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Title: Department of Transportation recommending the Board receive a presentation regarding the Diamond Springs Parkway Phase 1B Project, CIP 72334/36105011, and approve the current funding plan which relies on the use of approximately \$5.219 million in revenue received through the Memorandum of Understanding with the Shingle Springs Band of Miwok Indians, OR approve a revised funding plan which, in lieu of using funding from the Shingle Springs Band of Miwok Indians, advances approximately \$5.219 million in designated General Fund reserves to the Community Financing District (CFD) and direct staff to prepare the appropriate documentation to provide that the CFD and potential Traffic Impact Fee Program (TIF) reimburses the designated reserves.

FUNDING: Master Circulation and Funding Plan (41.8%), Road Fund (<1%), Traffic Impact Mitigation Fees - Zone 1-7 (20.5%), Tribe Funds (18.6%), and State-Local Partnership Program Grant (18.8%). (Local and State Funds).

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Attachments: 1. A - DSP Presentation, 2. B - Diamond Springs Pkwy Fact Sheet 1-29-21, 3. C - DSP Phasing Diagram, 4. Public Comment BOS Rcvd 2-8-2021, 5. Public Comment BOS Rcvd 2-9-2021

Date	Ver.	Action By	Action	Result
2/9/2021	1	Board of Supervisors	Approved	Pass

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DISCUSSION / BACKGROUND

The Missouri Flat Area has historically experienced high levels of traffic congestion due to its central location and existing commercial development. This corridor suffers from a higher than average number of traffic delays and accidents. The Diamond Springs Parkway Project (Project) was approved as part of the Master Circulation and Financing Plan (MC&FP) in December of 1998 and anticipated completion by 2014. The MC&FP created a special tax district from which 85% of new (incremental) sales and property taxes, resulting from development in the Missouri Flat Area, that would otherwise accrue to the General Fund, would be used to pay for the County's proportional

share of improvement costs in the area. MC&FP Phase I proposed to address existing traffic circulation deficiencies and allow for approximately 732,278 square feet of additional commercial development. The ultimate goal of the MC&FP was to encourage economic development and it has effectively enabled the development of approximately 500,000 square feet of retail business, which generates nearly \$1,000,000 annually toward the improvements to the existing traffic deficiencies.

The Project has been included in the General Plan Transportation and Circulation Element since 2004. The Project is being completed in two Phases, 1A and 1B. Phase 1A realigns and widens State Route 49 from Pleasant Valley Road to Bradley Drive to four lanes, with shoulders, curb, gutter, and sidewalk improvements. This phase also includes signal modifications at the intersection of Pleasant Valley Road and State Route 49, and a left turn lane at the Lime Kiln Road/Black Rice Road intersection. Phase 1A is currently under construction and is scheduled to be completed in the Spring of 2021.

Phase 1B will construct Diamond Springs Parkway, a new 4-lane arterial road from Missouri Flat Road near Old Depot Road, to State Route 49 south of Bradley Drive. This phase includes intersection signalization at Missouri Flat Road, Throwita Way, and State Route 49. Phase 1B provides necessary turn lane capacity and connects to the State Route 49 improvements, ultimately creating a continuous 4-lane roadway corridor from Pleasant Valley Road/Fowler Lane to U.S. Highway 50.

Transportation has conducted numerous public outreach meetings to include the public's input on the Project over the past 24 years, including the Diamond Springs and El Dorado Community Advisory Committee, who has continued to support the Project.

The primary purpose of the Project is to improve traffic safety and operations on State Route 49 in the vicinity of Diamond Springs. The Project will improve safety on Diamond Road/State Route 49 with intersection improvements and eliminate residential driveway access with the establishment of Wagon View Trail, a new frontage road. The Project will reduce existing traffic impacts through the Diamond Springs Historic District with a parallel capacity roadway from State Route 49 to Missouri Flat Road. These improvements will relieve traffic congestion and provide an acceptable level of service through the Diamond Springs Historic District consistent with the County's General Plan. The Project includes bicycle and pedestrian route connectivity from downtown Diamond Springs to Missouri Flat Road.

Project Improvements include:

- Vehicle, bicycle, and pedestrian safety and circulation improvements, including sidewalks and Class II bike lanes. Provides multi-modal connectivity from Downtown Diamond Springs to Missouri Flat Road.
- Improved emergency vehicle access and evacuation routes.
- Improved Level of Service on Missouri Flat and Pleasant Valley Roads.
- A new 40 space parking area for the El Dorado Trail and Old Depot Bike Park at the intersection Diamond Springs Parkway and Missouri Flat Road, including improvements to Old Depot Road.
- Three bus turnouts will be constructed, including two on Diamond Springs Parkway and one on State Route 49.
- Improved aesthetics, view shed, utility service reliability, and fire safety as part of the underground utility relocations.

Because the Project has been included in Transportation’s Capital Improvement Program (CIP) for many years, multiple other projects have assumed the construction of the Project and have incorporated associated improvements into their studies and plans, including:

- Sheriff Safety Center - traffic study assumed Parkway construction.
- Waste Connections Material Recycling Facility - traffic study assumed Parkway construction.
- El Dorado Trail Pedestrian Overcrossing - Impacts existing parking and assumed new parking lot.
- Old Depot Bike Park - Project does not include parking and assumes new parking lot and improvements to Old Depot Road.
- El Dorado Community Health Center - Proposed project 20 year traffic analysis will include Parkway.
- PG&E Underground Utility Relocation Projects - Programmed, engineered, and allocated funding.

Costs for the Project has utilized several funding mechanisms, including the MC&FP and Traffic Impact Mitigation (TIM) Fees.

The 2020 CIP funding for the Project is as follows:

Revenue	Prior FY	FY 20/21	FY 21/22	FY 22/23	Total
MC&FP	2,315	1,720	5,200	2,600	11,835
Road Fund	88				88
TIM*	3,187			2,600	5,787
Tribe Funds	43		1,090	4,129	5,262
LPP**				5,321	5,321
Totals	5,633	1,720	6,290	14,650	28,293

Note: All figures in thousands

*As a part of the 2020 Major Update to the Traffic Impact Mitigation Fee Program the Board changed the name of the program to the “Traffic Impact Fee Program” or “TIF Program” (Res. 196-2020; Item 39, Legistar 20-1585)

**State-Local Partnership Program Grant (LPP)

Since the MC&FP was intended to address existing deficiencies, it was proposed to finance a 2-lane portion of Diamond Springs Parkway. The Project was initially programmed to be funded by approximately 50% MC&FP funding and 50% Traffic Impact Fee Program (TIF) funds. The current retail development in the MC&FP generates approximately \$1,000,000 annually. No other taxes or bonds have been implemented since establishment of the MC&FP. At the completion of Phase 1B of the Project, the MC&FP is estimated to have a remaining balance of less than \$100,000.

During the formation of the MC&FP in the late 1990s, a list of transportation improvement projects with cost estimates eligible for MC&FP funding was developed. The MC&FP was estimated to be responsible for approximately 50% of the cost for the Diamond Springs Parkway, in addition to other projects. Since then, the Caltrans cost index has increased by nearly 300%. Updates to the MC&FP eligible project cost estimates reflect a similar increase over that same time. On December 18, 2012,

Item 57, Legistar 12-1540, the Board prioritized the Project by allocating the use of Tribe Funds to accelerate the Project schedule in an effort to limit further construction cost inflation. To date, \$43,000 in Tribe Funds have been expended to fund the project. The current CIP funding plan also has an additional \$5,219,000 of Tribe Funds scheduled to be used for the project. The approved 2020 CIP funding table above shows the Tribe Funds programmed in Fiscal Year (FY) 2021-22, but the Project timeline has changed and will be brought to the Board with the upcoming 2021 CIP workshop. In the upcoming 2021 CIP, Tribe funds are not programmed on the Project until the last year of construction in FY 2023-24.

In order to revise this plan to remove the additional \$5,219,000 in Tribe Funds, another funding source would need to be utilized. Without using Tribe funds or another funding source available by FY 2023-24, at the current rate of MC&FP and TIM revenue accumulation, it would take an estimated additional ten to fifteen years to complete the Project, with a potential cost increase of up to 100% over that period.

In 2002, the qualified electors formed the Missouri Flat Community Facilities District (Community Facilities District (CFD) No. 2002-01). The CFD was authorized to incur bonded indebtedness in an amount not to exceed \$35,000,000 and a special tax was imposed to repay those bonds, but the CFD did not issue any bonds under this authority. The County annually contributes revenues from the 85% of the tax increment, pursuant to the MC&FP. The Resolution of Formation of the CFD authorizes the CFD to accept advances of funds from the County to be used to finance the MC&FP authorized public facilities, provided that the County enters into a repayment agreement with the CFD that governs how the CFD will repay the source of funding advanced.

On June 9, 2020, Item 54, Legistar 20-0675, the Board approved Transportation's 2020 CIP. On July 14, 2020, Item 28, Legistar #20-0828, the Board received the Diamond Springs Parkway (DSP) Phase 1B Project update with a commitment of \$22.972 million in local funds, a shortfall of \$5.32 million and Transportation's proposed application for LPP grant funds for the DSP Phase 1B Project. On June 30, 2020, Transportation submitted the LPP grant application to the El Dorado County Transportation Commission (CTC) requesting \$5.32 million in grant funds to support the estimated shortfall in construction funding. On December 2, 2020, the CTC awarded \$5.32 million in LPP funding to the County for DSP Phase 1B. If the County's local funding sources programmed to this project prior to June 30, 2020 are removed without being replaced with another local fund source or if this project's construction is delayed beyond FY 2022-23, it will provide justification to rescind the DSP 1B \$5.32 million in LPP grant funding and jeopardize future County funding requests.

ALTERNATIVES

- 1) Approve the current funding plan as noted in the CIP which anticipates a total of using approximately \$5.219 million in funding received from the Shingle Springs Band of Miwok Indians (Tribe Funds).
- 2) Approve current funding plan with Tribe Funds, which are not programmed on the Project until the last year of construction in FY 2023-24, enter into a repayment agreement with the CFD to pay back the funds, and develop a plan to have the TIF reimburse the remaining portion.
- 3) Advance \$3 million in funds currently designated to build a road for a new courthouse and \$2.219 million in funds currently designated for capital building replacement and deferred maintenance to replace the Tribe Funds, enter into a repayment agreement with the CFD, and develop a plan to have the TIF reimburse the remaining portion in order to pay back the funds advanced over a period of 5 -

10 years with repayment first being made to the capital building replacement and deferred maintenance reserves; and direct Transportation staff to continue pursuing additional state funding for the Project for potential cost increases.

4) Direct staff to explore the feasibility of increasing TIF funds that can be reallocated to the Diamond Springs Parkway Project, which would include a summary of impacts to other projects currently anticipated to be funded with TIF funds.

PRIOR BOARD ACTION

On April 29, 2008, Item 58, Legistar 08-0628, the Board approved Alternative #4 as the preferred alignment of the Project.

On March 5, 2019, Item 12, Legistar 19-0049, the Board awarded Contract 2720 to Granite Construction Company for construction of Phase 1A of the Project.

On July 23, 2019, Item 22, Legistar 19-1009, the Board approved Task Order 461-S1711-01 with Bender Rosenthal, Inc. to complete right of way services, including valuations/appraisals, acquisitions, and relocation services for Phase 1B of the Project.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel, Environmental Management Department, Planning and Building Department, Parks and Trails, California Department of Transportation (Caltrans), El Dorado County Transportation Commission, El Dorado Transit, Pacific Gas & Electric, AT&T, El Dorado Irrigation District, and the California Public Utilities Commission have each been involved with portions of this Project.

CAO RECOMMENDATION / COMMENTS

It is recommended that the Board approve the use of designated reserves and direct the Department of Transportation and County Counsel to take the necessary actions to advance the funds as well as prepare a repayment agreement between the CFD and the County, and return to the Board 90 days for approval of all such documents. If TIF funds are used to reimburse the designated reserves, the Department will conduct analysis to determine whether the use of TIF funding is in compliance with the Mitigation Fee Act. If the use of TIF funding is not in compliance with the Act, use of General Fund would be required in order to reimburse the costs.

FINANCIAL IMPACT

There is no change to overall cost of the project associated with this item. Funding for the Project is included in Transportation's 2020 Capital Improvement Program, which was approved by the Board on June 9, 2020, Item 54, Legistar 20-0675.

Risk of using Designated Reserves:

Staff believes there is not a significant risk to advancing designated reserves for the following reasons:

- 1) As noted above, MC&FP generates approximately \$1 million annually and considering the recent and planned development, including the new Target store, it is anticipated this revenue will remain the same or grow, ensuring the CFD is able to reimburse the County's General Fund.
- 2) Advancing \$3 million in reserves currently designated to build a road for the new Placerville Courthouse carries little to no risk. Based on discussions with the Superior Court, it is unlikely the State of California will provide any funding for the Placerville Courthouse within the next five years. In

the unlikely event El Dorado County receives funding for a courthouse prior to these reserves being reimbursed by the CFD, the County has sufficient reserves in our capital replacement program to meet the requirement of building the new road.

3) Advancing \$2.219 million in reserves currently designated for building replacement/deferred maintenance may have an impact and delay funding for necessary capital building projects, including the replacement of the Spring Street facility and the psychiatric health facility. However, based on project timelines, and considering the current balance in this reserve totals \$16,931,645. If these funds are reimbursed within 2 - 3 years there is likely no impact.

Increasing TIF funds that can be reallocated to the Diamond Springs Parkway Project would impact other projects currently anticipated to be funded with TIF funds, and/or would increase fees in TIF Zone B. A more in-depth analysis is needed in order to fully explore the impacts of this option.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Infrastructure

CONTACT

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