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City Manager's Report
April 22, 2025 City Council Meeting
Prepared by: Melissa Savage, City Engineer
Item #: 7.6

Subject: Consider approval of a \$400,000 budget appropriation from the Traffic Impact Mitigation Fee Fund and a Reservation Agreement with Westervelt Ecological Services, LLC in the amount of \$477,000 for the Purchase and Sale of Mitigation Credits from Johnson Consumnes Mitigation Bank to satisfy mitigation requirements for the Western Placerville Interchange, Phase 2 project (CIP #41828) and authorizing the City Manager to execute the same.

Recommendation: Adopt a Resolution

1. Approving a Reservation Agreement with Westervelt Ecological Services, LLC for the Purchase and Sale of Mitigation Credits from Johnson Consumnes Mitigation Bank in the amount of \$477,000 for the Western Placerville Interchange, Phase 2 project (CIP #41828) and authorizing the City Manager to execute the same; and
2. Approving a budget appropriation in the amount of \$400,000 from the Traffic Impact Mitigation Fee Fund for the said project.

Purpose: The purpose of this item is to approve a credit purchase that will satisfy the requirements of last outstanding regulatory agency permit. Upon completion of all remaining environmental mitigation tasks, the project will be closed out.

Strategic Plan Strategy: Strategy 4 - Update and Maintain City-Owned Infrastructure.

Background: The Western Placerville Interchange, Phase 2 project constructed the eastbound off-ramp at Ray Lawyer Drive from US Highway 50, intersection improvements at Ray Lawyer Drive/Forni Road, improvements to and the realignment of Forni Road, and a park-and-ride facility. Construction of the project concluded in October 2019, and the project was deemed complete on July 14, 2020.

Discussion: Staff has been coordinating with the permitting agencies since 2023 to complete the requirements of all outstanding environmental permits as it relates to the final impacts by the project. In accordance with the project's Streambed Alteration Agreement issued by the California Department of Fish and Wildlife (CDFW) in 2017, the project is required to provide restoration onsite or compensatory mitigation, which can be satisfied by purchasing 1.59 floodplain riparian habitat credits from an approved mitigation bank.

Westervelt Ecological Services, LLC has been in the process of obtaining resource agency (e.g. CDFW) approvals for the Johnson Cosumnes Mitigation Bank and is expecting to gain approval in June 2025. Currently, there are no other mitigation bank options available to Placerville and many

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other surrounding jurisdictions, leaving many local agencies unable to fulfill their project-related mitigation obligations. Recognizing the high demand, Westervelt is allowing local agencies to enter into a Reservation Agreement for the Purchase and Sale of Mitigation Credits from the Johnson Consumnes Mitigation Bank. Under the proposed Agreement, the buyer will pay a deposit and Westervelt will reserve credits for the buyer for up to six months. If the mitigation bank does not get CDFW approval after six months, the funds will be returned to the buyer, and the Agreement will be terminated.

This is the last task that needs to be completed before the project can be closed out.

Options: Options for City Council’s consideration include:

1. Approve the budget appropriation, and Reservation Agreement and payment, as recommended by staff.
2. Direct staff to take other actions.

Environmental: Tonight’s action is not applicable.

Cost: The cost of the credit purchase is in the amount of \$477,000.

Budget Impact: At its meeting held on October 24, 2017, the City Council appropriated \$11,652,620 for the Western Placerville Interchange, Phase 2 Project (CIP #41828). At its meeting held on July 9, 2019, the City Council appropriated an additional \$287,968. At the April 28, 2020 meeting, City Council appropriated an additional \$10,640 from the Cal Recycle Reimbursement Fund for a total project budget of \$11,951,228. Tonight, staff is respectfully recommending a \$400,000 budget appropriation from the Traffic Impact Mitigation Fee Fund for a total project budget of \$12,351,228. Below is the revised project revenue budgets:

Funding Source	Revised Revenue Budget
State Transportation Improvement Program (STIP/RIP)	\$ 5,542,000
State Highway Operation and Protection Program (SHOPP) Minor	470,000
Urban State Transportation Block Grant Program (STBGP)	272,000
Public Transportation Modernization Improvement, and Service Enhancement Account Program (PTMISEA-EDCTA)	1,430,620
Congestion Mitigation Air Quality (CMAQ)	1,666,000
Congestion Mitigation Air Quality (CMAQ-EDCTA)	1,100,000
State Transit Assistance Funds (EDCTA)	335,000
El Dorado Irrigation District (EID)	837,000
FHWA California Earmark Repurposing	287,968
CalRecycle Reimbursement Funds	10,640
Traffic Impact Mitigation Fee Fund (Proposed)	400,000
Total	<u><u>\$ 12,351,228</u></u>

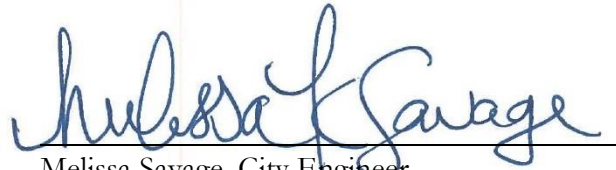
The project encumbrances to date are summarized below:

Doug Veerkamp General Engineering, Inc. (Original Contract and Change Orders 1 to 54 through Final Payment)	\$ 9,676,519
Dewberry - Drake Haglan and Associates (Original Agreement)	1,225,727
National Fish and Wildlife Foundation	300,160
Westervelt Ecological Services, LLC (Proposed Agreement)	477,000
AT&T	15,356
California Department of Fish & Wildlife	6,581
CHP COZEEP (Original Agreement)	36,000
Dokken Engineering (Authorization No. 9)	192,878
John Driscoll, City Attorney	565
Kronick Moskovitz Tiedemann & Girard	372
Mountain Democrat	186
Rebecca Neves (Reimbursement)	173
Placer Title Company	1,038
PG&E	178,078
State Water Resources Control Board	7,493
City Staff Time	209,375
Total	<u><u>\$ 12,327,501</u></u>

As you can see, the \$12,327,501 in total project encumbrances, including the proposed \$477,000 credit purchase with Westervelt Ecological Services, is within the proposed \$12,351,228 project budget.



M. Cleve Morris, City Manager



Melissa Savage, City Engineer

Attachments:

A: Resolution

B: Reservation Agreement