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August 17, 2012

Board of Supervisors
330 Fair Lane
Placerville, CA 95667

Agenda Title: DOT 8/28/12 – Traffic Impact Mitigation Fee Program and Capital Improvement Program, Legistar #12-1023

Meeting Date: August 28, 2012

Dear Members of the Board:

Department of Transportation (Department) recommending the Board receive information and provide direction regarding the Traffic Impact Mitigation Fee Program and the Capital Improvement Program. (Est. Time: 1 hour)

Background:

On August 22, 2006, the Board approved Resolution No. 266-2006 adopting the 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program pursuant to a comprehensive review. The Board also adopted Resolution No. 265-2006, which certified the TIM Fee Program Supplement to the 2004 General Plan Environmental Impact Report, issued a Supplemental Statement of Overriding Considerations, and made Supplemental Findings of Fact.

Resolution 266-2006 requires the annual review of the TIM Fee Program and directs the Department of Transportation (Department) to return to the Board with a recommendation to adjust the TIM fees, based upon changes in the cost of construction or other costs. The Department characterizes this kind of annual review a “minor” update. The General Plan’s Policy TC-Xb, Item B, requires the Department to “at least every five years, prepare a Traffic Impact Mitigation (TIM) Fee Program specifying roadway improvements to be completed within the next twenty years to ensure compliance with all applicable level of service and other standards in this plan”; the Department considers this five year analysis to be a “major” update, requiring review and update, if necessary, to the County’s Traffic Model.

Since the TIM Fee Program was adopted on August 22, 2006, the Department has performed five minor updates, from 2007-2011. The 2011 minor update was completed on February 14, 2012, with the Board adopted Resolution 021-2012.

On September 25, 2007, the Board adopted Resolution 243-2007 to raise TIM Fees by 14.16%, based on inflation of construction costs during the preceding year. The inflation index used in that adjustment was the Caltrans Price Index for Selected California Construction Items.

On July 29, 2008, the Board adopted Resolution 205-2008 to:

- Decrease TIM Fees by 1.73% based upon a decrease of construction costs during the preceding year;
- Switch the inflation cost index from Caltrans to the Engineering News Record-Building Cost Index; and,
- Shift the index from third quarter (October) to fourth quarter (December).

In November, 2008, voters passed the amendment to Measure Y, reflected as Policy TC-Xa in the El Dorado County General Plan. The amendment allowed for the Board, with a 4/5 vote, to add road segments to Table TC-2 of the General Plan that are permitted to go to Level of Service (LOS) F. Policy TC-Xf was also amended to clarify when residential subdivision (five or more parcels) and commercial projects would be required to mitigate their roadway impacts. Policy TC-Xf deems development projects that worsen (defined as a project that triggers Policy TC-Xe [A] or [B] or [C]) traffic on the County road system to be mitigated, if the necessary road improvement traffic mitigation measures are included within the ten year CIP (for residential projects of five or more parcels) or in the twenty year CIP (for all other discretionary projects).

On June 2, 2009, the Board adopted Resolution 114-2009, which left the TIM Fee Program rates unchanged from the 2008 annual review. On June 8, 2010, the Board adopted Resolution 070-2010, which also left the TIM Fee Program rates unchanged from the 2008 annual review.

On February 14, 2012, the Board adopted Resolution 021-2012, which allocated approximately \$40.9M of a \$138.6M TIM fee reduction available to offset lower fees for Age Restricted categories added in Zones 2, 3, and 8. This action added 1,200 units in Zone 8, 600 units in Zone 2, and 400 units in Zone 3. The total 2,200 units represented approximately 10% of the total housing forecast in the TIM Fee Program.

After using \$40.9M of the \$138.6M available for Age Restricted, the remaining \$97.7M (\$138.6M - \$40.9M) was allocated to reduce fees as follows:

- 1) Zone 8 Local Fee: \$32.9M reduction (resulting in fee reductions between approximately 11% and 12%, depending on the land use category);
- 2) Zones 1 – 7 Local Fee: \$34.9M reduction (resulting in fee reductions between approximately 12.5% and 13.5%);
- 3) Zone 8 Highway 50 Component: \$12.7M reduction (resulting in fee reductions between approximately 17% and 21%);
- 4) Zones 1-7 Highway 50 component: \$17.3M reduction (resulting in fee reductions between approximately 15% and 22%).

TIM Fee Cost Reduction Process:

In order to achieve the \$138.6M cost reduction, in April, 2011, the Department began to explore five areas for possible cost reductions. These five areas include:

- A) Deletion of projects not absolutely necessary for Traffic Impact Mitigation. The trigger would be in compliance with General Plan LOS requirements.

- B) Deletion of the remaining HOV Lane Project (Bass Lake Road to Cameron Park Drive section) from the TIM Fee Program, as it was expected that this would be funded by grants and/or payments under the MOU with the Shingle Springs Band of Miwok Indians.
- C) Reduction of the Traffic Signals, Operational and Safety Improvements line item in the TIM Fee Program. This has implications as to what the County will need to require from developers (i.e., developer constructed signals with no reimbursement).
- D) Identify the likely impacts of eliminating any expenditure on the State Highway System, with the exception of the Silva Valley Parkway Interchange Project.
- E) Review 2011 CIP Cost Estimates in coordination with a third party Cost Estimate Review Committee (CCERC).

Based on the nature of review required to further reduce costs in items A, C, and D, staff advised the Board that the Department would require a revised Travel Demand Model (TDM).

The TDM update will incorporate current and any updated information as a result of past General Plan Amendments and the currently underway Targeted General Plan Amendment (TGPA) and Zoning Ordinance Update. As a result of this update, the Department will evaluate whether refinements to the TDM will result in any trip reductions and if projects can be removed or work scope reduced. Staff will be able to run "what if" scenarios with the new TDM, evaluate where new development is anticipated to be located, and determine what the traffic impacts (LOS effects) would be if CIP projects are removed from the TIM Fee Program or reduced in scope.

Many components come into play when considering removing projects. These components are interrelated – changing one component may affect another component. Factors that influence and/or constrain TIM fees include:

- Federal laws and agency rules;
- State laws and agency rules;
- General Plan Policies;
- Land Use Entitlements;
- Travel Demand Model;
- Improvement Standards;
- Regulations/Guidelines;
- Grants and Reimbursement Agreements;
- Economic Development;
- Political Pressure;
- Special Interests;
- Litigation;
- Utilities;
- Oak Woodlands;
- Rare Plants.

The Department will continue to review costs of the projects in the TIM Fee Program to explore opportunities for further reductions. The Department will report to the Board on any findings from its review and receive direction on how to move forward should any potential cost reductions or potential cost increases be identified.

Further reductions in TIM Fees may reduce revenues, which could contribute to current cash flow challenges. Lower fees may mean there will be less revenue in the near term available to repay existing Reimbursement Agreements or work on critical CIP Projects. In the alternative, lowering fees may also stimulate permit activity and potentially increase revenues into the TIM Fee Program. In either scenario, the Department's current cash flow forecasts from building permits are fairly low in the near term, so lowering the fees is not anticipated to significantly impact total revenue at this time.

TIM Fee Annual Update Process:

As mentioned earlier, the Department performs a minor update of the TIM Fee Program every year and a major update every five years. The Department completes the minor or major TIM Fee update pursuant to the following process:

Minor Fee Update:

The minor fee update process involves:

- Reconciliation of project cost estimates and descriptions based on the current CIP (the most recent CIP was adopted by the Board on June 19, 2012). For projects in the preliminary planning phase (E), the Engineering News Record – Building Cost Index is used. For projects in the advance design stage (65-90%), current cost data is used;
- Updating the descriptions and cost estimates in Exhibit B of the TIM Fee Program based on the updated CIP, addition of new roadway segments (identified by Traffic Studies), and direction from the Board;
- Calculating Exhibit B's total Program cost and percentage change from the previous year's total program cost;
- Calculating new fees within each zone pursuant to each TIM Fee category; and,
- Preparing Resolution for the Board's review and approval.

Major Update:

The next comprehensive update will occur in late 2013, after the new TDM is completed and scenarios are run. In addition to the above steps, the major update involves:

- Reviewing and revising growth forecasts;
- Updating land use projections for the General Plan;
- Establishing a baseline TDM;
- Reviewing LOS standards;
- Using updated land use projections to run scenarios in the updated TDM;
- Identifying roadways in need of improvement;
- Examining roadway standards;
- Verifying grant forecast revenue assumptions;
- Calculating total improvement costs and total new construction TIM fee revenue based on revised land use projections.

Relationship between the TIM Fee Program, CIP and General Plan Policies:

General Plan Policy TC-Xb ensures that potential development in the County does not exceed available roadway capacity. It requires the County to prepare an annual Capital Improvement Program (CIP), specifying expenditures for roadway improvements within the next ten years, and to, at least every five years, prepare a CIP specifying expenditures for roadway improvements within the next twenty years. Each plan is required to contain identification of funding sources sufficient to develop the improvements identified.

The 2012 CIP includes the ten and twenty year future West Slope Road/Bridge Program and a five year CIP Work Plan. The CIP is the mechanism for constructing projects, whereas the TIM Fee Program is one of the funding mechanisms for the development driven projects.

On May 8, 2012, the Board approved the projects listed in Exhibit 1 of Attachment C. These projects are not necessarily scheduled to be constructed within the Department's five year CIP Work Plan. See Exhibit 2 of Attachment C for a breakdown of the five, ten and twenty year CIP Work Plan. In some cases (e.g. Ponderosa Interchange) these projects only have funding currently available to work on limited parts of the projects, such as design and environmental analysis. Construction for these projects have been pushed out to the ten or twenty year future plan, when funding becomes available.

The Board previously expressed that some projects (e.g. Ponderosa Interchange, Cameron Park Drive Interchange) are not needed. However, removing such projects is not as simple as it sounds. Removing projects affects compliance with General Plan TC-Xa and related policies included in the General Plan Circulation Element. The General Plan TC-X policies are to maintain adequate levels of service on County roads. If interchange projects are removed, alternate solutions to maintain adequate LOS will need to be developed. Something will have to be built, perhaps phases or sub-parts of the entire project.

In addition, Ponderosa Interchange and Cameron Park Drive Interchange are tied to approved commercial and multifamily development projects. Developers consider their projects mitigated due to these interchange projects being included in the TIM Fee Program and/or the CIP. Removing these interchange projects from the CIP and/or TIM Fee Program require consistency with the General Plan, Travel Demand Model and potential impacts on development as well identifying the appropriate alternative to these improvements.

The Department has discontinued planning level studies for Cameron Park Drive Interchange, as the need for this project is dependent on the results of the major update of the Travel Demand Model and TIM Fee Program. Regarding the Ponderosa Interchange Project, the Department plans to finish the environmental analysis for the interchange and frontage roads within the five year CIP Work Plan, and construct the interchange within the twenty year horizon.

Strategies for Additional TIM Fee Reductions:

1. Road Constrained Alternative

The current TIM Fee Program is based on the land use forecast report prepared by Economic and Planning Systems, Inc., (EPS) for the 2004 General Plan effort ("El Dorado County Land Use Forecasts for Draft General Plan – March 5, 2002"). The land use forecast information in

that report was used in the 2006 Travel Demand Model to identify the traffic impacts in the General Plan Environmental Impact Report (EIR). Six years have passed since this was done and growth has not unfolded as predicted in 2006. Thus, the development of a “road constrained” alternative will help ascertain whether the improvements in the current TIM Fee Program are still appropriate.

A road constrained alternative will allow the Board to determine roadway size based on land use input to the TDM.

On December 19, 2011, the Board received a TDM Needs Assessment. The assessment highlighted areas where the existing model could be improved. On January 24, 2012, the Board of Supervisors authorized the update of the TDM through a contract with Kimley-Horn and Associates, Inc. (KHA).

On April 16, 2012, KHA presented the Draft Land Use Assumptions for the TDM to the Board, as the first component of the TDM Update. On May 1, 2012, the Board approved the assumptions for determining the projections for a new 2035 planning horizon.

The new TDM is an essential tool to assist with:

- Implementing General Plan goals;
- Updating the Zoning Ordinance;
- Planning of new roadways for the Capital Improvement Program;
- Updating Traffic Impact Mitigation Fees;
- Analyzing the adopted Resolutions of Intention to Amend the General Plan.

Staff will return to the Board in October with a TDM Update. When the TDM Update is complete, the Department will be able to run existing and future scenarios to evaluate traffic impacts from current and future land use decisions. The traffic impact evaluation of land use decisions can then be used to determine the appropriate roadway infrastructure needs.

The TDM may be then re-run with adjusted land use scenarios, and estimates made of improvement needs associated with different scenarios. This will be an iterative process, with allowance for continued adjustments until the desired roadway size is achieved. Reducing road size doesn't necessarily reduce TIM fees, as it may result in lower numbers of units to share the costs.

2. Removing Projects

There are some projects in the TIM Fee Program that may not be necessary for traffic impact mitigation. The Department is not recommending deletion of any specific projects at this time. Rather, as directed by the Board on February 14, 2012, Department staff will; 1) Examine, identify, and list all projects that may fit into this category along with associated cost savings; and, 2) Return to the Board upon completion of analysis based on the updated TDM to ask for direction on which projects the Board would consider removing from the TIM Fee Program.

Interchange Projects:

The Board stated previously that some projects (e.g. Ponderosa Interchange) are not needed. Approximately half of the TIM Fee Program is slated for improvements on the State Highway System. As the Board is aware, a great deal of funding, both TIM Fee Program and State and Federal grant funding, have been expended for these projects. Any actions to eliminate all or a

portion of the State Highway Projects from the TIM Fee Program will have to take those expenditures into account. Several of the projects, such as the Missouri Flat Interchange Project (Phase 1B), simply cannot be eliminated from the TIM Fee Program because that Project is moving toward completion and all the funds have been obligated.

Additional issues that will need to be analyzed include the need for additional environmental documentation – likely a supplement to the General Plan EIR. Also, the TIM Fee Program includes an expectation for approximately \$180M in State and Federal grant funds. Since most of these grants are directed at State Highway Improvements, the elimination of State Highway Projects from the TIM Fee Program may put those funds at risk.

Given the complexity of this portion of the TIM Fee Program, along with the issue of compliance with General Plan policies, effects of reimbursement and development agreements, State Government Code requirements, etc., the Department recommends the Board provide any guidance and instructions on how to proceed in this regard. Such direction may include looking only at removing selected interchanges, removing the Highway 49 Projects, or removing the Highway 50 Mainline Projects to the extent possible.

Upon Board identification of those Projects to be deleted from the TIM Fee Program (if any), Department staff would re-evaluate the TIM Fee Program as a whole, identify and document likely ramifications, and pursue any administrative functions that may be necessary to implement the proposed changes. This would include such items as, but not limited to, updating the TDM, identify actual impacts to TIM Fee Program and CIP, and determine if any environmental update to the General Plan EIR would be necessary.

Intersection/Safety Line Item:

The TIM Fee Program includes a line item entitled “Traffic Signal, Operational and Safety Improvements” with a total cost of \$89.3M. Traffic Signal Projects include such intersection improvements as signalization, widening for turn pockets and shoulders, bike and pedestrian facilities, and Americans with Disabilities Act (ADA) required improvements. The operational and safety improvement costs are to pay only for required local match funds on State and Federal grants for operational improvement projects such as Intelligent Transportation System (ITS) facilities and safety projects such as high accident location mitigation improvements.

The Department will create and evaluate a list of intersections that may require signals or operational and safety improvements. This evaluation will determine which signals or operational and safety improvements should be included within the TIM Fee Program. The ramification of reducing funding for the “Traffic Signals, Operational and Safety Improvement” line item is primarily fewer intersections in the County being improved through the Fee Program. Intersection improvements beyond those funded by the Fee Program would need to be funded from some other source. For example, development projects would be required to construct the required mitigation improvements.

Bridge Line Item:

There is a Bridge Funding line item similar to the “Traffic Signals, Operational and Safety Improvement” line item above which uses funds for the local match on State and Federal grants for bridge projects (\$8.1M). The result of reducing funding for the grant match funds could be the reduction in outside grants used by the Department to construct needed improvements. This is a case where spending a dollar of County money nets nine dollars of Federal money.

Other:

The TIM Fee Program includes funding for a study (Highway 50 in Camino) with a cost of \$2M, although \$0.4M has already been spent. There is a "Transit Improvement" line item for the construction of Park and Ride lots, purchase of commuter buses, etc., totaling approximately \$10.5M. This has been allocated to El Dorado County Transit in order to help alleviate traffic on Highway 50. (Note that \$1.3M has already been spent.)

The Department is not recommending the deletion or reduction of any of these specific line item amounts at this time. Rather, if directed by the Board to proceed, the Department will look at the issues involved in such a deletion or reduction, and report back to the Board on the impacts of such decision(s). One issue the Department will need to evaluate as part of this process is to review how much funding has already been expended within each specific line item. In some cases the results of the evaluation may preclude deleting the specific line item entirely.

3. Reviewing Soft Costs

Soft costs are cost items in addition to the direct construction cost (i.e., costs that can't be visibly seen). Soft costs include professional, technical and management services related to the design and construction of projects during the preliminary engineering, final design, and construction phases of the project. This includes environmental work, engineering design services, risk assessment, cost estimating, scheduling, surveying services, materials testing, administration, and management by Department staff or outside consultants. Soft costs are in some cases (i.e. grant funded projects, Caltrans projects) calculated as percentages of hard construction cost estimates. On other projects, the percentage is used as a guideline, and soft costs are estimated by engineering project managers, based on a level of work effort analysis. Variables considered when estimating soft costs include:

- Contract duration;
- Project size and price;
- Complexity of the project;
- Timing of the project's Notice to Proceed;
- The physical location of the project;
- The amount of night work that may be involved;
- The type of project (i.e. bridge, wall, roadwork, drainage, etc.);
- The current bidding environment;
- Current labor cost.

The Department has recently developed and implemented a project delivery system using a Work Breakdown Structure (WBS), which will assist the Department in tracking and estimating more accurately project delivery soft costs. The project delivery system will provide insight into process improvements that will help the Department effectively forecast and manage project delivery soft costs.

4. Revising Road Standards

Pursuant to General Plan Policy TC-1a, "The County shall plan and construct County-maintained roads as set forth in Table TC-1 (see attachment D). Road design standards for County-maintained roads shall be based on the American Association of State Highway and Transportation Officials (AASHTO) standards, and supplemented by California Department of Transportation (Caltrans) standards and by County Department of Transportation standards. County standards include typical cross-sections by road classification, consistent with right-of-way widths summarized in Table TC-1.

Roadway width should provide the minimum pavement width to support travel lanes for public, emergency, maintenance, and service vehicles. As part of the Targeted General Plan Amendment (TGPA), the County is analyzing the impacts of reducing road spacing, right-of-way widths and roadway widths. Reduced roadway width may result in lower CIP construction and maintenance costs, which may result in lower TIM fees.

5. Altering LOS and Concurrency Policies

LOS analysis determines how well a roadway functions during peak hour conditions and calculates the efficiency of the traffic flow for the motorist. LOS delay is based on the difference between travel time under ideal conditions and travel time actually experienced. Six levels of service are defined for capacity analysis. The levels of service are given letter designations A through F, with LOS A representing the best range of operating conditions and LOS F the worst.

General Plan Policy TC-Xd states that “LOS for County-maintained roads and state highways within unincorporated areas of the county shall not be worse than LOS E in the Community Regions or LOS D in Rural Centers or Rural Regions except as specified in Table TC-2,” (attachment E). The policy further states, “the volume to capacity ratio of the roadway segments listed in Table TC-2 shall not exceed the ratio specified in that table.”

As part of the TGPA, the County is analyzing revising policies to clarify the definition of “worsen,” what action or analysis is required if the definition of “worsen” is met, clarification of the parameters of analysis (i.e. analysis period, analysis scenarios methods) and thresholds of timing improvements. Changes to the definitions could potentially modify the TDM analysis and impact the Circulation Element within the General Plan.

Review of current LOS thresholds will be taken into consideration during the TDM update process. Revising thresholds for LOS may impact the size of infrastructure needed, which could increase or decrease required mitigations. If required mitigations can be decreased, TIM fees may be lowered as a result.

Next Steps:

Department staff will:

- Update design standards;
- Evaluate the Targeted General Plan Amendment’s analysis of the County’s LOS Policies;
- Analyze the “Traffic Signals, Operation and Safety Improvements” priority list;
- Review project soft costs;
- Return in September with Residential Building Permit Forecast;
- Return in October with TDM Update;
- Schedule future Board workshops to discuss roadway scenarios after completion of the TDM.

Contact:

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