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City Manager's Report
April 23, 2024, City Council Meeting
Prepared by: Melissa McConnell, Interim City Engineer
Item #: 7.5

Subject: Consider approving a \$200,000 budget appropriation from the Traffic Impact Mitigation Fee Fund unassigned fund balance and Amendment No. 1 to the Consulting Services Agreement with GHD in the amount of \$149,740 for the Traffic Impact Mitigation Fee Update project (CIP #41701) and authorizing the City Manager to execute the same.

Recommendation: Adopt a Resolution

1. Approving a \$200,000 budget appropriation from the Traffic Impact Mitigation Fee Fund unassigned fund balance for the Traffic Impact Mitigation Fee Update project (CIP #41701); and
2. Approving Amendment No. 1 to the Consulting Services Agreement with GHD in the amount of \$149,740 for the said project and authorizing the City Manager to execute the same.

Purpose: The purpose of this item is to approve a budget appropriation and an amendment that would enable GHD to proceed to the next steps in the Traffic Impact Mitigation (TIM) Fee Program Update.

Strategic Plan Strategy: Increase Revenues – item c) Complete studies for new park, sewer, traffic, and water impact mitigation fees.

Background: Section 66000 et seq. of the Government Code requires that local agencies that adopt development fees to mitigate or defray "all or a portion of the cost of public facilities related to the development of a project" be done in compliance with statutory limits. For example, development impact fees like the TIM fee are initially developed by evaluating and identifying infrastructure needs to mitigate future traffic impacts, and developing a fee to equitably spread the burden of the infrastructure needs to those who create the need and utilize the improvements. Impact fees can only be collected for the portion of costs attributable to the new development and cannot already be funded from some other source. Every five years thereafter, the fees must be re-evaluated to ensure they are still needed and used or collected for specific Capital Improvement Projects.

Recently, the legislature adopted Assembly Bill 602 which imposes additional requirements for development impact fee programs. As a result, the City will be required to include the following:

- Update the TIM nexus study to identify the existing level of service for each public facility, identify the proposed new level of service and explain why the new level of service is appropriate.

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- If the study supports the increase of an existing fee, the City is required to review the assumptions of the nexus study supporting the original fee and evaluate the amount of the fees collected under the original fee.
- Any nexus studies adopted after July 1, 2022 must calculate a fee imposed on a housing development project proportionately to the square footage of the proposed units of the development.

Discussion: On September 27, 2022, the City Council approved a Consulting Services Agreement with GHD in the amount of \$213,197 for assistance with compliance with the Mitigation Fee Act and traffic modeling to develop a City of Placerville traffic model using the El Dorado County model. In April 2023, staff issued a Task Order to GHD in the amount of \$25,000 to conduct updated traffic counts, which was not anticipated or included in their original scope of work. Now that the initial project tasks are complete, staff requested an amendment request proposal from GHD to complete the next steps in the project. GHD's proposed scope of work includes analyzing existing and future traffic conditions, updating TIM program project cost estimates and preliminary layouts, computing the revised TIM fee, and documenting the results in a Nexus Study report. The final report is expected to be completed within one year.

Tonight, staff is recommending the approval of Amendment No. 1 in the amount of \$149,740 to bring the total contract amount to \$362,937.

Options:

1. Approve Amendment No. 1 with GHD as recommended by staff.
2. Provide other direction to staff.

Environmental: Not applicable.

Cost: The cost of the proposed Amendment #1 with GHD is in the amount of \$149,740

Budget Impact: The City Council adopted the Fiscal Year 2016/2017 Capital Improvement Program Budget which appropriated \$135,978 for the TIM Fee Update project (CIP #41701). On September 27, 2022, the City Council approved a \$154,022 budget appropriation for a total project budget of \$290,000. Tonight, staff is respectfully recommending a budget appropriation from the TIM Fee Fund unassigned fund balance in the amount of \$200,000 for a total project budget of \$490,000.


To date, the project has encumbered the following costs:

GHD (Original Agreement)	\$ 213,197
GHD (Task Order 1)	25,000
GHD (Proposed Amendment No. 1)	149,740
Jamar Technologies, Inc.	3,092
Kronick Moskowitz Tiedemann & Girard	822
Mountain Democrat	234
Institute of Transportation	1,131
City Personnel	36,173
Total	<u><u>\$ 429,389</u></u>

As you can see, the \$429,389 in total encumbrances, including the \$149,740 proposed Amendment with GHD, is within the \$490,000 proposed project budget.



M. Cleve Morris, City Manager



Melissa McConnell, Interim City Engineer

Attachments:

Attachment A: Resolution