



## DEPARTMENT OF TRANSPORTATION

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September 17, 2019

TO: Board of Supervisors

FROM: Natalie K. Porter, P.E., T.E., Senior Civil Engineer

Subject: Traffic Impact Mitigation Fee Program

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### PURPOSE

On December 6, 2016 the Board of Supervisors (Board) adopted the Major Update to the Traffic Impact Mitigation (TIM) Fee Program as required by the General Plan and in compliance with state law. The Board recently adopted the Annual Update to the TIM Fee schedule on May 14, 2019 and adjusted the fees for project costs and inflation.

This agenda item was originally on the August 6, 2019 agenda (Item 21), continued to August 13, 2019 (Item 18), and continued again to September 17, 2019. The purpose of the hearings has been to provide the Board with an update on the grant funding projections for El Dorado County and how the decreased grant revenue projections affect the TIM Fee program. On August 13, 2019 the Board continued the item to September 17, 2019 to allow staff to determine the feasibility and implications of expediting the 2020 Major TIM Fee update, allow the full Board to be in attendance and directed staff to evaluate implementation of Alternative 2 but splitting the increase into 2 phases, the first to be effective January 1, 2020, referred to as Alternative 3 in this report. If the Board directs staff to implement any of the Alternatives, Transportation will need to return to the Board with a Resolution adopting the interim TIM Fee.

### BACKGROUND

A TIM Fee is a fee levied by a local government or public agency to ensure that new development projects pay for all or their portion of the costs of providing public infrastructure or services attributable to the new development. Since 1984, the County has adopted and updated various TIM Fee programs to ensure that new development on the western slope pays the costs of constructing and improving county and state roads necessary to serve new development. The TIM Fee is often paid at the time of issuance of a building permit (i.e., for single family home or non-residential buildings or change in use). TIM Fees are calculated pursuant to California Government Code 66000 et. seq., the County's General Plan policy, and El Dorado County Ordinance 5045. Generally, fees are based on the type of land use, quantity of trips generated, location, and impact on roads and highways.

The TIM fee programs are mandated by the County's General Plan. The specific General Plan policies and implementation measures that reference a TIM Fee are listed below:

Policy TC-Xb(B) – At least every five years, prepare a Traffic Impact Mitigation (TIM) Fee Program specifying roadway improvements to be completed within the next 20 years to ensure compliance with all applicable level of service and other standards in this plan.

Policy TC-Xc - Developer paid traffic impact fees combined with any other available funds shall fully pay for building all necessary road capacity improvements to fully offset and mitigate all direct and cumulative traffic impacts from new development during peak hours upon any highways, arterial roads and their intersections during weekday, peak-hour periods in unincorporated areas of the county. (Replaced Policy TC-Xa(3) without the sunset date – Resolution 201-2018).

2016 Measure E Implementation Statement 3 – All 2004 General Plan Traffic Impact Mitigation Fees for all projects shall be paid at the building permit stage.

Implementation Measure TC-B – Revise and adopt traffic impact fee program(s) for unincorporated areas of the county and adopt additional funding mechanisms necessary to ensure that improvements contained in the fee programs are fully funded and capable of being implemented concurrently with new development as defined by Policy TC-Xf. The traffic fees should be designed to achieve the adopted level of service standards and preserve the integrity of the circulation system. The fee program(s) shall be updated annually for changes in project costs, and at least every five years with revised growth forecasts, revised improvement project analysis and list, and revised construction costs estimates to ensure the programs continue to meet the requirements contained in the policies of this General Plan.

TIM Fee funded projects are CIP projects that are needed to accommodate new development projected through 2035, which includes roadway widenings, interchange or intersection improvements, etc. Since these improvements are needed to accommodate new development, there is a nexus, pursuant to the Mitigation Fee Act (Government Code 66000 et. seq.), to charge new development a fee to pay for these improvements.

The current TIM Fee Program was adopted on December 6, 2016 by Ordinance Number 5045 and Resolution 191-2016. The 2016 Major Update resulted in decreased TIM Fees for almost all zones and land use types.

Since the 2016 Major Update the Board had adjusted the TIM Fee schedule for revised project costs and inflation twice. The first annual adjustment was adopted on December

12, 2017 via Resolution 172-2017, and the second adopted the 2019 TIM Fee Schedule via Resolution 072-2019 on May 14, 2019. Additionally, a Minor Technical Update to the TIM Fee schedule was approved via Resolution 077-2018 on June 26, 2018.

For previous discussion on the item, see August 6, 2019 Agenda (Item 21), Attachment A – Board Memo.

## **DISCUSSION**

On August 13, 2019, the Board discussed future grant funding projections and interim TIM Fee Alternatives 1 and 2 which reflected two methodologies for setting the fees with the projected grant revenues. The Board continued the item to September 17, 2019 to allow the full Board to be in attendance and directed staff to review the projected schedule for the 2020 Major Traffic Impact Mitigation (TIM) fee update to determine the feasibility and implication of expediting the process and to explore a modified Alternative 2, referred to as Alternative 3 in this report, which would split the proposed TIM fee increase into 2 phases, the first to be effective January 1, 2020.

### Alternative 3

Staff has performed the calculations and the results have been attached to this item. (See Attachment 3B – Exhibit E).

### Major Update Schedule

Staff has informed the Board that the typical timeframe to implement a Major Update to the Capital Improvement Program (CIP) and TIM Fee Program (Major Update) is approximately two years. Transportation has received proposals from the various consultants that will provide the support for the Major Update and have executed contracts for the first steps in the process. The significant tasks are listed below.

1. As requested by the Board and the El Dorado Hills Chamber of Commerce, the 2005 analysis to determine the population growth, employment growth, and percentage allocation of population serving versus export-based jobs in County between 2000 and the most recent year for which this data is available from the U.S. Census, will be updated by Economic and Planning Systems, Inc. (EPS). Transportation will return to the Board to approve what percentage of non-residential trips are shifted to residential uses. We anticipate bringing this item to the Board in October/November.
2. General Plan growth projections to 2040. BAE Urban Economics (BAE) will develop a set of residential and employment projections through the year 2040 for the countywide unincorporated area. The preliminary projections of population, housing, employment and non-residential building growth will be presented to the Board for approval. We anticipate bringing this item to the Board in November. The Regional Housing Need Allocation (RHNA) is in process. The status of the El Dorado County allocation, how it is accommodated in the growth projections, and the affordable housing offset and the secondary

dwelling unit fee waiver in the TIM Fee Program will be discussed. Once the Board approves the growth projections, the next task is allocation of new growth to County sub-areas and preparation of a draft memo of findings. The draft memo of findings will be presented to the Planning Commission as a receive and file item, and then to the Board for adoption. The anticipated Planning Commission presentation would be in January and then to the Board in February.

3. Policy items for discussion. Various policy items that can affect the calculation of the TIM Fee have been suggested for consideration by the Board. Transportation staff is proposing at least three Board workshops to discuss these items and received direction on each item. The proposed topics include:

Workshop 1

- a. Dwelling Unit Size – exploring separate fee categories for the single family category based on the size of the proposed new housing
- b. Vehicle Miles Traveled (VMT) based equivalent dwelling units – VMT as a factor in the fee calculation, this is a separate discussion than what will be required by SB 743
- c. Age restricted category – can we remove it as a category

Workshop 2

- a. Daily vs. peak hour trip rates
- b. Separation of TIM fee zones 2 and 3

Workshop 3

- a. Winery TIM fee category
- b. Cannabis TIM fee category
- c. Agritourism TIM fee category

Transportation anticipates the Board workshops occurring in October through December timeframe.

4. Outreach. The last Major Update had a substantial outreach program. It included five focus groups with two meetings each, three sets of two public workshops, a project website and social media presence, presentations to the Planning Commission and El Dorado County Transportation Commission (EDCTC), and multiple Board workshops and hearings. This effort did add significantly to the length of the project and cost approximately \$45,000 in 2014. The Board should determine the breath of the outreach effort and Transportation can present this item in conjunction with one of the workshops listed in item 3 above.

5. Verification of Grant Funding. Transportation will verify with the EDCTC the grant funding estimates for inclusion in the TIM Fee program. Transportation will confirm with the Board the categories that will use grant funding. These include the required Affordable housing offset and the external to external trip offset. The Board will provide direction on any other potential uses for the projected grant funding.
6. Technical Calculations, Travel Demand Modeling, Cost Estimates, Fee Calculation, Nexus Study and an updated CIP. Once items one through four have been discussed and direction given, the technical work can begin. This work can take approximately six to eight months. Should we request an accelerated schedule from the consultants this may be reduced by a month at a five to ten percent increase.
7. Environmental Document. Once item 6 above is completed, a determination must be made on the appropriate environmental document. Depending on the determination, a contract for an environmental consultant may be necessary. This process can add significantly to the process if it is determined that a focused EIR is required.
8. A Presentation to the Planning Commission. A receive and file items will be presented to the Planning Commission. Should an EIR or Mitigated Negative Declaration be required, the presentation would become a hearing and the Planning Commission will need to make a recommendation to the Board on approval of the environmental document. Noticing requirements will need to be met.
9. Board Adoption. If needed, the Board will adopt a resolution certifying the environmental document, and adopt mitigation monitoring and reporting plan. Also if needed, the Board will need to adopt a resolution amending the General Plan Transportation and Circulation Element if additional roadways have been identified as needed. The updated CIP and a resolution adopting the updated TIM Fee Nexus study will need to be approved. Additionally, the TIM Fee Ordinance (5045) may need to be amended, as well as the TIM Fee Administrative Manual and resolution.

Each agenda item to the Board requires a six week lead time or more before it is placed on the agenda. All agenda items require substantial administrative support. Additional dedicated staff time will be needed for this project in order to avoid other transportation planning items delay. A potential time saving measure would be to have a Board item placeholder for monthly updates on the project. This would reduce the lead time needed to place items on the Board agenda for action, although items may still require proper noticing. In conclusion, Transportation believes we can meet the timeline of

completing this project by November 2020. Furthermore, it is Transportation's recommendation to the Board that we proceed forward with an accelerated timeline in order to retain this Board's previous knowledge and experience with past Updates which would prove beneficial to the community.

**BOARD OF SUPERVISORS ACTION ITEMS**

- 1) Provide direction as to the selection and implementation of Alternatives 1, 2 or 3 for the Interim TIM Fee adjustment.
- 2) Provide direction as to the expedited 2020 Major TIM Fee update and level of public outreach.
- 3) Provide direction as to the request for additional staff.

**CONTACT**

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