TIM FEE Working Group Meeting Record
March 13, 2008, 6:30-8:30pm
Room 248, Bldg. C
345 Fair Lane, Placerville

I. <u>Upcoming Meetings</u>

A. Thursday, March 20, 2008, 6:30 – 8:30pm in the Main Library, 345 Fair Lane, Placerville
   1. This meeting will be to review DOT's draft recommendation for the TIM Fee Update to the Board of Supervisors.

II. <u>Homework</u>

A. Identify roads that we are planning improvements to, that we may be able to ask the property owners to pay for some/all of the improvements since they will benefit from the improvements.
B. Include a narrative in the Board presentation of what projects make up the large ROW acquisition costs). Richard would also like to see a project list sorted by construction costs (high to low).
C. Include analysis in the Board presentation of what it will cost to forgo any increase this year (i.e., get # of TIM FEE paying permits over (pick a timeframe) and calculate the amount that we will forgo.
D. Address the BIA letter.
E. Do the math that shows that residential is paying 60% of the total TIM Fee Program costs.
F. Develop more info about DOT's cost estimating process for discussion (ongoing).
G. Quantify the % of TIM FEE revenue coming out of Zone 8 (from 2/21 mtg)
H. What does the CIP look like if the Zone 8 fee is $20K? What does the rest of the program look like? (from 2/21 mtg)

III. <u>Discussion</u>

A. *<u>NOTE</u>: 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. The 84% Residential, 16% Commercial split (Handout)
   1. AM: The example (in the handout) isn't the whole story…a number of the trip ends being charged to residential were for government buildings e.g., schools, hospitals. The Board now needs to figure out if there is other money they can bring into the program to pay for government buildings rather than sticking it on residential. It's clear you can't stick commercial/industrial with that burden.
   2. DB: I don't feel that the split on residential is fair. I think that commercial is thriving and residential isn't and fees are a big part of this. We need to take a look and determine what is a fairer way

to split this. I don't know if there is a range for commercial/industrial that's more doable but I do know that $42,000 for residential is not affordable.

3. MW: What about waiving fees for non residential? And justifying it because commercial, etc. will bring in more revenue if you can attract it.
    a. The person who did the study at EPS Tim – we talked to him and he said that his study does not justify what you have done (i.e., shifting the burden from non-residential to residential).
4. AM: The implication that commercial/industrial should pick up all the government buildings is not right.
5. DH: If Art's analogy is valid, then by that argument, trucking shouldn't be taxed. Cars subsidize trucking. I'm concerned about that with residential as well, that it is being used to subsidize other things?
6. AM: If we're going to put a # on commercial/industrial – what can they afford to pay and still get the project in the ground, then we need to look at some of the economic benefits to absorb some of those costs. I agree that there needs to be a way to take the economic benefits to apply to the problem. But we need a program that economically functions and gets us where we need to be. But at the same time, by taking the # of trips generated by residential, residential almost exactly met its impacts. 84% of the $700M = say $540M from residential which was exactly 60%. At this amount, residential is paying 100% of its costs. And then we took whatever funds were available and applied them to non-residential. So looking at the numbers two different ways got the same result. <u>What we need to do is get the cost of the program down.</u>
7. DH: You can't argue that commercial is not trip generating. We all agree that we have to fund this program somehow.
8. AM: If we can get $100M of commercial in the ground, then we can generate some economic benefits for the county; will the big boxes still come here if we charge $25/sq ft?
9. DH: We are in agreement that commercial can't pay those high rates. However, putting it all on families (houses) is just not right either.
10. AM: As we switch to more affordable housing, we are going to have to find funding some other ways.
11. RS: There's no question that there's a share that has to be distributed to commercial/industrial and they have to pay their shares. The 60/40 which is the raw traffic model trips attributed to house stops and non house stops but on non house stops e.g., Raley's are clearly generated by the household.

12. MW: the trips would go out of the county (if the commercial weren't here).
13. BC: The trips are on the most impacted roads. There are a lot of changes going on right now…more to do with macroeconomic effects today. Reducing the fee from $40K to $20K is not going to be a big effect. We're not engaged in a program solely to build roads. We are also changing land use to reduce traffic; it's not going to happen over nite but will start to happen once we see more commercial. The program, if allowed to run for a few years and monitor traffic and see what's going on, I think we may be pleasantly surprised at the behavioral changes that will start to happen. I'm not sure how the macro-economic effects are affecting behavior – e.g., the Costco run is no longer cost effective given high price of gas. Measure Y's primary focus is having a fully funded CIP and that we don't approve more residential use thru major subdivision than the roadways can handle w/o having A CIP that deals with this.
14. RS: Both sides recognize that they have to ante up their share. The reality is that traffic is a direct result of "rooftops". Until we can get something more concrete in the split, I'm hearing arguments that are looking at the dollars of the fee rather than the allocation calculation.
15. AM: I think the calculation was reasonable. It didn't come up with a program where residential wasn't paying its impact.
16. MW: I don't think we want to leave the jurisdiction impacted but we would like to get the total dollar amount down a bit.
17. KBone: I wasn't persuaded by the 84/16 split at all. I'm working on a shopping center now that isn't going because the residential has stopped so if residential doesn't come, commercial will stop. We all want to pay our fair share and I agree with Art we need to focus on costs first. If the fees were 84 cents and 16 cents, we wouldn't be having this argument. We decided to hold our fire at the time (that the 84/16 was adopted).
18. AM: Would it be fairer to charge Raley's for all the government buildings in EDH?
19. KBeal: I don't think the 84/16 is right. I don't think any community makes commercial pay 100% of their impacts.
20. MW: I can't remember where another jurisdiction has shifted the burden like this (from commercial to residential); however I can give you plenty of examples where other entities don't even charge non residential (TIM fees) because there is enough benefit to not charging to encourage them to come in.
21. JW: If we don't do this, it puts us in the position of funding those improvements with our general fund which is risky because it puts us in the position of laying off staff in slow times.

22. KBone: Folsom's fee program is not 84/16 not even close to residential paying this much.
23. JW: if program goes longer, there's more outside monies available. Right now we're backfilling on the commercial side and not assuming there's other money coming in.
24. AM: We're not talking about Walmart trips and if Walmart is paying for the Walmart trips; we're talking about trips fire stations, schools that don't pay for their trips – can industrial/commercial afford to pay all those other users and that's separate from question if retailer can pay for all his trips. Those trips that are generated by users not even in the TIM FEE program are being paid for by the fed/state $. I think there should have been 3 categories (1 for government).
25. KR: Our recommendation to the Board was not to support either the 84/16 or the 94/6. What are we really funding and how much of the bells and whistles do we really need? What about the pass-throughs? We have huge segments of the pop we're just not capturing the funding for. I do not want the group to solve this problem again. The program is not fairly defensible in my opinion.
26. RS: We're using our grants to pay for the pass-throughs. 1 of the ways we fully funded the program was to recommend that pass-through trips needed to be funded and our analysis showed that our costs were fully funded (e.g., grants)
27. BC: pass thru trips by definition are trips that start and end not in this county; the CIP and LOS and traffic counts aren't focusing on either Friday evening and certainly not Sat/Sun as peak use. They are focused on peak weekday traffic. With the exception of the casino, which is a wildcard which we're all going to be dealing with, the tourism traffic except for Friday evening rarely compounds the peak hour traffic so getting back to the issue of residential/commercial, where I get to is using Art's argument, our concern that residential fully pay. We saw $450M coming from residential. The rest was coming from a combo of state/fed money, pass-through trips …What we've come up with the 84/16 split is something that's not telling the whole truth. It's closer than a 55/39/6 split with the 39 being other, 6% commercial and the 39% is being paid for through state/fed $ and accounting gimmicks and the state/fed monies are probably going to generate $300M/$400M over the next 20 yrs. If that works, we're probably going to have a fully funded program.
28. DH: But then we've taken the 55% and told it to pay 84%.
29. BC: But my point is that residential isn't paying $840M.
30. AM: I have a lot of heartburn over the 84/16 discussion; I didn't support it but when staff showed the result of the calculations, it is the net result of the program. We have to have a fully functional

program.

31. DH: I think what we're saying is that there's fed/state funds flowing in and that's going to offset the 84/16.
32. BC: I think we ought to leave it alone (the 84/16 split). We could monkey with 84/16 but guess what, it's not going to change anything. When it gets to the Board, it's going to be put down because commercial folks will not support 70/30 for example. I think the 84/16 is a politically acceptable map and we've created a financially acceptable system. We need to pay attention to some sort of size based adjustment to stand alone homes. I scratch my head at a 1200 square ft granny flat and an apartment and the one should have an exception but the other should not.
33. KBeal: would like some numbers. I don't want to automatically agree with the 84/16.
34. BC: Frame the discussion not from 84/16 but how do we reduce the $40K fee in those zones. How do we make it up if we are playing zero sum budgeting? Or do we accept deficit and recommend deficit planning? The General Plan amendments are certainly on the table. Rather than arguing about the size of the pieces of the nut, we should tackle the size of the nut.
35. MW: The size of the nut needs to come down.

C. Cost Estimating Process (including estimating project delivery costs)

1. AM: Were any other traffic signal costs adjusted downward as a result of Kirk Bone's $250K project being found that it was carried in the CIP at a higher cost?
   a. JW: No, because other signal projects have different circumstances so the costs are different
2. MW: At what point do the completed projects come off the total Fee program?
   a. CM: At 5 year update BUT remember that new projects may get added in that update as well.
3. KBone: On a roadway segment e.g., Bass Lake Rd from Serrano Parkway south to Highway 50, I would assume that's 4 lane build-out, traffic signals, etc. What's in the program, everything or just 2 lanes?
   a. JW: I think all lanes of pavement are in. Street lights aren't.
   b. CM: For example Latrobe Rd is included at full build-out.
4. KBone: if a developer comes through, they would in theory have to put in the roads/improvements. Can you go through (the project list) and identify roads with fronting landowners that may pay for the closest lanes, curb, gutter, sidewalk, frontage improvements, lights, etc. and the program pay for the middle lanes? That's how Folsom set up their program.
5. BC: I don't think there are many roads that might fall into this

category. Many projects are for Hwy 50. It's a sea change from where this county has been in the past.

6. KBone: Why not try to answer what would this number would be? Maybe it's $50M and it's not worth the trouble (of trying to get the property owners to pay for the improvements.)
7. AM: What surprised everyone was having to pay for ROW that we assumed would be used for asphalt.
8. BC: Examples: Bass Lake Road? An agreement already exists in a specific plan. I think the (size of the opportunity) is less than $50M but…probably a good idea to look at this.
9. JW: City of San Jose does this – i.e., make the developer who fronts the road pay for the road (all the lanes).
10. KBone: the current reimbursement agreements are awful (10 years, etc.). There's no reason we can't put some language in place and then when developer comes in for their entitlement, they have to put the infrastructure in.
11. BC: At least we need to get the ROW rather than paying for it. It's been difficult in this county because it's not a city (and people here think differently).
12. AM: I think it's going to get worse as you look at infill projects
13. JW: On the Lennar project, they gave us all the ROW and 30 foot landscape buffer and the purchase price of the ROW isn't in the fee program.
14. BC: The reason the landscape buffer is in there is because it was a condition of development. It's always been easier to develop the fee program or look into the eye of the developer and look into their pockets for $20M
15. KBeal: The cities in California all up and down the coast, are used to operating this way; whereas the Veerkamps and Vicinis are not used to this.
16. AM: In what you take to the Board, could you include a narrative of what will be large components of ROW acquisition costs? Of those roads that are projected to go into construction in the next 5 years, what will be the ROW estimates (e.g., Diamond Springs Parkway)
    a. RS: yes this is relatively easy to pick out.
17. RS: The closer you get (to building the project), the more accurate you get – this is true for projects but when you get programs, you need to continue to look for the middle line; the more projects you have, you have more buffer. With one project, your costs could be all over. We're trying to build a program that's sustainable. Just because one project is 20% under, doesn't mean they all will be.
18. DB: the 3/11 BIA letter. Are you guys going to respond to that?
    a. RS: Yes, we will respond to that letter.
19. KR: How does ROW acquisition work in rural areas?

a. JW: We've had varying responses
b. CM: e.g., Saratoga – we are ahead of the developers so we are paying for the ROW
c. KR: Assuming we are going to have some rural roads that will need to be widened, will we try to get from the developers the ROW/frontage improvements?
d. JW: in my world, yes.
e. BC: There's a lot of ways to do this.

D. Inclusion of Safety and Intelligent Transportation System (ITS) "local match share" items into project list along with other potential grant funding opportunities

1. AM: I want to get to talk about this item. I think if a project is creating capacity and particularly at less cost than building roads, then it's appropriate in the TIM FEE program but if it's just someone's pet project, I don't know that the TIM FEE program should be paying for it.
2. RS: If you have a safety problem, continued growth adds to that problem. That increased safety problem is the only portion that the TIM FEE program pays for but taking a little bit of money allows us to leverage Fed $ to get the whole problem fixed.
3. AM: I question whether moving $250K of TIM FEE money was appropriate up to Camino (for the safety problem) but there was not a capacity reason.
    a. CM: This project is part of the larger Hwy 50 widening project through Camino ($3.6M total).
4. DH: I also don't see why TIM FEE $ should be used for this.
5. RS: For example, for a Pleasant Valley Road project, we did something similar but we picked up several million dollars of federal money and also addressed capacity as part of the project.
6. BC: IF we only use fed/state $ for building capacity and not for addressing safety problems, etc., this was why the lawsuit was started…we were concerned about this.
7. RS: examples of 2 projects were we leveraged federal $: the 2 way left turn lane at Pleasant Valley and signal on Mother Lode Drive….both projects qualified for Fed safety grants. If we didn't use TIM Fee $ for match, (we got $3M on PV), we wouldn't have gotten these projects. We're just trying to have the TIM FEE program pay for new growth. I think NEXUS is there too. With Fed money we typically spend 10% and get 90% from the feds.
8. AM: I'm not saying that use of these monies at all times is inappropriate. I never thought the position was any different than that but I think there's opportunity for mischief in there. When there is no capacity component, I think they have to be looked at, there has to be a discussion. From the Transportation

Commission discussion, on their list, I think there are ½ of the ITS projects on their list that would be hard pressed to qualify as capacity related projects.

9. CM: Keep in mind that all those projects end up n the 5 yr CIP and the Board has the option to say "No TIM fee money for that project".
10. BC: I'm hearing the structure is in place to do this (provide the checks and balances). The 5 yr CIP is clear how projects are funded – where the funding is coming from. My point is I think you have the flexibility built into the program. You have to have the accountability prior to going out to bid and you have that in the CIP.
11. RS: I do want people to be sure we're not misusing the money.
12. KR: I would like to know more about ITS and where do they fit in. For example older bridges in the County?

E. TIM FEE UPDATE TO THE BOARD
1. BC: The Board will ask what's that going to cost us over the next year (i.e., no increase) – e.g., how many residential permits (granny flats, etc.) have been issued over some finite time of the fee program and what kind of commercial square footage; this baseline info is going to be important for the Board to know this. I don't know what the number is. Permits that paid TIM Fees. We need to know all areas of the County.
   a. AM: Larry Lohman has monthly printouts with history of permits. The numbers are available and they're pretty low.
   b. KBone: New homes and lots sold in Serrano for 2008 = 3
2. CM: We are doing 3 different looks – 12 months Caltrans index; 2nd way will be ENR index, and 3rd will be 15 mos. Caltrans index.
3. RS: We're going to acknowledge to the Board that this group recommends no increase but we're going to present what the increase should be, if the Board wants to adopt it.

IV. Topics for Discussion at Future Meetings

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? (first check anticipated Fall 09)
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 into project list along with 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. Note: 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. Can we talk about shifting when we pay the fee from when the building permit is pulled to at occupancy.

<u>V. Attendees:</u>

a. James Brunello (JB)
b. Dave Harnagel, SAGE and URS Corporation (DH)
c. Kathye Russell, El Dorado Business Alliance (KR)
d. Bill Center, Measure Y Committee (BC)
e. Don Barnett, Lennar (DB)
f. Kirk Bone, Serrano Associates, LLC (KBone)
g. Brian Allen, Cooper, Thorne & Associates (BA)
h. Michael Whipple, Development Planning & Financing Group, Inc. (MW)
i. Kim Beal, El Dorado County Association of Realtors (KBeal)
j. Art Marinaccio, Taxpayers Association of El Dorado County (AM)
k. Craig McKibbin, DOT (CM)
l. Richard Shepard, DOT (RS)
m. Jim Ware, DOT (JW)
n. Jim Schoeffling, DOT (JS)
o. Val Akana, DOT (VA)