

6 Funding Options

Numerous funding opportunities are available to help pay for the roadway and infrastructure improvements described in the Suisun Valley Strategic Plan. These options include local, State, and Federal resources, as well as funds generated within the Valley itself. The County will need to draw upon a combination of the funding strategies described below, depending on funding availability and the desires of residents, property owners, and business owners.

LOCAL AND STATE FUNDING SOURCES

General Fund

The County's General Fund is a discretionary revenue source that can be spent as the County sees fit. In general, it is used to pay for basic municipal services such as police, fire, and public works. General fund revenues primarily consist of revenue from property tax distributions, property transfer taxes, transient occupancy taxes, sales taxes, motor vehicle license revenues, and fines and forfeitures.

The County has approximately \$235.5 million in the General Fund for Fiscal Year 2009-10. Approximately 1.7 percent of the General Fund will be spent on capital improvements in the next fiscal year. A portion of the General Fund could be used for improvements in Suisun Valley in future years. The County may also be able to direct a small portion of its General Fund toward planning and engineering services that would help to establish a property-based business improvement district (PBID) and/or a special assessment district within the area. This takes very few actions from the County other than earmarking a portion of its budget for these purposes.

The County may also partner with other local agencies with interests in the Strategic Plan and its

successful implementation, notably the City of Fairfield, but also possibly including Solano Irrigation District (SID), the City of Suisun City or others.

General Transportation Funding

Due largely to propositions approved by California voters, State resources are the primary sources for transportation project funding. These sources are outlined below:

PROPOSITION 1B

As approved by the voters in the November 2006 general elections, Proposition 1B enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize \$19.925 billion of state general obligation bonds for transportation projects, including high-priority transportation corridor improvements, state-local partnership transportation projects, local bridge seismic retrofit projects, highway-railroad grade separation and crossing improvement projects, state highway safety and rehabilitation projects, and local street and road improvement, congestion relief, and traffic safety. So far, \$13.12 billion is committed to projects, leaving a balance of over \$6.8 billion for future transportation improvements.

HIGHWAY USERS TAX ACCOUNT

The Highway Users Tax Account – or Gas Tax as it is more commonly known – is directed specifically for transportation maintenance, improvements, and management. This includes funding streetscape improvements. Solano County received approximately \$6.1 million in gas tax revenues in Fiscal Year 2007-2008 with the majority going toward maintenance and operation of the County's existing transportation infrastructure. The State is currently proposing to take \$1.7 billion in gas tax funding from the cities and counties of California,



significantly reducing this source of road funding. However, assuming funding will be restored in future years, Solano County could use a portion of future gas tax revenue for roadway improvements in Suisun Valley.

PROPOSITION 42

Proposition 42 was approved by voters in 2002 in order to dedicate most of the revenue from the sales tax on gasoline to transportation uses. Specifically, Proposition 42 requires those revenues that previously went to the General Fund be transferred to the Transportation Investment Fund to provide for improvements to highways, streets and roads, and transit systems. Beginning in 2008, counties receive 20 percent of the revenue for county road repairs, and 40 percent of the funding is to be used for new highway and transit capital investments through the five-year state funding program, State Transportation Improvement Program (STIP).

Pedestrian and Bicycle Improvement Funding

Pedestrian infrastructure is a significant component of the suggested improvements in Phase I, and bicycle facilities are included in the improvements for Phase III. Several funding sources are specifically dedicated to such pedestrian and bicycle projects.

TRANSPORTATION DEVELOPMENT ACT ARTICLE III

Transportation Development Act (TDA) Article III funds are awarded annually to local jurisdictions for bicycle and pedestrian projects. These funds originate from the state gasoline tax and are distributed proportionally by population to local agencies. TDA Article III funds may be used for right-of-way acquisition, engineering expenses leading to construction, facility construction, route improvements (such as signal controls for cyclists and bicycle-friendly drainage grates), and the purchase and installation of bicycle facilities (such as secure bicycle parking) accessible to the general public.

TRANSPORTATION FUND FOR CLEAN AIR

The Transportation Fund for Clean Air (TFCA) is a Bay Area Air Quality Management District (BAAQMD)

grant program funded by a surcharge on motor vehicles registered in the Bay Area. The purpose of the TFCA program is to provide grants to support Bay Area projects that will decrease motor vehicle emissions and thereby improve air quality. It funds a wide range of project types, including the purchase or lease of clean air vehicles; shuttle and feeder bus service to train stations; ridesharing programs to encourage carpool and transit use; bicycle facility improvements such as bike lanes, bicycle racks, and lockers; arterial management improvements to speed traffic flow on major arterials; smart growth projects; and projects that enhance the availability of transit information.

STATE TRANSPORTATION ENHANCEMENTS ACTIVITIES PROGRAM

The State Transportation Enhancements Activities (TEA) Program funds bicycle and pedestrian facilities projects, as well as other projects related to the tourism that might be appropriate for Suisun Valley. Eligible projects include pedestrian and/or bicycle facilities and related signage; safety activities for pedestrians and/or bicycles; acquisition of historic sites; historic/scenic highway programs (including tourist and welcome centers); landscaping, streetscapes, and other scenic beautification; historic preservation; rehabilitation of historic transportation buildings, structures or facilities; preservation of abandoned railway corridors (including the conversion for use as bicycle and pedestrian trails); and transit shelters or amenities related to a transit village or pedestrian-oriented development.

TRANSPORTATION FOR LIVABLE COMMUNITIES PROGRAM

The Transportation for Livable Communities (TLC) Program is a Metropolitan Transportation Commission (MTC) program that supports community-based transportation projects that increase the range of transportation options, better connect transportation investments and land uses, and are developed through an inclusive community planning effort. A separate Countywide TLC component was recently developed to allow Congestion Management Agencies, such as the Solano Transportation Authority (STA), to administer a percentage (based on population) of the TLC funds



for countywide priority projects. Two-thirds of this TLC program is available each cycle for regionally competitive planning, capital, and Housing Incentive Program projects, and one-third is for local planning and capital funds for county projects that are considered less competitive in the regional TLC program.

FEDERAL FUNDING SOURCES

While state and local resources are the primary funding sources the County should pursue, two federal government funding sources have been identified as potential resources to pursue for Suisun Valley transportation improvements: the US Department of Agriculture (USDA) Rural Business Enterprise (RBEG) Program and TEA-21 funds.

Rural Business Enterprise Grants Program

As a rural community, Suisun Valley may be eligible for the US Department of Agriculture's RBEG program. This program provides grants to public entities, Indian tribes, and private nonprofit corporations for rural projects that facilitate the development of small and emerging rural businesses. Rural is defined as any area other than a city or town that has a population of greater than 50,000 and the urbanized area contiguous and adjacent to such a city or town according to the 2000 U.S. Census.

Several types of projects eligible for RBEG funding including the acquisition or development of land, easements, or rights of way; construction or renovation of buildings, access roads, parking areas, or utilities; pollution control and abatement; rural transportation improvement; and project planning. Any project funded under this program should benefit small and emerging private businesses in rural areas.

TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY (TEA-21)

TEA-21 currently contains three major programs, STP (Surface Transportation Program), TEA (Transportation Enhancement Activities), and CMAQ (Congestion Mitigation and Air Quality Improvement) and other smaller programs such as the National Recreational Trails Program, Section

402 (Safety) funds, Scenic Byways funds, and Federal Land Highway funds. The funding programs emphasize reducing auto trips and providing intermodal connections. As such, pedestrian and bicycle facilities are commonly funded through TEA-21 programs. Funding criteria often includes completion and adoption of a bicycle and/or pedestrian master plan, a cost-benefit analysis, proof of public involvement, CEQA/NEPA compliance, and commitment of some local resources. In most cases, TEA-21 provides matching grants of 80 to 90 percent.

VALLEY-BASED FUNDING SOURCES

With property-owner support, the Suisun Valley can generate revenue to pay for infrastructure improvements. Funds derived in this way are specifically dedicated to improvements in the Valley and not to other areas within the County.

Property-Based Business Improvement District and Business Improvement District

Property-Based Business Improvement Districts (PBIDs) allow local property owners to tax themselves for specific activities. PBIDs are self-assessed and self-governed by the affected property owners. PBIDs usually become a means to improve business conditions by acting as a collective marketing and maintenance district, although they can support capital improvements as well. Forming a PBID usually takes from one to two years.

A Business Improvement District (BID) is similar to a PBID; rather than assessing property owners, it assesses the businesses owners located within the district.

Special Assessment District

Special assessment districts can pay for both capital facilities and county services, including the operation and maintenance of public facilities. The formation of a special assessment district requires a majority vote from property owners within the special assessment area, with their vote weighted based on their proportionate share of the total annual assessment. A special assessment district could support the operation and maintenance of project



area services in addition to paying for street improvements.

DEVELOPMENT IMPACT FEES

Development impact fees are fees charged to new development to pay for public improvements. These are fees adopted by the community and would be charged during the permitting process. Impact fees require new projects to pay a pro-rata share of the cost of improvements necessary to support the new project, but no more than its fair share of the cost of the improvements.

As improvements within the Suisun Valley could arguably benefit many properties (including existing properties), it is necessary to determine a fair allocation of these costs. The County would have to identify a different source of revenue to pay for existing property owners' share of the improvement costs. Before a development impact fee is charged, the County would need to complete a nexus study to demonstrate a connection between the fee and the need the new project generates for planned improvements.

Example: Determining a Water Impact Fee for Suisun Valley

A water impact fee is a feasible method to pay for new water infrastructure in Suisun Valley. The amount of a water impact fee for Suisun Valley was estimated to provide an example. However,

additional research is needed before a water impact fee could be adopted for Suisun Valley.

As water infrastructure is provided up-front, the County would need to issue a bond in order to finance the improvements. The estimated cost to provide water infrastructure to Suisun Valley is \$2.089 million (Table 6-1). However, it is assumed that the County would repay the bond in 20 years, with interest and fees, thus the total cost to the County for the financed improvements will be approximately \$3.842 million (financing assumptions are included in Table 6-2).

The size and number of new land uses in each Neighborhood Agricultural/Tourist Center (ATC) and the surrounding agricultural area was estimated, assuming that future development within the ATCs and throughout the Valley would all tap into the lines (see Appendix C). Based on these assumptions, the amount of water needed for each use was then determined and used to approximate the number and size of water meters (Table 6-3). Finally, assuming a one-inch connection costs twice as much as a three quarter inch connection, a one and a half-inch meter costs twice as much as a one-inch connection, and a two-inch meter costs twice as much as a one and half-inch connection, the cost per connection was determined (Table 6-3).

Table 6-1
Water Infrastructure Costs

Locations/Centers Served	Total Cost
Fairfield Connection Valve to Rockville Corner	\$170,100
Rockville Corner to Morrison Lane	\$382,500
Morrison Lane to Mankas Corner	\$450,000
Mankas Corner to Gomer School	\$432,000
Gomer School to existing line near Iwama Market	\$416,000
Total	\$1,850,600



Table 6-2
Calculation of Total Cost with Financing

Assumptions:		
Term	Years	20
Interest Rate	Fixed rate at 67% of Thompson's Municipal Market Data Index for an "A" rated tax exempt security (assume to be 5.75%)	3.85%
Origination Fee	0.85% of original amount	\$15,730
Annual Fee ¹	0.30% of the outstanding loan balance	\$5,552
¹ Assume County pays off interest but not principal each year (loan balance = principal)		
Simple Interest Calculation		\$1,425,887
Total Fees over 20 years		\$126,766
Total Cost over 20 years		\$3,403,253
Cost per tap (assume all taps are 3/4")		\$10,635

Table 6-3
Water Connection Impact Fee

Size	Fee	# of Meters
3/4"	\$10,635	290
1"	\$21,270	1
1 1/2"	\$42,541	1
2"	\$85,081	3
Total	\$3,403,253	295

Based on the results of this example, as new development occurs in Suisun Valley, each owner of a new project would pay the fee associated with the size of connection needed for the project, ranging from \$10,635 for a three quarter-inch meter to \$85,081 for a two-inch meter. By comparison, this estimated water connection impact fee is less than the City of Vacaville's water impact fee for all meters except the one-inch meter. As of January 1, 2009, nonresidential development in Vacaville is required to pay \$15,504 for a three-quarter inch meter, \$20,155

for a one-inch meter, \$54,264 for a one and a half-inch meter, and \$103,877 for a two-inch meter.

Example: Determining a Transportation Impact Fee for Suisun Valley

Given the nature of the improvements recommended for the Suisun Valley ATCs, it may be difficult to demonstrate a nexus between a Suisun Valley-wide transportation impact fee and the suggested improvements. Therefore the County and affected property owners and/or businesses within the ATCs should consider the



other means previously discussed to generate money to pay for spot-level transportation improvements, such as a Special Assessment District or a Mello-Roos CFD. Furthermore, the County is currently considering adopting a countywide Transportation Impact Fee and STA is working on creating a Solano County Transportation Impact Fee for regional projects; a third transportation impact fee (the Suisun Valley fee) in addition to these other fees proposed may be considered by property owners seeking to develop tourist uses in the Suisun Valley to be excessive. However, as an example, the amount of a transportation impact fee suitable to the proposed land uses in Suisun Valley ATCs was estimated.

Unlike water infrastructure, transportation improvements can be completed on an as needed basis (or as funding is available). Therefore, it is not necessary to finance the proposed improvements. For this exercise, only the costs of Phase I improvements were used to develop the transportation impact fee. The total cost for Phase I improvements is approximately \$5.23 million. Using trip generation rates published by Institute of Transportation Engineers (ITE) and square foot estimates (where available) for each land use from the ULI's *Dollars and Cents of Shopping Centers 2009*, the number of trips for each land use in the ATCs and the surrounding agricultural area were estimated, and each land use's total share of trips and total share of Phase I cost was determined. Finally, the total cost for each land use was divided by the number of units (square feet, rooms, or housing units, depending on the land use) to arrive at a cost per unit per land use. The cost per unit for each land use is a rough approximation of the impact fee that would be charged to property owners seeking to develop tourist uses in the Valley. Table C-2 (see Appendix C) presents the cost per unit per land use for all potential new projects, including residential projects. In Table C-3 (see Appendix C), residential development has been removed from the estimate in order to calculate a transportation impact fee solely for commercial development. As would be expected, when residential development is removed, the impact fee for the remaining uses increases. For

example, if a property owner were to build an art gallery, according to Table C-2, he/she would pay approximately \$13 per square foot to the County toward the funding of the transportation improvements. When residential is removed from the calculation, this fee increases to \$16 per square foot (Table C-3).

Impact fees are not always presented at this level of land use specificity; it is more common to allocate fees by the following land use types: single-family residential, multi-family residential, commercial, industrial, and office. Therefore, it is difficult to compare these fees to those within other jurisdictions. However, according to a recent Solano County Board of Supervisors report (December 9, 2008) on the Draft Solano County Transportation Impact Fee, the proposed fee for retail projects in the countywide district is \$2,958 per 1,000 square feet (\$29.58 per square foot), which is similar to Suisun Valley estimates for restaurants/cafes, wine tasting facilities, and bakeries.

