COUNTY OF EL DORADO DEPARTMENT OF TRANSPORTATION

MAINTENANCE DIVISION:
2441 Headington Road
Placerville CA 95667
Phone: (530) 642-4909
Fax: (530) 642-9238

ELIZABETH B. DIAMOND
Interim Director of Transportation

Internet Web Site:
http://co.el-dorado.ca.us/dot

MAIN OFFICE:
2850 Fairlane Court
Placerville CA 95667
Phone: (530) 621-5900
Fax: (530) 626-0387

Date: September 15, 2005

Board of Supervisors
330 Fair Lane
Placerville, California 95667

Title: 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program-Public Hearing to Adopt New Interim Fee Program – Continued From August 23, 2005

Meeting Date: September 20, 2005

District/Supervisor: All Districts / All Supervisors

Dear Members of the Board:

Recommendations:

The Department of Transportation (DOT) recommends that the Board of Supervisors:

1) Conduct a public hearing regarding adoption of the proposed Interim 2004 General Plan Traffic Impact Mitigation Fee Program;
2) Approve Resolution; and
3) Authorize the Chairman to sign the resolution adopting the new fee program.

Background:

As part of the process to implement the 2004 General Plan, during the summer of 2004 the El Dorado County Board of Supervisors set into motion a process to revise and update the County's road development fee program.

On July 12, 2005, the Department of Transportation (DOT) presented an agenda item (Item #70) for your Board's consideration regarding the revision and updating of the County's traffic impact mitigation fee programs. After considerable discussion, the item was continued to August 23, 2005 to allow the Board members time to further review the extensive amount of material presented and to provide further opportunity for dialog.

Per your Board's direction, the Department continued to review and fine-tune the fee calculations, and returned to participate in a public workshop on August 23rd. At that workshop, your Board heard a presentation by staff regarding progress, took public testimony, and discussed several issues with staff. At the end of the workshop, your Board gave the Department of Transportation additional direction in the form of answers to policy questions posed by staff and directed the Department to return on September 20, 2005 with a proposed fee program for your Board's consideration and possible adoption. The Department has continued to refine the proposed fee program. The public hearing has been properly noticed and the attached 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program Final Report (Development Fee Technical Report), with it's exhibit's that are on file with the Clerk of the Board of Supervisors, provides information on how the fees were developed.

Overview of the Technical Report:

During the past year, the Department of Transportation (DOT) has worked closely with a Citizens Advisory Committee to explore development fee options. Policies and findings impacting the fee program were extensively discussed and literally dozens of alternative fee scenarios were developed for consideration.

The attached technical report outlines the major policies and findings resulting from this process, and sets forth DOT's recommendation for a single, integrated traffic impact mitigation fee program for the unincorporated area of Western El Dorado County.

Road System / Analysis Zones

The attached resolution and the exhibits to the report show the road system and analysis zones considered as part of the fee program update process. Several variations of the zones were evaluated at the offset, and it was recognized that these zones might serve as building blocks for the ultimate fee zones. The recommended fee scenario combines zones 2 (Cameron Park) and 3 (Missouri Flat) for the purpose of residential fee calculations.

Growth Projections

The County retained the firm of Muni Financial to develop the growth projections used for this development fee update. These projections are contained in one of the exhibits to the technical report.

While this development fee update is based on a horizon year of 2015, these projections are complimentary to and consistent with the projections made by the firm Economic and Planning Systems (EPS) as part of 2004 General Plan preparation process.

Traffic Projections / Improvement Needs / Projected Costs

The County retained the firm of Fehr & Peers to develop the traffic projections based on the 2015 growth projections and to identify the basic road system improvement needs resulting from this growth. These projections and system needs are contained in one of the exhibits to the technical report.

Supplementing this analysis, the County retained the firm of URS to examine specific improvement needs at several major interchanges along Hwy 50. This analysis is also attached as one of the exhibits to the technical report.

The improvement needs identified within the above processes were then scoped and cost estimates prepared. Additionally, projects where the County has committed, either through an agreement or an expectation, were added to the project list. Exhibit G of the technical report summarizes the improvement needs and costs.

The project cost estimates are summarized for the eight analysis zones as follows:

Zones #	Location of the zone	Project Costs Within Zone ($ millions)
• 1	Area east of Pollock Pines	0.1
• 2	Cameron Park and Rescue	224.5
• 3	Area west of Placerville along Highway 50	115.0
• 4	Northwest area of the County	7.1
• 5	Area along Highway 50 east of Placerville	3.0
• 6	Area southeast of Placerville	2.2
• 7	Southwest corner of the County	2.0
• 8	El Dorado Hills	275.7
	TOTAL	629.6

Of this amount, $365.4 million is attributable to the HOV lanes, auxiliary lanes and eight interchange projects along Hwy 50 between Placerville and the Sacramento County line.

Non-Development Fee Revenues

The major source of non-development fee revenues are Federal and State project specific grant funds which are anticipated to be received by the County region over the next ten years. The El Dorado County Transportation Commission has provided an estimate of these funds of $ 148.5 million. Of this amount, it's estimated that the unincorporated portion of the County will receive 2/3's or $98.9 million, and the City of Placerville will receive 1/3 or $49.6 million. The anticipation is that these project specific grant funds will be allocated for the Hwy 50 HOV lane and the interchange improvements along Hwy 50 between Placerville and Sacramento County.

Another source of non-development fee revenue for the County is the Master Circulation and Funding Plan (MC&FP) for the Missouri Flat area. These funds are to be used for the Missouri Flat interchange and the Pleasant Valley Connector. The net available revenue from MC&FP for these projects is estimated to be, over the next 10 years, $10.3 million.

Currently Available Development Fee Revenues

As part of the fee development process, it has been estimated $89.4 million of existing fee programs revenues are currently available for projects. The amount is broken down as follows:

Fund Balances

Fund	Fund Balances	Encumbrances Outstanding	Net Available
RIF	$15,474,452	-$13,440,000	$2,034,452
Silva Valley Parkway	$16,767,213		$16,767,213
County TIM	$21,038,378		$21,038,378
State TIM	$21,319,671	-$1,775,000	$19,544,671
Interim Hwy 50	$14,756,872		$14,756,872
	$89,356,586	-$15,215,000	$74,141,586

Also noted in the above table are current encumbrances outstanding against these available funds. The resultant net available fund balances total approximately $74,142,000.

As closely as possible, the available balances were allocated or credited to the costs of those projects in the original programs remaining in the current program.

Costs Attributable to Residential vs. Non-Residential Development

Based on the trip generation rates used within this analysis, approximately 60% of the total project costs are apportioned to residential land uses with the remaining 40% allocated to non-residential uses. However, Economic & Planning Systems (EPS) reports that substantial portions (65%) of the non-residential uses are directly attributable to growth in the County's population or residential growth. This would result in a cost distribution with approximately 84% of the total project costs being allocated to residential growth, and the remaining 16% allocated to non-residential growth.

Follow up studies indicate that a substantial majority of these remaining non-residential jobs are within the "finance/insurance/real estate", construction, transportation, entertainment and wholesale trade sectors, all of which are also easily attributable to the residential population increases within western El Dorado County.

Additionally, the results of EPS's market based studies indicated limited ability of non-residential uses to absorb increased fees.

In response to the limitations of the market to be able to tolerate increased fees on the non-residential land uses, and in recognition that a substantial portion of the non-residential jobs growth is directly attributable to the residential population of El Dorado County, the interim fees do not increase the non-residential fees from current levels. And the costs that would otherwise be allocated by the 84/16 cost split have been reallocated to residential uses so as to avoid creating an additional unfunded element within the program.

Additionally, the current fees are seen as disproportionately allocating costs to office uses, as the fees for office uses were set equal to retail uses even though there is substantially more traffic associated with retail vs. office uses. Within the interim fees, the current retail use fees are held, and the fees for other non-residential uses are proportioned back from these fees in direct proportion to their traffic impacts.

"20-year" Projects vs. "10-year" Projects

Most of the projects identified as part of this process to update the development fee program are scoped to handle 10 years of growth. However, several large interchange projects on the project list are scoped to handle 20 years of anticipated growth. These include the improvements at the following interchanges:

- El Dorado Hills Boulevard.
- Silva Valley Parkway
- Bass Lake Road
- Cambridge Road
- Cameron Park Drive
- Ponderosa Road/South Shingle Road

Each of these interchange projects are anticipated to be a series of incremental improvements over the next 20 years. The delivery increments will be identified within subsequent, more detailed planning processes. It is expected that these more detailed project planning efforts will allow delivery of critical incremental improvements in a timely fashion so as to minimize levels of service falling below community expectations.

For the purposes of these interim development fees, the total improvement costs for these large projects scoped to handle 20 years of growth were spread over the projected growth expected within the next 20 years (through 2025).

Potential Alternative Funding

EPS investigated the potential for financing those projects noted above as sized to handle 20 years of growth with that financing being over 20 years. EPS determined that it would be feasible to finance the cost of these improvements. Further, they indicated that to do so, would add approximately 10% to the expected fees over the next ten years. However, the proposed financing arrangement would have the County's General Fund as ultimate security, and as such, further consideration is necessary before advancing this as a recommended approach. This potential financing arrangement will be investigated more thoroughly during the ensuing year.

Fee Calculations

The Exhibit M attached as one of the exhibits to the technical report describes the fee calculations. Basically, three fee components are individually calculated, a local component for El Dorado Hills, a local component for the remaining County, and a State Highway 50 component for the whole of the unincorporated County.

Cost Summary

Accounting for anticipated non-development fee revenues over the next ten years, the currently available development fee revenues, the program cost reduction associated with incremental delivery of the 20-year projects, and the unfunded element associated with external trips, the remainder is revenue anticipated within the proposed development fees as follows:

	Millions of Dollars
• Project Costs	629
• Fund Balances	-74
• MCFP Funds	-10
• Fed/State Funding	-99
• Cost reductions	-128
• Unfunded externals	-77
Remainder	241

As a point of comparison, over the next ten years (through 2015) the current fee structure would be estimated to generate approximately $169 million.

Potential Alternative Funding

As part of the process to identify ways to fully fund the program, the firm Economic & Planning Systems (EPS) briefly investigated on the County's behalf alternative funding sources. They identified four potential funding options: 1) General obligation bonds, 2) Increased sales tax, 3) Assessment district, and 4) Mello-Roos Community Facilities District (CFD). None of the four options are seen as holding potential within the immediate future, without a more thorough examination. Such an examination will take place over the next year.

Fiscal Impact:

Adoption of this Resolution will increase traffic impact mitigation fee revenues and allow the County to provide funding for the capital improvement projects set forth in the attached Development Fee Technical Report and resolution.

Net County Cost:

There is no net County cost.

Action to be Taken Following Approval:

The proposed fees will go into effect sixty-days from date of adoption. DOT will collect applicable Interim 2004 General Plan Traffic Impact Mitigation Fees on residential and non-residential building permits pursuant to the proposed fee schedule.

Sincerely,

Elizabeth B. Diamond
Interim Director of Transportation

ED:SB:dm/kdw

Attachment: Development Fee Technical Report –
Exhibits to Technical Report on file with Clerk of the Board of Supervisors