

MEETING RECORD for TIM FEE Working Group Meeting
June 19, 2008, 6:30-8:30pm
Main Library, Fair Lane, Placerville

I. Next Meeting – Thursday, July 24th, Cameron Park Library, 2500 Country Club Drive, 6:30 – 8:30pm

II. Homework:

- A. All: Please provide comments on the Staff Report (hand-out) to Craig by Monday, 6/23/08 email: cmckibbin@co.el-dorado.ca.us, phone: (916) 358 3652
- B. For those interested: the Land Development Manual and Standard Plans (Road cross-sections) are available for review and comment on DOT's website <http://www.co.el-dorado.ca.us/DOT/forms.html> ; Comments are due by 7/16 to Val Akana, vakana@co.el-dorado.ca.us, phone: (916) 358 3564

III. Announcements:

- A. On 6/12, the Planning Commission forwarded the Measure Y ballot initiative to the Board; this is on the Board's agenda on 7/1 at 2pm
- B. Regional Fee Program on Board's agenda on 7/1
- C. TIM Fee Update on Board's agenda 7/29/08 @ 2pm

IV. Discussion:

- A. ***NOTE: THIS IS A RECORD OF WHAT WAS DISCUSSED. THE USE OF "WE" DOES NOT IMPLY CONCENSUS BUT, RATHER, IS JUST A STATEMENT BY THE SPEAKER. ALSO, THE COMMENTS REFLECT WHAT THE SPEAKER SAID AND MAY NOT REFLECT OTHERS' THOUGHTS OR OPINIONS. IN SOME INSTANCES, THE COMMENTS ATTRIBUTABLE TO SPECIFIC SPEAKERS WERE SUMMARIZED OR PARAPHRASED AND THEREFORE, ARE NOT DIRECT QUOTES.***

B. Regional Fee Program

- 1. RS: The plan is to add to the \$11M to the fee program as a line item but to take it out of state & fed money we already have.
- 2. AM: wants to see how the numbers were developed; not comfortable we have enough info to justify transferring STP monies down the hill. The question is whether they will be giving the rest back because we're paying them more in Measure A money. I'm not comfortable allocating any STP \$ to this program without more information.
- 3. CM: I put \$11M into the fee program (see handout). We talked to Tony Harris yesterday and asked him for clarification as to what the real number is \$11M or \$17M? The total TIM Fee program is approximately \$954M including the \$11M.
- 4. RS: A big question is how these agencies will implement it. We're endorsing the contribution should a regional fee program be put into place. But we're not sending anything until we have a well thought out implementation plan in place (e.g., MOUs, JPA). A major concern I have is that our contribution is really \$37M and if the most important

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project in the regional fee program requires our contribution upfront, we pay them \$37M and then never get it back when it comes time to do our projects. In principle, we have not invested \$50M into our fee program yet that we could tap.

5. AM: But we're still reducing our program in El Dorado County by that amount; those are fees we've allocated to affordable housing and commercial/industrial, etc. We can argue that residential is paying 100% ...but those are still real \$ we are going to allocate out of the County. I'm not willing to send them any money until we see what is behind their numbers.
6. JB: is there an objective staff report by DOT that discusses this issue?
7. RS: We have not developed a staff report but their group has developed a lot of documentation including the traffic study re: nexus...I'm embarrassed to see the \$17M vs. the \$11M error...We are very familiar with the manner in which the cost estimates were made; much of the traffic reports were reports that we did for our Hwy 50 mobility program for our fee program. We have not prepared any single document. My professional opinion and gut feeling is it's a good investment but before I would agree to send any money to that group, we're not even close to that yet because there's no guarantee in place that projects will stay funded in our county; there's a 30% reduction of congestion in our county with the regional program – a big benefit.
8. JB: If there are funds earmarked for the regional program, would they be earmarked for example for the Silva Valley interchange which would be a regional benefit?
9. RS: If we could advance our projects faster and ask them for \$26M first and then agree to pay back \$37M later. Our County has already taken leadership when we sent some of our STP \$ to build the HOV lanes down to Sunrise. We're not increasing our program and we're not sending any money now. By participating, it sets the stage that we're still in this leadership role. We're coming to play; it shows the others they ought to ante up too. It has positioned the group to advocate for money they didn't have before. The other portion of the CMIA money that we got money was for the White Rock Road project; the only off-system one in the state that got any money. The way the group is looking at this is if they can generate any more money in the Hwy 50 corridor, they can reap the benefits. I have spent a lot of time, i.e., 2 days / mo at least 4 hrs each meeting, but I believe firmly that the power of this group has been proven in the ability to generate money. Caltrans' Will Kempton has made a point to try to facilitate any issues this group has come up with e.g., encroachment, environmental issues. Caltrans has already submitted projects to the Commission and the hope is that Caltrans will be successful in getting money to improve

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- some of the auxillary lanes on Highway 50 for example. To say we don't want to participate for less than 1% of our program...
10. AM: We have participated e.g., HOV lanes, light rail to Folsom. And we are participating when we are purchasing in Sac County and paying measure A. How much money are we already putting into that pot? And I would think we are already contributing more than our share into that pot. We need to have those numbers in front of us in order to establish that. E.g., For every \$100 spent at Costco; 50 cents goes to Measure A funds. If we need to contribute \$17M or \$11M, they should use the Measure A funds we're already giving them.
 11. JB: That's a good negotiating point if you look at the Mo Flat study that shows the drain on taxes from El Dorado County to Sac.
 12. RS: These are all good comments to raise to the Board
 13. AM: Did they include improvements to maintain the viability of the Business Park? Or did they just crunch the numbers with the projects of the 4 developers in the program so none of the traffic in the Business Park is included?
 14. RS: I believe they included the Business Park. I recommend we continue on with this discussion for next meeting so we can talk about the Inflation Update...

C. TIM Fee Inflation Update for the Board (see handouts)

1. CM: Re the Staff Report: The ENR Index has replaced the Caltrans index and results in a decrease of 1.73% in the fee program. The results of using various versions of the Caltrans index is also included as a point in the Staff Report. The issues this group talked about are also included. The report includes a reference to R/W costs but draws no conclusion yet since we haven't discussed the analysis that we will hand out tonight. We will take comments on the Staff Report through Monday. Craig has to get this through the process by Tues/Weds.
2. AM: The main objection to the Caltrans index was its tendency to fluctuate. This needs to be highlighted at the discussion with the Board because it is so volatile.
3. CM: Richard will have a slide program for the Board and will have a slide on the Caltrans index that shows its fluctuation. It will also include the comparison table of 2007 vs. 2008 fees (handout) since that was requested at the last update by the Board.
4. AM: What we do with the standard plans can affect the costs
5. CM: Remember, however, that the majority of the fee program is driven by 3 things: Hwy 50 mainline improvements, interchanges on Hwy 50, and intersection improvements. None of these are driven by the standard plans.

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6. DH: you probably want the tighter standards, bigger roads in the areas near Hwy 50; it's the rural areas where you might be able to narrow up the roads but that's not where we are doing TIM Fee projects.
7. Resolution – Proposed Fees total approximately \$954M
8. AM: the Board could line out the Regional Fee Program and still adopt the resolution
9. CM: Yes, the Regional Fee Program is not included in the total

D. Discussion on Right of Way Analysis (Estimate vs. Actual - handout)

1. RS: There might be some projects that might have some heavy R/W costs but there might be some that are light. For example, let's look at the projects we have done and compare it to actual costs vs. estimates. There's an indication that on a programmatic basis, if you can use this project sampling as what we can expect in the future, it looks like we overestimated our R/W costs by 21%. However, we have projects that came in higher and lower than our estimates. We spent almost \$16M total for R/W on these projects but in our Fee Program, we estimated \$20M. I'm not immune to reducing our TIM Fee Program R/W costs by 21% and our R/W total is about \$80M so 21% less is about a \$17M reduction. However, it might be better to gather some more data and wait until the next fee program update to do the adjustment. I think we have enough programmatic info to take a programmatic # and take it down by this amount.
2. AM: R/W needs to stay on the list for further discussion but it's not big enough to make a decision now. All of the things are still out there e.g., ITS that we need to look at further. It's appropriate to leave the conclusion that's in the Staff Report on R/W.
3. DH: The regional fee program didn't include traffic going to SLT and ski resorts. We're going to re evaluate this thing every 2 years to 5 years; R/W is certainly not a program killer. We could make an adjustment now and then monitor and raise fees back up if need be due to increased R/W in the future.
4. AM: Also, it may be that we're no longer talking about a 5 year CIP; if the Measure Y thing passes, we are going to have to spend a lot of time and money developing a 10 year CIP; this group needs to be at the forefront to decide what that looks like.
5. RS: The first 10 year CIP will be a little tough to develop to determine which projects to slide into the next 5 years; there will be 5 more years of additional revenues that could fund projects that are currently further out. So I agree that the first one will be harder.
6. AM: We are going to have to look at permit revenue data. The off-the-cuff assumption of 600 homes/year is not going to cut it. Some of these are political decisions more than technical decisions. I think this is going to pass (Measure Y initiative) and we're going to have to look at this next year.

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7. CM: What R/W analysis does to the program is probably a reduction of 1 ½% to 2% max. So if we include a reduction in the fees and we missed it, the next go round the fees could be raised back up a couple percent.
8. CM: Note also Project 72332 in the r/w table – this includes a land swap with CSD; that was not assumed in the initial estimate; we assumed \$4.2M to purchase the R/W given that we couldn't do a swap w/CSD. The last line on the spreadsheet shows the total without that project. Excluding that project, brings the estimate vs. actual totals much closer together.
9. RS: We'll raise this issue at the Board and see if they want us to come back with fees that would recognize this reduction in R/W. The recommendation will stay as it is in the staff report for now i.e., that we don't have enough information to make a recommendation on changing r/w costs at this time. However, now that we have done an initial analysis, we will continue to add to this each year to see how we're doing.
10. AM: You could drop out the highest and the lowest deltas from your analysis; this is typically done.
11. DH: Art, how sensitive are we to Jack's 600 houses/year number?
12. AM: Jack asked the 5 year CIP be run assuming 600 houses/year; which would not accommodate regional housing needs and it's not realistic to assume the market will stay this way for 10 years but the question becomes what type of # do you plug into it? What needs to be done is to ask SACOG what regional growth is really projected to be over next 10 years and back that into a permit # per year and I think you use the (State's) Dept. of Finance's numbers rather than pulling things out of the air.
13. RS: I totally agree – A 5 year program assuming 600 houses/year is very constraining. The scary part is however that the fiscal year ends this month, we estimated 300 permits in El Dorado Hills and 300 in the rest of the County; we will get more than 300 permits in EDH but that's due to big condo project; on the remaining 300 permits for the West slope, we're ½ of what we estimated. If we go 2 more years like that, we're going to have a significant problem in our fee program.
14. DH: That's why I ask the question – how sensitive are we to that 600 per year?
15. AM: The point I made is to remind people that the General Plan is based on a projection of 32K units over 20 years; it's a 32K unit plan and that is not fungible – the 20 yr plan may be a 30 year plan. I don't see any reason to change the discussion. The GP still works if it's a 30 yr plan. The difference comes, from a development standpoint, if you use 600 building permits, you have \$X over a 10 year period, then a 10 year CIP is not going to build many projects. The builders benefit will be to get the number as high as possible to program the improvements they need into the CIP so they can get their project approvals. If we're talking 7 yrs, that's 4200 permits but the Department of Finance and SACOG are telling us we have to accommodate

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- 7400 in our GP in that timeframe, we have an additional problem that could smack us up the side of the head. We need to think about this.
16. DH: Richard is trying to reasonably estimate what the project mix should be but if the permits don't come in...
 17. JB: The assumption is that people are coming by RHNA – but if you get condo projects instead of McMansions, you may not get the fees you need.
 18. CM: We collect for condo projects 2/3 of the SFD rate so 300 condos raises a lot less revenue than SFDs would.
 19. RS: We need to do a methodical annual revenue forecast; we've already delayed our fee update this year; if we continue to stay on the same course, over time, it corrects itself; if we go 5 years without adjusting anything, you get yourself into a hole you can't dig out of.
 20. CM: You start seeing some really wild swings. As an example...the fee program big update was done in '96 and then no inflation update was done for 5 or 6 years; when it was done, it was 30% or something like that and the big downside was that we had been collecting a lot less than needed for that additional length of time. It first showed up in El Dorado Hills in the RIF which we had to do a special adjustment to fill in the gaps.
 21. JB: The program is a living document to accommodate this growth and the categories in which you will accommodate it; it may not be how we want to see it.
 22. RS: It may not be a 20 year program.
 23. JB: Those factors are built into our plan.

E. Inflation Indices

1. RS: Parting Thought: See handout on the comparison of the inflation indices;
2. AM: The ENR index – when is that dip in the Caltrans index going to show up in the ENR index?
3. CM: ENR continues to go up and in 30 yrs it had dropped once in the annualized numbers and ½ dozen times on a monthly basis.
4. RS: I prefer Caltrans but want to stick to one. We need to look at a long term plan and not pick something just because it goes down.
5. DH: I agree with Richard but I would like to find some way to smooth Caltrans' index like add a 2 or 3 year moving average. ENR catches a very broad project mix. Caltrans is closer to what DOT does.

F. Suggested Topics for Next Meeting

1. AM: There are 2 subjects important over the next 5 mos.
 - a. What we are going to do about Measure Y – if Board approves it in July to go on ballot, there needs to be discussion to implement it e.g., 10 year CIP
 - b. The other thing more important than the Caltrans index is going to be whether or not we're going to have significant state/federal money

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given the state budget. Some of those STP monies may be sucked up to balance the state budget

2. JB: This is great group to get into Measure Y discussion. The protocol re traffic studies and accompanying measures...the quicker we have that discussion, the more complete we can add to that

V. Choose Topics for Next Meeting

- A. Additional sources of funding
 1. The Casino – What funds will be available, what additional projects need to be included and how will this impact the fee rates?
 2. Federal and State “matching dollar” opportunities – using TIM fee money to leverage other sources
 3. Are we getting any kind of priority for \$ from state and federal because of our TIM fee program? What have we gotten to match the \$ we have contributed to TIM fees?
 4. Inclusion of Safety and Intelligent Transportation System (ITS) “local match share” items and other potential grant funding opportunities
- B. Impacts from the slow-down in residential development (e.g, growth in the County affects the road plan)
- C. Format/Style to be used for annual Government Code compliance Report.
- D. Can we discuss the “uniqueness” that affects the El Dorado County TIM FEE Program? Do we spend more or less for example because of the # of Highway 50 improvements than other counties do? Do others have other funding sources that we don’t have?
- E. Parking Lot Items
 1. The Variable Highway 50 Fee Program had three different levels of TIM fees for single family residential houses. Smaller houses paid a lower fee." (e.g., apt vs. granny flat)
 2. If the program becomes a 30 year program instead of a 20 year program, what does this imply for federal and state matching \$? Can we count on more coming in and thus, reduce the fees?
 3. Discuss shifting timing of paying fees from building permit to occupancy
 4. Look into doing early ROW acquisition while prices for land are low.

VI. Attendees

- A. Jim Brunello (JB)
- B. John Costa, BIA, (JC)
- C. Dave Harnagel, SAGE and URS Corporation (DH)
- D. Art Marinaccio, Taxpayers Association of El Dorado County (AM)
- E. Craig McKibbin, DOT (CM)
- F. Val Akana, DOT (VA)
- G. Richard Shepard, DOT (RS)