



Legislation Details (With Text)

File #: 22-0276 **Version:** 1

Type: Agenda Item **Status:** Approved

File created: 2/1/2022 **In control:** Board of Supervisors

On agenda: 5/17/2022 **Final action:** 5/17/2022

Title: HEARING - Department of Transportation recommending the Board adopt and authorize the Chair to sign Resolution 072-2022 for the 2022 Traffic Impact Fee Schedule Annual Update.

FUNDING: Traffic Impact Fee Program.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - Board Memo, 2. B - Counsel Approval, 3. C - 2022 TIF Program Schedule Update Resolution, 4. D - 2022 TIF Program Schedule, 5. E - TIF Comparison, 6. F - Proof of Publication, 7. Executed Resolution 072-2022

Date	Ver.	Action By	Action	Result
5/17/2022	1	Board of Supervisors	Approved	Pass

HEARING - Department of Transportation recommending the Board adopt and authorize the Chair to sign Resolution **072-2022** for the 2022 Traffic Impact Fee Schedule Annual Update.

FUNDING: Traffic Impact Fee Program.

DISCUSSION/BACKGROUND

On December 8, 2020 (Item 39, Legistar 20-1585), the Board adopted the Major Update to the Traffic Impact Fee (TIF) Program (formerly the Traffic Impact Mitigation (TIM) Fee Program) via Resolution 196-2020 as required by the General Plan and in compliance with state law. General Plan Implementation Measure TC-B and County Ordinance No. 5144 (Ordinance 5144) state that the fee program shall be updated annually for changes in project costs.

Ordinance 5144 states, in part, “The TIF amounts shall be adjusted for inflation no later than the end of the third fiscal quarter of each year in accordance with the percentage change published by the Engineering News Record [ENR] Building Cost Index, or if such index ceased to be published, by an equivalent index chosen by the Director, with appropriate adjustments for regional and local construction costs as necessary [...] The Director shall notify the Board at a public meeting of the proposed fee adjustment. No fee adjustment shall be effective until approved by the Board. Any fee adjustment approved by the Board shall be effective on July 1st of the year in which the action is taken, or at such other time as is provided by law.”

The purpose of today’s hearing is to adopt the 2022 Annual Update to the TIF Program, which adjusts project costs. The 2022 Annual Update to the Capital Improvement Program (CIP) updates the cost estimates from the 2021 TIF Program update either based on actual changes in projects’ cost estimates, or as adjusted for inflation using the ENR Building Cost Index. The TIF for all zones and land use types are shown in Exhibit A of the proposed Resolution (see Attachment C), and cost adjustments as made by Transportation staff have been incorporated in Exhibit C of the Resolution.

The comparison of the current 2021 TIF and the proposed 2022 TIF are shown in Attachment E. Depending on the zone and land use type, TIF have increased in Zone A by approximately 18.5%, in Zone B by approximately 16%, and in Zone C by approximately 13.3%.

This update includes changes to CIP Projects as directed at the CIP Workshop held March 8, 2022, and as noted below. However, it does not include any changes to the magnitude or location of growth, nor any updates to analysis methodologies or the TIF Zone boundaries.

The Green Valley Road Widening - Francisco Drive to East of Silva Valley Parkway (CIP #CP178/36105018) project has seen a substantial change in cost as a result of updating the project scope and adjustments for inflation. Additionally, the need for Intelligent Transportation Systems (ITS) projects has led to the inclusion of an "ITS Elements" line item in the Intersection and Safety Improvements list (Exhibit C to the Resolution, Table 7). This will allow for the collection of TIF to go towards the implementation of multiple ITS projects at various intersections, resulting in extending the lifespan of existing roadways and intersections. The County has previously collected fees toward ITS projects as conditions of approval of certain projects and under certain development agreements. Those funds are to be held in a separate account and included in annual Mitigation Fee Act reporting and similar reporting rules for fees under development agreements until they have been fully expended toward Intersection and Safety Improvement components. See the Board Memo (Attachment A) for more details on these projects and changes.

If adopted, the annual update to the TIF Program will go into effect 60 days after adoption of the resolution.

ALTERNATIVES

None. Ordinance 5144 requires the Board to adjust the fees annually to reflect changes in construction costs.

PRIOR BOARD ACTION

On December 8, 2020, the Board adopted the Major Update to the TIF Program (Item 39, Legistar 20-1585). The most recent update to the TIF Program Schedule was adopted July 13, 2021 (Item 24, Legistar 21-0775) via Resolution 079-2021, and went into effect on September 11, 2021.

The first Board workshop for the 2022 CIP was held on March 8, 2022 (Item 31, Legistar 22-0284).

OTHER DEPARTMENT/AGENCY INVOLVEMENT

- Planning and Building Department
- CAO, Community Development Finance & Administration
- Chief Administrative Office
- County Counsel

CAO RECOMMENDATION

Approve as recommended.

FINANCIAL IMPACT

The TIF Program Update establishes County priorities for available funding and ensures that new development pays their relative costs of necessary infrastructure. Costs for CIP projects with TIF funding are anticipated to increase by \$29,580,000. Depending on the zone and land use type, TIF

have increased in Zone A by approximately 18.5%, Zone B increased by approximately 16% and Zone C increased by approximately 13.3%.

There is no change to Net County Cost associated with this agenda item. Funding for the TIF Program Update is included in the adopted Fiscal Year 2021-22 budget and is provided by the TIF Program.

CLERK OF THE BOARD FOLLOW UP ACTIONS

The Clerk of the Board to provide a copy of the signed Resolution to the Department of Transportation, attention Lindsay Tallman.

STRATEGIC PLAN COMPONENT

The TIF Program funding is a major funding source for the CIP, which is a vital part of the Infrastructure component of the County Strategic Plan. Adequate infrastructure is necessary for the Economic Development component and is a requirement of the County General Plan. Safe roads are a crucial factor in the Public Safety component of the County Strategic Plan.

CONTACT

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