

DATE: 10/5/99 AGENDA ITEM # 12  
( ) APPROVED ( ) DENIED  
( ) CONTINUED

TO: JAMES L. APP, CITY MANAGER  
FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR *Bob*  
SUBJECT: HIGHWAY 46 EAST CORRIDOR STUDY: COUNCIL OF GOVERNMENTS  
(COG) OPTIONS REGARDING ECONOMIC IMPACT ANALYSIS  
DATE: OCTOBER 5, 1999

Needs: For the City Council to consider and comment on options under consideration by SLOCOG. The options relate to the Paso Robles City Council request to include an Economic Impact Analysis as a part of a proposed Highway 46 East corridor study.

- Facts:
1. The San Luis Obispo Council of Governments (SLOCOG) has budgeted \$60,000 preparation of a Corridor Study for Highway 46 East (Highway 101 to Jardine Road). The purpose of the study is to determine whether Highway 46 in this area will be a future highway, expressway, or a freeway. If adopted and implemented, the study outcome is anticipated to have interim and long-term implications for the use of private property and to have potentially significant fiscal impacts on the City of Paso Robles.
  2. At the September 7, 1999 City Council meeting the Council approved "working assumptions" relative to street improvements in relation to the corridor study. In addition, the Council expressed its strong desire to have SLOCOG include Economic Impact Analysis as a part of the corridor study. Attached is a suggested scope of work for the economic impact analysis.
  3. Attached for Council's information is a copy of the SLOCOG staff report, describing the funding constraints and outlining a series of four (4) options. The SLOCOG staff recommendation is that SLOCOG seek to enter into an agreement with the City for the City to pay the excess costs associated with the Economic Impact Analysis.
  4. It is understood that this matter will be addressed at the October 1999 SLOCOG meeting.

Analysis and Conclusion: The three options for the design of access to Highway 46 (from Highway 101 to Jardine Road) have significantly different impacts on neighboring properties (please note that a four-lane configuration is assumed for all three design options):

- The current highway configuration allows continued access from both established streets and established private roads / driveways. The existing access is convenient to property owners and visitors. However, with growing traffic along the corridor, one can assume there will be more conflicts with turning movements in and out of Highway 46.
- It is staff's understanding that if this section of Highway 46 were to be designated as an Expressway, that traffic signals would be installed at selected "at grade" intersections and that these traffic signals would control access to Highway 46 East. The status of other established points of access is currently unclear.
- If this section of Highway 46 were to be planned as a Freeway, it is staff's understanding that vehicular access would be limited to grade-separated interchanges. Further, Caltrans standards (and economics) would tend to limit the number and location of interchanges that would be constructed.

The Request for Proposals that was circulated by SLOCOG made provisions for an Economic Impact Analysis as an extra cost option. The scope of Economic Impact Analysis that was identified by the City of Paso Robles would cost about \$30,000.

SLOCOG staff has indicated that there are not additional SLOCOG funds available to accommodate the extra cost of the Economic Impact Analysis.

As indicated by the attached SLOCOG staff report, four options have been identified:

- (1) Proceed with the consultant contract upon agreement with the City (the Economic Impact Analysis, estimated at \$30,000 for a detailed scope of work, would either be assumed by the City [and/or County], or the consultant would be directed by SLOCOG to proceed without including the economic impact analysis);
- (2) Delay consideration until City agrees to pay for the impact analysis;
- (3) Delay study for possible future SLOCOG funding consideration of the economic impact analysis;
- (4) Reprogram the funds to another project in December 1999.

The alternatives under consideration ("status quo", Expressway, Freeway) each have differing potential impacts on both private property owners and the City of Paso Robles. These impacts could result in a loss of business, property tax, sales tax, and/or be significant to development impact fees.

The results of an economic impact analysis would seem to be very important information. Focusing on only traffic flow concerns, without regards to economic impacts, would seem to ignore what should be relevant considerations.

Policy  
Reference: Circulation Element of the General Plan

Fiscal  
Impact: If the selected design alternative for the Highway 46 East corridor adversely impacts the economic viability of adjacent properties, there could be a significant, negative, long-term fiscal impact on the City of Paso Robles. If the City were to participate in the Economic Impact Analysis, the maximum cost would be approximately \$30,000.

- Options:
- a. That the City Council formally request SLOCOG to provide the additional funding for the Economic Impact Analysis, based on the need to include economic impact information as a consideration, particularly in light of the potential negative long-term fiscal impact on both private property owners and the City of Paso Robles. This options would be the equivalent of SLOCOG #3.
  - b. Amend, modify or reject Option a.

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## Suggested Scope of Economic Impact Analysis

### Introduction:

The City's Economic Development Strategy relies heavily on Paso Robles continuing to develop as an end-destination tourist attraction. Facilitating access to wineries / tasting rooms and golf courses contributes to meeting this goal.

To the extent that physical changes to the Highway 46 corridor impact the use of existing property (such as through acquisition of property for freeway interchanges), both private property owners and the City could experience significant adverse fiscal impacts.

To the extent that private property owners are expected to contribute toward the cost of constructing public infrastructure (e.g. grade separated interchanges), development impact fees could have a significant effect on the feasibility of developing property along the Highway 46 East corridor.

### Impact Assessment:

In order to evaluate the full cost of each alternative design for Highway 46 East, both private property owners and the City need an evaluation of the economic impacts of each project alternative. The impact assessment should include but not be limited to:

- The estimated dollar value lost in terms of business (present and long-term opportunity) as a result of reduced access to properties that currently take direct access to Highway 46 East (including but not limited to Martin-Weyrich Tasting Room, Hunter Ranch Golf Course, Eberle Winery Tasting Room).

The estimated dollar loss to the City in both sales and property tax (present and long-term opportunity) resulting from properties being acquired for the construction of freeway interchanges.

The estimated cost of construction of new frontage roads and/or parallel routes, including loss of productive land, translated into a per acre cost to property owners. (Please note: Ramada Drive is a fine example of how reduced access results in blighted property conditions; further the loss of productive land to paved frontage roads along Highway 46 would seem contrary to maintaining a scenic corridor).

- The differential costs in terms of development impact fees for the local share of installation of new improvements to Highway 46 East, including the alternatives of traffic signals and freeway interchanges.

**Note:** A related issue that needs to be addressed at some point in the process is the legal standing of the current Freeway Agreement - - since CalTrans obligations would proportionately reduce or eliminate local cost shares.

## Project Summary

**Project Name:**

SR 46 E Corridor Study

**Project ID Number:**

260 (PRPR03)

**Jurisdiction:**

SLOCOG; City of Paso Robles; County

|             | Amount | Source | Year  |
|-------------|--------|--------|-------|
| Local       |        |        |       |
| State (1)   | 60,000 | RSHA   | 98/99 |
| State (2)   |        |        |       |
| Federal (1) |        |        |       |
| Other       |        |        |       |
| Total       | 60,000 |        |       |

**Discussion:**

The purpose of this study is to develop a consistent long term improvement vision for the 5 mile segment of Route 46 between Route 101 and Jardine Road. The study will identify mid and long term roadway needs (interchanges, signals, parallel routes, etc.) in the study area and the findings will be for securing needed right-of-way and planning and programming for interim and long term corridor improvements.

The scope for the Corridor Study was defined in cooperation with the City, Caltrans, the County and SLOCOG. The RFP was circulated and a consultant recommended for selection to do the work at a cost within the budgeted amount of \$60,000. The scope of work for the study includes an analysis of existing and projected traffic, identification and evaluation of improvement alternatives, cost and right of way impact assessment, identification of long and interim improvement project phasing, and identification of improvement cost sharing by jurisdiction. The selected consultants' scope of work includes convening a ad-hoc committee representing area business, industry, developers, and community interests. Two public workshops are also included to gather public comment and present draft findings.

The City has indicated a desire to also include a detailed economic impact analysis of proposed project alternatives. This proposed analysis would include estimates for each alternative of:

- dollar value loss of business as a result of reduced access if freeway improvements are proposed;
- dollar value loss of sales and property tax as a result of property acquired for freeway development;
- estimated cost of "loss of productive land"; and,
- differential costs for development impact fees based upon project alternatives

This additional scope of work is estimated to cost \$25,000 to \$30,000; the City has requested that the entire cost of this analysis be born by SLOCOG.

An economic analysis of this scope and scale has not been done for any projects within San Luis Obispo County. Staff are concerned with the precedent setting nature of conducting local economic impact analysis. Additional funds for such a study would need to be identified. SLOCOG programmed \$60,000 of regional funds for the project with the city having no direct funding contribution.

**Options for Board action:**

Provide direction regarding the proposed Corridor Analysis. Alternatives include:

1. **Proceed with contract upon agreement with the City.** Pursue an agreement with the City that the economic impact analysis will either be dropped or costs in excess of \$60,000 will be assumed by the City (and/or County). This action would allow the president to sign the contract with the selected consultant (not to exceed \$60,000) upon agreement with the City (see Consent Agenda item # D-5).
2. **Delay study to pursue city funding for economic impact analysis.** Direct staff to request the City pay the cost of the proposed economic analysis. Consider contract at a future SLOCOG meeting.
3. **Delay study to allow SLOCOG to consider the funding for economic impact analysis.** Direct staff to include the additional study costs of @ \$30,000 as a candidate project in the fund allocation scheduled for December.
4. **Reprogram funds for project -** Direct staff to reprogram the original fund allocation of \$60,000 at the December meeting.

**SLOCOG Staff Recommendation:**

**Proceed with contract upon agreement with the City.** Pursue an agreement with the City that the economic impact analysis will either be dropped or costs in excess of \$60,000 will be assumed by the City. Failure to reach agreement on this issue by October 15<sup>th</sup> will cause the money to be considered for reprogramming in December.

**TTAC/CTAC Recommendation:**

**Study Area Map:**

