



DEPARTMENT OF TRANSPORTATION

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Date: November 4, 2022

To: Don Ashton, MPA
Chief Administrative Officer

From: Adam Bane, Supervising Civil Engineer, Department of Transportation 

Subject: Board of Supervisors Policy J-7 Economic Development Incentives, Section II.B.3 – Deferral/Reduction of Permit or Impact Fees -Tractor Supply Company

The Department of Transportation has received a request from Mr. Brad Yust, with Tractor Supply Company, to reduce the Traffic Impact Fee (TIF) Program fees due in the amount of \$27,789.08 related to construction of a new facility located at 4470 Golden Foothill Parkway in El Dorado Hills.

Tractor Supply Company is constructing a retail home and farm supply business in the El Dorado Hills Business Park, scheduled to open for business in late 2022 or early 2023. The building permit was issued on July 19, 2022, two business days after an annual TIF Program fee schedule adjustment increase of 13% went into effect on Saturday, July 16, 2023. Due to a delay in updating the TIF amount for these building permits, the applicant was charged the old fee (\$211,156.42) rather than the total amount of the new fee (\$238,945.50). As mitigation fees are required to be paid in the amount in effect on the day the permit is issued, \$27,789.08 in additional TIF is due.

Board of Supervisors Policy J-7, Economic Development Incentives, provides the procedure for identifying and offering incentives for businesses with the potential for high economic impact. Pursuant to section II.B.3, incentives options may include deferral or reduction of permit or impact fees. It is to the benefit of the County to incentivize non-residential business development. Localized business development offers prosperity to our citizens through the creation of new jobs; reduced commute times; improvement quality of life and an assured tax base to provide service needs for existing and future residents of the County.

Given the relative timing of the TIF increase and the issuance of the permit and the economic benefit the County will derive from a commercial business that will generate new jobs, services and tax revenues, staff feels a reduction of the TIF fee increase is warranted. The total project is valued at \$1.9 million dollars, which includes the land valuation and improvements. Tractor Supply Company's new facility will be utilized for their workforce and

the public. Although the cost of this incentive would reduce the Transient Occupancy Tax reserve by \$27,789.08, the project increases the assessed value of the land by \$1.6 million dollars, generating an increase of \$4,300 in property tax annually. The County will immediately see a return on this fee reduction as the construction of the new building will increase property taxes collected by the County by roughly \$4,300 per year, with a return on investment (ROI) realized in the sixth year of the project through increased property tax alone. In addition to increased property tax, this project will produce sales tax dollars, job creation and increased employment opportunities by improving workforce development skills. The Tractor Supply Company is estimated to have annual sales of between \$6 million and \$8 million, generating between \$400,000 and \$580,000 in annual sales tax revenue while creating between 20 and 30 jobs for the community. These investment returns along with meeting several County Economic Development strategic goals helps nurture the County's and community's business-friendly environment.

The Department is recommending the Chief Administrative Office approve the request to offset the \$27,789.08 in incremental Traffic Impact Fees With concurrence from the Chief Administrative Office and Economic Development, Transportation staff will prepare an item for the Board's consideration.