Street Impact Fees

Impact Fee Advisory Committee

December 1, 2016

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Overview

- Role of Advisory Committee
- Comparison of Street and Utility Impact Fees
- The Fundamentals of Transportation Funding
- Theoretical and Real World Scenarios
- Street Impact Fee Components
- Putting the Pieces Together
- Process

Role of Impact Fee Advisory Committee

Role of Advisory Committee During Study

1. Required per Local Government Code Chapter 395, Section 395.058
2. Advise and assist the City Council in adopting land use assumptions
3. Review the capital improvements plans and file written comments

Role of Advisory Committee After Study

1. Monitor and evaluate implementation of the capital improvements plan
2. File semiannual reports with respect to the progress of the capital improvements plan and report to the political subdivision any perceived inequities in implementing the plan or imposing the impact fee; and
3. Advise the City Council of the need to update or revise the land use assumptions, capital improvements plan, and impact fee

Comparison of Street and Utility Impact Fees

Comparison of Street and Utility Impact Fees

- Similarities
  - Both Governed by Chapter 395 of Texas Local Government Code
  - Both have 10-year Land Use Assumptions and Capital Improvement Plans
  - Both evaluate the cost for “growth to pay for growth”
- Differences
  - Streets – No requirement to build; Utilities must provide service
  - Streets – Multiple Service Area Requirement
  - Credits – Streets are more commonly built by development and receive credits
  - Funding sources are limited on roadways

The Fundamentals

The Fundamentals: Transportation Funding

- What are the funding needs?
- Existing Needs
  - Maintenance
  - Operations
  - Complete Reconstruction (Capital)
- Growth Needs
  - Capital

Impact Fees

The Fundamentals: Development Exactions

- Must be roughly proportional to subdivision's impact.
  - ROW dedication
  - Construction of off-site roadways or intersection improvements
  - Escrow for construction of off-site improvements
  - Water/Sewer line extensions or oversizing
  - Off-site drainage improvements

The Fundamentals: The Legal Side

Two Important US Supreme Court Cases

- **Nollan vs. California Coastal Comm'n (1987)**
  - The Beachfront Path – Nature of exaction vs. impacts commission sought to mitigate
  - Do permit conditions have an <u>essential nexus</u> to legitimate state interests?

- **Dolan vs. City of Tigard, OR (1994)**
  - Hardware Store Expansion – Drainage and Bikeway
  - Is the taking <u>roughly proportional in nature and to the extent</u> of the impact of the development?

The Fundamentals:
Dolan v. City of Tigard, OR

The Fundamentals: Nollan and Dolan Visit Texas…

- Stafford Estates
- Town of Flower Mound
- 265 SF Lots
- Adjacent to Simmons Road
- Developer improved a two-lane asphalt road into a two-lane concrete roadway

The Fundamentals: Flower Mound Details

- Texas Supreme Court
- Flower Mound vs. Stafford Estates (2002)
  - √ Nollan – upgrading Simmons Road "substantially advanced" legitimate interests essential nexus)
  - X Dolan – improvements were not roughly proportional to the impacts of the development
- Texas Supreme Court says we need to correlate developers' contributions toward new infrastructure *to their actual impact to the system*
- If a City requires something from a developer as a condition of permit/plat approval, you must show the nexus and rough proportionality

The Fundamentals: Development Exaction Options

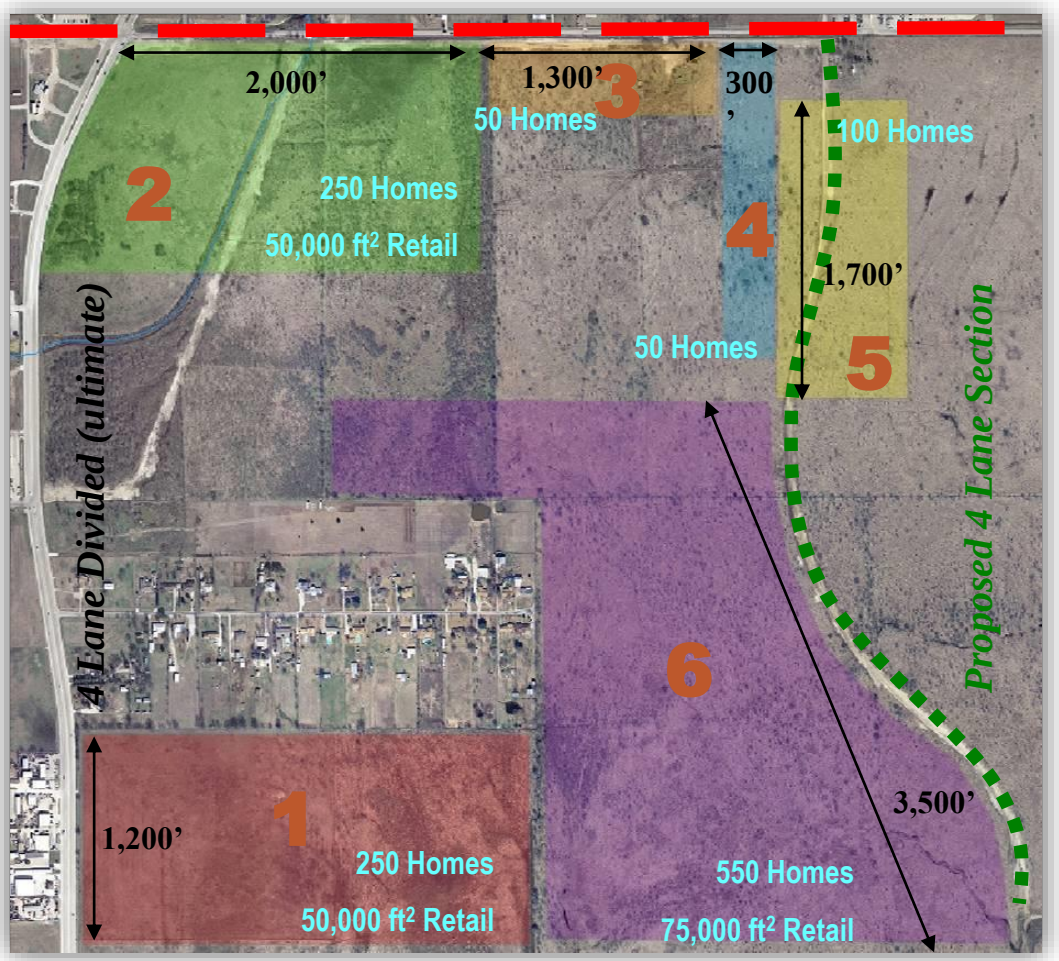
- Individualized determination
  - Outline in City Code
  - Traffic Impact Analysis
  - Rough Proportionality Study – “mini impact fee”
  - Must be done for each applicant

- Impact Fee Ordinance
  - Determine the proportional share for all future development
  - Can still require traffic impact analysis
  - Must ‘credit’ a developer’s impact fee for construction of off-site improvements

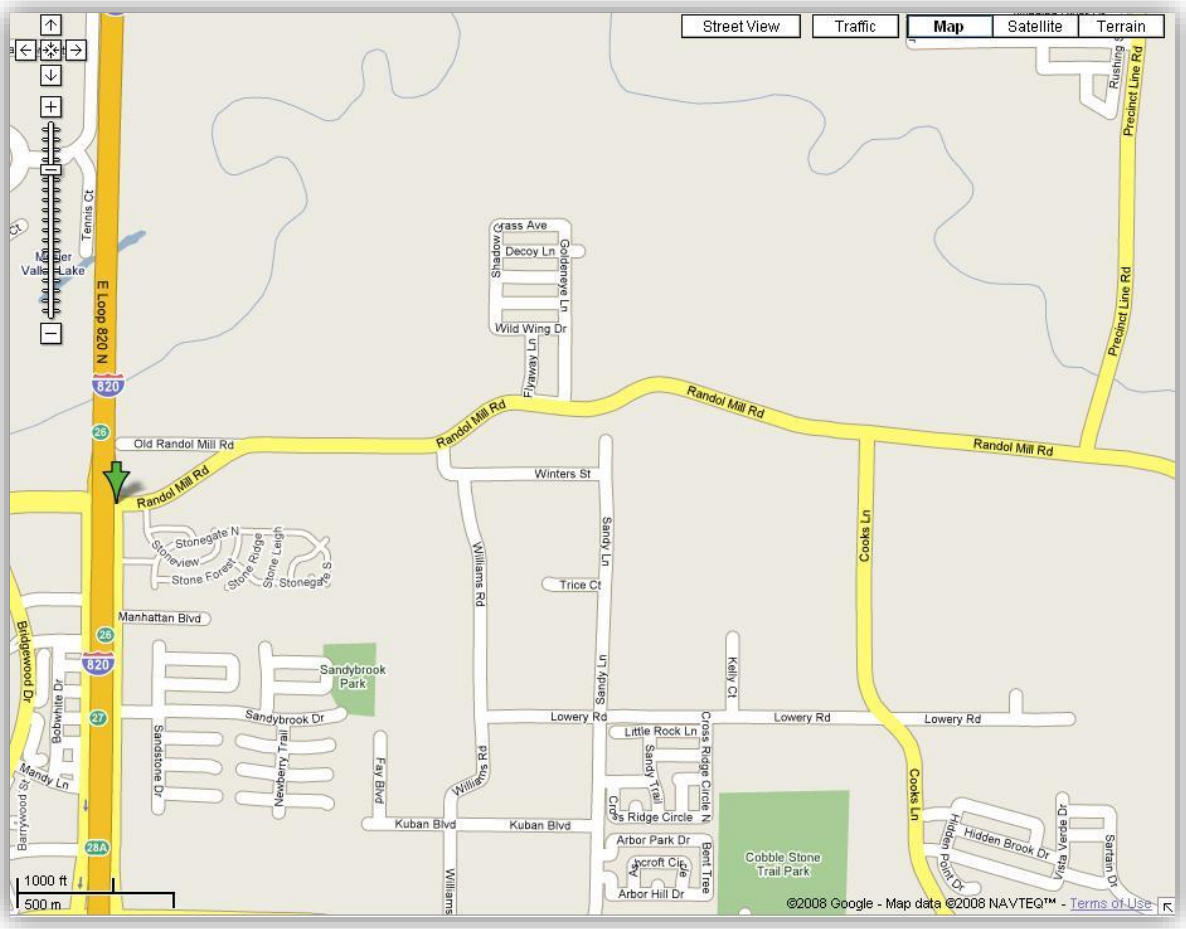
Theoretical and Real World Scenarios

Theoretical Scenarios

2 Lane Asphalt (ultimate 6-lane section)



Real World Scenario



Real World Scenario

Real World Scenario

Street Impact Fee Components

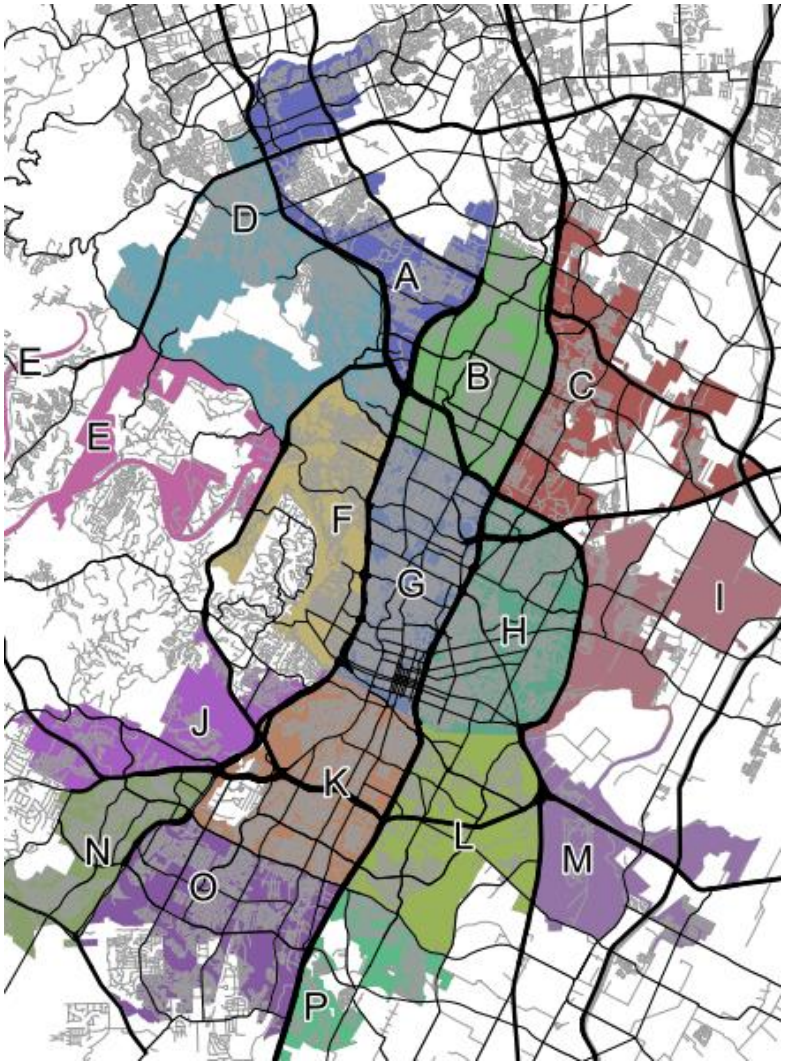
Street Impact Fee : Components

- What Are The Components?
  - Service Areas
  - Land Use Assumptions
  - Service Units
  - Capital Improvements Plans

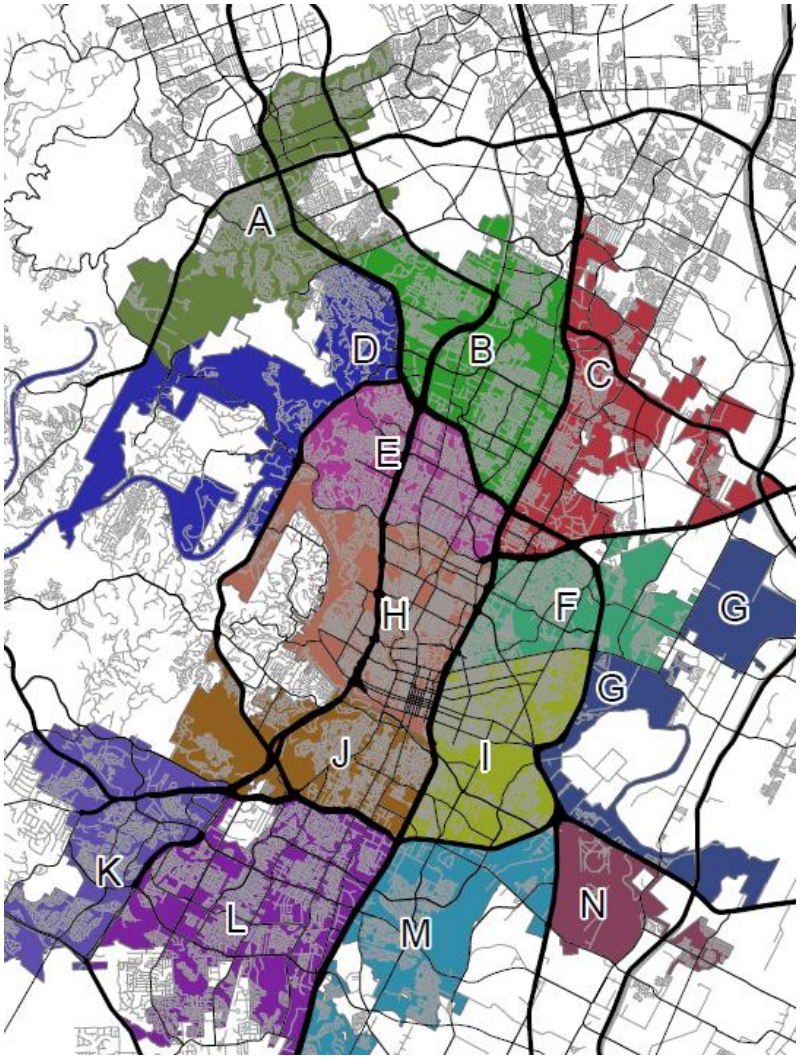
Impact Fee Basics: Service Areas

- Impact Fee Service Areas
  - Funds collected within a service area must be spent on projects within the same service area within 10 years
  - Water (Service Area: Citywide)
  - Sewer (Service Area: Citywide)
  - Transportation (Service Area: 6 miles)
    - Limited to Corporate Limits for roadways; Cannot include ETJ
    - Fort Worth = 27 Areas; Fate = 1 Area
    - Austin estimated 16
  - Drainage (Service Area: Citywide & Regional)

Impact Fee Basics: Service Areas



Option 1



Option 2

Options are still be evaluated

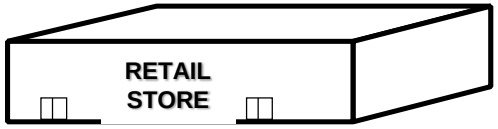
Impact Fee Basics: Land Use Assumptions

- Establishes Infrastructure Demands and Master Plans
- Population and Employment Projections
  - Aggressive vs. Non-aggressive Growth Rates
- Coordinate with CodeNext
- Consistent with Utility Impact Fees
  - Assumptions in Street and Utilities can be slightly different

Impact Fee Basics: Service Unit

- **Chapter 395 “Service unit” definition**
  - Standardized measure of consumption attributable to an individual unit of development calculated in accordance with generally accepted engineering or planning standards and based on historical data and trends applicable to the political subdivision in which the individual unit of development is located during the previous 10 years
- **Roadway utilizes vehicle miles - One vehicle to travel one mile**

Impact Fee Basics
Service Unit



Trips	**1.00 Vehicles (PM Peak)** ***(ITE Trip Generation)***
X Trip Length	**5.38 Miles*** ****TBD***
Vehicle-Miles	**5.38 Vehicle-Miles**
Trips	**3.71 Vehicles (PM Peak)** ***(ITE Trip Generation)***
Reduction for Pass-by Trips	**34%** ***(ITE Trip Generation Handbook)*** **2.45 Vehicles (PM Peak)**
X Trip Length	**2.70 Miles*** ****TBD***
Vehicle-Miles	**6.61 Vehicle-Miles**

Impact Fee Basics: Capital Improvement Planning

- Design, Construction, Legal, Fiscal, ROW, etc.
- 5-yr CIP vs. 10-yr Impact Fee CIP
  - Completed, Underway, and Future Projects
- Development Ordinances
- Zoning
- Development Rules and Regulations
- Construction Standards and Details
- Impact Fee Ordinance

Impact Fee Basics: CIP

- Roadway (Street) facilities means arterial or collector streets or roads that have been designated on an officially adopted roadway plan of the political subdivision, together with all necessary appurtenances. The term includes the political subdivision share of cost for roadways and associated improvements designated on the federal or Texas highway system, including local matching funds and costs related to utility line relocation and establishments of curbs, gutters, sidewalks, drainage appurtenances, and rights-of-way.

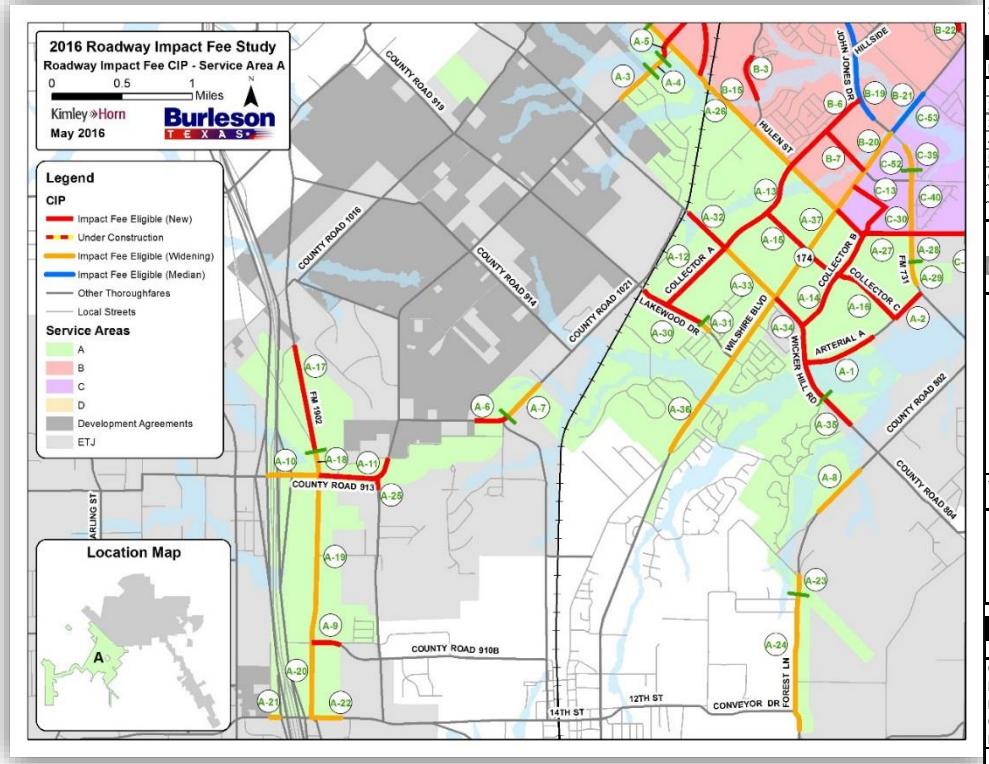
Impact Fee Basics CIP

Items Payable with Impact Fees

- Components that can be paid for through an impact fee program:
  - ✓ Construction cost of capital improvements on the CIP
    - Roadway to thoroughfare standard
    - Traffic signals, bridges, sidewalks, etc.
  - ✓ Survey and Engineering fees
  - ✓ Land acquisition costs, including court awards
  - ✓ Debt Service of impact fee CIP
  - ✓ Study/Update Costs

- Components that ***cannot*** be paid for through an impact fee program:
  - × Projects not included in the CIP
  - × Repair, operation and maintenance of existing or new facilities
  - × Upgrades to serve existing development
  - × Administrative costs of operating the program

Impact Fee Basics: CIP



City of Burleson — *Kimley-Horn and Associates, Inc.*
2016 Roadway Impact Fee Study — updated: 6/9/2016
Conceptual Level Project Cost Projection

Project Information:		**Description:**	**Project No.**	**A-27,C-30**
Name:	Hulen St (3)	**This project consists of the construction of a new 6 lane divided concrete principal arterial**		
Limits:	Wilshire Blvd to John Jones Dr			
Impact Fee Class:	PA-120			
Ultimate Class:	Primary Arterial			
Length (lf):	3,185			
Service Area(s):	A,C			

Roadway Construction Cost Projection

No.	Item Description	Quantity	Unit	Unit Price	Item Cost
101	Unclassified Street Excavation	14,156	cy	$ 6.00	$ 84,933
201	Lime Stabilization (with Lime @ 50 lb/sy)	27,603	sy	$ 4.00	$ 110,413
301	8" Concrete Pavement and Curb	26,188	sy	$ 45.00	$ 1,178,450
401	8" Lime Stabilized Subgrade	27,603	sy	$ 3.75	$ 103,513
501	4' Concrete Sidewalk	25,480	sf	$ 4.50	$ 114,660
601	Turn Lanes and Median Openings	2,359	sy	$ 49.00	$ 115,571
				Paving Construction Cost Subtotal:	**$ 1,707,540**

Major Construction Component Allowances:**

	Item Description	Notes	Allowance	Item Cost
	Traffic Control	None Anticipated	0%	$ -
√	Pavement Markings/Signs/Posts	Includes Striping/Signs for Bicycle Facilties	3%	$ 51,226
√	Roadway Drainage	Standard Internal System	35%	$ 597,639
√	Illumination		6%	$ 102,452
	Special Drainage Structures	None Anticipated	-	$ -
√	Water	Minor Adjustments	2%	$ 34,151
√	Sewer	Minor Adjustments	5%	$ 85,377
√	Landscaping and Irrigation		6%	$ 102,452
√	Intersection Improvements		-	$ 500,000
	Miscellaneous:		$0	$ -
**Allow ances based on % of Paving Construction Cost Subtotal			**Allowance Subtotal:**	**$ 1,473,298**

Paving and Allowance Subtotal:		**$ 3,180,838**
Construction Contingency:	15%	$ 477,126
Mobilization	5%	$ 159,042
Prep ROW	2%	$ 63,617
Construction Cost TOTAL:		**$ 3,881,000**

Impact Fee Project Cost Summary

Item Description	Notes:	Allowance	Item Cost
Construction:		-	**$ 3,881,000**
Engineering/Survey/Testing:		16%	$ 620,960
Previous City contribution			
Other			
ROW/Easement Acquisition:	New Roadw ay Alignment	20%	$ 776,200
		Impact Fee Project Cost TOTAL:	**$ 5,278,000**

NOTE: The planning level cost projections listed in this appendix have been developed for Impact Fee calculations only and should not be used for any future Capital Improvement Planning w ithin the City of Burleson
The planning level cost projections shall not supersede the City's design standards contained or the determination of the Director of Engineering for a specific project.

Impact Fee Basics: Impact Fee Calculation

- Impact fees assessed based on the amount traffic generated

$$\text{Max. Impact Fee Per Service Unit} = \frac{\text{Recoverable Cost of the CIP (\$)}}{\text{New Service Units (vehicle - miles)}}$$

- New Service Units are derived from Land Use Assumptions (10-Year Growth) and Future Land Use Plan

- Impact Fee Capital Improvements Plan based on the portion of the Street Network Plan needed for future growth (i.e Recoverable Cost)

Impact Fee Basics: Impact Fee Calculation

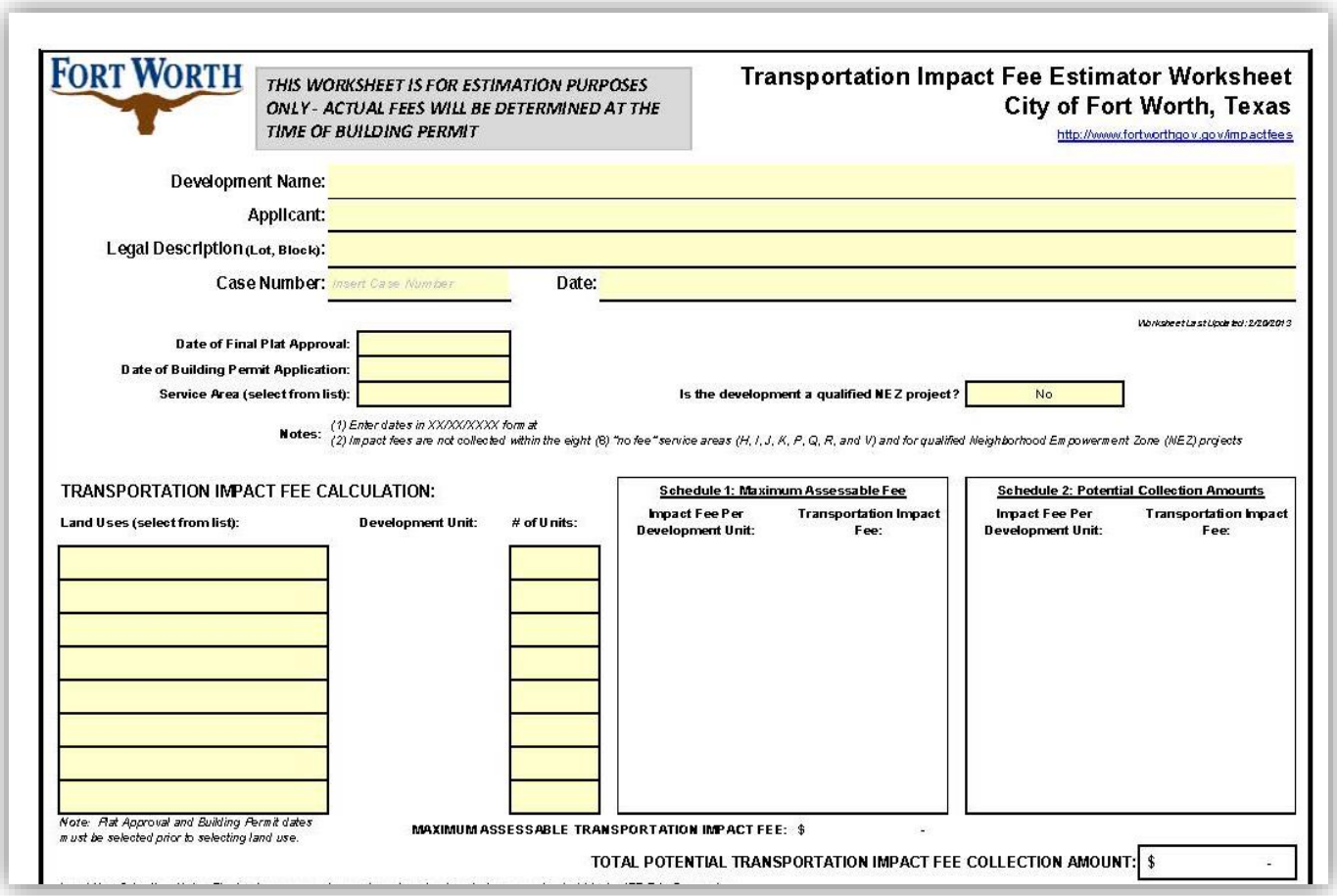
- Why Calculate the “Maximum Assessable” Impact Fee?
  - Engineer Provides Maximum Allowable
  - Credit Calculation Discounts Maximum Allowable City Council Establishes Actual
- Once the Impact Fee is Calculated, Can It Be Charged Immediately?
  - Procedures (Chapter 395, Subchapter C)

Putting the Pieces together

Putting the Pieces Together Messaging

- Develop a system that is:
  - **Predictable**; for the development community and City
  - **Equitable**; equal development should pay an equal fee
  - **Flexible**; funds collected need to be used to add capacity to the system, not sit in a bank or in a location where they aren't needed
  - **Transparency**; Able to be found with ease
  - **Legal**; compliant with proportionality rules
  - **Consistent** with the City's overall goals and objectives for growth – perhaps even encourage development where infrastructure already exists

Putting the Pieces Together: Transparency …



FORT WORTH

THIS WORKSHEET IS FOR ESTIMATION PURPOSES ONLY - ACTUAL FEES WILL BE DETERMINED AT THE TIME OF BUILDING PERMIT

Transportation Impact Fee Estimator Worksheet
City of Fort Worth, Texas
http://www.fortworthgov.gov/impactfees

Development Name:
Applicant:
Legal Description (Lot, Block):
Case Number: *Insert Case Number* Date:

Worksheet Last Updated: 2/20/2013

Date of Final Plat Approval:
Date of Building Permit Application:
Service Area (select from list):

Is the development a qualified NEZ project? No

Notes: *(1) Enter dates in XX/XX/XXXX format*
(2) Impact fees are not collected within the eight (8) "no fee" service areas (H, I, J, K, P, Q, R, and V) and for qualified Neighborhood Empowerment Zone (NEZ) projects

TRANSPORTATION IMPACT FEE CALCULATION:

Land Uses (select from list):	Development Unit:	# of Units:	Schedule 1: Maximum Assessable Fee		Schedule 2: Potential Collection Amounts	
			Impact Fee Per Development Unit:	Transportation Impact Fee:	Impact Fee Per Development Unit:	Transportation Impact Fee:

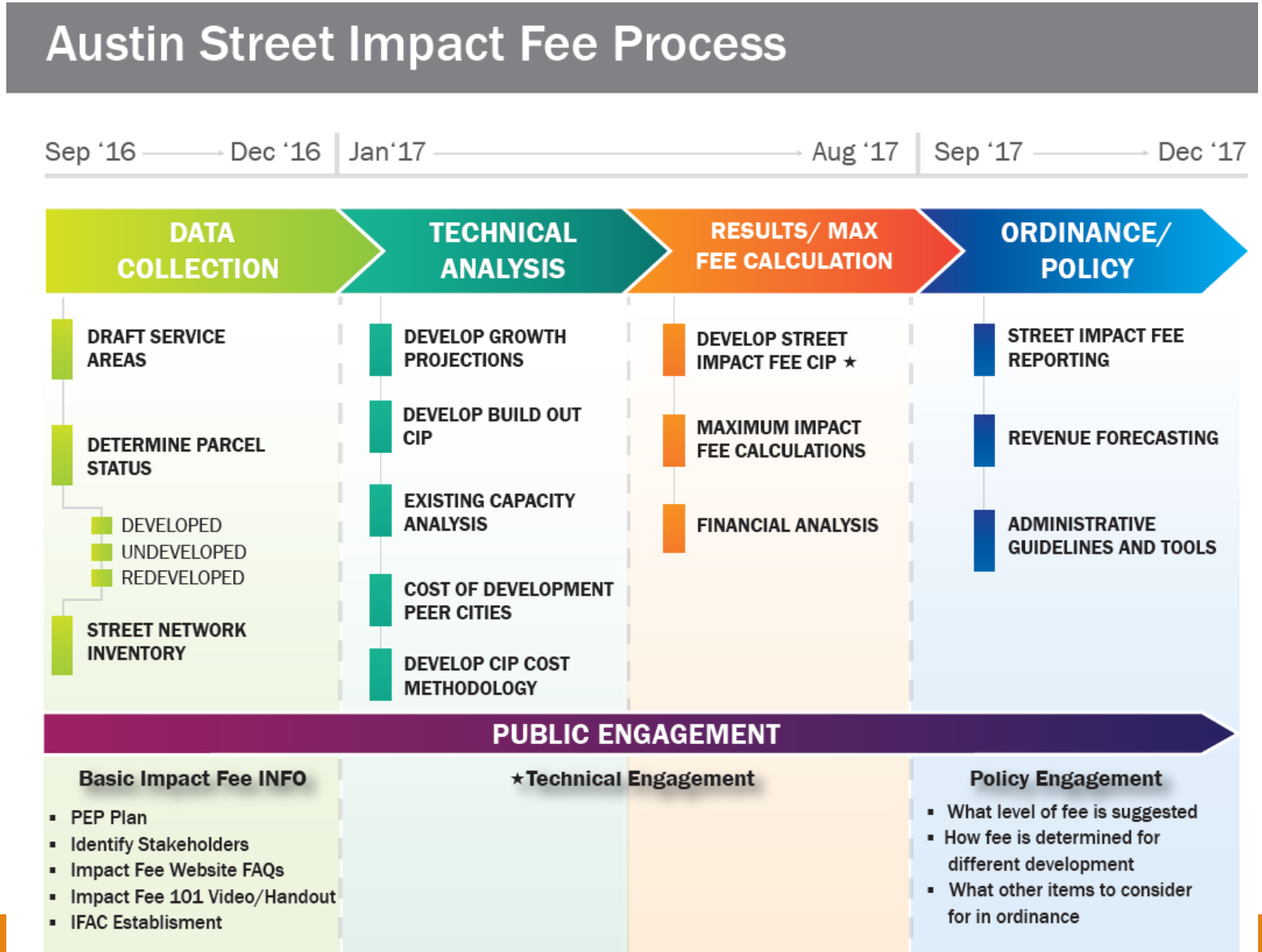
Note: Plat Approval and Building Permit dates must be selected prior to selecting land use.

MAXIMUM ASSESSABLE TRANSPORTATION IMPACT FEE: $ -

TOTAL POTENTIAL TRANSPORTATION IMPACT FEE COLLECTION AMOUNT: $ -

Process

Process


Austin Street Impact Fee Process
Sep '16
Dec '16
Jan'17
Aug '17
Sep '17
Dec '17
DATA COLLECTION
TECHNICAL ANALYSIS
RESULTS/ MAX FEE CALCULATION
ORDINANCE/ POLICY
DRAFT SERVICE AREAS
DETERMINE PARCEL STATUS
DEVELOPED
UNDEVELOPED
REDEVELOPED
STREET NETWORK INVENTORY
DEVELOP GROWTH PROJECTIONS
DEVELOP BUILD OUT CIP
EXISTING CAPACITY ANALYSIS
COST OF DEVELOPMENT PEER CITIES
DEVELOP CIP COST METHODOLOGY
DEVELOP STREET IMPACT FEE CIP ★
MAXIMUM IMPACT FEE CALCULATIONS
FINANCIAL ANALYSIS
STREET IMPACT FEE REPORTING
REVENUE FORECASTING
ADMINISTRATIVE GUIDELINES AND TOOLS
PUBLIC ENGAGEMENT
Basic Impact Fee INFO
PEP Plan
Identify Stakeholders
Impact Fee Website FAQs
Impact Fee 101 Video/Handout
IFAC Establisment
★Technical Engagement
Policy Engagement
What level of fee is suggested
How fee is determined for different development
What other items to consider for in ordinance