



Legislation Details (With Text)

File #: 23-0342 **Version:** 1

Type: Agenda Item **Status:** Approved

File created: 2/2/2023 **In control:** Board of Supervisors

On agenda: 5/2/2023 **Final action:** 5/2/2023

Title: HEARING - Department of Transportation recommending the Board adopt and authorize the Chair to sign Resolution 070-2023 for the 2023 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 - 2023 TIF Program Schedule Update Resolution, 4. D - 2023 TIF Program Schedule, 5. E - TIF Comparison, 6. F - Proof of Publication, 7. Executed Resolution 070-2023

Date	Ver.	Action By	Action	Result
5/2/2023	1	Board of Supervisors	Approved	Pass

HEARING - Department of Transportation recommending the Board adopt and authorize the Chair to sign Resolution **070-2023** for the 2023 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, and County Ordinance No. 5173 (Ordinance 5173) updated the cost index used to make the annual update.

Ordinance 5173 states, “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] Construction 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 2023 Annual Update to the TIF Program, which adjusts project costs. The 2023 Annual Update to the CIP updates the cost estimates from the 2022 TIF Program update either based on actual changes in projects’ cost estimates, or as adjusted for inflation using the ENR Construction 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 2022 TIF and the proposed 2023 TIF are shown in Attachment E. Depending on the zone and land use type, TIF has increased in Zone A by approximately 7.4%, in Zone B by approximately 5.6%, and in Zone C by approximately 3.2%.

This update includes changes to Capital Improvement Program (CIP) Projects as directed at the CIP Workshop held March 7, 2023, 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 Latrobe Road Widening - Investment Blvd. to Golden Foothill Parkway/Club View Drive (CIP #72LATROBE/36105055) project was included in the CIP Workshop, but additional analysis is required to ensure compliance with the Mitigation Fee Act prior to its inclusion in the TIF Program. A subsequent update will be brought to the Board for consideration later in 2023 to address this project. 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

Ordinances 5144 and 5173 require the Board to adjust the fees annually to reflect changes in construction costs using the ENR Construction Cost Index.

PRIOR BOARD ACTION

On December 8, 2020, the Board adopted the Major Update to the TIF Program (Item 39, Legistar 20-1585). Ordinance 5173 was adopted on February 14, 2023 (Item 14, Legistar 22-1653).

The most recent update to the TIF Program Fee Schedule was adopted May 17, 2022 (Item 28, Legistar 22-0276) via Resolution 072-2022, and went into effect on July 16, 2022.

The first Board workshop for the 2023 CIP was held on March 7, 2023 (Item 36, Legistar 23-0055).

OTHER DEPARTMENT/AGENCY INVOLVEMENT

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

CAO RECOMMENDATION

Approve staff recommendation.

FINANCIAL IMPACT

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 2022/23 budget and is provided by the TIF Program. The TIF Program Update establishes County priorities for available funding and ensures that new development pays their relative costs of necessary infrastructure.

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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