMF Program?

To learn more about WRCOG's TUMF Program, please refer to the TUMF Annual Report (2015 Edition) and on the WRCOG website at www.wrcog.us and select the TUMF link. To request a presentation, please contact:

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