



Memorandum

To: Vail Town Council

From: Public Works Department

Date: November 1, 2016

Subject: Traffic Impact Fee Discussion

I. SUMMARY

The Town of Vail has hired the consulting firm TischlerBise to develop an updated transportation impact fee. The impact fee is anticipated to codify the current traffic mitigation fee, help fund future transportation related projects as identified in the Vail Transportation Master Plan, and allow new development to “pay its way”. The goal of this discussion is to review and provide a better understanding of the Transportation Master Plan project list and to what extent a transportation impact fee may be able to help fund these projects.

At the previous Council session regarding Traffic Impact Fees, we discussed the following:

- What is a traffic impact fee?
- Why implement a traffic impact fee?
- What's wrong with what we are implementing through our "mitigation" fee today?
- What methods are used to calculate the traffic impact fee?
- What types of projects can be offset by these fees?
- Can projects being built now, that provide future capacity, be retroactively offset? (i.e. cost recovery for Underpass)
- Can the Town waive fees for certain types of uses (i.e. Employee housing, Single Family housing, others...)? If so how is that implemented and does it affect the fee amounts for others?
- What are other Colorado communities doing regarding traffic impact fees?
- Do most communities have a fee that increases with construction cost indexes or inflation, or are they constant?

II. BACKGROUND

The Town of Vail has collected mitigating traffic fees for development in certain zone districts since 1999. The traffic fee is not a codified amount. Instead it has been an additional fee agreed upon between the Town and the Developer for mitigation of vehicular trip impacts of a proposed development project. In 1999, the fee was agreed

upon to be \$5,000 per net new PM peak hour vehicular trip added to Vail's road network. The fee was based on the improvements anticipated by; the Vail Transportation Master Plan, the total anticipated additional vehicular trips at that time, and the probable funding sources, being Town of Vail capital funds (33%), CDOT partnering funds (33%), and development Impact fees (33%). Since that time, the fee was increased to \$6,500 in 2006 as a direct result of construction inflation, and has not increased since.

In 2009, the Town adopted an updated Vail Transportation Master Plan. The Plan included a more detailed and updated estimate of future projected transportation projects and costs. At that time, the Town engaged the consulting firm of TischlerBise to develop a nexus study for traffic impact fees that was anticipated to be used to codify a traffic impact fee. The nexus study was completed in 2009, but the traffic impact fee was not adopted or codified by the Town Council. The 2009 Town Council did not deem it appropriate to burden developers with additional fees at that time due to the economic downturn. The nexus study proposed to codify a traffic impact fee based on proposed square footage of all development, not limiting it only to certain zone districts as has been done historically; this would include residential projects, which is required of traffic impact fees. The nexus study identified \$134 million of potential transportation-related projects (e.g. Traffic, Transit, and Parking), with \$22 million to be funded from the proposed traffic impact fee. The 2009 proposed traffic impact fee schedule is shown below.

See Figure 7

Transportation Impact Fee Schedule

Maximum Supportable Transportation Impact Fees			
<u>Residential (per housing unit)</u>	Minimum Sq Ft	Maximum Sq Ft	
Attached in Core Area	all sizes		\$4,038
Attached Outside Core	all sizes		\$5,048
Detached	0	2,099	\$5,890
Detached	2,100	2,299	\$6,563
Detached	3,100	3,299	\$9,424
Detached	4,100	4,299	\$11,443
Detached	5,100	5,299	\$13,126
Detached	6,100	6,299	\$14,304
Detached	6,300 or more		\$14,641
<u>Hotel (per room)</u>			
Hotel in Core Area			\$4,038
Hotel Outside Core			\$5,048
<u>Nonresidential (per square foot of floor area)</u>			
Commercial in Core Area			\$9.42
Commercial Outside Core			\$20.36
Office			\$4.20
Other Services			\$6.73

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Since the 2009 traffic impact fee was not codified the Town has continued to rely on developer improvement agreements and has kept the mitigation fee at \$6,500. The last large development impact fees agreed upon were for The Lion (Lionshead Inn), the Marriott Residence Inn (The Roost) development in 2010, and the Vail Valley Medical Center in 2015. Each agreed to the 2006 fee of \$6,500 per net new PM peak hour vehicular trip.

III. CAPITAL PROJECTS

As a part of the 2009 Vail Transportation Master Plan and the 2009 Traffic Impact Fee Nexus Study the Town identified a list of anticipated transportation capital projects that would accommodate projected growth. The project list has been recently updated along with preliminary costs of ~\$205 M, half of which is a placeholder for the possibility of future structured parking. A final review of estimated costs will be completed and provided to the Council this winter prior to the recommendation of an impact fee schedule.

In order to implement a transportation impact fee, the anticipated transportation projects have been split into two categories, Project level and System level improvements. Project level improvements are directly related to an individual development and its required access. These types of Project level projects are generally paid for by the individual development. System level improvements enhance the carrying capacity of the transportation network system wide and benefit multiple developments. System level improvements directly benefit new development (i.e. future growth) and may also benefit existing users.

In order to allocate fiscal responsibility for System level improvements, future traffic growth can be compared to existing traffic at the location of each System level improvement. This comparison can then be used to provide a rational percentage split of the cost of the improvement. Where specific vehicular traffic projections are unable to be used (e.g. pedestrian and transit projects) a projected Vail growth factor can be applied, or carrying capacity enhancements may be based on reasonable estimates of the increased ability to move people.

The Vail Transportation Master plan has projected future traffic in Vail based on anticipated future development; which results in an additional ~1875 peak hour vehicle trips occurring throughout town. These additional peak hour trips have been identified at various locations throughout the Town's transportation network. Traffic growth is expected to increase 14%-52%, dependent on location. For those projects that are not specifically modeled, a projected Vail growth factor has been applied. The projected Vail growth factor has been determined based on US Census data and projected growth. According to 2010 US Census data, the Town of Vail had 7230 housing units, up 35% from the 2000 census. The Vail Transportation Master Plan projects that another 1800 housing units will be developed upon "build-out" of Vail (20+ years) for a total of 9033 units, an increase of 25%; the projected new units will equate to 20% of the total number of units. These above estimated growth factors have been applied to the funding sources to develop the transportation impact fees cost allocation.

Prior to presenting the recommended transportation impact fee later this winter the growth factors and cost estimates will be finalized. The purpose of tonight's discussion is to confirm the project list and the fiscal responsibility approach.

A list and map of the identified transportation capital projects is attached, along with the estimated growth factors that identify the fiscal responsibilities split between project specific costs, the impending transportation impact fee, and other revenue sources (Town of Vail costs).

IV. NEXT STEPS

TischlerBise will update the Nexus Study and propose a fee schedule for the Town to implement a transportation impact fee. This fee will be based on anticipated future development, the current estimated cost of the capital projects to accommodate future development, and the appropriate proportioned fiscal responsibility. Prior to presenting the recommended transportation impact fee later this winter the growth factors and project cost estimates will be updated and finalized; and staff will outreach to the public.

A critical legislative policy decision by the Town Council is to determine what percentage of these development-related improvements should be paid for by new development by means of a transportation impact fee and how much should be paid for by other revenue sources.

- Should development pay its own way for Project Level and System level improvements as suggested in the attached list or should development be incentivized and only pay a portion of the suggested percentage?
- Are there additional improvements that should be included on this transportation project list?
- Are there projects that should be removed?

V. STAFF RECOMMENDATION

Staff recommends confirming the attached project list and the associated funding responsibilities approach to develop the transportation impact fee.

VI. ATTACHMENTS

Vail Transportation Master Plan 2016 Project List & Overview Map