



Transportation Funding
Impact Fees 101
Policies to Deal with Growth

Kimley»Horn

November 26, 2019

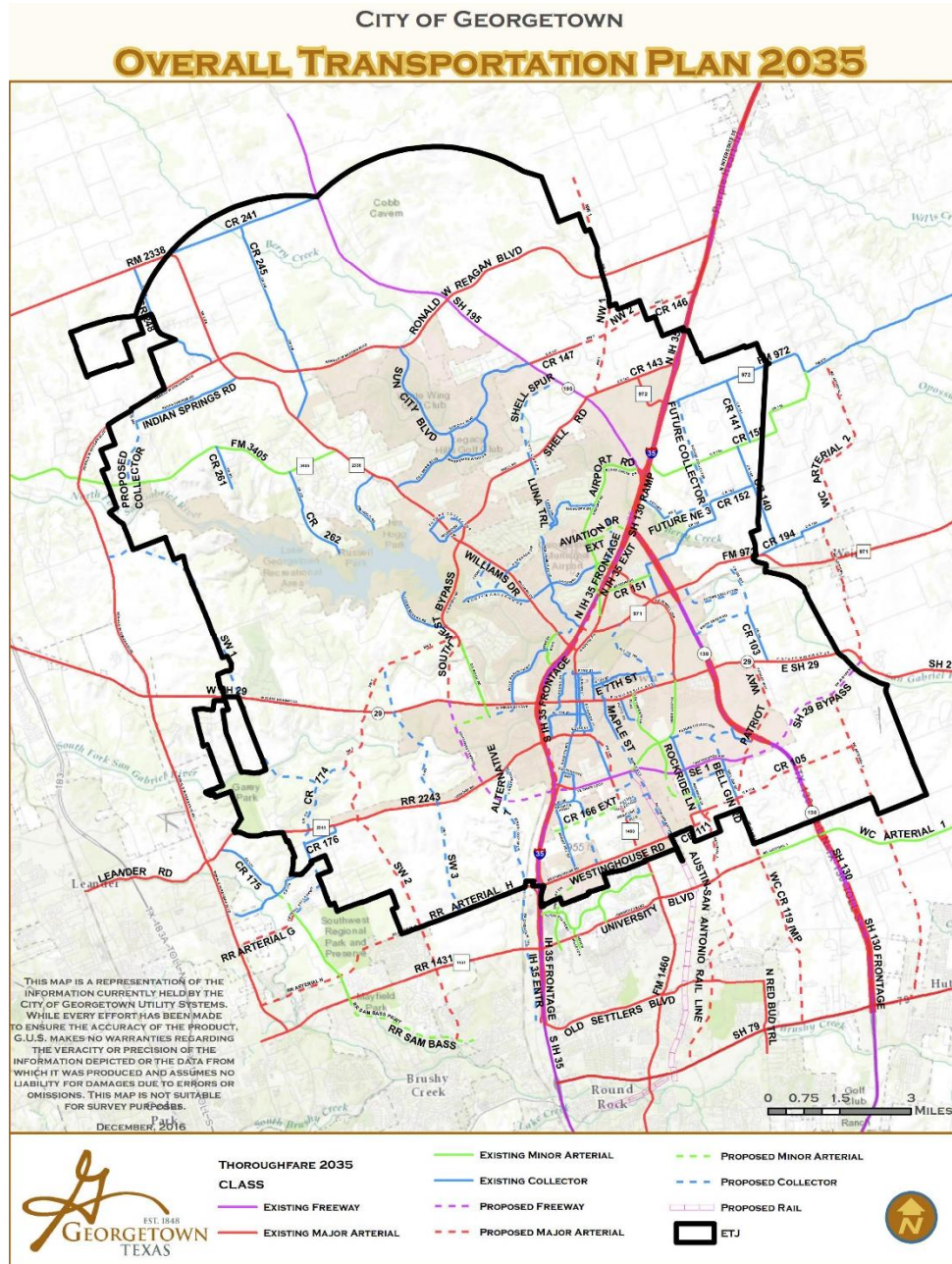
Rough Outline

- Funding Needs
- Growth
 - Why are these topic important for growing communities?
 - Theoretical Scenarios
- Impact Fee Components
- Feedback and Discussion

Transportation Funding

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

Transportation Funding



Kimley»Horn



Funding Options

- Property Taxes
- Bonds (GO/CO)
- Transportation Utility Fee
- **TIRZ (Tax Increment Reinvestment Zone)**
- **TRZ (Transportation Reinvestment Zone)**
- **Developer Agreements (380 Agreement)**
- PID (Public Improvement District)
- **MUD (Municipal Utility District)**
- **Traffic Impact Analysis (TIAs)**
- **Impact Fee / Rough Proportionality** ★

RED = GROWTH RELATED

BLACK = EXISTING

Transportation Funding

- Why is this important for growth?
 - Infrastructure costs greatly exceed traditional tax and fee collection rates in fast-growing cities
 - New York City Example: 1% vs. 10% Growth
 - Federal / State funding no longer keeps up with need
 - Funding mechanisms for infrastructure (especially transportation) are limited in Texas
 - 'Growth should pay for Growth' is logical & reasonable

Theoretical Scenarios

2 Lane Asphalt (Ultimate 6 Lane section)



Current Practice

- Traffic Impact Analysis – when a development is anticipated to generate more than 2,000 daily trips, a study is done to determine cost-share of improvements
 - Imperfect – “last person in” takes greater share
 - Takes time - typically 3-6 months to complete
 - No formal update process
 - Funds are constrained
 - Developer uncertainty in process
 - Received \$2.6 Million last 20 years from TIAs

City Policy Decisions

- Is there a better way to do this?
- We need a system that is:
 - **Predictable**; for the development community and City
 - **Equitable**; equal development should pay an equal fee
 - **Transparent**
 - **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
 - **Legal**; compliant with proportionality rules (Ch. 212 LGC)
 - **Consistent** with the City's overall goals and objectives for growth – perhaps even encourage development where infrastructure already exists

Impact Fee Basics

- What are they?
 - Mechanism to recover infrastructure costs required to serve future development
 - Governed by Chapter 395 of the Texas Local Government Code; Established in Texas in 1987
 - Water, Wastewater, Roadway, and Drainage impact fees allowed in Texas
 - Other states may have school district, police, fire, parks, and/or library impact fees
- Other municipalities adopted include:
 - Round Rock, New Braunfels
- Other municipalities considering:
 - Austin, Buda

Impact Fee Components

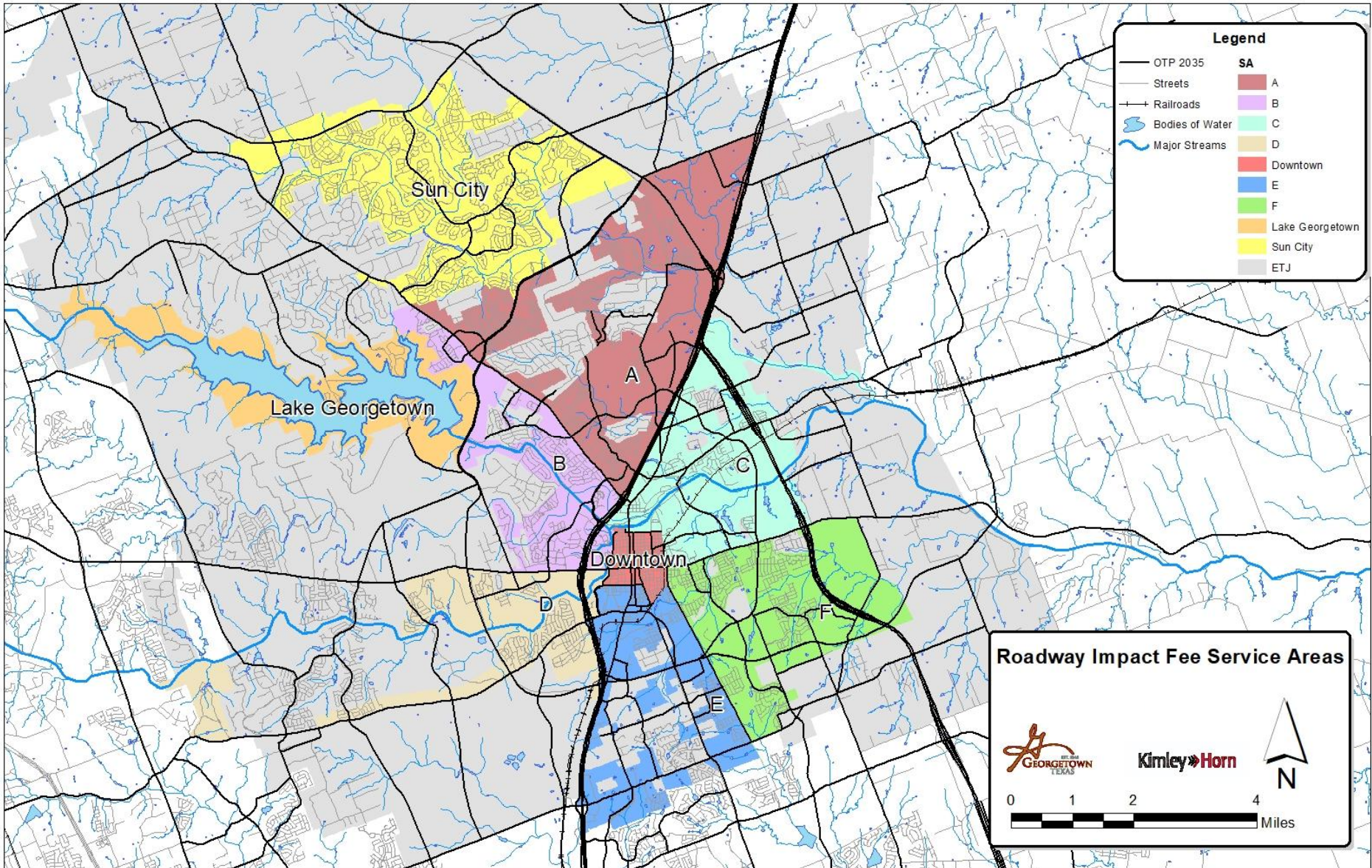
- Service Areas*
 - Land Use Assumptions
 - Service Units
 - Capital Improvements Plan
 - Maximum Fee Calculation
 - Initial Collection Rate
 - Policy
- Kimley-Horn Study
- Ordinance / Policy Decision (Always adjustable)

*Draft Complete – Input Today’s Meeting

Impact Fee Components: Service Areas

- Funds collected within a service area must be spent on projects within the same service area within 10 years
- Water, Sewer (Service Area: Citywide)
- Transportation - 6 mile trip length limit
 - **Limited to Corporate Limits for roadways;
Cannot include ETJ (TIA likely to remain in ETJ)**
 - Fort Worth = 27 Areas; Fate = 1 Area
 - Georgetown – 9 Areas (3 may have \$0 max fee)

Service Areas



Impact Fee Components: Land Use Assumptions

- **Will be consistent with Comp Plan**
- Establishes Infrastructure Demands and Master Plans
- Population and Employment Projections
 - Aggressive vs. Non-aggressive Growth Rates
- Calibrated with historical growth
- Coordinate with Future Land Use

Impact Fee Components: Service Unit

- Roadway utilizes vehicle miles - One vehicle to travel one mile
 - Based off of local travel lengths and ITE Trip Generation (covers wide array of land uses)
- Water utilizes meter size, fixed route system

Impact Fee: Capital Improvements Plan*

- 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:

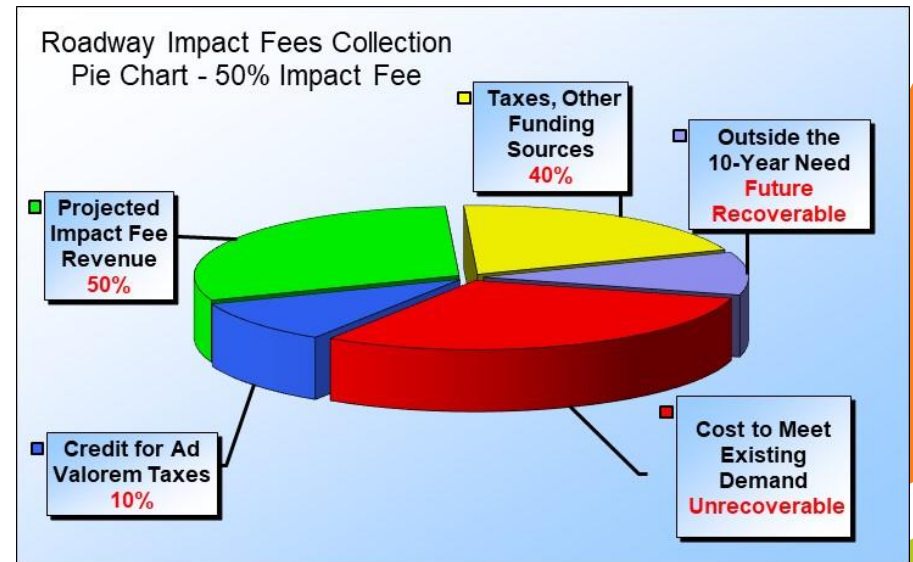
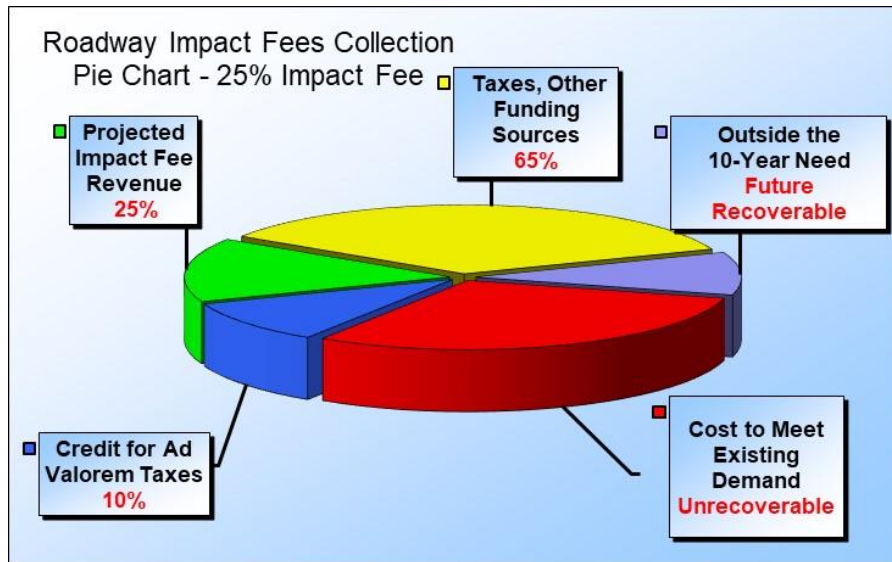
- 6 Projects not included in the CIP
- 6 Repair, operation and maintenance of existing or new facilities
- 6 Upgrades to serve existing development
- 6 Administrative costs of operating the program

Impact Fee Components: Maximum Fee

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

- 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 Master Thoroughfare Plan needed for future growth
- Credits against impact fees due when a developer constructs or contributes to a thoroughfare facility
 - Dedication of Right-of-Way is not included in this
- Impact Fee calculations must be updated at least every 5 years

Impact Fee Components: Collection Rate



Schedule

Item	Date
Study Commissioned	Winter 2019
80% Draft CIP	Summer 2019
Impact Fee 101	Today
Stakeholder Engagement	Fall/Winter 2020
Public Hearing #1 – Study Assumptions	Winter 2020
Public Hearing #2 – Ordinance Consideration	Spring 2020

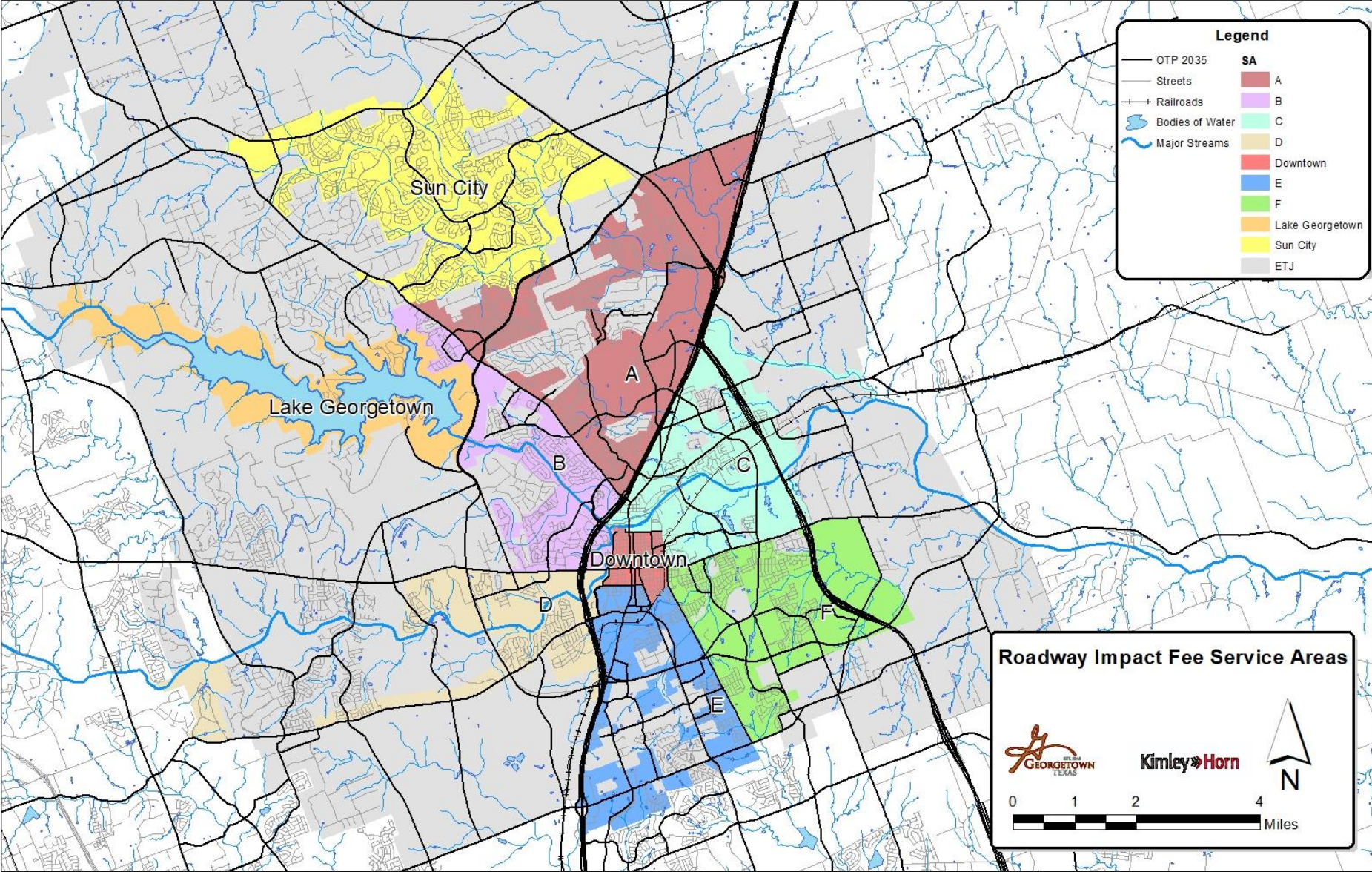
Schedule – Stakeholder Engagement

Item	Date
Stakeholder Meeting on Impact Fees 101 (min. 2)	Winter 2019 / Spring 2020
P&Z Meeting Presentations	Fall/Winter 2020
GTAB / IFAC Monthly Meetings	Winter 2019 / Spring 2020
Public Hearing #1 – Study Assumptions	Winter 2020
Public Hearing #2 – Ordinance Consideration	Spring 2020

What's Next?

- Action 1: Impact Fee Advisory Committee (IFAC)
 - Establish Committee
 - Chapter 395.058 provides the CIAC role and makeup (40% Development Community)
 - Current plan: GTAB plus some development community members
 - Item at December 10, 2019 Council meeting
- Action 2: Comment on Service Areas Map

Service Areas



Roadway Impact Fee Service Areas

Logos for the City of Georgetown, Texas and the engineering firm Kimley-Horn. Below the logos is a scale bar showing 0, 1, 2, and 4 miles, and a north arrow pointing upwards.