

City Manager's Report
January 8, 2019 City Council Meeting
Prepared by: Melissa McConnell, Associate Civil Engineer



Item #: 12.4

Subject: Adopt a resolution approving an increase in the Traffic Impact Mitigation (TIM) Fees equivalent to the change in the Engineering News Record Construction Cost Index from December 2016 to December 2018 effective March 11, 2019 as shown in Attachment "A."

Purpose: The Traffic Impact Mitigation (TIM) Fee Program was developed to equitably spread the costs of traffic and circulation infrastructure needs to those who create the need for such infrastructure. The City Code requires that new development pay a TIM Fee based upon the number of vehicle trips generated by the proposed use.

Background:

The Traffic Impact Mitigation (TIM) Fee Program was originally established in 1989, updated in 1999, and then updated again through various actions in the 2006-2008 timeframe. Section 8-15-8 of the City Code includes a provision for the TIM Fee to be adjusted on January 1 of each calendar year by a percentage equal to the inflation rate of construction costs for the prior year. The determination of the inflation rate is based upon the "Engineering News Record (ENR)" construction cost index.

The most recent TIM Fee inflationary adjustment was approved by City Council at their regularly scheduled meeting on January 10, 2017. That adjustment accounted for a one-year inflation increase of 4.35%.

Discussion:

The TIM Fees have not been adjusted since January of 2017, and so the proposed adjustment is covering the two years that have lapsed since then. The ENR construction cost index for December 2016 was 10,530 and it increased to 11,185 in December 2018. This calculates to an inflation increase of 6.22% over the last two years.

A 6.22% increase results in the following proposed TIM fees and revision to the footnote:

Category	Existing Fee	Proposed Fee
Single- Family Residential	\$15,532 per dwelling unit	\$16,498 per dwelling unit
Multi-Family Residential	\$11,534 per dwelling unit	\$12,251 per dwelling unit
Manufactured Home (In Park)	\$10,457 per dwelling unit	\$11,107 per dwelling unit
Minor Commercial	\$8.45 per square foot	\$8.98 per square foot
Major Commercial	\$6.17 per square foot	\$6.55 per square foot
Gas Station	\$13,783 per fuel position	\$14,640 per fuel position
Industrial	\$2.02 per square foot	\$2.15 per square foot

Existing footnote: *For land uses not listed above, the proposed fees will be one thousand five hundred thirty seven dollars (\$1,537) per trip for residential type land uses, and three hundred sixty eight dollars (\$368.00) per trip for commercial or industrial land uses.*

Proposed footnote: *For land uses not listed above, the fees will be one thousand six hundred thirty three dollars (\$1,633) per trip for residential type land uses, and three hundred ninety one dollars (\$391) per trip for commercial or industrial land uses.*

The following table shows a comparison of the proposed City of Placerville TIM fees and the current TIM fees in El Dorado County (Zone 3) that became effective on August 27, 2018. Based on the information below, the proposed increase is reasonably consistent with the TIM fees in the adjacent zone in the County.

Category	Proposed City TIM Fee	Current El Dorado County TIM Fee (Zone 3)
Single- Family Residential	\$16,498 per dwelling unit	\$19,906 per dwelling unit
Multi-Family Residential	\$12,251 per dwelling unit	\$12,341 per dwelling unit
Minor Commercial	\$8.98 per square foot	\$5.89 per square foot
Industrial	\$2.15 per square foot	\$2.66 per square foot

The TIM Fee ordinance contemplated allowing inflation adjustment to occur automatically each year; however, the Government Code requires that a properly noticed public meeting be held where all interested parties are able to provide testimony. In that regard, notice of this meeting, including a general explanation of the matter to be considered, has been published in the Mountain Democrat.

Should the Council approve this increase, the new fees would go into effect 60 days following adoption. The proposed action would allow for the new TIM Fees to go into effect on March 11, 2019. Any development application not previously submitted and deemed complete as of close of business on Friday, March 8, 2019 will be subject to the new TIM Fees.

It's important to note that the City is the midst of a TIM Fee Study, and staff will present the results of the study to the City Council once it is completed.

Cost: Other than staff time calculating the inflationary increase, there are no additional costs associated with this item.

Options:

1. Approve the TIM Fee adjustment, as recommended by staff.
2. Do not approve the TIM Fee adjustment, and therefore the current TIM Fees would remain unchanged and would not account for construction cost increases due to inflation.

Budget Impact:

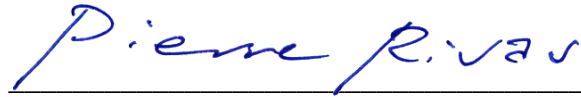
The proposed 6.22% increase to the TIM Fees was not assumed in the adopted Fiscal Year 2018/2019 Capital Improvement Program (CIP) Budget, and if approved, the fee increase may generate greater TIM Fee revenue than originally forecasted.

Recommendation:

Adopt a resolution approving an increase in the Traffic Impact Mitigation (TIM) Fees equivalent to the change in the Engineering News Record Construction Cost Index from December 2016 to December 2018 effective March 11, 2019 as shown in Attachment "A."



Rebecca Neves, City Engineer



Pierre Rivas, Development Services Director



M. Cleve Morris, City Manager

ATTACHMENTS:

1. Resolution
2. Exhibit "A"