



DEPARTMENT OF TRANSPORTATION TRANSPORTATION PLANNING

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May 20, 2025

TO: Board of Supervisors

FROM: Zach Oates, Sr. Civil Engineer

Subject: Revision to 2024 Major Update to the Traffic Impact Fee (TIF) Program

PURPOSE AND SUMMARY

On December 3, 2024, the Board of Supervisors (Board) adopted the Major Update to the Traffic Impact Fee (TIF) Program, as required by the General Plan and in compliance with state law. Subsequently, during preparation of the 2025 Annual Update, staff discovered a discrepancy in the calculations related to allocation of projected growth throughout the West Slope.

Therefore, the purpose of today's item is to discuss revisions to the growth allocations as adopted in the 2024 Major Update to the TIF Program, the resulting changes to the Deficiency Analysis that utilizes the revised growth allocations, and to receive direction on how to disperse assumed grant funding to offset fees for residential and/or commercial development throughout the West Slope.

BACKGROUND

A development impact fee is a fee levied by a local government or public agency to ensure that new development projects pay for all or a portion of the costs of providing public infrastructure or services to the new development. Since 1984, the County has adopted and updated various impact fee programs to ensure that new development on the West Slope pays an appropriate fee to cover the impact of new development on constructing and improving county and state roads necessary to serve new development. Impact fees are calculated pursuant to the Mitigation Fee Act (Government Code 66000 et. seq.) ("MFA") and the County's General Plan policy. Generally, fees are based on the type of land use, quantity, location, and impact on roads and highways.

TIF-funded projects are CIP projects that are needed to accommodate new development projected over the next 20 years, including roadway widenings, interchange improvements, etc. Since these new projects are needed to accommodate new development, there is a reasonable relationship between the need for these facilities and the type of new development that is required to pay the fee.

The County's General Plan Policy TC-Xb states that, "At least every five years, prepare a Traffic Impact Fee Program specifying roadway improvements to be completed within the next 20 years to ensure compliance with all applicable level of service and other standards in this plan..." Consistent with the General Plan, the 2024 Major Update to the

TIF Program, and related Nexus Study, was adopted by Resolution 213-2024 on December 3, 2024.

During review of the adopted Nexus Study and updated annual building permit data as preparation for the 2025 Annual Update required by General Plan Implementation Measure TC-B, Transportation staff identified a discrepancy between updated permit data and the baseline growth analysis prepared by the County's consultants for the Major Update. In short, the updated baseline for available housing units in the West Slope is calculated based upon the number of units (building permits) constructed since the previous baseline analysis and the number of new/approved developable parcels and/or units created since the previous baseline analysis. While the number of units constructed between the previous baseline year of 2018 and the new baseline year of 2023 was correctly subtracted from the prior baseline, the number of newly-approved but unbuilt units was further subtracted from this total instead of added. This resulted in the 2023 housing baseline being lower than it should have been, which allowed for less capacity for growth on the West Slope, and particularly within the El Dorado Hills Community Region. Upon discovering the discrepancy, staff has worked to correct it, and this item will be the next step in that process.

The lower housing baseline was then used in the Nexus Study that accompanied our 2024 Major Update. This impacted the number of housing units available in the El Dorado Hills Community Region and resulted in the Nexus Study allocating a larger number of additional housing units to adjacent Community Regions further up the hill. This led to the cost of needed roadway projects in the El Dorado Hills Community Region being spread amongst less growth, ultimately resulting in the significant increase to the Traffic Impact Fees.

DISCUSSION

Reallocation of Projected Growth

Following the discovery of the discrepancy, staff and its consultants have worked to reallocate projected growth throughout the West Slope. The discrepancy did not affect the total amount of projected growth (total number of new residential units and jobs), but only where that growth would be projected to occur. Specifically, after addressing the discrepancy, the capacity of single-family housing units in the El Dorado Hills Community Region (CR) increased by 1,881 units. The available capacity of the other CRs increased minimally. The table below summarizes the single-family housing unit increases across all CRs and the balance of the West Slope.

Community Region	Original Single-Family Capacity	Revised Single-Family Capacity	Increase
West Slope Less City of Placerville	8,675	10,595	1,920
El Dorado Hills CR	1,587	3,468	1,881
Cameron Park CR	1,837	1,843	6
Diamond Springs CR	2,920	2,930	10
Shingle Springs CR	947	970	23
Placerville CR (Less City of Placerville)	674	674	0
Balance of West Slope	710	710	0

In previous discussions with the Planning Commission and the Board, staff has repeatedly received input that growth should be projected at the west end of the County where the infrastructure and services to support it already exist. Based on these prior discussions, and further supported by historical trends and the existing distribution of housing units and jobs, staff reallocated the revised projected growth by utilizing all available capacity in the El Dorado Hills CR before allocating overflow demand further east into the Cameron Park CR. Previously, a significant amount of the El Dorado Hills CR overflow growth extended even further east into the Shingle Springs CR.

The adjusted memorandum discussing the El Dorado County 2045 Housing and Employment Projections is included as Attachment C to this item.

List of Projects for Inclusion in the Revised Major Update to the TIF Program

The discrepancy that was discovered also impacted the list of projects to be included in and financed by the TIF Program. The County's consultant Kimley-Horn and Associates (Kimley-Horn) has used the County's Travel Demand Model and the latest update to the Highway Capacity Manual (HCM) to determine the revised list of projects to be included in the Revised Major Update to the TIF Program. The Travel Demand Model has been updated to reflect the revised growth projections and allocations, the latest road improvements, and the growth that has occurred since the last major update. The methodology and assumptions of the analysis are documented in an updated technical memorandum (Attachment D). The projects for which fees will be collected following the Major Update are listed below:

- 1) Bass Lake Road Widening - U.S. Hwy 50 to North of Relocated Country Club Drive
- 2) Cameron Park Drive Widening - Palmer Drive to Toronto Road, including a traffic signal at Hacienda Road
- 3) Country Club Drive - El Dorado Hills Blvd. to Silva Valley Parkway
- 4) Country Club Drive - Silva Valley Parkway to Tong Road
- 5) Country Club Drive - Tong Road to Bass Lake Road
- 6) Diamond Springs Parkway 1B - Missouri Flat Road to S.R. 49
- 7) Green Valley Road Widening - Francisco Drive to East of Silva Valley Parkway
- 8) Latrobe Connection - White Rock Road to Golden Foothill Parkway
- 9) Latrobe Road Widening - Golden Foothill Parkway (N) to White Rock Road
- 10) Saratoga Way Phase 2 - Wilson Blvd. to El Dorado Hills Blvd.
- 11) White Rock Road Widening - Post Street to South of Silva Valley Parkway
- 12) U.S. 50 Auxiliary Lane Westbound – El Dorado Hills Boulevard IC to Sacramento County Line
- 13) U.S. 50 Interchange - El Dorado Hills Blvd. / Latrobe Road Phase 2B
- 14) U.S. 50 Interchange - Silva Valley Parkway Phase 2
- 15) U.S. 50 Interchange - Bass Lake Road Phase 1
- 16) U.S. 50 Interchange - Cambridge Road Phase 1
- 17) U.S. 50 Interchange - Cameron Park Drive Phase 1
- 18) U.S. 50 Interchange - Ponderosa Road Phase 1 & 2
- 19) U.S. 50 Interchange - El Dorado Road Phase 1

Intersection improvements (traffic signals and match funds for safety projects), administration costs, bridges and transit are still included in the fee program. The Intersection Improvements line item has been updated to include the Intelligent Transportation Systems (ITS) Program and has identified the intersections of El Dorado Hills Blvd. / Saratoga Way / Park Drive, Cameron Park Drive / Hacienda Road, Green Valley Road at Loch Way, Forni Road at Pleasant Valley Road, Hollow Oak Drive at Bass Lake Road, and Robert J. Mathews Drive at Golden Foothill Parkway as projects for improvement. The Cameron Park Drive/Hacienda Road signalization will be included in the Cameron Park Drive widening project. Administration costs include the cost for annual updates and major updates to the TIF Program.

During preparation of the 2024 Major Update, the following projects were removed as there is no longer a projected level of service (LOS) deficiency by 2045:

- 1) Missouri Flat Road Widening - China Garden to S.R. 49
- 2) White Rock Road Widening - County Line to Windfield Way

A future deficiency was previously identified during the 2024 Major Update that resulted in adding the Latrobe Road Widening - Investment Boulevard to Golden Foothill Parkway project into the TIF Program. However, based on the revised growth allocations, this project is no longer projected to be needed by 2045, and is no longer being included at this time.

Additionally, the Headington Road Extension project was recently removed from the Transportation and Circulation Element of the General Plan at the Board of Supervisors April 29, 2025, meeting as part of the approval of The Crossings - El Dorado Resort and Campground project (Legistar Item 25-0678). As such, it has been removed from the Nexus.

The updated 2024 Technical TIF Program Update memorandum that utilizes the adjusted growth allocations and includes the list of projects to be included in the TIF Program is included as Attachment D to this item

Grant Funding Offsets

Within the TIF Program, projected grant funds cover the costs of three separate items: 1) the costs associated with external trips (vehicle trips that affect level of service (LOS) on County roads but that do not originate, or end, within the unincorporated west slope of the County), 2) the affordable housing TIF offset program, which equates to \$20 million over the 20-year planning horizon of the TIF Program, and 3) they serve as alternative funding sources for projects within the TIF Program. During previous updates, prior Boards have directed staff to utilize these alternative funding sources (i.e., state and federal grants) to offset the high cost of residential and non-residential fees in certain zones.

On October 22, 2024, Transportation staff conducted the final workshop of the Major Update process, presenting the results of the analysis of potential offset scenarios utilizing the reduced grant funding assumptions directed by the Board on August 13,

2024. Based upon the Board's recommendation, the final fee schedule included offsets as follows:

Zone A Offset: 55% Residential, 50% Non-Residential

Zone B Offset: 0% Residential, 5% Non-Residential

Zone C Offset: 0% Residential, 40% Non-Residential

As a result of the revised growth allocations, fees in all three zones have seen significant adjustments. Accordingly, staff is seeking Board direction on whether or not to revise the offset percentages for the different residential and non-residential uses across the three TIF zones. To provide the Board with information and alternatives, Staff has developed three offset alternatives from which the Board may select. The fee schedules for each of the scenarios described below are provided as Attachment E to this item. The current fee schedule approved by the Board on December 3, 2024, is also included for reference as Attachment F.

Scenario 1 reflects the full amount of the fees without any offsets applied.

Scenario 1:

Zone A Offset: 55% Residential, 50% Non-Residential

Zone B Offset: 0% Residential, 5% Non-Residential

Zone C Offset: 0% Residential, 40% Non-Residential

Scenario 2 follows a similar approach to how offsets have historically been applied to the fee zones. It focuses on reducing the residential fees in the more rural areas throughout the West Slope, and on reducing fees for non-residential uses so as to not stifle economic growth. This scenario achieves significant reductions from the current fee schedule and is more fiscally conservative by keeping a larger percentage of assumed grant funding in reserves for project cost increases and future inflationary adjustments.

Scenario 2:

Zone A Offset: 45% Residential, 75% Non-Residential

Zone B Offset: 0% Residential, 25% Non-Residential

Zone C Offset: 0% Residential, 35% Non-Residential

Scenario 3 applies offsets to reduce the fees to the levels prior to adoption of the 2024 Major Update Fee Schedule as possible. This approach utilizes the most assumed grant funding of the three scenarios, leaving less in reserves for future project cost increases and inflationary adjustments.

Scenario 3:

Zone A Offset: 50% Residential, 80% Non-Residential

Zone B Offset: 0% Residential, 30% Non-Residential

Zone C Offset: 0% Residential, 40% Non-Residential

Based on the information and analysis provided, staff is recommending that Scenario 2 be applied within the Revised TIF Program Nexus Study to reduce the fees, as shown above. This will continue to reduce the overall fees in the more rural areas of the West

Slope, while also reducing non-residential fees overall in all three zones to lessen the impacts experienced by businesses coming into the County. In addition, any increase in fees would take effect 60 days after the increase, while a decrease in fees would take effect immediately. If the Board chose Scenario 1, then staff would have to present two fee schedules in June, one that takes effect immediately that includes all the fee reductions and another that takes effect in 60 days that includes the fee increases. If, instead, the Board chose Scenario 2 or 3, there would be no increases in the fees which means that the Board could later adopt one fee schedule that takes effect immediately. However, Zone B Highway 50 fees do increase slightly, while the Zone B Local Roads fees decrease (the combined total is a net decrease). As a result, two fee schedules will be presented to the Board in June for all three scenarios: one that would take effect immediately and would include the decreased fees, and a second that would take effect 60 days after adoption.

After receiving direction from the Board, staff will generate the updated TIF fee schedule. Transportation will return on June 10, 2025, with the appropriate resolution for adoption of the Revised 2024 Major Update to the TIF Program, including the updated fee schedule. Changes to the projects included in the TIF Program will be incorporated into the Capital Improvement Program (CIP) with updates to the CIP Book in Summer 2025.

RECOMMENDATION

Department of Transportation recommends the Board take the following actions based upon the analysis presented today:

- 1) Receive the adjusted El Dorado Countywide 2045 Housing and Employment Projections Memorandum, dated April 17, 2025;
- 2) Receive information on revisions to the list of roadway deficiency projects resulting from approved growth rates, adjusted growth allocations, and corresponding revisions to the Travel Demand Model;
- 3) Direct staff to adjust the residential and non-residential offset percentages to the proposed Traffic Impact Fees using the proposed Scenario 2; and
- 4) Direct staff to return on June 10, 2025, with the appropriate resolution for adoption of the Revised TIF Update, and to incorporate the changes to the CIP.

CONTACT

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