



COMMUNITY DEVELOPMENT AGENCY

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TO: Board of Supervisors

FROM: Claudia Wade, Senior Civil Engineer

Subject: Missouri Flat Master Circulation and Financing Plan (MC&FP) Phase II – Board of Supervisors (Board) Study Session #1

PURPOSE AND SUMMARY

The goals of the MC&FP Phase II are to:

- 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.
- Alleviate existing/projected traffic congestion.

The purpose of today's Board Study Session is to provide information and seek input on information related to the MC&FP Phase II. Staff is recommending that the Board:

- 1) Receive and file the history of the funding mechanism for MC&FP monies (included as Attachment 4B).
- 2) Receive and file the draft Final Missouri Flat Retail Market and Financial Feasibility Analysis Report (Attachment 4C).
- 3) Direct staff to proceed with the MC&FP Phase II.
- 4) Confirm the approach to public outreach (Attachment 4D).
- 5) Receive and file the updated MC&FP Phase II project schedule (Attachment 4E).

If the Board confirms the staff recommendation to proceed with the MC&FP Phase II, this draft information will be presented to stakeholder focus groups and to the public to provide opportunities to identify key issues and concerns regarding the proposed plan. Staff will return to the Board to present feedback from these focus group and public outreach meetings, provide new or revised information as necessary, and request Board direction.

BACKGROUND

The Board approved the Missouri Flat MC&FP in December 1998. The MC&FP is comprised of a policy and action framework intended to relieve existing road deficiencies and create additional capacity for planned commercial development in the commercial area surrounding the

Missouri Flat Road and Highway 50 interchange (Project Area). The MC&FP is comprised of the following objectives:

- Alleviate existing traffic congestion.
- Create adequate capacity to meet County General Plan Level of Service (LOS) policy.
- Establish a vital commercial center in the County.
- Improve the County's fiscal well-being.
- Establish the framework for revenue collection that would fund specific improvements identified in the Project Area.
- Widen portions of Missouri Flat Road.

Originally envisioned as one funding plan, the MC&FP was subsequently divided into two phases after the November 1998 passage of Measure Y, which excluded certain improvements contained in the funding plan. Approval of the initial phase of MC&FP (Phase I) coincided with the approval of a number of commercial projects proposed for the Project Area, including Wal-Mart, the El Dorado Villages Shopping Center, and Sundance Plaza. Since approval of these projects in 1998, a number of retail projects have been constructed in the Project Area, including Wal-Mart and the El Dorado Villages Shopping Center.

MC&FP Phase I limits commercial development in the Project Area to about 730,000 square feet. With approximately 500,000 commercial square feet constructed in the Project Area to date, current approved and proposed commercial projects in the Project Area exceed remaining capacity in Phase I. In addition, further development in the Project Area would require an updated evaluation of requisite transportation improvements, including the need for an ultimate highway interchange solution at Missouri Flat Road. These two factors have triggered the potential implementation of MC&FP Phase II.

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 a Request for Proposal (RFP) to seek consultant assistance for MC&FP Phase II (Legistar item 14-0245). Staff released an RFP on June 20, 2014.

On March 30, 2015, the Board awarded RFP No. 14-918-090 for consulting services related to the MC&FP Phase II to Economic & Planning Services, Inc. (EPS) of Sacramento to begin the MC&FP Phase II analysis.

DISCUSSION

1. History of the funding mechanism for MC&FP monies (Receive and file)

During its March 30, 2015 meeting, the Board directed staff to bring back the history of the funding mechanism for MC&FP monies. Attachment 4B provides the following:

- Details on revenue and expenditures to date for the MC&FP Sales and Property Tax account from Fiscal Year 2002/03 to Fiscal Year 2014/15.
- MC&FP area completed projects, including funding sources.
- MC&FP area projects in process, including funding sources.
- Summary of financing sources for completed projects and projects in process.

2. Draft Missouri Flat Retail Market and Initial Financial Feasibility Analysis Report (Receive and File)

Based on the Board’s objective to encourage economic development in the Project Area, and ongoing concerns regarding estimated annual sales tax leakage and annual operating revenues, the County retained EPS to conduct a retail market analysis to determine the extent of additional demand for retail development in the of Project Area. In addition, the County requested that EPS review initial cost burden and financial feasibility findings related to development in the Project Area.

This report, which represents the initial step in evaluating the need for MC&FP Phase II, summarizes the findings of the retail market analysis and initial cost burden and feasibility analysis (Analysis). The Analysis is included as Attachment 4C, and addresses the following primary objectives:

- **Evaluation of market support for proposed commercial development.** Market support is essential to the feasibility and timing of proposed commercial development as well as its ability to generate “net fiscal flows” needed to support funding for future transportation improvements in the Project Area. This Analysis will provide an estimate of current and projected retail demand net of existing and proposed retail supply in the Project Area to determine if sufficient demand exists.
- **Examination of initial commercial development financial feasibility.** Future commercial development hinges on both market support and favorable land economic conditions. As an initial evaluation, this Analysis estimates the existing infrastructure cost burden and tax and assessment burden on new commercial development for the purpose of identifying any fatal flaws regarding financial feasibility. The analysis contained herein provides a baseline analysis that may be used in subsequent analyses to test the feasibility of potential new sources of funding required to fund infrastructure improvements to support new development in the Project Area.

The report is organized into four chapters:

- **Chapter 1: Executive Summary** - introduces the study and reports the summary of findings.
- **Chapter 2: Trade Area Overview** - describes the trade areas used to examine current and proposed estimates of supply and consumer demand; market performance indicators in the trade areas, broader County, and competitive markets; and general retail market trends.

- **Chapter 3: Existing and Proposed Retail Supply** - presents existing and proposed retail supply in the Project area and trade areas.
- **Chapter 4: Gross and Net Retail Demand** - presents an analysis of potential demand and net demand for retail development in the Project area.

This report also contains two appendices. **Appendix A** provides a listing of stakeholder interviews conducted for this study. **Appendix B** presents the preliminary cost burden and financial feasibility analysis pertaining to retail development in the Project Area.

In summary, EPS has determined the following:

- The Project Area is well positioned to attract a significant portion of estimated consumer demand in the trade areas.
- Despite a number of advantages, additional retail development in the Project Area may face some challenges.
- Market performance indicators suggest pent-up demand for retail development exists in the Project Area.
- An initial analysis of financial feasibility indicates new retail development falls within the range of feasibility under two infrastructure feasibility measurements, but current lease rates may not support new construction.
- The study estimates the County continues to experience retail sales leakage in nearly all retail categories.
- This study estimates the Project Area could currently support (in 2015) approximately 358,000 to 466,000 additional square feet of local- and regional-serving retail.
- This study estimates that if The Crossings at El Dorado regional retail center develops by 2020, the Project Area could support retail development of up to 294,000 square feet by 2035.

3) Staff Recommendation

Facilitating economic development is a key priority for El Dorado County. Board Policy J-2 states that “all departments provide priority treatment for commercial and industrial projects being processed in El Dorado County, to assure that the future tax base of the County is provided in a timely manner.”

Based on the findings of the EPS Analysis, staff recommends that the Board proceed with the MC&FP Phase II. Upon approval, staff will direct EPS to fulfill the remainder of their Agreement, which includes determining required infrastructure and preparing a financing strategy.

4) Confirm the approach to Public Outreach

The public outreach plan was developed by EPS’ subconsultant Regional Government Services (RGS) to provide a proactive approach involving all parties affected by the update of the MC&FP. It is part of an overall commitment by the County to ensure maximum participation by individuals and businesses in the Missouri Flat Area. The plan focuses on three main goals:

- To provide impacted parties ample opportunities to share ideas, concerns and priorities for the MC&FP.

- To provide a transparent and accessible process, making it as easy as possible to share those ideas.
- To ensure that impacted parties feel that the County has given their ideas and concerns ample consideration.

Strategies

The majority of interested parties are likely to be business interests and developers as opposed to residents. The outreach program includes consistent communication with elected officials and extensive outreach to the broad range of stakeholders and interested parties. RGS realizes there is also a need for overall public outreach to County residents interested in future development and circulation.

Strategies include:

- Early and ongoing coordination with the Board.
- Outreach meetings with small groups of stakeholders with similar concerns.
- Development of interactive opportunities for engagement in the field.
- Utilization of social media to promote engagement opportunities.
- Leverage local news media and trade publications.
- Develop/enhance partnerships with business, industry associations and organizations.

Tactics

- 1) Board Study Sessions and Planning Commission Presentations: RGS will make at least one presentation to the El Dorado County Planning Commission and hold up to seven Study Sessions during each phase of the project with the Board to get early and regular input on the update and financing plan.
- 2) Stakeholder Presentations/Mini-Workshops: Given the nature of the MC&FP update, County staff and RGS believe that focusing efforts on stakeholder groups with shared interests in a series of six roundtable “mini-workshops” would provide the highest benefit to the process. RGS will conduct two rounds of meetings; the first to identify key issues and concerns regarding the plan and the second to vet the proposed financing plan. RGS anticipates participation by 12-20 individuals or representatives of the following groups:
 - Building Industry/Developers
 - Local Businesses/Economic Development Interests (Chambers of Commerce, Economic Development Partnership, Tourism)

RGS will also work with staff to identify potential participants and promote the workshops within those target populations.

- 3) Public Workshops: RGS will hold two traditional public workshops during each phase of the process to provide an opportunity for residents and all interested parties to share concerns and pose questions relative to the update the MC&FP. The workshops will include:

- Presentation - Overview of the purpose, structure and parameters of the update of the MC&FP.
 - Facilitated discussion/Q&A regarding the process and concerns.
 - Review of comments received.
- 4) Website and Social Media: RGS will establish a project website to post all relevant information about the update the MC&FP. This will include:
- Project Overview
 - Library and Background Documents
 - Meetings and Workshops
 - Comment/Questions
 - Contact Information

The site will be updated on a regular basis. RGS will also support the plan as follows:

- Development of an eBlast database for stakeholders, meeting attendees and other project participants.
 - Development of an eBlast system to send regular updates regarding the MC&FP.
 - Posts on Facebook, Twitter and other relevant social media promoting engagement opportunities.
- 5) Media Relations & Collateral Development: The outreach team will prepare appropriate collateral materials and outreach tools to engage news media throughout the project. This will include:
- Creation and distribution of news releases and tip sheets.
 - Development of Fact Sheets, Frequently Asked Questions and other materials.
 - Development of posters/flyers promoting upcoming meetings and workshops.

Attachment 4D illustrates the components of the public engagement program and how they interrelate. The outreach program is organized in three phases:

- Education: To provide an opportunity for the public to gain a clear understanding of the purpose of the effort and an opportunity for them to share concerns and/or ideas about future needs, deficiencies and growth.
- Interaction: To provide an opportunity for the public to review what was learned in the outreach effort, and validate or question the appropriateness of the direction given.
- Review: To provide an opportunity to review the proposed MC&FP that will be presented to the Board for adoption and comment.

5) Updated MC&FP project schedule (Receive and file)

Should the Board determine to proceed with the MC&FP Phase II, Attachment 4E represents the updated project schedule.

ALTERNATIVES

If the Board determines not to proceed with the 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 MC&FP Phase II project in the County's Capital Improvement Program (CIP) and Traffic Impact Mitigation (TIM) Fee Program and construct it within the next 10-20 years. MC&FP Phase II, as proposed, will 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 options for funding the project.

- 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.

FINANCIAL IMPACT

There is no change to Net County Cost associated with this agenda item.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

The MC&FP Phase II will 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 Phase II will also provide capacity for additional commercial development as part of the Economic Development component of the County Strategic Plan.

CONTACT

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