

EXECUTIVE SUMMARY

Introduction

Impact Fees are a mechanism for funding the public infrastructure necessitated by new development. They originated and evolved in Florida, California and other fast-growing municipalities and counties, primarily in the Southern and Western United States. Across the country, they 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. Since 1989, they have been used to fund public water and wastewater improvements in the City of Fort Worth. Since 2008, they have been used to fund transportation infrastructure.

In the most basic terms, 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 transportation impact fees, the infrastructure need is increased capacity on arterial roadways. The purpose of the 2013 Transportation Impact Fee Study is to identify the fee per unit of new development necessary to fund these improvements in accordance with the enabling legislation, Chapter 395 of the Texas Local Government Code.

Impact Fee Basics

Transportation Impact Fees are determined by several key variables, each described below in greater detail.

Impact Fee Study

The primary purpose of the Transportation Impact Fee Study is to determine the maximum impact fee per unit of new development allowed by state law. This determination is not a recommendation; the actual fee amount ultimately assessed is at the discretion of the Fort Worth City Council, so long as it does not exceed the maximum assessable allowed by law. The study looks at a period of 10 years to project new growth and corresponding capacity needs, as required by state law. The study (and corresponding maximum fees) must be restudied at least every five years. The 2013 Transportation Impact Fee Study is the first restudy since the initial Transportation Impact Fee Study dated December 2007. The study can be updated at any time, however, to accommodate significant changes in any of the key variables of the impact fee equation.

Service Areas

A Service Area is a geographic area within which 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. For Transportation Impact Fees, the Service Area may not exceed 6 miles. In Fort Worth, this restriction necessitated the creation of 27 separate Service Areas. A map of the Service Areas can be found on Page 5. However, no impact fees may be collected in eight (8) of these Service Areas because no capacity related transportation improvement projects have been designated.

In defining the Service Area boundaries, the project team considered the corporate boundary, required size limit, adjacent land uses, and topography. Since each Service Area has a unique maximum impact fee, the per-unit maximum fee for an identical land use will vary from one Service Area to the next. For this reason, the team avoided drawing a Service Area boundary through uniform land uses where possible. The service areas in the 2013 Transportation Impact Fee Study are consistent with those in the previous Transportation Impact Fee Study with slight modifications to include annexations since the previous study.

Land Use Assumptions

The Impact Fee determination is required to be based on the projected growth and corresponding capacity needs in a 10-year window. This study considers the years 2012-2022. Acknowledging that the parameters of the study (the corporate boundaries, Master Thoroughfare Plan, Comprehensive Plan, zoning maps, platting history, etc.) are changing constantly, this study is based on conditions as they were on August 1, 2012.

One of the key elements in the determination of the impact fee is the amount of new development anticipated over 10 years. In order to arrive at a reasonable projection of growth, staff compiled a team of subject-matter experts from the Transportation and Public Works and Planning and Development departments to evaluate each of the nineteen fee-charging service areas individually. A map of each service area was overlaid with an aerial photograph, preliminary and final plats, and the Future Land Use Plan defined in the Comprehensive Plan. The team that studied these maps was comprised of the staff that administers zoning, platting and pre-development applications; Master Thoroughfare Plan alignments; construction plan reviews; and planning efforts. Vacant parcels were discussed and projected to either develop by 2022 or to remain undeveloped at that time, based on zoning, platting and pre-development history, utility availability, and any additional information regarding development potential or stated intentions. It was assumed that vacant parcels without recorded zoning or platting information would develop according to the land use specified in the Comprehensive Plan.

Finally, tables were created to compare existing residential and employment data to the ultimate residential and employment figures anticipated in the Comprehensive Plan. The effort described above generated a percentage of the ultimate residential and employment figures anticipated within each service area by the year 2022. These projections can be found in the Residential and Employment Projections tables on Pages 7-9. It is worth noting that the percentage of residential and employment expected by 2022 does not directly correlate to the percentage of the planned arterial network that will be required by that date. The Master Thoroughfare Plan, which defines the future arterial network, is not based solely on future growth projections; therefore, the percentage of the planned arterial network needed to accommodate future growth may exceed 100% of the total available thoroughfare network in some service areas.

Transportation Improvements Plan (TIP)

The Transportation Improvements Plan is distinct and separate from the City's traditional Capital Improvements Plan (CIP). The TIP is simply the list of projects eligible for funding through impact fees. Only those capacity improvements included in the City's adopted Master Thoroughfare Plan are included in the TIP. Capacity improvements may include the addition of lanes, intersection improvements, or the extension of a new road. Resurfacing or other maintenance activities do not qualify as capacity improvements under impact fee law in Texas.

The cost of the TIP is one of the fundamental factors in the calculation of the per-unit maximum impact fee. The TIP's cost was calculated through systematic evaluation of each eligible project. The project team visited each project site to determine the project scope, the presence of any special conditions (such as the need for significant drainage improvements) and whether various additional construction costs were applicable (such as construction phase traffic control). In determining project limits, the team identified roadway segments with uniform need. For example, N. Riverside Drive is separated into several projects in the TIP; one project includes the widening of a two-lane concrete facility into a four-lane divided major arterial, while another consists of the construction of a new four-lane divided major arterial. The team utilized a standard methodology for estimating construction costs once the project scope was defined. Referencing dozens of recent arterial projects within Fort Worth and the immediate vicinity, uniform costs

were determined for the major items of work, additional construction items, and project delivery costs. Section III provides a listing of the 10-Year Transportation Improvements Plan by service area in **Tables 2.A – 2.Z** and maps of the TIP by service area in **Exhibits 3.A – 3.B**. Finally, detailed cost projections by project can be found in **Appendix A**. It should be noted that these cost projections are based on conceptual level planning, and are subject to refinement upon final design. Also, note that on the detailed cost projections, where applicable, funds previously collected by the City for future improvements have been deducted from a project's eligible total.

Only those projects listed in the TIP are eligible to utilize impact fee funds. In order to optimize future flexibility, all capacity improvements included in the Master Thoroughfare Plan are included in the TIP and will be eligible to utilize impact fee funds. During the review process with City staff, the Master Thoroughfare Plan was evaluated; facilities not anticipated to be built out to their ultimate classification are identified in this report under their recommended downgrade classification. These identified downgraded facilities are anticipated to be formally downgraded in an upcoming Master Thoroughfare Plan Amendment.

Only the costs associated with providing the additional capacity necessitated by 10 years of growth can be used to calculate the maximum impact fee. In order to calculate the maximum impact fee, the total cost of the TIP at build-out was reduced to account for (1) the portion of new capacity that will address existing needs, and (2) the portion of new capacity that will not be necessitated until beyond the 10-year growth window. A ratio that compares 10 years' demand for capacity to the net supply of capacity (total new capacity in the TIP minus existing needs) can be calculated. That ratio, which may not exceed 100%, is then applied to the cost of the net capacity supplied. The result is a determination of the costs attributable to the next 10 years' growth, which is then used to calculate the maximum impact fee in accordance with state law. The result is known as the recoverable cost of the TIP.

Impact Fee Calculation

In simplest terms, the maximum impact fee allowable by law is calculated by dividing the recoverable cost of the TIP by the number of new units of development. In accordance with state law, both the cost of the TIP and the number of new units of development used in the equation are based on the growth and corresponding capacity needs projected to occur within a 10-year window. This calculation is performed for each service area individually; each service area has a stand-alone TIP and 10-year growth projection.

In practice, there are many factors that complicate this calculation. The maximum impact fee allowable by law for each service area is calculated in **Table 7**. A detailed discussion of the calculation precedes **Table 7**, found on Pages 64-66. Notice that Service Areas H, I, J, K, P, Q, R, and V are not included in **Table 7**. These Service Areas are "No Fee" areas, where no impact fee will be assessed for new development as consistent with the previous Transportation Impact Fee Study.

Collection and Use of Transportation Impact Fees

Transportation Impact fees are assessed when a final plat is recorded. The assessment defines the impact of each unit at the time of platting, according to land use, and may not exceed the maximum impact fee allowed by law. Transportation Impact Fees are collected when a building permit is issued. Therefore, funds are not collected until development-impacts are introduced to the transportation system. Funds collected within a service area can be used only within the same service area. Finally, fees must be utilized within 10 years of collection, or must be refunded with interest.

Adoption Process

Chapter 395 of the Texas Local Government Code stipulates a specific process for the adoption of Transportation Impact Fees. An Advisory Committee is required to review the Land Use Assumptions and TIP used in calculating the maximum fee, and to provide the Committee’s findings for consideration by the City Council. This Advisory Committee also reviews the Transportation Impact Fee ordinance and provides its findings to the City Council. The composition of the Advisory Committee is required to adequately represent the building and development communities. The City Council then conducts a public hearing on the Land Use Assumptions, TIP and Impact Fee Ordinance. In the previous Transportation Impact Fee Study, two separate public hearings were held; however, since Transportation Impact Fees are already in place in the City Fort Worth, the 2013 Transportation Impact Fee Study only requires one public hearing.

Following policy adoption, the Advisory Committee is tasked with advising the City Council of the need to update the Land Use Assumptions or the TIP at any time within five years of adoption. Finally, the Advisory Committee oversees the proper administration of the Impact Fee, once in place, and advises the Council as necessary.

2013 Transportation Impact Fee Study Results

Below is the listing of the 2013 Transportation Impact Fee Study’s Maximum Assessable Impact Fee Per Service Unit (Vehicle-Mile):

SERVICE AREA	Maximum Fee Per Service Unit (per Vehicle-Mile)
A	\$2,158
AA	\$228
B	\$2,419
C	\$1,323
D	\$966
E	\$2,708
F	\$998
G	\$2,091
L	\$1,562
M	\$2,551
N	\$1,283
O	\$1,014
S	\$2,398
T	\$2,322
U	\$2,921
W	\$860
X	\$2,312
Y	\$2,376
Z	\$2,962