

## EXECUTIVE SUMMARY

The Department of Transportation's five-year Capital Improvement Program (CIP) for 2008 contains projects that will expend funds during the five-year period from fiscal year 2007/08 through and including fiscal year 2011/12. Projects anticipated to begin after the five year period are not formally included in the CIP but are included in Section V for general information.

The 2008 CIP incorporates direction provided from the Board of Supervisors to assume a reduced level of revenue generated from Transportation Impact Mitigation (TIM) Fees to recognize the continuing slowdown in the housing market. This reduced level of revenue is based on the assumption that 600 new single family building permits will be approved throughout the entire West Slope (including El Dorado Hills) for the next five years. This has had a significant impact on the ability to fund many construction projects which will be explained further in this Executive Summary.

Anticipated CIP Expenditures (Millions)						
Location	Fiscal Year					Five-Year Total
	07/08	08/09	09/10	10/11	11/12	
Tahoe CIP	\$14.0	\$10.7	\$15.1	\$23.0	\$17.0	\$79.8
West Slope CIP	\$70.8	\$104.0	\$142.7	\$90.4	\$48.5	\$456.4
<i>Total CIP</i>	<i>\$84.8</i>	<i>\$114.7</i>	<i>\$157.8</i>	<i>\$113.4</i>	<i>\$65.5</i>	<i>\$536.2</i>

Source: CIPRevenue.XLS (December 24, 2007)

As in previous CIPs, the 2008 CIP is actually a combination of CIP work on the West Slope and Environmental Improvement Program (EIP) work to be performed in the Tahoe Basin. In total, the 2008 CIP plans to invest over \$536.2 million during fiscal years 2007/08 thru 2011/12. Approximately \$456.4 million is targeted for the West Slope and approximately \$79.8 million is targeted for the Tahoe Basin. The distinction between the two programs is necessary since funding is restricted and is therefore unable to be moved freely between the two. While the Tahoe CIP is funded predominantly from grants that can only be used for the specific projects identified in the Tahoe Basin EIP, the West Slope CIP is funded from multiple revenue sources as described later in this Executive Summary.

Projects in the CIP are initiated to respond to one of the following programmatic areas of concern:

- **Capacity Improvement** - Projects that respond to congestion issues. The majority of these projects respond to the impacts associated to new growth.
- **Road and Bridge Rehabilitation** – Projects that repair deteriorated roadways and bridges.
- **Operational and Safety Projects** - Projects that improve the operational characteristics and/or the safety of the road system. These projects typically respond to higher than normal accident locations and either improve the roadway geometrics or install traffic safety devices like guard rails, signs and signals. In many cases, operational improvements also increase the capacity of the road system.
- **Erosion Control** – Projects that provide for the preservation and restoration of disturbed areas, watersheds and stream environment zones, protect and restore wildlife habitat, and that provide for improved public recreational access to natural areas. These projects are located in the Tahoe Basin and are intended to restore Lake Tahoe's clarity and environment..

## IMPACTS TO WEST SLOPE CIP DUE TO REDUCED REVENUE FORECAST

As compared to the 2007 CIP, the 2008 CIP uses a reduced forecast for housing starts that generate TIM Fees. The Board of Supervisors directed that the 2008 CIP use an assumed annual permit level for single family residences equal to 600 per year for the next five years. 300 of these permits are assumed to be in the El Dorado Hills area and the remaining 300 permits are assumed to occur in the remaining areas of the West Slope. It is important to note that of the 300 assumed permits in the El Dorado Hills area, 200 of those are assumed to be coming from the Blackstone

TIM Fee Revenue Assumptions between 2007 and 2008 CIPs (x Millions)		Revenue Comparison between 2007 and 2008 CIPs						
		Fiscal Year						Totals
		06/07	07/08	08/09	09/10	10/11	11/12	
El Dorado Hills	2007 CIP Revenue	\$4.6	\$8.4	\$12.9	\$12.9	\$12.9		\$51.7
	2008 CIP Revenue		\$8.5	\$7.1	\$5.2	\$5.2	\$5.2	\$31.2
	<b>Net Change</b>	<b>-\$4.6</b>	<b>\$0.1</b>	<b>-\$5.8</b>	<b>-\$7.7</b>	<b>-\$7.7</b>	<b>\$5.2</b>	<b>-\$20.5</b>
West Slope	2007 CIP Revenue	\$6.4	\$10.1	\$12.0	\$12.0	\$12.0		\$52.5
	2008 CIP Revenue		\$7.9	\$7.2	\$7.2	\$7.2	\$7.2	\$36.7
	<b>Net Change</b>	<b>-\$6.4</b>	<b>-\$2.2</b>	<b>-\$4.8</b>	<b>-\$4.8</b>	<b>-\$4.8</b>	<b>\$7.2</b>	<b>-\$15.8</b>
Highway 50 TIM	2007 CIP Revenue	\$3.1	\$5.9	\$7.4	\$8.0	\$8.0		\$32.4
	2008 CIP Revenue		\$4.2	\$3.7	\$4.4	\$4.4	\$4.4	\$21.1
	<b>Net Change</b>	<b>-\$3.1</b>	<b>-\$1.7</b>	<b>-\$3.7</b>	<b>-\$3.6</b>	<b>-\$3.6</b>	<b>\$4.4</b>	<b>-\$11.3</b>
All Other Revenue	2007 CIP Revenue	\$60.9	\$94.8	\$88.1	\$124.9	\$49.0		\$417.7
	2008 CIP Revenue		\$64.2	\$96.7	\$141.0	\$96.6	\$48.7	\$447.2
	<b>Net Change</b>	<b>-\$60.9</b>	<b>-\$30.6</b>	<b>\$8.6</b>	<b>\$16.1</b>	<b>\$47.6</b>	<b>\$48.7</b>	<b>\$29.5</b>

Development where the Developer has already prepaid about \$21 million of TIM fees in order to advance major transportation improvements in the El Dorado Hills area. These fee credits eliminate a significant portion of the future TIM fee revenue that would have been generated by the permits in the Blackstone area had no prepayment been made. The above table compares the new 2008 CIP TIM Fee revenue assumptions to those in the 2007 CIP.

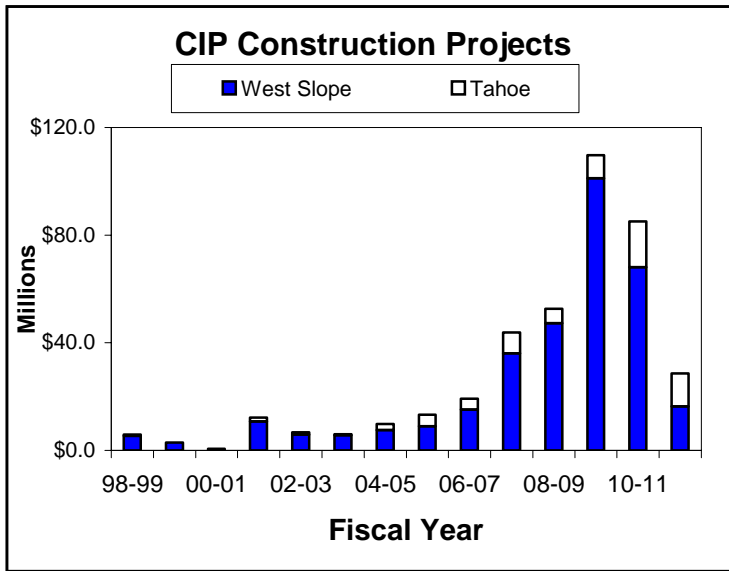
The 2007 CIP programmed a total of approximately \$554 million for the five years it covered (2006/07 through 2010/11). Applying the construction cost index used for updating the TIM Fee program (14.1%) an equivalent current five year total would be \$632 million. Due to the revenue reductions described above, the programming capacity of the 2008 CIP is approximately \$536 million. Even though the actual programming capacity in the 2008 CIP has increased from the 2007 CIP, the real programming capacity, as measured in current dollars, has been reduced by \$96 million.

This reduced programming capacity has had an impact on many projects. Instead of fully programming all phases of all projects, some projects are only being programmed to complete the current phase of work to minimize any loss of work performed to-date. When possible projects are being programmed through the entire PS&E effort and will be “shelf-ready”. “Shelf-ready” projects will maximize the County’s ability to take advantage of any new revenue sources, since these projects will be ready for construction as soon as additional revenue is obtained. Lastly, many projects are being fully programmed for all costs including construction as presented in Section III of this CIP.

The projects that have been impacted the most from the reduced revenue are:

Impacted Projects								
Project Number	Project	Amount Programmed		Revenue Source			Phase of Project Impacted	Page
		2007 CIP	2008 CIP	EDH	WS	HWY 50		
#71330	US 50 / Bass Lake Road Interchange Improvements - Phase I	\$3,636,000	\$1,000,000	X	X	X	Final PS&E and ROW moved out	5
#72332	El Dorado Hills Blvd./Francisco Drive Intersection Alignment	\$2,150,000	\$1,045,000	X			Construction moved out	35
#66116	Latrobe Road / White Rock Road Connector	\$1,085,000	\$330,000	X			Final PA&ED moved out	39
#71324	Saratoga Way Extension - Phase I	\$10,618,000	\$714,000	X			ROW and Construction moved out	43
#71340	US 50 / El Dorado Hills Blvd. Interchange - Pedestrian OC	\$4,825,000	\$799,000	X			Construction moved out	26
#71323	US 50 / El Dorado Hills Blvd. Interchange Improvements	\$3,552,000	\$569,000	X			ROW moved out	8
#GP135	White Rock Road Widening (2 to 4 lanes) Latrobe Road to US 50 / Silva Valley Parkway	\$1,240,000	\$474,000	X			Final PA&ED moved out	49
#GP126	Country Club Drive Realignment (East of Bass Lake Road)	\$2,469,000	\$894,000		X		Construction moved out	34
#71375	Headington Road Ext. - Missouri Flat Road to El Dorado Road	\$2,236,000	\$891,000		X		Construction moved out	37
#71332	US 50 / Cambridge Road Interchange Improvements - Phase I	\$1,415,000	\$0		X	X	Final PA&ED moved out	6
#72361	US 50 / Cameron Park Drive Interchange Improvements - Phase I	\$7,686,000	\$5,595,000		X	X	Final PS&E and ROW moved out	7
#71319	US 50 / Camino Area Parallel Capacity Safety Study	\$950,000	\$400,000		X	X	Final PA&ED moved out	8
#71347	US 50 / El Dorado Road Interchange Improvements - Phase I	\$6,100,000	\$567,000		X	X	Construction moved out	9
#71339	US 50 / Ponderosa Road / North Shingle Road Realignment	\$3,592,000	\$2,100,000		X	X	Construction moved out	12
#71333	US 50 / Ponderosa Road / South Shingle Road I/C Improvements	\$2,497,000	\$1,060,000		X	X	PS&E moved from 2011 to future	13
#71338	US 50 / Ponderosa Road I/C - Durock Road Realignment	\$3,592,000	\$550,000		X	X	Final PS&E and ROW moved out	12

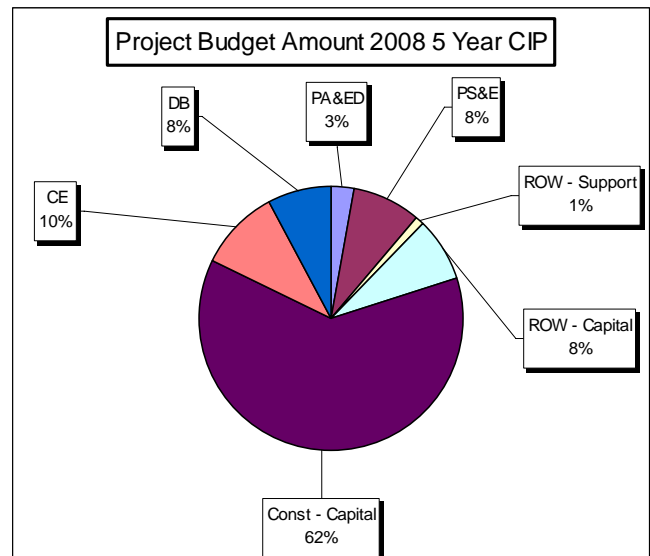
## CIP HISTORY, PROJECT BUDGETING AND PRIORITIZING



The rapid growth the County has experienced over the last decade is reflected by the accomplishments of recently completed projects and the expected projects to be completed in this 2008 CIP. As shown, the 2008 CIP has a dramatic increase in work as compared to historical levels. To meet this dramatic increase in work and deliver the programmed projects on schedule, sufficient County and consultant staff will be dedicated to the delivery of key project activities. Without sufficient resources, project priorities will need to be established so that the most critical work is accomplished.

To help budget and prioritize projects, each phase of a project is estimated and budgeted as a separate activity in this CIP. These activities follow the State Transportation Programming project activities and are summarized as follows:

- **Project Approval & Environmental Document (PA&ED)** – This is the preliminary planning stages of a project. It starts with the conceptual project and takes it through the environmental documentation.
- **Plans, Specifications & Estimates (PS&E)** – this is the design stage of the project. It performs all the engineering needed to prepare a biddable set of construction plans after the environmental documentation is approved.
- **Right of Way Support (ROW Support)** – the professional services necessary to secure right of way (ROW) is budgeted as a separate project activity.
- **Right of Way Capital (ROW Capital)** – many projects require the acquisition of right of way (ROW). The purchase of any necessary ROW is a capital expenditure.
- **Construction Capital** – the actual construction costs of the project.
- **Construction Engineering (CE)** – the construction engineering necessary to insure compliance with plans and specifications is budgeted as Construction Support. This includes additional design effort to support necessary construction changes.



- ✦ **Developer Built** – improvements designed and/or constructed by developers as a condition of their development. Upon completion of improvement and acceptance by County, costs are eligible for reimbursement from TIM Fees.

The above activities also provide for a generalized prioritization process where those projects in construction have the highest priority. The next highest priority of projects would be those that are closest to construction. In essence, this priority system places a project under construction as a higher priority project than one in design. It would also place a project ready for final Plans, Specifications and Estimates (PS&E) and Right of Way purchase ahead of a project in the early planning stages. This prioritization is not absolute since some projects are extremely critical due to an ongoing safety concern or some other urgent issue and would therefore take priority from existing projects. An example is the response the County made to the 2006 winter floods and the resulting federal disaster when many ongoing projects were set-aside to accomplish the emergency repairs. How a specific project competes with other projects if they are in the same stage of delivery is a combination of many factors mostly associated with the basic purpose and need of the project. As an example, safety projects are typically highest priority and projects that relieve the most congestion are higher than those that relieve less congestion.

## REVENUE SOURCES

2008 CIP Revenue Sources								
	Anticipated Competitive Grant	Grant	Misc	TIM	Developer Advanced	MC&FP	Casino	Grand Total
West Slope	1%	20%	2%	47%	13%	6%	11%	100%
Tahoe	NA	100%	N/A	NA	NA	NA	NA	100%
West Slope Program FY 07/08 thru FY 11/12 = \$456.4 Million								
Tahoe Program FY 07/08 thru FY 11/12 = \$79.8 Million								

- ✦ **Grant Funding** – Grant funds provide a major source of revenue for the CIP. Grants that have been awarded or are based on allocation formulas are included in the CIP. Grants that are likely to be awarded are identified as “Anticipated Grants”.

- **Erosion Control Grants** – The need for grant funding through various State and Federal sources for the EIP in the Tahoe Basin, is projected to increase as a result of the development of the new EIP associated with the update of the Lake Tahoe Regional Plan; however, the future funding sources for the new EIP have not yet been identified. The County is anticipating that the proportional jurisdictional allocation of these grant funds will remain constant, which will therefore yield an anticipated overall increase in available grant funding to the County. These funds are restricted to the Erosion Control Projects in the Tahoe Basin.
- **State and Federal Transportation Grants** – Grants for Federal and State funds are expected to remain constant except for the Highway Bridge Program (HBP) which is expected to increase. This is due to the change in matching funds where the County’s contribution has been reduced from 20% to 11% allowing a doubling of the amount of projects fundable from the same County revenue source.
- **Proposition 1B Funding** - The County was successful in securing \$20 million in Prop 1B funding for the Highway 50 HOV project from the county line to the Bass Lake interchange. This project will be funded from the Prop 1B Corridor Mobility Improvement Account (CMIA). Additional funding from Prop 1B is anticipated.

- ✦ **TIM Fees** – TIM Fees comprise a significant source of revenue for funding projects on the West Slope. As explained earlier, the 2008 CIP includes a reduced level of projected housing starts over the next five years and, therefore, reduced TIM Fee revenue over the same period. Since the Five-Year CIP is part of an annual programming process that includes an update of five-year revenue projections where timing of project delivery must be adjusted accordingly, the CIP is quite responsive to changes in the local economy. Additionally, as project costs increase for the twenty year program, the TIM Fees are adjusted accordingly with annual fee updates. As long as these annual events occur, it is prudent to assume that inflation adjustments to the TIM Fee program will keep pace with increases in project costs. Forecasted revenue from TIM fees will be responsive to the housing market conditions and impact timing for project delivery.
- ✦ **Developer Advanced Funds** - Developer advanced projects continue to be a valid component of implementing infrastructure improvements for the county. The more significant developer advanced projects included in the 2008 CIP are:
- Project 66109 - Bass Lake Road: This project is being advanced as part of the Bass Lake Hills Specific Plan. This project can be constructed as early as FY 08/09 at an estimated cost of \$7,338,000. This project is eligible for reimbursement and the reimbursement costs are included in the 2008 CIP.
  - 71328 - U.S. 50/Silva Valley Parkway Interchange: This project is being advanced as part of the West Valley Subdivision (Blackstone). This much needed interchange is anticipated to be under construction as early as FY 09/10 at an estimated cost of \$39,351,000.
  - 72334 - Diamond Springs Parkway: This project is being advanced by the commercial interests in the Missouri Flat MC&FP area. The developers are currently advancing the environmental and design efforts. The cost of these efforts are included in the 2008 CIP however the construction costs, estimated at over \$19 million, are not included in the CIP
- ✦ **Casino Revenue** - Much like a developer advanced project, the Department is moving forward on the delivery of the second and third phases of the Highway 50 High Occupancy Vehicle (HOV) Lanes that will extend the HOV Lanes from the Bass Lake Road Interchange to the Foothill Oaks Casino and beyond to Greenstone Road (Projects #53113 and #53116). Funding for these projects is coming from the settlement agreement between the County and the Shingle Springs Miwok Tribe and Highway 50 TIM Fees. The casino funding will provide the County with a 20-year revenue stream of \$5.2 million per year for the purpose of funding Highway 50 HOV lane extensions. The Phase 2 HOV Lane Project, has been included in this CIP and the cost of this project is being advanced with casino revenue.
- ✦ **Miscellaneous Revenue** – Other revenue sources like the Road Fund, Off Highway Vehicle License Fees and some Benefit Assessment Districts (i.e. Barnett Business Park), are included in the CIP.

In summary, even with the reduced TIM fee revenue, the 2008 CIP represents a major investment in the County's infrastructure. Consistent with General Plan policies, the projects in the CIP will improve safety, congestion, and operations of the County's highway network as well as improve the erosion control features of the County's drainage system in the Tahoe Basin to improve the clarity of the water in Lake Tahoe. It is a very large and ambitious program that, with sufficient resources, can be successfully implemented. Insufficient resources, whether they are the funds required for construction or the staff and consultants required to deliver the projects will have a negative impact on the successful delivery of this CIP.