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ON _____

Five-Year Program Report for the East County Regional Area of Benefit

December, 2018

Prepared Pursuant to Government Code Section 66001(d)(1)

Prepared by and for:

Contra Costa County Public Works Department, Transportation Engineering Division and
Department of Conservation and Development, Community Development Division

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I. INTRODUCTION

The East County Regional Area of Benefit (ECRAOB) is a traffic mitigation fee program established for developers to contribute their fair share of the cost for transportation improvements necessary to serve growth. On December 17, 2013, the Contra Costa County Board of Supervisors adopted Ordinance No. 2013-26, as well as Resolution No. 2013/472, to update the Area of Benefit Program for the East County Regional Area of Benefit (ECRAOB).

Government Code section 66001(d)(1), and Contra Costa Ordinance No. 2013-26, require that in the fifth fiscal year following the first deposit into the fund established for receipt of deposits of the collected transportation mitigation fees, and every five years thereafter, the Board of Supervisors shall make all of the following findings with respect to that portion of the ECRAOB fund remaining unexpended, whether committed or uncommitted:

- (1) Identify the purpose to which the transportation mitigation fees are to be put.
- (2) Demonstrate a reasonable relationship between the transportation mitigation fees and the purpose for which they are charged.
- (3) Identify all sources and amounts of funding anticipated to complete financing of incomplete transportation improvements identified in the Report.
- (4) Designate the approximate dates on which the funding referred to in paragraph three (3) above, is expected to be deposited into the appropriate account or fund.

Government Code section 66001(d)(2) requires the above findings to be made in connection with providing the public information required by Government Code section 66006(b). Section 66006(b) requires the County to make the following fiscal year information available within 180 days after the end of the fiscal year:

- (1) A brief description of the type of fee in the account or fund.
- (2) The amount of the fee.
- (3) The beginning and ending balance of the account or fund.

- (4) The amount of the fees collected and the interest earned.
- (5) An identification of each public improvement on which fees were expended during the fiscal year and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.
- (6) An identification of the approximate date by which the construction of the public improvement will commence if the County determines that sufficient funds have been collected to complete financing on an incomplete public improvement.
- (7) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and in case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.
- (8) The amounts of any refunds under Section 66001(e), and any allocations under Section 66001(f).

This report is prepared to satisfy the above five-year finding and reporting requirements. This report includes the findings that the Board of Supervisors is required to make under Government Code section 66001(d)(1), and information in support of each of those findings. This report also is prepared to provide ECRAOB Fiscal Year 2017/2018 information that must be made publicly available, pursuant to Government Code section 66006(b).

II. BACKGROUND

An "Area of Benefit" (AOB) is a geographic area of unincorporated Contra Costa County in which the County imposes transportation mitigation fees – a type of development impact fee on new development to fund new development's share of the transportation improvements required to satisfy transportation demands within that geographic area. (See Gov. Code, §§ 66484, 66484.7.) The County has 15 Areas of Benefit. This five year

update report relates to the ECRAOB. The ECRAOB boundary location is shown in Exhibit A.

The current fee structure is based upon the analysis published in the "East County Regional Area of Benefit Transportation Mitigation Fee Update", dated October 2012 (Nexus Study). The Nexus Study is included as an exhibit to the Development Program Report attached as Exhibit 1 to Resolution No. 2013/472, adopted by the Board of Supervisors on December 17, 2013. The fee structure implemented through Ordinance No. 2013-26 reflects a reduced fee rate for employment-generating land use, to encourage job growth.

Exhibit A. Area of Benefit Boundary Map

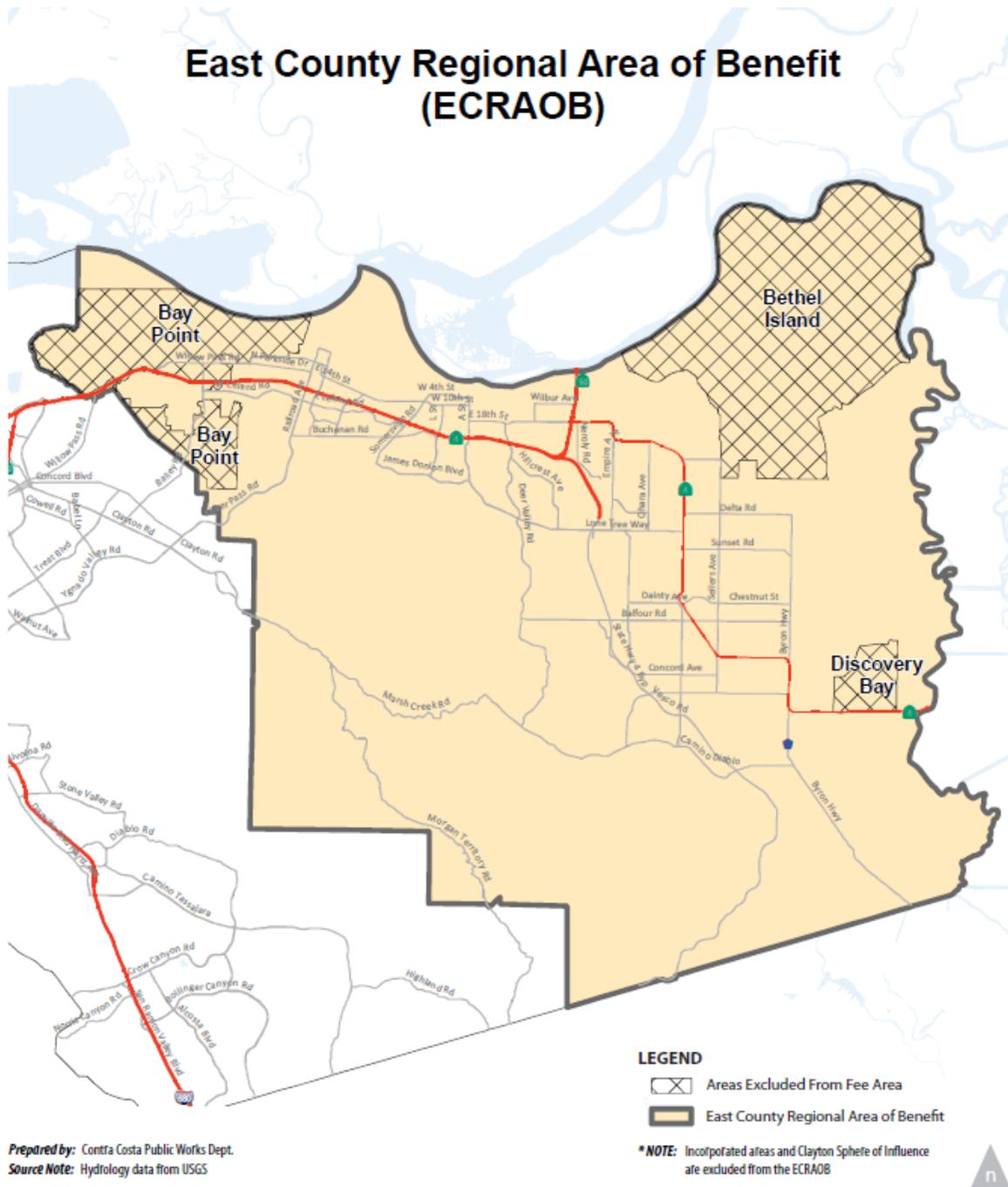


Figure 1.
 East County Regional Area of Benefit Boundary

WC05-21858_1_ECRAOBboundary



The current ECRAOB program includes a project list that consists of 23 projects, focused upon safety and capacity improvements throughout the area (see Table 1).

Fee Rates

The fee rates established with Ordinance No. 2013-26 are listed below.

<u>Land Use type</u>	<u>Fee</u>	<u>Per Unit</u>
Single Family Residential	\$ 5,530	per dwelling unit
Multi-Family Residential	\$ 3,436	per dwelling unit
Office	\$ 6.00	per square foot
Industrial	\$ 3.00	per square foot
Commercial/Retail	\$ 8.67	per square foot
Other	\$ 5,549	per peak-hour trip

Per the Ordinance, fees were to be “phased-in”; thus, the fee rates increased in 2015:

<u>Land Use type</u>	<u>Fee</u>	<u>Per Unit</u>
Single Family Residential	\$ 8,594	per dwelling unit
Multi-Family Residential	\$ 4,935	per dwelling unit
Office	\$ 6.00	per square foot
Industrial	\$ 3.00	per square foot
Commercial/Retail	\$ 8.67	per square foot
Other	\$ 8,509	per peak-hour trip

The Ordinance also allows for an annual fee adjustment. The current fee rates:

<u>Land Use type</u>	<u>Fee</u>	<u>Per Unit</u>
Single Family Residential	\$ 9,656	per dwelling unit
Multi-Family Residential	\$ 5,545	per dwelling unit
Office	\$ 6.75	per square foot
Industrial	\$ 3.36	per square foot
Commercial/Retail	\$ 9.73	per square foot
Other	\$ 9,559	per peak-hour trip

Projects Constructed

The following projects have been designed or constructed since 2013:

Marsh Creek Road: Traffic Safety Improvements – Rumble Strip Project

Marsh Creek Road: Safety Improvements – West of Deer Valley Road

Marsh Creek Road: Safety Improvements at Russelmann Park Road

Marsh Creek Road: Shoulder Widening – 2 miles west of Deer Valley

Byron Highway/Camino Diablo Intersection Improvements

Table 1. East County Regional Area of Benefit Project List

Cost estimates and fee rate calculations provided below are from the 2012 Nexus Study and, therefore, reflect dollar value in 2012.

ID	Project	Total Cost Estimate	Adjustment for Existing Deficiencies	East County Regional AOB Share ²	Potential AOB Fee Contribution
1	Vasco Road / Camino Diablo Intersection Improvements	\$3,837,000	100%	11%	\$422,000
2	Marsh Creek Road Improvements (City of Clayton to City of Brentwood)	\$56,819,000	37%	18%	\$3,784,000
3	Chestnut Street Widening (Sellers Ave to Byron Hwy.)	\$11,836,000	37%	78%	\$3,416,000
4	Delta Road Widening (Byron Hwy. to Holland Tract Road)	\$10,079,000	37%	100%	\$3,729,000
5	Knightsen Ave/Eden Plains Rd Widening (Delta Road to Chestnut Street)	\$11,650,000	37%	66%	\$2,825,000
6	Sunset Road Widening (Sellers Ave to Byron Hwy.)	\$12,150,000	37%	81%	\$3,641,000
7	Byron Hwy. Widening (Camino Diablo to the Alameda County line)	\$27,943,000	37%	9%	\$931,000
8	Byron Highway Two Way Left Turn Lane at Byron Elementary School	\$1,296,000	100%	20%	\$259,000
9	SR4/Byron Highway South Intersection Widening (Phase 2)	\$2,325,000	100%	15%	\$349,000

ID	Project	Total Cost Estimate	Adjustment for Existing Deficiencies	East County Regional AOB Share ²	Potential AOB Fee Contribution
10	Knightsen Ave Widening (East Cypress Road to Delta Road)	\$6,037,000	37%	28%	\$625,000
11	Delta Road Widening (Sellers Ave to Byron Hwy.)	\$9,044,000	37%	30%	\$1,004,000
12	Sellers Ave Widening (Delta Road to Chestnut Street)	\$8,890,000	37%	24%	\$789,000
13	Sellers Ave Widening (Main Canal to Marsh Creek)	\$5,390,000	37%	60%	\$1,197,000
14a ³	Byron Highway Widening (Delta Road to Chestnut Street)	\$11,561,000	37%	56%	\$2,395,000
14b ³	Byron Highway Widening (Chestnut Street to SR 4)	\$11,217,000	37%	62%	\$2,573,000
14c ³	Byron Highway Widening (SR 4 to Camino Diablo)	\$8,220,000	37%	20%	\$608,000
15	Camino Diablo Widening (Vasco Road to Byron Hwy.)	\$10,431,000	37%	11%	\$425,000
16	Knightsen Ave / Delta Road Intersection Improvements	\$1,594,000	100%	37%	\$590,000
17	Byron Highway/ Camino Diablo Intersection Improvements	\$3,499,000	100%	14%	\$490,000
18	Byron Highway/ Point of Timber Intersection Improvements	\$2,271,000	100%	62%	\$1,408,000
19	Sellers Ave / Marsh Creek Road Intersection Improvements	\$657,000	100%	24%	\$158,000
20	Balfour Road / Byron Highway Intersection Improvements	\$1,019,000	100%	77%	\$785,000
21	Sellers Ave / Sunset Road Intersection Improvements	\$1,146,000	100%	34%	\$390,000
22	Sellers Ave / Chestnut Street Intersection Improvements	\$1,180,000	100%	35%	\$413,000
23	Sellers Ave / Balfour Road Intersection Improvements	\$980,000	100%	43%	\$421,000
TOTAL		\$221,071,000			\$33,647,000
Existing Fee Account Balance					\$5,310,000
Total Cost Minus Existing Funds					\$28,337,000
Projected Growth in Trips					3,330
Fee per Trip					\$8,509

Account Status

2013 Fund Balance - \$5,310,000.00

Funds Expended on projects from 2013-2018 - \$4,525,689.17

Revenue generated 2013-2018 - \$3,837,906.06

Fund Balance as of October, 2018 - \$4,199,430.53

III. GOVERNMENT CODE SECTION 66001(d)(1) FINDINGS

(1) Identify the purpose to which the transportation mitigation fees are to be put.

The purpose of the fee program is to fund new development's share of the estimated costs of the transportation improvements identified in the Nexus Study and shown in Table 1 ("Transportation Improvements"), pursuant to Government Code section 66484 and 66484.7. The Transportation Improvements are necessary to meet transportation demands within the ECRAOB by 2030. The transportation mitigation fees will be used to partially or entirely fund the Transportation Improvements identified in the Nexus Study, and included on Table 1, including costs related to planning, engineering, administration, right-of-way acquisition, construction, or any other permits or studies required through the construction process, for the improvements. Project 17 identified in Table 1 has been completed. Project 2 has been partially completed. The projects in Table 1 continue to represent the future needs for the area and are the purpose of the fee program.

(2) Demonstrate a reasonable relationship between the transportation mitigation fees and the purpose for which they are charged.

As further described in the Nexus Study, the transportation mitigation fees are imposed to fund new development's proportional share of the Transportation Improvements that will serve or mitigate the impact of transportation demands caused by new development within the ECRAOB by 2030. New development within the East County Regional Area of Benefit will include new single-family residential and multi-family residential dwelling units, and new commercial/retail, office, and industrial

developments. Each of these types of developments generates vehicle trips at a certain rate. The transportation mitigation fees represent new development's proportional share of the cost of the Transportation Improvements. Each new development project pays its fair share of the cost of the transportation improvements required to accommodate it, based on the number of equivalent dwelling units and trips generated. The transportation mitigation fee for each new development will be calculated based on a factor of the number of peak-hour vehicle trips that will be generated by each new development project, and charged on a per-dwelling-unit, per-square-foot, or per-peak-hour-trip basis. The method of Fee apportionment is based upon industry standard trip generation rates per the Trip Generation Manual published by the Institute of Transportation Engineers.

- (3) Identify all sources and amounts of funding anticipated to complete financing of incomplete transportation improvements identified in the Report.

The Transportation Improvements within the ECRAOB program will be partially funded by AOB fee revenues. Other sources of funding, such as State or Federal aid, or local funding sources such, as Measure J funds or gas tax revenues, will be pursued to complete financing of these projects on a project by project basis.

The rate at which revenue is generated by transportation mitigation fees within the ECRAOB is dependent on the rate of new development. ECRAOB revenue generation, as well as gas tax revenue, and grant funds, drive the timing of construction of the Transportation Improvement because it is anticipated that most improvements will be funded through a combination of all these funding sources.

- (4) Designate the approximate dates on which the funding referred to in paragraph three (3) above is expected to be deposited into the appropriate account or fund.

The rate of revenue for capital improvements can vary based upon the economy and political issues so that the anticipated dates for funding are estimated. The rate of development is dependent on the economy and, thus, influences the rate of ECRAOB

fee collections. Over the last five years approximately \$3,900,000 in ECRAOB fees were collected. Federal, State, and local dollars can also be unpredictable. Historically, the rate of gas tax revenue was relatively constant, but due to reduced revenue resulting from fuel efficient vehicles and pending legislation, it is difficult to predict the rate of matching funds for these projects in the future.

Grant funds are also difficult to predict as local agencies compete for funding. Awards are not assured. Although the rate of funding is unpredictable, a very rough estimate over the next five years for funding of circulation improvements on the ECRAOB project list is approximately \$6,000,000 in public dollars from Local, State and Federal sources plus an estimated \$3,800,000 from ECRAOB. Although a prediction cannot be made with certainty, it is anticipated that the County will receive sufficient ECRAOB and other revenues to complete the following four projects over the next five years:

- Marsh Creek Road Safety Improvements. Marsh Creek Road is a two-lane roadway that is set in a rural area with winding curves, limited sight distance, and narrow shoulders. The roadway serves as a commuter route connecting Central Contra Costa County with East Contra Costa County. As a result, the roadway experiences higher traffic volume and speeds than addressed in the original design of this rural road. For this reason, the county continues to develop safety improvement projects that can increase driver comfort on this roadway.
- Byron Highway at Byer Road – Access Improvements for Excelsior Middle School. A left turn pocket and dual left turn lane along Byron Highway and along the Excelsior Middle School is currently under design and anticipated for construction within the next two years. Excelsior Middle School is a school campus previously named Byron Elementary School.
- Camino Diablo Road between Vasco Road and Byron Highway – Development is currently proposed along Camino Diablo just west of Byron Highway. It is anticipated that there will be necessary mitigations to accommodate this growth which may lead to future road widening to improve level of service.

- Sellers Avenue at Balfour Road – subsequent to the recent Balfour widening project, it is possible that increased demand in the area will lead to identification of needs for intersection improvements. Work related to this project within the next five years will involve planning and community outreach.

IV. GOVERNMENT CODE SECTION 66006(b)(1) INFORMATION FOR FY 2017/2018

(1) A brief description of the type of fee in the account or fund.

The ECRAOB Fee is a development impact fee on new development to fund new development's share of the cost to construct road improvements to serve new developments in the east county area of Contra Costa County. Requiring that all new development pay a road improvement fee will help ensure that they participate in the cost of improving the road system.

(2) The amount of the fee.

The fee rates for FY 2017/2018 as of July 2017:

<u>Land Use type</u>	<u>Fee</u>	<u>Per Unit</u>
Single Family Residential	\$ 9,305	per dwelling unit
Multi-Family Residential	\$ 5,344	per dwelling unit
Office	\$ 6.50	per square foot
Industrial	\$ 3.24	per square foot
Commercial/Retail	\$ 9.38	per square foot
Other	\$ 9,212	per peak-hour trip

(3) The beginning and ending balance of the account or fund.

FY 2017/2018 Beginning Fund Balance - \$3,341,782.77

FY 2017/2018 Ending Fund Balance - \$4,199,430.53

(4) The amount of the fees collected and the interest earned.

Developer Fees Collected - \$ 1,131,985.6

Interest Earned- \$ 60,596.16

- (5) An identification of each public improvement on which fees were expended during the fiscal year and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

<u>Project Name</u>	<u>Fee Expenditures FY 17/18</u>	<u>Fees as Percentage of Total Expenditures</u>
Marsh Creek Road: Traffic Safety Improvements	\$ 54,217.73	10%
Byron Highway/Camino Diablo Interchange	\$ 236,309.32	27%
Byron Highway/Byer Safety Improvement	\$ 43,599.29	32%

- (6) An identification of the approximate date by which the construction of the public improvement will commence if the County determines that sufficient funds have been collected to complete financing on an incomplete public improvement.

<u>Project Name</u>	<u>Date</u>
Marsh Creek Road: Traffic Safety Improvements	Construction anticipated 2019/2020
Byron Highway/Camino Diablo Interchange	Completed
Byron Highway/Byer Safety Improvement	Construction anticipated 2019/2020

- (7) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and in case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.

There was no interfund transfer or loan made from the fund.

- (8) The amounts of any refunds under Section 66001€ , and any allocations under Section 66001(f).

No refunds have been made to the fund.

V. CONCLUSION

The ECRAOB program has generated revenue representing new development's proportional share of the cost of Transportation Improvements needed to mitigate transportation impacts within the ECRAOB by 2030. Over the past five years, five such projects have been completed using a combination of ECRAOB transportation mitigation fee revenue, Highway Safety Improvement Program (HSIP), and High Risk Rural Road (HRRR) grant programs. Therefore, the County has made reasonable progress in implementing the Transportation Improvements included in the ECRAOB program.

Looking forward to the next five years, it is anticipated that four additional projects will be constructed from the ECRAOB project list with growth's fair share of funding provided by the ECRAOB fund balance. The remainder of funds for the future projects will come from grants and local road funds. The circulation needs for this area as detailed in the October 2012 Nexus Study still remains. The current fund balance will be allocated to the projects listed in Table 1.