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TO: Board of Supervisors

FROM: David Defanti, Assistant Director

Subject: 20-Year Growth Forecast

On February 24, 2014, the County held a workshop to discuss various topics. At this workshop, Long Range Planning staff requested the Board of Supervisors (Board):

1) Receive information on El Dorado County's General Plan Travel Demand Model (TDM);
2) Direct staff to proceed with one of the growth forecast scenarios as the starting point for initiating the Major Five-Year Capital Improvement Program (CIP) and Traffic Impact Mitigation (TIM) Fee updates; and
3) Receive information on how the County implements General Plan Policy TC-Xa (Measure Y) and associated General Plan Policies TC-Xb through TC-Xi.

The Board directed staff to return with additional information and analysis regarding the three growth forecast scenarios, including:

1) A new analysis for Scenario 2 that assumes the same employment forecasts used in Scenarios 1 and 3.
2) An estimated cost and timeline for providing a more detailed analysis for Scenario 2.
3) A breakdown showing the number of housing units assumed for each scenario.

The Board also directed staff to:

1) Issue a request for proposals (RFP) for the Major Five-Year CIP and TIM Fee updates;
2) Issue an RFP for Missouri Flat Circulation and Financing Plan (MC&FP) Phase II; and
3) Proceed with a Diamond Springs Parkway Project Study Report.

On March 6, 2014, staff met with representatives of the Measure Y Committee and Rural Communities United (RCU) to discuss the Scenario 2 analysis. Their request was to further revise Scenario 2 by limiting the amount of forecasted residential growth to approximately 17,500 units, so that Scenario 2 would assume an approximate growth rate of about 1%, similar to Scenarios 1 and 3. Per this request, staff reduced the total amount of projected growth for Scenario 2 to 17,500 units by reducing the amount of projected housing growth (not including RHNA) within each Traffic Analysis Zone (TAZ) by the same percent.

This memo is a supplement to the staff report, related attachments and exhibits presented to the Board on February 24, 2014. The memo is organized as follows:

1) Need for a 20-Year Growth Forecast
2) 20-Year Growth Forecast Scenarios
3) Staff Recommendation
4) Next steps

1. NEED FOR A 20-YEAR GROWTH FORECAST

A growth forecast is an assumption about how and where the County will grow in the future. Identifying an appropriate growth forecast entails reviewing both past and projected future trends, as well as considering the County's goals for how and where it wants to grow. The growth forecast identified will be a key factor in the Major Five-Year CIP and TIM Fee Updates. The updated CIP will be the County's plan for providing infrastructure to existing and future residents consistent with the growth forecast identified. The updated TIM fee will be a critical funding component for the CIP. Although the market will ultimately determine when and where homes are built, the County's policies and regulations (e.g. zoning codes/ordinances and the General Plan) along with the County's decisions regarding where to invest in and build public infrastructure (e.g. the CIP and TIM Fee) will have a significant influence on the market.

The update of the 20-year growth forecast is required by the County's 2004 General Plan. In order to maintain the integrity of the County's roadway network, the County is required to implement General Plan Policy TC-Xb and Implementation Measures TC-A and TC-B. These measures require the development of a 10- and 20-Year CIP as well as a 20-Year TIM Fee program. These policies also require the 20-year growth forecast be updated every five years.

Forecasting growth is an iterative and ongoing process – forecasts are reviewed and adjusted annually (as part of the annual CIP and TIM Fee updates) as well as every five years (as part of the Major Five-Year CIP and TIM Fee program updates). Routinely verifying and updating growth forecasts allows the County to account for new information and adjust its assumptions and plans accordingly. See Attachment B for the cycle the County uses in updating the CIP and TIM Fee Programs on an annual and five-year basis.

The last 20-year growth forecast was completed in 2002 by Economic & Planning Systems, Inc. (EPS) for development of the 2004 General Plan[1]. The current CIP and TIM Fee programs are based on the EPS report and a traffic analysis completed by Dowling and Associates, Inc. in 2005. In 2012, BAE Urban Economics (BAE) completed a growth forecast through 2035, including a review of consistency with the 2004 General Plan, and a projection of the future growth rate. The growth forecast identified by the BAE report is based on El Dorado County's historical growth rate and distribution. This growth forecast, which did not include the Regional Housing Needs Allocation (RHNA), was presented to the Board on July 30, 2013.

Staff is recommending that the Board identify a new 20-year growth forecast as a starting point for initiating the major Five-Year CIP and TIM Fee updates. Three scenarios were presented at the February 24, 2014 Board hearing; these scenarios, and refinements made since February 24, 2014, are summarized in Section 2 of this memo. The growth forecast identified by the Board as a starting point will be further refined as necessary through the Major CIP and TIM Fee update processes.

2. 20-YEAR GROWTH FORECAST SCENARIOS

The following three growth forecast scenarios are provided for the Board's consideration:

1) Scenario 1: Historical growth rate with historical growth distribution
2) Scenario 2: Existing + Entitled +Regional Housing Needs Allocation (RHNA)
3) Scenario 3: Historical growth rate with General Plan-consistent growth distribution

[1] http://www.edcgov.us/Government/Planning/General_Plan_Supporting_Documents.aspx

Based on direction from the Board on February 24, 2014, as well as requests from the Measure Y Committee and RCU, all three scenarios have been revised to assume the same total amount of residential growth, the same amount and location of employment growth, and accommodation of the County's Regional Housing Needs Allocation (RHNA). The key differences between the three scenarios are how the forecasted residential growth is distributed throughout the County and the amount of single-family vs. multi-family units.

In addition to the three scenarios described above, an alternate version of Scenario 2 has been analyzed (Modified Scenario 2). Since Scenario 2 is based on all existing and entitled uses allowed by right, it contains a much higher percentage of multi-family units as compared to Scenarios 1 and 3. Modified Scenario 2 reduces the amount of assumed multi-family units so that it has a similar total multi-family assumption as Scenarios 1 and 3 (i.e. enough moderate and below units on multi-family land to accommodate RHNA). Modified Scenario 2 assumes the same total amount of residential growth and the same amount and location of employment growth as all other scenarios.

The following discussion summarizes the key similarities and differences in the assumptions relating to how the future residential and employment forecasts have been established in each of the draft scenarios.

Key Similarities:

1. *Total Amount of Forecasted Residential Growth*
   All scenarios assume the same total amount of residential growth. The residential growth forecast is based on the BAE report dated March 14, 2013 (see Attachment C). The BAE report indicates that the County's residential growth projection is based on a continuation of the County's historic West Slope residential growth trend over the 2010 to 2035 time period, yielding an average annual growth rate of 1.03 percent (approximately 17,500 new units through 2035). This rate is based on building permit data compiled by the County. This growth trend seems reasonable since it is based on past trends and falls in the middle of the Department of Finance (DOF) and the Sacramento Area Council of Government's (SACOG) projections for future growth.

2. *Regional Housing Needs Allocation (RHNA)*
   All scenarios accommodate the County's RHNA. RHNA is defined as parcels/units the County must accommodate to meet state requirements. Each jurisdiction is required by state law to ensure that sufficient land with appropriate zoning is available to accommodate its fair share of the region's future housing needs for all income groups for the 2013-2021 planning period. SACOG is the agency tasked with identifying housing needs for each jurisdiction, consistent with state-approved regional forecast totals. As a result of this exercise, the total RHNA allocation for the West Slope of El Dorado County for the next eight-year planning period (excluding South Lake Tahoe) is 3,948 units for the planning period (January 1, 2013, through October 31, 2021). Approximately 2,600 of these units are for moderate and below and have been accommodated on multi-family lands.

3. *Total Amount and Location of Forecasted Employment Growth*
   All scenarios assume the same total amount and location of employment growth. Information from the BAE study provided the employment forecast. BAE's employment projections follows the same general methodology as that used to prepare the 2002 El

Dorado County growth projections used in the adopted 2004 General Plan. It assumes that an overall relationship between housing growth and job growth will prevail through 2035, which is expressed in terms of the ratio between jobs and housing in a given area. Due to the West Slope's varied geography and the diverse range of communities found there, jobs/housing ratios vary significantly from Market Area to Market Area, with those located closer to Sacramento and closer to the County's major transportation corridor (Highway 50) tending to have the highest jobs/housing ratios, and those more isolated communities tending to have the lower jobs/housing ratios. The non-residential growth projections assume that as residential growth proceeds in the West Slope area, the increase in jobs will track the increase in housing, based on each Market Area's jobs/housing ratio.

Key Difference: Residential Growth Distribution

The key difference between the scenarios is how future residential growth is distributed throughout the County and the amount of single-family vs. multi-family units. Below is a table illustrating these details of these assumptions:

Summary of Scenarios

	Historical Growth Rate w/Historical Distribution (Scenario 1)	Existing + Entitled (Scenario 2)	Existing + Entitled (Scenario 2.1)	Historical Growth Rate w/General Plan Distribution (Scenario 3)
Growth Rate through 2035	Approx. 1%			
Approximate Community Region/Rural Region Distribution	54/46	58/42	50/50	75/25
Approximate 2035 Projected homes	**17,500**			
Approximate Single Family Homes - Community Region	6,500	5,800	6,400	10,000
Approximate Multi Family Homes - Community Region	3,000	4,600	2,400	3,000
Approximate Single Family Homes - Rural Region	7,800	5,900	8,000	4,100
Approximate Multi Family Homes -Rural Region	300	1,200	900	300
Total Rough Ball Park Cost of CIP Projects including current TIM Fee Project Obligations w/o the buildout of 2013 CIP[3]	**$397.8M**	**$484.0M**	**$404.6M**	**$406.5M**
Existing TIM Fee Project Obligations (reimbursement agreements, in construction, or completed)	$325M[1]			
*Rough Ball Park Cost of Additional CIP Projects that may be needed **w/o buildout of 2013 CIP**[3]*	$72.8M	$159.0M	$79.6M	$81.5M
Vehicle Miles Traveled (VMT)	5,061,000	6,004,000	5,073,000	4,992,000

Notes:

1. Existing TIM Fee Project which have reimbursement agreements, in construction, completed is approximatley $325M. Some of the projects, or portions thereof, listed in the attachments for the individual Scenarios may be included as part of the $325M.
2. All Scenarios include Regional Housing Needs Allocation (RHNA)
3. The draft estimated costs shown are very rough ballpark estimates. These estimates were created using the methodology used for the 2004 General Plan TIM Fee update, with lane-mile costs updated to reflect costs used in the County's 2013 CIP for projects in the 10- and 20-year CIP. These ballpark estimates do not take into account project-level details that are unknown at this time, including but not limited to: damages as a result of right-of-way acquisition (e.g. required purchase/displacement of homes, businesses, drainage or utility structures), the requirement of additional drainage facilities, retaining walls, etc. This draft information is being provided simply to allow for a comparison of potential outcomes relative to the growth forecast scenarios. Significant additional analysis is required to determine detailed roadway infrastructure needs and associated costs for the Major Five Year Capital Improvement Program (CIP) and Traffic Impact Mitigation (TIM) Fee updates.
4. See attachments for assumptions

Attachments D, E, F and G provide the TDM analysis for each scenario including Level of Service (LOS) information and a rough estimate of the cost of potential roadway improvements.

Earlier versions of these draft TDM results were presented to the Board on February 24, 2014. Since that time, the draft TDM analysis for all scenarios has been refined. Scenario 2 was revised per the Board's direction to include the same employment forecast as Scenarios 1 and 3. Scenario 2 was also revised per the Measure Y Committee and RCU's request to reduce the amount of forecasted residential growth to approximately 17,500 units so that Scenario 2 would assume an approximate growth rate of about 1% similar to Scenarios 1 and 3. As discussed previously, Modified Scenario 2 was also included to provide for a similar split of single family homes vs multi-family homes as contained within Scenarios 1 and 3 (i.e. enough moderate and below units on multi-family land to accommodate RHNA). The draft TDM analysis was also revised for all scenarios to address two additional issues. First, the earlier analysis inadvertently took into account some changes proposed through Zoning Ordinance Update. However, the CIP and TIM Fee Program have to assume the approved General Plan land uses and adopted Zoning Ordinance. Second, the draft results included a minor double counting error in the periphery of the City of Placerville. Both of these issues have been resolved with the updated draft TDM analysis attached to this report. The analysis provided for the scenarios are still in draft form and is only a starting point to begin the required detailed analysis needed to determine an appropriate CIP and TIM Fee Program.

No proposed General Plan Amendment projects have been considered or included in any of the analyses provided within or attached to this report.

3. STAFF RECOMMENDATION

Staff recommends the Board approve the Scenario 3 growth forecast as the starting point for initiating the major Five-Year CIP and TIM Fee updates. This recommendation is based on the following:

1. *Implement the Adopted General Plan:* Of the scenarios presented, Scenario 3 is the most consistent with the assumptions, goals and objectives of the 2004 General Plan that seek to "to concentrate and direct urban growth where infrastructure is present and/or can be more feasibly provided" (Plan Objective 6) and support "Community Regions where growth will be directed and facilitated" (Plan Concept A). In addition, Scenario 3 is the most consistent with Board-identified objectives for the General Plan 5-Year review, including the creation of jobs, reducing sales tax leakage, reducing constraints to the development of affordable housing, and preserving and protecting agriculture and natural resource lands.
2. *Protect and Preserve Agricultural and Rural Areas:* Scenario 3 forecasts the least amount of growth in agricultural and rural areas. CIP and TIM fee programs based on Scenario 3 would direct public infrastructure investments in a manner that may reduce growth pressures in agricultural and rural areas. In addition, less growth within Rural Areas means relatively fewer future residents in rural areas that would need to rely on new wells and septic systems that could impact existing rural residents and agricultural operations.
3. *Maximize Existing Investments in Infrastructure and Services:* The General Plan "recognize(s) that differing levels of service will occur within community and rural areas" (Plan Concepts). Significant investments have been made to improve water, sewer and roadway infrastructure and service delivery within Community Regions. Many more improvements are planned. Scenario 3 provides the best opportunity to maximize these

existing investments while also allowing providing future infrastructure and service improvements efficiently and cost-effectively. This is consistent with the General Plan's "Plan Concepts" which states: "Higher levels of infrastructure and public services of all types shall be provided within Community Regions to minimize the demands on services in Rural Regions. The Capital Improvement Plan for the County and all special districts will prioritize improvements."

4. *Consistency between adopted General Plan and CIP:* Pursuant to California Government Code §65103(c) and §65401, a county's CIP must be periodically reviewed and submitted to the county's planning agency for review in order to determine conformity with the adopted General Plan. There is an increased risk that the updated CIP may be found inconsistent with the General Plan if it is based on a growth forecast that envisions considerably more growth in rural areas than the adopted General Plan. If the County forecasts or wants to encourage more housing in the rural areas than is currently envisioned in the General Plan, the County should consider reviewing adopted General Plan policies to determine which policies may need to be modified to support this new policy direction and to maintain consistency between the General Plan and updated CIP.

4. NEXT STEPS

Per Board direction, staff will:

1) Issue an RFP for the Major Five-Year CIP and TIM Fee updates;
2) Issue an RFP for the MC&FP Phase II; and
3) Proceed with Diamond Springs Parkway Project Study Report.

Contact
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