FEHR & PEERS

TECHNICAL MEMORANDUM

Date: July 25, 2017

To: Leah Greenblat and John Nemeth, WCCTAC

From: Julie Morgan, Fehr & Peers
Bob Spencer, Urban Economics

Subject: West County STMP Update: Review of Prior Nexus Study, Current Fee Levels, and Fee Program Administration

OK17-0177

The West County Subregional Transportation Mitigation Program (STMP) is a development impact fee program that generates funds for regional and subregional transportation improvement projects. Per the requirements of the state Mitigation Fee Act (MFA), an impact fee program should be established based on the results of a "nexus study" which analyzes the relationships between the transportation demand of new development and the cost of constructing capital improvements to serve that demand. The West County STMP was first adopted in 1997, and an updated nexus study was prepared in 2006. The current effort is to update the program by completing a new nexus study.

An important early task in the current STMP update effort is to review the prior nexus study and compare its methods to current professional best practices. The prior nexus study is titled *2005 Update of the Subregional Transportation Mitigation Program (STMP),* dated May 5, 2006 and prepared by TJKM Transportation Consultants.

OVERVIEW OF THE STMP

The STMP is an important mechanism for regional collaboration in West County. The program involves all six jurisdictions (the five incorporated cities of El Cerrito, Hercules, Pinole, Richmond, and San Pablo, along with Contra Costa County) and was established to comply with the Measures C and J Growth Management Program requirements for a mitigation program to fund improvements needed to meet the transportation demands resulting from growth. Regional, multi-jurisdictional fee programs are more complicated than local mitigation fee programs administered by a single jurisdiction; however, in exchange for that added complication, regional programs offer a forum for cooperation and coordination that allows the agencies involved to make more comprehensive transportation investments than any single jurisdiction could do on its own.

REVIEW OF *2005 UPDATE OF THE STMP*

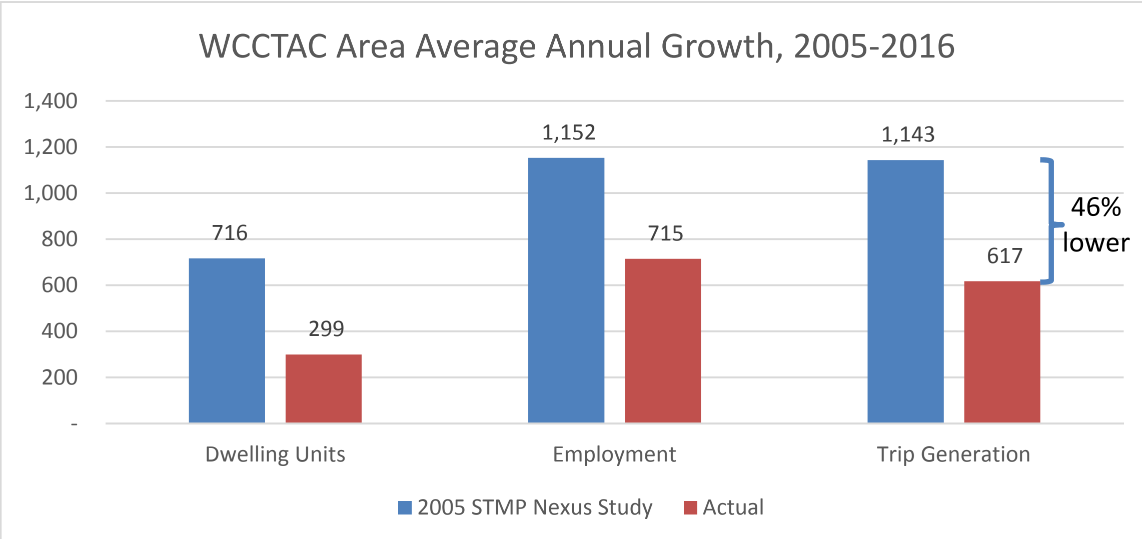
In general, the *2005 Update of the STMP* report takes a reasonable and conservative approach to calculating the maximum justified STMP fee. However, certain components of the approach have some inconsistencies or do not appear to follow current professional best practices. Comments follow on several of the key components of the nexus study.

GROWTH AND REVENUE PROJECTIONS

One of the important elements of a nexus study is a projection of the amount of new development likely to occur during the time period studied. This information is important both for calculating the maximum justifiable fee and for estimating the amount of revenue the fee program will generate. The *2005 Update of the STMP* report used regional growth projections prepared by the Association of Bay Area Governments (ABAG) in 2003; using these types of regional growth projections is a common practice in nexus studies.

Current data indicates that the pace of growth in West County has been substantially slower than was projected in the *2005 Update of the STMP* report. Figure 1 below shows the average annual amount of new development assumed in the *2005 Update of the STMP* projections (2005-2030), compared to the actual amounts to date (2005-2016). When converted to trip generation using the factors from the *2005 Update of the STMP*, growth to date has been 46 percent lower than the ABAG projections. One reason for this shortfall is the significant economic recession that occurred during this time period, which was not anticipated in the ABAG projections. For an impact fee program, the effect of having slower-than-predicted growth is that the amount of annual fee revenue will be lower than projected, which will affect the timing of capital improvement projects. As a counter-vailing factor, if growth is slower than projected, then the need for capital improvements may also be reduced.

Figure 1: Average Annual Growth Rates



Source: TJKM Transportation Consultants, 2005 Update of the STMP; California Department of Finance; U.S. Census.

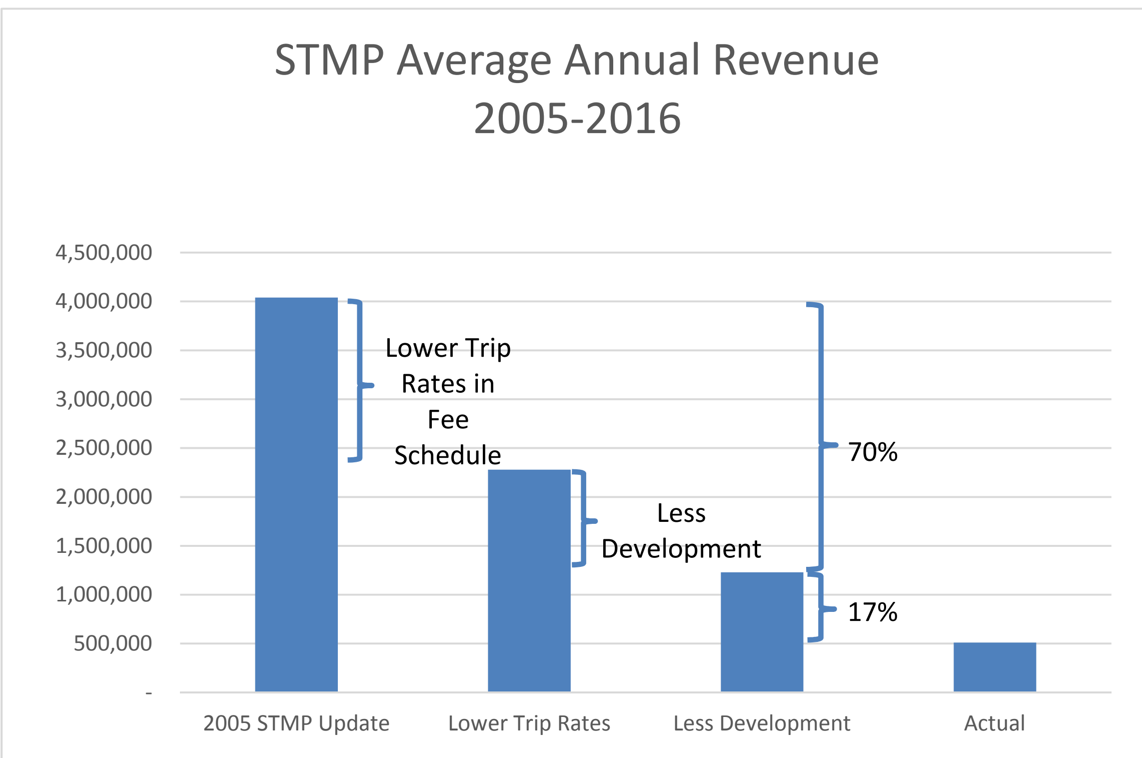
In addition to lower growth rates, the *2005 Update of the STMP* used two different sets of trip generation rates, one to calculate the STMP cost per trip and the other to apply the fees to each land use category. The result of this discrepancy is that fee revenue has been generated more slowly than predicted.

Specifically, the report assumed an average rate of 0.60 peak hour trips per employee, and applied that rate to the ABAG employment projections in order to calculate the number of new trips associated with new employment. That was added to the number of new trips associated with new housing to calculate the total number of new trips expected in the WCCTAC area. The cost of the projects was then divided by that total number of new trips to establish the STMP cost per trip.

The next step in the process was to establish a fee for each land use category, based on the number of peak hour trips each category would generate. As explained on page 18 of the *2005 Update of the STMP*, instead of using standard trip rates consistent with those used in the earlier calculations described above, it was decided to reduce the trip rates for the retail, office, and industrial categories; retail rates were reduced by 50%, office rates by 25%, and industrial rates by 22%. These reductions may have been applied intentionally with the goal of attracting more nonresidential development, although the report does not provide much description. All other factors being equal, we estimate that the result of using lower trip rates in the fee schedule than were used in the earlier cost calculations is that the STMP will generate about 35 percent less revenue from nonresidential development compared to what was projected in the *2005 Update of the STMP* report.

Actual STMP revenue received since 2005 compared to projections in the *2005 Update of the STMP* report is displayed in Figure 2. The STMP has generated an average of about $510,000 annually since 2005, or about 87 percent less than the report's estimate of $4 million annually. About 70 percent of this reduction is due to the two factors explained above (i.e., slower overall growth, and reduced trip rates for retail/office/industrial uses). The remaining 17 percent is not clearly explained, but could at least in part be due to variability in the estimates necessary to calculate the first two factors.

Figure 2: STMP Average Annual Revenue



Source: TJKM Transportation Consultants, 2005 Update of the STMP; California Department of Finance; U.S. Census; WCCTAC.

Suggested Best Practices for Growth and Revenue Projections

To follow best practices for transportation nexus studies, we would suggest that for the STMP update:

- Growth projections be based on the latest available regional projections, modified if appropriate to reflect input from member jurisdictions.
- A consistent set of trip rates be used throughout the nexus analysis, and any discounts that are applied to particular land use categories be clearly explained and documented.

PROJECT SELECTION

Another important element of a nexus study is to identify the capital improvement projects that will be eligible to receive funds from the fee program. The MFA specifies that impact fees should be used to fund capital projects, and not for ongoing operating or maintenance costs. Further, as a subregional fee program, the intent of the STMP is to collect fees throughout the West County area and use those revenues for the construction of capital projects that address subregional transportation needs.

The *2005 Update of the STMP* identified a list of 11 projects that were the subject of the nexus study. These projects are varied, ranging from interchange improvements along I-80 and SR 4, traffic/pedestrian/transit improvements along arterial corridors such as San Pablo Avenue and San Pablo Dam Road, parking and access improvements at transit stations (including BART and intermodal stations in Richmond and Hercules), and investments in completing the Bay Trail. Several of the projects are located along routes that have been designated as "routes of regional significance" in the West County Action Plan, while other projects are not located along such designated routes. For reference purposes, a map of the 11 project locations and a table showing the amount of STMP revenues disbursed to each project are attached to this memo.

One potential issue is that, while the 11 projects address a range of travel modes, the methods used in the nexus study focus just on vehicular travel, such as by using vehicle trip generation as the metric for calculating fee amounts. Broadening the nexus analysis to address all modes of travel would help to make a stronger connection with the multimodal capital improvement projects eligible for funding through the program. Other questions on specific projects include:

- The report does not clearly articulate a reasonable relationship between the need for the Bay Trail Gap Closure project and increased subregional vehicle trip generation from new development. Except for the trail gap parallel to the Richmond Parkway, the gaps are not directly related to a route of regional significance, and there is no discussion of how the Bay Trail's primary use as a recreational facility might be connected to congestion reduction for regional travelers. This project may not be appropriate for inclusion in the STMP, or the STMP nexus approach might need to be significantly modified to establish an appropriate nexus relationship.

- The San Pablo Dam Road Improvement in Downtown El Sobrante is described as a "revitalization" project, suggesting more localized as opposed to regional benefits. The report does not clearly articulate the elements of this project or how there is a reasonable relationship between the need for this project and increased subregional travel from new development.
- The North Richmond Road Connection project is described as serving "growth in truck traffic resulting from new development in the North Richmond area" and involves extensions of Seventh Street and Pittsburg Avenue. These streets are not routes of regional significance and the report does not articulate how this project might improve levels of service on Richmond Parkway (which is a route of regional significance) or otherwise contribute to serving subregional needs.

Suggested Best Practices for Project Selection

To follow best practices for transportation nexus studies, we would suggest that the STMP update define a set of criteria to determine the capital improvement projects eligible for funding through the fee program. Below are examples of criteria that would satisfy MFA requirements, support the defensibility of the fee program, and support the purpose of the STMP as a mechanism for subregional collaboration and investment.

- Projects should have a reasonable expectation of implementation during the timeframe of the fee program
- Projects should be included in an adopted regional plan
- Project locations should be generally distributed throughout the West County area
- Projects should contribute to congestion reduction for regional travelers, such as:
  - By addressing congestion impacts on routes of regional significance through direct improvements on those routes or nearby parallel facilities, or
  - By reducing vehicular demand through investments in public transit that serves regional travel, or
  - By making it easier to use regional transit by improving bicycle or pedestrian access to transit stations or major transfer points.

As a note, there is increasing interest in using vehicle miles of travel (VMT) as a metric in transportation planning studies. While VMT can be a useful way to measure overall travel demand and it is directly related to other topics such as air pollutants and greenhouse gas emissions, it is not useful in helping to answer questions about what type of physical improvement is needed at a specific location, and is therefore of limited use in selecting the projects to be funded through a mitigation fee program. VMT could be used at a later stage of the nexus study when calculating the fee amounts to be charged to different land use categories, in which those categories that generate longer trips could be assessed a higher fee.

ALLOCATING COSTS TO NEW DEVELOPMENT

One of the key steps in a nexus study is to allocate the costs of the capital improvement projects to the new development in a way that is reasonably proportional to that new development's impacts. In this way, the amount of the fee to be levied on each new development can be calculated. In the *2005 Update of the STMP*, most of the project costs are allocated to the STMP using a conservative, technically defensible approach. Three projects use a more aggressive approach that allocates greater costs to the STMP, although their overall share of the total STMP cost is small.

- Most projects (8 out of 11) used new development's share of total trips at the planning horizon in 2030 (27.5 percent) to allocate total project costs to the STMP fee. This approach is conservative and is commonly used when no other analysis is available to quantify new development's fair share of costs for a particular facility.
- The allocation of costs to the STMP fee for the remaining three projects ranges from 40 percent for the Richmond Intermodal Station, to 50 percent for the Willow Avenue interchange and the North Richmond Road Connection project. The report does not present a quantitative justification for these allocations, which appear to be based on professional judgement. Best practices suggest the use of a quantitative justification for all cost allocation factors. Lacking such an analysis, it would have been appropriate to apply the 27.5 percent allocation factor described above to all projects. However, the effect of this change would be relatively small: only about nine percent of total costs allocated to the STMP are associated with the share of project cost allocations that are greater than 27.5 percent.

Suggested Best Practices for Allocating Costs to New Development

To follow best practices, the nexus study should explicitly describe the fee program's purpose and intent. The STMP has traditionally been used as a source of funds for completing critical initial project phases, such as environmental studies or preliminary design, or for leveraging other sources of funds that may require a local match. Thus, while STMP revenue has been relatively limited in magnitude, it can nonetheless be crucial in advancing a project to a state of readiness such that it can attract other funds.

If the updated STMP is to have the same focus, we suggest that the nexus study clearly explain that the intent of the program is not to fully fund particular projects, but rather to contribute partial funding to a range of projects. In this way, the conservative nexus approach used in the *2005 Update of the STMP*, based on the amount of new trips generated by new development, remains an appropriate method for establishing the relationship between the need for the improvement and the role of new development in contributing to that need.

OTHER SOURCES OF FUNDS

The Mitigation Fee Act statute that governs adoption and implementation of development impact fees in California requires a set of findings every five years regarding funds that have been collected but not yet disbursed. In particular, the findings should identify the sources, amounts, and approximate timing of additional funds anticipated in order to construct incomplete projects. The ordinance used to adopt the STMP fee in 2006 also requires preparation of these findings every five years (see Section IV.K). However, it appears that these findings have not been documented, either in the *2005 Update of the STMP* report or in subsequent reports.

Suggested Best Practices for Describing Fund Sources

To follow best practices, the findings specified in the MFA should be adopted every five years, describing any STMP funds not yet spent and the sources, amounts, and approximate timing of other funding anticipated in order to complete the projects.

CURRENT STMP FEE LEVELS

The STMP fees from the fee schedule shown in the *2005 Update of the STMP* are presented in Table 1. The model STMP ordinance specifies an inflation index to be used to adjust the fee levels annually to reflect changes in construction costs. This is a common practice in fee programs, to ensure that the "purchasing power" of the fee revenue keeps up with changes in the cost of building capital projects. The index is also shown in Table 1, along with a calculation of what the fees would currently be if they had been indexed for inflation.

Table 1: WCCTAC 2005 STMP Fee Schedule Indexed for Inflation

	Unit	2005 STMP Fee Schedule	Index (Jun. 2006 - Jun. 2016)	FY 2016-17 Fee Schedule If Indexed
Single family	per dwelling unit	$2,595	1.37	$3,555
Multi-family	per dwelling unit	$1,648	1.37	$2,258
Senior Housing	per dwelling unit	$701	1.37	$960
Hotel	per room	$1,964	1.37	$2,691
Retail	per 1,000 sq. ft.	$1.82	1.37	$2.49
Office	per 1,000 sq. ft.	$3.51	1.37	$4.81
Industrial	per 1,000 sq. ft.	$2.45	1.37	$3.36
Storage Facility	per 1,000 sq. ft.	$0.53	1.37	$0.73
Church	per 1,000 sq. ft.	$1.58	1.37	$2.16
Hospital	per 1,000 sq. ft.	$4.21	1.37	$5.77

Note: The index is based on the Engineering-News Record Construction Cost Index for the San Francisco Bay Area, as described in WCCTAC's STMP model ordinance.

WCCTAC staff conducted a survey of STMP fees imposed by member jurisdictions as of April 2016, and found that the fees varied by jurisdiction. See Table 2 for an update of that survey based on a review of currently adopted master fee schedules for WCCTAC member jurisdictions. This survey found that the fees charged by Contra Costa County are very similar to the fully-indexed fees calculated in Table 1, suggesting that the County has been increasing its fees for inflation based on the index presented in the model ordinance. Fee amounts levied in the other jurisdictions are lower than the calculated indexed fees, and in some cases remain equal to the original fee schedule from the 2005 STMP nexus study. Thus, the purchasing power of the overall fee program has eroded over time, and is smaller than was anticipated in the *2005 Update of the STMP*.

For comparison purposes, Table 2 also lists transportation mitigation fees adopted by other subregions of Contra Costa County to comply with the Measure J Growth Management Program. The West County STMP fees for residential uses are lower than the fees charged in other subregions of the County. Fees for non-residential uses are more variable, with the West County fees being lower than those charged in the Lamorinda or Tri-Valley areas, and higher than those charged in East County.

Table 2: Subregional Transportation Mitigation Program (STMP) Fees

Jurisdiction	Single Family (per unit)	Multi-Family (per unit)	Retail (per sq. ft.)	Office (per sq. ft.)	Industrial (per sq. ft.)
WCCTAC Area					
WCCTAC (original)	$2,595	$1,648	$1.82	$3.51	$2.45
WCCTAC (indexed)	$3,555	$2,258	$2.49	$4.81	$3.36
County	$3,500	$2,204	$2.46	$4.74	$3.32
El Cerrito	$2,595	$1,648	$1.82	$3.51	$2.45
Hercules	$2,904	$1,844	$2.04	$3.93	$2.74
Pinole	$2,595	$1,648	$1.82	$3.51	$2.45
Richmond	$3,210	$2,039	$2.25	$4.34	$3.03
San Pablo	$2,595	$1,648	$1.82	$3.51	$2.45
Other Subregions in Contra Costa					
East County	$18,186	$11,164	$1.80	$1.56	$1.56
Lamorinda	$7,269	$5,088	$7.78 (all nonresidential land uses)		
Tri-Valley	$4,369	$3,010	$3.48	$7.43	$4.32

Notes:
Jurisdictions in Central Contra Costa County do not have a uniform subregional fee and instead impose mitigations on a project-by-project basis.
Jurisdictions in Southern Contra Costa County have fees in addition to the Tri-Valley fee that vary by subdivision.

Local transportation mitigation fees are also charged by many individual jurisdictions, for the purposes of improving local streets and other non-regional transportation facilities. Such local fee programs are separate from and in addition to any regional or subregional fee programs that may also apply in that area. For informational purposes, local fees in nearby jurisdictions are shown in Appendix A.

Suggested Best Practices for Setting Fee Levels

To follow best practices, all jurisdictions participating in a subregional fee program should impose the same fee amounts, and the fee should be indexed for inflation in order to maintain its purchasing power. Therefore, at a minimum, all jurisdictions in West County should apply the indexed STMP fee amounts shown in Table 1, and the fees should be indexed annually.

Further, as part of this STMP update, consideration should be given to increasing the fees beyond the inflation-indexed amount. As real estate values continue to increase faster than inflation, and as the WCCTAC STMP fees are lower than other subregional fees in other parts of Contra Costa, it may be feasible to consider a fee increase in order to support greater levels of investment in the region's transportation infrastructure.

FEE PROGRAM ADMINISTRATION

As a regional fee program, the STMP involves every jurisdiction in West County and requires a high level of coordination. The local agencies (cities and County) that issue building permits are responsible for collecting the fees and submitting the funds to WCCTAC. WCCTAC is responsible for administering the program, tracking revenues and expenditures, and disbursing the funds to project sponsors.

As with any program of this nature, administrative issues can arise over time that affect the efficiency and consistency of the program. After the technical nexus study is complete, we will develop a set of administrative guidelines to help streamline the administrative process and ensure consistent application of the fees. In preparation for that, we welcome input from each jurisdiction on the following questions or other topics related to how the program is administered, along with any suggestions for methods to make it more efficient.

1. Application of the fee to particular land use types
    a. Should there be exemptions or discounts for certain uses?
    b. Should the fee be based on AM or PM peak hour trip generation?
    c. How should the fee be applied in cases of redevelopment of an existing vacant or occupied site?
2. Reporting of fees to WCCTAC
    a. Quarterly reporting form: what is the current experience with the quarterly reporting process, and are there ways to streamline and make it more consistent?
    b. What steps could be taken to ensure timeliness of submitting quarterly reports and STMP revenues?
    c. Should the local jurisdictions receive a percentage for processing and submitting the fees to WCCTAC, and if so, how should that be calculated?
3. Administration of program
    a. Are there suggestions for how to decide which projects receive funds and how those funds should be disbursed?
    b. How should WCCTAC's administrative percentage be calculated?

KEY QUESTIONS AND NEXT STEPS

This West County STMP update process is an opportunity for the West County area to reinforce its commitment to funding regionally-important capital improvements. This is an important step not just for continued compliance with the Measure J Growth Management Program, but also to support the region's long-term goals for improving its transportation infrastructure and ensuring that the impacts of new development are mitigated.

To guide the STMP update process, this memo has reviewed the prior nexus study and made suggestions for best practices in several important areas. Key areas where stakeholder input is needed include:

1. Project selection: Are the criteria for project selection that are suggested on page 6 of this memo appropriate for the STMP? Should the STMP continue to focus on supporting initial project development costs (such as environmental studies or conceptual design) for a wide range of projects?
2. Setting fee amounts: In light of current economic conditions and the STMP's status compared to other subregional fee programs, would it be feasible to consider increasing the fee amounts? If so, what range of fee levels would be appropriate?
3. Fee program administration: What steps could be taken to make the program operate more efficiently, specifically in the areas of calculating the fees for particular land use types and reporting the fees to WCCTAC?

After getting feedback from the WCCTAC TAC and Board on this memo and the key questions above, the consultant team will recommend a nexus analysis approach that will comply with MFA requirements and support the subregion's goals.

APPENDIX A: INFORMATION ON LOCAL FEE PROGRAMS

The Measure J Growth Management Program requires local jurisdictions to adopt a local transportation mitigation program. Local programs are different from subregional fee programs, in that they are intended to mitigate impacts on local streets and other non-regional facilities, and are imposed in addition to whatever regional or subregional fee programs exist in that area. For information purposes, current local transportation mitigation fees for jurisdictions in western and central Contra Costa, as well as in northern Alameda County, are shown in Table A-1. Jurisdictions that do not have a local fee program usually determine mitigations for development impacts on a project-by-project basis, typically through use of the California Environmental Quality Act (CEQA).

Table A-1: Local Transportation Mitigation Fees

Jurisdiction	Single Family (per unit)	Multi-Family (per unit)	Retail (per sq ft)	Office (per sq ft)	Industrial (per sq ft)
Northern Alameda County					
Alameda	$2,096	$1,627	$3.92	$3.86	$3.25
Albany	No local transportation mitigation fee				
Berkeley	No local transportation mitigation fee				
Emeryville	$2,661	$1,650	$4.97	$3.97	$2.58
Oakland	$1,000	$750	$0.75	$0.85	$0.95
Western Contra Costa County					
El Cerrito	No local transportation mitigation fee				
Hercules	$982	$630	$2.01	$1.45	$4.77
Pinole	$415	$295	$1.39	$0.56	$0.37
Richmond	$1,740	$1,391	$4.32	$3.81	$1.39
San Pablo	No local transportation mitigation fee				
Contra Costa County Area of Benefit Programs					
Hercules/Rodeo/Crockett	$1,648	$1,319	$4.12	$2.63	$1.15
North Richmond	$3,582	$2,874	$9.08	NA	$2.50
Richmond/El Sobrante	$3,178	$2,555	$7.93	$5.05	NA
West County	$4,694	$3,757	$8.96	NA	NA
Central Contra Costa County					
Clayton	$1,456	$1,019	$0.50	$0.50	$0.50
Concord	$3,251	$2,624	$8.81	$7.04	$2.98
Martinez	$2,221	$1,528	$2.23	$1.81	$0.99
Pleasant Hill	$3,148	$2,524	$8.14	$6.92	$2.55
Contra Costa County Area of Benefit Programs					
Briones	$2,300	$1,840	$5.75	$3.68	$1.60
Central County	$5,471	$4,863	$10.45	$8.88	$3.83
Martinez	$6,023	$4,837	$15.11	$9.65	$4.23
Pacheco	$990	$990	$2.05	$3.35	$1.35
S. Walnut Creek	$7,083	$7,083	$13.46	$11.32	NA

Attachments: Map and Table of Current West County STMP Projects

West County

City Limits

Routes of Regional Significance

Freeway

Arterial

Interchange Improvements

Transit Center

New Train Station

Corridor Improvements

New Ferry Service

Local Street Extensions

Station Access, Capacity, and/or Intermodal Improvements

Bay Trail Gap Closure Improvements

Current West County STMP Projects

Current West County STMP Project List and Status

ID	STMP Project List	Cost Estimate (2005 $)	STMP Funding (2005 $)	% Allocated to STMP	Status	Identified in 2014 West County Action Plan?	Total STMP Fund Disbursements as of 12/31/16	STMP Fund Balance as of 12/31/16	STMP Revenue Generated as of 12/31/16
1	Richmond Intermodal Station	$ 36,000,000.00	$ 15,000,000.00	41.67%	Partially Completed	No	$ 223,116.36		
2	I-80/San Pablo Dam Road, I-80/Central Avenue, SR 4/Willow Avenue Interchange Improvements	$ 39,207,000.00	$ 14,280,000.00	36.42%	Partially Completed	Yes (I-80/SPDR)	$ 2,800,435.39		
3	Capitol Corridor Improvements (Hercules Passenger Rail Station)	$ 48,200,000.00	$ 13,255,000.00	27.50%	Not Completed	No	$ 1,201,476.88		
4	Ferry Service to SF from Richmond and/or Hercules/Rodeo	$ 46,000,000.00	$ 12,650,000.00	27.50%	Not Completed	Yes	$ -		
5	BART Access and/or Parking Improvements (El Cerrito Plaza, El Cerrito Del Norte, and/or Richmond BART Stations)	$ 92,100,000.00	$ 25,330,000.00	27.50%	Partially Completed	Yes	$ 631,970.06		
6	Bay Trail Gap Closure	$ 5,490,000.00	$ 1,510,000.00	27.50%	Partially Completed	No	$ 487,365.06		
7	San Pablo Dam Road Improvements in Downtown El Sobrante	$ 6,900,000.00	$ 1,900,000.00	27.54%	Not Completed	Yes	$ -		
8	San Pablo Avenue Corridor Improvements	$ 6,000,000.00	$ 1,650,000.00	27.50%	Not Completed	Yes	$ -		
9	North Richmond Connection Project	$ 7,950,000.00	$ 4,000,000.00	50.31%	Not Completed	No	$ -		
10	Hercules Transit Center	$ 6,000,000.00	$ 1,650,000.00	27.50%	Completed	Yes	$ -		
11	Del Norte Area TOD Public Infrastructure Improvements	$ 25,000,000.00	$ 6,875,000.00	27.50%	Not Completed	Yes	$ -		
Total		$ 318,847,000.00	$ 98,100,000.00	30.77%			$ 5,344,363.75	$ 3,117,000.00	$ 8,461,363.75