



MEMORANDUM

December 30, 2010

TO: Board of Mayor and Aldermen

FROM: David Parker, City Engineer/CIP Executive
Eric Stuckey, City Administrator *Eric*

SUBJECT: 2010 Road Impact Fee Update

Purpose

The purpose of this memorandum is to present to the Board of Mayor and Aldermen (BOMA) a staff recommendation for a Schedule of Road Impact Fees based on the recently completed 2010 Road Impact Fee Update Study.

Background

The City entered into a contract (COF Contract No. 2010-0021) with Duncan Associates to study the City's Road Impact Fees in order to continue with its previous commitment to update the City's Road Impact Fees at least every five years. The contract was approved by BOMA on March 9, 2010. With input from City staff, Duncan Associates completed this study in November 2010 after having presented an August draft to BOMA and receiving some input and comments from BOMA at a special BOMA Work Session on October 14, 2010. On November 29, 2010, BOMA, staff and Duncan Associates held a "round table" discussion meeting with community stakeholders on the Road Impact Fee Update Study. There was some good dialog concerning the study.

The existing schedule for Road Impact Fees was calculated using the cost of Arterial Roads excluding the right-of-way (ROW) costs. The 2010 Update includes options for Arterial Roads with and without ROW costs and with including Collector Roads with and without ROW costs. The costs used for the calculations of the Update were provided to Duncan Associates by City staff. Tables 19 and 21 of the November 2010 Road Impact Fee Study Update compare the different options with the current or existing Impact Fees for the different land use types.

At the December 14, 2010 BOMA Work Session, there was further discussion about how some Collector Roads could be included in the Road Impact Fee calculations. Staff was asked to research to see if collectors could be further broken into sub-classifications. The intent of this research was to determine if a "commercial collector" such as Jordan Road near the McEwen Town Center Development could be included with arterials in the Road Impact Fees. In staff's research, most nationally recognized classifications for collector roadways include Major, Minor, Rural and Urban; nothing was listed as commercial.



Financial Impact

An updated Road Impact Fee Schedule will assist the City in recovering and funding roadway infrastructure improvements more efficiently. There will not be any more direct costs to the City for selecting an option for updating the City's Road Impact Fees unless there is a desire to have the consultant do additional work.

Options

There are five (5) options as to how to proceed with the issue of updating the City's Road Impact Fees. They are:

1. Do nothing – leave the Fees as they now exist (established in 2005); or
2. Revise the Road Impact Fee Schedule based on the cost of Arterial Roadways without including the cost of the right-of-way; or
3. Revise the Road Impact Fee Schedule based on the cost of Arterial Roadways including the cost of the right-of-way; or
4. Revise the Road Impact Fee Schedule based on the cost of Arterial and Collector Roadways without including the cost of the right-of-way; or
5. Revise the Road Impact Fee Schedule based on the cost of Arterial and Collector Roadways including the cost of the right-of-way.

Recommendation

Staff recommends a revision to the Road Impact Fees as per Option 3 above; base the Road Impact Fees on the cost of Arterial Roadways including the cost of the right-of-way. This recommendation is based on the fact that construction costs have increased by about two-thirds (2/3) since the last update to the Fees and the costs for right-of-way are extremely high and significantly adds to the overall cost of the projects. Also, it is understood by Staff that gaining approval/acceptance of raising the Fees by changing to the inclusion of Collector Roadways in the calculations is not likely due to the relatively large increase for this change in how the Fees are calculated. Staff feels strongly that right-of-way costs should be included in the Fees' calculations.

With any of the above listed options being approved other than Option 1, there will need to be revisions written and approved for Title 16, Chapter 4 – Road Impact Fee – of the Franklin Municipal Code. These revisions cannot be accomplished until it is known how the Fees are to be revised.

Under the option that excludes ROW costs, the potential fees would increase by about one-quarter to one-third for residential uses and by about half for most nonresidential uses. The variation among the fee increases for the uses reflect updated travel demand data used in this study. The fees would more than double for most land uses under this option when ROW costs are included.

Table 19. Impact Fee Comparison, Arterials Only

Land Use Type	Unit	Arterial with ROW				Arterial w/out ROW		
		Current Fee	Potential Fee	Change	Percent Change	Potential Fee	Change	Percent Change
Single-Family Detached	Dwelling	\$2,191	\$4,227	\$2,036	93%	\$2,717	\$526	24%
Multi-Family	Dwelling	\$1,537	\$2,766	\$1,229	80%	\$1,778	\$241	16%
Mobile Home Park	Site	\$1,144	\$2,079	\$935	82%	\$1,336	\$192	17%
Congregate Care Facility	Dwelling	\$440	\$943	\$503	114%	\$606	\$166	38%
Hotel/Motel	Room	\$1,126	\$2,350	\$1,224	109%	\$1,511	\$385	34%
Retail/Commercial								
Shopping Center/General Retail	1000 sq. ft.	\$2,681	\$5,996	\$3,315	124%	\$3,855	\$1,174	44%
Restaurant, Quality	1000 sq. ft.	\$4,964	\$11,104	\$6,140	124%	\$7,138	\$2,174	44%
Restaurant, Fast Food	1000 sq. ft.	\$7,177	\$16,171	\$8,994	125%	\$10,395	\$3,218	45%
Office/Institutional								
Office, General	1000 sq. ft.	\$1,891	\$4,045	\$2,154	114%	\$2,601	\$710	38%
Hospital	1000 sq. ft.	\$2,867	\$5,779	\$2,912	102%	\$3,715	\$848	30%
Nursing Home	1000 sq. ft.	\$996	\$2,654	\$1,658	166%	\$1,706	\$710	71%
Church	1000 sq. ft.	\$1,127	\$2,406	\$1,279	113%	\$1,547	\$420	37%
Elementary/Secondary School	1000 sq. ft.	\$543	\$1,185	\$642	118%	\$762	\$219	40%
Industrial								
Manufacturing	1000 sq. ft.	\$830	\$1,776	\$946	114%	\$1,142	\$312	38%
Industrial Park	1000 sq. ft.	\$1,513	\$3,237	\$1,724	114%	\$2,081	\$568	38%
Business Park	1000 sq. ft.	\$2,773	\$5,934	\$3,161	114%	\$3,815	\$1,042	38%
Warehouse	1000 sq. ft.	\$1,078	\$1,655	\$577	54%	\$1,064	-\$14	-1%
Mini-Warehouse	1000 sq. ft.	\$388	\$809	\$421	109%	\$520	\$132	34%

Source: Potential fee based on arterial only fee options from Table 18; current fee from City of Franklin.

The factors responsible for the change associated with the arterial impact fee without ROW costs are summarized in Table 20; the comparison uses the fee variable from the impact fee option that excludes collector roads and ROW costs, since this option is most similar to the basis for the current fee calculated in the prior impact fee update. The most significant overall change is that the construction cost per lane-mile has increased by about two-thirds since the last update. This was due primarily to the inclusion of a major improvement to Mack Hatcher, which is reasonable since additional such improvements are planned for the near future. The cost per VMT grew only 21%, since the capacity added by Mack Hatcher expressway improvement offset to a large extent the greater cost per lane-mile (in fact, overall the inclusion of the Mack Hatcher improvement reduced rather than increased the cost per VMT). The credits increased, but less rapidly than costs, so that the net cost per VMT increased by 29%. If the travel demand factors had remained unchanged, the fees for all land uses would have increased by this percentage.

Table 20. Comparison of Study Variables

	2007 Study	Current Study*	Percent Change
Cost per Lane-Mile	\$2,209,000	\$3,658,585	66%
÷ Average Capacity per Lane	6,138	8,403	37%
Cost per VMT	\$360	\$435	21%
- Outside Funding Credit per VMT	-\$239	-\$256	7%
- Debt Credit per VMT	-\$9	-\$35	289%
Net Cost per VMT	\$112	\$144	29%
Per Single-Family Unit:			
Net Cost per VMT	\$112	\$144	29%
x Daily VMT per Unit	19.54	18.87	-3%
Net Cost per Unit	\$2,191	\$2,717	24%

*Current study variables based on costs, capacities, trip lengths and credits associated with the major roads excluding collectors and ROW costs.

Source: 2007 study variables from Duncan Associates, *Road Impact Fee Update, City of Franklin, July 2007.*

For comparison, the potential fees for both of the options associated with the arterial and collector road impact fee are provided in Table 21. Both of these options would result in a higher rate of increase than the options associated with the arterial-only fee.

Table 21. Impact Fee Comparison, Arterials and Collectors

Land Use Type	Unit	Arterial/Collector w/ROW			Arterial/Collector No ROW			
		Current Fee	Potential Fee	Percent Change	Potential Fee	Change	Percent Change	
Single-Family Detached	Dwelling	\$2,191	\$5,679	\$3,488	159%	\$3,935	\$1,744	80%
Multi-Family	Dwelling	\$1,537	\$3,717	\$2,180	142%	\$2,575	\$1,038	68%
Mobile Home Park	Site	\$1,144	\$2,790	\$1,646	144%	\$1,933	\$789	69%
Congregate Care Facility	Dwelling	\$440	\$1,271	\$831	189%	\$881	\$441	100%
Hotel/Motel	Room	\$1,126	\$3,159	\$2,033	181%	\$2,189	\$1,063	94%
Retail/Commercial								
Shopping Center/General Retail	1000 sq. ft.	\$2,681	\$8,061	\$5,380	201%	\$5,585	\$2,904	108%
Restaurant, Quality	1000 sq. ft.	\$4,964	\$14,923	\$9,959	201%	\$10,340	\$5,376	108%
Restaurant, Fast Food	1000 sq. ft.	\$7,177	\$21,659	\$14,482	202%	\$15,007	\$7,830	109%
Office/Institutional								
Office, General	1000 sq. ft.	\$1,891	\$5,449	\$3,558	188%	\$3,776	\$1,885	100%
Hospital	1000 sq. ft.	\$2,867	\$7,780	\$4,913	171%	\$5,391	\$2,524	88%
Nursing Home	1000 sq. ft.	\$996	\$3,575	\$2,579	259%	\$2,477	\$1,481	149%
Church	1000 sq. ft.	\$1,127	\$3,241	\$2,114	188%	\$2,246	\$1,119	99%
Elementary/Secondary School	1000 sq. ft.	\$543	\$1,597	\$1,054	194%	\$1,106	\$563	104%
Industrial								
Manufacturing	1000 sq. ft.	\$830	\$2,392	\$1,562	188%	\$1,658	\$828	100%
Industrial Park	1000 sq. ft.	\$1,513	\$4,360	\$2,847	188%	\$3,021	\$1,508	100%
Business Park	1000 sq. ft.	\$2,773	\$7,994	\$5,221	188%	\$5,539	\$2,766	100%
Warehouse	1000 sq. ft.	\$1,078	\$2,229	\$1,151	107%	\$1,545	\$467	43%
Mini-Warehouse	1000 sq. ft.	\$388	\$1,087	\$699	180%	\$753	\$365	94%

Source: Potential fee based on arterial only fee options from Table 17; current fee from City of Franklin.