



Memorandum

To: Vail Town Council
From: Public Works Department
Date: January 17, 2017
Subject: Transportation Impact Fee Study Update

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”. In the last Council discussion regarding transportation impact fees staff reviewed the Vail Transportation Master Plan project list and to what extent a transportation impact fee will be able to help fund projects. Prior to that discussion we had 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?

The purpose of this Council discussion is to review the draft Transportation Impact Fee Study and the proposed draft fee schedule.

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.

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 (2010), and the Vail Valley Medical Center(VVMC) in 2015. Each agreed to the 2006 fee rate of \$6,500 per net new PM peak hour vehicular trip; however the VVMC also agreed to adjust their payment if an updated fee is codified.

III. PROJECTED GROWTH AND 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 and projected development growth has been recently updated, and now includes pedestrian and transit oriented projects. The preliminary total estimated cost of these multimodal projects is approximately \$95M. The cost of these improvements (See Attached) is anticipated to be partially offset by the development of approximately 2000 new units and approximately 500,000 square feet of new commercial that is projected for the future of Vail (See Attached). The project list has broken down the associated fiscal responsibilities, and split them between project specific costs, transportation impact fee costs, and Town of Vail costs or other revenue sources.

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 and may also benefit existing users. The Vail Transportation Master Plan Project List includes both Project level and System level improvements, and of the total \$95M of total project costs, approximately \$20M is considered Project level, and approximately \$75M is considered System level.

The majority, 57% or \$54M, of the \$95M of total project costs will need to be funded by the Town of Vail or other revenue resources; while 21% or \$20M should be project specific development funded, and 22% or \$21M should be funded by the Transportation Impact Fee (See Attached).

IV. DRAFT TRANSPORTATION IMPACT FEE STUDY

TischlerBise has provided an updated Nexus Study and draft fee schedule for the Town’s review (See Attached). The draft fee schedule is based on anticipated future development, the current estimated cost of the capital projects to accommodate future development, and the appropriate proportioned fiscal responsibility. The proposed draft fee schedule is below;

Transportation Impact Fee Schedule

Maximum Supportable Transportation Impact Fees		
<u>Residential (per housing unit)</u>	Heated Sq Ft	
Attached in Core Area	all sizes	\$5,960
Attached Outside Core	all sizes	\$7,450
Detached	2099 or less	\$8,195
Detached	2100 to 2399	\$8,444
Detached	2400 to 2699	\$8,692
Detached	2700 to 2999	\$8,940
Detached	3000 to 3299	\$9,189
Detached	3300 to 3599	\$9,189
Detached	3600 to 3899	\$9,437
Detached	3900 to 4199	\$9,686
Detached	4200 to 4499	\$9,686
Detached	4500 to 4799	\$9,934
Detached	4800 to 5099	\$9,934
Detached	5100 to 5399	\$10,182
Detached	5400 to 5699	\$10,182
Detached	5700 to 5999	\$10,182
Detached	6000 to 6299	\$10,431
Detached	6300 or more	\$10,431
<u>Hotel (per room)</u>		
Hotel in Core Area		\$5,960
Hotel Outside Core		\$7,450
<u>Nonresidential (per square foot of floor area)</u>		
Commercial		\$13.90
Hospital		\$9.93
Office & Other Services		\$6.20

For comparison, the following cities and counties have adopted impact fees shown within the table below. The closest relating community to Vail is Pitkin County which last had its Road Impact Fee updated in 2013.

Transportation Impact Fee Comparison

	<u>Per Housing Unit</u>		<u>Per 1,000 Sq Ft Single</u>	
	<i>Family</i>	<i>Multifamily</i>	<i>Retail</i>	<i>Office</i>
National Average (1)	\$3,228	\$2,202	\$5,685	\$3,430
Incorporated Areas in Colorado				
Durango (1)	\$2,169	\$1,298	\$3,810	\$2,823
Ft. Collins 2016 Draft (2)	\$6,217	\$4,095	\$8,113	\$5,977
Vail current*	\$0	\$2,366	\$10,569	\$9,685
Proposed in Core Area of Vail (2)	not applicable	\$5,960	\$13,900	\$6,200
Proposed Outside Core Area (2)	\$9,686	\$7,450	\$13,900	\$6,200
Counties in Colorado				
Eagle Co. (1)	\$4,378	\$3,034	\$9,026	\$5,164
Jefferson Co. (1)	\$3,276	\$2,725	\$7,120	\$4,790
Larimer Co. (2)	\$3,418		\$8,812	\$4,726
Pitkin Co. (2)	\$9,339	\$5,115	\$10,910	\$5,130
Weld Co. (2)	\$2,377		\$3,296	\$2,174

Sources: (1) National Impact Fee Survey by Duncan Associations (2012). Single Family assumes 2,000 square feet. Nonresidential fees per thousand square feet assume a building with 100,000 square feet of floor area.

(2) TischlerBise. Single Family in Vail and Pitkin County assumes 4,000 square feet.

* Current fees in Vail are based on the net increase in PM Peak Hour vehicle trip ends generated by the entire development, with mitigation limited to certain areas and reductions given for multi-modal travel. Town staff provided the average mitigation fees currently collected.

If the presented Vail Transportation Impact Fee is adopted the following is a projection of the amount of funding that would be generated by each development type:

Figure 8 – Impact Fee Revenue Projection

<i>Development Type</i>	<i>Additional Development Units</i>	<i>Fee per Development Unit</i>	<i>Projected Revenue</i>	<i>Percent of Impact Fees</i>
Attached Housing Units in Core Area	705	\$5,960	\$4,202,000	20%
Attached Housing Units Outside Core	554	\$7,450	\$4,127,000	20%
Employee Housing Units in Core Area	41	\$5,960	\$244,000	1%
Employee Housing Units Outside Core	310	\$7,450	\$2,310,000	11%
Detached Housing Units	120	\$9,686	\$1,162,000	6%
Hotel Rooms in Core Area	270	\$5,960	\$1,609,000	8%
Hotel Rooms Outside Core	102	\$7,450	\$760,000	4%
Commercial KSF	320	\$13,900	\$4,448,000	21%
Hospital KSF	140	\$9,930	\$1,390,000	7%
Office & Other Services KSF	88	\$6,200	\$546,000	3%
Total =>			\$20,798,000	100%

V. NEXT STEPS

Prior to presenting the final recommended Vail Transportation Impact Fee to Council, staff and the consultant team will outreach to the public, receive feedback, and then finalize the project cost estimates and transportation impact fee schedule.

VI. STAFF RECOMMENDATION

Staff recommends confirming the direction of the Vail Transportation Impact Fee with the understanding a final Transportation Impact Fee schedule and Ordinance will be presented to Council for adoption within the next few months.

VII. ATTACHMENTS

Vail Transportation Impact Fee Study (DRAFT)
Vail Transportation Master Plan 2016 Project List & Map
Vail Development Growth Projections by Development Project