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City Manager’s Report
February 27, 2024, City Council Meeting
Prepared by: Melissa McConnell, Interim City Engineer
Item #: 11.1

Subject: Consider approving an 8.28% increase in the Traffic Impact Mitigation (TIM) Fees equivalent to the change in the Engineering New Record Construction Cost Index from December 2021 to January 2024, effective April 27, 2024, as shown in Exhibit “A.”

Recommendation: Adopt a Resolution approving an 8.28% increase in the Traffic Impact Mitigation (TIM) Fees equivalent to the change in the Engineering New Record Construction Cost Index from December 2021 to January 2024, effective April 27, 2024, as shown in Exhibit “A.”

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.

Strategic Plan Strategy: Fiscal Stability/Sustainability – Increase Revenues.

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 the City Council at their regularly scheduled meeting on February 8, 2022. That adjustment accounted for a one-year inflation increase of 7.34%.

Discussion: The proposed adjustment covers the timeframe since the last update in February 2022. The most recent ENR construction cost index available is January 2024. In December 2021, the ENR construction cost index was 12,481 and in January 2024 the ENR construction cost index was 13,515. This calculates to an inflation increase of 8.28% over the two-year period.

A 8.28% increase results in the following proposed TIM fees and revision to the footnote:

Category	Existing Fee	Proposed Fee
Single- Family Residential	\$18,409 per dwelling unit	\$19,933 per dwelling unit
Multi-Family Residential	\$13,669 per dwelling unit	\$14,801 per dwelling unit
Manufactured Home (In Park)	\$12,392 per dwelling unit	\$13,418 per dwelling unit
Minor Commercial	\$10.03 per square foot	\$10.86 per square foot
Major Commercial	\$7.31 per square foot	\$7.92 per square foot
Gas Station	\$16,335 per fuel position	\$17,688 per fuel position
Industrial	\$2.40 per square foot	\$2.60 per square foot

Existing 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.*

Proposed footnote: *For land uses not listed above, the fees will be one thousand nine hundred seventy three dollars (\$1,973) per trip for residential type land uses, and four hundred seventy two dollars (\$472) 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 July 1, 2023. 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.

Category	Proposed City TIM Fee	Current El Dorado County TIM Fee (Zone B)
Single- Family Residential	\$19,933 per dwelling unit	\$29,790 per dwelling unit
Multi-Family Residential	\$14,801 per dwelling unit	\$16,981 per dwelling unit
Minor Commercial	\$10.86 per square foot	\$9.03 per square foot
Industrial	\$2.60 per square foot	\$2.97 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 27, 2024. Any development application not previously submitted and deemed complete as of close of business on Friday, April 26, 2024 will be subject to the new TIM Fees.

In September 2022 Council awarded a contract to GHD for consulting services to assist the City with compliance with AB 602, which is almost complete. Next, they will provide 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, is anticipated to be completed this year.

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.

Environmental: Not applicable.

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

Budget Impact: The proposed 8.28% increase to the TIM Fees was not assumed in the adopted Fiscal Year 2023/2024 Capital Improvement Program (CIP) Budget, and if approved, the fee increase will likely generate greater TIM Fee revenue than originally forecasted.



M. Cleve Morris, City Manager



Melissa McConnell, Interim City Engineer

Attachments:

- A. Resolution
- B. Fee Table – Exhibit “A”