



**COMMUNITY DEVELOPMENT AGENCY
LONG RANGE PLANNING DIVISION**

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March 11, 2015

TO: Board of Supervisors

FROM: David Defanti, Assistant Director

Subject: Missouri Flat Master Circulation and Funding Plan (MC&FP) Workshop and Agreement for Services No. 369-S1511 with Economic & Planning Systems, Inc. for MC&FP Phase II (Component 1) and Business Parks Financial and Market Strategy Report (Component 2)

PURPOSE:

Phase I of the Missouri Flat Master Circulation and Funding Plan (MC&FP) was first established on December 15, 1998 to provide a funding mechanism to address existing road deficiencies within the Missouri Flat Road corridor. The ultimate goal of the MC&FP is to encourage economic development in the Missouri Flat area. The MC&FP Phase I has been an effective program which enabled the development of 500,000 +/- square feet of retail businesses and generates approximately \$1,000,000 per year in revenue for planned roadway improvements.

On May 22, 2012, the Board directed staff to initiate MC&FP Phase II (Legistar item 12-0643). On February 24, 2014, the Board directed staff to issue a Request for Proposals (RFP) to seek consultant assistance for MC&FP Phase II (Legistar item 14-0245). On February 10, 2015, staff presented a draft Agreement for Services No. 369-S1511 for the Board's consideration and recommended Component 2 (the Business Parks Financial and Market Strategy Report) be removed due to budget concerns and to avoid inadvertently increasing Long Range Planning (LRP) workload due to the Economic and Business Relations Manager vacancy. The Board directed staff to conduct a workshop on March 30, 2015 to further discuss MC&FP Phase II.

See Attachment 3B for a complete discussion of the MC&FP, including:

1. MC&FP Background
2. Status of MC&FP Phase I
 - a. MC&FP Phase I Funding overview
 - b. Status of MC&FP Phase I Road Improvements
3. Goals of the MC&FP Phase II
4. Recent area studies
5. Uses of MC&FP funds

DEPARTMENT RECOMMENDATION:

Chief Administrative Office, Procurement and Contracts and Economic Development and Community Development Agency, Long Range Planning Division, recommending the Board consider the following:

- 1) Conduct a workshop on the existing MC&FP Phase I and the proposed MC&FP Phase II;
- 2) If the Board determines that MC&FP Phase II should be initiated, consider the following:
 - Make findings that money collected from sales and property tax increment in the MC&FP area can be used to fund staff and professional services in the creation of Phase II of the MC&FP because creation of Phase II is consistent with and will further the achievement of the goals of MC&FP Phase I;
 - Make findings pursuant to Section 3.13.03 of the County Ordinance that it is more economical and feasible to engage an outside consultant to provide the expertise and assistance necessary to develop the MC&FP Phase II, as it requires unique financial, engineering, planning and public outreach expertise of specialists who routinely work in these areas;
 - Direct staff to remove Component 2 (the Business Parks Financial and Market Strategy Report) from the draft Agreement for Services;
 - Award Request for Proposal (RFP) No. 14-918-090 for consulting services related to the MC&FP Phase II to Economic & Planning Systems, Inc. (EPS) of Sacramento; and
 - Authorize the Purchasing Agent to execute an Agreement for Services (Attachment 3C) not to exceed \$450,000 for a three-year period, subject to review and approval by County Counsel and Risk Management.

DISCUSSION/BACKGROUND:

Phase I of the MC&FP was established on December 15, 1998 to provide a funding mechanism to address existing road deficiencies within the Missouri Flat Road corridor. The ultimate goal of the MC&FP was to encourage economic development in the Missouri Flat area. The MC&FP Phase I has been an effective program which enabled the development of 500,000 +/- square feet of retail businesses and generates approximately \$1,000,000 per year in revenue for planned roadway improvements.

On May 22, 2012, the Board directed staff to initiate MP&FP Phase II (Legistar item 12-0643). Phase II would provide a framework to fund any necessary additional major improvements to the U.S. Highway 50/Missouri Flat Road Interchange and adjacent arterial and collector roads that will alleviate forecasted traffic congestion and facilitate additional commercial development in the Missouri Flat Road corridor.

On February 24, 2014, the Board directed staff to issue an RFP to seek consultant assistance for MC&FP Phase II (Legistar item 14-0245). Staff released an RFP on June 20, 2014.

EPS submitted a proposal on August 1, 2014, and their team provided a presentation to staff on August 27, 2014. A second proposal was submitted by a separate consultant team; however, the proposal was withdrawn as the interviews were being scheduled.

EPS' proposal and presentation demonstrated a very strong team with local knowledge and historic perspective on the County programs. EPS helped the County create the original MC&FP Phase I and has performed a significant role in the creation of financing plans for other jurisdictions. The roles and expertise of the consultant team are as follows:

- EPS: Public finance and Mello Roos Community Facilities District (CFD) formation; fiscal and economic impact analysis; real estate market analysis
- Kittelson and Associates, Inc.: Travel demand modeling, traffic operations and traffic engineering design, and alternatives evaluation
- Quincy Engineering, Inc.: Transportation improvement cost estimates
- Ascent Environmental, Inc.: Environmental review and analysis
- Flint Strategies: Public outreach efforts

The EPS proposal was very well written and provided suggestions on how the project could be completed successfully. The multidisciplinary selection team, comprised of the CAO's office, Economic Development, Transportation Division, Administration and Finance, and LRP, agreed that EPS proved to be a very strong candidate and selected EPS and its consultant team to assist in the creation of MC&FP Phase II.

Staff worked with EPS to draft a scope of work and contract for the Board's consideration. This contract calls for the consultant team to provide the following services:

- EPS: Review the existing MC&FP and Mello Roos CFD, perform a fiscal impact analysis and real estate market analysis, and prepare a Financing Plan.
- Kittelson and Associates, Inc.: Perform travel demand modeling, traffic operations and traffic engineering design.
- Quincy Engineering, Inc.: Provide transportation improvement cost estimates.
- Ascent Environmental, Inc.: Conduct environmental review and analysis.
- Flint Strategies: Conduct public outreach efforts.

The proposed cost to complete MC&FP Phase II is \$450,000. Staff has long anticipated that money collected from sales and property tax increment in the MC&FP area would be used to fund staff and professional services in the creation of Phase II of the MC&FP. Approximately \$3,900,000 in funding is available in the current MC&FP fund balance as a result of the collection of sales and property taxes. Out of an abundance of caution, staff requested an opinion from County Counsel regarding the use of these monies for this purpose. County Counsel has provided a memorandum (Attachment 3D) that addresses this issue. In summary, County Counsel opined that the money can be used for that purpose if the County finds that such use is "consistent with the MC&FP".

Staff recommends the Board find that preparation of Phase II is consistent with the MC&FP because the purpose of Phase II is aligned with the MC&FP's original intent. In approving Phase I of the MC&FP, the Board acted upon the following goals and objectives:

- Alleviate existing traffic congestion;
- Establish a vital commercial center in El Dorado County;
- Improve the County's fiscal well-being;
- Establish the framework for revenue collection that will fund specific improvements identified in the Missouri Flat area; and
- Allow for discretionary approvals in the Missouri Flat area.

Phase II will further address these goals and objectives by providing a framework to fund additional major improvements to the Highway 50/Missouri Flat Road Interchange and adjacent arterial and collector roads that will alleviate forecasted traffic congestion and facilitate additional commercial development in the Missouri Flat Road corridor.

ALTERNATIVES:

Staff is recommending the Board conduct a workshop on the existing MC&FP Phase I and the proposed MC&FP Phase II, and determine whether to initiate MC&FP Phase II. If the Board determines not to initiate MC&FP Phase II, the following alternatives should be implemented:

- 1) Caltrans has expressed a need for the County to include a new ~\$35,000,000 Missouri Flat Interchange Phase II project in the County's CIP and TIM Fee Program and construct it within next 10-20 years. MC&FP Phase II would evaluate interchange alternatives to determine (1) if there are less expensive interchange designs that would achieve the desired result, and (2) whether interchange improvements are needed so soon given historic growth trends and more recent growth forecasts. If MC&FP Phase II is not initiated, a separate project to address Caltrans' statements should be initiated. This project could be done in-house by CDA Transportation Division (TD) and Long Range Planning (LRP) staff or by a consultant. If County staff is directed to complete the project, staff recommends the Board discuss how to reprioritize TD and LRP staffing to accommodate this project. If a consultant is to complete the project, staff recommends the Board discuss funding options.
- 2) The County would determine improvements needed to accommodate future commercial growth in the MC&FP area, and how to fund such improvements, during the Major Five-Year CIP and TIM Fee update. If MC&FP revenue would not be used for these improvements, the County would need to identify other funding sources. If these roadway improvements are included in the TIM Fee program, TIM fees would increase.

If the Board authorizes the initiation of the MC&FP Phase II, but determines that 1) the incremental property and sales tax should not be used to fund the effort, and/or 2) it is not more economical and feasible to engage an outside consultant to provide the

expertise and assistance necessary to develop the MC&FP Phase II, the following alternatives could be considered:

- General Fund money or other funds could be identified to fund the Agreement for Services. Staff does not recommend implementing this alternative.
- The County could identify a team of County staff from various Departments, led under the auspices of the Chief Administrative Office, to conduct all or a portion of the scope of work identified in the Agreement for Services. If County staff is directed to complete the project, appropriate Departments and staff would need to be identified for this project. Staff would recommend the Board discuss how to reprioritize Department priorities and staff workload to accommodate this alternative.
- MC&FP Phase II could be placed on hold until an alternative funding source is identified or County staff is available to conduct all or a portion of the scope of work.

FINANCIAL IMPACT:

There is no change to Net County Cost associated with this agenda item. Sufficient appropriations have been included in the Fiscal Year 2014/15 Budget and will be recommended in future budgets for the term of the Agreement. The Agreement will be funded by a total of \$450,000 in MC&FP funds, if approved by the Board, for MC&FP Phase II.

CLERK OF THE BOARD FOLLOW UP ACTIONS:

N/A

STRATEGIC PLAN COMPONENT:

The MC&FP would address existing levels of traffic congestion, improve existing infrastructure and fund needed road improvements necessary to maintain LOS standards as part of the Infrastructure component of the County Strategic Plan. The MC&FP would also provide capacity for additional commercial development as part of the Economic Development component of the County Strategic Plan.

Next Steps

Upon Board direction, staff will execute Agreement No. 369-S1511 with EPS, contingent upon County Counsel and Risk Management approval, and issue a Notice to Proceed.

Contact

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