

City Council:
Roadway Impact Fees 101

Kimley»»Horn

November 15th

ID22-1719

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
 - Updated every 5 years
- Why impact fees?
 - Provides an additional funding tool for infrastructure systems
 - Provides for the orderly growth of the community

Impact Fee Basics: Components

- What Are The Components?
 - Service Areas
 - Land Use Assumptions (LUA)
 - Capital Improvements Plans (CIP)
 - Service Units
 - Maximum Fee Calculation

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)
 - Roadway (Service Area: 6 miles)
 - Limited to Corporate Limits for roadways; Cannot include ETJ

Impact Fee Service Areas

- In Denton, the 6-mile restriction necessitated the creation of 5 separate Service Areas
- In defining the Service Area boundaries, the project team considered the corporate boundary, required size limit, adjacent land uses, and topography



ID 22-1719 November 15, 2022

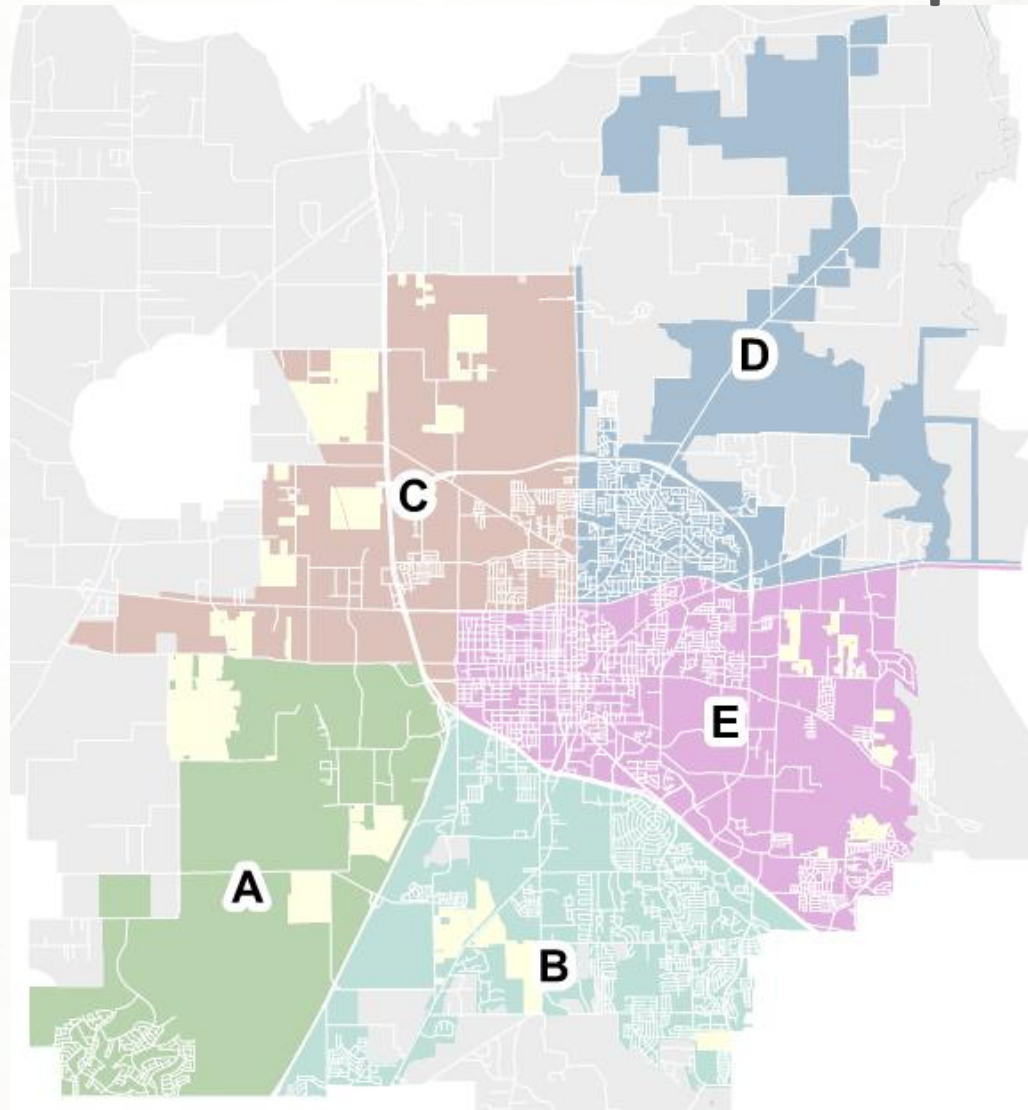
Impact Fee Service Area Map

Legend

Service Areas

-  A
-  B
-  C
-  D
-  E

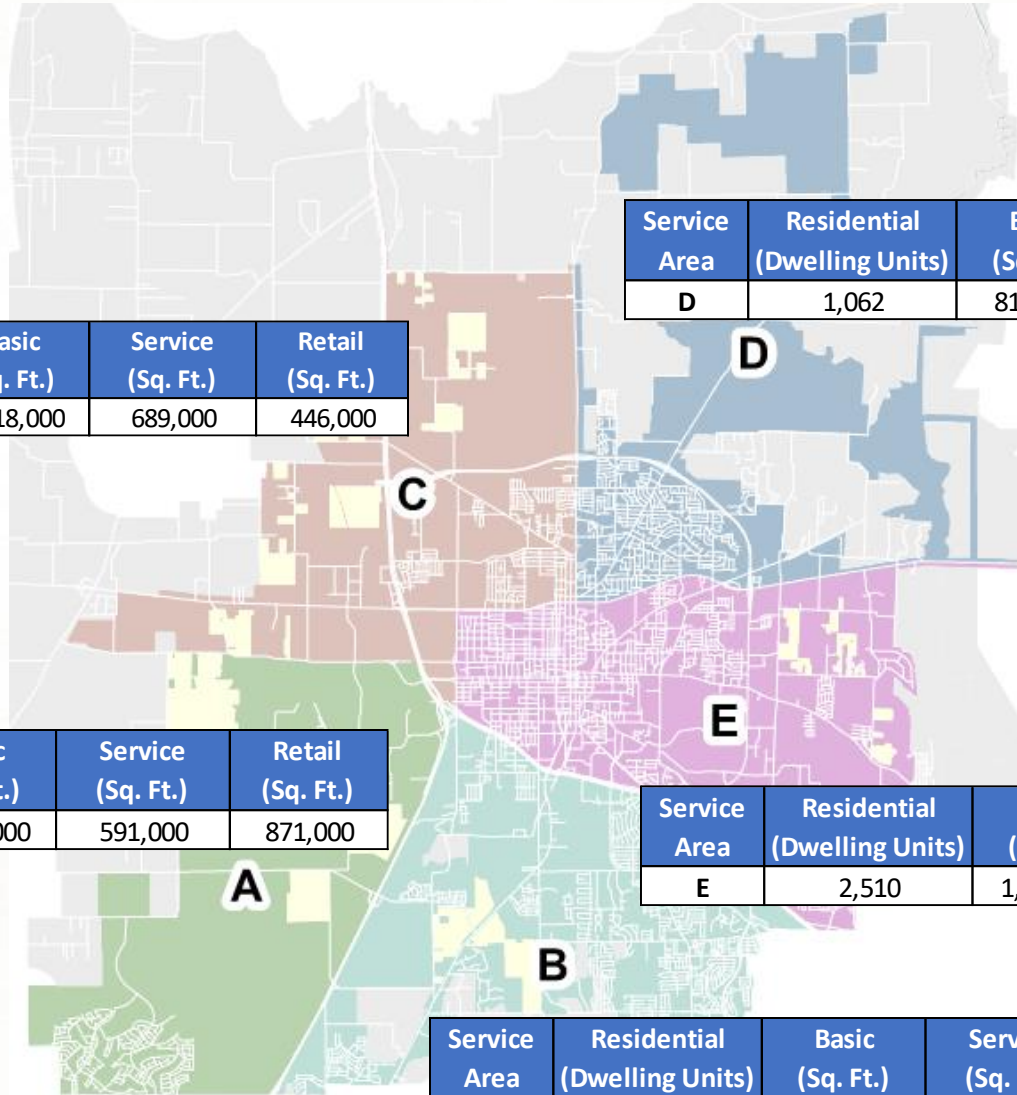
-  ETJ
-  NAA



Land Use Assumptions

- Goal: Identify 10-Year Growth
- Establishes Infrastructure Demands and Master Plans
- Population and Employment Projections
 - Residential (Single Family, Multi-Family)
 - Basic (Industrial, Agricultural)
 - Service (Office, Institutional)
 - Retail (Shopping, Dining, Entertainment)
- Based on projections used in the Comprehensive Plan and known development information

Land Use Assumptions: New Growth 2022-2032



Service Area	Residential (Dwelling Units)	Basic (Sq. Ft.)	Service (Sq. Ft.)	Retail (Sq. Ft.)
C	2,552	3,518,000	689,000	446,000

Service Area	Residential (Dwelling Units)	Basic (Sq. Ft.)	Service (Sq. Ft.)	Retail (Sq. Ft.)
D	1,062	815,000	206,000	287,000

Service Area	Residential (Dwelling Units)	Basic (Sq. Ft.)	Service (Sq. Ft.)	Retail (Sq. Ft.)
A	4,181	2,843,000	591,000	871,000

Service Area	Residential (Dwelling Units)	Basic (Sq. Ft.)	Service (Sq. Ft.)	Retail (Sq. Ft.)
E	2,510	1,831,000	519,000	505,000

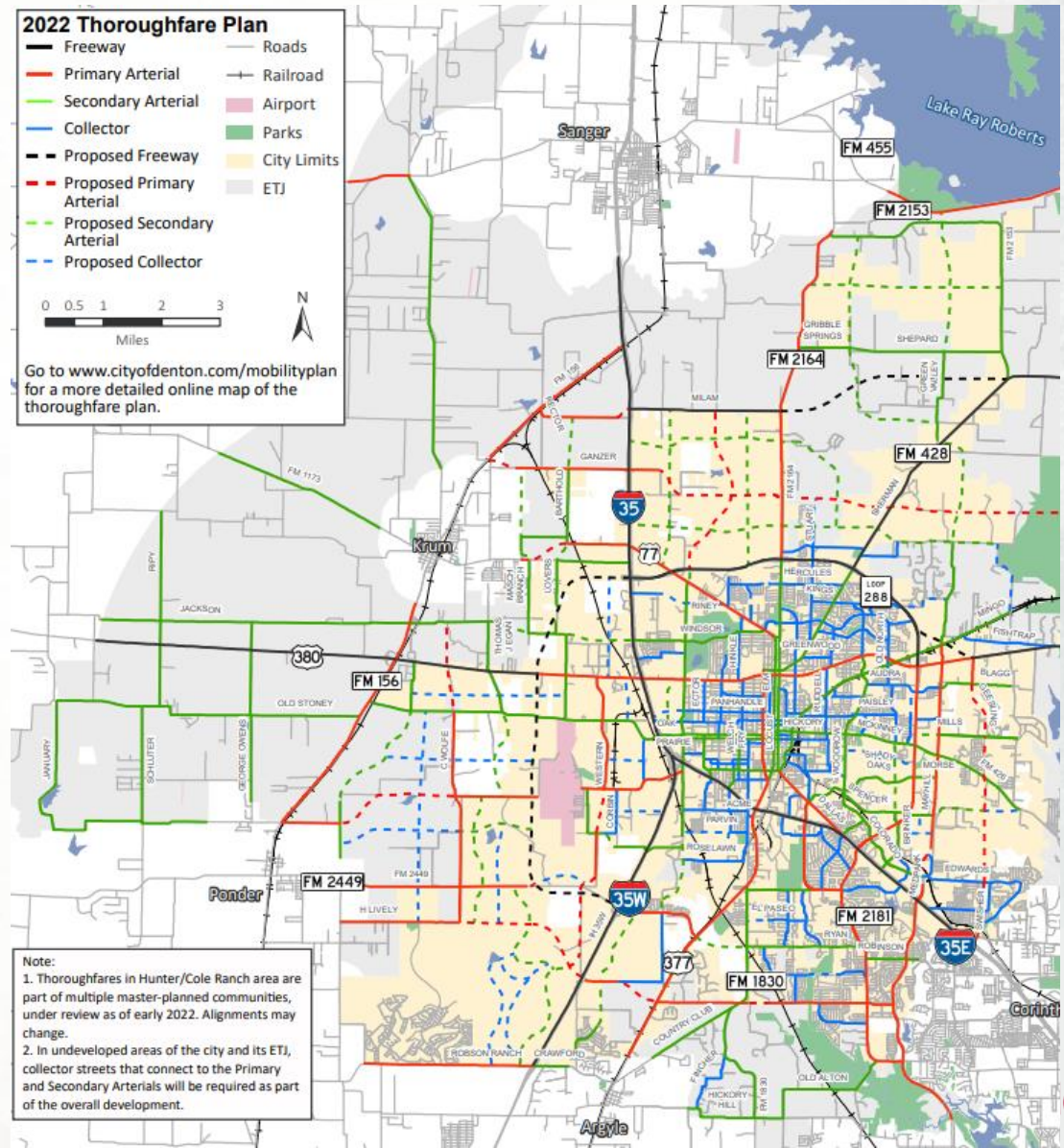
Service Area	Residential (Dwelling Units)	Basic (Sq. Ft.)	Service (Sq. Ft.)	Retail (Sq. Ft.)
B	2,396	415,000	238,000	285,000

Capital Improvements Plan

- 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

Capital Improvements Plan

- Based on adopted Mobility Plan

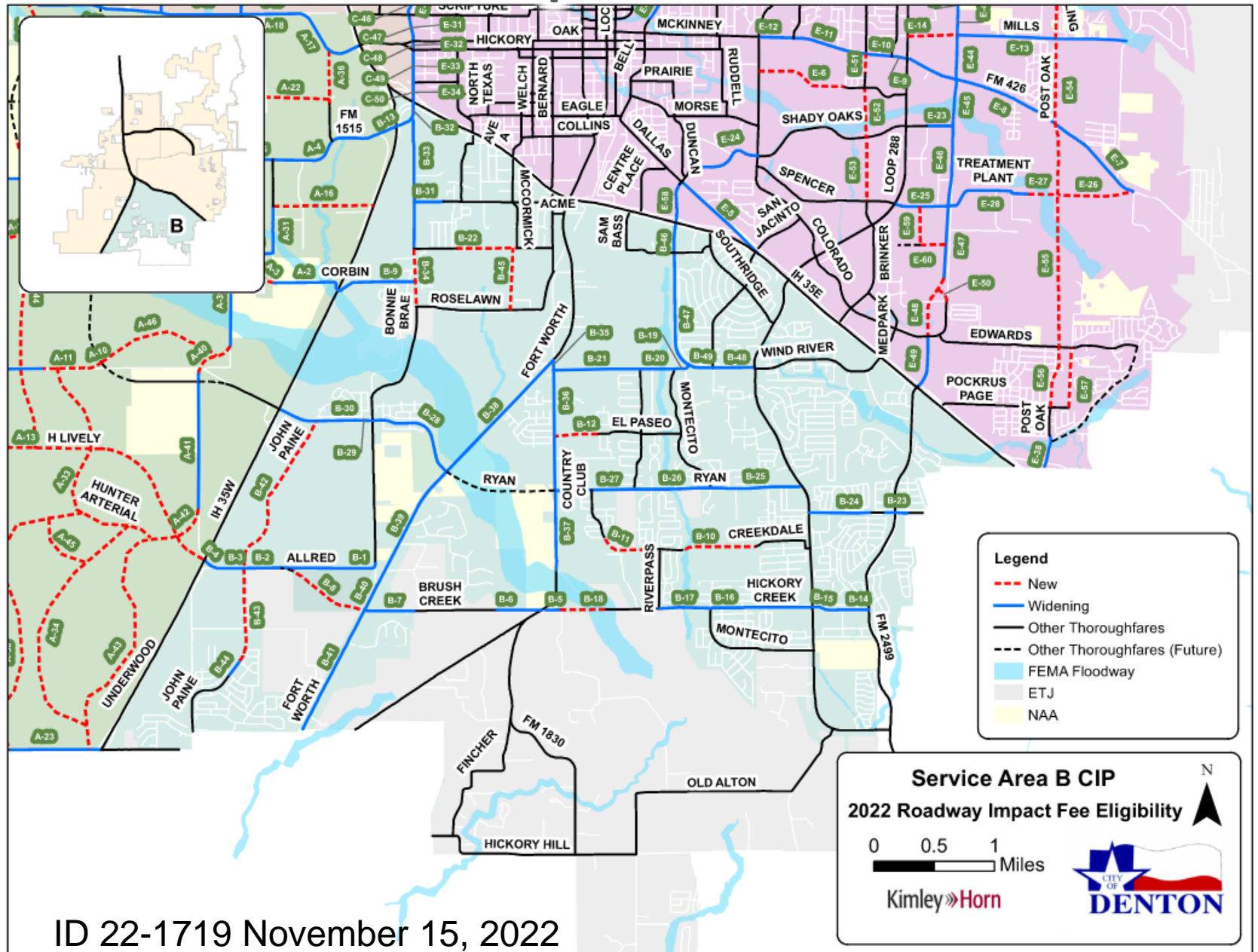


ID 22-1719 November 15, 2022

Impact Fee Basics CIP

- In order to optimize future flexibility, all capacity improvements included in the Mobility Plan are included in the Roadway Impact Fee CIP and will be eligible to utilize impact fee funds – But only a percentage
- Capacity improvements may also include the addition of lanes, intersection improvements, or the extension of a new road

SA B Impact Fee CIP



Service Units

- Chapter 395 “service unit” definition
- Standardized measure of consumption attributable to an individual unit of development
- Roadway utilizes vehicle miles - One vehicle to travel one mile
 - Based on ITE Trip Generation Manual and NHTS

Service Units

Single Family Home

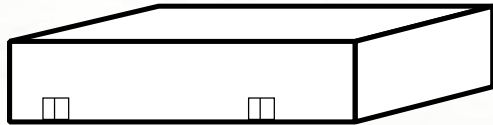


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4.61 Vehicle-Miles/house

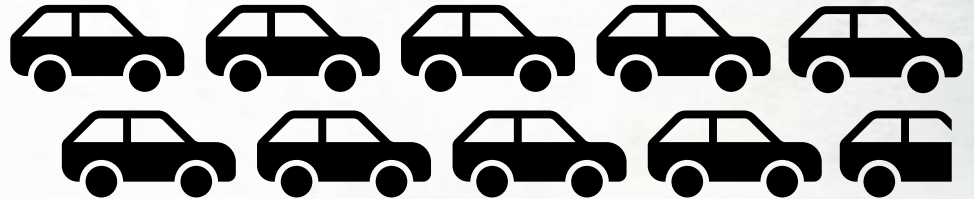


Shopping Center



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9.6 Vehicle-Miles/1,000 ft²



Redevelopment (i.e., Downtown)

- Impact Fee Ordinance (Section 12): *A change in use that generates less than 10 times the number of Service Units attributable to the immediately preceding use is exempt from the payment of Impact Fees.*

Impact Fee Methodology

- How are Impact Fees Calculated?
- Land Use and Population Projections
- Master Plan Infrastructure Requirements
- Develop 10-Year Impact Fee CIP
- 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

Roadway Impact Fee Calculations – Without Financing

Roadway Impact Fee	SA A	SA B	SA C	SA D	SA E
Total Eligible Capital Improvement Costs	\$163,676,421	\$56,995,296	\$126,409,862	\$51,696,805	\$83,852,528
Growth in Service Units ⁽¹⁾	39,968	16,374	31,332	11,634	24,148
Maximum Impact Fee per Service Unit ⁽²⁾	\$4,095	\$3,481	\$4,035	\$4,444	\$3,472
Maximum Allowable Roadway Impact Fee Per Single Family Home ⁽³⁾	\$18,879	\$16,047	\$18,599	\$20,485	\$16,008
Maximum Allowable Roadway Impact Fee (\$/home) from Previous Update	\$10,781	\$6,174	\$10,700	\$9,532	\$10,980
Current Collection Rate (\$/home)	\$2,000				

(1) Roadway Service Units are Vehicle Miles (the capacity consumed by one vehicle making a peak hour trip of one mile in length)

(2) Total Eligible Costs After Impact Fee Credit divided by the Growth in Service Units.

(3) 1 Single Family Home = 4.61 Vehicle-Miles

Roadway Impact Fee Calculations – With Financing

Roadway Impact Fee	SA A	SA B	SA C	SA D	SA E
Total Eligible Capital Improvement Costs	\$163,676,421	\$56,995,296	\$126,409,862	\$51,696,805	\$83,852,528
Growth in Service Units ⁽¹⁾	39,968	16,374	31,332	11,634	24,148
DRAFT - Eligible Capital Costs After Financing and Credit ⁽²⁾	\$204,595,526	\$71,244,120	\$158,012,328	\$64,621,006	\$104,815,660
Maximum Impact Fee per Service Unit ⁽³⁾	\$5,119	\$4,351	\$5,043	\$5,554	\$4,341
Maximum Allowable Roadway Impact Fee Per Single Family Home ⁽⁴⁾	\$23,598	\$20,058	\$23,249	\$25,606	\$20,010
Maximum Allowable Roadway Impact Fee (\$/home) from Previous Update	\$10,781	\$6,174	\$10,700	\$9,532	\$10,980
Current Collection Rate (\$/home)	\$2,000				

(1) Roadway Service Units are Vehicle Miles (the capacity consumed by one vehicle making a peak hour trip of one mile in length)

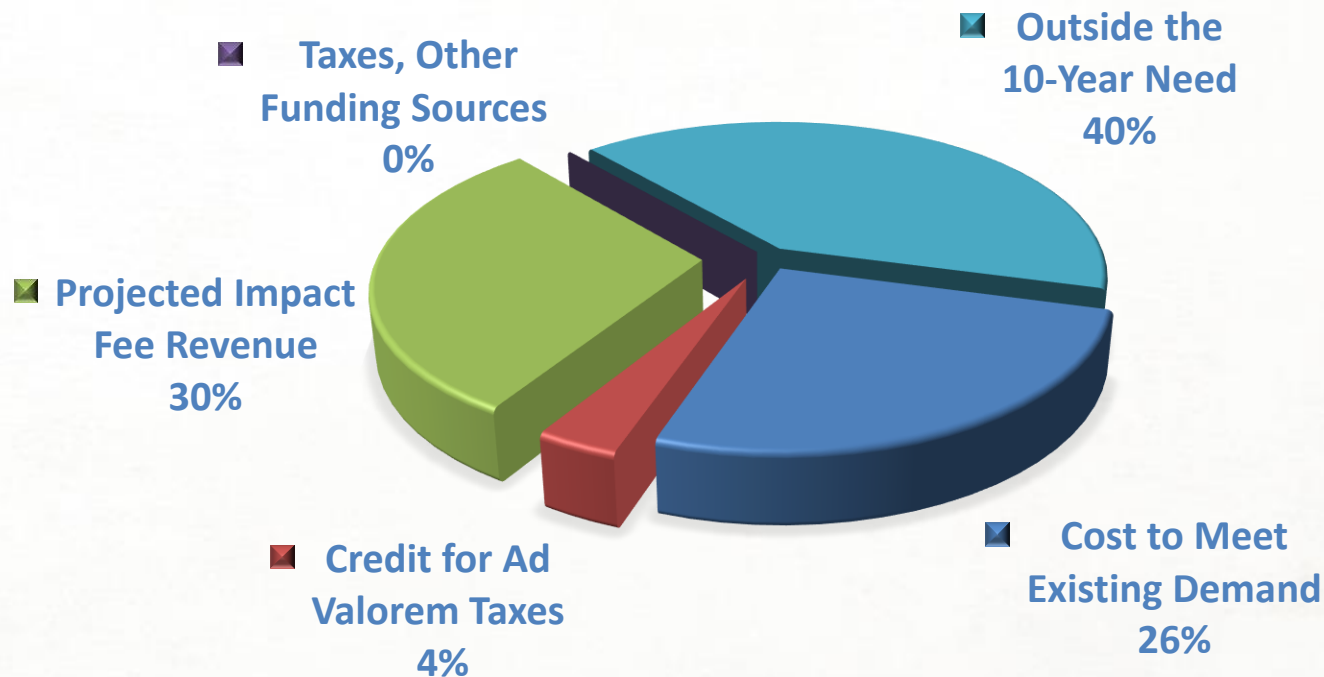
(2) Assumes 25% estimated financing cost, minus credit. Subject to change after the completion of the credit calculation.

(3) Total Eligible Costs After Impact Fee Credit divided by the Growth in Service Units.

(4) 1 Single Family Home = 4.61 Vehicle-Miles

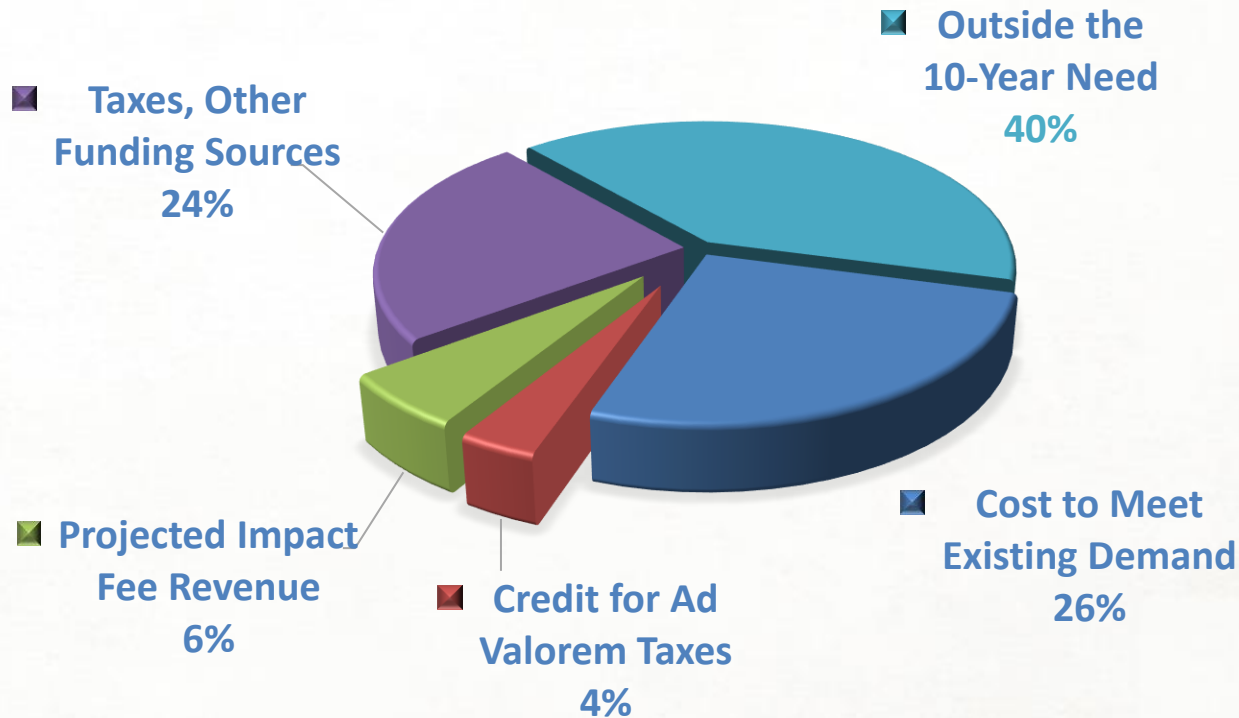
How Much Do Impact Fees Pay For?

ROADWAY IMPACT FEES CITY-WIDE \$1.8 BILLION BUILD OUT
(@ 100% COLLECTION RATE)



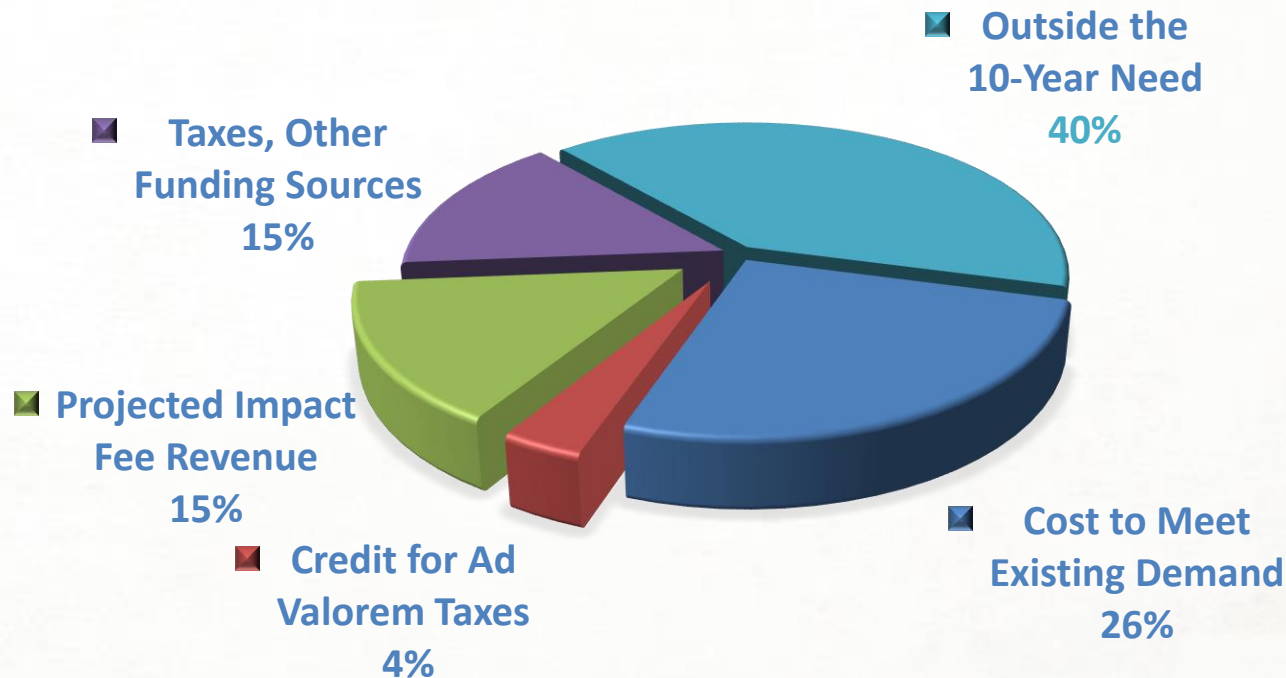
How Much Do Impact Fees Pay For?

ROADWAY IMPACT FEES CITY-WIDE \$1.8 BILLION BUILD OUT
(@ 20% COLLECTION RATE)



How Much Do Impact Fees Pay For?

ROADWAY IMPACT FEES CITY-WIDE \$1.8 BILLION BUILD OUT
(@ 50% COLLECTION RATE)



Collection Rate Discussion

Amount Assessed	2016 Max	2016 Adopted ⁽¹⁾	2022 DRAFT Max	Option 1 Business As Usual	Option 2 Equal Partnership	Option 3 Growth Pays for Growth
	-	20%	-	20%	50%	100%
City-Wide Average \$/Veh-Mi	\$2,002	\$406.18	\$4,864	\$973	\$2,432	\$4,864
City-Wide Average \$/Single Family Home	\$9,808	\$2,000	\$22,425	\$4,485	\$11,213	\$22,425

(1) The adopted rate in 2016 included a 25% discount for non-residential uses and capped all Industrial uses to the Warehousing rate

Next Steps

- Important Dates:
 - October 26, 2022 – CIAC Review of 2022 Roadway Impact Fee Study and Pre-Credit Max Fee
 - October 27, 2022 – Developer Town Hall
 - November 14, 2022 - CIAC 2nd Review of 2022 Roadway Impact Fee Study and Max Fee
 - November 15, 2022 - City Council Roadway Impact Fee Report Update Workshop
 - December 6, 2022 – City Council Roadway Impact Fee Follow up (if needed)
 - December 6, 2022 - City Council to Set Public Hearing on Roadway Impact Fee Study and Ordinance Adoption
 - December 9, 2022 – Public Hearing Advertisement (30 days)
 - January 10, 2023 – City Council Public Hearing and Approval of Roadway Impact Fee Study
 - January 24, 2023* - City Council Public Hearing to Adopt Roadway Impact Fees

*Final date subject to change based on Council schedule

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