



Missouri Flat Area Master Circulation and Funding Plan (MC&FP) Phase II & Business Parks Financial and Market Strategy Report

EL DORADO COUNTY COMMUNITY DEVELOPMENT AGENCY
LONG RANGE PLANNING DIVISION

March 30, 2015

Legistar #15-0048

Topics for Today's discussion

- Background of MC&FP
 - Goals and Objectives
 - MC&FP Phase I Road Improvements
- Status of MC&FP Phase I
 - MC&FP Phase I Funding Overview
 - Funding sources and status
 - Road improvements completed or in process
- Why Phase II?
- Recommendations and Alternatives



Background – MC&FP

- In late 1990's, County was processing applications for new retail in Missouri Flat corridor: WalMart, El Dorado Villages (Safeway center) & Sundance Plaza (now Crossings, not yet constructed)
- Due to existing traffic congestion, road capacity was insufficient to meet Level of Service (LOS) standards; County unable to approve new commercial
- County adopted urgency ordinances limiting new commercial development in the area for two years between April 16, 1996 and April 15, 1998 (Ordinance Nos: 4417, 4420, & 4446)
- MC&FP created to provide funding mechanisms to address existing road deficiencies within corridor & facilitate new commercial

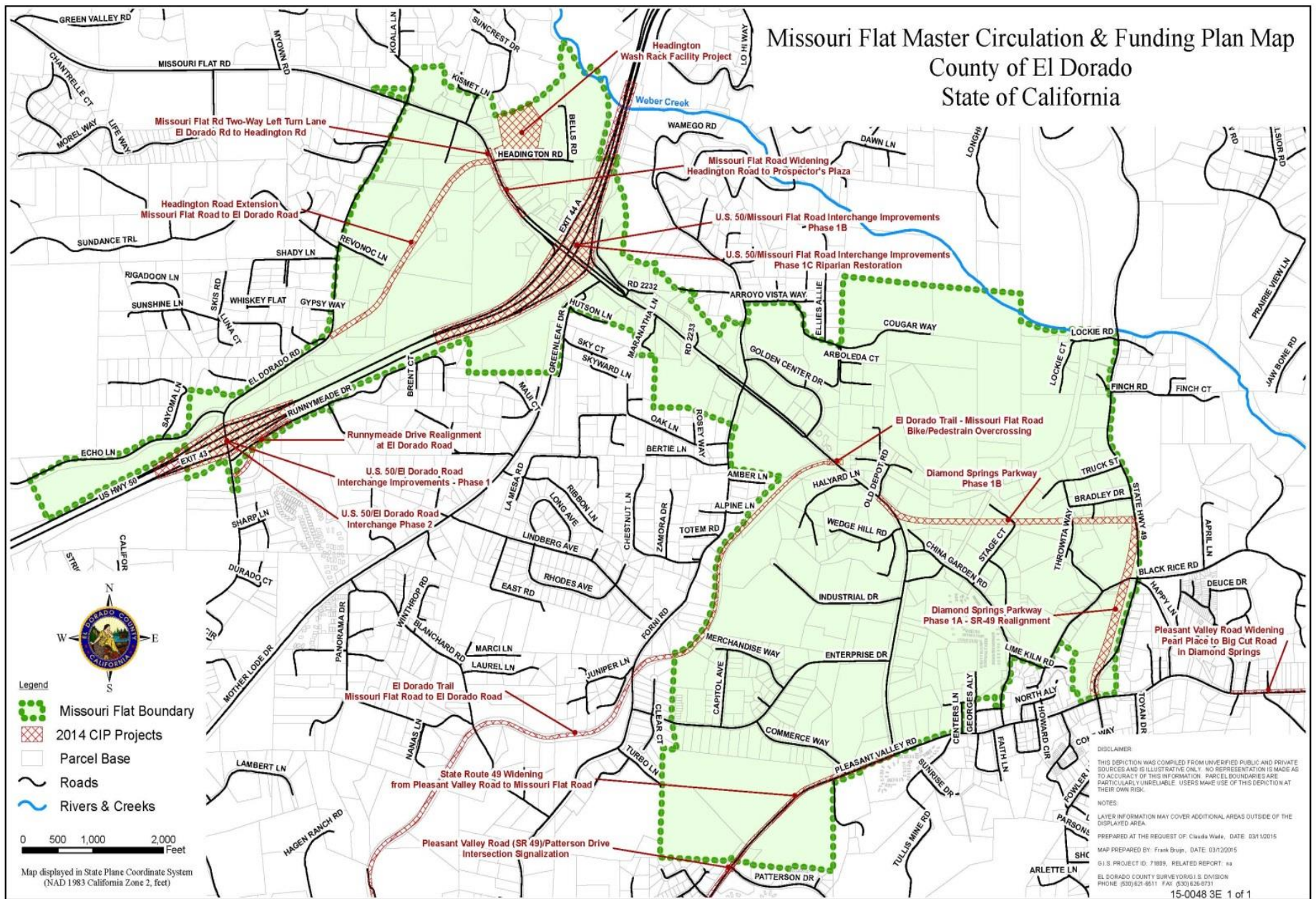


Goals and Objectives

In approving Phase I of the MC&FP, the Board acted upon the following goals and objectives (Attachment F):

- 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
- Allow for discretionary approvals of commercial development in the Missouri Flat area





MC&FP Phase I Roadways

- 1. Missouri Flat Road Widening - Phase A:** Mother Lode Drive to Forni Road
- 2. Missouri Flat Road Widening - Phase B:** Forni Road to Diamond Springs Parkway
- 3. Missouri Flat Road/US 50 Interchange Improvements - Phase I**
- 4. Diamond Springs Parkway:** Missouri Flat Road to Hwy 49/Fowler Lane intersection
- 5. Missouri Flat Road at Headington Road:** Intersection and Signalization Improvements
- 6. Missouri Flat Road at El Dorado Road:** Intersection and Signalization Improvements



Phased Approach

- MC&FP was developed anticipating two phases of development; because of Measure Y (approved Nov. 3, 1998), only Phase I of MC&FP approved (Dec. 15, 1998)
- Phase I anticipated transportation improvements to address existing LOS deficiencies and allow for approximately 732,278 square feet of additional commercial development
- Phase II to determine funding for the improvements that were recognized but stricken out from MC&FP Study (i.e. SPUI & Headington Road)
- Phase II allowed for an additional 767,722 square feet, for a total of 1,500,000 square feet with both Phases



Table 1
Summary of Master Circulation Plan Road Improvements by Phase
Missouri Flat Financing Plan

Phase and Road Improvement	Description	Lanes	Year Complete (1)	Estimated Cost (1997\$ constant dollars)
Phase 1				
Missouri Flat Widening -A	From Forni Road to Pleasant Valley Connector	2 to 4	1998	\$3,268,500 (2)
Missouri Flat Widening -B	From US 50 to Forni	2 to 4	1999	\$2,440,000
* Headington Road Extension	From Missouri Flat to El Dorado Road	2 lanes	1999	\$2,300,000 (3)
Missouri Flat Interchange	Expand overpass on east & widen to Prospector	2 to 4	2001	\$14,450,000
El Dorado Interchange	Widen ramp and signalize	na	2000	\$1,545,000
Missouri Flat/Pleasant Valley Conn.	From Missouri Flat to Pleasant Valley Road	2 lanes	2005	\$9,800,000 (4)
Total Cost, Phase I				\$31,503,500
* Phase II				
Missouri Flat Widening	From US 50 to Pleasant Valley Connector	4 to 6	2009	\$1,300,000
El Dorado Interchange	Expand Overpass	na	2009	\$5,000,000
Missouri Flat Interchange	Expand overpass on west & widen to Prospector	4 to 6	2014	\$13,300,000
Missouri Flat/Pleasant Valley Conn.	From Missouri Flat to Pleasant Valley Road	2 to 4	2014	\$900,000
Headington Road Extension	From Missouri Flat to El Dorado Road	2 to 4	2014	\$500,000
Missouri Flat Widening	From Prospector to Headington	2 to 4	2014	\$600,000
Total Cost, Phase II				\$21,600,000
Total Cost				\$31,503,500

(1) Represents year that project is complete; construction and acquisition of Right-of-way begins earlier.

(2) Includes design and Right-of-way for phase A and B.

(3) To be constructed upfront by Sundance Developer and cost reimbursed through Financing Plan over ten year period.

(4) Includes design and right-of-way for phase 1 and 2.

* See Board Action, first page of this report.

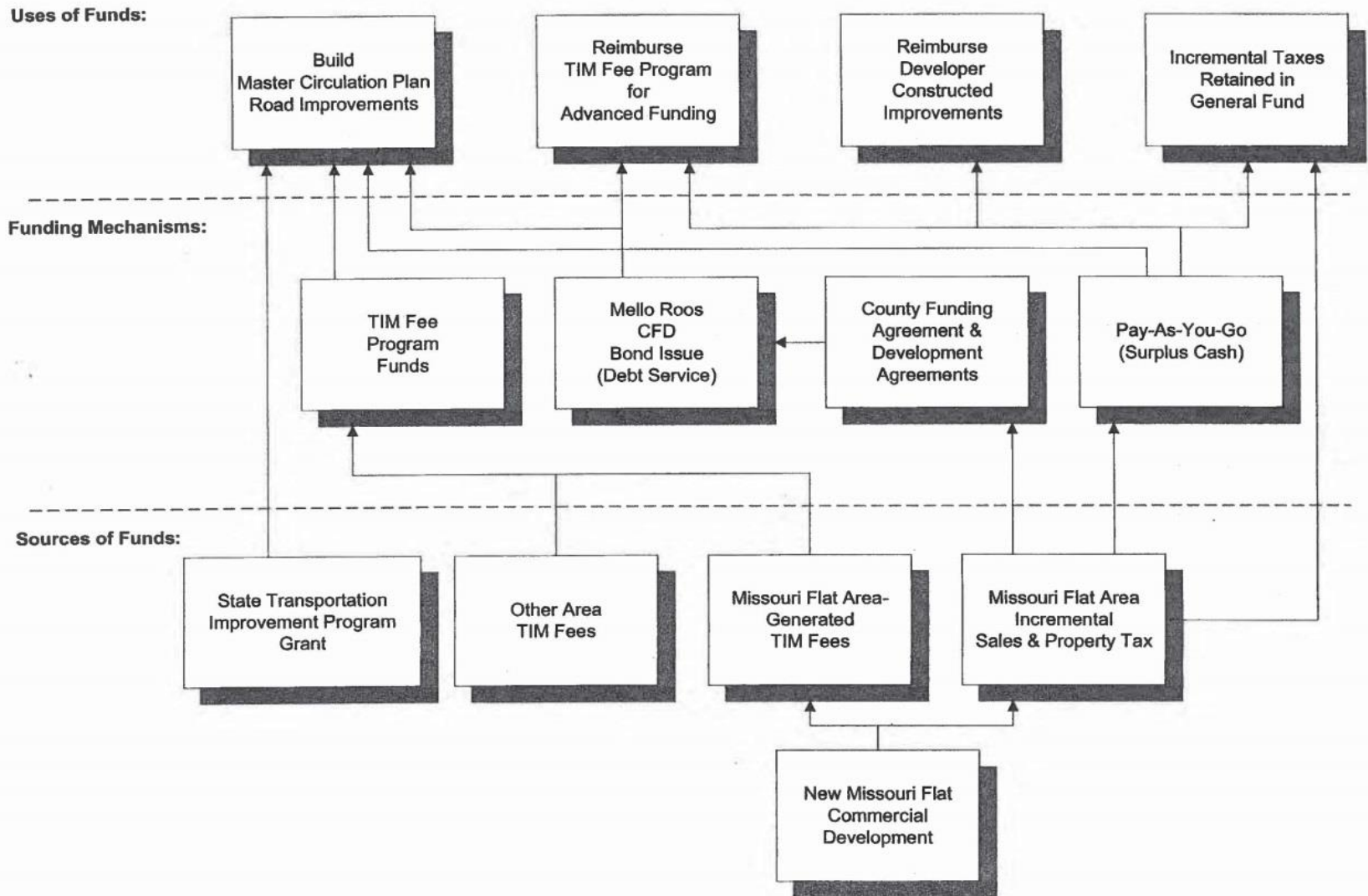
Funding Sources

The MC&FP planned to use a range of funding sources for needed transportation improvements, including:

- Private Financing (developer constructed facilities)
- Traffic Impact Mitigation (TIM) Fees
- MC&FP incremental sales and property taxes (85% of new property and sales tax) established in 2001
- Mello-Roos Communities Facility District (CFD) established in 2002; however, no special tax has been set and no bonding incurred
- State and federal transportation grants; County received substantial state funding for interchange improvements



Figure 1
Missouri Flat Funding Plan



Source: Economic & Planning Systems, Inc.

		EPS 2002 Hearing	Current Information as of March 2015			
			Completed Projects	Projects in Process (Funding thru FY 13/14)	Projects in Process (Estimated Funding to Complete)	Total Cost
Total Infrastructure Costs		\$41,200,000	\$43,177,770	\$43,660,786	\$27,114,263	\$113,952,819
Existing Deficiencies		\$18,900,000				49,059,213
% Contribution		46.0%				43.1%
Funding Sources	STIP Grant	\$9,300,000	\$1,685,187	\$31,815,832	\$1,807,323	\$35,308,342
	Incremental Sales					
	Tax/Bonds	\$9,600,000	\$0	\$4,566,343	\$9,184,528	\$13,750,871
New Development		\$22,300,000				\$48,353,196
% Contribution		54%				42.7%
Funding Sources	TIM Program - State Highways	\$11,500,000	\$31,844,231	\$1,003,771	\$0	\$32,848,002
	TIM Program - County Roads	\$10,800,000	\$8,852,152	\$2,918,751	\$4,017,737	\$15,788,640
% Contribution		\$0				14.3%
Other Funding Sources			\$796,200	\$3,356,089	\$12,104,675	\$16,256,964

* Information from Hearing Report, March 19,2002; Missouri Flat Area CFD Financing Plan, Table 4
3/30/2015

Phase 1 Success

MC&FP Phase I Status of Roadway Facilities

List of Authorized Facilities	Status
Missouri Flat Road Widening – Phase A: Mother Lode Dr to Forni Rd	Completed
Missouri Flat Road Widening - Phase B: Forni Rd to future Pleasant Valley Connector (Diamond Springs Parkway)	Completed
Missouri Flat Road /US 50 Interchange Improvements - Phase 1	In Progress (Phase 1 was split to 1A, 1B, 1B.2 and 1C. 1A & 1B are complete)
Pleasant Valley Connector Roadway: Missouri Flat Rd to Hwy 49/Fowler Lane Intersection (Diamond Springs Parkway)	In Progress
Missouri Flat Rd at Headington Rd - Intersection Improvements and Signalization	Not Complete
Missouri Flat Rd at El Dorado Rd - Intersection Improvements & Signalization	Completed



Why Phase II?

1. Reduce additional constraints to build out of area:
 - 500,000 sq/ft of commercial constructed to date with additional 400,000 sq/ft pending - total would exceed the 732,278 sq/ft anticipated in Phase I.
 - Identify and fund additional improvements to the Highway 50/Missouri Flat Road Interchange and adjacent roads to relieve congestion and create additional capacity for planned commercial development
 - Build much-needed road improvements **without increasing taxes or TIM fees**



Why Phase II?

2. Facilitate additional commercial development to:

- Expand retail shopping opportunities for residents and visitors
- Keep more sales tax revenue in the County (reduce sales tax leakage to neighboring jurisdictions)
- Increase job and business opportunities in the County



Why Phase II?

3. Address Caltrans concern about Mo Flat Interchange

- Caltrans expressed need for County to include ~\$35,000,000 Interchange Phase II in Capital Improvement Program (CIP) and TIM Fee Program and construct within next 10-20 years
 - Not currently in CIP or TIM Fee Program; adding it would likely increase TIM fees
 - Issue must be resolved for Diamond Springs Parkway to move forward
- MC&FP Phase II will evaluate options:
 - Staff wants to evaluate interchange alternatives to see if there are less expensive ways to achieve desired result
 - Staff also not convinced that Interchange Phase II is needed that soon given historic growth trends and updated growth forecast



Single Point Urban Interchange (SPUI)

- Dec. 2003 EIR for Hwy 50/Missouri Flat Interchange and Supplemental EIR for MC&FP analyzed need for Phase 2 of the Interchange
- Single Point Diamond (Urban) Interchange (SPDI or SPUI) identified as Phase 2/ultimate improvement of Mo Flat Road Interchange
 - Would convert the current tight diamond (Phase 1) to a SPUI
 - Is intended to be completed as additional commercial development occurs and travel demand increases to alleviate LOS
 - Would be constructed upon availability of funding
- The SPUI is not a part of the MC& FP Phase I, CIP or TIM Fee Program; **MC&FP Phase II would look at alternatives, funding options, timing options, etc.**



Mo Flat Interchange – Project of Many Phases



Phase 1 - 4 Lane Tight Diamond

Phase 2 - Single Point Urban Interchange (SPUI)



Board Actions to Date

- **Dec. 15, 1998:** Board established MC&FP Phase I
- **May 22, 2012:** Board directed staff to initiate MC&FP Phase II and identified following projects as top priorities for funding/completion:
 - U.S. Highway 50/Missouri Flat Road Interchange (SPUI);
 - Missouri Flat Road/Pleasant Valley Connector (two lanes) (Diamond Springs Parkway); and
 - Review other road improvements at U.S. Highway 50/Missouri Flat Road, such as Grade Separation.
- **February 24, 2014:** Board directed staff to issue a RFP to seek consultant assistance for MC&FP Phase II
- **February 20, 2015:** Board directed staff to return and hold Board workshop on MC&FP



Need for Consultant Assistance

February 24, 2014: Board discussed whether to use consultants; as a result, Board directed staff to issue RFP

1) Specialized expertise necessary

- EPS has specialized skillset: Public finance and Mello Roos, fiscal and economic impact analysis, real estate market analysis
- EPS and their key staff worked with County to create Phase I

2) One-time project - not an ongoing task/responsibility

3) Deliver project within 12 months while not impacting delivery of other projects (e.g. Major CIP/TIM Fee update)



Project Funding

- MCFP Phase 1 - \$642,519.84 (consultant costs only) funded with General Fund money and by development applicants at the time; County collects fees on new non-residential development in area to recoup cost
- MCFP Phase 2 - \$450,000 consultant contract proposed to be funded with MC&FP (tax increment) funds - \$3,900,000 currently available; County could collect fees to recoup cost
- Upon Board making express findings, tax increment funds generated by MC&FP may be used for any purpose consistent with the MC&FP (i.e. design, engineering costs, etc.), in this case to fund MC&FP Phase II



MC&FP Phase II Summary

- Use money generated by MC&FP Phase I to fund staff and consultant costs for Phase II (no General Fund cost)
- Reduce barriers to additional commercial development in Missouri Flat corridor without raising TIM fees
- Project as scoped will not impact delivery of Major CIP/TIM Fee Update - both projects will benefit by conducting them in a coordinated fashion
- Timeline: 12 months to completion



Board Questions on MC&FP

What does MC&FP currently cost the General Fund?

- Tax Increment (85% of sales and property tax) accumulates approximately \$1,000,000/year

When does the Tax Increment sunset?

- Unsure if Phase I tax increment has an official sunset date; was intended to continue until all planned improvements were built
- A clear sunset clause would be created as part of Phase II to ensure new tax revenue would ultimately come to County General Fund



Board Questions on MC&FP

What improvements are required in the MC&FP area?

- Those listed in MC&FP Phase I & Mo Flat Interchange Phase 2 (e.g. SPUI); the remainder to be determined with Phase II

How does this fit into the County's strategic plan?

- **Infrastructure:** Improve existing infrastructure and fund needed road improvements necessary to maintain LOS standards
- **Economic Development:** Provide capacity for additional commercial development, capture sales currently leaking out of County, increase jobs, etc.



Recommendation Summary

- 1) Conduct workshop on existing MC&FP Phase I and proposed Phase II;
- 2) If Board determines that MC&FP Phase II should be initiated:
 - a) Find 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 MC&FP Phase II
 - b) Make findings that it is more economical and feasible to engage consultant to provide the expertise and assistance necessary to develop MC&FP Phase II
 - c) Direct staff to remove Component 2 from draft agreement for services (Business Parks Financial and Market Strategy Report)
 - d) Award RFP No. 14-918-090 for consulting services related to MCFP Phase II to Economic & Planning Services, Inc.
 - e) Authorize the Purchasing Agent to execute an agreement for services not to exceed \$450,000 for a three-year period, subject to review and approval by County Counsel and Risk Management



Alternatives

(If BOS determines not to initiate MC&FP phase II)

Instead, do both of the following:

1. Establish process to evaluate Caltrans' statements relating to the Missouri Flat Interchange
 - Option 1: Staff to complete project; discuss how to reprioritize Transportation Division and Long Range Planning workload
 - Option 2: Consultant to complete project; identify funding
2. Determine all necessary roadway improvements in MC&FP area and how to fund improvements during the Major 5 Year CIP & TIM Fee update. If MC&FP revenue would not be used for these improvements, County would need to identify other funding sources (additional TIM fee revenue, etc.)



Alternatives

(If BOS determines to initiate MC&FP phase II)

If Board initiates MC&FP Phase II, but determines that 1) tax increment should not be used to fund the effort, and/or 2) it is not more economical to engage a consultant, the following could be considered:

- General fund or other source could be identified to fund a consultant contract (not recommended)
- Identify a County team from various departments lead by CAOs office. Reprioritization of workload/project would be required
- Put MC&FP Phase II on hold until alternative funding source is identified for all or portion of current scope of work



Recommendation Summary

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