

# MEMORANDUM

DEPARTMENT OF PUBLIC WORKS  
County of Placer

TO: BOARD OF SUPERVISORS

DATE: June 9, 2009

FROM: KEN GREHM / ANDREW GABER

SUBJECT: TRAFFIC MITIGATION FEES ANNUAL ADJUSTMENT

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## **ACTION REQUESTED / RECOMMENDATION**

Conduct a Public Hearing and Adopt a Resolution to increase the Capital Improvement Costs and corresponding Countywide Traffic Mitigation Fees to reflect an increase of 2.5% in construction costs since April of 2008.

## **BACKGROUND / SUMMARY**

In April 1996, your Board adopted an ordinance establishing Traffic Fees, Capital Improvement Programs (CIP's) and a process to collect the fees. In July 1999, the Board approved an ordinance to allow for annual adjustments to the traffic mitigation fees to account for changes in construction costs. The annual adjustment is typically determined based on the Construction Cost Index as a 20-city average published in the Engineering News Record from April of the prior year to April of the current year. Based on this information, an increase of 5.1% would be appropriate for all districts. This increase reflects the national average change in construction costs since the fees were updated in May 2008 for all fee districts.

The Construction Cost Index is an appropriate index to use for adjustments to the Capital Improvement Program and corresponding Traffic Mitigation Fee Program 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 rates and materials. It is also the index used for annual traffic mitigation fee adjustments to the Highway 65 Joint Powers Authority, City of Roseville/Placer County, and the South Placer Regional Transportation Authority (SPRTA) Fee Programs.

However, we are in a very different economic environment. The County's recent bid prices and construction costs have actually gone down in recent months. The ENR Index tracks only labor rates and the cost of several different construction materials. It does not track the margins or markups of contractors working on projects. DPW believes this omission may explain the difference between current construction costs and the ENR Index. It also may explain how construction costs were increasing at double digit percentages years a few years ago while our Index averaged only 4.1% per year over the previous five years.

We are currently going through a period where contractors margins are below normal because of the competitive environment. Public Works is recommending that the Annual Adjustment be limited to 2.5% to reflect current lower than historically average costs but still recognize some increase in labor and material costs.

The County's Capital Improvement Program (CIP), describes the capital improvements, estimated costs and funding sources, and it is also adjusted to reflect the 2.5 % increase in capital improvement costs recommended.

Attachment 1 to the attached Resolution shows current and proposed fees by benefit district. Attachment 2 shows a revised Exhibit C of County Code Article 15.28, Countywide Traffic Mitigation Fees, to reflect the proposed changes.

**ENVIRONMENTAL**

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 August 10, 2009.

Attachment: Resolution – with attachments

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

**In the matter of: A RESOLUTION MODIFYING  
THE PLACER COUNTY TRAFFIC IMPACT FEE  
PROGRAM TO ADJUST FOR CHANGES  
IN CONSTRUCTION COSTS**

**Resol. 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.**

**Attest:  
Clerk of said Board**

\_\_\_\_\_  
**Chairman, Board of Supervisors**

**THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF  
CALIFORNIA, MAKES THE FOLLOWING FINDINGS:**

- 1) Periodic adjustments should be applied to the County's Traffic Mitigation Fee Program to ensure sufficient funding of the projects provided for therein.
- 2) Placer County Code Section 15.28.030(F) provides a mechanism to adjust the cost estimates within the County's Capital Improvement Program and associated fee schedule used to collect fees through the Traffic Mitigation Fee program.

- 3) The Board of Supervisors finds the term "administration" as used in County Code Section 15.28.030(D) includes costs necessary to administer the fee program.
- 4) On May 14, 2008, the Board of Supervisors approved an adjustment to bring the Traffic Mitigation Fees current to April 2008 conditions.
- 5) The Engineering News Record publication reports a 5.1% increase in the Construction Cost Index between April 2008 and April 2009.
- 6) The industry standard used to estimate changes in construction costs is reported in the Engineering News Record. This publication is circulated nationwide to the engineering profession and regularly reports indices for changes in construction costs.
- 7) The purpose of the fee adjustment shall be to continue appropriate funding for transportation projects identified in the County's Capital Improvement Program by keeping pace with increased costs of construction. All collected fees will continue to be used as set forth in the Traffic Mitigation Fee Program.
- 8) There still exists a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.
- 9) There still exists a reasonable relationship between the need for the Capital Improvement Program and the type of development projects on which the fee is imposed.
- 10) There still exists a reasonable relationship between the unexpended funds in the current fee programs and the improvements for which they were collected.
- 11) Funds collected and held for five (5) years have been reviewed. These funds are still needed for the purpose that they were collected.
- 12) Attachment 1 to this Resolution shows a comparison of County Traffic Impact Fee Districts showing proposed changes by District.

**NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER HEREBY RESOLVES AS FOLLOWS:**

- 1) In accordance with Placer County Code Section 15.28.030(F)(3), the County's Traffic Mitigation Fee Program fee schedule is hereby amended and restated in its entirety as shown on attached Attachment 2.

Attachments:           1.     Adjustment Comparison by Benefit District  
                              2.     Exhibit C, Fees by District

**TRAFFIC MITIGATION FEES  
 Adjustment Comparison  
 By Countywide Benefit District**

<b>Benefit District</b>	<b>Countywide Fee as of July 2008</b>	<b>Proposed Countywide Fee (July 2009)</b>	<b>Hwy. 65 JPA</b>	<b>SPRTA Regional</b>	<b>County/Roseville</b>	<b>Total</b>
	<b>Fee per DUE</b>	<b>Fee per DUE</b>	<b>Fee Per DUE</b>	<b>Fee Per DUE</b>	<b>Fee Per DUE</b>	<b>Fee Per DUE</b>
Auburn/Bowman	\$4,590	\$4,705	\$0	\$0	\$0	\$4,705
Dry Creek	\$3,280	\$3,362	\$0	\$680.31	\$861	\$4,903.31
Foresthill (Residential)	\$3,655	\$4,425	\$0	\$0	\$0	\$4,425
Foresthill (Non-Residential)	\$3,655	\$2,301	\$0	\$0	\$0	\$2,301
Granite Bay	\$5,706	\$5,928	\$0	\$1,749.06	\$57	\$7,734.06
Meadow Vista	\$4,744	\$4,863	\$0	\$0	\$0	\$4,863
Newcastle/Horseshoe Bar	\$4,524	\$4,634	\$0	\$1,784.47	\$37	\$6,455.47
Placer Central Fee	\$1,946	\$1,995	\$0	\$1,937.91	\$43	\$4,025.91
Placer East	\$3,148	\$3,227	\$0	\$0	\$0	\$3,309
Placer West	\$2,411	\$2,471	\$0	\$2,186.86	\$91	\$4,811.86
Sunset	\$2,774	\$2,843	\$1,885	\$1,592.39	\$233	\$6,625.39
Tahoe Region	\$4,475	\$4,587	\$0	\$0	\$0	\$4,703

- Note:
- 1) The changes noted above reflect an increase of 2.5% for the period from April 2008 to April 2009 for the Countywide Fee. The Foresthill and Granite Bay districts reflect amounts presented to the Board of Supervisors on June 9, 2009 and are not adjusted herein.
  - 2) SPRTA = South Placer Regional Transportation Authority
  - 3) DUE = Dwelling Unit Equivalent
  - 4) JPA = Joint Powers Authority

**Exhibit C**

Placer County Code Article 15.28  
Placer County Road Network  
Traffic Mitigation Fees

**COUNTYWIDE TRAFFIC MITIGATION FEES**  
**Fees per DUE by Benefit District**

Benefit District	Countywide Fee Per Dwelling Unit Equivalent (DUE)
Auburn/Bowman	\$4,705
Dry Creek	\$3,362
Foresthill (Residential)	\$4,425
Foresthill (Non-Residential)	\$2,301
Granite Bay	\$5,928
Meadow Vista	\$4,863
Newcastle/Horseshoe Bar/Penryn	\$4,634
Placer Central	\$1,995
Placer East	\$3,227
Placer West	\$2,471
Sunset	\$2,843
Tahoe Resorts	\$4,587

- Note: 1) The changes noted above reflect an increase of 2.5% for the period from April 2008 to April 2009 for the Countywide Fee. The Foresthill and Granite Bay districts reflect amounts presented to the Board of Supervisors on June 9, 2009 and are not adjusted herein.
- 2) The changes stated herein shall become effective August 10, 2009.
- 3) DUE = Dwelling Unit Equivalent