

**TIM FEE Working Group Meeting Record**  
**January 3, 2008, 7-9pm**  
**Building "C" Planning Commission Hearing Room**

**I. Upcoming Meetings:**

- a. Next Meeting: Thursday, January 31, 2008 from 6:30pm to 8:30pm in the Planning Commission Hearing Room, Building C
- b. The group decided to discuss the next 3 topics:
  - i. The choice of the cost index(s) used for inflation adjustments;
  - ii. Cost estimating methodology and unit prices; and
  - iii. Development of percentages for project "soft costs" (design, construction inspection, etc.).
- c. The group suggested meeting every 3<sup>rd</sup> Thursday of the month after the January 31<sup>st</sup> meeting. The next meeting would then be February 21. However, the group will revisit this on 1/31 as well as decide what topic(s) to discuss next.

**II. Action Items:**

- a. Add Resolutions #s to the "History" handout (Craig).
- b. Write a memo to the Board of Supervisors informing them that some members from this group would like to have a way to have input on Measure Y and implementation of General Plan policies (Richard).
- c. Prepare materials for discussion at next meeting and send out 1 to 2 wks in advance (DOT).
- d. Send out to the group meeting minutes from this meeting, handouts, and agenda for next meeting (DOT).
  - i. Email is OK for some if the files aren't large.
  - ii. Please don't send attachments that require paper size other than standard letter (i.e., 8 ½ by 11").
- e. Email out the CIP packet or a link to it on DOT website (DOT)

- III. Scope of this effort:** The focus of this group will be to formulate input specifically on the TIM fee program that DOT can take back to the Board so that the issues that were raised at the 9/25/07 Board meeting can be addressed. The group will take the perspective that its job is to define for the Board what the policy decisions are and then let the Board decide. There will always be differences of opinions as to what the "answer" should be but it's the Board's job to decide policy. Also, this will not just be an "educational" forum, although it is anticipated that sharing of information will be part of the process this group uses to develop input to take back to the Board. The group discussed the prepared list of topics and decided they would like to discuss all of the topics eventually. They did not want to add any others because this is a long list already and it covers the key areas. At this time, they did not want to take any items off the list, pending more attendees at the next meeting. The group wants to initially discuss those topics that they can have an impact on before DOT goes back to the Board in April. Others can be discussed later. (There was some discussion of whether or not Measure Y and the implementation of the General Plan could be included in these discussions, but Richard suggested that those topics are not in the scope of this workgroup, but that the Board should be made aware of some of the

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participants’ interest in discussing these other topics.) The current list of topics to be discussed by this group includes:

- a. The choice of the cost index(s) used for inflation adjustments
- b. Cost estimating methodology and unit prices
- c. Development of percentages for project “soft costs” (design, construction inspection, etc.)
- d. Additional sources of funding
  - i. The Casino – What funds will be available, what additional projects need to be included and how will this impact the fee rates?
  - ii. Federal and State “matching dollar” opportunities
  - iii. Inclusion of Safety and Intelligent Transportation System (ITS) “local match share” items into project list along with other potential grant funding opportunities
- e. The 84% Residential, 16% Commercial split
- f. Impacts from the slow-down in residential development
- g. Format/Style to be used for annual Government Code compliance report
- h. What is currently in the 5 year CIP portfolio

**IV. Discussion:**

- a. **NOTE:** THIS IS A RECORD OF WHAT WAS DISCUSSED. THE USE OF “WE” DOES NOT IMPLY CONSENSUS 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.
- b. Question: How can TIM fees be used for other than capacity improvements? How can they be used for things like safety and ITS, etc? There is not enough money in the fee program to address capacity issues, let alone other pet projects of DOT.
  - i. Answer: this question is within the scope of this group and we will address that as we go forward.
- c. Question – What has been looked at as to what work needs to be done and funded now that the industry is slowing down? We need to reconcile the anticipated revenue stream with expected projects and their associated expenses. What is the schedule for reviewing the DOT project list? Is it every year or every other year?
  - i. Answer: the CIP (Capital Improvement Program) will be brought to the Board end of this month which sets DOT’s 5 year work program. It also includes the updating of the TIM fee program cost estimates as a flow through. We have to match cash flow to project needs.
  - ii. Reminder that while the CIP is a 5 year program, the TIM fee program is a 20 year program; so that even if a project is moved out of the 5 year CIP, due to a building slowdown, it will only move out of the TIM fee program if the project is moved out of the 20 year horizon. Since the TIM fee addresses traffic impacts due

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to the growth projected with the General Plan forecasts, the General Plan growth forecasts would need to be modified to enable DOT to re-look at its 20 yr. plan and make these kinds of shifts.

- iii. While DOT will work with this group to explain the CIP and the projects in it, any feedback on the CIP from this group will not be collected in time to effect what will go to the Board later this month. However, because the CIP goes back to the Board annually, the CIP is a topic we should discuss because input can be incorporated for next year’s review.
- iv. It is important to identify those policy issues we can have viable input on because no one wants to come to a meeting where they aren’t going to make a difference (e.g., everyone wants to “get their oar in the water”). It’s important not to mislead people.
- d. This is going to be a feel your way as you go because of the economic slowdown. We’re going to have to make the \$ coming in work for us. Question: Which projects will be delayed? Is the funding stream adequate to cover what we need? Is it covering 50% of what we need, we need to know that too? Is it more than covering the projects?
  - i. This will be discussed further at subsequent meetings as part of the CIP discussion.
- e. Question: How often will the TIM fees be raised and is it an inflation adjustment only?
  - i. Answer: it’s an annual process – once a year on July 1 but we were tardy this past year; the TIM fees are based on projects in the CIP plus those that are projected to be needed in years 5 through 20. We routinely update project costs as we learn new information and those are incorporated into the CIP so the TIM fees will adjust based on the projections from the CIP as well as an inflation adjustment for those projects in out years 5 through 15.
  - ii. The plan is to annually go back to the Board on approximately May 1<sup>st</sup> so that the fees can be adjusted on July 1 (it takes 60 days for the fees to go into effect once the Board adopts them). Going to the Board in May requires the homework be done by early April so that a Board agenda item can be scheduled.
  - iii. Note: the feedback from this group doesn’t have to come back all in April when DOT goes back to the Board for TIM Fee review. This group can continue to meet and have input since the TIM Fees are now an ongoing program.

**V. Discussion of Possible Topics for the Group’s Next Meetings:**

- a. “Cost index used for inflation adjustments” should be first since we as a group can influence this before DOT goes back to the Board in April

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- i. DOT should send out a list of possible indices we could use and some short description of each. Include LIBOR, CPI, Caltrans, etc.
- ii. Question: What has the inflation on projects been here?
- iii. Answer: DOT doesn't have a lot of projects that have gone all the way through completion yet. However, we could look at specific item costs over time e.g., asphalt and then average our unit costs and compare them to the indices.
- b. "Cost estimating methodology and unit prices" should be #2 topic since the inflation index and this topic are related.
  - i. Question: we know that with a downturn, prices and revenues are going to drop. How do we set up a methodology so that we're not second guessing the future based on the past? You want an appropriate mix of accuracy and certainty in forecasting.
  - ii. Answer: as we get closer to when we need to build a project, we get more information to hone the accuracy of our cost estimate.
- c. "Development of percentages for project 'soft costs' (design, construction, inspection, etc.)"
  - i. Question: what is this?
    - 1. Answer: Soft costs include the planning and design related costs to a project, before a shovel touches the ground, along with construction management, and inspection costs. In other words, it includes all the project costs other than actual payments to contractors charged with building the project and payments to any land owners for purchasing their property for right of way.
    - 2. 40% soft cost is the "norm" (e.g., Caltrans)
  - ii. This adds to the cost of the program. Question: can we do this less expensively? If private contractors spent 40% of their cost on soft costs, they would be out of business.
    - 1. Answer: Preliminary analysis has shown that DOT is running about 35% vs. Caltrans' 40% but that is on a small set of projects vs. Caltrans' huge portfolio.
  - iii. We should look at the entire process. Could there be some real cost savings from having an increased traffic engineer staff in-house (versus paying outside consultants)? We never have time to do it right but we always have time to do it over. We have high transaction costs because of the great contention that exists in the County and everyone has been part of it. If we create more certainty and less contention, then we're not going to have to spend a lot of time in the CEQA process. We also understand we can't do a traffic analysis that isn't needed long before it is needed. What is the appropriate grain and scale? We should add to our list a discussion of what should be brought in-house vs. what should be contracted out. This also directly plays into the volatility issues as it is easier to get rid of consultants in a market

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downturn. How can we take a variable budget stream and still have continuity of DOT staff? The Board would have to be willing to "firewall off" a portion of the TIM fee stream to guarantee level staffing. When things are booming, you couldn't get outside engineering staff to do diddly for DOT; when things are slow, there's less need for the contractors. It's like the resident with a leaking roof. When it's raining, he's not out working on his roof because he'd get wet, but when it's not raining, he's not working on his roof because it's not leaking.

- iv. We would all like to reduce soft costs but how?
- d. "Additional sources of funding":
  - i. In general, as a County we should leverage state and federal monies to the max to the benefit of the County. For those projects that need to be done, that you cannot justify using a TIM fee for, under nexus or public perception, the projects still need to be done (e.g., safety). We should look at state and federal funding.
    - 1. DOT should clarify the matching \$ that are coming if we spend TIM \$. It's not the color that the dollars are and keeping track of them as they run through the system; it's making the best use of the money overall. But we don't want to violate nexus because we're paying for things with TIM fees that we shouldn't be. If we don't have TIM fee money for the areas that aren't growing, it would be nice to make incremental improvements on places like Hwy 49 between Placerville and Cool or Coloma on Highway 49 or Pleasant Valley Road if we can get funding from other sources.
  - ii. Casino: will give \$5.2M/year per County/Casino agreement
    - 1. Should we take this stream out of the need to generate fee revenue?
    - 2. This needs to be a wider discussion; is there enough money to address the casino impact?
    - 3. Have we seen any data on commute hour peak traffic by the casino?
  - iii. Should other revenue streams be used to build capacity? E.g., casino, pass-through (Apple Hill, wineries)
- e. "84/16 split between residential and commercial"
  - i. Of the approximately \$690M – 60% was residential impact – about \$400M.
  - ii. I think most people were OK with this because it shows that residential construction is paying 100% of its impact.
  - iii. We should review the split to ensure it shows that it complies with General Plan requirements.
  - iv. I don't know how productive it would be for this group to take on the 84/16 split when it may be impacted by Measure Y.

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- f. H. “Format/style to be used for annual government code compliance report”
  - i. The reason this is on the list is because the Board felt it wasn't clear enough.
  - ii. Question? Can we get examples of other options?
  - iii. Suggestion: Everybody is overwhelmed by information but nobody gets as much information as they want. The big issue on this stuff is to just have it in a good drilled down layered form e.g., have 3 sets of info: summary, then something with a little more info, then a version that has all the back-up info that nobody ever reads until it gets hot. Get the executive summary/elevator talk out on paper and then have it electronically so you can double-click to drilldown to get more information. The report wasn't idiot proof enough.
  - iv. Comment: The Board was obsessing about the expenditure on Wendy Hoyt (public relations).
- g. Inclusion of Safety and Intelligent Transportation System (ITS) “local match share” items into project list along with other potential grant funding opportunities
  - i. Question? How much of the CIP is for safety and ITS projects?
  - ii. Answer: DOT is currently looking at 1 safety project to reduce an existing traffic accident location.
  - iii. Comment: if we can, for example, get the same relief by implementing an ITS project for 1/3 of the cost of a CIP project; we would support this but if you can't get the same congestion relief with ITS, you shouldn't do it.
- h. Question: Should we entertain contributing to larger regional effort to contribute to Hwy 50? Answer: NO; we have given them enough money.

VI. **Attendees:**

Dolly Wager, El Dorado County Chamber of Commerce  
Linda Mott, El Dorado Builder's Exchange  
Art Marianaccio, Taxpayers Association of El Dorado County  
Bill Center, Measure Y Committee  
Richard Shepard, DOT  
Jim Ware, DOT  
Craig McKibbin, DOT  
Val Akana, DOT