TRAFFIC IMPACT FEE (TIF) PROGRAM COST INDEX ANALYSIS

Board of Supervisors November 15, 2022

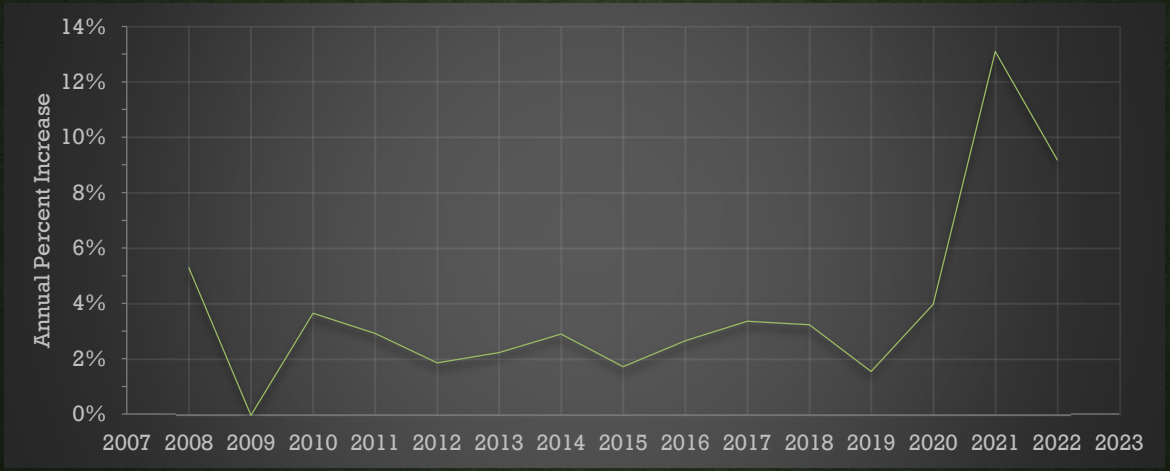
Legistar #22-1653

Department of Transportation

Traffic Impact Fee (TIF) Schedule updates occur ANNUALLY per Chapter 12.28.050 of the El Dorado County Ordinance Code

"The TIF amounts shall be adjusted for inflation no later than the end of the 3rd fiscal quarter of each year in accordance with the percentage change published by the Engineering News Record **Building Cost Index**, or if such index ceased to be published, by an equivalent index chosen by the Director, with appropriate adjustments for regional and local construction costs as necessary."

BUILDING COST INDEX ANNUAL INCREASE



*2022 data is through September 2022

The sharp growth of the BCI over the previous year was a significant contributing factor to the approximate **16%** increase in fees in all TIF zones.

ENGINEERING NEWS-RECORD (ENR)

COST INDEX = LABOR COMPONENT + MATERIAL COMPONENT

BUILDING COST INDEX

68.38 hours of **skilled labor** at the 20-city average of bricklayers, carpenters, and structural ironworkers rates

+

25 cwt of standard structural steel shapes at the mill price prior to 1996 and the fabricated 20-city price from 1996, plus 1.128 tons of portland cement at the 20-city price, plus 1,088 board-ft of 2 x 4 lumber at the 20-city price.

CONSTRUCTION COST INDEX

200 hours of **common labor** at the 20-city average of common labor rates

+

25 cwt of standard structural steel shapes at the mill price prior to 1996 and the fabricated 20-city price from 1996, plus 1.128 tons of portland cement at the 20-city price, plus 1,088 board-ft of 2 x 4 lumber at the 20-city price.

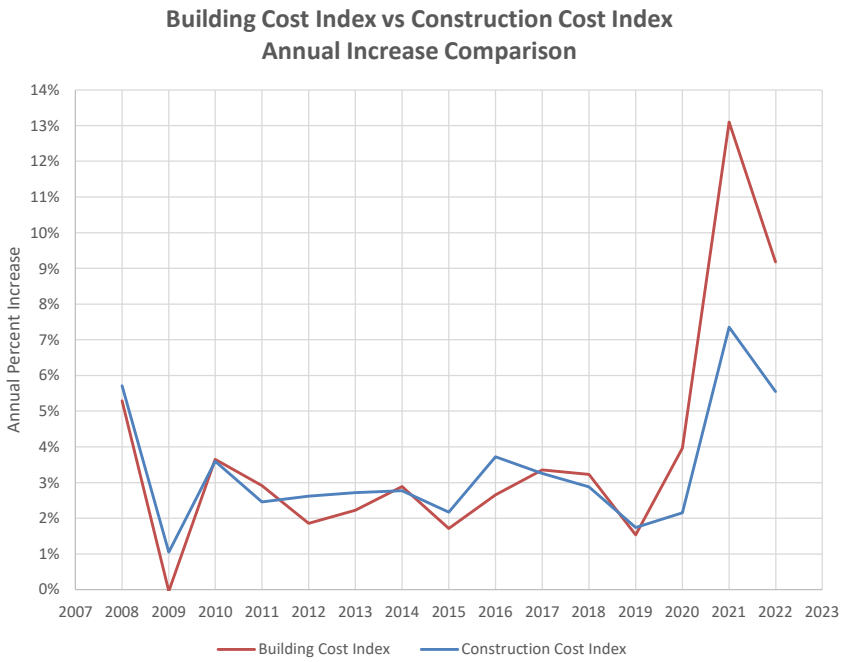
TRENDS AND COMPARISONS

- Since 2008, the BCI and CCI have averaged annual increases of **3.8%** and **3.3%**, respectively.
- Prior to 2020, the annual increases of the two indices were **within approximately 1% of each other** each year.
- From December 2021 through September 2022, the BCI has increased 9.2%, while the CCI has only increased 5.5%.

INDEX COMPARISONS

Year	Building Cost Index	Construction Cost Index
2022*	**9.2%**	5.5%
2021	**13.1%**	7.4%
2020	**4.0%**	2.2%
2019	1.5%	**1.7%**
2018	**3.2%**	2.9%
2017	**3.4%**	3.3%
2016	2.7%	**3.7%**
2015	1.7%	**2.2%**
2014	**2.9%**	2.8%
2013	2.2%	**2.7%**
2012	1.9%	**2.6%**
2011	**2.9%**	2.5%
2010	**3.65%**	3.60%
2009	0.0%	**1.1%**
2008	5.3%	**5.7%**

*2022 data is through September 2022



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INDEX COMPARISONS

CONSISTENCY

Other Agencies Using CCI for Traffic Impact Fees:

- City of Rancho Cordova
- City of Folsom
- Placer County

EDC Fees Using CCI:

- Bass Lake Hills Specific Plan Public Facilities Financing Plan
- Saratoga Estates Affordable Housing Fee
- Zones of Benefits encouraged to use CCI for inflationary adjustments when drafting ballot measures

BOARD DIRECTION REQUESTED:

Alternative A:

Switch to ENR Construction Cost Index

- Direct staff to use the ENR Construction Cost Index for TIF Program annual adjustments moving forward
- Provide conceptual approval to amend County Ordinance 12.28.050 to be consistent with the change in cost index as directed by the Board
- Staff will return at a future meeting with the First Reading of the Ordinance change and updates to the TIF Program Administrative Manual

Alternative B:

No Change

- Continue using ENR's Building Cost Index to make annual adjustments to the TIF Program
- Make no changes to County ordinance or policies