



The County of El Dorado

Chief Administrative Office

330 Fair Lane
Placerville, CA 95667-4197

Gayle Erbe-Hamlin
Chief Administrative Officer

Phone (530) 621-5530
Fax (530) 626-5730

January 5, 2009

TO: Board of Supervisors
FR: Gayle Erbe-Hamlin, Chief Administrative Officer
RE: Forecasts for 10 Year DOT CIP

Staff has reviewed the forecasts for the 10 Year DOT CIP and is recommending that the Board adopt a lower projection than what is being proposed by the TIM Fee Working Group.

The TIM Fee Working Group has identified a 10-year average of 1,000 single family permits and 300 multi-family permits annually or 10,000 single family permits and 3,000 multi-family permits over a ten year period. This ten year average appears to be based on historical data for the time period between FY 1998/99 and FY 2007/08. However, the permit activity anticipated for FY 2008-09 is the lowest in the seventeen year history that the Working Group identified. Therefore, staff within the Chief Administrative Office feels that these projections are too high.

Staff recommends a revised projection of 7,000 single family permits and 2,000 multi-family permits over a ten year period. This is more in line with the ten year average during the leaner years of FY 1991/92 and FY 2000/01.

The financial impact of lowering the forecast from 13,000 to 9,000 is approximately \$120 million depending on where in the county the permits are pulled. Leaving \$120 million out of the CIP means that some large projects won't be included. The greatest impact will be felt on the Highway 50 Interchange projects (Cambridge, Cameron Park, and Ponderosa). In accordance with the new Measure Y concurrency provisions, any subdivision that would cause or worsen LOS F at these interchanges would not be able to move forward until all the necessary improvements were in the CIP or advanced by the Developer. Under estimating the permits means that some subdivision developments may be delayed if they can't afford to advance the projects that are not in the CIP. Overestimating would allow these developments to move forward without advancing the projects. Since our fee program is designed to collect all the necessary money to build all the improvements for anticipated growth, as long as we don't decrease fees to a level that doesn't support the growth, DOT does not see a problem by overestimating the number of permits. The housing market will drive the actual rate at which subdivisions sell. If growth happens quickly, there will be a lot of fee money to build the projects. If growth slows down, we won't collect the money to build the projects, but we won't need the projects since there won't be any traffic from the non-existent growth.

Keeping in mind that the CIP is updated every year, staff still recommends the lower permit forecast due to current economic conditions. Attached are revised charts with the 10 year average recalculated for FY 1991/92 through FY 2000/01 as well as the future permit activity estimated at 9,000 vs. 13,000. Staff and I remain available to answer any questions.