



Solano Transportation Authority
... working for you!

Solano County Regional Transportation Impact Fee

(A Component of the Solano County Public Facility Fee)

10th Annual Report Fiscal Year 2022-23 November 2023



Solano County Regional Transportation Impact Fee
(A Component of the Solano County Public Facility Fee Program)
Annual Report for Fiscal Year 2022-23

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Introduction

The Solano County Board of Supervisors, on December 3, 2013, established the Regional Transportation Impact Fee (RTIF) as part of the Solano County Public Facility Fee (PFF) Program. This was in response to a recommendation and request by the Solano Transportation Authority (STA) Board of Directors to the Solano County Board of Supervisors to create a transportation impact fee to mitigate the impacts created by future growth. The STA Board's request was built upon several community and stakeholder meetings held during the development of the STA's RTIF Nexus Study.

Assembly Bill 1600, otherwise known as the Mitigation Fee Act, requires impact fee programs such as the RTIF to be supported by a nexus analysis. The analysis must establish that there is a reasonable relationship between the anticipated future developments in the County, the need for the new infrastructures projects to support those developments, and the fees that will be charged to help fund the costs of the new projects. Projects must be identified in a Nexus Study to be eligible to receive impact fee funding. Exhibit A shows the current STA Board approved list and location of projects in the County eligible to receive RTIF funding.

The Mitigation Fee Act also requires the County to update the Nexus Study of the PFF Program every five years. This Nexus update to the PFF was completed in April of 2019. The 2019 update included a recommendation presented by County staff to increase the amount collected for the RTIF from \$1,500 to \$2,500 for each dwelling unit equivalent (DUE). This increase to \$2,500 per DUE was projected to increase the average RTIF annual revenue to over \$2M per year, rather than the \$1.2M a year it had been averaging. The County of Solano, in partnership with the seven cities in the County, began collecting the new approved RTIF fee schedule shown in Exhibit B on October 6, 2019.

RTIF Districts

The RTIF Program divides the County into five geographical districts to collect the impact fees on new developments.

Each district includes multiple local jurisdictions. Table 1 shows the list of the districts along with the jurisdictions included in each district. The table shows that Solano County is in every

Table 1: List of RTIF Districts & Jurisdictions

District	Local Jurisdiction
District 1: Jepson Corridor	Fairfield, Vacaville, and Solano County
District 2: State Route 12 Corridor	Fairfield, Rio Vista, Solano County, and Suisun City
District 3: South County	Benicia, Vallejo, and Solano County
District 4: Central County	Fairfield and Solano County
District 5: State Route 113 Corridor	Dixon and Solano County

district, while the City of Fairfield is in districts 1, 2, and 4. Exhibit C shows a map of the districts and makes note of districts 6 and 7.

The revenues collected from the RTIF Program are returned to seven districts. The two additional districts that were created specifically to receive RTIF funds are for regional transit improvements (district 6) and improvements on county roads (district 7). These districts individually receive five percent each of the total RTIF revenue generated. STA also receives

two percent for administering the Program. The remaining 88 percent RTIF revenues are proportionately returned to source and how these funds are expended is based on the recommendations proposed by each district's working group.

RTIF Working Groups

The RTIF working groups are responsible for proposing to the STA Board projects that will be eligible to receive RTIF funds. The working groups of the five revenue generating districts are composed of Public Works Directors from jurisdictions that make up each of the respective RTIF districts. The working group for district 6 is made up of staff from all five transit operators in the County. These include Dixon's Readi-Ride, Fairfield's transit service, Rio Vista's Delta Breeze, Solano County Transit, and Vacaville's City Coach. Meanwhile, the working group for district 7 is just the County's Public Works Director. Overall, each working group is required to convene at least once a year to propose recommendations and provide status updates on their respective RTIF project(s).

Progress in Fiscal Year 2022-23

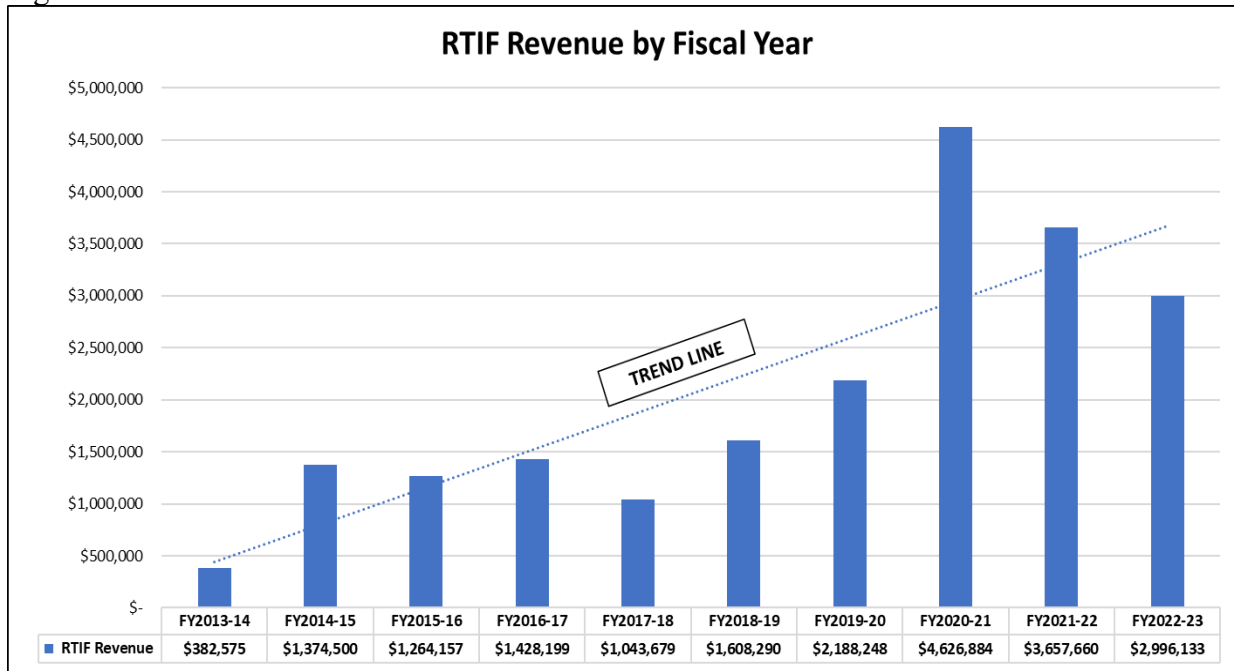
Following the recommendations of the RTIF working groups and approval from the STA Board, STA staff worked with project sponsors on delivering the approved items. These include procuring the services of the transportation consultant firm, Fehr & Peers, to update the RTIF Nexus Study. Previous studies have been completed in 2019 and 2021, which added, respectively, thirteen and four RTIF eligible projects. This most recent Study adds an additional fifteen projects for a combined total of thirty-two projects that will now be eligible to receive RTIF funding once the STA Board adopts the 2023 RTIF Study in fiscal year (FY) 2023-24. The final draft of the 2023 Study, which was released for public review/comment in October 2023, is attached to this report as Exhibit D. The other significant item that STA staff worked on was related to the allocation of RTIF funds.

STA staff worked with staff from the cities and County to execute RTIF funding agreements in accordance with STA Board actions. The STA Board in December 2022 and June 2023 approved to commit RTIF funds totaling around \$6.605 million to multiple projects. These include amending the City of Vacaville's RTIF allocation amount for its Jepson Parkway Project increasing the funding from \$3.5 million to \$5 million. The Board also committed \$1.9 million of RTIF funds to the City of Dixon for its Parkway Boulevard Overcrossing Project. The City of Fairfield received RTIF funds totaling \$1.580 million for its West Texas Complete Streets Project and Canon Road Overcrossing Improvements. Suisun City received a commitment of \$800,000 in RTIF funds for its Railroad Avenue Extension Project, while the County received a commitment of \$756,950 for multiple county road projects.

Fiscal Year 2022-23 RTIF Revenues

The amount of RTIF revenue collected for the year, after deducting STA's two percent administrative fee for managing the RTIF Program, totaled \$2.996 million. This amount, as shown in Figure A below, is lower in comparison to the revenues received in FYs 2020-21 and 2021-22 by, respectively, \$1.630 million and \$661,000. The revenue in the last four FYs (FY 2019-20 through FY 2022-23) since the RTIF fee was increased to \$2,500 per DUE, has been averaging around \$3.367 million per year. Altogether, since the RTIF Program started, the amount of RTIF revenue collected to fund eligible projects totals \$20.570 million.

Figure A: FYs 2013-14 to 2022-23 RTIF Revenue



RTIF District Revenues

The amount of RTIF revenues received by each district during the year are shown in table 2 below. District 1 representing the Jepson Parkway Corridor generated the most for the year with approximately \$1.461 million in revenue. The South County (district 3) followed next with \$442,504 revenue and district 5 for SR113 Corridor with \$410,729 revenue. Districts 6 and 7 both received \$149,807 each in RTIF revenue. Year-over-year (YoY), the amount of revenues received by each district this year closely corresponds to their respective last four-year averages.

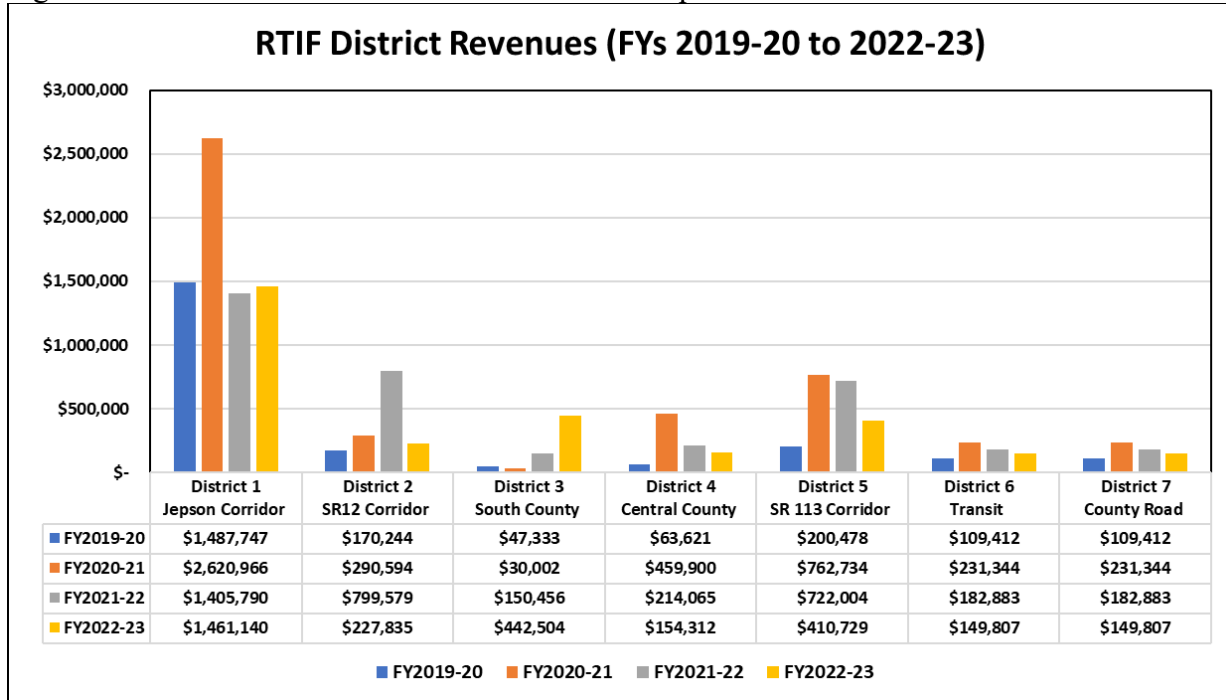
Table 2: Fiscal Year 2022-23 RTIF District Revenues

Period	District 1 Jepson Corridor	District 2 SR12 Corridor	District 3 South County	District 4 Central County	District 5 SR 113 Corridor	District 6 Transit	District 7 County Roads
Q1	\$ 390,406	\$ 25,495	\$ 9,555	\$ 1,058	\$ 94,470	\$ 28,944	\$ 28,944
Q2	\$ 425,902	\$ 116,233	\$ 191,255	\$ 65,596	\$ 42,830	\$ 46,768	\$ 46,768
Q3	\$ 151,241	\$ 31,564	\$ 178,916	\$ 570	\$ 161,513	\$ 29,100	\$ 29,100
Q4	\$ 493,591	\$ 54,542	\$ 62,778	\$ 87,087	\$ 111,916	\$ 44,995	\$ 44,995
Total	\$ 1,461,140	\$ 227,835	\$ 442,504	\$ 154,312	\$ 410,729	\$ 149,807	\$ 149,807
							\$ 2,996,133

Figure B below illustrates the YoY revenue changes from FYs 2019-20 through 2022-23. The pattern for district 1 is that its FY 2022-23 revenue of around \$1.4 million is similar to its revenues from FY 2019-20 and FY 2021-22. Revenues from district 2 have been increasing, but experienced a significant dropped off in FY 2022-23. Revenues from district 3 have been

increasing with this year’s revenue almost three times as much as last year’s revenue. The reverse is true for district 4 with revenues falling each year starting in FY 2020-21. Lastly, the revenue for district 5 this year is lower than revenues from the last two years.

Figure B: Year-to-Year RTIF District Revenue Comparison



RTIF Funds Available

The RTIF working groups, as of the writing of this report, have not identified additional projects to commit RTIF funds. The amount of RTIF funds that are currently uncommitted, after taking into account this year’s revenue, total around \$2.487 million. Table 3 below breaks down the uncommitted funds from each district. District 1 accounts for a majority of the uncommitted funds with \$708,515 of RTIF funds available. Districts 5 and 6 have roughly \$460,000 each in uncommitted funds, while district 3 has about \$442,000.

Table 3: Remaining Uncommitted RTIF Funds

District 1 Jepson Corridor	District 2 SR12 Corridor	District 3 South County	District 4 Central County	District 5 SR 113 Corridor	District 6 Transit	District 7 County Road
\$ 708,515	\$ -	\$ 442,504	\$ 154,900	\$ 464,903	\$ 460,389	\$ 256,756
Total						\$ 2,487,965

Total RTIF Funds Disbursed and Committed

The total amount of RTIF funds that have been disbursed and committed to eligible projects to date are listed in Table 4 below. The table shows that district 1 has received, disbursed and committed funds, about \$9.709 million. Districts 2, 4, and 5 have each been provided around \$2 million in RTIF funds. Altogether, the amount of disbursement to all districts equates to around \$3.765 million, while the amount committed is nearly \$14.688 million. The committed funds include the funds committed this year. Combined, around \$18.453 million in RTIF funds have

been disbursed and committed.

Table 4: RTIF Funds Disbursed and Committed

District	RTIF Revenue	Funds Disbursed	Funds Committed	Funds Available
1: Jepson Corridor	\$ 10,417,665.52	\$ 1,574,150.89	\$ 8,135,000.00	\$ 708,514.63
2: SR12 Corridor	\$ 2,237,206.34	\$ 163,799.60	\$ 2,445,000.00	\$ -
3: South County	\$ 968,047.40	\$ 213,694.72	\$ 311,849.14	\$ 442,503.54
4: Central County	\$ 2,179,899.97	\$ 1,300,000.16	\$ 725,000.00	\$ 154,899.81
5: SR 113 Corridor	\$ 2,710,473.55	\$ 183,571.00	\$ 2,062,000.00	\$ 464,902.55
6: Transit	\$ 1,028,516.27	\$ 208,127.64	\$ 360,000.00	\$ 460,388.63
7: County Road	\$ 1,028,516.27	\$ 121,760.00	\$ 650,000.00	\$ 256,756.27
Total	\$ 20,570,325.32	\$ 3,765,104.01	\$ 14,688,849.14	\$ 2,487,965.43

Future of the RTIF Program

Solano County is not a Self-Help County since jurisdictions in the County do not have a voter-approved sales tax measure dedicated to fund transportation projects. Local jurisdictions generally rely on impact and developer fees, gas tax revenues, their respective general funds, as well as regional, State, and Federal grants to fund transportation projects. STA also relies on these different types of grants to fund its projects. The RTIF Program provides a key role in reducing gaps in funding and is needed to advance RTIF projects.

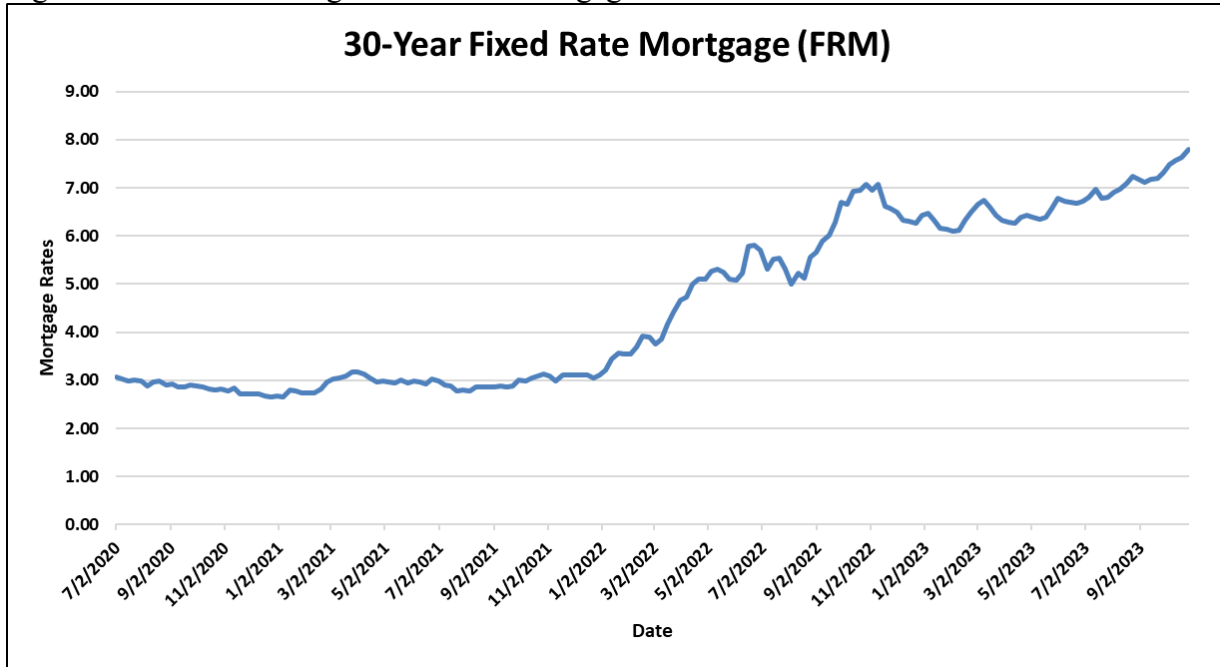
The RTIF Program is part of the County’s PFF Program and needs to be approved every five years. The previous approval to extend the Program occurred in FY 2019. STA will propose extending the Program another five years in FY 2024 so that local jurisdictions in the County will have a local source of funding their respective projects. The 2023 RTIF Nexus Study forecasts that single-family homes and total employment within the County will grow by, respectively, 13,433 homes and 5,885 workers by the year 2040. The County is growing and so will its need to maintain and create new transportation projects. These projects will be costly to undertake and given the potential for the gas tax funding to be reduced as vehicles transition from running on internal combustion engine that rely on gasoline or diesel to electric, the need to find alternative sources of funding will be critical.

RTIF revenues are dependent on new developments, which are in turn, dependent on market conditions – particularly, mortgage rates and real estate construction costs for labor and material. The California Department of General Services (DGS) developed the California Construction Cost Index (CCCI) based upon the Building Cost Index (BCI) for the San Francisco area.¹ The BCI incorporates bricklayers, carpenters and structural ironworkers’ rates, as well as cost of structural steel, shapes, Portland cement, and 2x4 lumber. The California DGS’s CCCI reveals that from 2020 to 2021, real-estate construction costs increased by around 13.4 percent. The following year, from 2021 to 2022, the increase was around 9.3 percent. However, from 2016-

¹ CCCI data is available online at <https://www.dgs.ca.gov/RESD/Resources/Page-Content/Real-Estate-Services-Division-Resources-List-Folder/DGS-California-Construction-Cost-Index-CCCI>.

2020, the average increase was only around 3.12 percent. Meanwhile, Figure C below shows the average 30-year fixed rate mortgage (FRM) across the country according to Freddie Mac. The figure shows that the 30-year FRM has doubled over the last three years from around 3.07 percent in July 2020 to around 7.79 percent by September 2023.² Home purchase demand will face headwinds as affordability remains a significant hurdle to potential homebuyers with rates nearing 8 percent. Overall, the rise in the CCCI accounting for real-estate construction costs and 30-year FRM may contribute to the slowdown of the RTIF revenue trend in the short term.

Figure C: 30-Year Average Fixed Rate Mortgage



² The 30-year FRM data is available on Freddie Mac’s website at <https://www.freddiemac.com/pmms>.

Exhibit A: List and Map of RTIF Eligible Projects

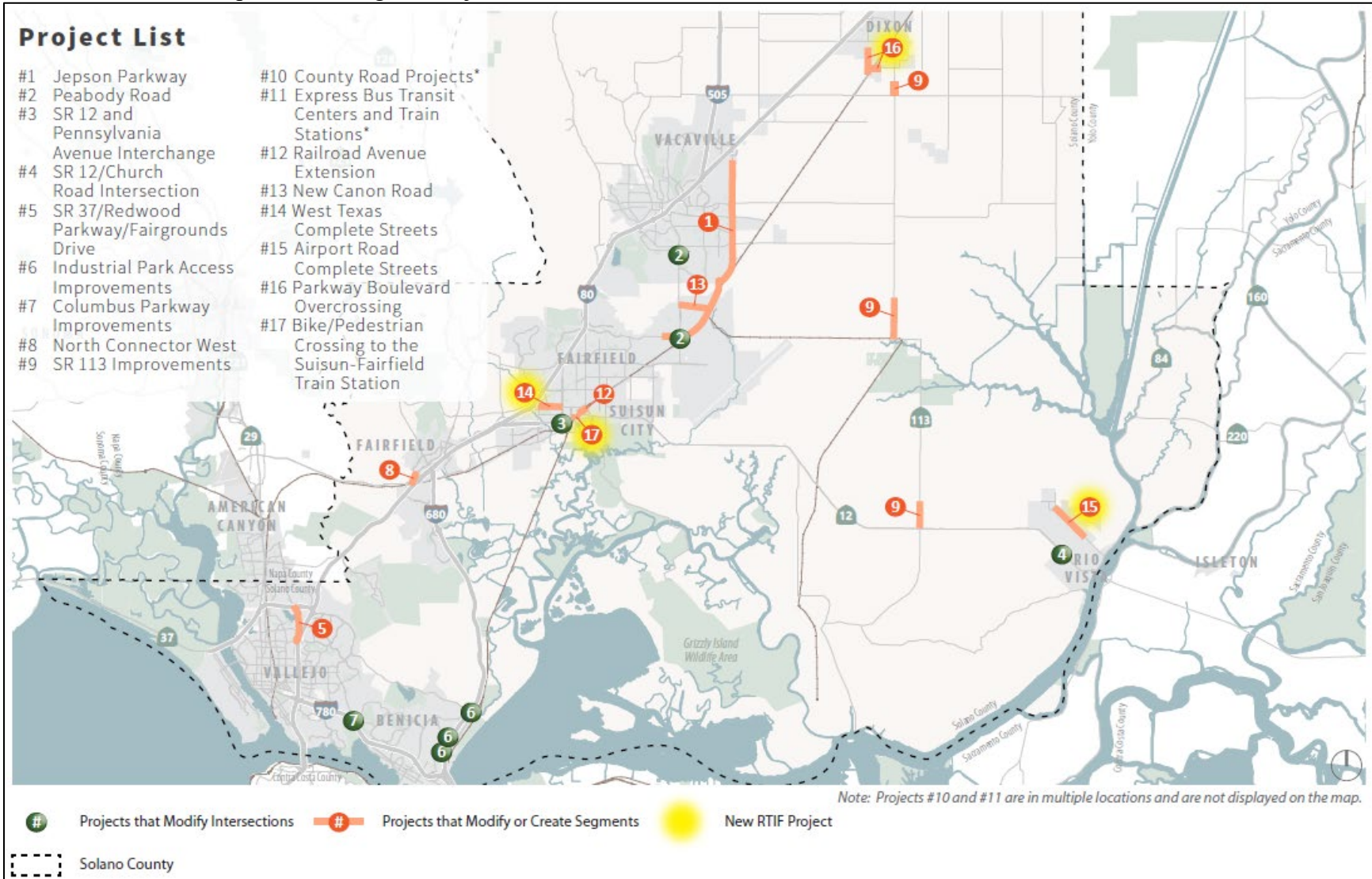


Exhibit B: RTIF Fee Schedule Effective October 2019

Use Category	Old Fee per sf	Old RTIF Part B	New Fee per sf	New RTIF Part B
Single Family Residential	\$8,962	\$1,500	\$9,263	\$2,500
Multifamily Residential	\$,726	\$930	\$6,662	\$1,400
Second/Accessory Unit	\$4,575	\$805	\$4,536	\$1,200
Multi-family Age Restricted	\$4,348	\$585	\$3,975	\$650
Retail	\$859	\$382	\$1,024	\$714
Service Commercial	\$1,927	\$980	\$2,097	\$1,492
Assembly	\$471	\$75	\$483	\$235
Office	\$1,430	\$269	\$1,359	\$664
Hotel/Motel	\$519	\$230	\$429	\$265
Industrial	\$601	\$110	\$698	\$402
Warehouse	\$181	\$36	\$210	\$121
Health Care Facility	\$946	\$180	\$483	\$235
Place of Worship	\$367	\$75	\$483	\$235
Congregate Care Facility	\$598	\$67	\$483	\$235
Private School	\$1,221	\$793	\$483	\$235
Child Day Care Facility	\$313	\$0	\$483	\$235
Riding Area	\$363	\$47	\$174	\$114
Barn	\$125	\$27	\$174	\$114

Exhibit C: Map of RTIF Districts

