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June 14, 2019

Dina Purvis
Senior Engineering Technician
City of Lake Elsinore
130 S. Main Street
Lake Elsinore, CA 92530

**Subject: TUMF Improvement and Credit Agreement – Westlake Development – SR-74
(Riverside Avenue) Improvements**

Dear Ms. Purvis,

The Transportation Uniform Mitigation Fee (TUMF) Program establishes a mitigation fee for regional transportation impacts, which apply to development projects throughout Western Riverside County. Outlined in the TUMF Administrative Plan are the various options/procedures a development project can utilize to meet TUMF obligations. Options for meeting TUMF obligations include the following:

- Pay TUMF to jurisdiction in which building permit is issued;
- Construct TUMF improvements in lieu of TUMF payment (Attachment 1); or
- Participate in a financing district that is constructing a regional TUMF facility.

The City of Lake Elsinore has received a request from Pardee Homes regarding the potential TUMF credit for improvements constructed in lieu of TUMF payment. The improvements for SR-74 (Riverside Avenue) and Grand Avenue are eligible in the TUMF Program Exhibit H, which identifies the eligible network improvement costs. For reference, Exhibit H-1 from the 2016 TUMF Nexus Study with the maximum TUMF share for the improvements is included (Attachment 2). The maximum TUMF share for the proposed improvements (addition of one lane for .20 miles) to SR-74 (Riverside Avenue) and (addition of one lane for .16 miles) to Grand Avenue is \$827,000.

WRCOG concurs with the City's determination that a Credit Agreement is the appropriate vehicle to ensure that the improvements are constructed. It should be noted that it is the City's sole responsibility to accurately reconcile the project and provide the correct credit value to the applicant. The TUMF Administration Plan, Section VI A.5, makes it clear that if a jurisdiction provides more than the allowable credit, the jurisdiction is responsible for repayment. Any shortfall to the Program due to an error in the calculation of credit, the City, in consultation with WRCOG, will rectify the issue.

As noted in the TUMF Improvement and Credit Agreement, the maximum amount of credit is the lesser of the actual cost to complete the improvements and the maximum TUMF share in the Program. If the TUMF credit is less than the fee obligation for the development, the developer shall pay the balance of the TUMF obligation.

If you have any questions regarding this letter, please contact me at (951) 955-8304 or at cgray@wrcog.us.

Sincerely,

Christopher Gray
Director of Transportation & Planning

- Attachments:
1. WRCOG TUMF Administrative Plan.
 2. Exhibit H-1: Maximum TUMF Share, SR-74 (Riverside Avenue) and Grand Avenue Improvements.

VI. Administration of Credits – The TUMF Ordinance has a provision that if a developer constructs a TUMF facility, the developer will receive credit against the TUMF obligation for the project improvements. Typically, major infrastructure (such as rail grade separations, interchanges, transit projects, etc.) is constructed by the local jurisdiction rather than the developer, and involves multiple parties. As such, this section makes the distinction between credit agreements for major infrastructure with the local jurisdictions and the standard arterial improvements with developers. Each jurisdiction shall be responsible for the administration of TUMF credit agreements. Each jurisdiction shall transmit all TUMF credit agreements to WRCOG within 60 days of execution by that jurisdiction. Fee credit shall be in accordance with the following:

A. Developer Credits -

1. If a developer, as a requirement of the Conditions of Approval, constructs improvements identified on the RSHA, the developer is entitled to a TUMF credit up to 100% of the TUMF obligation, not to exceed the Maximum TUMF Share, if the developer follows the requirements outlined in Exhibit “B” of the Administrative Plan. The developer shall enter into a credit agreement that will identify the maximum TUMF credit (the lesser of the bid amount or unit cost assumptions) which is determined by the most current unit cost assumptions for the RSHA, or actual costs, whichever is less. Prior to taking a credit agreement to the City Council/Board for approval, the jurisdiction must submit the draft agreement to WRCOG for review as to content and form. Jurisdictions should use the applicable model credit agreement prepared for WRCOG and shall provide an explanation for any deviations for the model. WRCOG shall notify the jurisdiction in writing if the agreement is in compliance with the TUMF Program. A jurisdiction shall not grant TUMF credits unless the credit agreement has been approved in writing by WRCOG. TUMF credit shall be determined based on approved improvement plans and after conditions of approval have been determined. The credit agreement at a minimum shall identify the facility, the dimensions of the facility, number of lanes and applicable unit costs used to deliver the improvements. The unit costs shall be based on the fee in effect at the time the agreement is approved and the maximum TUMF value for the facility (ies) on the RSHA and shall remain fixed through the completion of the project/improvement(s) identified in the agreement.
2. **Credits** – Prior to receiving any credit or payment of fees, a written credit agreement shall be executed between the jurisdiction and the developer. A jurisdiction may not allow a developer to pay the TUMF obligation and at a later date enter into a credit agreement with the expectation of receiving a refund. Parties that operate outside the policy outlined in this section and Exhibit “B” shall experience delays, sometimes significant, and possible denials in reimbursement for the project which is dependent on the transportation improvement program of projects.
3. **Credit for Right-of-Way (ROW) Dedication** – A developer may receive credit for dedication of ROW for RSHA improvements. This section addresses the crediting of ROW dedications that are not part of construction projects. The ROW component in the current Nexus Study determines the maximum share of credit available. An appraisal is required to determine the value of the ROW being dedicated. One of the following methods determines the appraisal of the ROW:
 - a. The developer provides to the jurisdiction a current appraisal (no more than two years old), of the ROW to be dedicated. The jurisdiction reviews it and determines if the appraisal is valid and acceptable; or

- b. The developer accepts the appraisal of the jurisdiction.

4. Credit for Developer Monetary Contributions

- a. A developer may receive a credit for contribution of funding provided specifically for one of the following types of improvements: (i) a Regionally Significant Transportation Improvement, as defined as those facilities that typically are proposed to have six lanes at build out and extend between multiple jurisdictions, or discrete useable segment thereof, as determined by WRCOG, (ii) any type 1, 2, 3 interchange on an interstate or state highway (iii) any railroad crossing with an estimated construction cost of more than ten million dollars (\$10,000,000), and (iv) any bridge located on a regionally significant arterial as defined in (i) of this section. The local jurisdiction and the developer must enter into a binding agreement obligating the developer to provide funding.
 - b. Prior to awarding credit under this Section IV.A.4 to a developer in lieu of requiring the payment of TUMF, a local jurisdiction must receive written approval from the WRCOG Executive Director, or designee. The Executive Director is encouraged to consult with the WRCOG Public Works Committee before approving the award of credit under this Section.
 - c. Prior to awarding credit under this Section IV.A.4 to a developer in lieu of requiring the payment of TUMF, the local jurisdiction shall enter into an MOU with WRCOG and provide information, as requested by WRCOG, to account for the credit and provide an explanation of why the improvement to be funded with the monetary contribution cannot be constructed by the developer. .
 - d. If credit awarded to a developer under this Section VI.A.4, the local jurisdiction shall be responsible for construction of the improvement for which funding is provided by the developer and those improvements shall not be eligible for TUMF Program prioritization or funding.
 - e. Credit will only be awarded to a developer after the local jurisdiction has awarded a construction contract for the improvement for which the funding is contributed has been awarded.
 - f. In the event that not all funds contributed by a developer are spent within 3-years of contribution, the local jurisdiction shall remit any unspent funds received from the developer under this section to WRCOG. The 3-year term may be extended by action of the WRCOG Executive Committee upon request of the local jurisdiction.
5. Any improvement made to the RSHA that is obligated through an existing fee district (prior to June 1, 2003) shall not be eligible for TUMF credit.
6. Should it be determined that a jurisdiction granted credits exceeding the maximum TUMF credit, that jurisdiction shall provide WRCOG payment in the amount equal to the excess credit amount.
7. Any project that is exempt from the fee is not entitled to fee credits or reimbursement.

B. Use of Credit by Developer – All TUMF credit shall be used first by the developer to offset the TUMF obligation for the project.

1. Credits may not be transferred or sold to other development projects, unless
1) the property to which the Credits are being transferred or sold is contiguous to the same TUMF facility and owned and conditioned for improvement by the same developer and 2) the transfer is approved by WRCOG in writing.
WRCOG may place conditions on the use transfer or sale of credits in order to maintain the integrity of the TUMF program. In some cases, a Jurisdiction may be required to acknowledge that the property is one contiguous project.
2. Developers must exhaust all credits before they are eligible for reimbursements. Any reimbursement shall be made only in accordance with a reimbursement agreement as provided in Section VIII, hereof.
3. Credits shall run with the sale of the land.

C. Local Development Impact Fees and other funding programs - The local jurisdiction shall compare facilities in local fee programs against the RSHA and eliminate any overlap in its local fee program.

1. **New Financing Districts and Bond Issues:**
For a financing district created or bonds or other evidence of indebtedness issued on or after June 1, 2003, the local jurisdiction may allow a property owner, in lieu of the payment of TUMF to participate in such a financing district and receive credit against the TUMF obligation if the district is funding the following facilities: (i) a Regionally Significant Transportation Improvement, as defined as those facilities that typically are proposed to have six lanes at build out and extend between multiple jurisdictions, or discrete useable segment thereof, as determined by WRCOG, (ii) any type 1, 2, or 3 interchange on an interstate or state highway (iii) any railroad crossing with an estimated construction cost of more than ten million dollars (\$10,000,000), and (iv) any bridge located on a regionally significant arterial as defined in (i) of this section.
 - a. Prior to and in lieu of payment of TUMF under this Section VI.C. the local jurisdiction must do all of the following:
 - (1) Sell bonds within 3 years in an amount sufficient to construct the improvement for which the financing district is created;
 - (2) Receive written approval from the WRCOG Executive Director, or designee; and
 - (3) In the event that a local jurisdiction is unable to satisfy the requirements of section a (1), above, the local jurisdiction may still excuse the payment of bonds if the local jurisdiction enters into an agreement with WRCOG in which it commits to pay the full amount of any excused Fee, plus interest at the average rate earned by WRCOG over the past twelve months, in the event that the bonds may be extended up to an additional 5 years with the approval of the WRCOG Executive Committee.
 - b. If a local jurisdiction proposes to issue a credit in lieu of requiring the payment of TUMF as provided in this Section VI.C, then the jurisdiction shall enter into an MOU with WRCOG, and provide reasonable information to account for the credit.

- c. If credit is issued in lieu of requiring the payment of TUMF as provided in this Section VI.C, then the jurisdiction shall be responsible for construction of the improvements and those improvements shall not be eligible for TUMF Program prioritization or funding.
 - d. Any dispute regarding this implementation of this Section VI.C. may be appealed by the local jurisdiction to the WRCOG Executive Committee for a final determination.
 - e. This Section VI.C is not intended to impact the administration of credits under Section VI.A. of the Administrative Plan.
2. As used in this section, a financing district means a community facilities district, a local road and bridge district, or an assessment district.
3. Where there is an existing financing district or an existing fee program established prior to June 1, 2003, with bonded indebtedness, then the local jurisdiction may credit payment of the TUMF for that portion of the facility identified in both programs. Notwithstanding the previous sentence, a local jurisdiction shall not issue a TUMF credit for any facilities for which bonds have been issued after February 4, 2008, regardless of when the financing district was first created.

STREETNAME	SEGMENTFROM	SEGMENTTO	MILES	EXISTINGLN	FUTURELN	NEWLNCOST	ROWCOST	PLNG	ENG	CONTIG	TOTAL COST	MAXIMUM TUMF SHARE	
Esplanade	State	Warren	3.53	2	4	\$4,889,000	\$2,028,000		\$489,000	\$1,222,000	\$692,000	\$9,320,000	\$9,320,000
Sanderson	Ramona	Esplanade	3.55	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
SR-79 (North Ramona)	State	San Jacinto	1.02	2	2	\$0	\$0		\$0	\$0	\$0	\$0	\$0
SR-79 (San Jacinto)	North Ramona Blvd	7th	0.25	2	4	\$341,000	\$1,116,000		\$34,000	\$85,000	\$146,000	\$1,722,000	\$1,722,000
SR-79 (San Jacinto)	7th	SR-74	2.25	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
State	Ramona	Esplanade	1.99	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
State	Gilman Springs	Quandt Ranch	0.76	2	4	\$1,053,000	\$437,000		\$105,000	\$263,000	\$149,000	\$2,007,000	\$1,138,000
State	San Jacinto River	bridge	0.00	2	4	\$0	\$0		\$318,000	\$795,000	\$318,000	\$4,611,000	\$3,162,000
State	Quandt Ranch	Ramona	0.70	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Warren	Ramona	Esplanade	3.47	2	4	\$4,803,000	\$1,992,000		\$480,000	\$1,201,000	\$680,000	\$9,156,000	\$9,156,000
Gilman Springs	Sanderson	State	2.54	2	4	\$3,522,000	\$1,461,000		\$352,000	\$881,000	\$498,000	\$6,714,000	\$3,462,000
Gilman Springs	Massacre Canyon Wash	bridge	0.00	2	4	\$0	\$0		\$64,000	\$159,000	\$64,000	\$923,000	\$570,000
SR-79 (Winchester)	SR-74 (Florida)	Domenigoni	3.23	2	2	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Corydon	Mission	Grand	1.53	2	4	\$1,059,000	\$439,000		\$106,000	\$265,000	\$150,000	\$2,019,000	\$2,019,000
Diamond	Mission	I-15	0.24	4	6	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Franklin (integral to Railroad C	I-15	interchange	0.00	0	0	\$0	\$0		\$2,556,000	\$6,390,000	\$2,556,000	\$37,060,000	\$14,629,000
Grand	Lincoln	Toft	1.29	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Grand	Toft	SR-74 (Riverside)	0.16	2	3	\$110,000	\$46,000		\$11,000	\$28,000	\$16,000	\$211,000	\$211,000
SR-74 (Riverside)	Lakeshore	Grand	0.20	2	3	\$122,000	\$399,000		\$12,000	\$31,000	\$52,000	\$616,000	\$616,000
Temescal Canyon	I-15	Lake	1.21	2	4	\$2,125,000	\$695,000		\$213,000	\$531,000	\$282,000	\$3,846,000	\$3,846,000
Temescal Canyon	Temescal Wash	bridge	0.00	2	4	\$0	\$0		\$157,000	\$391,000	\$157,000	\$2,270,000	\$2,270,000
California Oaks	Jefferson	I-15	0.32	4	6	\$110,000	\$359,000		\$11,000	\$28,000	\$47,000	\$555,000	\$555,000
California Oaks	I-15	Jackson	0.50	6	6	\$0	\$0		\$0	\$0	\$0	\$0	\$0
California Oaks	Jackson	Clinton Keith	1.76	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Jackson	Whitewood	Ynez	0.53	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Jefferson	Palomar	Nutmeg	1.02	0	4	\$1,412,000	\$585,000		\$141,000	\$353,000	\$200,000	\$2,691,000	\$2,691,000
Jefferson	Nutmeg	Murrieta Hot Springs	2.37	2	6	\$4,264,000	\$13,943,000		\$426,000	\$1,066,000	\$1,821,000	\$21,520,000	\$21,520,000
Jefferson	Murrieta Hot Springs	Cherry	2.26	6	6	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Keller	I-215	Whitewood	0.75	2	4	\$311,000	\$1,018,000		\$31,000	\$78,000	\$133,000	\$1,571,000	\$1,571,000
Keller	I-215	interchange	0.00	0	0	\$0	\$0		\$1,234,000	\$3,086,000	\$1,234,000	\$17,897,000	\$17,897,000
Los Alamos	Jefferson	I-215	1.77	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Murrieta Hot Springs	Jefferson	I-215	1.11	6	6	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Murrieta Hot Springs	I-215	Margarita	1.48	6	6	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Murrieta Hot Springs	Margarita	SR-79 (Winchester)	1.01	4	6	\$1,395,000	\$579,000		\$140,000	\$349,000	\$197,000	\$2,660,000	\$2,660,000
Nutmeg	Jefferson	Clinton Keith	1.97	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Whitewood	Clinton Keith	Los Alamos	2.01	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Whitewood	Los Alamos	Murrieta Hot Springs	1.93	2	2	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Whitewood	Murrieta Hot Springs	Jackson	0.80	0	4	\$1,882,000	\$4,852,000		\$188,000	\$471,000	\$673,000	\$8,066,000	\$8,066,000
Ynez	Jackson	SR-79 (Winchester)	1.22	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Jefferson	Cherry	Rancho California	2.29	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Margarita	Murrieta Hot Springs	SR-79 (Temecula Pkwy)	7.38	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Old Town Front	Rancho California	I-15/SR-79 (Temecula Pkwy)	1.45	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Pechanga Pkwy	SR-79 (Temecula Pkwy)	Via Gilberto	1.32	6	6	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Pechanga Pkwy	Via Gilberto	Pechanga Pkwy	1.44	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Rancho California	Jefferson	Margarita	1.89	4	6	\$1,255,000	\$4,549,000		\$126,000	\$314,000	\$580,000	\$6,824,000	\$6,824,000
Rancho California	I-15	interchange	0.00	0	0	\$0	\$0		\$1,234,000	\$3,086,000	\$1,234,000	\$17,897,000	\$12,009,000
Rancho California	Margarita	Butterfield Stage	1.96	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Rancho California	Butterfield Stage	Glen Oaks	4.26	2	4	\$5,896,000	\$21,377,000		\$590,000	\$1,474,000	\$2,727,000	\$32,064,000	\$32,064,000
SR-79 (Temecula Pkwy)	I-15	Pechanga Pkwy	0.64	6	8	\$887,000	\$368,000		\$89,000	\$222,000	\$126,000	\$1,692,000	\$1,576,000
SR-79 (Temecula Pkwy)	Pechanga Pkwy	Butterfield Stage	3.08	6	6	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Briggs	Scott	SR-79 (Winchester)	3.39	2	4	\$4,695,000	\$1,947,000		\$470,000	\$1,174,000	\$664,000	\$8,950,000	\$8,950,000
Butterfield Stage	Murrieta Hot Springs	Calle Chapos	0.82	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Butterfield Stage	Calle Chapos	La Serena	0.70	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0
Butterfield Stage	La Serena	Rancho California	0.90	2	4	\$1,580,000	\$517,000		\$158,000	\$395,000	\$210,000	\$2,860,000	\$2,860,000
Butterfield Stage	Rancho California	Pauba	0.85	4	4	\$0	\$0		\$0	\$0	\$0	\$0	\$0