2017 Transportation Impact Fee Study
City Council Public Hearing

Kimley-Horn
January 9 2018
Overview

• Impact Fee Basics

• Impact Fee Methodology

• Stakeholder Involvement

• Impact Fee Results and Collection Rates

• Comparison Cities

• Schedule
Why Impact Fees?

2008 Policy Goals:

• Develop a legal, consistent, and workable development policy for transportation

• Correlate the developers’ contributions toward new infrastructure to their actual impact to the system

Why?

• We simply need a better way of doing business…one that is more equitable, more predictable, and more flexible
Impact Fee Basics
Impact Fee Basics: Overview

• What Are They?
  • One-time fee assessed to recover infrastructure costs required to serve new development
  • Governed by Chapter 395 of the Texas LGC

• Why impact fees?
  • Provides an additional funding tool for infrastructure systems
  • Provides for the orderly growth of the community
Impact Fee Basics: Why Update?

• Chapter 395 requires an update every 5 years

• Update needed due to significant changes in 2016 Master Thoroughfare Plan update
Impact Fee Basics: Components

• What Are The Components?
  • Service Areas
  • Land Use Assumptions (LUA)
  • Transportation Improvements Plans (TIP)
  • Service Units
  • Maximum Fee Calculation
  • Results
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)
  • Wastewater (Service Area: Citywide)
  • Transportation (Service Area: 6 miles)
    • Limited to Corporate Limits for roadways; Cannot include ETJ
    • 27 Service Areas; Currently 19 Fee Service Areas and 8 no-fee Service Areas
    • Updated Service Areas with new City Limits (Annexations)
    • One no-fee Service Area converted to a fee Service Area (V)
    • One new service area (PI)
Impact Fee Basics: Service Areas
Impact Fee Basics: Land Use Assumptions

• Goal: Identify 10-Year Growth
• Establishes Infrastructure Demands and Master Plans
• Population and Employment Projections
• Build upon 2013 assumptions.
  • 2017 - Updated based on permit data
10- Year Growth

- Based on Recent Plats and PDCs
- Reasonable Density Estimates based on Future Land Use Plan
- Compared to Historic Growth
### Example Land Use Table

- Population (# of Dwelling Units)
- Employment (# of square feet)

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Year</th>
<th>Dwelling Units</th>
<th>Employment (Square Feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Basic</td>
</tr>
<tr>
<td>A</td>
<td>2017</td>
<td>10,618</td>
<td>7,325,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>77%</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>2027</td>
<td>12,274</td>
<td>9,800,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>90%</td>
<td>62%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13,701</td>
<td>15,818,000</td>
</tr>
</tbody>
</table>

- Demographic information is converted to trips on the roadway network
Impact Fee Basics: Transportation Improvements Plan (TIP)

- Design, Construction, Legal, Fiscal, ROW, etc.
  - 2016 Cross Sections (*Task 2*)
- 5-yr CIP vs. 10-yr Impact Fee CIP (TIP)
  - Completed, Underway, and Future Projects
- Development Ordinances
- Zoning
- Development Rules and Regulations
- Construction Standards and Details
Impact Fee Basics: Transportation Improvements Plan
Impact Fee Basics: Transportation Improvements Plan
Impact Fee Basics: Transportation Improvements Plan

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:

  1. Projects not included in the CIP
  2. Repair, operation and maintenance of existing or new facilities
  3. Upgrades to serve existing development
  4. Administrative costs of operating the program
Impact Fee Basics: Transportation Improvements Plan
Impact Fee Methodology

• How are Impact Fees Calculated?
  • Land Use and Population Projections
  • Develop 10-Year Impact Fee TIP
  • Remove costs associated with existing development and growth at 10+ years
  • Calculate Pre-Credit Max Assessable Impact Fee

\[
\text{Impact Fee Per Service Unit} = \frac{\text{Recoverable Cost of the CIP ($)}}{\text{New Service Units}}
\]

• Credit Calculation
Calculate Max Fee
Determine the max assessable fee per service unit

Impact Fee Per Service Unit = \( \frac{\text{Recoverable Cost of the TIP} \text{($)}}{\text{New Service Units}} \)

<table>
<thead>
<tr>
<th>Service Area</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recoverable Cost of TIP</td>
<td>$63,078,617</td>
</tr>
<tr>
<td>Vehicle-Miles</td>
<td>34,446</td>
</tr>
<tr>
<td>Max Impact Fee per Service Unit</td>
<td>$2,025 per Veh-Mile</td>
</tr>
<tr>
<td>Max Impact Fee per Single Family</td>
<td>$9,821</td>
</tr>
<tr>
<td>2013 Max Impact Fee Per Single Family Unit</td>
<td>$12,948</td>
</tr>
<tr>
<td>2013 Adopted Rate Per Single Family Unit</td>
<td>$3,000</td>
</tr>
</tbody>
</table>
Council Sets the Collection Rate

City Pays for Growth

0% (No Fee)

Current Collection Rates Range

Range of Allowable Collection Rates

Growth Pays for Growth

100% (Maximum Assessable Fee)
Impact Fee Process

• One-time fee

• Only assessed to new development

• Maximum Impact Fee is assessed at Final Plat

• Collection Rate Impact Fee is charged and paid at Building Permit
Stakeholder Involvement
Stakeholder Presentations

• Capital Improvements Advisory Committee (Planning Commission)
  • August 23, 2017
  • September 27, 2017
  • October 25, 2017
  • November 17, 2017

• Development Advisory Committee
  • November 16, 2017

• Fort Worth Builder’s Association
  • November 14, 2017

• Fort Worth Real Estate Council
  • November 27, 2017
Impact Fee Study results and proposed collection rates
## Collection Rate Options

<table>
<thead>
<tr>
<th>RATE OPTION</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>A – Business as Usual (34.4% of Maximum*)</td>
<td>Maintain current fee amounts (2013 Collection Rates)</td>
</tr>
<tr>
<td>B – 40% of Maximum</td>
<td>New collection rate would be 40% of city-wide average maximum fee</td>
</tr>
<tr>
<td>C - Business as Usual plus Inflation (43.3% of Maximum*)</td>
<td>Apply a 25% inflation factor to current vehicle-mile fee amounts to account for future inflation and construction cost increases</td>
</tr>
<tr>
<td>D – 50% of Maximum</td>
<td>New collection rate would be 50% of city-wide average maximum fee</td>
</tr>
<tr>
<td>E – Growth Pays for Growth (100% of Maximum)</td>
<td>New collection rate would be the maximum assessable fee</td>
</tr>
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*Percent of Maximum Based on 2017 Study for Single Family Residential; Varies for Non-Residential*
Comparison Cities vs. Fort Worth Collection Rate Options

Roadway Impact Fees Comparison - Single Family

- Burleson (2017)
- Denton (2015)
- Mansfield (2015)
- Keller (2015)
- Frisco (2012)
- Flower Mound (2015)
- Mckinney (2013)
- Colleyville (2012)

Current Fort Worth (2013)
Comparison Cities Rate Observations

• Initial adoption of Impact Fee tend to have lower fees
• Higher growth areas tend to have higher fees
• Areas resulting in development agreements tend to have higher fees
# Collection Rate Options

<table>
<thead>
<tr>
<th>LAND USE</th>
<th>OPTION A</th>
<th>OPTION B</th>
<th>OPTION C**</th>
<th>OPTION D</th>
<th>OPTION E</th>
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<tbody>
<tr>
<td>Single Family Home</td>
<td>$3,000</td>
<td>$3,489</td>
<td>$3,750</td>
<td>$4,361</td>
<td>$8,722</td>
</tr>
<tr>
<td>Apartment Unit</td>
<td>$1,860</td>
<td>$1,971</td>
<td>$2,119</td>
<td>$2,464</td>
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<tr>
<td>3,000 ft² restaurant*</td>
<td>$15,143</td>
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*Non-residential collection rates would continue to have a 25% reduction from residential collection rates
**Option C applies a 25% inflation factor to current vehicle-mile fee amounts
Discounts

- Land Use / Transportation Connection Reduction
  - Up to 15% reductions
- Adequate Facilities Reduction
  - Potential for 50% reduction for stand-alone developments that would pay an impact fee
- Extraordinary Investment Reduction
  - Up to a 50% reduction for extraordinary investments
- Non-Residential
  - Policy to set 25% less than residential
Comparison Cities vs. Fort Worth Collection Rate Options

Roadway Impact Fees Comparison - Single Family

Option E = $8,722

Option D
Option C
Option B
Option A
FORT WORTH ARTERIAL FUNDING SOURCES (2017)

  - $446,740,000
  - (78.7%)

- Impact Fees (Paid)
  - $78,436,001
  - (13.8%)

- Developer Built (Credits)
  - $42,400,000
  - (7.5%)
Roadway Funding Needs Over Time (2017 Dollars)

*Does not reflect discounts given for commercial development, adequate facilities, land use/transportation and extraordinary investment*
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**Option C applies a 25% inflation factor to current vehicle-mile fee amounts

City staff and CIAC recommend Option C
Schedule
Schedule:

• 1/9/18 Public Hearing on 2017 Transportation Impact Fee Study

• 1/23/18 Council Consideration of the 2017 Transportation Impact Fee Study and Ordinance

• 1/23/18 Council Consideration of the 2018 Transportation Impact Fee Collection Rates and Ordinance
  • Note: The collection rates can be adopted concurrently with the Study or at a later date

• 4/1/18 Tentative Effective date for Ordinance
Questions?
Thank you