



**MEMORANDUM
PUBLIC WORKS AND FACILITIES
TRANSPORTATION
County of Placer**

TO: Board of Supervisors

DATE: July 12, 2016

FROM: Ken Grehm, Director of Public Works and Facilities

SUBJECT: Transportation / Tier II Development Fee Annual Adjustment

ACTION REQUESTED

Conduct a Public Hearing and Adopt a Resolution to adjust the County's portion of the Tier II Development Fee to reflect an increase in construction costs of 3.24 percent, from April 2015 to April 2016, based on the Engineer News Record Construction Cost Index.

BACKGROUND

In 2009, Placer County entered into an agreement with the Cities of Roseville, Rocklin and Lincoln ("Local Jurisdictions") and the South Placer Regional Transportation Authority for the future funding of the regional Placer Parkway project and improvements at the Interstate 80/State Route 65 Interchange. The agencies agreed that the fee would be implemented through development agreements for land development projects with specific plans within each jurisdiction. At this time there are two projects within the County that would be subject to the Tier II Development Fee, the Placer Vineyards Specific Plan and the Regional University Specific Plan.

The Memorandum of Agreement provides for an annual inflationary adjustment to the Tier II Development Fee based upon the average of the Construction Cost Index (CCI) for the 20-Cities and San Francisco, as published in the Engineering News Record, for the period of April 2015 to April 2016.

The CCI is the appropriate index to use for adjustments to the Tier II Development Fee as it is the accepted industry standard for changes in highway construction costs and accounts for a number of factors that affect the price of construction, including labor and materials. It is also the index used for annual traffic mitigation fee adjustments to the County's Countywide Traffic Mitigation Fee Program, the Highway 65 Joint Powers Authority and the South Placer Regional Transportation Authority Fee Programs.

The proposed increase reflects the change in construction labor and materials costs since April 2015. The last CCI adjustment was approved in November 2015 for the period of April 2010 to April 2015.

ENVIRONMENTAL IMPACT

This action is categorically exempt from CEQA as it relates to obtaining funds for capital projects necessary to maintain service within existing service areas (Section 21080(b)(8)).

FISCAL IMPACT

Adjusting the fees to current conditions will allow revenues to keep pace with the cost to construct the improvements. If approved, the new fees will become effective on September 12, 2016.

ATTACHMENTS

Resolution
Tier II Development Fee by Land Use Type

**Before the Board of Supervisors
County of Placer, State of California**

In the matter of: A Resolution adopting the inflationary increase to the County's portion of the Tier II Development Fee.

Resolution No: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, the Tier II Memorandum of Agreement states that annual adjustments should be applied to the Tier II Development Fee, based on the Construction Cost Index, to ensure sufficient funding of the Placer Parkway and Interstate 80/State Route 65 interchange improvements.

WHEREAS, the industry standard used to estimate changes in construction costs is reported in the publication, Engineering News Record. This publication is circulated nationwide to the engineering profession and regularly reports indices for changes in construction costs.

WHEREAS, the Engineering News Record publication reports a 3.24 percent increase in the Construction Cost Index (average 20-Cities and San Francisco) for the period of April 2015 to April 2016

WHEREAS, there still exists a reasonable relationship between the Tier II Development Fee and the type of development project on which the fee is imposed.

BE IT RESOLVED, by the Board of Supervisors, County of Placer, State of California, that the Tier II Development Fee, as shown in the Memorandum of Agreement, shall be adjusted as follows: Residential \$6,537.45; Industrial/Office/Other \$1,783.38; Commercial/Retail \$3,542.86; University \$1,194.49.

Tier II Development Fee
By Land Use Type

Land Use Category	Memorandum of Agreement Fee per Dwelling Unit Equivalent	Proposed Fee per Dwelling Unit Equivalent
Residential	\$6,332.28	\$6,537.45
Industrial/Office/Other	\$1,727.41	\$1,783.38
Commercial/Retail	\$3,431.67	\$3,542.86
University	\$1,157.00	\$1,194.49

Note: 1) This reflects an increase of 3.24% for the period from April 2015 to April 2016 for the Tier II Development Fee. The rate is based on the Construction Cost Index (average of 20-Cities and San Francisco) as published by the Engineering News Record.

2) The change becomes effective September 12, 2016.