

*"Placerville, a Unique Historical Past Forging into a Golden Future"*



**City Manager's Report**  
**February 8, 2022 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 New Record Construction Cost Index from January 2021 to December 2021, effective April 11, 2022, as shown in Attachment "A" to the Resolution.

**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. It was updated in 1999 and updated again through various actions between 2006 and 2008. 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 March 9, 2021. That adjustment accounted for a one-year inflation increase of 2.07%.

**Discussion:** The proposed adjustment is covering the timeframe since the last update in January 2021. The most recent ENR construction cost index available is December 2021. In January 2021, the ENR construction cost index was 11,627 and in December 2021 the ENR construction cost index was 12,481. This calculates to an inflation increase of 7.34%, representing an increase of over 5% from the previous year.

A 7.34% increase results in the following proposed TIM fees and revision to the footnote:

<b>Category</b>	<b>Existing Fee</b>	<b>Proposed Fee</b>
Single- Family Residential	\$17,150 per dwelling unit	\$18,409 per dwelling unit
Multi-Family Residential	\$12,734 per dwelling unit	\$13,669 per dwelling unit
Manufactured Home (In Park)	\$11,545 per dwelling unit	\$12,392 per dwelling unit
Minor Commercial	\$9.34 per square foot	\$10.03 per square foot
Major Commercial	\$6.81 per square foot	\$7.31 per square foot
Gas Station	\$15,218 per fuel position	\$16,335 per fuel position
Industrial	\$2.24 per square foot	\$2.40 per square foot

Existing footnote: *For land uses not listed above, the fees will be one thousand six hundred ninety seven dollars (\$1,697) per trip for residential type land uses, and four hundred and six dollars (\$406) per trip for commercial or industrial land uses.*

Proposed footnote: *For land uses not listed above, the fees will be one thousand eight hundred twenty two dollars (\$1,822) per trip for residential type land uses, and four hundred and thirty six dollars (\$436) 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 B) that became effective on September 11, 2021. Based on the information below, the proposed City TIM fee increase is reasonably consistent with the TIM fees in the adjacent zone in the County with the only exception being the fee associated with Minor Commercial. The reason that the City's fee is higher in this category is that the County's TIM program is more focused on rural residential projects as the primary source of traffic generation, whereas the City's program addresses the density of the community, thus centering Placerville's focus on destinations of minor commercial for traffic generation and impact.

<b>Category</b>	<b>Proposed City TIM Fee</b>	<b>Current El Dorado County TIM Fee (Zone B)</b>
Single- Family Residential	\$18,409 per dwelling unit	\$24,343 per dwelling unit
Multi-Family Residential	\$13,669 per dwelling unit	\$13,875 per dwelling unit
Minor Commercial	\$10.03 per square foot	\$7.34 per square foot
Industrial	\$2.40 per square foot	\$2.41 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 April 11, 2022. Any development application not previously submitted and deemed complete as of close of business on Friday, April 8, 2022 will be subject to the new TIM Fees.

In mid-February, City staff is releasing a Request for Proposals for consulting services for the full update to the TIM Fee Program. The full evaluation of the TIM Fee Program, including a review and update of Capital Improvement Program projects to be included in the TIM Fee Program and Nexus Study, will be completed in 2023.

#### **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.

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

**Budget Impact:** The proposed 7.34% increase to the TIM Fees was not assumed in the adopted Fiscal Year 2021/2022 Capital Improvement Program (CIP) Budget, and if approved, the fee increase will likely 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 New Record Construction Cost Index from January 2021 to December 2021, effective April 11, 2022, as shown in Attachment “A” to the Resolution.



**M. Cleve Morris, City Manager**



**Rebecca Neves, City Engineer**

Attachments:

- A. Resolution