

ITEM 7H

Coachella Valley Association of Governments
Transportation Committee
April 28, 2025



STAFF REPORT

Subject: TUMF Inflation Adjustment for Calendar Year 2026

Contact: Peter Satin, Conservation Program Manager (psatin@cvag.org)

Recommendation: Adopt a 2.03 percent increase in Transportation Uniform Mitigation Fee (TUMF) rates to take effect January 1, 2026, and update the TUMF Handbook to reflect the revised fee upon its effective date

Transportation Committee: Concurred (Meeting of April 7)

Background: The Transportation Uniform Mitigation Fee (TUMF) was established in 1989 as a one-time impact fee charged on all new development occurring within the CVAG region. Monies collected through the TUMF program are applied to transportation-related capital facilities and infrastructure required to serve new growth within the Coachella Valley and are intended to compliment revenue generated through Riverside County's Measure A sales tax. To date, TUMF has provided less than the intended share of match toward Measure A funding.

The current TUMF rates were adopted in 2018 upon the completion of a revised Nexus Study, Transportation Project Prioritization Study, Regional Arterial Cost Estimate, and Active Transportation Plan. Prior to their adoption, the fee had remained unchanged at \$192/trip for over a decade. The 2018 Nexus Study originally proposed a revised fee of \$751/trip; however, this fee was reduced to the current \$245/trip after re-evaluating which regional transportation projects would likely be built in the near-term. This rate equated to \$2,313 for a single-family dwelling, as compared to the \$15,476 assessed by Western Riverside Council of Governments as of April 1, 2025.

The 2018 TUMF Handbook allows for the consideration of an annual inflation adjustment:

The inflation factor shall be the same one utilized by the Coachella Valley Local Development Mitigation Fee, based on the Riverside-San Bernardino-Ontario Consumer Price Index (CPI). Such CPI will be reviewed annually by the Executive Committee which will determine whether or not to apply the inflation factor.

The Local Development Mitigation Fee (LDMF) inflation factor is calculated on the CPI for All Urban Consumers (CPI-U), All items, as the over-the-year percent change, measured as of December in the calendar year which ends in the previous fiscal year. The Riverside-San Bernardino-Ontario CPI is measured every other month, and does not include data for the month of December. To approximate a data point for an unrecorded month, the Bureau of Labor Statistics (BLS) recommends taking the square root of the product of the indexes for the preceding and subsequent months, in this case November and January. This approximated December data point can then be used to calculate the over-the-year percent change.

Applying regular increases due to inflation is a preferred approach to infrequent increases to catch up over time. The last increase was approved by the Executive Committee in April 2024, when they authorized an inflation factor of 3.6 percent to be applied across each of CVAG’s TUMF categories. In accordance with California’s Mitigation Fee Act, and to allow member jurisdictions time to update their local TUMF ordinances as needed, implementation of the inflation factor did not go into effect until January 1, 2025.

The CPI-U, All items for the Riverside-San Bernardino-Ontario metropolitan area rose by 2.03 percent for calendar year 2024. BLS notes that some entities choose to calculate “core” inflation on the CPI-U, less food and energy (the latter of which includes motor fuel), as these items tend to be more volatile in their pricing. Removing these volatile items from the regional CPI results in an inflation factor of 2.59 percent, largely due to reductions in the price of fuel and other energy sources.

CVAG staff recommend applying the CPI-U, All items inflation factor of 2.03 percent to the current fee assessments, as described in the below table.

<i>TUMF Category</i>	<i>Current Rate</i>	<i>Proposed Rate</i>	<i>Difference</i>
<u><i>Residential (per dwelling unit)</i></u>			
<i>Single family detached</i>	\$2,840	\$2,900	\$60
<i>Multi-family attached</i>	\$1,635	\$1,670	\$35
<i>Nursing/congregate care</i>	\$605	\$615	\$10
<i>Transit oriented single family</i>	\$2,415	\$2,465	\$50
<i>Transit oriented multi-family</i>	\$1,395	\$1,425	\$30
<u><i>Non-Residential (per 1,000 sq. ft)</i></u>			
<i>Retail</i>	\$7,385	\$7,535	\$150
<i>Office</i>	\$2,935	\$2,995	\$60
<i>Industrial</i>	\$1,490	\$1,520	\$30
<i>Fuel - gas (per dispensing unit)</i>	\$10,585	\$10,800	\$215
<i>Fuel - electric (per dispensing unit)</i>	\$110	\$110	\$0
<i>Hotel (per room)</i>	\$4,315	\$4,400	\$85
<i>Golf course (per acre)</i>	\$1,130	\$1,155	\$25

This information was provided to the Desert Valleys Builders Association (DVBA) for comment on February 21, 2025. They have submitted a response letter that is attached.

Staff is recommending an increase of 2.03 percent across all categories. The revised rates would be implemented January 1, 2026 so that member jurisdictions will have sufficient time to amend local ordinances. The rates listed in the TUMF Handbook will also be updated at that time to reflect the adjustment.

Fiscal Analysis: Based on TUMF revenues generated in Fiscal Year 2023-24, adjusting current TUMF rates based on the CPI-U, All items inflation rate of 2.03 percent would result in additional revenue of \$111,013.

There is no additional cost to revising the TUMF Handbook.

Attachment: DVBA Comment Letter dated March 7, 2025



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March 7, 2025

Coachella Valley Association of Governments

Peter Satin, Conservation Program Manager
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RE: Annual TUMF CPI Increase

Dear Mr. Satin,

Thank you for providing the Desert Valleys Builders Association the opportunity to review the annual inflationary increase of the Coachella Valley Association of Government's Transportation Uniform Mitigation Fee program.

We understand and support CVAG's use of the Bureau of Labor Statistics Consumer Price Index for the Riverside-San Bernardino-Ontario region. The calculation of 2.03 percent appears to have been calculated appropriately and is a reasonable increase, keeping the TUMF amount in line with inflation.

The DVBA supports this action by the Coachella Valley Association of Government.

Respectfully,


Gretchen Gutierrez
Chief Executive Officer