

**EL DORADO COUNTY BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

**Meeting of**  
January 23, 2006

**AGENDA TITLE:** Interim 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program: Review of Program

**DEPARTMENT:** Transportation

**CONTACT:** Steve Borroum

**DATE:** 1/12/2006

**PHONE:** 5453

**DEPT SIGNOFF:**

**CAO USE ONLY:**

**DEPARTMENT SUMMARY AND REQUESTED BOARD ACTION:**

The Department of Transportation Recommends that the Board of Supervisors:

1. Receive and file the updated and new information regarding the Interim 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program.
2. Direct the Department of Transportation to finalize any revisions to the fee program and return to the Board of Supervisors on March 14, 2006, for a noticed public hearing for the adoption of the final 2004 General Plan TIM Fee Program.

**CAO RECOMMENDATIONS:**

*Receive / file , provide direction to staff  
Laura A. Gill 1/17/06*

Financial impact? ( ) Yes (X) No

**BUDGET SUMMARY:**

Total Est. Cost \_\_\_\_\_

**Funding**

Budgeted \_\_\_\_\_

New Funding \_\_\_\_\_

Savings \_\_\_\_\_

Other \_\_\_\_\_

Total Funding \_\_\_\_\_

Change in Net County Cost \_\_\_\_\_

Funding Source: ( ) Gen Fund ( ) Other

Other: \_\_\_\_\_

**CAO Office Use Only:**

4/5's Vote Required ( ) Yes (X) No

Change in Policy ( ) Yes (X) No

New Personnel ( ) Yes (X) No

**CONCURRENCES:**

Risk Management \_\_\_\_\_

County Counsel \_\_\_\_\_

Other \_\_\_\_\_

**\*Explain**

**BOARD ACTIONS:**

*Jan 23 2006*

-SEE NEXT PAGE-

**Vote:** Unanimous \_\_\_\_\_ **Or**

**Ayes:**

SEE NEXT PAGE

**Noes:**

**Abstentions:**

**Absent:**

**I hereby certify that this is a true and correct copy of an action taken and entered into the minutes of the Board of Supervisors**

**Date:** \_\_\_\_\_

**Attest:** Cindy Keck, Board of Supervisors Clerk

**By:** \_\_\_\_\_



# El Dorado County

## MINUTES

### Board Of Supervisors

BOARD OF  
SUPERVISORS  
MEETING ROOM  
330 Fair Lane, Bldg A  
Placerville, California

*James R. Sweeney, Chairman, District III*  
*Helen K. Baumann, Vice Chairman, District II*  
*Rusty Dupray, District I*  
*Charlie Paine, District IV*  
*Norma Santiago, District V*

*Cindy Keck, Clerk of the Board of Supervisors*  
*Laura S. Gill, Chief Administrative Officer*    *Louis B. Green, County Counsel*

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Monday, January 23, 2006

10:00 AM

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### Special Meeting

#### CALL TO ORDER

**Present:** 4 - Supervisor Dupray, Supervisor Baumann, Supervisor Sweeney and Supervisor Santiago

**Absent:** 1 - Supervisor Paine

06-0139

Transportation Department recommending the following pertaining to the Interim 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program:

- (1) Receive and file updated and new information regarding the Interim 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program; and
- (2) Direct staff to finalize revisions to the fee program and return to the Board on **March 14, 2006**, for a public hearing for the adoption of the final 2004 General Plan TIM Fee Program.

**By consensus the Board directed the following:**

- (1) Fee program should be a 20-year program with iteration of location and citations of safeguards;
- (2) "External" trips are to be fully funded and "pass through" trips are not to be funded;
- (3) Residential and non-residential cost sharing formula should be a zone specific fee within the context of the general 94% - 6% ratio; and
- (4) El Dorado Hills should be considered a special zone where fees for local roads collected in Zone 8 must be expended for projects in Zone 8, and fees for local roads collected in the other fee zones cannot be expended in Zone 8.

#### ADJOURNMENT

# COUNTY OF EL DORADO

# DEPARTMENT OF TRANSPORTATION

**MAINTENANCE DIVISION:**

2441 Headington Road  
Placerville CA 95667  
Phone: (530) 642-4909  
Fax: (530) 642-9238

Richard W. Shepard, P.E.  
Director of Transportation

Internet Web Site:  
<http://co.el-dorado.ca.us/dot>

**MAIN OFFICE:**

2850 Fairlane Court  
Placerville CA 95667  
Phone: (530) 621-5900  
Fax: (530) 626-0387



Date January 11, 2005

Board of Supervisors  
330 Fair Lane  
Placerville, California 95667

**Title: Interim 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program:  
Review of Program**

**Meeting date: January 23, 2006**

**District/Supervisor: All Districts/All Supervisors**

Dear Members of the Board:

**Recommendation:** The Department of Transportation recommends that the Board of Supervisors:

1. Receive and file the updated and new information regarding the Interim 2004 General Plan Traffic Impact Mitigation (TIM) Fee Program.
2. Direct the Department of Transportation to finalize any revisions to the fee program and return to the Board of Supervisors on March 14, 2006, for a noticed public hearing for the adoption of the final 2004 General Plan TIM Fee Program.

**Background:**

On September 20, 2005, after holding a noticed public hearing, the Board adopted an Interim 2004 General Plan Traffic Impact Mitigation Fee Program. The fees contained in that program went into effect 60 days later on November 19, 2005. Individuals submitting applications for a building permit after that date are required to pay the new fees when they come in and pull their building permit.

At that hearing the Board also directed the Department to return on October 4, 2005, so the Board could provide additional information regarding areas of concern the Board still had. When the Department returned on October 4<sup>th</sup>, Supervisors provided a list of items to

be reviewed and the Department was directed to return to the Board on Monday, January 23, 2006, to further discuss the fee program.

The following items have been further addressed by the Department:

1. Consideration of 20-year (2025) horizon year versus the current 10-year (2015) horizon.
2. A more comprehensive analysis of the improvement needs (and project costs) for the program, particularly the improvements on Highway 50 and the phasing of the Highway 50 interchange projects.
3. The Federal and State funding assumed in the development of the fee program.
4. Potential alternative funding sources.
5. Impacts of the fee program on affordable housing.
6. Residential and non-residential cost sharing formulas/ratios.
7. Reassessment of the alternative approaches for addressing "external" trips (vehicle trips with one or both ends outside of the unincorporated County).
8. Reconsideration of whether El Dorado Hills should be isolated from the remaining County.

### **Findings:**

Attached is a list of the improvement projects (and costs) estimated to be needed for both 2015 and 2025. The 2015 projects are specifically scoped for the expected 2015 traffic volumes, and are consistent with the 2025 projects. Also, the 2025 traffic expectations and projects are consistent with the 2004 General Plan.

For traffic modeling purposes, the 2004 General Plan's horizon year growth assumptions were used for 2025, and the 2015 projections are a straight-line interpolation between 2005 and 2025.

The consulting firm of *URS* reviewed and updated the individual project cost estimates for both the 2015 and the 2025 projects.

Within the first 10 years, there appears to be a greater need for project funding than for the subsequent 10 years. However, in the 5-Year Capital Improvement Program (CIP) approved by the Board on January 10, 2006, there did not appear to be a shortage of funds necessary to deliver what are seen as the critically needed improvements over the next 5 years. An alternative to setting high fees now and potentially reducing them at a later date is what the Department sees as an annual fee review process, which would be coupled with the annual update to the 5-year CIP. This is seen as consistent with, and required by, 2004 General Plan Implementation Measure TC-B. This measure requires the Traffic Impact Mitigation fee be "updated annually with revised growth and construction cost estimates".

The Department will be accomplishing these annual program reviews with the Board during the winter of each year with the intent of bringing back any proposed changes to the fee

rates in March of each year. Growth during the preceding twelve months will be compared to the predicted rate in the fee program calculations. If a significant difference is encountered, the fees will be recalculated using the new growth rates. Improvement projects that have moved forward in the planning and design process such that there are more recent and more refined cost estimates will have those new cost estimates included in the fee calculations. For those projects where refined cost estimates have not been done – typically those projects beyond the 5-Year Capital Improvement Program (CIP) – the Department will be applying the Caltrans Construction Cost Index to adjust their cost estimate and then those revised estimates will be included in the fee calculations. Also to be included would be any new projects that have been identified as necessary, and conversely, currently included projects that have been constructed, and payments completed, or have been found to be unnecessary, would be excluded from the calculations.

At the request of the Department, the engineering consulting firm of *HDR* reviewed the projections for the Federal and State funding the Department used in the development on the Interim 2004 General Plan TIM fee program. *HDR* concluded that the dollar amounts used are consistent with the forecasts developed by the Sacramento Area Council of Governments (SACOG) and the El Dorado County Transportation Commission. However, on further review by the Department, one of the sources of Federal and State funds has been removed from consideration in order to continue funding of the County's major road rehabilitation program (overlays).

*HDR* also noted that some of this funding is competitive at either the regional level or at a statewide level and as such, it would be important for the County to have potential projects already developed, designed, and "on the shelf" to maximize the County's competitive position. Along with this, it would also be critical to have any required matching share already funded to take advantage of any quick turn around grants. The Department is currently pursuing a project delivery concept that is consistent with these concepts to ensure the County is in a position to take advantage of all these opportunities.

Attached is a report from the consulting firm *EPS* which assesses the advantages, disadvantages and potential revenues for nine potential alternative funding sources.

Also attached is a report from *EPS* assessing all of the impacts of the fee program on affordable housing. The report concludes that all of the County's development fees have an adverse impact on affordable housing.

As reported to the Board on September 20, 2005, a substantial portion of the current and expected jobs within the unincorporated areas of the County are directly related to, or in support of, the residential uses. Additionally, studies determined that there is no marketplace tolerance within non-residential uses for increased fees. At that time, it was determined that this justified maintaining the then current non-residential fees which resulted in approximately a 94% / 6% split in the total anticipated development fee revenues from residential and non-residential uses, respectively.

It is recommended that this 94% / 6% ratio continue to be used, however it is now recommended that this ratio be maintained overall and that the non-residential fees within each zone be calculated based on the program costs and growth projections within each individual zone instead of simply perpetuating the prior non-residential fee structure. This results in some of the non-residential fee rates going up and some going down; but again, the overall 94% / 6% ratio would be maintained.

As discussed with the Board on September 20, 2005, a significant portion of the vehicle trips using the impacted road system have one or both ends of the trip external to the unincorporated area of the County. These trips are termed "external". Within the 20-year, \$800 million program, approximately \$105 million of these improvement costs are associated with "external" trips. Of these, approximately \$7 million are associated with vehicle trips where both ends of the trip are "external" to the unincorporated area of the County. If all or a portion of the costs of these "external" trips are not allocated to growth within the unincorporated area of the County, an "unfunded" element is built into the program. With the interim fees adopted in September 2005, the entire cost of the "external" component was not allocated to fees for unincorporated development. Clearly, minimizing the "unfunded" component of the program would best serve the transportation program funding needs; however, fully allocating the costs of the "external" trips to development within the unincorporated area may adversely impact the market for such development.

The interim fees approved this past September isolate the El Dorado Hills area from the remainder of the County. In other words, the costs associated with improvement projects within El Dorado Hills are fully allocated to growth within El Dorado Hills. Whereas, the costs of projects in other areas of the County are allocated to each of the fee zones based on the proportion of traffic from that respective zone using the improvement project. By isolating El Dorado Hills, this mandates establishment of three funds ... El Dorado Hills local, Highway 50 mainline, and the remainder of the County. If El Dorado Hills is not isolated, only one fund would be necessary, which would greatly simplify the project prioritization / programming process.

Each of the preceding matters are reflected in the various fee scenarios contained in the attached summary. None of the proposed scenarios allocate the cost of the "external" to "external" trips to growth within the unincorporated County.

Since the October 4<sup>th</sup> Board meeting the Department has been working with several outside expert consulting firms, as well as processing a great deal of information internally to respond to concerns and questions. These consultants have provided several preliminary reports for the Department's use and are in the process of being finalized.

However, the information contained in the reports and other documents has allowed the Department to calculate the attached tentative new fee rates.

It should be noted that the fees in Zone 7 increase under most scenarios. These increases are due to a combination of the results from several of the reanalysis efforts. The new

traffic impact modeling showed a greater percentage of the traffic using certain roads in the western portion of the County being allocated to Zone 7 than earlier modeling efforts. Those same roads also showed significant increases in the estimated costs. Additionally, a new project, the Suncoast Lane Extension, was included in the overall improvement project list.

**Additional Board Direction:**

The Department recommends consideration of the following questions:

1. Should the fee program be a 10 or 20-year program?
2. Should "external" trips be more fully funded?
3. Should the non-residential fees remain as in the adopted program or move to a more zone specific fee within the context of the general 94%-6% ratio of residential to non-residential uses?
4. Should El Dorado Hills be considered as a special zone where fees for local roads collected in Zone 8 must be expended for projects in Zone 8, and fees for local roads collected in the other fee zones cannot be expended in Zone 8?

**Fiscal Impact:**

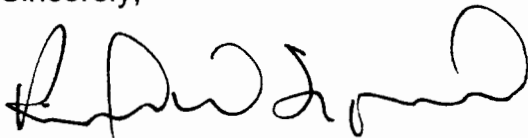
This requested action does not obligate the County to any new expenditure. The Road Fund will fund staff time. Consultant costs are contained within existing contract agreements.

**Net County Cost:** None

**Action to be Taken Following Approval:**

The Department of Transportation and the consultant team will finalize the development of the new 2004 General Plan Traffic Mitigation Impact (TIM) Fee Program based on Board input and decisions, and return to the Board on March 14, 2006, for a noticed public hearing for the adoption of the final 2004 General Plan TIM Fee Program.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard W. Shepard', written over a horizontal line.

Richard W. Shepard, P.E.  
Director of Transportation

SB/cdm

## TIM Fee Summary

Scenario	Revenue Allocation	Other	External cost recognition	Horton Year	Area east of Pollock Pines Zone 1	Cameron Park/ Rescue Zone 2	West of PLV along Hwy 50 Zone 3	No West Area Hwy 50 east of City Zone 4	Area along Hwy 50 east of PLV Zone 5	Area So east of PLV Zone 6	So west corner Zone 7	El Dorado Hills Zone 8
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## Rate per single family home

Current rates ( 3 programs combined )												
					\$12,749	\$28,384	\$28,384	\$13,594	\$12,852	\$16,870	\$14,587	\$22,696
1	94% Residential and 6% Non-Residential		Externals folded in	2025	\$13,060	\$27,970	\$27,970	\$12,622	\$11,657	\$21,915	\$23,215	\$22,832
2	94% Residential and 6% Non-Residential		No External Folding	2025	\$11,544	\$22,378	\$22,378	\$10,351	\$10,167	\$19,060	\$18,478	\$18,484
3	84% Residential and 16% Non-Residential		Externals folded in	2025	\$10,594	\$25,504	\$25,504	\$10,157	\$9,191	\$19,450	\$20,749	\$20,367
4	Hold Retail to Current Rates		Externals folded in	2025	\$13,020	\$28,662	\$28,662	\$12,368	\$11,139	\$22,043	\$23,319	\$23,154
5	94% Residential and 6% Non-Residential	El Dorado Hills Isolated	Externals folded in	2025	\$14,408	\$27,590	\$27,590	\$13,176	\$12,572	\$25,917	\$14,397	\$23,317
6	94% Residential and 6% Non-Residential		Externals folded in	2015	\$19,478	\$39,947	\$39,947	\$18,001	\$16,797	\$36,729	\$35,128	\$31,218

## Rate for Retail Space (Per square foot) (Equates to "General Commercial" in current fee program)

Current rates ( 3 programs combined )												
					\$7.53	\$10.34	\$10.34	\$8.17	\$8.17	\$8.17	\$8.17	\$8.36
1	94% Residential and 6% Non-Residential		Externals folded in	2025	\$4.21	\$14.07	\$14.07	\$3.90	\$3.18	\$10.84	\$11.81	\$11.53
2	94% Residential and 6% Non-Residential		No External Folding	2025	\$4.07	\$11.79	\$11.79	\$3.18	\$3.04	\$9.68	\$9.25	\$9.25
3	84% Residential and 16% Non-Residential		Externals folded in	2025	\$11.63	\$38.68	\$38.68	\$10.73	\$8.75	\$29.82	\$32.48	\$31.70
4	Hold Retail to Current Rates		Externals folded in	2025	\$7.53	\$10.34	\$10.34	\$8.17	\$8.17	\$8.17	\$8.17	\$8.36
5	94% Residential and 6% Non-Residential	El Dorado Hills Isolated	Externals folded in	2025	\$3.81	\$12.87	\$12.87	\$2.96	\$2.62	\$11.30	\$3.80	\$14.55
6	94% Residential and 6% Non-Residential		Externals folded in	2015	\$6.75	\$20.47	\$20.47	\$5.64	\$4.74	\$19.63	\$18.43	\$15.51





## TRAFFIC IMPACT MITIGATION FEE PROGRAM PROJECT LIST

2004 GENERAL PLAN PROJECT LIST			YEAR 2015 (\$ million)				YEAR 2025 (\$ million)			
NO.	PROJECT NAME	LIMITS	CONSTR	R/W	PROJECT DELIVERY	TOTAL	CONSTR	R/W	PROJECT DELIVERY	TOTAL
1	BASS LAKE RD	US 50 TO HOLLOW OAK RD					\$3.5	\$0.0	\$1.4	\$4.9
2	CAMERON PARK DR	DUROCK RD TO COACH LN	\$0.7	\$0.2	\$0.3	\$1.1				
3	CAMERON PARK DR	PALMER DR TO OXFORD RD	\$6.2	\$1.9	\$2.5	\$10.6	\$2.1	\$1.2	\$0.8	\$4.2
4	DUROCK RD	ROBIN LN TO SOUTH SHINGLE RD	\$4.1	\$2.4	\$1.6	\$8.1				
5	EL DORADO HILLS BLVD	LASSEN LN TO PARK DR	\$1.0	\$0.1	\$0.4	\$1.5				
6	EL DORADO HILLS BLVD	AT FRANCISCO DR INTERSECTION	\$1.9	\$4.2	\$0.8	\$6.9				
7	GREEN VALLEY RD	SALMON FALLS RD TO DEER VALLEY RD	\$2.9	\$0.0	\$1.2	\$4.1	\$5.5	\$2.9	\$2.2	\$10.5
8	GREEN VALLEY RD	DEER VALLEY RD E TO LOTUS RD	\$2.7	\$0.5	\$1.1	\$4.2				
9	HEADINGTON RD	MISSOURI FLAT RD TO EL DORADO RD					\$5.6	\$4.1	\$2.2	\$11.9
10	LATROBE RD	INVESTMENT BLVD TO GOLDEN FOOTHILL (South)	\$4.2	\$2.2	\$1.7	\$8.0				
11	LATROBE RD	CARSON CREEK TO WHITE ROCK RD					\$6.2	\$2.3	\$2.5	\$11.0
12	MISSOURI FLAT RD	HEADINGTON RD TO EL DORADO RD	\$0.7	\$0.2	\$0.3	\$1.2				
13	MISSOURI FLAT RD	MOTHER LODE DR TO CHINA GARDEN RD					\$3.3	\$2.9	\$1.3	\$7.4
14A	MISSOURI FLAT CONNECTOR RD	MISSOURI FLAT RD TO STATE ROUTE 49	\$10.4	\$9.8	\$2.1	\$22.3	\$5.0	\$0.0	\$1.0	\$6.0
14B	MISSOURI FLAT CONNECTOR RD	STATE ROUTE 49 TO PLEASANT VALLEY RD	\$6.9	\$6.6	\$1.4	\$14.9	\$0.0	\$0.0	\$0.0	\$0.0
15	MOTHER LODE DR	SOUTH SHINGLE RD TO FRENCH RD	\$1.1	\$0.0	\$0.4	\$1.5				
16	MOTHER LODE DR	GREENSTONE RD TO PLEASANT VALLEY RD	\$3.6	\$0.1	\$1.4	\$5.1				
17	PLEASANT VALLEY RD	EL DORADO RD TO SR 49 IN THE TOWN OF EL DORADO	\$0.7	\$0.3	\$0.3	\$1.3				
18	PLEASANT VALLEY RD	SR 49 IN THE TOWN OF DIAMOND SPRINGS TO BIG CUT RD	\$2.2	\$0.6	\$0.9	\$3.7				
19	PLEASANT VALLEY RD	BIG CUT RD TO CEDAR RAVINE RD	\$1.5	\$0.1	\$0.6	\$2.2				
20	PONDEROSA RD	NORTH SHINGLE RD TO MEDER RD	\$2.2	\$0.6	\$0.9	\$3.7				
21	SARATOGA WY	END OF SARATOGA WY TO THE W/O OF COUNTY LINE	\$4.6	\$8.5	\$1.8	\$15.0	\$3.6	\$0.0	\$1.5	\$5.1
22	SILVA VALLEY PKWY ****	US 50 TO ENTRADA	\$3.4	\$4.5	\$1.4	\$9.3	\$6.1	\$4.5	\$2.4	\$13.0
23	STATE ROUTE 49	PLEASANT VALLEY RD TO MISSOURI FLAT RD	\$3.8	\$2.9	\$1.5	\$8.2				
24	STATE ROUTE 49	STATE ROUTE 193 (IN COOL) TO THE NORTHERN COUNTY LINE	\$2.5	\$0.3	\$1.0	\$3.8				
25	SUNCAST LANE EXT.	COUNTY LINE TO WHITE ROCK ROAD	\$1.2	\$0.3	\$0.5	\$1.9				
26	SUNCAST LANE EXT.	WHITE ROCK ROAD TO LATROBE ROAD	\$1.7	\$0.3	\$0.7	\$2.7				
27A	US 50 - HOV and TRUCK OPERATION LANES	EL DORADO HILLS BLVD TO BOTTOM OF BASS LAKE GRADE	\$26.2	\$0.0	\$6.6	\$32.8	\$3.9	\$0.0	\$1.0	\$4.9
27B	US 50 - HOV and TRUCK OPERATION LANES	BOTTOM OF BASS LAKE GRADE TO CAMBRIDGE DR	\$9.1	\$0.0	\$2.3	\$11.4	\$25.1	\$0.0	\$6.3	\$31.4
27C	US 50 - HOV and TRUCK OPERATION LANES	CAMBRIDGE DR TO PONDEROSA RD					\$15.2	\$0.0	\$3.8	\$18.9
28	US 50 **	US 50 TO THE TOWN OF CAMINO				\$2.0				
29	WHITE ROCK RD	LATROBE RD TO US 50	\$7.8	\$6.6	\$3.1	\$17.5	\$5.5	\$7.2	\$2.2	\$15.0
30	WHITE ROCK RD	WINFIELD WY TO LATROBE RD	\$2.2	\$0.1	\$0.9	\$3.2	\$1.9	\$0.9	\$0.8	\$3.6
31	RAY LAWYER DR EXT **	FORNI RD TO STATE ROUTE 49				\$0.2				
32	FORNI RD **	CITY LIMITS TO CITY LIMITS				\$0.2				
33	US 50 INTERCHANGE ***	AT EL DORADO HILLS BLVD	\$2.3		\$0.6	\$2.9				
34	US 50 INTERCHANGE ***	AT EL DORADO HILLS BLVD	\$7.5		\$1.9	\$9.4				
35	US 50 INTERCHANGE ***	AT SILVA VALLEY PKWY	\$33.6		\$8.4	\$42.0				
36	US 50 INTERCHANGE ***	AT BASS LAKE RD	\$8.2	\$0.5	\$2.0	\$10.7	\$7.3	\$0.0	\$1.8	\$9.2
37	US 50 INTERCHANGE ***	AT CAMBRIDGE DR	\$4.9	\$0.8	\$1.2	\$6.9	\$12.2	\$0.0	\$3.0	\$15.2
38	US 50 INTERCHANGE ***	AT CAMERON PARK DR	\$6.8	\$0.4	\$1.7	\$8.9	\$13.9	\$0.0	\$3.5	\$17.4

2004 GENERAL PLAN PROJECT LIST			YEAR 2015 (\$ million)				YEAR 2025 (\$ million)			
NO.	PROJECT NAME	LIMITS	CONSTR	R/W	PROJECT DELIVERY	TOTAL	CONSTR	R/W	PROJECT DELIVERY	TOTAL
39	US 50 INTERCHANGE ***	AT PONDEROSA RD	\$9.7	\$3.7	\$2.4	\$15.8	\$9.5	\$0.0	\$2.4	\$11.8
40	US 50 INTERCHANGE ***	AT EL DORADO RD	\$7.6	\$0.5	\$2.0	\$10.2				
41	US 50 INTERCHANGE ***	AT MISSOURI FLAT RD	\$36.0	\$8.5	\$12.5	\$57.0				
42	FEE PROGRAM	DEVELOPMENT UPDATE				\$4.0				\$4.0
43	TRAFFIC SIGNALS	SIX TRAFFIC SIGNALS PER YEAR	\$30.0	\$15.0	\$15.0	\$60.0	\$20.0	\$10.0	\$15.0	\$45.0
44	TRANSIT SERVICE IMPROVEMENTS	BUS FLEET AND FACILITIES				\$5.0				\$5.0
45	BRIDGE CONSTN	VARIOUS				\$7.5				\$7.5
<b>TOTALS</b>			<b>\$262.2</b>	<b>\$82.7</b>	<b>\$85.3</b>	<b>\$449.1</b>	<b>\$155.4</b>	<b>\$36.0</b>	<b>\$55.1</b>	<b>\$263.0</b>
<b>REIMBURSEMENT AGREEMENTS - TOTALS</b>			<b>\$10.3</b>	<b>\$0.5</b>	<b>\$4.1</b>	<b>\$27.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>REIMBURSEMENT COMMITMENTS - TOTALS</b>			<b>\$28.7</b>	<b>\$7.6</b>	<b>\$11.5</b>	<b>\$61.6</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>PROGRAM TOTALS</b>			<b>\$301.2</b>	<b>\$90.8</b>	<b>\$100.8</b>	<b>\$538.6</b>	<b>\$155.4</b>	<b>\$36.0</b>	<b>\$55.1</b>	<b>\$263.0</b>
<b>2025 PROGRAM TOTAL</b>										<b>\$801.6</b>

## TRAFFIC IMPACT MITIGATION FEE PROGRAM PROJECT LIST

REIMBURSEMENT AGREEMENTS PROJECT LIST			YEAR 2015 (\$ million)				YEAR 2025 (\$ million)			
NO.	PROJECT NAME	LIMITS	CONSTR	R/W	PROJECT DELIVERY	TOTAL	CONSTR	R/W	PROJECT DELIVERY	TOTAL
1	GREEN VALLEY RD	COUNTY LINE TO FRANCISCO RD	\$6.56	\$0.50	\$2.62	\$9.69				
2	IMPROVEMENTS	INTERSECTION OF SR 49 AND MISSOURI FLAT RD				\$0.20				
3	IMPROVEMENTS	INTERSECTION OF SILVA VALLEY PKWY AND HARVARD WY				\$1.00				
4	IMPROVEMENTS	INTERSECTION OF SILVA VALLEY PKWY AND SERRANO PKWY				\$1.00				
5	SOPHIA PKWY	GREEN VALLEY RD TO ALEXANDRIA RD	\$3.72	\$0.00	\$1.49	\$5.21				
6	WHITE ROCK RD	LATROBE RD TO 5TH AVE EAST				\$0.30				
7	WHITE ROCK RD	AND EXTENDING SILVA VALLEY PKWY				\$4.90				
8	WHITE ROCK RD	MANCHESTER DR TO LATROBE RD				\$5.60				
<b>TOTAL</b>			<b>\$10.28</b>	<b>\$0.50</b>	<b>\$4.11</b>	<b>\$27.89</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

REIMBURSEMENT COMMITMENTS PROJECT LIST			YEAR 2015 (\$ million)				YEAR 2025 (\$ million)			
NO.	PROJECT NAME	LIMITS	CONSTR	R/W	PROJECT DELIVERY	TOTAL	CONSTR	R/W	PROJECT DELIVERY	TOTAL
1	ROAD CONNECTOR	LATROBE RD AND US 50				\$0.30				
2	BASS LAKE RD	US 50 TO HOLLOW OAK RD				\$5.70				
3	BASS LAKE RD	HOLLOW OAK RD TO BASS LAKE HILLS PLAN NORTH BOUNDARY				\$4.70				
4	BASS LAKE RD	BASS LAKE HILLS PLAN NORTH BOUNDARY TO EXIST BASS LAKE RD	\$2.09	\$0.10	\$0.84	\$3.03				
5	BASS LAKE RD	BASS LAKE TO THE SOUTH END OF SILVER SPRINGS SUBDIV	\$1.25	\$0.80	\$0.50	\$2.55				
6	BASS LAKE RD	SOUTH END OF SILVER SPRINGS SUBDIV TO GREEN VALLEY RD	\$3.64	\$0.00	\$1.46	\$5.10				
7	NEW INTERSECTION	BASS LAKE RD AND GREEN VALLEY RD	\$0.79	\$0.00	\$0.32	\$1.10				
8	COUNTRY CLUB DR	BASS LAKE RD NORTH TO EAST BASS LAKE HILLS PLAN BOUNDARY	\$3.25	\$0.20	\$1.30	\$4.75				
9	COUNTRY CLUB DR	BASS LAKE RD TO SILVER DOVE RD	\$0.83	\$0.10	\$0.33	\$1.27				
10	COUNTRY CLUB DR	SILVER DOVE RD TO WEST BASS LAKE RD SPECIFIC PLAN BOUNDARY	\$3.73	\$0.20	\$1.49	\$5.42				
11	INTERSECTION IMPROVEMENTS	COUNTRY CLUB DR AND CAMERON PARK DR	\$1.04	\$0.10	\$0.41	\$1.55				
12	INTERSECTION IMPROVEMENTS	DUROCK RD AND BUSINESS DR	\$1.16	\$0.00	\$0.47	\$1.63				
13	INTERSECTION SIGNALS AND IMPROVEMENTS	EL DORADO HILLS BLVD AND WILSON BLVD				\$1.00				
14	INTERSECTION SIGNALS AND IMPROVEMENTS	EL DORADO HILLS BLVD AND OLSON LN				\$0.80				
15	INTERSECTION SIGNALS AND IMPROVEMENTS	GREEN VALLEY RD AND CAMBRIDGE DR				\$0.70				
16	GREEN VALLEY RD	FRANCISCO DR TO 780 FEET EAST				0.7				
17	LATROBE RD	US 50 TO WHITE ROCK RD	\$1.97	\$0.10	\$0.79	\$2.86				
18	INTERSECTION IMPROVEMENTS	LATROBE RD AND WHITE ROCK RD	\$1.01	\$4.00	\$0.41	\$5.42				
19	LATROBE RD	WHITE ROCK RD TO TOWN CENTER DR	\$0.66	\$0.00	\$0.26	\$0.92				
20	LATROBE RD	SUNCAST LN TO SOUTH OF GOLDEN FOOTHILL PKWY	\$3.33	\$1.90	\$1.33	\$6.56				
21	INTERSECTION IMPROVEMENTS	MISSOURI FLAT RD AND GOLDEN CENTER DR	\$1.07	\$0.00	\$0.43	\$1.50				
22	INTERSECTION SIGNALS AND IMPROVEMENTS	MOTHER LODE DR AND EL DORADO RD	\$1.34	\$0.00	\$0.54	\$1.88				
23	RUNNYMEADE DR	FROM EL DORADO RD TO THE EAST	\$1.50	\$0.10	\$0.60	\$2.20				
<b>TOTAL</b>			<b>\$28.68</b>	<b>\$7.60</b>	<b>\$11.47</b>	<b>\$61.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>



**Economic &  
Planning Systems**

*Public Finance  
Real Estate Economics  
Regional Economics  
Land Use Policy*

**ADMINISTRATIVE DRAFT REPORT**

**ALTERNATIVE FUNDING ANALYSIS**

Prepared for:

El Dorado County Department of Transportation

Prepared by:

Economic & Planning Systems, Inc.

January 12, 2006

EPS #15562

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This alternative funding analysis was prepared by Economic & Planning Systems, Inc., (EPS) a firm specializing in real estate economics, regional economics, public finance, and land use policy. The report (EPS Project #15562) was commissioned by the El Dorado County Department of Transportation.

Tim R. Youmans served as principal-in-charge and oversaw all aspects of the assignment. Rosanne Helms served as project manager and conducted the alternative funding analysis.

The analyses, opinions, recommendations, and conclusions of this report are EPS's informed judgment based on market and economic conditions as of the date of this report. Changes in the market conditions or the economy could change or invalidate the conclusions contained herein. The contents of this report are based, in part, on data from secondary sources. While it is believed that these sources are accurate, EPS cannot guarantee their accuracy. The findings herein are based on economic considerations and, therefore, should not be construed as a representation or as an opinion that government approvals for development can be secured. Conclusions and recommended actions contained in this report should not be relied on as sole input for final business decisions regarding current and future development and planning, nor utilized for purposes beyond the scope and objectives of the current study.

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# I. FUNDING MECHANISMS FOR TRANSPORTATION PROJECTS

---

## INTRODUCTION

The purpose of this report is to identify alternative funding sources available to El Dorado County (County) that can fund shortfalls in the County's traffic impact fee revenue. These funding sources could be used to fund shortfalls in local funding from development fees and could help with funding existing deficiencies. They would be used in addition to state and federal funding. The implementation requirements for each funding source, as well as a discussion of the advantages and disadvantages of each, will be described in the sequence below.

Economic & Planning Systems, Inc., (EPS) has identified the following mechanisms that may be available to the County to supplement the traffic impact fee program:

- Special Assessment District (AD);
- Mello-Roos Community Facilities District (CFD);
- General Obligation (G.O.) Bonds;
- Sales Tax Increase;
- The County General Fund;
- Parcel Tax;
- Gasoline Tax;
- Transient Occupancy Tax; and
- Documentary Transfer Tax.

**Table 1** summarizes the approval requirements for each funding mechanism. **Table 2** summarizes the funding that could be generated over a 20-year period for each funding mechanism.

**Table 1**  
**El Dorado County DOT**  
**Summary of Funding Mechanisms and Approval Requirements**

<b>Funding Mechanism</b>	<b>Approval Required</b>
AD	50% vote weighted by assessments within assessment boundaries
CFD	2/3 vote within the CFD boundary
G.O. Bonds	2/3 vote of registered voters countywide
Sales Tax Increase	2/3 vote if determined to be a special tax (countywide)
County General Fund	Board of Supervisors' approval
Parcel Tax	2/3 vote of registered voters countywide
Gasoline Tax Increase	2/3 vote of registered voters countywide
Transient Occupancy Tax Increase	2/3 vote of registered voters Separate approval required to levy tax in cities in the County
Documentary Transfer Tax	Legislative approval for a county to raise above statutory rate

*"summary"*

**Table 2**  
**El Dorado County DOT**  
**Summary of 20-Year Funds Available**

<b>Funding Mechanism</b>	<b>20-Year Funds Available (2005\$) [1]</b>
CFD [2]	\$62,000,000
G.O. Bonds	
0.05% G.O. Bond	\$133,000,000
0.10% G.O. Bond	\$265,000,000
Sales Tax Increase	
Quarter-Cent Increase	\$56,000,000
Half-Cent Increase	\$111,000,000
Full-Cent Increase	\$223,000,000
County General Fund	\$23,000,000
Parcel Tax	
\$25 Parcel Tax	\$37,000,000
\$50 Parcel Tax	\$74,000,000
\$75 Parcel Tax	\$111,000,000
Gasoline Tax Increase	
Quarter-Cent per Gallon Increase	\$2,000,000
Half-Cent per Gallon Increase	\$5,000,000
Full-Cent per Gallon Increase	\$9,000,000
Transient Occupancy Tax Increase	
2% TOT Tax Increase	\$4,000,000
4% TOT Tax Increase	\$8,000,000
6% TOT Tax Increase	\$12,000,000

"funds\_summary"

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

[1] See detailed tables in this report for the specific set of assumptions used to determine funds available for each mechanism.

[2] Assumes a maximum annual special tax of \$100 per single-family unit

## II. SPECIAL ASSESSMENT DISTRICTS

---

### SPECIAL ASSESSMENT DISTRICTS<sup>1</sup>

A Special Assessment District (AD) may be formed with a majority vote to raise revenue for transportation improvements. Issued under the Improvement Bond Acts of 1911, 1913, and 1915, ADs are levied on properties within its boundaries based on each property's proportion of benefit.

#### ADVANTAGES

Forming an AD requires a 50-percent or higher vote by assessment in the AD.

#### DISADVANTAGES

A direct benefit of funded projects to each property must be proven. The revenue raised from an AD can only be used to fund a specific set of projects. Furthermore, the calculation of taxes for an AD is complex because they are weighted for each property based on its proportion of benefit. Sometimes there can be disagreements about the method used to spread the assessment based on proportion of benefit.

If similar facilities for a jurisdiction were financed using another method in other areas of that jurisdiction and an AD is then used instead of the first method, the proportion of benefit allocation method could result in two very different spreads of the cost burden to properties. In this case it may be preferable to finance the newer improvements in the same manner as the similar ones were.

#### POTENTIAL REVENUE

An AD could be structured to produce approximately the same funding as a Mello-Roos CFD.

---

<sup>1</sup> Information regarding this funding mechanism was obtained from the California Debt and Investment Advisory Commission: California Debt Issuance Primer, April 1998.

### III. MELLO-ROOS COMMUNITY FACILITIES DISTRICTS

---

#### MELLO-ROOS COMMUNITY FACILITIES DISTRICTS<sup>1</sup>

A Mello-Roos Community Facilities District (CFD) can be placed on new or existing development to raise revenue for transportation improvements. Established by the Mello Roos Community Facilities Act of 1982, property owners in a CFD, as defined by the tax formula, would be required to pay this tax if a two-thirds vote of voters living within the proposed CFD boundaries is obtained. A CFD may issue bonds secured by the levy of special taxes, and not by the General Fund of the agency creating it. Funds from a CFD may finance the purchase, construction, expansion, improvement, or rehabilitation of real or other tangible property with a useful life of 5 years or longer.

#### ADVANTAGES

An advantage of a CFD is that it allows a public agency to fund a broader range of projects than an AD. It also offers a more flexible tax formula than an AD, because there is not a requirement that the tax rate be determined for each individual property based on its unique benefit. In addition, facilities that are funded by the tax revenues do not have to be located within the boundaries of the district.

#### DISADVANTAGES

CFDs require a two-thirds vote of landowners by acreage, or voters, in the district. Therefore, they can be difficult to pass.

#### POTENTIAL REVENUE

EPS has estimated possible proceeds if the County were to establish a CFD on all existing development in the County. This analysis uses Sacramento Area Council of Governments (SACOG) projections for 2005 to estimate existing development in Unincorporated County and Placerville. **Table 3** estimates residential and nonresidential land uses using the SACOG projections and Census 2000. **Table 4** estimates annual special tax revenue if a maximum annual special tax of \$100 per single-family unit, and \$70 per multifamily unit, were established and if all existing development in the County in 2005 were required to annex into the CFD.

---

<sup>1</sup> Information regarding this funding mechanism was obtained from the California Debt and Investment Advisory Commission: California Debt Issuance Primer, April 1998.

**Table 5** shows that using the assumptions provided in **Tables 3** and **4**, bond proceeds of \$62.3 million over 20 years may be obtained.

**Table 3**  
**El Dorado County DOT**  
**Estimate of Existing Development for Mello-Roos Projections, 2005**

<b>Land Use</b>	<b>Units/ Employees</b>	<b>Sq. Ft. per Employee [2]</b>	<b>Total Sq. Ft.</b>
	<i>Units</i>		
Single-Family [1]	42,083	-	-
Multifamily [1]	14,028	-	-
	<i>Employees</i>		
Nonresidential	51,644	500	25,822,000
<i>*est_land_use*</i>			

Note: Based on SACOG projections for 2005 households and jobs. Includes Unincorporated El Dorado County and Placerville.

- [1] EPS has assumed that 75% of residential development is single-family units and 25% is multifamily units, based on the portion of owner-occupied to rental units in the US Census 2000.
- [2] EPS has assumed an average of 500 sq. ft. per employee for nonresidential development.

**Table 4**  
**El Dorado County DOT**  
**Estimated Base Year Special Tax Revenues - Existing Development**

<b>Land Use</b>	<b>Number of Units or Sq. Ft.</b>	<b>Maximum Annual Special Tax per Unit/Sq. Ft.</b>	<b>Annual Special Tax Revenue [1]</b>
	<i>Units</i>	<i>Per Unit</i>	
Single-Family	42,083	\$100	\$4,208,325
Multifamily	14,028	\$70	\$981,943
	<i>Sq. Ft.</i>	<i>Per Sq. Ft.</i>	
Nonresidential	25,822,000	\$0.05	\$1,296,360
<b>Total</b>	-	-	<b>\$6,487,000</b>

"mello\_revenue"

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

[1] The nonresidential maximum annual special tax revenue has been estimated by assuming that 80% of total special tax revenue comes from residential and 20% comes from nonresidential.



**Table 5**  
**El Dorado County DOT**  
**Estimated CFD Bonds [1]**

Item	Assumptions	Total Tax Burden 20-Year Period
<b>Total Bonds</b>		<b>\$72,470,000</b>
Capitalized Interest	0.00%	\$0
Bond Reserve Fund	10.00%	\$7,247,000
Issuance Costs	4.00%	\$2,899,000
<b>Estimated Bond Proceeds</b>		<b>\$62,324,000</b>
<b>Estimated Annual Costs</b>		
Debt Service		\$5,766,000
Administrative Expenses [1]	2.5%	\$144,000
Delinquency Coverage	10.0%	\$576,600
Adjustment for Rounding		\$400
<b>Estimated Annual Costs</b>		<b>\$6,487,000</b>
<b>Assumptions</b>		
Interest Rate		4.90%
Term		20 Years
Capitalized Interest		0 Months

"cfd\_bonds"

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

[1] Assumes the Mello Roos CFD tax rate does not escalate.  
 This analysis is based on a tax levied on SACOG-projected 2005 households and jobs in Unincorporated El Dorado County and Placerville.

## IV. GENERAL OBLIGATION BONDS

---

### GENERAL OBLIGATION BONDS<sup>1</sup>

General Obligation (G.O.) Bonds are based on the assessed value of property and are paid by all property owners in the County.

#### ADVANTAGES

Usually G.O. Bonds have the lowest borrowing cost. The bonds are secured by the power of taxation of the agency issuing them, and therefore they have a higher bond rating because of a perceived lower risk.

#### DISADVANTAGES

County G.O. Bonds require a two-thirds vote for approval, which may be difficult to obtain. In addition, organizing an election may be costly and will take several months.

G.O. Bonds can only be used to finance “acquisition or improvement of real property.” Examples of items that cannot be financed are vehicles, equipment, furnishings, labor and repairs.

Tax revenue used to service G.O. Bond debt may fluctuate if property values stay steady or decline.

#### POTENTIAL REVENUE

EPS has estimated revenue that may be obtained by the County from G.O. Bonds. **Table 6** shows that the Fiscal Year (FY) 2005–06 assessed taxable value for the entire County (including cities in the County) is \$21.7 billion. The debt service available is then calculated for a 0.05-percent G.O. Bond and a 0.10-percent G.O. Bond.

**Table 7** uses the estimated debt service to calculate the proceeds that would be available for both tax rates over both a 10- and 20-year period. At 0.05 percent, proceeds are estimated to be \$82.2 million over 10 years or \$132.6 million over 20 years. At 0.10 percent, proceeds are estimated to be \$164.3 million over 10 years or \$265.2 million over 20 years.

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<sup>1</sup> Information regarding this funding mechanism was obtained from the California Debt and Investment Advisory Commission: California Debt Issuance Primer, April 1998.

**Table 6**  
**El Dorado County DOT**  
**Debt Service Based on G.O. Bonds**

Item	El Dorado County
<b>Assessed Taxable Value (FY 2005-06) [1]</b>	\$21,714,818,685
<b>1% Property Tax</b>	
Rate	1%
Amount	\$217,148,187
<b>Debt Service Available</b>	
0.05% (50 cents per 1,000)	<b>\$10,857,000</b>
0.10% (\$1.00 per 1,000)	<b>\$21,715,000</b>

*"property\_tax"*

Sources: El Dorado County Assessors' Office and EPS. Includes both the Unincorporated County and cities in the County.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

[1] This amount does not take into account any exemptions.

**Table 7**  
**El Dorado County DOT**  
**G.O. Bonding Capacity Detail**

Funding Source	Assumption/ Source	El Dorado County	
		10 Years	20 Years
G.O. Bond			
0.05%			
Available for Debt Service	Table 6	\$10,857,000	\$10,857,000
Bond Size	10 or 20 yrs. @ 5%	\$83,835,000	\$135,302,000
Cost of Issuance	2.00%	\$1,677,000	\$2,706,000
Bond Proceeds Available for Project		\$82,158,000	\$132,596,000
0.10%			
Available for Debt Service	Table 6	\$21,715,000	\$21,715,000
Bond Size	10 or 20 yrs. @ 5%	\$167,677,000	\$270,617,000
Cost of Issuance	2.00%	\$3,354,000	\$5,412,000
Bond Proceeds Available for Project		\$164,323,000	\$265,205,000

"gen\_ob\_bonding"

Source: El Dorado County Assessor's Office and EPS.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

## V. SALES TAX INCREASE

---

### SALES TAX INCREASE<sup>1</sup>

The County could attempt to implement a sales tax increase on all taxable goods sold in the County.

#### ADVANTAGES

Sales tax bonds are secured by the sales tax revenues. Therefore, the obligations of the issuer are limited.

#### DISADVANTAGES

District sales taxes dedicated to specific uses are considered a special tax and require a two-thirds vote. This makes sales tax increases difficult to pass. In addition, the revenue generated from the tax may fluctuate based on the economy or the changing demographics of a particular area.

#### POTENTIAL REVENUE

EPS obtained taxable sales data for the County from the State Board of Equalization for the most recent four quarters available. This data is for both unincorporated and incorporated areas of the County. **Table 8** shows this data, and the funds that would be available for debt service if a quarter-cent, half-cent, or full-cent sales tax increase were approved.

**Table 9** uses the estimated debt service for the three tax increase scenarios to estimate the proceeds that would be available over both a 10- and 20-year period.

**Table 10** summarizes the total funding that would be available for the three tax increase scenarios over a 10-year period and over a 20-year period. The total funding available includes the bond proceeds generated, and a pay-as-you-go coverage set-aside.

A quarter-cent sales tax would generate an estimated \$32.5 million in funds available over a 10-year period or \$55.7 million over a 20-year period.

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<sup>1</sup> Information regarding this funding mechanism was obtained from the California Debt and Investment Advisory Commission: California Debt Issuance Primer, April 1998.

A half-cent sales tax would generate an estimated \$65.0 million in funds available over a 10-year period or \$111.3 million over a 20-year period.

A full-cent sales tax would generate an estimated \$130.1 million in funds available over a 10-year period or \$222.6 million over a 20-year period.

**Table 8**  
**El Dorado County DOT**  
**Debt Service Based on Taxable Sales**

<b>Item</b>	<b>El Dorado County</b>
<b>Taxable Sales [1]</b>	
4th Quarter 2003	\$402,530,000
1st Quarter 2004	\$372,255,000
2nd Quarter 2004	\$418,448,000
3rd Quarter 2004	\$452,766,000
<b>Total</b>	<b>\$1,645,999,000</b>
<b>Local Portion of Sales Tax</b>	
Rate	1%
Annual Revenues	\$16,459,990
<b>Annual Sales Tax Revenue [2]</b>	
Quarter-Cent	<b>\$4,115,000</b>
Half-Cent	<b>\$8,230,000</b>
Full-Cent	<b>\$16,460,000</b>

"sales\_tax"

Sources: State Board of Equalization, EPS. Data includes both unincorporated and incorporated areas of the County.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

[1] Data not available after 3rd Quarter 2004.

[2] Assumes a district (countywide) sales tax measure is approved by voters to fund transportation improvements.

**Table 9**  
**El Dorado County DOT**  
**Sales Tax Bonding Capacity Detail**

Funding Source	Assumption/ Source	El Dorado County	
		10 Years	20 Years
SALES TAX			
Quarter-Cent Tax Increase			
Sales Tax Revenue	Table 8	\$4,115,000	\$4,115,000
Coverage [1]	20.00%	\$823,000	\$823,000
Administration [2]	2.00%	\$82,000	\$82,000
Available for Debt Service		\$3,210,000	\$3,210,000
Bond Size	10 or 20 yrs. @ 5%	\$24,787,000	\$40,004,000
Cost of Issuance	2.00%	\$496,000	\$800,000
Bond Proceeds Available for Project		\$24,291,000	\$39,204,000
Half-Cent Tax Increase			
Sales Tax Revenue	Table 8	\$8,230,000	\$8,230,000
Coverage [1]	20.00%	\$1,646,000	\$1,646,000
Administration [2]	2.00%	\$165,000	\$165,000
Available for Debt Service		\$6,419,000	\$6,419,000
Bond Size	10 or 20 yrs. @ 5%	\$49,566,000	\$79,995,000
Cost of Issuance	2.00%	\$991,000	\$1,600,000
Bond Proceeds Available for Project		\$48,575,000	\$78,395,000
Full-Cent Tax Increase			
Sales Tax Revenue	Table 8	\$16,460,000	\$16,460,000
Coverage [1]	20.00%	\$3,292,000	\$3,292,000
Administration [2]	2.00%	\$329,000	\$329,000
Available for Debt Service		\$12,839,000	\$12,839,000
Bond Size	10 or 20 yrs. @ 5%	\$99,139,000	\$160,002,000
Cost of Issuance	2.00%	\$1,983,000	\$3,200,000
Bond Proceeds Available for Project		\$97,156,000	\$156,802,000

"sales\_tax\_bonding"

Source: El Dorado County Assessor's Office and EPS.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

[1] Allows for annual fluctuations in sales tax revenue.

[2] Reflects annual cost of bond administration.



Table 10  
El Dorado County DOT  
Summary of Total Funding Available from Sales Tax Bonding

Funding Source	Quarter-Cent Increase		Half-Cent Increase		Full-Cent Increase	
	10 Years	20 Years	10 Years	20 Years	10 Years	20 Years
Bond Proceeds	\$24,291,000	\$39,204,000	\$48,575,000	\$78,395,000	\$97,156,000	\$156,802,000
Pay-As-You-Go for Coverage Set-Aside	\$8,230,000	\$16,460,000	\$16,460,000	\$32,920,000	\$32,920,000	\$65,840,000
<b>Total Funding Available</b>	<b>\$32,521,000</b>	<b>\$55,664,000</b>	<b>\$65,035,000</b>	<b>\$111,315,000</b>	<b>\$130,076,000</b>	<b>\$222,642,000</b>

"sales\_tax\_total"

Source: El Dorado County Assessor's Office and EPS.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

## VI. GENERAL FUND

---

### GENERAL FUND

The County could use revenue from the General Fund to pay for transportation improvements.

### DISADVANTAGES

The disadvantage to this method is that there are many competing needs for General Fund revenue.

### POTENTIAL REVENUE

**Table 11** shows the general fund revenue that the County budget estimates for FY 2005–06. If the County decided to designate 1 percent of these funds to transportation improvements, \$1.9 million would be available.

**Table 12** shows the proceeds that would be available if this revenue were taken for a 10-year or 20-year period. A 10-year period would generate approximately \$14.1 million in proceeds, while a 20-year period would generate approximately \$22.8 million in proceeds.

Table 11  
El Dorado County DOT  
General Fund Revenue for FY 2005-06

Item	FY 2005-06 Amount	Annual Revenue Available if 1% Used for Transportation Funding [1]
General Fund Revenue	\$186,412,002	\$1,864,000

"gen\_fund\_rev"

Source: El Dorado County Budget for Fiscal Year 2005-2006, Schedule 4.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

[1] Represents 1% of revenue for Fiscal Year 2005-06.

**Table 12**  
**El Dorado County DOT**  
**General Fund Revenue Bonding Capacity Detail**

Funding Source	Assumption/ Source	El Dorado County	
		10 Years	20 Years
1% of General Fund Revenue			
Available for Debt Service	Table 11	\$1,864,000	\$1,864,000
Bond Size	10 or 20 yrs. @ 5%	\$14,393,000	\$23,230,000
Cost of Issuance	2.00%	\$288,000	\$465,000
Proceeds Available for Project		\$14,105,000	\$22,765,000

"gen\_fund\_bonding"

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

## VII. PARCEL TAX

---

### PARCEL TAX

The County could attempt to establish a parcel tax or non-ad valorem property tax for landowners in the County.

### ADVANTAGES

An advantage of this tax is that the median per parcel charge is small (less than \$100 per year) because the tax is spread across a large land base. In addition, each parcel pays the same amount of tax.

### DISADVANTAGES

Parcel taxes require a two-thirds vote and are difficult to pass.

### POTENTIAL REVENUE

**Table 13** shows that approximately 120,929 secured parcels received a property tax bill in the County (including cities in the County) in FY 2005–06. **Table 13** also shows the annual revenue that would be available if a \$25, \$50, or \$75 parcel tax were approved.

**Table 14** takes the revenue from each of these three tax rates and estimates the proceeds that would be available over both a 10-year and a 20-year period.

A \$25 parcel tax would generate an estimated \$22.9 million in proceeds over a 10-year period or \$36.9 million over a 20-year period.

A \$50 parcel tax would generate an estimated \$45.8 million in proceeds over a 10-year period or \$73.8 million over a 20-year period.

A \$75 parcel tax would generate an estimated \$68.6 million in proceeds over a 10-year period or \$110.8 million over a 20-year period.

**Table 13**  
**El Dorado County DOT**  
**Estimated Parcel Tax Revenues for FY 2005-06**

<b>Special Tax Rate</b>	<b>Number of Secured Parcels [1]</b>	<b>FY 2005-06 Revenue</b>
\$25 Tax per Parcel	120,929	\$3,023,000
\$50 Tax per Parcel	120,929	\$6,046,000
\$75 Tax per Parcel	120,929	\$9,070,000

"parcel\_tax\_est"

Source: El Dorado County Assessor's Office. Includes all parcels located in the County, including those in cities.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

[1] Indicates the number of secured parcels receiving a property tax bill in FY 2005-06.

**Table 14**  
**El Dorado County DOT**  
**Parcel Tax Bonding Capacity Detail**

Funding Source	Assumption/ Source	El Dorado County	
		10 Years	20 Years
<b>\$25 Parcel Tax</b>			
Available for Debt Service	Table 13	\$3,023,000	\$3,023,000
Bond Size	10 or 20 yrs. @ 5%	\$23,343,000	\$37,673,000
Cost of Issuance	2.00%	\$467,000	\$753,000
<b>Bond Proceeds Available for Project</b>		<b>\$22,876,000</b>	<b>\$36,920,000</b>
<b>\$50 Parcel Tax</b>			
Available for Debt Service	Table 13	\$6,046,000	\$6,046,000
Bond Size	10 or 20 yrs. @ 5%	\$46,686,000	\$75,347,000
Cost of Issuance	2.00%	\$934,000	\$1,507,000
<b>Bond Proceeds Available for Project</b>		<b>\$45,752,000</b>	<b>\$73,840,000</b>
<b>\$75 Parcel Tax</b>			
Available for Debt Service	Table 13	\$9,070,000	\$9,070,000
Bond Size	10 or 20 yrs. @ 5%	\$70,036,000	\$113,032,000
Cost of Issuance	2.00%	\$1,401,000	\$2,261,000
<b>Bond Proceeds Available for Project</b>		<b>\$68,635,000</b>	<b>\$110,771,000</b>

"parcel\_bonding"

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

## VIII.GASOLINE TAX

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### GASOLINE TAX

The County could attempt to establish an additional quarter-cent, half-cent, or full-cent tax on gasoline sales in County.

#### ADVANTAGES

An advantage of this tax is that visitors purchasing fuel in the County would assist in paying for roadway improvements. It could also lower gasoline demand and encourage carpooling and the use of public transportation.

#### DISADVANTAGES

Fuel sales taxes require a two-thirds vote of the electorate and are difficult to pass. In addition, the revenue generated from the tax may fluctuate based on the economy or the changing demographics of a particular area.

#### POTENTIAL REVENUE

According to Caltrans, the County's highway gasoline consumption for 2003 (the most current year available) was 69.6 million gallons. Highway gasoline consumption consists of all gasoline used on roadways; it nets out gasoline use in boats, air, or off-road vehicles.

**Table 15** shows the annual revenue that would be available if a quarter-cent, half-cent, or full-cent per gallon gasoline tax increase was imposed.

**Table 16** takes the revenue from each of these three tax increases and estimates the bond proceeds that would be available over both a 10-year and a 20-year period.

**Table 17** summarizes the total funding that would be available for the three tax increase scenarios over a 10-year and a 20-year period. The total funding available includes the bond proceeds generated and a pay-as-you-go coverage set-aside.

A quarter-cent per gallon tax increase would generate an estimated \$1.4 million in funds available over a 10-year period or \$2.4 million over a 20-year period.



A half-cent per gallon tax increase would generate an estimated \$2.8 million in funds available over a 10-year period or \$4.7 million over a 20-year period.

A full-cent per gallon tax increase would generate an estimated \$5.5 million in funds available over a 10-year period or \$9.4 million over a 20-year period.

**Table 15**  
**El Dorado County DOT**  
**Gasoline Consumption and Tax Revenue for El Dorado County**

Item	Annual Amount
2003 El Dorado County Highway Gasoline Consumption (Gallons) [1]	69,570,000
<b>Potential Annual Increased Gasoline Tax Revenue (\$ 2003)</b>	
Quarter-Cent per Gallon Increase (\$0.0025)	\$174,000
Half-Cent per Gallon Increase (\$0.005)	\$348,000
Full-Cent per Gallon Increase (\$0.01)	\$696,000

"gas\_rev"

Source: California Department of Transportation.

Note: Does not include adjustments for inflation or population growth.

[1] Highway gasoline consumption implies all gasoline used on roadways. It nets out gasoline used by boats, air vehicles, and off-road vehicles. Caltrans indicated that 2003 was the most recent d available.

**Table 16**  
**El Dorado County DOT**  
**Gasoline Tax Increase Bonding Capacity Detail [1]**

Funding Source	Assumption/ Source	El Dorado County	
		10 Years	20 Years
<b>Quarter-Cent per Gallon Increase</b>			
Gasoline Tax Revenue	Table 15	\$174,000	\$174,000
Coverage	20.00%	\$35,000	\$35,000
Administration	2.00%	\$3,000	\$3,000
Available for Debt Service		\$136,000	\$136,000
Bond Size	10 or 20 yrs. @ 5%	\$1,050,000	\$1,695,000
Cost of Issuance	2.00%	\$21,000	\$34,000
<b>Bond Proceeds Available for Project</b>		<b>\$1,029,000</b>	<b>\$1,661,000</b>
<b>Half-Cent per Gallon Increase</b>			
Gasoline Tax Revenue	Table 15	\$348,000	\$348,000
Coverage	20.00%	\$70,000	\$70,000
Administration	2.00%	\$7,000	\$7,000
Available for Debt Service		\$271,000	\$271,000
Bond Size	10 or 20 yrs. @ 5%	\$2,093,000	\$3,377,000
Cost of Issuance	2.00%	\$42,000	\$68,000
<b>Bond Proceeds Available for Project</b>		<b>\$2,051,000</b>	<b>\$3,309,000</b>
<b>Full-Cent per Gallon Increase</b>			
Gasoline Tax Revenue	Table 15	\$696,000	\$696,000
Coverage	20.00%	\$139,000	\$139,000
Administration	2.00%	\$14,000	\$14,000
Available for Debt Service		\$543,000	\$543,000
Bond Size	10 or 20 yrs. @ 5%	\$4,193,000	\$6,767,000
Cost of Issuance	2.00%	\$84,000	\$135,000
<b>Bond Proceeds Available for Project</b>		<b>\$4,109,000</b>	<b>\$6,632,000</b>

"gas\_bonding"

Note: Does not include adjustments for inflation or population growth.

[1] Based on 2003 dollars, the most recent Caltrans data available.

Table 17  
El Dorado County DOT  
Summary of Total Funding Available from Gasoline Tax Increase [1]

Funding Source	Quarter-Cent per Gallon Increase		Half-Cent per Gallon Increase		Full-Cent per Gallon Increase	
	10 Years	20 Years	10 Years	20 Years	10 Years	20 Years
Bond Proceeds	\$1,029,000	\$1,661,000	\$2,051,000	\$3,309,000	\$4,109,000	\$6,632,000
Pay-as-You-Go for Coverage Set-Aside	\$350,000	\$700,000	\$700,000	\$1,400,000	\$1,390,000	\$2,780,000
<b>Total Funding Available</b>	<b>\$1,379,000</b>	<b>\$2,361,000</b>	<b>\$2,751,000</b>	<b>\$4,709,000</b>	<b>\$5,499,000</b>	<b>\$9,412,000</b>

"gas\_tax\_total"

Source: Caltrans and EPS.

Note: Does not include adjustments for inflation or population growth.

[1] Based on 2003 dollars, the most recent Caltrans data available.

## IX. TRANSIENT OCCUPANCY TAX

---

### TRANSIENT OCCUPANCY TAX

The County could attempt to increase the transient occupancy tax currently levied on short-term lodging. The current transient occupancy tax in the County is 10 percent.

#### ADVANTAGES

An advantage of this option is that visitors who purchase nights of hotel, motel, or bed-and-breakfast (B&B) rooms and drive in the County would assist in funding roadway improvements.

#### DISADVANTAGES

Transient occupancy tax increases require a two-thirds vote and are difficult to pass. In addition, the revenue generated from the tax may fluctuate based on the economy or the changing demographics of a particular area.

Separate approval would be required to levy the tax in any cities located in the County.

#### POTENTIAL REVENUE

According to the County Economic Development Department, the FY 2005–06 transient occupancy tax revenue for the unincorporated area of the County is estimated to be \$1.2 million. Assuming the current transient occupancy tax rate of 10 percent, this means approximately \$12.0 million in lodging receipts would be subject to the transient occupancy tax for FY 2005–06. **Table 18** estimates the annual revenue that would be available from a 2-percent, a 4-percent, or a 6-percent transient occupancy tax increase in the unincorporated area of the County.

**Table 19** takes the revenue from each of these three tax increases and estimates the proceeds that would be available over both a 10-year and a 20-year period.

**Table 20** summarizes the total funding that would be available for the three tax increase scenarios over a 10-year and a 20-year period. The total funding available includes the bond proceeds generated and a pay-as-you-go coverage set-aside.

A 2-percent transient occupancy tax increase in the unincorporated area of the County would generate an estimated \$2.3 million in funds available over a 10-year period or \$3.9 million over a 20-year period.

A 4-percent transient occupancy tax increase in the unincorporated area of the County would generate an estimated \$4.6 million in funds available over a 10-year period or \$7.8 million over a 20-year period.

A 6-percent transient occupancy tax increase in the unincorporated area of the County would generate an estimated \$6.9 million in funds available over a 10-year period or \$11.7 million over a 20-year period.

**Table 18**  
**El Dorado County DOT**  
**Transient Occupancy Tax Revenue for El Dorado County**

Item	Amount
Lodging Receipts Subject to Transient Occupancy Tax (FY 2005-06) [1]	\$12,032,910
Transient Occupancy Tax Rate	10%
Current Transient Occupancy Tax Revenue (FY 2005-06) [1]	\$1,203,291
Additional Revenue Potential with a TOT Increase (\$ 2005)	
2% TOT increase	\$241,000
4% TOT increase	\$481,000
6% TOT increase	\$722,000

"tot\_revenue"

Source: El Dorado County Economic Development Department and EPS.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

[1] Represents revenue for Unincorporated El Dorado County only. Separate approval would be necessary to increase this tax for cities in the County.

**Table 19**  
**El Dorado County DOT**  
**Transient Occupancy Tax Increase Bonding Capacity Detail**

Funding Source	Assumption/ Source	El Dorado County	
		10 Years	20 Years
<b>2% TOT Tax Increase</b>			
TOT Tax Revenue	Table 18	\$241,000	\$241,000
Coverage	20.00%	\$48,000	\$48,000
Administration	2.00%	\$5,000	\$5,000
Available for Debt Service		\$188,000	\$188,000
Bond Size	10 or 20 yrs. @ 5%	\$1,861,000	\$3,003,000
Cost of Issuance	2.00%	\$37,000	\$60,000
<b>Bond Proceeds Available for Project</b>		<b>\$1,824,000</b>	<b>\$2,943,000</b>
<b>4% TOT Tax Increase</b>			
TOT Tax Revenue	Table 18	\$481,000	\$481,000
Coverage	20.00%	\$96,000	\$96,000
Administration	2.00%	\$10,000	\$10,000
Available for Debt Service		\$375,000	\$375,000
Bond Size	10 or 20 yrs. @ 5%	\$3,714,000	\$5,994,000
Cost of Issuance	2.00%	\$74,000	\$120,000
<b>Bond Proceeds Available for Project</b>		<b>\$3,640,000</b>	<b>\$5,874,000</b>
<b>6% TOT Tax Increase</b>			
TOT Tax Revenue	Table 18	\$722,000	\$722,000
Coverage	20.00%	\$144,000	\$144,000
Administration	2.00%	\$14,000	\$14,000
Available for Debt Service		\$564,000	\$564,000
Bond Size	10 or 20 yrs. @ 5%	\$5,575,000	\$8,998,000
Cost of Issuance	2.00%	\$112,000	\$180,000
<b>Bond Proceeds Available for Project</b>		<b>\$5,463,000</b>	<b>\$8,818,000</b>

"tot\_bonding"

Source: El Dorado County Economic Development Department and EPS.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.



Table 20  
El Dorado County DOT  
Summary of Total Funding Available from Transient Occupancy Tax Increase

Funding Source	2%		4%		6%	
	TOT Tax Increase		TOT Tax Increase		TOT Tax Increase	
	10 Years	20 Years	10 Years	20 Years	10 Years	20 Years
Bond Proceeds	\$1,824,000	\$2,943,000	\$3,640,000	\$5,874,000	\$5,463,000	\$8,818,000
Pay-as-You-Go for Coverage Set-Aside	\$480,000	\$960,000	\$960,000	\$1,920,000	\$1,440,000	\$2,880,000
<b>Total Funding Available</b>	<b>\$2,304,000</b>	<b>\$3,903,000</b>	<b>\$4,600,000</b>	<b>\$7,794,000</b>	<b>\$6,903,000</b>	<b>\$11,698,000</b>

"TOT\_tax\_total"

Source: El Dorado County Economic Development Department and EPS.

Note: All estimates are in 2005 dollars and do not include adjustments for inflation or population growth.

## X. DOCUMENTARY TRANSFER TAX

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### DOCUMENTARY TRANSFER TAX

The documentary transfer tax (also known as the real property transfer tax) is currently levied when a residential, commercial, or industrial property is sold. This is a one time tax paid at the time of recording a document transferring real estate which has a value that exceeds \$100. It can be paid by either the buyer or the seller. According to the State of California Revenue and Taxation Code Section 11911, the current documentary transfer tax rate is \$0.55 per \$500 or fraction thereof, (or \$1.10 per \$1,000) of value. According to the County Clerk-Recorder's office, the FY 2004-05 revenue for the documentary transfer tax for Unincorporated El Dorado County was approximately \$3.6 million.

In cities within a county, a city would typically split this revenue with the county if the property sold was within city limits. In this case, the city and county would each receive 27.5 cents per \$500 of value. In unincorporated areas of a county, the county would be entitled to the full rate of \$0.55 per \$500 of value.

Charter cities may, at the approval of voters, increase this tax above the state authorization as a source of revenue. Listed below are some examples of documentary tax rates for charter cities located in Alameda County:

City	Rate
City of Alameda	\$5.40 per \$1,000 of value
Albany	\$11.50 per \$1,000 of value
Berkeley	\$15.00 per \$1,000 of value
Hayward	\$4.50 per \$1,000 of value
Oakland	\$15.00 per \$1,000 of value
Piedmont	\$13.00 per \$1,000 of value
San Leandro	\$6.00 per \$1,000 of value

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Source: Alameda County Clerk-Recorder's Office.

The California State Association of Counties (CSAC) has indicated that, unlike a charter city, a county may not increase this tax above its statutory rate of \$0.55 per \$500 of value without legislative approval.

According to CSAC, to gain legislative approval, the County would need to find a member of the Legislature (most likely one of the County's assembly members or senators) to introduce a measure for an increase to the tax rate. Once this is done, the legislative process includes committee hearings, floor votes, and possibly amendments. As an increase in this tax would affect counties statewide, it is likely other counties would become involved in the legislative process. A two-thirds vote of the Legislature and the Governor's signature would be required for passage.

If authorized by the State, the County could hold an election to increase the tax either as a special tax or a general tax increase. If the tax increase was to be solely used for transportation purposes, it would be considered a special tax and a two-thirds vote would be required to gain approval. If the tax increase was to be used for multiple purposes, however, it would be considered a general tax and a 50-percent vote would be required to gain approval.



**Economic &  
Planning Systems**

*Public Finance  
Real Estate Economics  
Regional Economics  
Land Use Policy*

## **ADMINISTRATIVE DRAFT REPORT**

# **ANALYSIS OF THE IMPACT OF DEVELOPMENT FEES ON AFFORDABLE HOUSING IN EL DORADO COUNTY**

Prepared for:

El Dorado County Department of Transportation

Prepared by:

Economic & Planning Systems, Inc.

January 12, 2006

EPS #15562

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### **Analysis of the Impact of Development Fees on Affordable Housing in El Dorado County January 12, 2006**

This analysis of the impact of fees was prepared by Economic & Planning Systems, Inc., (EPS) a firm specializing in real estate economics, regional economics, public finance, and land use policy. The report (EPS Project #15562) was commissioned by El Dorado County Department of Transportation.

Tim R. Youmans served as principal-in-charge and oversaw all aspects of the assignment. Rosanne Helms served as project manager and Susan Salley Veazey conducted the analysis.

The analyses, opinions, recommendations, and conclusions of this report are EPS's informed judgment based on market and economic conditions as of the date of this report. Changes in the market conditions or the economy could change or invalidate the conclusions contained herein. The contents of this report are based, in part, on data from secondary sources. While it is believed that these sources are accurate, EPS cannot guarantee their accuracy. The findings herein are based on economic considerations and, therefore, should not be construed as a representation or as an opinion that government approvals for development can be secured. Conclusions and recommended actions contained in this report should not be relied on as sole input for final business decisions regarding current and future development and planning, nor utilized for purposes beyond the scope and objectives of the current study.

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# I. INTRODUCTION AND CONCLUSIONS

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## INTRODUCTION

The El Dorado County (County) Department of Transportation has requested that Economic & Planning Systems, Inc., (EPS) provide an analysis of the impact of residential development fees on the production of affordable housing. Jurisdictions that require new development to pay for a significant portion of its infrastructure, and which also seek to provide affordable housing for its residents, face a complicated set of issues.

This report defines the concept of the “affordability gap” for both single-family and multifamily affordable residential development. Understanding the nature of the gap between income and housing costs provides the background for understanding affordable housing development and the impact of residential development fees on the production of affordable housing.

The County’s Housing Element seeks to provide policy guidance and programs designed to reduce the affordability gap and make affordable housing available for County residents. This report also provides an analysis of the County’s Housing Element Implementation Programs and of commonly-accessed affordable housing subsidy programs. Subsidy programs provide the essential gap-filling resources that make affordable housing development feasible in the region.

## CONCLUSIONS

Providing affordable housing is a challenge for most regions in California, and the County is no exception. The affordability gap, the difference between the cost to develop housing and the purchase or rental price affordable to low- and very low-income families, needs to be filled by a combination of cost savings and subsidized financing.

County fees are higher than those of other jurisdictions in the Sacramento region, and their percentage of cost of affordable single-family homes and multifamily units renders those homes infeasible without significant subsidies.

The main sources of affordable housing subsidy funds are limited and competitively allocated. Per-unit limits imposed by subsidy programs can cause projects in high cost areas to be infeasible. The limited amount of available resources means that if more funds are required to fill the affordability gap of each unit, fewer units will be produced by the available funds. As illustrated, the County’s 2003 \$500,000 Community

Development Block Grant Program was only able to assist six households given the gap between incomes and market rate housing prices.

The Housing Element of the County General Plan seeks to address some of the County's affordability issues by implementing a variety of programs and policy changes. Fee waivers and deferrals are among those policies being considered. Fee deferrals can be offered to multifamily housing developers until certificate of occupancy, reducing the affordability gap by thousands of dollars. Fee waivers require other sources of financing to be brought in for infrastructure development; sources which may not be available. Fee waivers, however, can mean the difference between project feasibility and infeasibility.



## II. DEFINING THE AFFORDABILITY GAP

---

### AFFORDABILITY GAP

Including fees to fund infrastructure adds to the cost of residential development. As the study, *Pay to Play: Residential Development Fees in California Cities and Counties, 1999*, concluded, "California's high residential development fees significantly contribute to its high housing costs and prices."<sup>1</sup>

The question of who bears the brunt of that cost increase depends on supply and demand factors impacting the given housing market. Market rate housing can respond to increases and decreases in costs in a variety of ways depending on housing market conditions. When demand is high relative to supply and attractive financing is available, for example, the costs can be absorbed by the purchaser in the form of a higher price tag. During softer periods of demand, the costs may be absorbed by a reduction in land value or decreased return to the developer.

Housing that is regulated for affordability, however, does not respond in the same manner, and the impact of fees is more likely to render projects infeasible. Affordable housing, as defined by local, State, and federal regulations, is restricted by price. The price of a unit affordable to a low- or moderate-income family is based, not on the cost to develop the unit or what the market can bear, but on the median incomes of similarly sized families in the county in which the housing is located. **Table 1** provides income levels in the County as defined by the State Department of Housing and Community Development.

The factors that influence production of affordable housing are, therefore, very different from the factors that influence market-rate housing. The costs associated with developing the housing are higher than the affordable price; therefore, the affordability gap results. Jurisdictions attempt to fill this gap in a variety of ways to make affordable housing production feasible in their community.

The median home price in the County is \$450,000.<sup>2</sup> At that price, using standard financing assumptions, a family would require an annual income of at least \$97,000.<sup>3</sup> As **Table 1** illustrates, the majority of families in the County earn substantially less than the income required to purchase the median-priced home in the County.

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<sup>1</sup> State Department of Housing and Community Development, *Pay to Play: Residential Development Fees in California Cities and Counties, 1990*.

<sup>2</sup> Data Quick countywide median sales price report for October 2005.

<sup>3</sup> Assumes 35 percent of income for housing costs, 20-percent down payment, and 6.5-percent interest rate.

**Table 1**  
**El Dorado County Department of Transportation Technical Support**  
**Household Income Levels (2005)**

Item	Household Size					
	1	2	3	4	5	6
<b>Income Level [1]</b>						
Moderate (120%)	\$53,850	\$61,500	\$69,200	\$76,900	\$83,050	\$89,200
Median (100%)	\$44,850	\$51,300	\$57,700	\$64,100	\$69,250	\$74,350
Low (80%)	\$35,900	\$41,000	\$46,150	\$51,300	\$55,400	\$59,500
Very Low (50%)	\$22,450	\$25,650	\$28,850	\$32,050	\$34,600	\$37,200
Extremely Low (30%)	\$13,450	\$15,400	\$17,300	\$19,250	\$20,750	\$22,300

*"eldoradoaffordability"*

Source: State Dept. of Housing and Community Development, February 2005

[1] Expressed as a percentage of county median.

The affordability gap may be addressed by lowering costs by doing these:

- Accessing “free” land by requiring developers of market-rate housing to donate a portion of their land for affordable housing (Inclusionary Zoning);
- Public donation of land through publicly owned land banks or underutilized public facilities; and
- Decreasing construction costs by reducing amenities, off-site construction (manufactured housing), or other “affordable by design” mechanisms.

In addition to lowering costs to cover the affordability gap, jurisdictions are typically required to provide or access subsidized loans or grants to cover a portion of the costs. The amount of subsidy required would depend on the jurisdiction’s desired level of affordability targeting.

The County received a Community Development Block Grant allocation of \$500,000 in 2003 to provide assistance to low-income first-time homebuyers. The County initially offered \$60,000 in subsidy funds per household and found the amount was insufficient to fill the required gap between the available market-rate housing and the eligible income (80 percent of median). The permitted subsidy was eventually raised to \$100,000 per unit, and even at that level, it was not easy to fill the affordability gap. The County was able to assist only six low-income buyers.

## **MULTIFAMILY HOUSING**

Multifamily housing development involves a greater level of risk than single-family housing. In today’s real estate environment the development of market-rate multifamily rental housing is virtually impossible without assistance from local government and State bond programs. Land and construction costs are too high relative to the rents that the market will bear. The financing gap for multifamily housing with rents below market levels is significant.

The goal for a developer of affordable multifamily rental housing is to reduce the affordability gap to the point where the permanent mortgage is low enough that the achievable rents can cover the permanent debt along with operating and reserve costs. Multifamily rental housing is typically targeted to families whose incomes are below 60 percent of the County’s median income. In an environment where market-rate rental housing is virtually infeasible, producing rental housing targeted to very low-income families requires substantial reductions in costs and significant contribution of public subsidies.

Again, in the case of affordable housing, the rents are not set according to development costs or independent market forces. Affordability-restricted rents, which are tied to the construction of multifamily rental housing, are based on a formula that takes into account median incomes, such as those given in **Table 1.**<sup>4</sup>

In the County, Whiterock Village, a 168-unit multifamily rental complex developed by Mercy Housing, required at least five sources of subsidized financing along with its primary bond financing. Rents were set below 60 percent of median. As **Table 2** below illustrates, the total development costs were \$31 million, of which \$21 million, or \$125,000 per unit, was required to fill the affordability gap.

**Table 2**  
**Whiterock Village Cost Analysis**

Item	Per Unit (168 units)	Total
<b>Total Development Costs</b>	<b>\$183,990</b>	<b>\$30,910,376</b>
<b>Fees</b>		
Permits and Fees	\$19,365	\$3,253,272
Local Development Impact Fee	\$1,964	\$329,997
<b>Total Fees</b>	<b>\$21,329</b>	<b>\$3,583,269</b>
<i>Fees as a Percentage of Total Development Costs</i>		12%
<b>Affordability Gap</b>		
Total Development Costs	\$183,990	\$30,910,376
Less Bond Financing (First Mortgage)	\$59,524	\$10,000,000
<b>Subsidy Required</b>	<b>\$124,467</b>	<b>\$20,910,376</b>
<i>Fees as a Percentage of Subsidy Required</i>		17%

"whiterock"

Source: Whiterock Village Cost Certification, April 30, 2005

<sup>4</sup> Rental subsidy programs in the form of vouchers, such as the federal Section 8 program, are generally tied to the income of the particular family, not countywide median.

As another example, a recent development in Sacramento County had total development costs of over \$23 million. The project has rents set for families at 50 percent and 60 percent of area median. The first mortgage supportable by the rent structure was just over \$4.4 million, less than 20 percent of the development costs. The remainder of the project costs required various forms of public subsidy, which totaled over \$130,000 per unit.

### III. IMPACT OF FEES ON AFFORDABLE HOUSING

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High fees increase the affordability gap. This section analyzes the impact of development impact fees on single-family and multifamily development.

The availability of financial resources to subsidize affordable housing is limited. Grant and loan funds available from the federal government, the State of California, and the Federal Home Loan Bank tend to be highly competitive. Typically, projects with the deepest affordability targeting (e.g., housing serving very low-income families) and lowest costs have the highest chance of being selected for funding. **Chapter VI** further discusses the role of affordable housing subsidies.

#### SINGLE-FAMILY HOUSING

As discussed above, with its price established by incomes of potential buyers, affordable ownership housing must be cost-effective to be feasible. When costs are too high, subsidies, such as first-time homebuyer grant or loan programs, run by the local government become necessary.

EPS estimated the sales prices of single-family detached homes that would be considered affordable to low-income and moderate-income households. Sales price assumptions included the buyer receiving financing for 95 percent of the home's value at an interest rate of 6.5 percent for 30 years. Income levels at the top of the range were used (e.g., moderate, which can be considered 80 percent to 120 percent of median, was set at 120 percent). Typically, market-rate housing becomes infeasible when development impact fees reach beyond the 15-percent to 20-percent of purchase price threshold. **Table 3** demonstrates the impact of fees on affordable for-sale housing in the County. As shown, fees for a typical single-family unit in the County are estimated at approximately \$64,700.

As **Table 3** illustrates, County development fees are in excess of the feasibility threshold for all low-income households and for all but large moderate-income households.

**Table 3**  
**El Dorado County Department of Transportation Technical Support**  
**Single-Family Infrastructure Fee Burden**

Item	Household Size					
	1	2	3	4	5	6
<b>Moderate-Income Housing</b>						
<b>Required Sales Price [1]</b>	\$211,600	\$241,800	\$273,700	\$305,600	\$329,900	\$355,600
<b>Infrastructure Fees [2]</b>						
Building Permit and Other Processing Fees	\$1,949	\$1,949	\$1,949	\$1,949	\$1,949	\$1,949
Traffic Fees [3]	\$22,686	\$22,686	\$22,686	\$22,686	\$22,686	\$22,686
Other Development Impact Fees [3]	\$32,044	\$32,044	\$32,044	\$32,044	\$32,044	\$32,044
School Mitigation Fees	\$8,008	\$8,008	\$8,008	\$8,008	\$8,008	\$8,008
<b>Total Infrastructure Fees</b>	<b>\$62,700</b>	<b>\$62,700</b>	<b>\$62,700</b>	<b>\$62,700</b>	<b>\$62,700</b>	<b>\$62,700</b>
<b>% of Sales Price</b>	<b>30%</b>	<b>26%</b>	<b>23%</b>	<b>21%</b>	<b>19%</b>	<b>18%</b>
<i>Feasibility Threshold</i>	15% to 20%					
<b>Low-Income Housing</b>						
<b>Required Sales Price [4]</b>	\$138,300	\$158,900	\$179,800	\$200,600	\$217,800	\$234,800
<b>Infrastructure Fees [2]</b>						
Building Permit and Other Processing Fees	\$1,949	\$1,949	\$1,949	\$1,949	\$1,949	\$1,949
Traffic Fees [3]	\$22,686	\$22,686	\$22,686	\$22,686	\$22,686	\$22,686
Other Development Impact Fees [3]	\$32,044	\$32,044	\$32,044	\$32,044	\$32,044	\$32,044
School Mitigation Fees	\$8,008	\$8,008	\$8,008	\$8,008	\$8,008	\$8,008
<b>Total Infrastructure Fees</b>	<b>\$62,700</b>	<b>\$62,700</b>	<b>\$62,700</b>	<b>\$62,700</b>	<b>\$62,700</b>	<b>\$62,700</b>
<b>% of Sales Price</b>	<b>45%</b>	<b>39%</b>	<b>35%</b>	<b>31%</b>	<b>29%</b>	<b>27%</b>
<i>Feasibility Threshold</i>	15% to 20%					

\*sf\_fee\_prop"

Source: State Dept. of Housing and Community Development, February 2005, and EPS.

[1] See **Table A-1** for detail.

[2] See **Table A-3** for detail.

[3] Breakdown:

Traffic Fee	\$19,230
Regional Transit Fee	\$3,456
<b>Subtotal</b>	<b>\$22,686</b>
Other Development Fee	\$32,044
<b>Total Development Impact Fee</b>	<b>\$54,730</b>

[4] See **Table A-2** for detail.

## MULTIFAMILY HOUSING

High residential development impact fees can easily render a project infeasible considering the significant financial gaps that must be filled to successfully develop affordable rental housing. Recent affordable rental developments in Sacramento County would not have been developed if the County did not grant substantial fee waivers and deferrals.

EPS recently reviewed the fees being charged for residential developments in unincorporated El Dorado Hills. The development impact fees being charged for multifamily housing are \$33,116 per unit. School mitigation fees increase that amount by \$3,094 to \$36,210. Depending on the specific development area, jurisdictions also charge plan area fees, as well as taxes and assessments to cover special bonding debt. Those fees were not assumed for this analysis; however, if charged, the \$36,000 per unit impact fee would increase.

**Table 4** provides a comparison of multifamily fees for several locations in the greater Sacramento region. The regions for comparison were selected because they did not include specific plan area fees and are based on the most current fee information available. The table illustrates the fact that fees for multifamily residential development are higher in the County than those charged by other jurisdictions. An additional subsidy of \$10,000 to \$23,000 per unit would be required to offset the higher County development fees.

When jurisdictions are unable to waive development fees, fees can be deferred until permanent financing is put into place, which significantly lowers the cost burden for affordable housing developers. The cost of carrying fees during the period of the multifamily construction loan can add significantly to the burden of impact fees. One local affordable housing developer informed EPS that fee deferrals can save several thousand dollars per unit.



**Table 4**  
**El Dorado County Department of Transportation Technical Support**  
**Multifamily Housing Fee Comparison [1]**

<b>Jurisdiction</b>	<b>Development Fees Per Unit</b>	<b>Percentage of El Dorado County Fee</b>
<b>El Dorado County [2]</b>		
Unincorporated El Dorado Hills	\$33,116	100%
<b>Sacramento County</b>		
Folsom Broadstone	\$15,705	47%
North Natomas	\$9,907	30%
<b>Placer County</b>		
Roseville	\$15,123	46%
<b>Yolo County</b>		
South Davis	\$12,772	39%
<b>Solano County</b>		
Fairfield	\$22,868	69%

"mf\_fee\_comp"

Source: EPS

[1] Fees do not include special plan area charges, school fees, or special assessments.

[2] See **Table A-4** for detail.

## IV. HOUSING ELEMENT PROGRAMS

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Section six of the Housing Element of the County General Plan includes several implementation programs designed to assist the County in meeting its fair share of affordable housing as set forth in the Regional Housing Needs Plan developed by the Sacramento Area Council of Governments (SACOG). Several of those implementation programs are described below.

### INCLUSIONARY HOUSING ORDINANCE

Measure HO-C of the County General Plan establishes a task force whose goal is to develop an inclusionary housing ordinance. An inclusionary housing ordinance is designed to shift some of the costs of providing affordable housing to private developers of market-rate housing. Inclusionary zoning ordinances typically require a residential developer whose development is above a certain number of housing units to set aside a portion of those units for affordability-restricted use. In cases where on-site provision of affordable housing is not feasible, other options for meeting the ordinance requirement are typically provided. Options may include payment of an in-lieu fee, off-site housing development, or dedication of land.

By using the economics of market-rate housing to support development of affordable housing, inclusionary zoning can help to reduce the affordability gap. In the case of some types of housing, such as ownership housing for moderate-income families, there may be no need for additional subsidy. Jurisdictions attempting to provide housing for low- and very low-income households will likely find that additional subsidy and possible partnership with an affordable housing developer are required in addition to the market developer's contribution. Three-way partnerships between an affordable housing developer, a local government, and a market-rate developer operating under inclusionary requirements are not uncommon.

In cases where the inclusionary zoning ordinance alone cannot achieve the number of units and the level of affordability needed by a community, infrastructure fees increase the affordability gap, necessitating a greater level of subsidy.

### CONTRIBUTION OF COUNTY-OWNED SURPLUS LAND

Measure HO-D states that the County will evaluate the availability of its surplus land to determine suitability for workforce housing. The land would be contributed for affordable housing developments targeting low- and very low-income households. Measure HO-P discusses the possibility of acquiring other parcels with the intention of "land-banking" for affordable housing projects.

Depending on the level of site preparation and environmental mitigation required by a given site, land contributed at no cost will decrease the affordability gap. However, in today's market, the high cost of construction may require significant additional subsidies to provide housing, especially for very low-income families.

## **PARTNERSHIPS WITH AFFORDABLE HOUSING DEVELOPERS**

Measure HO-E expresses the County's intention to develop partnerships with both non-profit and profit-motivated developers and managers of affordable housing. The County will work with these organizations to increase their capacity to produce and manage affordable housing in the County. Experienced affordable housing developers can package affordable housing developments to be competitive for government subsidy dollars.

As Measure HO-E discusses, the County can assist these entities by attracting subsidy funds, expediting permit processing, and granting fee waivers. The provision of fee waivers is a method by which the County can decrease the affordability gap.

## **FEE WAIVERS**

In addition to the fee waivers mentioned in measure HO-E, measure HO-I would create an ordinance designed specifically to reduce the burden of fees on the production of affordable housing. Fees would be waived, reduced, or deferred for projects containing units for low- and very low-income households.

Waiving fees means that the County must find other funding sources to pay for necessary infrastructure. Alternative funding sources need to be identified to cover such costs.

## **HOUSING TRUST FUND**

Measure HO-K identifies the establishment of a housing trust fund as a possible source of locally-controlled subsidy dollars for affordable housing. The County would identify potential sources of revenue that can then be contributed to reduce the affordability gap for desired projects. Examples of such sources include in-lieu fees collected through an inclusionary zoning ordinance, fees on commercial development, transient occupancy

tax, redevelopment tax increment set-aside, local general obligation bonds, and documentary transfer tax.<sup>5</sup>

When trust fund dollars are used to pay for high infrastructure fees, the ability to reduce the affordability gap goes down accordingly. If the available trust fund dollars are insufficient to cover the affordability gap, other sources of subsidy would be required to make a project financially feasible.

## **ACCESSING SUBSIDY DOLLARS**

Measure HO-M states the County's intention to apply for subsidy funds through State- and federally funded housing programs. A discussion of those programs and their relation to infrastructure fees follows in the next chapter.

Other measures included in the County's Housing Element and which contemplate the use of State and federal subsidy funds include these:

- Measure HO-W, which would establish a first-time homebuyer program;
- Measure HO-X, which would use Community Development Block Grant funds to provide housing rehabilitation and weatherization services; and
- Measure HO-Y, which would seek to expand the federal Section 8 housing voucher program.

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<sup>5</sup> Several examples taken from the City of Los Angeles *Report of the Housing Trust Fund Advisory Committee*, Presented to Mayor James K. Hahn, November 14, 2002.

## V. SUBSIDY PROGRAMS

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At current levels, the County's population—in both the unincorporated County and the incorporated cities in the County—is below the level that would make it an entitlement jurisdiction under the federal Community Development Block Grant (CDBG) or Home Investment Partnerships (HOME) Programs. The County must compete with other small jurisdictions in California for the State-allocated share of CDBG and HOME funds. The major source, therefore, of both State and federal affordable housing subsidies will flow through the State Department of Housing and Community Development (HCD) and the State Tax Credit Allocation Committee (TCAC) in the State Treasurer's Office.

All affordable housing programs set limits on the amount of subsidy that can be provided to any given project. Depending on the program, the limit may be set on the overall project or on a subsidy per unit basis. Rental housing programs are typically targeted to very low-income families, which mean the mortgage debt a project can carry is minor. When land values and construction costs are high and targeted rents are low, projects require a substantial amount of subsidy per unit. In jurisdictions where fees are high and fee waivers and deferrals for affordable projects are unavailable, the costs combined with the limits on subsidy can render a project infeasible.

As described in the following summaries of each active subsidy program, affordable housing subsidies are limited. The higher the project costs, creating a wider affordability gap, the fewer units that will be produced with the available funds.

### FEDERALLY FUNDED PROGRAMS

#### HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Program is a federally administered block grant whose goal is to benefit low-income renters and homeowners. Jurisdictions that do not reach the threshold population level to achieve entitlement status must compete for a portion of HOME funds from HCD. HOME funds can be used to support a variety of affordable housing projects and programs including these:

- New construction of rental housing;
- Acquisition and rehabilitation of rental housing;
- First-time homebuyer mortgage assistance programs;
- Owner-occupied rehabilitation programs; and
- Development of affordable ownership housing.

As with all subsidy funding, there are limited resources available. HCD caps the amount of HOME funds available to a jurisdiction at varying levels depending on the activity.

Locally charged fees are an eligible cost according to HOME Program guidelines. Local jurisdictions, including those competing for HCD-administered HOME funds, are usually required to provide a 25-percent match of funding. One of the ways jurisdictions can provide this match is by foregoing taxes and fees that would otherwise be charged to the development.

The per-unit subsidy limits under the HOME Program are fixed, and funding is limited. For example, the October 31, 2005, HCD HOME First-time Homebuyer Notice of Funds Available (NoFA) permits HOME funds to subsidize individual units up to \$80,000 per unit. However, under the current NoFA, there is only \$7 million available for all jurisdictions and affordable housing developers competing for the funds. With limited gap-filling resources, increased costs because of increased fee burdens result in fewer families receiving assistance.

The June 1, 2005, NoFA for rental projects permitted per-project HOME contributions of up to \$5 million depending on other subsidies in the project and the level of household income targeting. Only \$50 million was available statewide for all competing entities.

The County typically applies for HOME funds to support specific development projects, such as new construction of rental housing for very low-income families.

## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The federal CDBG Program is available to local jurisdictions for economic and community development activities. The CDBG Program also is available to fund affordable housing programs. HCD divides the CDBG Program into three distinct program and application types: Economic Development, Planning and Technical Assistance, and General Allocation.

Small, "non-entitled" jurisdictions compete for a portion of the State-administered funds. A jurisdiction may apply for up to \$500,000 per year for General Allocation funds and Economic Development funds; however, the combination of the two grants cannot exceed \$800,000 annually.

Affordable housing-related activities are eligible under the General Allocation. Eligible housing-related activities include single- and multifamily rehabilitation, rental housing acquisition or homeownership assistance, and activities that complement new

construction. CDBG funds may not be used to construct affordable housing but may be used to fund the infrastructure necessary for the housing to be constructed.

According to the 2005–06 CDBG NoFA, “Up to 25 points will be awarded for public works and new construction projects, providing public infrastructure in support of housing.” For example, funds may be used to provide off-site improvements such as utilities, streets, curbs, and gutters.

The NoFA also states this:

*“Not less than 51 percent of the total State CDBG allocation must be used to provide or improve housing opportunities for the Targeted Income Group<sup>6</sup>. Construction of infrastructure directly related to providing or improving housing opportunities for the Targeted Income Group will meet this requirement.”*

The County has competed successfully for CDBG grants, which have been used to fund housing rehabilitation, a first-time homebuyer program (see discussion above), and community facilities.

Both the CDBG and HOME program allocations to non-entitlement California jurisdictions have been reduced in real and nominal terms over the past two years.

### **Low-Income Housing Tax Credit Program**

The Low-Income Housing Tax Credit (LIHTC) program was approved by Congress in 1986 and replaced traditional affordable housing development incentives such as accelerated depreciation.<sup>7</sup> LIHTC is administered at the federal level through the Internal Revenue Service, which allocates credits to the 50 states. The State then administers the program and suballocates to competitive projects that meet the federal and State competitive requirements.

The effect of the LIHTC is to bring a significant source of equity dollars to affordable housing projects. Only rental projects are eligible and typically only those serving very low-income families.<sup>8</sup> The State determines its public policy objectives and designs approval criteria accordingly each year. There is a great deal of competition for this major funding source, and applications are extremely complex.

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<sup>6</sup> Targeted Income Group is defined as families whose incomes are at or below 80 percent of County median.

<sup>7</sup> *A Description of California Tax Credit Allocation Committee Programs*, California TCAC, undated.

<sup>8</sup> There are two types of federal LIHTC, the 9 percent and 4 percent. A thorough explanation of the differences is outside the scope of this report. This description pertains to the 9 percent credit allocation.

Residential development fees are permitted by the State's TCAC. Applications for the funds must include an addendum (Attachment 38(A)), which specifies each fee and which is signed by an independent party. If that document is provided, fees are considered an eligible cost and the amount of tax credit for which the project is eligible increases. Currently, there is no reduction in competitive points because of high fees.

The per-unit subsidy contribution is fixed, and as mentioned, the amount of the overall credit is limited for each state, so not all projects that are eligible will receive the subsidy.

## **STATE-FUNDED PROGRAMS**

In 2002, the voters of California approved Proposition 46, which permitted the State to issue \$2.1 billion in bonds to support affordable housing programs. If no new source of funds is identified, the Proposition 46 money will be virtually depleted sometime this year. The subsidy programs funded by Proposition 46 and discussed below will become relatively inactive as they were in years preceding bond issuances.

## **BUILDING EQUITY AND GROWTH IN NEIGHBORHOODS**

Local jurisdictions in California compete for State funds that are then provided as loans or grants to low-income first-time homebuyers. The purpose of the program, as clearly stated, is to "reduce local regulatory barriers to affordable ownership housing, and provide down payment-assistance loans to qualifying first-time low- and moderate-income buyers of homes in Building Equity and Growth in Neighborhoods (BEGIN) projects."<sup>9</sup> Competitive programs will have their "affordability enhanced by local regulatory incentives or barrier reductions."<sup>10</sup>

The BEGIN program is funded by Proposition 46 and is designed to create a partnership between the developer who provides a modest, cost-efficient product, the local jurisdiction who decreases costs associated with development regulation, and the State who provides funds that flow to the homebuyer to fill the remaining affordability gap. Section 106(3) of the BEGIN program guidelines states "Costs associated with development, such as permits, fees, exactions, impact, linkage, school and park fees can be significant barriers to the development of affordable housing."

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<sup>9</sup> Department of HCD, December 6, 2005, <http://www.hcd.ca.gov/fa/begin/>

<sup>10</sup> Ibid.



## CALHOME PROGRAM

The purpose of the CalHome Program is to create and sustain homeownership for low-income households. Local jurisdictions compete for State funds which may be used for mortgage assistance for first-time homebuyers, homeownership project development loans, or owner-occupied rehabilitation programs. Programs that integrate a "self-help" contributed labor component receive additional points.

For new development projects, local and State fees are considered an eligible cost under the CalHome Program.<sup>11</sup> Funds are limited, and in the most recent NoFA, the amount for which a jurisdiction could apply was capped at \$500,000.

## MULTIFAMILY HOUSING PROGRAM

The State's Multifamily Housing Program (MHP) provides deferred payment loans for new construction, rehabilitation, and preservation of rental housing for lower income households. Funds are provided in the form of take-out permanent financing. The amount of eligible funds per unit varies by county with the County's limit being set at \$50,743 for a two-bedroom unit occupied by a very low-income family.

In recent years, the MHP has been funded by Proposition 46, and as mentioned above, those funds are quickly drying up. The August 22, 2005, MHP NoFA for the 2005–06 fiscal year announced the availability of \$70 million to be distributed statewide. The maximum loan per project is \$10 million.

Fees are eligible costs but HCD did include the following language regarding affordability in its NoFA:

*"In this period of rapidly rising development costs, it is especially important to encourage MHP funding of otherwise qualified projects that are able to minimize costs, without sacrificing design elements that are cost effective in the long run or meet vital needs of project residents."*

## WORKFORCE HOUSING REWARD PROGRAM

As one affordable housing developer characterized the situation, "Fees are a necessary evil, but the State (HCD, TCAC) seems to be recognizing the need of jurisdictions to charge them." Workforce Housing Reward (WFH) program expresses this

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<sup>11</sup> CalHome Regulations, Section 7743.

understanding with a concrete program to assist local governments who are developing affordable housing.

The WFH Program assists local governments to pay for the infrastructure necessitated by development of affordable housing. The program is designed to “reward” jurisdictions that provide affordable housing by defraying the cost of infrastructure development. Jurisdictions must be in compliance with Housing Element Law to be eligible.

Eligible costs include capital asset construction. Funds are available at \$1,500 per bedroom for very low-income households and \$1,000 per bedroom for low-income households.

## **FEDERAL HOME LOAN BANK**

### **AFFORDABLE HOUSING PROGRAM**

The Federal Home Loan Bank (FHLB) sets aside 10 percent of its net income each year to fund the Affordable Housing Program (AHP). Of that 10 percent, 20 percent is used to support first-time homebuyer programs and the other 80 percent is allocated competitively to eligible projects.

Applications must be submitted by a member bank. The maximum allocation for any project is \$1 million. The FHLB develops scoring criteria which it uses to select projects for funding. Scoring criteria may change from year to year depending on the priorities established by the FHLB. All projects must meet established feasibility criteria and AHP funds may be used only to fill an established gap in funding.

For 2005, scoring guidelines include points for income targeting with maximum points going to projects with at least 60 percent of the units in rental projects reserved for very low-income families. Owner-occupied projects need to target low-income households. Points also are given for projects that use the least amount of AHP subsidy per unit. Other priorities include housing provided in combination with resident services and transitional housing for homeless households.

The AHP Implementation Plan does not address residential development fees directly. Funding is limited and competitive. In the most recent funding round in the greater Sacramento Region, one project was approved in Sacramento, one in Linda, and two in Redding.



Economic &  
Planning Systems

*Public Finance*  
*Real Estate Economics*  
*Regional Economics*  
*Land Use Policy*

## APPENDIX A

### ASSUMPTION DETAILS

Table A-1	Moderate-Income Home Prices
Table A-2	Low-Income Home Prices
Table A-3	Single-Family Development Fee Detail
Table A-4	Multifamily Development Fee Detail

Table A-1  
El Dorado County Department of Transportation Technical Support  
Moderate-Income Home Prices (120% of median)

Item	Assumptions	Household Size					
		1	2	3	4	5	6
Gross Yearly Income		\$53,850	\$61,500	\$69,200	\$76,900	\$83,050	\$89,200
Income Available for Housing [1]		\$18,848	\$21,525	\$24,220	\$26,915	\$29,068	\$31,220
Homeowners Assoc. Dues		(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)
Annual Property Tax Payments [2]	\$200 Monthly	(2,500)	(2,900)	(3,400)	(3,800)	(4,200)	(4,500)
Annual Insurance Payment	approx. 1.4% of Sales Price	(700)	(700)	(700)	(700)	(700)	(700)
<b>Gross Max. Annual Mortgage Payment</b>		<b>\$13,248</b>	<b>\$15,525</b>	<b>\$17,720</b>	<b>\$20,015</b>	<b>\$21,768</b>	<b>\$23,620</b>
Interest Rate [3]	6.5% Fixed, 30 Year Term						
Down Payment	5% of Sales Price	\$8,700	\$10,200	\$11,700	\$13,200	\$14,400	\$15,600
<b>Maximum Mortgage Amount</b>	95% of Sales Price	<b>\$174,700</b>	<b>\$204,700</b>	<b>\$233,600</b>	<b>\$263,900</b>	<b>\$287,000</b>	<b>\$311,400</b>
<b>Maximum Affordable Home Sales Price</b>		<b>\$183,900</b>	<b>\$215,500</b>	<b>\$245,900</b>	<b>\$277,800</b>	<b>\$302,100</b>	<b>\$327,800</b>

"mod\_owner"

Source: State Dept. of Housing and Community Development, February 2005, and EPS.

[1] 35% of gross income.

[2] Value must be hard-coded to avoid a circular reference.

[3] This calculation assumes current interest rate. Actual interest rates may vary.

# DRAFT

Table A-2  
El Dorado County Department of Transportation Technical Support  
Low-Income Home Prices (80% of median)

Item	Assumptions	Household Size					
		1	2	3	4	5	6
Gross Yearly Income		\$35,900	\$41,000	\$46,150	\$51,300	\$55,400	\$59,500
Income Available for Housing [1]		\$12,565	\$14,350	\$16,153	\$17,955	\$19,390	\$20,825
Homeowners Assoc. Dues	\$200 Monthly	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)
Annual Property Tax Payments [2]	approx. 1.4% of Sales Price	(1,500)	(1,800)	(2,100)	(2,400)	(2,600)	(2,800)
Annual Insurance Payment		(700)	(700)	(700)	(700)	(700)	(700)
<b>Gross Max. Annual Mortgage Payment</b>		<b>\$7,965</b>	<b>\$9,450</b>	<b>\$10,953</b>	<b>\$12,455</b>	<b>\$13,690</b>	<b>\$14,925</b>
Interest Rate [3]	6.5% Fixed, 30 Year Term						
Down Payment	5% of Sales Price	\$5,300	\$6,200	\$7,200	\$8,200	\$9,000	\$9,800
<b>Maximum Mortgage Amount</b>	95% of Sales Price	<b>\$105,000</b>	<b>\$124,600</b>	<b>\$144,400</b>	<b>\$164,200</b>	<b>\$180,500</b>	<b>\$196,800</b>
<b>Maximum Affordable Home Sales Price</b>		<b>\$110,500</b>	<b>\$131,200</b>	<b>\$152,000</b>	<b>\$172,800</b>	<b>\$190,000</b>	<b>\$207,200</b>

"low\_owner"

Source: State Dept. of Housing and Community Development, February 2005, and EPS.

[1] 35% of gross income.

[2] Value must be hard-coded to avoid a circular reference.

[3] This calculation assumes current interest rate. Actual interest rates may be different.

**Table A-3**  
**El Dorado County Department of Transportation Technical Support**  
**Single-Family Development Fee Detail**

<b>SINGLE-FAMILY</b>	
<b>City/County Development Impact Fees per Unit [1]</b>	
2,200 Sq. ft. Home, 450 Sq. ft. Garage, 3 Bedrooms	<b>El Dorado Hills</b>
2 Bathrooms, 5 Units per Net Acre	<b>General</b>

**CITY/COUNTY FEES PER UNIT**

**Processing Fees per Unit [2]**

Building Permit	\$964
Plan Check	\$964
Energy Fee	-
Technology Surcharge	-
Seismic/Strong Motion	\$21
Fire Review Fee	-
Other Building Permit or Processing Fees	-

**Total Processing Fees per Unit** **\$1,949**

**Development Impact Fees per Unit**

Sewer	\$12,518
Water	\$9,855
Traffic	\$19,230
Transit	-
Regional Traffic Fees	\$3,456
Drainage	-
Parks - Neighborhood	-
Parks - Citywide	\$6,869
Fire/Police	\$2,416
Habitat/Greenbelt Preservation	-
Affordable Housing	-
Capital Improvements/Public Facilities	-
Other General Fees/One-Time Taxes	\$386
Countywide Fees	-

**Total Development Impact Fees per Unit** **\$54,730**

**TOTAL CITY/COUNTY FEES PER UNIT** **\$56,679**

**ESTIMATED SCHOOL MITIGATION PER UNIT**

<b>Total School Fee:</b>	
Stirling Fee	\$0
Level 2 (or 3) SB50 Fee [3]	\$8,008
Mitigation Agreement	\$0
<b>Total School Mitigation</b>	<b>\$8,008</b>

"sf\_fees"

Source: EPS (updated December, 2005)

[1] These are fees charged by the City or County and do not include fees for a special plan area.

[2] Processing fees exclude mechanical, electrical, plumbing and other similar review fees.

[3] Estimated at \$4 per unit square foot.

**Table A-4**  
**El Dorado County Department of Transportation Technical Support**  
**Multifamily Development Fee Detail**

<b>MULTIFAMILY DEVELOPMENT [1]</b>	
City/County Development Impact Fees per Unit	<b>El Dorado Hills</b>
5 Acres, 100-Unit Complex, 850 Sq. ft. per Unit	<b>General</b>
<b>CITY/COUNTY FEES PER UNIT</b>	
<b>Processing Fees per Unit [2]</b>	
Building Permit	\$294
Plan Check	\$294
Energy Fee	-
Technology Surcharge	-
Seismic/Strong Motion	\$14
Fire Review Fee	-
Other Building Permit or Processing Fees	-
<b>Total Processing Fees per Unit</b>	<b>\$601</b>
<b>Development Impact Fees per Unit</b>	
Sewer	\$3,809
Water	\$4,336
Traffic	\$12,541
Transit	-
Regional Traffic Fees	\$2,254
Drainage	-
Parks - Neighborhood	\$6,869
Parks - Citywide	\$0
Fire/Police	\$2,416
Habitat/Greenbelt Preservation	-
Affordable Housing	-
Capital Improvements/Public Facilities	-
Other General Fees/One-Time Taxes	\$290
Countywide Fees	-
<b>Total Development Impact Fees per Unit</b>	<b>\$32,515</b>
<b>TOTAL CITY/COUNTY FEES PER UNIT</b>	<b>\$33,116</b>

"mf\_fees"

Source: EPS (updated December, 2005)

[1] These are fees charged by the City or County and do not include fees for a special plan area.

[2] Processing fees exclude mechanical, electrical, plumbing and other similar review fees.

**EL DORADO COUNTY BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

**Meeting of  
October 4, 2005**

**AGENDA TITLE:** 2004 General Plan Transportation Impact Mitigation Fee Program – Continued from September 20, 2005

**DEPARTMENT:** Transportation

**DEPT SIGNOFF:**

**CAO USE ONLY:**

**CONTACT:** Steve Borroum

**DATE:** 9/22/2005

**PHONE:** 5453

**DEPARTMENT SUMMARY AND REQUESTED BOARD ACTION:**

At the September 20, 2005 meeting of the Board of Supervisors, the Department of Transportation (DOT) was directed to return to the Board in two weeks to further discuss the Interim 2004 General Plan Traffic Impact Mitigation Fee Program.

RECEIVED  
BOARD OF SUPERVISORS  
EL DORADO COUNTY

05 SEP 29 AM 9:13

**CAO RECOMMENDATIONS:** Provide direction to staff. June 1 Hill  
9/26/05

Financial impact? ( ) Yes (X) No

**BUDGET SUMMARY:**

Total Est. Cost

**Funding**

Budgeted

New Funding

Savings

Other

Total Funding

Change in Net County Cost

Funding Source: ( ) Gen Fund ( ) Other  
Other:

**CAO Office Use Only:**

4/5's Vote Required ( ) Yes (X) No

Change in Policy ( ) Yes (X) No

New Personnel ( ) Yes (X) No

**CONCURRENCES:**

Risk Management

County Counsel

Other

**\*Explain**

**BOARD ACTIONS:** OCT 04 2005

-SEE NEXT PAGE-

**Vote:** Unanimous \_\_\_\_\_ **Or**

**Ayes:** SWEENEY, DUPRAY, BAUMANN, PAINE

**Noes:** NONE

**Abstentions:** NONE

**Absent:** NONE

Rev. 6/04 ISKW001 Agenda

**I hereby certify that this is a true and correct copy of  
an action taken and entered into the minutes of the  
Board of Supervisors**

**Date:** \_\_\_\_\_

**Attest:** Cindy Keck, Board of Supervisors Clerk

**By:** \_\_\_\_\_



53. Transportation Department reporting back to the Board with further insight into potential wider ranges of fee alternatives of the 2004 General Plan Traffic Impact Mitigation Fee Program; and requesting direction on further revisions to same. (Referred 9/20/05, Item 72)

**BOARD ACTION** - Board advised that review of the Interim Traffic Impact Fee Program scheduled for January 10, 2006 be rescheduled for a special meeting on **Monday, January 23, 2006 at 10:00 a.m.** for consideration of the different models and input from the Citizens Advisory Committee; and staff directed to return to the Board in the interim if further direction is required.

3124

# **The El Dorado Business Alliance**

P.O. Box 121, Shingle Springs, CA 95682

## **COMMENT PAPER : TIM FEE PROGRAM WORKSHOP**

**January 23, 2006**

I'm Kathye Russell, Communications Liaison for the El Dorado Business Alliance. The Business Alliance has been involved with the development of a new traffic impact mitigation fee program since this latest effort began. We've had numerous volunteers attending DOT's Citizens Advisory Committee (CAC) meetings and have spent an enormous amount of time reviewing and digesting documents and reports and providing input. In September 2005 the Business Alliance also developed a solution-driven comment paper to identify key issues and provide important historical information.

Today we comment on the program update provided by DOT for your review. We appreciate DOT's efforts to address concerns expressed by the CAC, the public and Supervisors, and recognize that changes in DOT staff have made these efforts ever more difficult. However, it is the Business Alliance's position that the current report fails to address many issues that previously requested and the report also has omitted issues that were previously resolved by board direction.

For example, page 6 of the DOT cover letter the Department asks if the fee program should be a 10-or 20-year program? EDC Supervisors provided specific direction on this matter in September 2005 by directing DOT to provide a 20-year TIM fee program scenario using the 2004 general plan data and assumptions (not the interim fee data), yet that scenario is not included in the current packet. No progress can be made in resolving this issue until the requested data is made available and reviewed.

DOT cover letter question #2 asks whether external trips should be more fully funded in the new formula? The board has already determined that new home buyers should not be required to pay for external trips. In a September 14, 2005 TIM Fee Program Final Report (page 5) this issue was further clarified by noting that the approach used provided a "*stronger nexus*" than did another approach that forced residents to pay, in part, for external trips. It was further noted that the approach used "*fully mitigates the transportation system impacts associated with growth...in the unincorporated area of EDC.*" This statement recognizes that new families moving to El Dorado County are not responsible for financing the traffic impacts of visitors to this area.

Additional issues specifically requested of DOT staff by Supervisor Sweeny in October 2005 include the following:

1. A 60%-40% residential/non-residential scenario without unfunded external trips or commercial impacts loaded onto new families;
2. An analysis using 60% residential with non-residential data as of September 20, 2005 (eg: with the new interim fee data);
3. An alternative analysis of fees without federal/state contributions included – but noting those figures as points of reference;
4. Suggestions for a fee-waiver program for affordable (we call it “workforce”) housing that would be acceptable under federal and state law.

In closing - we ask once more that you consider the negative impacts of these very high fees on families moving to this area. Reports tend to categorize those paying the fees as “developers” when in fact they are paid by families. The September report referenced earlier notes that homes costing over \$500,000 can more readily absorb high fees compared to office buildings and or even high-end retail. Certainly young families starting-out, senior citizens, or those making average workforce wages such as nurses, firemen, police and office workers, could not afford to purchase a home with these astronomical traffic fees. A quick calculation shows that if a worker makes \$20 per hour, and must pay \$30,000 in traffic mitigation fees, he/she must work 1,500 hours simply to pay for this one fee. In other words, at \$20 per hour (pre-taxes) a person would have to pay nearly a full year’s wages to cover the amount of the traffic impact fee alone.

Thank you.

Submitted by Kathy  
Russell/Business Alliance  
at Board Hearing of 1/23/06  
Special Mtg

THOMAS P. INFUSINO, ESQ.  
P.O. BOX 792  
PINE GROVE, CA 95665  
(209) 295-8866

Comments of Tom Infusino  
Regarding the TIM Fee Program  
Before the El Dorado County Board of Supervisors  
January 23, 2006

I have reviewed the agenda packet on this item and I have the following comments and questions:

- 1) I appreciate the progress made on the external trips issue.
- 2) The TIM Fee Summary table provides no indication of the total financial yield for each of the six fee scenarios. What are the yields?
- 3) Will the road projects listed be sufficient to meet General Plan LOS standards in 2015 and 2025?
- 4) The Alternative Funding Analysis estimates revenues from an assortment of new taxes. In July of 2004, the Board adopted General Plan Findings of Fact stating: "Given the current rates of taxation and the many demands on taxpayer funds that lack any other revenue source (e.g. law enforcement, fire protection) taxpayer dollars should not be devoted to financing the cost of infrastructure to support new development." What has changed that now the Board is looking at methods to raise taxes by hundreds of millions of dollars to fund roads for new development?
- 5) The Affordable Housing Study notes that General Plan Policy HO-I provides for an ordinance to reduce the burden of fees on the production of affordable housing. What is the status of that ordinance? Has it been drafted? Will it be approved with the Final TIM Fee Program?
- 6) Given that the County hopes to adopt the Final TIM Fee Program on March 14, 2006, what is the County's anticipated means of complying with CEQA?

Submitted by Tom Infusino  
at Board Hearing of 1/23/06  
Special Mtg

**El Dorado County Board of Supervisors**  
Public Input Meeting

January 23, 2006

HAND DELIVERED

Bob Schubert  
PO Box 727  
Cool, CA 95614

RE: Proposed Traffic Impact Mitigation Fee (TIM)

Dear Members of the Board,

First, thank you for your diligence in searching for ways to reduce our County's traffic impact. However, I believe the current approach for the proposed County Traffic Impact Mitigation Fee needs to be modified, for the following reasons:

**1. The TIM Fee as currently proposed violates the very spirit of Measure Y.**

As you know, Measure Y was approved by 61% of County voters in 1998 and was clearly intended to require new development to fully pay its way to prevent traffic congestion from worsening in the County.

However, requiring an individual lot owner constructing his home in Cool to pay a huge Fee for the purpose of helping fund six new site-specific overpasses near El Dorado Hills is completely contrary to the spirit of Measure Y. Those overpasses are only necessary because of proposed new development south of Hwy 50, some 23,000 units to be occupied by nearly 80,000 people. Measure Y clearly requires the developers of those new developments to fund their own bridges.

Furthermore, adding six new overpasses doesn't prevent the traffic congestion require by Measure Y, it simply **moves** the congestion which will be created by the 23,000 new homes during commute times from their new local streets to Hwy 50, helping create gridlock there. This is also against the spirit of Measure Y.

**2. The TIM Fee as currently proposed even violates the letter of Measure Y.**

Measure Y clearly says its intent is for "new development", for new projects of "five or more units or parcels". Collecting a Fee from an individual owner building a home in Cool, say on a parcel created in a development of more than 30 years ago such as in Auburn Lake Trails, is to require someone in an "old" development to help fund "new developments". This is contrary to Measure Y both in the "old" vs. "new" concept, and in the "five or more parcels" concept.

Submitted by Bob Schubert

at Board Hearing of 1/23/06  
Special Mtg - TIM fees

El Dorado County Board of Supervisors  
Public Input Meeting  
January 23, 2006  
Bob Schubert  
Page 2

**3. The TIM Fee as currently proposed is simply against State Law.**

Requiring the owners of parcels created in developments prior to 1998 to pay the proposed TIM Fee violates the County's agreements with those developments. If the TIM Fee is applied to the individual lots of "old" developments, the proposed Fee is essentially a retro-active development fee, and therefore a breach of contract.

Every contract in the state of California carries with it an implied covenant of good faith and fair dealings. The notion that the County could legally decide that it didn't collect enough fees to mitigate traffic impacts from a specific lot created decades earlier is beyond absurd.

Therefore, I believe the County must alter both the proposed TIM Fees, and eliminate those TIM Fees already adopted, from all parcels created in "old" developments and individual parcels, to comply with Measure Y and the General Plan.

Sincerely,



Bob Schubert

# Transportation Impact Mitigation Fee Program

January 23, 2006

## Today's Request

- Review new information
- Consider public input
- Direct DOT to finalize fees
- Set a Public Hearing (Proposed March 14, 2006)

## Key Focus Since Sept 2005

- Comprehensive Cost Analysis / Project Phasing
- 20-Year (2025) vs. 10-Year (2015) Horizon
- Residential / Non-Residential Cost Allocation Ratios
- Federal and State Funding Assumptions
- External Trip Analysis
- Affordable Housing
- Alternative Funding Sources
- Potential Separation of El Dorado Hills

3

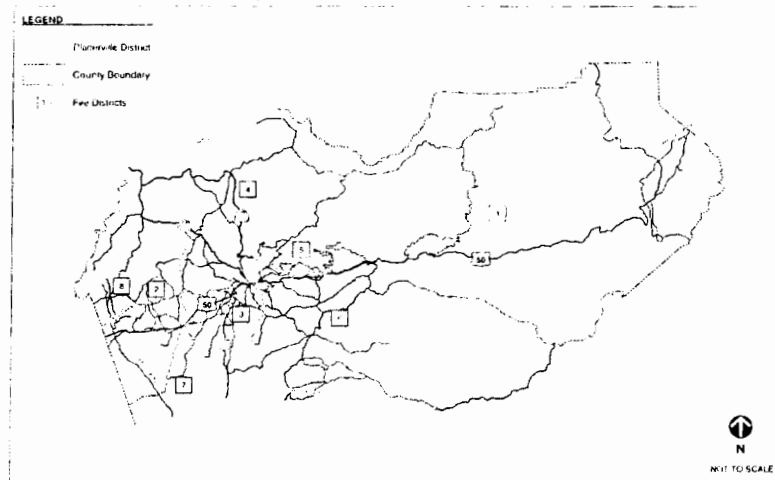
## Review Basics



## Same Fee Analysis Zones

- Eight zones
- Fee scenarios combine Zones 2 (Cameron Park) and 3 (Missouri Flat)

5



JEFF & PEERS  
TRANSPORTATION CONSULTANTS  
1100 10th St.  
Folsom, CA 95630

EL DORADO COUNTY TRAFFIC IMPACT FEE DISTRICT  
EXHIBIT # 1

## Basic Formula

$$Fee = \frac{Revenue\ Required}{Growth\ Expected}$$

7

## “Cash in the Bank”

• RIF	\$ 2.0
• Silva Valley I/C	\$16.8
• County TIM	\$19.3
• State TIM	\$21.3
• Interim Hwy 50	\$14.8
TOTAL	<u>\$74.2 million</u>

8

## Review Updated Information

## Growth Projections

- Based on 2004 General Plan's Horizon Year (2025)
- 2015 projections are straight line interpolation

## Project Specific Cost Analysis

- General system needs for 2015 & 2025 determined by Dowling traffic model
- Supplemental analysis of key Highway 50 interchanges by URS
- Supplemental analysis of Highway 50 mainline by Dowling
- Project costs independently reviewed by URS

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## Non-Fee Revenue Sources

	<u>10-Year</u>	<u>20-Year</u>
– Federal/State Funds	\$92.7M	\$180.6M
– Missouri Flat MC & FP	\$10.4M	\$ 22.9M
TOTAL	\$103.1M	\$203.5M

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## External Cost Allocation Methodology

- Project costs allocated to each end (origin & destination) of individual vehicle trips
- Costs of trips with one trip-end external to the County are all allocated to the internal trip-end
- Net costs of external to external trips are un-funded

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## Residential vs. Non-Residential Cost Distribution

- 60% of traffic to/from residential uses
- Allocation of 40% of program costs to non-residential development would significantly impact market
- Nearly all non-residential jobs are in direct support of residential development
- Existing program's 94% / 6% Residential / Non-Residential split supported by job orientation

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## Alternative Funding Sources

Funding Mechanism	Approval Required
Special Assessment District (AD)	50% vote weighted by assessments within assessment boundaries
Mello-Roos Community Facilities District (CFD)	2/3 vote within the CFD boundary
General Obligation Bonds (G.O. Bonds)	2/3 vote of registered voters countywide
Sales Tax Increase	2/3 vote if determined to be a special tax (countywide)
The County General Fund	Board of Supervisor's Approval
Parcel Tax	2/3 vote of registered voters countywide
Gasoline Tax	2/3 vote of registered voters countywide
Transient Occupancy Tax	2/3 vote of registered voters (Separate approval required to levy tax in cities in the County)
Documentary Transfer Tax	Legislative approval for a county to raise above statutory rate

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## Affordable Housing/Small Business

- Development fees will adversely impact affordable housing
- For small business developers/owner builders (say under 10 units) consider a fee deferral to be collected at occupancy or upon sale

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## Fee Scenarios

- Base Scenario: 20-Year Horizon, funds externals, 94/6 ratio
- Scenario #2: Externals not funded
- Scenario #3: 84/16 ratio
- Scenario #4: Retail held to current rates
- Scenario #5: El Dorado Hills isolated
- Scenario #6: 10-Year Horizon

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## TIM Fee Schedule

Rate Per Single Family Home

Scenario	Revenue Allocation	Other	External Cost Recognition	Horizon Year	Area West of Foothill Freeway	Chico Canyon (P.V.)	West of P.V. along Hwy 90	No West Area & City	Area along Hwy 90 west of P.V.	Area to west of P.V.	So. west corner	El Dorado Hills
					Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
					Rate per single family home							
Current rates (3 programs combined)					\$112,740	\$28,364	\$28,364	\$113,884	\$12,882	\$16,870	\$14,887	\$22,680
1	94% Residential and 6% Non-Residential		Externals isolated to	2025	\$113,880	\$27,870	\$27,870	\$112,622	\$11,867	\$21,816	\$20,116	\$22,832
2	94% Residential and 6% Non-Residential		No External Funding	2025	\$111,844	\$22,378	\$22,378	\$10,361	\$10,167	\$18,060	\$18,478	\$18,484
3	84% Residential and 16% Non-Residential		Externals isolated to	2025	\$116,804	\$28,804	\$28,804	\$10,167	\$8,181	\$18,488	\$28,740	\$20,267
4	Hold Retail to Current Rates		Externals isolated to	2025	\$12,020	\$28,862	\$28,862	\$12,368	\$11,138	\$22,040	\$22,118	\$22,164
5	94% Residential and 6% Non-Residential	El Dorado Hills isolated	Externals isolated to	2025	\$14,408	\$27,880	\$27,880	\$12,178	\$12,872	\$28,917	\$14,267	\$22,217
6	94% Residential and 6% Non-Residential		Externals isolated to	2010	\$16,478	\$28,847	\$28,847	\$18,001	\$16,797	\$28,728	\$28,128	\$21,210

# TIM Fee Schedule

## Rate For Retail Space

Scenario	Revenue Allocation	Other	External Cost Recognition	Horizon Year	Area west of Public Place	Common Park/Reserve	West of P.V. along Hwy 99	No West Area of Core	Area along Hwy 99 east of P.V.	Area to east of P.V.	El Dorado Center	El Dorado Hills
					Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
Rate for Retail Space (Per square foot) (Equivalent to "General Commercial" in current fee program)												
Current rates (2 programs combined)					\$7.32	\$10.34	\$10.34	\$8.17	\$8.17	\$8.17	\$8.17	\$8.36
1	94% Residential and 6% Non-Residential		Externally Related to	2015	\$4.21	\$14.87	\$14.87	\$3.99	\$3.18	\$19.84	\$11.81	\$11.83
2	94% Residential and 6% Non-Residential		No External Funding	2015	\$4.87	\$11.79	\$11.79	\$2.16	\$2.84	\$9.89	\$8.25	\$8.25
3	94% Residential and 6% Non-Residential		Externally Related to	2015	\$11.82	\$26.88	\$26.88	\$16.73	\$6.75	\$29.82	\$22.48	\$21.79
4	Hold Retail to Current Rates		Externally Related to	2015	\$7.32	\$18.34	\$18.34	\$6.17	\$6.17	\$6.17	\$6.17	\$6.36
5	94% Residential and 6% Non-Residential	El Dorado Hills isolated	Externally Related to	2015	\$3.81	\$18.87	\$18.87	\$2.84	\$2.82	\$11.38	\$3.88	\$14.85
6	94% Residential and 6% Non-Residential		Externally Related to	2015	\$8.75	\$28.47	\$28.47	\$5.84	\$4.74	\$19.83	\$18.43	\$18.51

## Key Considerations

- 10 or 20-Year Program?
- Treatment of "External" trips?
- Residential / Non-Residential 94% / 6% cost allocation ratio?
- El Dorado Hills an isolated zone?



## 10 or 20-Year Program?

- If revenue doesn't meet demand, general plan concurrency policies will control new developments
- 10 year program brings in more revenue earlier
- 20 year program has a theoretical gap of \$97 million in 2015

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## 10-Year vs. 20-Year

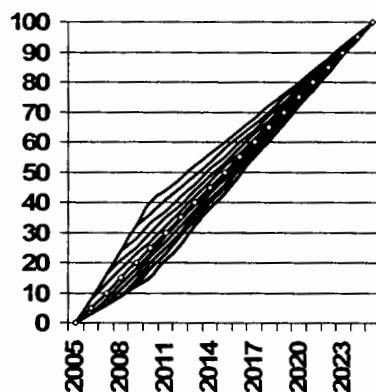
Program Summary			
	10 Yr		20 Yr
	Interim Fee	Revised	
Total Needs	\$629	\$539	\$802
"Phasing"	\$128	Incl	Incl
Existing Cash	\$74	\$74	\$74
Non-Program Revenues	\$109	\$103	\$204
100% Externals	\$77	\$6	\$7
<b>Fee Revenue</b>	<b>\$241</b>	<b>\$356</b>	<b>\$517</b>

• Theoretical Gap between 10 year and 20 year programs at 2015

$$\$356 - (\$517 / 2) = \$97 \text{ million}$$

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## Fee Collection Rates Annual Updating



- 20 year fee (assumes constant growth)
- 40% growth by 2010
- 15% growth by 2010
- Net Results

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## Treatment of External Trips

- It is recommended that only the 100% pass thru trips not be funded. All other trips should be fully funded.

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## Residential vs. Non-Residential

- 60% of traffic to/from residential uses
- Allocation of 40% of program costs to non-residential development would significantly impact market
- Nearly all non-residential jobs are in direct support of residential development
- Existing program's 94% / 6% Residential / Non-Residential split supported by job orientation

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## Eliminate EDH Isolation

- Will simplify analysis and funding
- Will eliminate need for 3 fund accounts (State TIM, Local TIM, EDH TIM) – providing flexibility in funding CIP projects.
- Will require modifications to existing reimbursement agreements

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## Supervisor Sweeney Questions

1. Please run a 20 year TIM fee program as it would use the general plan data and assumptions, as opposed to new data.
2. Please run an analysis based on a 60-40 split between residential and non-residential and leave the unfunded trips as unfunded
3. Please run an analysis with 60 percent residential and with non-residential as they were set on September 20, 2005
4. Please run a comparative alternative with Fed/State funds left out
5. Rather than try to show fee waiver for low cost/affordable residential, provide some suggestions as to a fee waiver process. Need to look at what are acceptable fees under federal tax or subsidy programs so that we avoid subsidizing the Federal Government
6. Must look at some mechanism such as a Mello-Roos that would allow applicants to pay up front or pay (perhaps a little more to accommodate interest) over a longer period of time. Also look at having the developer include the TIM fee payments with their Mello/Roos for on site improvements

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## Questions?

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