



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Capital Projects

ACM: Mario Canizares

DATE: September 12, 2017

SUBJECT

Receive a report, hold a discussion and provide direction regarding staff proposed Perimeter Street Paving Guidelines being developed pursuant to the City's Roadway Impact Fee Ordinance (2016-189).

PURPOSE

The purpose of this work session is to brief the Council on the history of the City's Roadway Impact Fee, explain how the Roadway Impact Fee and Perimeter Street Paving are related, and outline staff's proposed Perimeter Street Paving Guidelines, which are planned to be added to the City's Transportation Design Criteria Manual after posting for public review and receiving comments.

BACKGROUND

The Roadway Impact Fee Ordinance (Ordinance No. 2016-189, including the Roadway Impact Fee Study) was approved by the Council on June 21, 2016, with an effective date of July 5, 2016. Roadway Impact Fees were developed because a number of developments, unaffected by Perimeter Street Paving requirements, were not contributing toward constructing improvements to impacted roadways.

Since implementation of Roadway Impact Fees, questions have arisen regarding the application of the fees:

A. Didn't Roadway Impact Fees replace Perimeter Street (streets bordering the development) Paving requirements?

No. The ordinance intentionally did not repeal the Perimeter Street Improvement requirements contained in Subchapter 20 of the Development Code. It provided the City with the option to require Perimeter Street Paving and credit those costs against the Roadway Impact Fees or to only collect the Roadway Impact Fees, depending on the specific situation and adopted guidelines.

Sec. 4 of the Roadway Impact Fee Ordinance states the ordinance does not limit the City to using other methods authorized under state law to accomplish its purposes; and, "Guidelines may be developed... to administer this Ordinance." Staff does not recall any statements being made in the Roadway Impact Fee presentations or related responses which indicated "proportionality" and Perimeter Street Paving requirements would go away completely.

B. Have the requirements for Perimeter Street Paving changed with implementation of Roadway Impact Fees?

Yes. Perimeter Street Paving will be required less frequently and only for specific situations.

As provided by the Roadway Impact Fee Ordinance, Engineering has developed draft guidelines for determining when perimeter street improvements will be required, in lieu of only paying an impact fee. They have worked with key members of the development community, the Legal Department and Management to draft guidelines which would be reasonable, fair and equitable. Additionally, the draft guidelines are in line with guidelines used by other cities who have enacted Roadway Impact Fees. Staff surveyed 10 cities who have enacted Roadway Impact Fees and found that all but two require Perimeter Street Paving. One of the two is developing Perimeter Street Paving Guidelines at this time (please see attached Survey Summary at Exhibit 2).

Staff has prepared the draft guidelines contained in Exhibit 3 for workshop discussion with the Council. These draft guidelines basically provide for Perimeter Street Paving:

1. When the development's traffic impact causes the traffic Level of Service (LOS) on an affected perimeter street to drop below LOS D, the development will be required to construct perimeter street capacity proportionate to its impact.
2. (a) When the perimeter street pavement width is less than 22 ft., the development will be required to widen the street to at least 25 ft. of width and resurface the full width with asphalt (no resurfacing if concrete), or
(b) When the perimeter street pavement width is less than 22 ft., and the pavement Overall Condition Index (OCI) is below 40, and the street is not scheduled to be reconstructed by the City's current Capital Improvements Program, the development will be required to reconstruct the street to a minimum of 25 ft. width with curb & gutter (as called for by the Development Code). The City Engineer has the discretion to reduce the width to 24 ft. without curb & gutter if warranted by adjacent conditions or situations.
3. When the opposite side of a perimeter street has been improved with curb & gutter, the development will be required to reconstruct its side of the street with curb & gutter to a maximum additional width of 25 ft.

C. If the value of City required Perimeter Street Paving is greater than the total value of the Roadway Impact Fees for a development, will the development receive a "refund" of the overage?

No. The Roadway Impact Fee Ordinance provides a mechanism to credit the value of required Perimeter Street Paving, of "Collector Streets" and above, toward any impact fees assessed for that development. However, the ordinance also provides that the total value of "credits" granted by the City for Perimeter Street Paving cannot exceed the total value of the Roadway Impact Fees due from the development (the City cannot "owe" the developer). But, the total value of the required Perimeter Street Paving and any additional required off-site improvements for a development cannot exceed the total value of the "Maximum Assessable Roadway Impact Fees" (the City's measure of "rough proportionality" per state law).

Sec. 7.D of the Roadway Impact Fee Ordinance allows a reduction to the impact fee for "approved construction"...resulting from "contributions of land, improvements or funds to construct system improvements in accordance with the City's subdivision and development regulations...." System improvements include perimeter street improvements, but do not include street improvements constructed to serve the development, such as turn-lanes into the development.

D. Were the City's Roadway Impact Fees set at or near the Maximum Allowable Assessable Fee ("rough proportionality" allowed by state law)?

No. The Council set its Roadway Impact Fees at \$2,000 for a single family detached housing unit, while the "Maximum Assessable Roadway Impact Fee" ("proportional cost") is \$6,174 - \$10,981 per unit, depending on the ordinance identified Service (geographic) Area of the City. The City's rate was set at 18 - 32% of the estimated costs of the roadway impacts (Maximum Assessable Fee). Fees for commercial and industrial uses were discounted an additional 25% below residential use.

OPTIONS

1. Provide direction to staff on the draft Perimeter Street Paving Guidelines. Direct staff to review the resultant draft guidelines with the Planning & Zoning Board as an amendment to the Transportation Design Criteria Manual, post them for public comment, work to resolve any comments or objections the public might submit, and adopt the guidelines administratively, if all objections are resolved.
2. Option 1, with the additional direction that staff is to report to the Council any major changes made as a result of resolving public comments, prior to administratively adopting the changes.

RECOMMENDATION

Approve Option 1.

ESTIMATED SCHEDULE OF PROJECT

Approximately 60 days for presentation of the draft guidelines to the Planning & Zoning Board, posting for public comments, resolving comments and objections, and administrative adoption.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Council approval of the Roadway Impact Fee Ordinance on June 21, 2016.

FISCAL INFORMATION

N/A

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Public Infrastructure

Related Goal: 2.1 Optimize resources to improve quality of City Roadways

EXHIBITS

1. AIS
2. Survey Summary of Perimeter Street Paving Guidelines
3. Draft Perimeter Street Paving Guidelines
4. Presentation

Respectfully submitted:
Galen Gillum
Director of Capital Projects

Prepared by:
John T. Davis, PE

EXHIBIT 2

<u>PERIMETER STREET PAVING GUIDELINES -- SURVEY SUMMARY</u>					
COMMUNITIES With Roadway Impact Fees	No Perimeter St. Paving Required; Only Collect Roadway Impact Fees	Perimeter St. Construction Required for all Situations	Perimeter St. Construction Required if There is a Reduction in LOS on the St.	Perimeter St. Construction Required if St. is on Thoroughfare Plan or on Road Impact Fee CIP	Perimeter St. Construction Required if St. is Unpaved or in Poor Condition
Cedar Hill			X (If TIA indicates LOS is reduced below LOS required by Comp. Plan)		
Flower Mound	X				
Fort Worth		X			
Frisco				X	
Grand Prairie		X			
Mansfield			X		
McKinney		X (24 ft. min.)			
Mesquite	X (developing Perimeter St. Guidelines)				
Prosper					X
Rowlett				X	
Denton (Proposed)			X		X (or less than 22 ft.)

GUIDELINES FOR PERIMETER STREET IMPROVEMENT REQUIREMENTS**Executive Summary:**

These are guidelines for perimeter street improvement requirements for proposed developments under the new Roadway Impact Fee Ordinance. These guidelines are intended to be general in nature, and in the event that these guidelines conflict with provisions of the Roadway Impact Fee Ordinance No. 2016-189 (the “Ordinance”) or the Denton Development Code (“DDC”), the provisions in the DDC and Ordinance will prevail over these guidelines.

Proposed Guidelines:

The Roadway Impact Fee Ordinance No. 2016-189 became effective on July 5, 2016. The Ordinance authorizes staff to use its discretion either (1) to collect the roadway impact fee amount,¹ or (2) to require perimeter street improvements for a development consistent with Subchapter 20 of the Denton Development Code.²

Below, for discussion and approval, are staff’s proposed guidelines to better define when perimeter street improvements will be required, with the cost of those improvements credited against the assessed road impact fee for the development.³ Credits will only be provided up to the amount of the assessed fee.⁴ The guidelines are as follows:

1. Level of Service:

For any proposed development that would generate enough traffic to reduce the Level of Service below LOS D⁵ on an affected street, the development will be required to construct street capacity enhancements proportionate to the development’s impact. The Denton Development Code currently has a requirement for developments that generate 1,000 vehicle trips per day or 100 trips in a peak hour to submit a traffic study. Developments with this requirement will be required to evaluate the Level of Service for all affected streets to determine the development’s impact. If a development does not generate enough traffic to require a traffic study, then the existing traffic counts plus estimated trips from the current Trip Generation Manual will be used to determine the LOS impact.

2. Safety:

- a. For any proposed development that is adjacent to an affected perimeter street where the pavement width is less than 22 feet in width, the development will be required to widen the street to at least 25 feet in width (with a 2 in. minimum Type C asphaltic concrete overlay for asphalt pavements and without an overlay for concrete pavements) with appropriate transitions to the existing pavement; or

¹ Some smaller developments are exempt from roadway impact fees. The exemption in Sec. 12.B of the roadway impact fee ordinance states, “[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.” These developments will also be exempt from these perimeter street paving guidelines.

² If the development has 100 feet or less of frontage on the perimeter street, the development will not be required to improve the street. See DDC Sec. 35.20.2.L.4.

³ The fee is assessed and “locked in” at the time of the final plat recordation. The fee will not change unless there is an increase in service units. The fee is collected at the time the building permit is pulled.

⁴ Credits are given for facilities identified in the roadway impact fee Capital Improvements Plan, and for facilities (streets classified as a collector or above) that qualify to be included in the Mobility Plan, even if not currently depicted on the Mobility Plan map, where the City has entered into a Credit Agreement.

⁵ If the LOS is already below a D, the development must improve the LOS to a level D.

- b. If the adjacent affected perimeter street has a pavement width that is less than 22 feet wide and has an Overall Condition Index (OCI) of below 40, and the street is not scheduled to be reconstructed by the City's current Capital Improvements Program, then the development will be required to reconstruct the entire 25-ft width of the perimeter street to current City standards, which includes curb and gutter, in the ultimate location with appropriate transitions to the existing pavement. If the development is located adjacent to an affected perimeter street that would, in the City Engineer's opinion and discretion, be sufficient with reconstruction of a 24-ft width with no curb and gutter, then the development may be allowed to pursue this alternative standard.



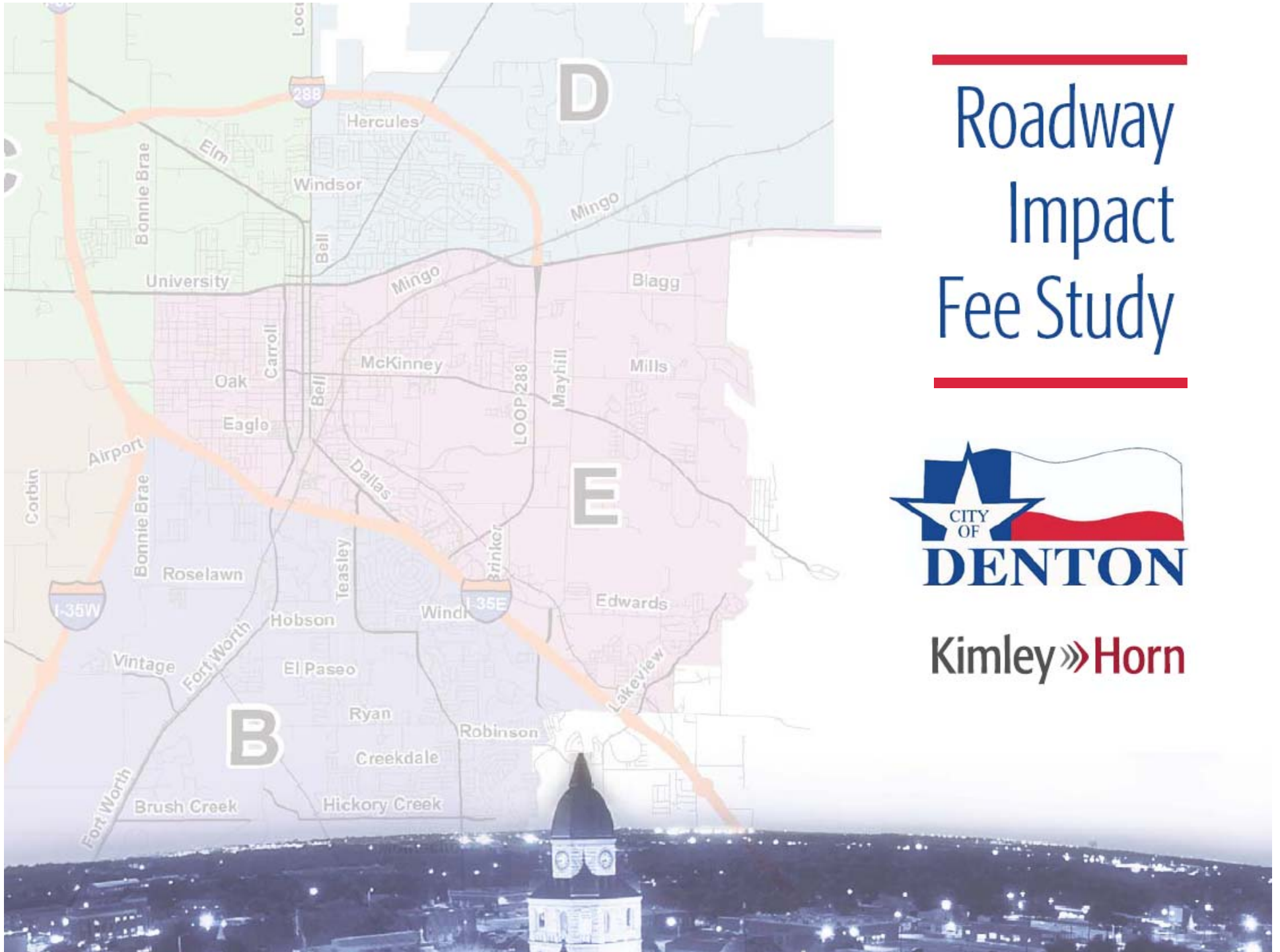
3. Adjacent Curb and Gutter Improvements:

For any proposed development that has an affected perimeter street which is improved to City standards with curb and gutter across from the development, the development is required to construct the perimeter street improvements according to Subchapter 20 of the Denton Development Code by adding curb and gutter improvements and a maximum of 25-ft. width of additional pavement.

Example: Hercules Lane below is an example of adjacent and across improved streets.



The City reserves the right to participate in the costs of improving the remainder of a perimeter street, if applicable, within its discretion, in accordance with the law, and in the event that adequate funding exists for such contribution.



Roadway Impact Fee Study



Kimley»Horn

Purpose

- Briefing on Implementation of Impact Fees and effect on existing DDC perimeter street paving requirements.

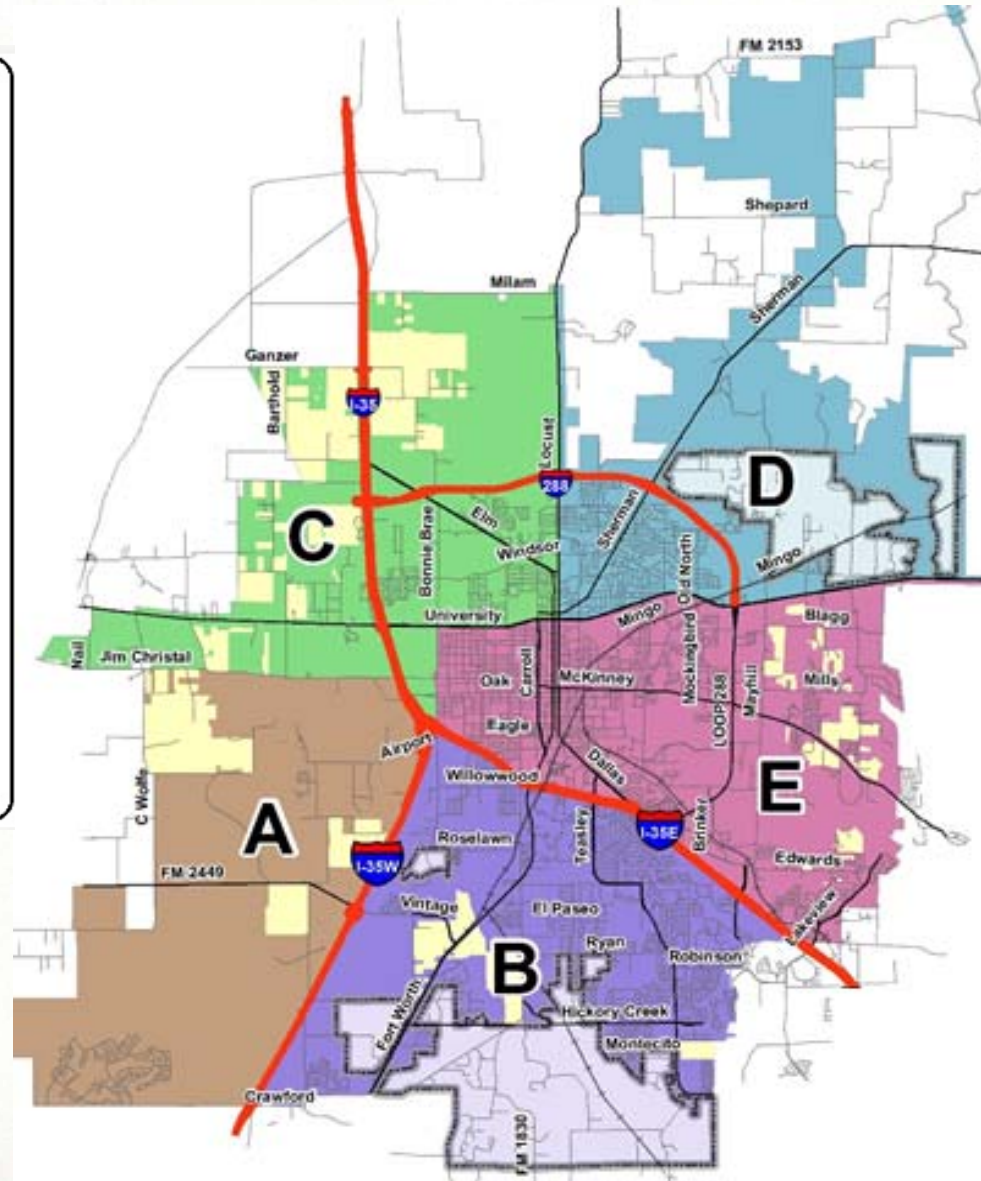
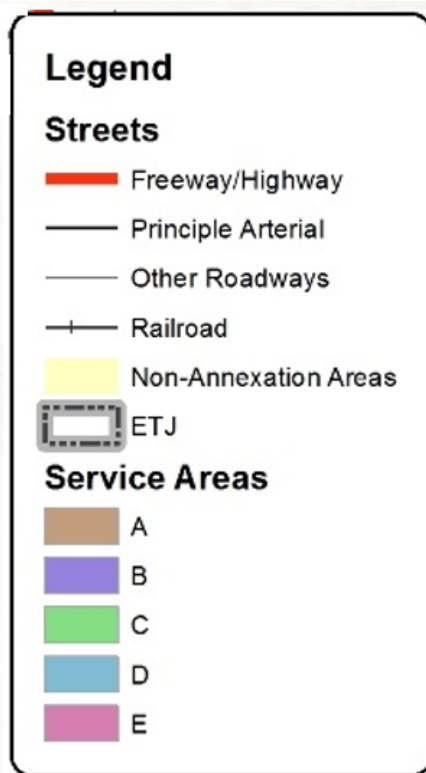
Presentation Overview

- History / Ordinance Adoption
- How Impact Fees Work
- Denton Specific Examples

History

- Impact Fees were adopted on June 21, 2016
- Ordinance effective July 5, 2016
- One year grace period for properties platted prior to July 5, 2016 (not subject to Roadway Impact Fees until July 5, 2017)

Impact Fee Service Area Map



History - Collected Fee

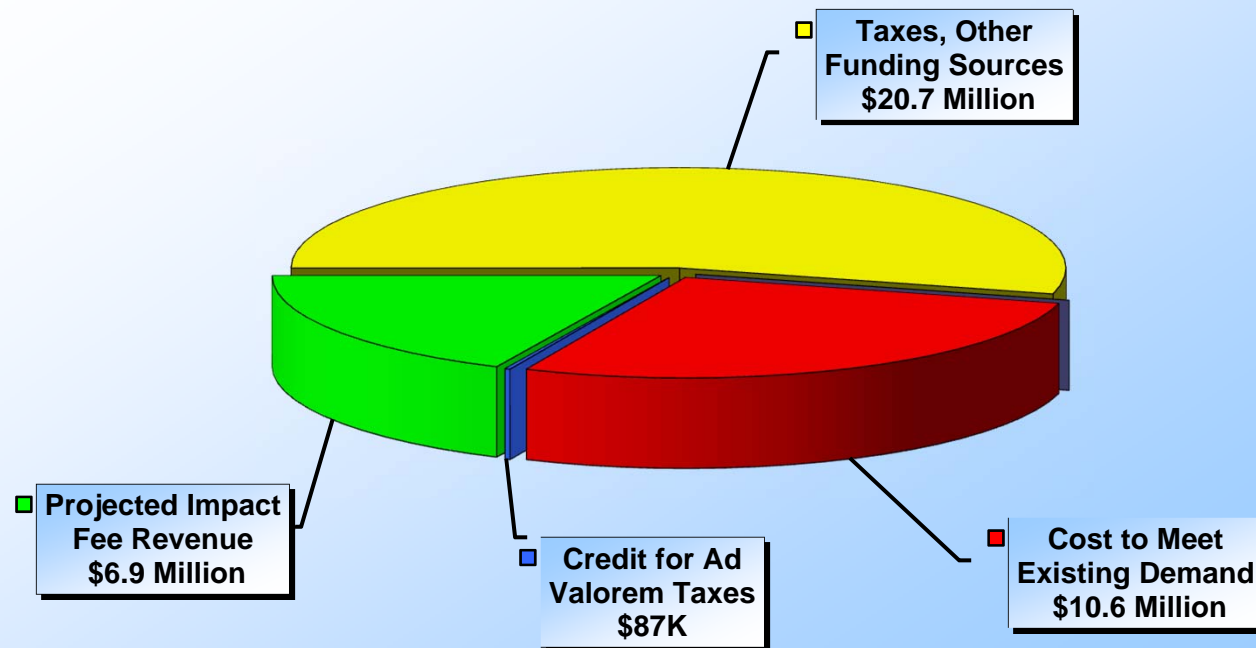
- Adopted fee was as follows:
 1. Residential Impact Fee of \$408.12 per Vehicle Mile (\$2,000 per home)
 2. Commercial (Shopping Center) Impact Fee with a 25% discount (\$2,100 per 1,000 SF)
 3. Industrial was capped at the warehouse rate

Rate is ~19% - 32% of actual calculated new development impact (“rough proportionality” or “Maximum Assessable Fee”)

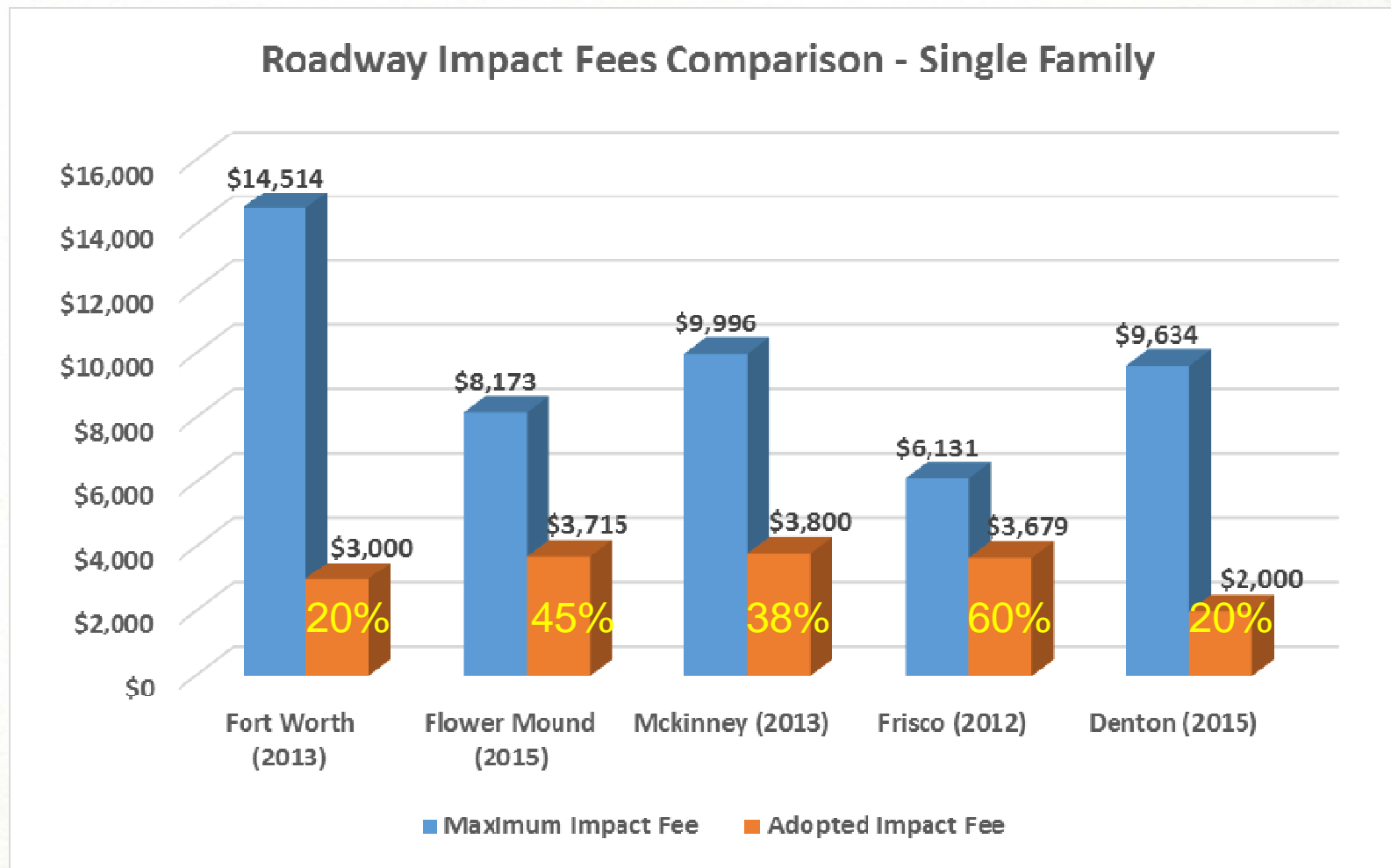
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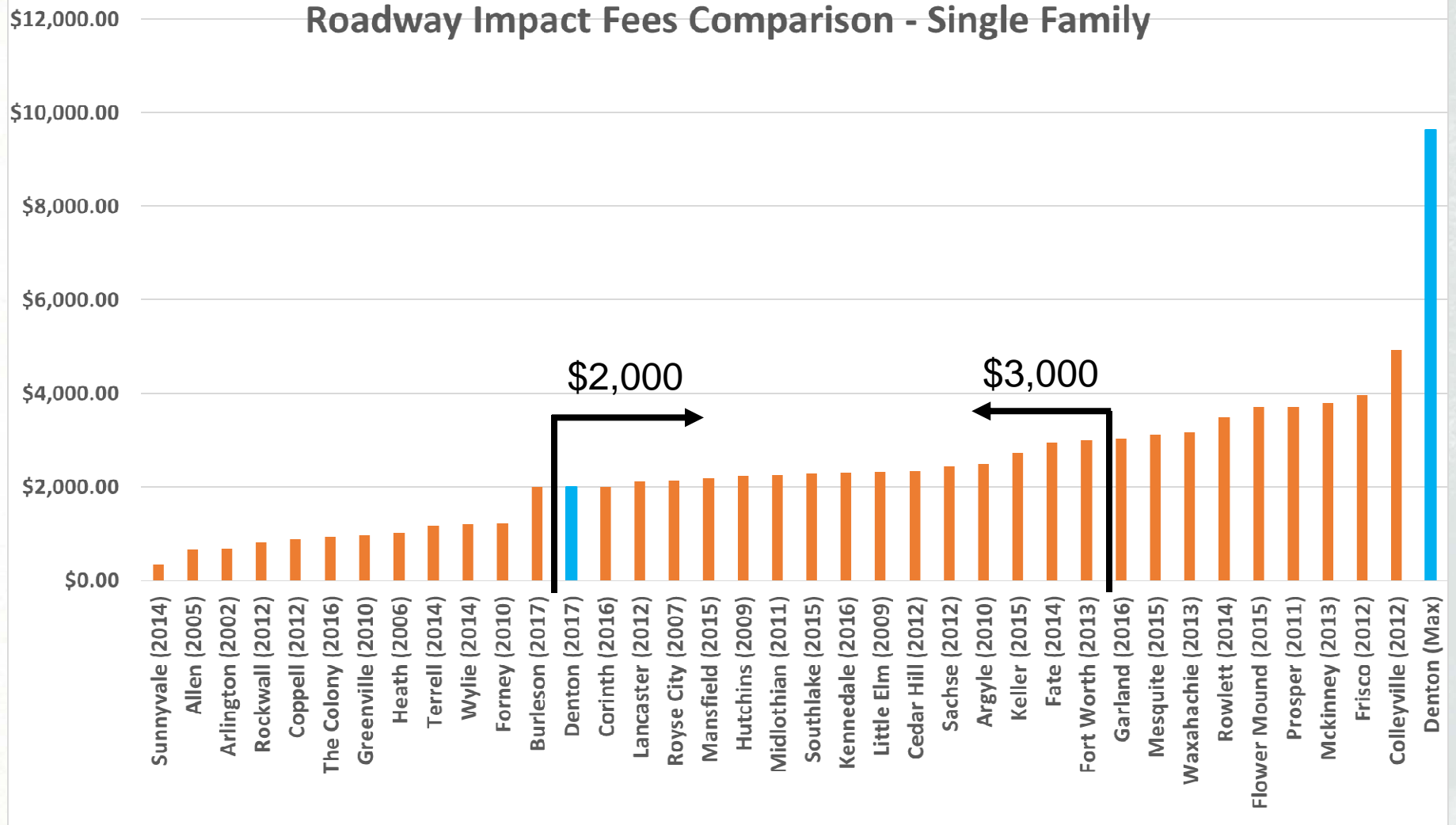
Roadway Impact Fees in Service Area D -
\$38.3 Million
Adopted 25% of Max Fee



City's Maximums versus Collected



Roadway Impact Fees Comparison - Single Family



How Impact Fees Work

1. What is required by the code?

Business as Usual

- Subdivision Rules and Regulations

2. Is the requirement fair?

Since 2005 – State Law

- Rough Proportionality

3. Are there Credits?

Impact Fee Ordinance

- Impact Fee Credits
- Cannot exceed total Impact Fees due from Development (no “refunds”)

What is Required by Code?

1. TIA Improvements

- Site versus System Improvements

2. Perimeter Street Improvements

- Impact Fee Ordinance provides flexibility and another funding source for partnerships

What is Required by Code?

Perimeter Street Requirements

1. Have always been required
2. Impact Fee Ordinance provides flexibility
 - When does it make sense to build the roadway verses collecting the fee?
 - Does City have Impact Fee funds to partner?
3. Adopted 19% - 32% of actual calculated new development impact (“rough proportionality” or “Maximum Assessable Fee”)

When Required by Code?

Perimeter Street Requirements

So when are perimeter streets considered?

1. Required based on a TIA –
 - Below Level of Service D
2. Roadway is substantially unimproved or very poor condition
3. Safety
 - Roadway is too narrow

When Required by Code?

Perimeter Street Requirements

Maybe consider switching to “perimeter streets are always required unless...”

1. TIA shows adequate level of service
2. Roadway is in good condition
3. Safety is not a concern
4. City funded project is already planned

Common Sense Check

1. TIA will identify improvements needed to support development
2. Perimeter Street is now required only when it meets certain criteria that is needed to support the development
3. The common sense check is based on maximum allowable fee as opposed to collected rate

Village of Carmel Example

1. Village of Carmel – – Edwards Road Perimeter Street



- 20' wide
- Poor Pvmnt. Condition
- Needed Improvement
- St. Improved on each side

Village of Carmel Example

1. 175 Homes → Impact Fee of \$350,000
2. Est. Cost of Improvement: \$475,000
3. Developer will contribute \$400,000 and City will contribute \$75,000+
4. Developer will also dedicate ROW
5. Total Developer Contribution Value: \$594,500
6. Development will not pay an impact fee
7. Proportionality Check: \$3,397 / home;
Actual impact on system closer to \$10,000 / home

Masch Branch Road Example

1. Masch Branch Road Industrial

- Masch Branch Perimeter Street



- Poor Pvmnt. Condition
- Adjacent Improvements

Masch Branch Road Example

1. 82,500 square feet warehouse
→ Impact Fee of \$48,489.41
2. Est. Cost of Perimeter Street: \$300,000
3. Developer will dedicate ROW: \$70,893.90
4. Total Cost: \$370,893.90
5. Development will not pay an impact fee
6. Proportionality Check: Actual impact on system is \$345,945.60. City would need to participate with an agreement.