REPORT TO SHASTA COUNTY RTPA

SUBJECT		MEETING DATE	ITEM NUMBER
STIP Update and Letter to Local Agencies Regarding Long-Term STIP Funding		04/22/08	8

RECOMMENDATION

It is recommended that the Board receive a Regional Transportation Improvement Program (RTIP) update and authorize the chair to sign the attached letter regarding RTIP funding assumptions in local traffic impact fee programs.

SUMMARY

RTIP funding is limited and falls far short of regional transportation needs. Local agencies rely on assumptions of future RTIP funding within their traffic impact fee programs to minimize fee amounts assessed on new development. It is reasonable to assume that RTIP funding for these programs would be available providing an alternate funding program exists for mainline Interstate 5. Without such a program, excess RTIP funds will not be available. The cities and the county continue to include RTIP funds in their fee programs, at times without consulting the RTPA. The attached letter is recommended to provide city managers and the CAO with the most current information regarding long-term RTIP funding projections and RTPA project priorities as approved at the February board meeting. This information will assist decision-makers in developing fiscally sound funding assumptions in future traffic impact fee programs.

Daniel S. Little, AICP, Executive Director

DSL/jac

Attachment: April 22 letter to City Managers and CAO

Shasta County
Regional Transportation Planning Agency

1855 Placer Street •Redding, CA 96001 •(530)225-5661 • FAX (530)225-5667
E-Mail scrtpa@snowcrest.net • HOME PAGE www.scrtpa.org

Daniel S. Little, AICP, Executive Officer

April 22, 2008

To: Distribution List

Dear City Managers and CAO:

At our last RTPA meeting, the Board approved the 2008 Regional Transportation Improvement Program (RTIP). The Board report (attached) includes guidance for RTIP funding and project priorities. As you know, long-term RTIP funding assumptions are a key consideration in developing city and county traffic impact fee programs. Many local fee programs, particularly for freeway interchanges, assume substantial RTIP funding. Such assumptions, when realistic, are beneficial and greatly reduce local traffic impact fee amounts for new development. Here are a few examples from existing and proposed programs in Anderson, Redding, and Shasta County:

Traffic Impact Fee (TIF) Improvement	**Total Cost**	**RTIP Funding Assumed**	**TIF With RTIP Funds***	**TIF Without RTIP Funds***	**Ramp Metering Cost Included?**
Gas Point Road/I-5 Interchange	$12,235,000	$5,000,000	$690	$1,167	Yes
Main Street/I-5 Interchange	$9,781,000	$5,000,000	$1,044	$2,131	Yes
Riverside Dr./I-5 Interchange (proposed)	$16,075,000	$5,000,000	$2,150	$2,820	No
Knighton Rd./I-5 Interchange (proposed)	$20,000,000	$5,000,000	$200	$300	No
Airport Rd./SR 44 Interchange (proposed)	$18,000,000	$3,000,000	$240	$300	No
Total	$76,091,000	$23,000,000			

**Portion of overall fee program attributed to interchange improvement per equivalent dwelling unit.*

In addition to the above projects, all of our cities and the county acknowledge that their existing traffic impact fees are not keeping pace with transportation needs. Even for other fee programs that did not assume RTIP funds, RTIP funds will still be requested by local agencies in hopes of making fee programs whole and delivering projects without major development fee increases.

Ramp metering also is a key consideration; it adds an average of $1 to $2 million in improvement cost needs per interchange. Most local agencies do not include metering in their fee programs; however, Caltrans policy requires provisions for metering.

Page 1 of the attached Board report explains that the RTPA is projected to receive $3 to $5 million in RTIP funds annually compared to a twenty-year, $450 million need for capacity improvements. The total regional need is conservative and based on a 2001, non-escalated assessment. Obviously, RTIP funds cannot meet all of the region's needs and the Board has been forced to make hard decisions to prioritize projects. As discussed on Page 4 of the report, Interstate 5 mainline needs are substantial and represent the regions best return of investment. All RTIP funds are needed to address those needs unless a new funding source is approved. Consistent with Board priorities, all new funds in the 2008 RTIP cycle are committed to mainline I-5 while interchange projects that were in the program have been removed.

We can continue to use the RTIP funding and ramp metering assumptions as noted in the table above - along with similar assumptions for future programs - providing we address mainline Interstate 5 and metering through funding sources other than the RTIP. Without a local funding commitment to the mainline, it is unrealistic to assume that excess RTIP dollars would be available for other purposes. Such assumptions would need to be removed from local impact fee programs and development fees would need to rise substantially to fill the gap.

As always, the RTPA encourages development of local transportation funding programs. Our goal is to continue to support all regional transportation needs. It is our hope that we continue to work together and address both I-5 mainline and interchange needs. At the same time, we need to recognize that the RTIP alone cannot fund both. As we develop our transportation programs, only realistic transportation funding assumptions will yield the projects we need on the ground.

Very truly yours,

Norma Comnick, Chair
Shasta County Regional Transportation
Planning Agency (MPO)

NC/jac

Distribution List:
Kurt Starman, City Manager, City of Redding
Carol Martin, City Manager, City of Shasta Lake
Scott Morgan, City Manager, City of Anderson
Larry Lees, CAO, Shasta County

Attachment

cc: Barry Tippin, Assistant City Manager, City of Redding
Jim Grabow, Director of Public Works, City of Shasta Lake
Rich Barchus, Director of Public Works, City of Anderson
Pat Minturn, Director of Public Works, Shasta County
Brian Crane, Director, Caltrans District 2

REPORT TO SHASTA COUNTY RTPA

SUBJECT		MEETING DATE	ITEM NUMBER
Adopt 2008 Regional Transportation Improvement Program (RTIP)		02/26/08	6

RECOMMENDATION
It is recommended that the Board:

1. Conduct a public hearing; and
2. Approve the 2008 Regional Transportation Improvement Program (RTIP).

SUMMARY
The RTIP is a five-year budget to develop and deliver transportation improvements that use State Transportation Improvement Program (STIP) funds. The RTIP must be updated every two years. It is recommended that the Board take public testimony and approve the 2008 RTIP.

DISCUSSION
The 2008 RTIP provides funding for transportation capital projects in Shasta County. RTIP funds are limited to a portion (<45%) of the state sales tax on gasoline. The RTIP will be considered by the California Transportation Commission (CTC) May 29, 2008, for incorporation into the State Transportation Improvement Program (STIP).

Five-Year RTIP Fund Estimate
Every two years, the CTC develops a five-year funding forecast for the STIP. It includes minimum county RTIP shares that are guaranteed, and maximum shares that could be programmed at the discretion of the CTC. County RTIP shares are allocated by formula based on population and road mileage. County RTIP shares can accrue or be advanced in any two-year RTIP cycle; they cannot be taken from the region.

Our region's guaranteed minimum share is zero since we were successful in programming beyond our county shares in the last RTIP cycle to complete the Dana to Downtown Project. We may request up to a target of $9.031 million; however, this can be denied by the CTC. If the CTC does program funds proposed in our RTIP, it is likely that those funds would not be available until 2011 or beyond. This is because the state is currently overcommitted in the early years of the program as a result of declining revenue projections.

Long-Term RTIP Funding Outlook
RTIP revenues alone will not meet our regional transportation needs. Thanks to passage of Proposition 1A in 2006, Shasta County can now expect an average of $3-5 million a year. Compare this to a twenty-year, $450 million (not escalated) RTIP need as documented in our Regional Transportation Plan. Escalation is currently running 3-5% annually and can outpace RTIP revenues we attempt to accrue for large projects. It is not sufficient, therefore, to rely upon RTIP dollars to keep up with growth-related congestion. Available funds need to be used in the most strategic manner possible.

RTIP Project Selection Principles
At the December 2007 meeting, the Board recommended several guiding principles for selection of RTIP projects:

1. **Project consistency with Regional Transportation Plan (RTP).** The Board approved a prioritized list of needed projects over 20 years as part of the RTP. State and Federal rules require that all projects are consistent with our RTP.

2. **Project ability to leverage new funds for the region.** To stretch limited RTIP dollars, other funds need to be leveraged including Interregional Transportation Improvement Program (ITIP) funds from 25% of the STIP, local funds, state grants, federal earmarks, and State Highway Operation and Protection Program (SHOPP) dollars.

3. **Regional congestion-relief benefit.** Projects that serve wide-spread regional traffic needs – as opposed to projects that serve localized areas or individual development projects – should have priority. Regional significance is evaluated using the travel model, functional road classifications, and joint project sponsorships among local agencies and Caltrans. Also, since most other transportation funds are committed to maintenance, RTIP funds should be reserved for capacity-increasing improvements.

4. **Full project funding likely.** There is little sense in expending resources or tying up programming capacity in a specific project if full project funding cannot be demonstrated.

5. **Appropriateness of using STIP funds where project is eligible for funds through other programs.** A project or portion of a project more appropriately funded through other eligible programs should be pursued accordingly. Examples include projects eligible under bridge, safety, or rehabilitation programs.

6. **Local agency funding contribution to regional needs identified in the RTP.** To some degree, all local agencies contribute locally raised revenue to regional needs identified in the RTP. Examples currently include local revenue programs for regional interchanges and major arterials. Priority should be given to projects where there is local funding participation in regional projects.

Existing RTIP Projects
In determining 2008 RTIP programming, existing RTIP projects that have received funding for preliminary studies only must also be considered. At the December 2007 meeting, the Board provided guidance to staff regarding two projects programmed nearly ten ago for environmental work only. Both have substantial unfunded needs:

Buckhorn (SR 299): In 1999, the Board approved $150,000 in RTIP funds for environmental studies for this $243 million project. The project has been set back due to declining STIP revenue. In light of the guiding principles discussed above, and given the magnitude of congestion-relief needs in our urban area, the Board recommended no further RTIP funding for Buckhorn at this time.

Stillwater (SR44): Beginning in 1999, the Board approved $840,000 in RTIP funds to match an equal amount of ITIP funds. These funds were used to complete environmental studies for this $68 million project that would extend the SR 44 freeway from Redding to Palo Cedro. Ten years ago, the project was estimated at $15 million and RTIP revenues were estimated at $10 million annually. Funding this project today would require a commitment of all RTIP resources over the next fifteen years or more. This assumes a 50% ITIP match from the state which, in the current funding climate, is unlikely. Due to increased freeway congestion within the urban areas surrounding Interstate 5 and better opportunities to leverage outside funds within these areas, the Board recommended no further RTIP programming for the Stillwater project until such time as full project funding can be identified. A $3.2 million federal earmark granted to Shasta County (unincorporated) remains available for the improvements to the Stillwater intersection; however, the County and Caltrans have yet to identify a community-desired improvement within that price range.

Transportation Enhancement (TE) programming

The CTC estimates that $822,000 of our RTIP share could be programmed for non-motorized Transportation Enhancement (TE) projects. TE funds are currently being used to develop the East Redding Bike Lane Project with $1.730 million currently programmed for construction. The project involves two east/west spur segments (Old Alturas Road and College View Drive) and one north/south segment (Old Oregon Trail) as shown in the attached RTIP project maps. The project is currently in the right of way phase and Shasta County is the lead agency. The Old Oregon Trail segment will be delayed due to the complexity of securing right-of-way on over 50 parcels and added cost due to utility relocations. Staff recommends programming this project in two construction phases. The east/west spurs can be constructed next year at an estimated cost of $800,000. The Old Oregon Trail segment is recommended for programming in FY 10/11 for $1,652,000.

Planning, Programming and Monitoring (PPM)

PPM funds are used to develop projects for the RTIP and for RTIP administration. PPM funds are recommended for continued programming at the maximum levels allowed by CTC as shown in the RTIP.

2008 RTIP Recommendation

In addition to the "TE Reserve" and PPM, staff recommends programming the environmental review phase of a project that will widen Interstate 5 to six lanes between Bonnyview Drive and the Central Interchange as shown in the attached "Project Programming Request" form. The environmental work is estimated to cost $1.195 million. The total escalated project cost is estimated at $43.757 million. This segment of I-5 is a high priority in the RTP and is projected to fail within the next 10 years.

It is important to note that the CTC will likely reject Shasta's proposal due to a lack of available STIP funds. At best, the CTC will delay funding the environmental phase to 2011 or beyond. If we rely only on State funds to complete this project, it will likely take 10-15 years to accrue the required

RTIP and ITIP funds needed to award a construction contract. During this time, RTIP resources would not be available for other needed projects. This is why efforts like the Fix Five Partnership were initiated (see below Fix Five discussion).

RTPA staff has also been advised that the CTC will not approve new project starts such as this using ITIP funds in this cycle. ITIP funding projections are far below existing project commitments statewide. To avoid delays and escalation costs, staff recommends funding the environmental phase using 100% RIP funding with an RTPA Board stipulation that the ITIP shares would be adjusted in future project phases to reflect a 50% share upon project completion. While the CTC will not commit themselves to future actions, we can nonetheless make our intentions clear in the attached submittal.

If we do not strategically enter into flexible arrangements such as this and wait until ITIP dollars are available to initiate a project phase, the project will be delayed and RTIP revenues will have difficulty keeping pace with inflation.

Fix Five Partnership Implications
If the Fix Five Partnership is approved, staff would recommend programming all future project phases with Fix Five impact/mitigation fees instead of RTIP funds. This would free up RTIP resources to be considered for a backlog of other regional needs such as freeway interchanges, the Stillwater/SR 44 Project, Cypress Avenue, and Airport Road. RTIP funds used for these projects would reduce the need, dollar-for-dollar, to adopt new local revenue programs for these facilities.

If the Fix Five Partnership is not approved, it would be recommended that all RTIP resources be committed to I-5 mainline improvements. Under this scenario and the current funding structure, the full six-lane facility would not be realized. RTIP funds would not be available for a growing list of other regional needs. With a $232 million I-5 need in today's dollars, inflation adds $7 to $12 million dollars compounded annually for each year of delay. RTIP/ITIP revenues are not indexed and, therefore, will not keep pace with inflation.

ALTERNATIVES
Delay Project: The Board may consider reserving the I-5 programming capacity until the ITIP funds become available. This will result in a two-year minimum project delay and escalate the project cost by an estimated $4 million.

Accelerate Project: The Board may consider programming an additional $3.476 million for the project's design phase in FY 09/10 using 100% RTIP funds. This may accelerate the project by one year depending on how quickly the environmental work progresses and the availability of ITIP funds in the next STIP cycle. Because of these unknowns, staff recommends holding off on the design phase until FY 10/11, which the Board may approve as part of the 2010 RTIP cycle.

OTHER AGENCY INVOLVEMENT
This item was discussed at the February 11, 2008, TAC meeting. No other projects were nominated by local agencies or considered to be stronger STIP candidates than a project on I-5. TAC supports the staff recommendation.

FINANCING
RTIP projects are currently funded by a portion of the state sales tax on fuel. Another revenue source - the state and federal flat gas tax - is now dedicated to a growing deficit of safety and maintenance needs on our existing transportation network. In urban areas such as ours with emerging congestion issues, RTIP funding will not keep pace with growth-induced capacity needs, let alone construction escalation. RTIP funds need to be used strategically to maximize and leverage limited funds in the most cost-effective manner possible.

Daniel S. Little, AICP, Executive Director

DSL/jac

Attachment A: Draft 2008 Shasta County RTIP Cover Letter
Draft 2008 Shasta County RTIP