



County of El Dorado

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TO: Members, Board of Supervisors

FROM: Shawne Corley, Assistant CAO *SC*

SUBJECT: Supplemental Memo - Preliminary Options for Fully Funding MC&FP Phase I

In preparation for tomorrow's discussion on Road Maintenance and MC&FP, and subsequent to the posting of the Agenda, staff has been asked to provide information relative to fully funding MC&FP Phase I. The Road discussion has been agendized as a Department Matter for January 24, 2017, identified as Legistar Item #16-1146.

Background:

The Staff Report attached to Legistar Item #16-1146 outlines the legal information regarding closing MC&FP, concluding that, should the Board wish to move forward with closing MC&FP, Phase I of that Plan would need to be fully completed or funded. Sufficient funds to complete all remaining Phase I work would need to be set aside in a separate reserve fund.

Following is the relevant excerpt from the Staff Report:

In summary:

- 1) Because MC&FP Phase II is intended to address road impacts created by new development, Measure E requires voter approval before using such county tax revenue for that purpose. However, Measure J, which was passed by El Dorado County voters in 2000, constitutes the voter approval needed to proceed with MC&FP Phase II.
- 2) The County's obligation to set aside 85% of the tax increment in the MC&FP area ends when all MC&FP Phase I improvements have been completed or fully funded.
- 3) Assuming completion or funding of the MC&FP Phase I improvements and satisfaction of other obligations (e.g., repayment of TIM Fee advances), the County is under no obligation to pursue MC&FP Phase II and the Board can choose to unwind the MC&FP. Doing so would likely require multiple steps, including rescinding the authorization to levy a special tax and dissolving the Community Facilities District.

In order to consider unwinding MC&FP, the County must meet the requirement that all MC&FP Phase I improvements have been either completed or that sufficient funding to complete those projects is on-hand and set aside in a separate reserve account. Staff has determined that in order to meet this requirement, a total of \$24,968,000 must be on-hand and set-aside. This cost estimate reflects the remaining projects and the estimated funding required to complete the projects, as listed below.

It should be noted that these projects have been determined to be required under Phase I due to their inclusion in the original Phase I plan, their inclusion in related Development Agreements, and/or the inclusion in the approved Community Facility District list of projects.

- *Missouri Flat Interchange, Phase 1B.2 (Bike Path) – in progress; approved and funded*
- *Missouri Flat Interchange, Phase 1C (Riparian Restoration) – in progress; \$768,000 remaining to be funded*
- *Diamond Springs Parkway, Phase 1A (Hwy 49 improvements) - \$8.9 million to be funded*
- *Diamond Springs Parkway, Phase 1B (4 lane) - \$13.3 million to be funded*
- *Missouri Flat/Headington Road Intersection Improvements - \$2 million to be funded*

Should the Board desire to move forward with considering ending the MC&FP, staff will return to the Board with an analysis and options for fully funding the remaining projects.

The Staff Report estimated that \$24,968,000 would be required to close MC&FP. CDA has since revisited the cost and funding calculations and **estimates that \$27,657,000 would be required** to close MC&FP in this fiscal year.

Discussion:

Staff has been asked to provide further information relative to fully funding MC&FP Phase I - - specifically, a description of what the source of funding would be and how those funding options would be considered and accomplished.

Staff has identified the following preliminary options for where funding could be drawn from, along with relevant decision-making considerations. It should be noted that these should be considered possibilities at this time. Due to timing constraints, not all options have been fully vetted to ensure there would be no significant obstacles. It should also be noted that there may be additional options that have not been identified to date.

We recognize that all of the options involve making difficult decisions about the use of County funds. Additionally, there is not sufficient funding from any single source at this time. Therefore, fully funding Phase I would require a combination of options in order to reach the **\$27,657,000** estimated to be needed to close the MC&FP.

As stated in the Staff Report, staff does not advise moving forward with closing the MC&FP at this time. Should the Board desire to move forward with considering ending the MC&FP, we will return to the Board with additional analysis of the options for fully funding the remaining Phase I projects.

Source	Amount Available in FY 2016-17	Notes/Considerations
Local Tribe Funding	\$11,080,000	Estimated Fund Balance at FYE; Requires Budget Transfer and 4/5 Vote
MC&FP	\$5,300,000	Estimated Fund Balance at FYE; Requires Budget Transfer and 4/5 Vote
MC&FP Reserve	\$1,500,000	Cancel Reserve Fund for CFD Bonding
TIM Fee Fund - Zones 1-7	\$9,600,000	Requires Transfer (Advance) from Fund Now; Redirect Future DSP Funding to Remaining Projects within the Fund; Affects Timing of Programmed Projects
TIM Fee Fund - Hwy. 50	\$12,000,000	Requires Approval of Loan Between TIM Fee Funds; Repay from Future TIM Fee Fund - Zones 1 - 7 Revenues Directed to DSP; Need to Ensure No Obstacles
General Fund - Contingency	Up To \$3,800,000	Reduce Budgeted Contingency for FY 2016-17 and Increase Funding to Set-Aside
TOTAL IDENTIFIED	\$43,280,000	Combine options to equal \$27,657,000

Source	Amount Available in Future Years	Notes/Considerations
Local Tribe Funding	\$2,650,000	Divert Future Revenues to Set-Aside Until Phase I Fully Funded
MC&FP Annual Revenue	\$1,000,000	Divert Future Revenues to Set-Aside Until Phase I Fully Funded
General Fund - General Reserve	\$8,300,000	Reduce General Reserve at FY 2017-18 Budget Adoption and Increase Funding to Set-Aside; No Funds Identified to Restore G.R. in Future Years
Future TIM Fee Funds	Unknown	Transfer/Loan Future Revenues to Set-Aside Until Phase I Fully Funded