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El Dorado County moves to lower traffic impact fees

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It may not jump-start new construction, but builders and developers hailed El Dorado County's move to lower its traffic impact fees.

The Board of Supervisors last week unanimously approved a 1.73 percent decrease in the fees charged to new development to cover the cost of road improvements needed to serve growth.

For a single-family home, that translates to a \$240 to \$700 drop in fees, depending on location. The new fees will range from \$15,430 in the county's northwest area to \$41,700 in the Cameron Park-Rescue area and the area west of Placerville along Highway 50.

The decrease came as part of the annual fee update to reflect changes in economic factors, including construction and project delivery costs.

The slight decrease this year follows a 14.6 percent increase in 2007 and was attributed to the decision to use a different construction cost inflation index in setting the fees.

Richard Shepard, transportation director, praised the efforts of an advisory group, representing a cross-section of the community, in reaching consensus on the updated fee schedule.

"They agreed that the group would not recommend an increase in fees because of the current economy," he said.

Shepard said the group favored substituting the Engineering News Record's Building Cost Index for the California Department of Transportation's Construction Cost Index, which was used in the past to set the fees.

The advisory group decided the Caltrans index was too volatile, he said. Using Caltrans' figures for the third quarter of 2007 would have resulted in a 12.2 percent increase in the proposed fee schedule, Shepard said.

John Costa, legislative advocate for the North State Building Industry Association and a member of the advisory group, said he thought the Engineering News Record index was better, but he added that the figures in the Caltrans index are declining.

"I'd like to see you use (the Caltrans index) as it comes down," he said.

Some members of the group proposed using whichever index reflects the lower costs.

Supervisor Helen Baumann suggested that a lower fee might help spur residential and commercial development. That would aid the county by generating more tax revenue, she said.

But Shepard said, "It's questionable how much a reduction in fees would stimulate new housing starts."

Supervisor Norma Santiago argued that the current financial climate, particularly the crisis in the mortgage industry, is likely to affect construction more than fees.

She favored using the more stable Engineering News Record index.

"We're trying to stabilize a process that is subject to many external influences," Santiago said. "I would rather see (fees) gradually go down, rather than hit peaks and valleys."

Board Chairman Rusty Dupray also favored switching to the more stable index.

"Normally, I would like to give these guys a break as much as possible," he said, but the county is not rolling in money, and its capital needs are not being funded.

"We need the funds to make the roads better," Dupray said.

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