TAHOE REGIONAL PLANNING AGENCY

Mail
PO Box 5310
Stateline, NV 89449-5310

Location
128 Market Street
Stateline, NV 89449

Contact
Phone: 775-588-4547
Fax: 775-588-4527
www.trpa.gov

STAFF REPORT

Date: December 8, 2021

To: TRPA Operations and Governance Committee

From: TRPA Staff

Subject: Rules of Procedure Amendments to Implement Mobility Mitigation Fee Update

---

<u>Summary and Staff Recommendation:</u>
In April 2021, the Governing Board approved changes to Chapter 65 of the Code of Ordinances regarding project impact assessment for transportation to implement the new Vehicle Miles Travelled (VMT) Threshold at the project level. The update of the Mobility Mitigation Fee (MMF) will fully align it with the new threshold by focusing on VMT mitigating projects from the recently adopted 2020 Regional Transportation Plan (RTP).

Staff recommends a fee rate of $218 per VMT. The rate is based on the 25-year timeframe of the RTP for both VMT mitigating project costs and projected VMT from added development. The Regional Plan Implementation Committee (RPIC) unanimously recommended adoption by the Governing Board of the proposed amendments at its November 17, 2021 meeting as well as waiving the fee for deed-restricted affordable, moderate, and achievable housing developed within areas eligible for Residential Bonus Units, with the impact of the waiver assessed during the mandated two-year threshold review process.

Staff will present a summary and technical analysis for the recommendation and seek a recommendation for approval from the Operations and Governance Committee to be brought to the Governing Board for potential action at the December meeting. Staff will present the summary, technical analysis, and Operations and Governance Committee action to the full Governing Board at the December meeting for final action.

<u>Required Motion:</u>
In order to recommend adoption of the update to the Mobility Mitigation Fee, the Operations and Governance Committee must make the following motion, based on the staff report:

1) A motion to recommend adoption of Resolution 21 - __ to amend the Rules of Procedures as set forth in Exhibit 4 to Attachment B.

In order for motion to pass, an affirmative vote of the majority of the Operations and Governance Committee is required.

Background:
TRPA has long charged mitigation fees for environmental impacts from increased automobile trips associated with development. Fees are then used by the region's jurisdictions and implementing agencies to leverage larger monies, typically as matching funds for federal grants, to provide the transportation infrastructure necessary to implement the policies and achieve the goals of the Regional Plan and Regional Transportation Plan (RTP). Those goals include concentrating development in town centers, incentivizing affordable housing in those centers, promoting mobility, reducing mobile source greenhouse gas emissions, and reducing reliance on private automobiles. Fees that link land use and transportation also further the regulatory intent of executive order and legislation from both California (SB 375 and SB 743) and Nevada (SB 256 and Executive Order 2019-22) to address climate change.

The Regional Plan contains a detailed Implementation Element that includes developing a fee to offset impacts from development and redevelopment. TRPA established the Air Quality Mitigation (AQM) fee for this purpose. The AQM fee was calculated by estimating the cost of needed improvements over a four-year period and dividing that cost by anticipated growth. The AQM fee was last updated in 2007: $362.04 per average daily trip end. It has not been adjusted for inflation since 2006.

At its April 2021 meeting, the Governing Board approved revising the AQM fee to the MMF, basing the fee on average daily VMT instead of average daily trip ends, providing for annual inflation adjustments based on the Consumer Price Index for the San Francisco region, and indexing to the current RTP constrained project list.

The fee recommendation is rooted in a three-step process: 1) Identifying VMT reducing projects from the RTP constrained project list, 2) Identifying development's proportional share of future VMT, and 3) Apportioning the fee to new development.

1) VMT Reducing Projects
The VMT mitigating projects are drawn from the 2020 RTP constrained project list and represent both transportation system and transportation demand management projects.

RTP Focus Area	Project Examples	2045
Transit	Microtransit, Water Taxi, and Mobility Hubs	$185,651,396
Trails	Multi-Use Paths & Pedestrian Improvements	$156,761,335
Technology	Smartphone App, Parking Management, Adaptive Traffic Management	$17,611,931
Communities	Corridor Planning and Implementation	$190,456,381
Total		**$550,481,043**

2) Proportional Share
The proportional share of future VMT from development is based on the 2020 RTP, forecast to 2045, and its 25-year constrained project list. The use of the full planning horizon is consistent with wider practice in the field used to develop transportation mitigation fees, most equitably distributes costs across development years, and is the most supportive of implementing the VMT per capita threshold, which will largely be achieved through implementation of the 2020 RTP.

Timeframe	VMT Project Costs Minus Secured Funding	Development Share of Projected Future Average Daily VMT	New Development Proportion of VMT Reducing Projects
25-year: 2045	$550,481,043	6.8%	$37,432,711

3) Fee Apportionment

Apportioning the fee across all future VMT aligns with implementation of the transportation and sustainable communities threshold (TSC1) VMT per capita threshold at the project level and supports attainment of that threshold. Consistent with the AQM fee, staff proposes to attribute 90 percent of the impact to VMT generators (i.e., increases in the bed base via new residential units, Tourist Accommodation Units (TAU), and campgrounds) and 10 percent to VMT attractors (all other uses).

Discussion:

Several considerations can influence fee setting, including fees charged by peer communities, transportation grant matching funds requirements, adjustments for inflation, and fee variations by trip generating (bed base) or trip attracting (in-basin attractions) land uses.

Considering peer community fees is valuable and addresses the potential unintended consequence of incentivizing desired development in lower fee jurisdictions. However, fee purpose (e.g., mitigating VMT, offsetting roadway impacts from development, or some combination of the two) and transportation goals differ across jurisdictional and regional boundaries (e.g., peer communities do not have an equivalent VMT per capita threshold). Further, transportation goals, projects, and programs, associated costs, and funding available to implement them can vary by jurisdiction. Therefore, it is not recommended that the MMF be set to match peer communities' fees. However, comparing the equivalent fee rates of peer communities to the recommended MMF finds them to be reasonably close to one another.

For decades Tahoe's transportation improvements have largely been funded by federal grants and limited jurisdictional and implementing agency funds. Grants, jurisdiction, and agency funds for transportation are becoming more competitive, less reliable, and are on the decline. Using a maximum fee based on grant matching funds requirements could result in more successful federal transportation grants in the region because applications with larger matching funds are typically more competitive. More successful transportation grants would in turn advance the implementation of the 2020 RTP and attainment of the VMT per capita threshold. However, this approach would increase the share of average daily VMT that development and redevelopment would be required to mitigate to a proportion greater than its expected impact, i.e., 9.3% weighted average matching funds requirements versus 6.8% of future VMT.

One approach to fee setting could be to adjust the MMF to reflect inflation from 2006 to 2020. However, this approach would continue to be based on a four-year project list from 2002. As a result, the fee would not fully align with implementing the new VMT per capita threshold standard at the project level through implementation of the 2020 RTP and would not represent development's proportional share for reducing its future average daily VMT. Therefore, it is not recommended.

Varying the MMF by project location, with projects in lower VMT generating areas such as town and regional centers charged a lower fee than projects in more remote locations, could further incentivize development in locations that have a greater mix of land uses and more transportation options. This incentive is inherent to the project impact assessment process.

Recent VMT data from the TRPA model recognizes that fewer vehicle trips and shorter trip distances are made in town and regional centers. This results in lower average daily VMT for projects in those locations.

For example, a single-family home in a lower VMT neighborhood, such as Al Tahoe in the City of South Lake Tahoe, generates less than half the VMT of the same development in a higher VMT neighborhood, such as Glenbrook in Douglas County: 23.71 VMT/residential unit versus 58.79 VMT/residential unit, respectively.

Recommendation:
The proposed fee rate reflects the proportional share of average daily VMT from added development (i.e., development and redevelopment) in the region and should be the basis for the MMF rate. This would align with implementation of the VMT per capita threshold at the project level and supports attainment of that threshold. Therefore, the recommended MMF rate is $218.00 per VMT.

Consistent with the AQM fee, staff proposes to attribute 90 percent of the impact to VMT generators (i.e., increases in the bed base via new residential units, Tourist Accommodation Units (TAU), and campgrounds) and 10 percent to VMT attractors (all other uses). The effective rate paid per unit of VMT then becomes $196.20 /VMT for VMT generators and $21.80/VMT for VMT attractors.

The fee recommendation will result in higher fees for all types of development. The tables below provide an example of the likely range of fees for residential and TAU projects. The tables illustrate that fees increase marginally for some and significantly for others because: (1) inflation, (2) overall costs of RTP project costs, and most significantly, (3) location.

Use: Residential	**Old Trip-Based Fee (Inflation Adjusted fee)**	**Proposed VMT-Based Fee**
Low VMT Area	$3,258 ($4,673)	$3,738
Average VMT Area		$6,478
High VMT Area		$13,127

The average fee a residential unit would pay increases by 47% from the AQM fee, a third of which is attributable to inflation since 2006. The proposed fee recognizes location matters and so projects in lower VMT areas would pay lower fees and projects in higher VMT areas would pay higher fees.

The following table summarizes the estimated per unit fee for a TAU project and compares the fee to the AQM fee.

Use: Tourist Accommodation (TAU)	**Old Trip-Based Fee (Inflation Adjusted Fee)**	**VMT-Based Fee**
Low VMT Area	$2,724 ($3,907)	$6,020
Average VMT Area		$9,597
High VMT Area		$15,780

The average fee for a TAU would increase significantly, 17% of which is attributable to inflation since 2006. The higher fee for TAUs is due to the fee calculation recognizing longer trip lengths (i.e., VMT) associated with these land uses.

Fees paid by commercial development are more difficult to estimate because of the large variation in VMT generated by different types of commercial development (e.g., a high-turnover restaurant has a significantly different impact than an apparel store), project size, and location.

With new commercial development representing only 2.2% of projected VMT growth by 2045 and the influence of these variables, an estimate of average costs for commercial development was not undertaken.

The project impact assessment process evaluates a project's net-VMT impact, meaning redevelopment is assessed and charged a fee only when it generates a net increase in VMT. Additionally, the process recognizes and encourages projects located in low-VMT areas, such a town centers, and VMT reducing strategies, such as project design, VMT mitigations, and jurisdiction VMT credit programs, which can further reduce a project's VMT effect. These VMT reductions will be reflected in lower MMF fees.

TRPA's Mitigation Fund Release Policy Guidelines (Attachment C in the packet) detail how collected mitigation funds can be used. The draft guidelines stipulate that MMF funds shall be used only for VMT mitigating transportation projects. Use of up to 25% of MMF funds may still be set aside for EIP project/program related administration, regular operations and maintenance costs or monitoring expenditures. Use of the fees will continue to require approval by the TRPA Governing Board to ensure funds reduce VMT in the region.

Air quality related projects, such as street sweepers, vacuum trucks, and wood stove retrofit program, will not be eligible for MMF funds. The balance of fees collected under the previous Air Quality Mitigation Fee (AQMF) program can be used for VMT and air quality projects by local jurisdictions until expended. In addition, other mitigation funds may be available for projects that benefit other resource areas (e.g., water quality).

Public Comment:
Comments received through stakeholder outreach with members of the development and affordable housing development communities, local jurisdictions, and the League to Save Lake Tahoe, and from the RPIC at their October 2021 meeting, expressed broad support for the update, and specific concerns, from the impact higher fees may have on development, and more specifically affordable, moderate, and achievable housing development (i.e., workforce housing), to the fee's ability to incentivize development in and near to town centers. The final recommendation presented here responds to each of the comments and concerns received.

Placer County is updating their Tahoe Transportation Fee simultaneous to the MMF update. Placer County has requested the two fees be coordinated and avoid duplication. Staff are working with Placer County to address these implementation concerns.

Contact Information:
For questions regarding this agenda item, please contact Melanie Sloan, Senior Transportation Planner, at (775) 589-5208 or msloan@trpa.gov.

Attachments can be found with Governing Board Agenda Item No. VIII.B

A. Mobility Mitigation Fee Update Policy Paper
B. Resolution 2021-__ to Adopt Amendments to Article 10.8.5 of the TRPA Rules of Procedure
    - Exhibit 1 Required Findings
    - Exhibit 2 Mobility Mitigation Fee Initial Determination of Environmental Impact Checklist
    - Exhibit 3 Amendments to Code of Ordinances
    - Exhibit 4 Amendments to Rules of Procedure
C. Mitigation Fund Release Policy Guidelines