



## MEMORANDUM

**TO:** Mayor and City Council

**CC:** Spencer Cronk, City Manager  
Gina Fiandaca, Assistant City Manager

**FROM:** Robert Spillar, P.E., Director  
Austin Transportation Department

**DATE:** June 12, 2019

**SUBJECT:** **Street Impact Fee Study Status Report**

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The purpose of this memorandum is to provide information on upcoming requests for Council action related to the Street Impact Fee Study and to transmit a status report. On June 20, 2019, Council will be asked to set an August 8, 2019, Public Hearing item to take public testimony on the [Street Impact Fee Study assumptions](#), including the Land Use Assumptions and Roadway Capacity Plan. At the August meeting, Council will also be asked to approve a resolution adopting the use of the Land Use Assumptions and Roadway Capacity Plan in the remaining phase of the study.

Attached is a status report to provide an overview and update on the development of a Street Impact Fee for the City of Austin. The [previous status report](#) was provided to Council on August 29, 2017. Council's Mobility Committee will also receive a [presentation](#) on June 13, 2019. Additional materials are available on the [project website](#).

The content of the report includes:

- I. Street Impact Fee Study Overview; also included is the relationship of the study to other mobility planning initiatives.
- II. An update on work completed to date.
- III. Details on next steps, including a Request for Council Action to call a public hearing for August 8, 2019 to take public testimony and to adopt the Street Impact Fee Study assumptions.
- IV. Street Impact Fee Study schedule.
- V. Relationship to the Transportation Criteria Manual update.
- VI. Background on Street Impact Fees.

If you or your staff would like a briefing on the Street Impact Fee Study assumptions prior to the public hearing, please contact Cole Kitten, (512) 974-6442.

## STREET IMPACT FEE STUDY STATUS REPORT

### I. Street Impact Fee Study Overview

The purpose of the Street Impact Fee Study is to identify the fee per unit of new development necessary to fund infrastructure capacity improvements in accordance with the enabling legislation, Chapter 395 of the Texas Local Government Code. This study is required by state law for the City to implement a Street Impact Fee.

The following overview provides information on the three phases of the Street Impact Fee Study.

- *Phase 1: Service Areas and Land Use Assumptions (Projected Growth)*
- *Phase 2: Roadway Capacity Plan*
- *Phase 3: Maximum Fee Calculation and Fee Setting (Ordinance)*

#### *Phase 1: Service Areas and Land Use Assumptions (Projected Growth)*

A **Service Area** is a geographic area where a unique maximum impact fee is determined. All fees collected within the Service Area must be spent on eligible improvements within the same Service Area.

The maximum Street Impact Fee determination by Service Area is required to be based on the **projected growth** and corresponding capacity needs within a 10-year window. This study considers the years 2017-2027. The study projected growth in terms of single-family and multi-family units and growth of employment in square footage.

#### *Phase 2: Roadway Capacity Plan*

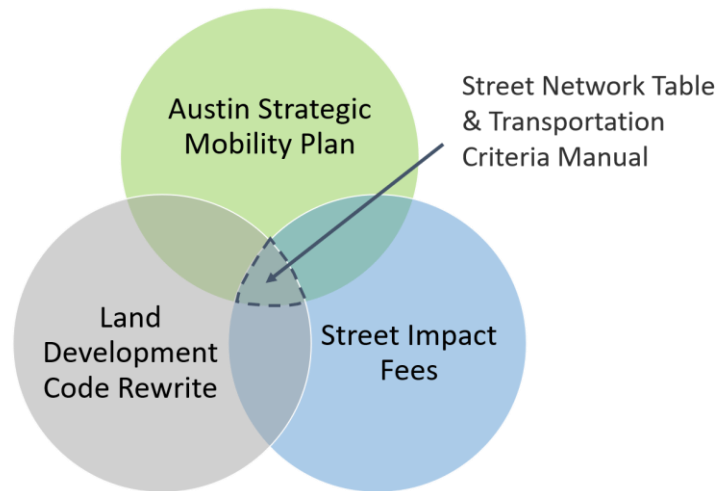
The **Roadway Capacity Plan (RCP)** is a list of projects in each Service Area eligible for funding through Street Impact Fees. The RCP is based on capacity improvements and is made up of improvements to identified **intersections** and **street segments**.

#### *Phase 3: Maximum Fee Calculation and Fee Setting (Ordinance)*

The **Maximum Fee** calculation is based on the assumptions from Phase 1 and Phase 2. The growth assumptions are converted to demand, measured in vehicle-miles traveled. The recoverable costs for the RCP are calculated to only include the portion of the projects attributable to growth. The result is a cost-per-vehicle-mile for each Service Area.

Setting of a development fee is a Council decision. The fee can be set from 0% of the maximum fee to 100%. Common **policy decisions** will be discussed during the writing of a fee ordinance. These include: discount for transportation demand management/multimodal reduction; credits for system improvements; incentivizing the Imagine Austin growth concept; and the relationship to Transportation Impact Analysis and traffic mitigation ordinance.

### *Relationship to other Mobility Planning Initiatives*



The RCP is a subset of the **Austin Strategic Mobility Plan (ASMP)** and its associated Street Network Table. The **Street Network Table**, which defines existing and future conditions of roadways, was informed by the work on the Austin Street Design Guide. The guide contains multimodal cross-sections that will ultimately replace the cross-sections in the **Transportation Criteria Manual**, which is currently being updated. The updated cross-sections, including the right-of-way and its elements (sidewalk, planting zone, bicycle facility, etc.) will be used in costing the projects that are included in the RCP, which will inform the maximum fee. The **Land Development Code Rewrite** will include references to the transportation plan (ASMP), Street Network Table, and Transportation Criteria Manual.

## **II. Work Completed to Date**

Since the [last status report](#) was provided to Council on August 29, 2017, work on Phase 2 has been completed. Additional detail on Phase 1 work can be found in the previous status report.

### *Phase 1: Service Areas and Land Use Assumptions (Projected Growth)*

#### **Service Areas**

The City of Austin has been divided into seventeen (17) Service Areas. These areas were developed through an iterative process that examined travel patterns, adjacent land uses, topography, the Colorado River, highway boundaries, and size limitations dictated by state law. The proposed Service Areas reflect different travel patterns, resulting in an inner ring of Service Areas where trip lengths are shorter and an outer ring of Service Areas where trips are generally longer. One Service Area is dedicated to the downtown area. The Service Areas were confirmed at the July 25, 2017 Impact Fee Advisory Committee meeting. A map of the proposed Service Area boundaries can be found in the [SIF Study Assumptions Report](#).

#### **Land Use Assumptions**

The maximum Street Impact Fee determination is required to be based on reasonable assumptions of projected growth and corresponding roadway capacity needs within a 10-year window. The study projected growth in terms of single-family and multi-family units and

growth of employment in square footage from 2017-2027. Collectively, this growth composes the Land Use Assumptions.

To arrive at a defensible projection of growth, growth trends were analyzed, all vacant parcels were inventoried, and future land use was assigned based on the Emerging Projects database maintained by the Planning and Zoning Department, future land use map (FLUM) designations, and the Imagine Austin growth concept map.

Development of the land use assumptions was coordinated closely with Austin Water's update of the Water and Wastewater Impact Fee, which was completed in 2018. The Austin Transportation and Austin Water teams met with Ryan Robinson, City Demographer, who determined that the growth assumptions of the two studies are comparable and reasonable.

The Land Use Assumptions were recommended by the Impact Fee Advisory Committee at their July 25, 2017 meeting. Below are the citywide 10-year growth projections. The growth projections are broken down by Service Area in the [SIF Study Assumptions Report](#).

City Council held a public hearing on the Land Use Assumptions on October 19, 2017.

City – Residential (Dwelling Units)				City – Employment Square Feet			
	Single-Family	Multi-Family	Total	Basic	Service	Retail	Total
<b>2017 Base Year</b>	179,259	224,030	403,289	72,071,000	125,112,000	79,359,000	276,488,000
<b>2027 Projections</b>	212,913	315,313	528,226	84,503,000	158,956,000	109,182,000	352,641,000
<b>2017-2027 Projected Growth</b>	<b>32,654</b>	<b>91,283</b>	<b>124,937</b>	<b>12,486,000</b>	<b>33,844,000</b>	<b>29,823,000</b>	<b>76,153,000</b>

Changes to the land development code that would significantly impact the 10-year growth assumptions can be addressed in Phase 3 prior to policy adoption. State law requires the assumptions to be updated at least every five years once an impact fee program is in place.

#### *Phase 2: Roadway Capacity Plan*

In coordination with the Austin Strategic Mobility Plan, staff developed and received public feedback on the Roadway Capacity Plan (RCP), which is made up of **intersections** and **street segments** to improve roadway capacity. [Feedback received is available to view online](#) and is available for [download in an accessible format](#).

**Intersections:** A process for evaluating intersections was developed to determine where potential intersection capacity improvements would be needed. This process predominantly considered where future turn lanes are likely to be needed, based on street type and likely signalization. Signal requests made to the Austin Transportation Department were considered as well as existing four-way stop controlled intersections.

**Street segments:** A process for identifying potential capacity improvement projects on street segments was developed. This process evaluation looked at a variety of projects, including

access management projects, widening of existing roadways, extensions of roadways, and new roadway connections.

A portion of the RCP consists of the 2010, 2012, and 2016 bond projects. The RCP includes a portion of the overall costs of these bond projects that have been allocated towards future growth demands. In addition, a large portion of the RCP are newly identified roadway segments that are needed to continue to complete the street network grid. These segments are identified in the newly adopted Austin Strategic Mobility Plan and Street Network Table and Map.

TxDOT improvements included in the ASMP are also eligible for the Street Impact Fee if the City's contribution is known or can be estimated. If the City's contribution cannot be determined, these projects will be excluded from the study, but can be added in subsequent updates to the RCP (at least every five years once an impact fee program is in place).

### *Phase 3: Maximum Fee Calculation and Fee Setting (Ordinance)*

This phase will begin when the RCP is approved by City Council. However, staff has worked with the Public Works Department to identify the **costing methodology** to estimate the cost of the RCP in order to calculate the maximum fee in each service area. The cost for constructing street segment projects that are not a part of the 2010, 2012, or 2016 bond programs will be estimated using a worksheet similar to the Rough Proportionality Costing Worksheet. The worksheet will be specific to each project in the RCP and is being updated based on new right of way needs and street cross-sections identified in the Austin Strategic Mobility Plan and Austin Street Design Guide and based on feedback from the Public Works Department. Costs for all bond projects will be based on current cost estimates or previous Preliminary Engineering Reports.

### *Public Engagement - Ongoing*

A Public engagement plan was developed for the Street Impact Fee study. The public engagement plan consists of a variety of elements to keep the public informed and gather feedback throughout the study. Public engagement activities include:

- Impact Fee Advisory Committee meetings: December 1, 2016; February 28, 2017; April 25, 2017; July 25, 2017; January 29, 2018; April 4, 2018; May 21, 2018; July 31, 2018; October 29, 2018. The next meeting is scheduled for June 13, 2019.
- Stakeholder meetings: Austin Neighborhoods Council (February 22, 2017, and May 24, 2017), Real Estate Council of Austin (May 3, 2017), Urban Land Institute (April 26, 2017), Austin Bar Association (October 20, 2017), Downtown Austin Alliance (October 18, 2017 and August 14, 2018); additional meetings to be scheduled.
- Stakeholder interviews
- Frequently Asked Questions (available on the [project website](#))
- Fact sheets available on the [project website](#): Street Impact Fees "101", Land Use Assumptions and Service Area Information, and Roadway Capacity Plan "101." Fact sheets to be developed for the Impact Fee Maximum Fee Results and Ordinance.
- E-newsletter (subscription is available on the [project website](#))
- Phases 3 and 4 of the Austin Strategic Mobility Plan

If your office has recommendations on engagement strategies or additional opportunities to reach stakeholders, please contact Cole Kitten, (512) 974-6442.

### III. Next Steps: Request for Council Action to Call a Public Hearing for August 8, 2019 to Take Public Testimony on and Approve the Street Impact Fee Study Assumptions

On June 20, 2019, Council will be asked to set an August 8, 2019 Public Hearing item to solicit input on the Street Impact Fee Study Assumptions (*Phase 1 and Phase 2*). This is a required public hearing as part of the impact fee development process.

A public hearing notification will be placed in one or more print newspapers at least 30 days prior to the Public Hearing and the e-newsletter will provide information about opportunities for public comment. The [SIF Study Assumptions Report](#) is available on the Street Impact Fee [website](#).

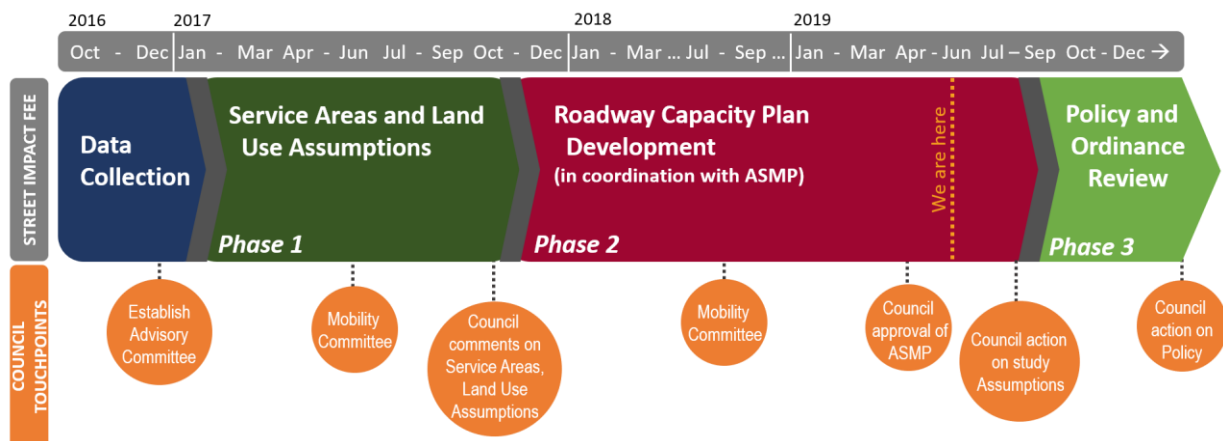
At the proposed August 8, 2019 Public Hearing, Council will be asked to approve the proposed Service Area definitions and growth projections (i.e., Land Use Assumptions) and Roadway Capacity Plan. Staff suggests that the approval allow for adjustments to be made to the study assumptions, as necessary, to ensure alignment with results of other planning processes, including the Land Development Code rewrite process. Any adjustments to the study assumptions would be presented to Council with the final maximum fee calculation and proposed ordinance (*Phase 3*).

The Land Use Assumptions and Service Area chapter of the [study assumptions report](#) has been available online since May 2017 and was presented to the Impact Fee Advisory Committee on February 28, 2017, April 25, 2017, and July 25, 2017. The committee voted unanimously to approve the Land Use Assumptions at their meeting on July 25, 2017. The Urban Transportation Commission also recommended approval of the Land Use Assumptions at its October 10, 2017 meeting and recommended approval of the Austin Strategic Mobility Plan with comments on March 18, 2019.

The Impact Fee Advisory Committee will consider their recommendation of the Roadway Capacity Plan at their meeting on June 13, 2019.

If you or your staff would like a briefing on the SIF Study Assumptions prior to the public hearing, please contact Cole Kitten, (512) 974-6442.

### IV. Street Impact Fee Study Schedule



*Phase 1: Service Area Development and Land Use Assumptions (Projected Growth)*

Council held a public hearing on the Land Use Assumptions and Service Areas on October 19, 2017.

*Phase 2: Roadway Capacity Plan*

The RCP was developed in coordination with the Austin Strategic Mobility Plan, which was adopted by Council on April 11, 2019. Staff has launched Requests for Council Action to set and hold a public hearing on the study assumptions, including the Roadway Capacity Plan. The proposed dates are:

- June 20, 2019 – Set Public Hearing on SIF Study Assumptions
- August 8, 2019 – Hold Public Hearing on SIF Study Assumptions. Request Council approval of SIF Study Assumptions (Growth Projections and RCP).

*Phase 3: Maximum Fee Calculation and Fee Setting (Ordinance)*

Staff anticipates beginning the maximum fee calculation and policy development phase after the approval of the study assumptions (Fall 2019).

## **V. Update to the Transportation Criteria Manual**

The Transportation Criteria Manual (TCM) is currently being updated in coordination with the Street Impact Fee study. The TCM contains the technical requirements for street design and transportation impact analyses, including standard street cross-sections. These cross-sections have been updated based on the multimodal vision for Austin established in the Imagine Austin Comprehensive Plan and furthered through the adoption of the Austin Strategic Mobility Plan. The update to the manual also considers our Vision Zero commitment to reduce all traffic-related injuries and deaths to zero. These street design standards inform the project costing for the Roadway Capacity Plan. The update to the TCM will support implementation of the Austin Strategic Mobility Plan, as well as the land development code rewrite.

Council will be asked to consider approval of an item at its June 20, 2019 meeting to add additional authorization on the contract to complete tasks associated with updating the TCM.

## **VI. Background on Street Impact Fees**

On September 8, 2015, Council approved funding in the Fiscal Year 2015-16 Operating Budget for the Austin Transportation Department to secure a consultant to conduct the technical analysis required by Chapter 395 of the Texas Local Government Code to implement a Street Impact Fee.

On June 9, 2016, Council authorized negotiation and execution of a professional services agreement with Kimley-Horn and Associates, Inc. The agreement was executed on August 17, 2016 for \$1,172,949.68.

### ***What are Street Impact Fees?***

Impact fees are one-time charges imposed by a city to a new development for a portion of the costs related to specific capital improvement projects or facility expansions necessitated by and attributable to that new development. They are paid by developers and builders at the time a building permit is issued.

Impact fees are a method of shifting a portion of the attributable burden of the cost of new or expanded infrastructure (i.e., capital growth) required to serve new development to the new development itself in a way that is equitable, predictable and transparent. Across the country, impact fees are used to fund police and fire facilities, parks, schools, roads and utilities. In Texas, the legislature has allowed their use for water, wastewater, roadway and drainage facilities.

Impact fees are meant to recover the incremental cost of each new unit of development in terms of new infrastructure needs. In the case of roadway impact fees in Texas, the infrastructure need is defined as the need for increased roadway capacity. The purpose of the Street Impact Fee Study (includes three phases, which are described below) is to identify the fee per unit of new development necessary to fund infrastructure improvements in accordance with the enabling legislation, Chapter 395 of the Texas Local Government Code. This study is required by state law, if Council decides to implement a Street Impact Fee policy for Austin.

### ***Uses of Impact Fees***

Due to the requirement of Street Impact Fees to be used for facility expansions and roadway capacity enhancements, they are a tool that can be used to assist in completing the street grid by funding new street connections, expanding existing roadways, and improving intersection efficiency. Street Impact Fees are a tool to improve the City's response to new growth that can be used for capacity needs, allowing for more strategic uses of other funding sources, such as public improvement bonds, for other non-roadway capacity mobility needs.

Impact Fees can also be a leveraging tool to provide opportunities for the City to partner with development. The City of Fort Worth, the largest city in Texas with roadway impact fees, utilizes the revenue from impact fees to partner with developments and other agencies, leveraging the funding to produce a larger-scale project. Impact fees can also be used to pay down debt on capital investments made by the City. For example, the City of Austin uses revenue from its water/wastewater impact fee to defease debt on projects that are under construction or completed and have additional capacity to serve new growth.

#### Components that **can** be paid for using Street Impact Fees

##### Capacity-related projects:

- ✓ Construction cost of capital improvements on the Roadway Capacity Plan (RCP)
  - Roadways – additional lanes, bridges, other appurtenances of roadway (sidewalks, bicycle facilities, lighting, etc.)
  - Intersections – signals, turn lanes
- ✓ Corridor planning and preliminary engineering
- ✓ Survey and engineering fees
- ✓ Land acquisition costs
- ✓ Debt service of Street Impact Fee RCP
- ✓ Impact Fee study/update costs

#### Components that **cannot** be paid for using Street Impact Fees

##### Non-capacity-related projects:

- x Projects not included in the RCP (i.e., stand-alone bike/pedestrian/transit projects)
- x Repair, operation and maintenance of existing or new facilities
- x Upgrades to serve existing development
- x Administrative costs of operating the program