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## Memorandum

To: Vail Town Council

From: Community Development Department

Date: June 20, 2017

Subject: First reading of Ordinance No. 4, Series of 2017, an ordinance for a prescribed regulations amendment, pursuant to Section 12-3-7, Amendment, Vail Town Code, to amend Title 12 of the Vail Town Code with the addition of a new Chapter 26, Transportation Impact Fee. (PEC17-0008)

### I. SUMMARY

The applicant, the Town of Vail, represented by Tom Kassmel, Town Engineer, is requesting a prescribed regulations amendment to Title 12 of the Vail Town Code to add a new Chapter 26, Transportation Impact Fee, pursuant to Section 12-3-7 Amendment, Vail Town Code, and setting forth details in regard thereto.

The proposed transportation impact fee would apply to new developments, including creation of any new residential dwelling units, or any new commercial floor area. The fee does not apply to residential remodels where no additional units are added, or to commercial remodels that do not increase square footage. This new fee would be paid by the owner or developer, and would be collected by the Community Development Department at the time of issuance of a building permit. Revenues from this fee would be used by the Town of Vail for new transportation related infrastructure projects that are necessary due to the increased traffic from the incremental new development.

For additional background and information a copy of the June 6, 2017 Council Memo is attached as Attachment D to this memo.

### II. DISCUSSION

At the February 21, 2017 Council meeting, Council directed staff to proceed forward with the public process for the adoption of the Vail Transportation Impact Fee, based on the fee schedule directed by Council during that Council Worksession (See Attachment D of June 6, 2017 Memo). At the June 6, 2017 meeting, Council reconsidered the fee schedule and requested that staff provide a revised schedule that would subsidize the following uses;

- Employee Housing (as considered previously)
- Accommodation Units
- Commercial Uses
- Equalize the core area fees with the outside core area fees.

## ***PEC & Staff Recommended Fee Schedule & Projected Revenue***

	Development Type	Additional Development Units	Fee Per Development Unit	Projected Revenue	Percent of Impact Fee
MF-C	Dwelling, Two Family or Multiple Family (In the Core Area)	705	\$ 5,960.00	\$ 4,201,800.00	20%
MF	Dwelling, Two Family or Multiple Family (Outside the Core Area)	554	\$ 7,450.00	\$ 4,127,300.00	20%
SF	Dwelling, Single Family	120	\$ 9,686.00	\$ 1,162,320.00	6%
EHU-C	Employee Housing Unit (In the Core Area)	41	\$ 5,960.00	\$ 244,360.00	1%
EHU	Employee Housing Unit (Outside the Core Area)	310	\$ 7,450.00	\$ 2,309,500.00	11%
AU-C	Accommodation Unit (In Core Area)	270	\$ 5,960.00	\$ 1,609,200.00	8%
AU	Accommodation Unit (Outside Core Area)	102	\$ 7,450.00	\$ 759,900.00	4%
RR	Restaurant & Retail Establishments	320000	\$ 13.90	\$ 4,448,000.00	21%
HC	Facilities Health Care	140000	\$ 9.93	\$ 1,390,200.00	7%
OO	Office & Other Services	88000	\$ 6.20	\$ 545,600.00	3%
				\$ 20,798,180.00	100%

## ***Revised Fee Schedule & Projected Revenue –June 6<sup>th</sup>, 2017 Council Input***

	Development Type	Additional Development Units	Fee Per Development Unit	Projected Revenue	Percent of Impact Fee
	Dwelling, Two Family or Multiple Family (In the Core Area)	705	\$ 5,960.00	\$ 4,201,800.00	20%
	Dwelling, Two Family or Multiple Family (Outside the Core Area)	554	\$ 5,960.00	\$ 3,301,840.00	16%
	Dwelling, Single Family	120	\$ 9,686.00	\$ 1,162,320.00	6%
	Employee Housing Unit (In the Core Area)	41	\$ -	\$ -	0%
	Employee Housing Unit (Outside the Core Area)	310	\$ -	\$ -	0%
	Accommodation Unit (In Core Area)	270	\$ -	\$ -	0%
	Accommodation Unit (Outside Core Area)	102	\$ -	\$ -	0%
	Restaurant & Retail Establishments	320000	\$ -	\$ -	0%
	Facilities Health Care	140000	\$ -	\$ -	0%
	Office & Other Services	88000	\$ -	\$ -	0%
				\$ 8,665,960.00	42%

The net effects of revising the fee schedule are:

- a reduction in projected revenue from \$21 Million to \$8.7 Million,
- an increase in the Town Vail's taxpayer responsibility by **\$12.3 Million**,
- reimbursement of \$624,000 to the Vail Valley Medical Center (VVMC) per the existing VVMC Developer Agreement (DA). However, if Facility Health Care is not selected to be subsidized, then no reimbursement is required and VVMC will likely pay an additional ~\$500,000±.

The above considered revisions are based on the opinion that Accommodation Units and Commercial fees will be too high, which will dis-incentivize these types of development, which are important to the local economy. It should be noted that rates for both Accommodation Units and most Commercial uses have already been significantly reduced, as a direct result of being based on the 2009 Vail Transportation Master Plan, which already includes multi-use rate reductions for high density

commercial. See excerpts within Attachment B. The specific reductions already included are;

- 20% reduction for Multiple Family residential in Core Area
- 20% reduction for Accommodation Units in Core Area
- 65% reduction for Restaurant & Retail

The above revised schedule will also target the impact fee on residential uses, not on the larger traffic generating commercial uses. This is reversal of the past 17 years of mitigation fee negotiations which has focused on Accommodation Units, Commercial, and Multiple Family developments. Past mitigation fees were negotiated with developers based on current zone district code language of Public Accommodation 1 & 2, Lionshead Mixed Use 1 & 2, and Special Development Districts, which require mitigation of pedestrian and vehicular impacts. This mitigation language was added to these zone districts during the Lionshead Master Plan process when these zone districts were significantly up-zoned to incentivize development. A summary of past assessed developments, since 1999, is provided in Attachment C.

With regard to the recommendation of equalizing the Core area and outside Core area Multiple Family units, staff suggests the recommended Core area reduction remains. The Council's suggestion was generated out of the concern that there will be future full time residents within future multiple family units in the Core area that will generate a few more vehicular trips per day than is justified by the 20% reduction. If we conservatively estimate that 10% of future Multiple Family units within the Core are owned by full time residents, then we would capture an additional \$1490 on 70 units or ~\$104,000 over 25 years. However by equalizing the outside Core area units down to the Core area, we will lose \$1490 on 554 units or ~\$825,000 over 25 years. Also, if we did not equalize the outside Core down to Core area fees, then we would have to identify, document, and manage those ~70 units within the Core that may have full time Residents. This would require a certification that a unit was owned by a full time resident, and then require that resident to pay an additional \$1490. This would be extremely difficult to implement. On a side note, future single family residences within the core area are not provided this 20% Core area reduction, which may more likely have a higher percentage of full time residents.

If Council chooses not to codify an impact fee and to continue to rely on Developer Agreements within the above noted zone districts and any future up-zoned districts, then;

- at the 2005 rate of \$6500 per net PM peak hour trip, revenue would be projected at ~\$11,713,000
- at an equivalent 2017 rate of \$11,200-\$13,000, revenue would be projected at \$20,182,000 to \$23,426,000.

### **III. NEXT STEPS**

The request of Council is to adopt on first reading Ordinance No. 4, Series 2017, with second reading on July 11<sup>th</sup>. Once adopted, the actual fee schedule would be adopted

by Resolution. Therefore the fee schedule will not get adopted until July 11, 2017 at the earliest.

#### IV. ACTION REQUESTED OF THE TOWN COUNCIL

The Planning and Environmental Commission recommends adopting Ordinance No. 4, Series 2017 upon first reading.

Should the Vail Town Council choose to approve Ordinance No. 4, Series of 2017, upon first reading, the Planning and Environmental Commission recommends the Council passes the following **motion**:

*“The Vail Town Council approves, on first reading, Ordinance No. 4 Series of 2017, an ordinance for a prescribed regulation amendment, pursuant to Section 12-3-7, Amendment, Vail Town Code, to amend Title 12, Vail Town Code through the addition of a new Chapter 26, Transportation Impact Fee, and setting forth details in regard thereto, with the following change to Section 12-26-4 C of the proposed code language, which shall read as follows:*

*“C. Credit shall be provided for any construction of Town-approved **System Level** transportation infrastructure or facilities **as identified in the Vail Transportation Impact Fee Study**, undertaken by the applicant at the applicant’s cost that offset the transportation impacts of the project.”*

Should the Vail Town Council choose to approve Ordinance No. 4, Series of 2017 on first reading, the Planning and Environmental Commission recommends the Council makes the following **findings**:

*“Based upon the review of the criteria outlined in Section V of the Staff memorandum to the Planning and Environmental Commission dated May 8, 2017 and the evidence and testimony presented, the Vail Town Council finds:*

- 1. That the amendment is consistent with the applicable elements of the adopted goals, objectives and policies outlined in the Vail Comprehensive Plan and is compatible with the development objectives of the Town; and*
- 2. That the amendment furthers the general and specific purposes of the Zoning Regulations outlined in Section 12-1-2, Purpose, Vail Town Code; and*
- 3. That the amendment promotes the health, safety, morals, and general welfare of the Town and promotes the coordinated and harmonious development of the Town in a manner that conserves and enhances its*

*natural environment and its established character as a resort and residential community of the highest quality."*

**V. ATTACHMENTS**

Attachment A – Ordinance No. 4, Series 2017

Attachment B – Vail Transportation Master Plan Excerpts

Attachment C – Traffic Mitigation Fee - Assessed Development Table 1999-2017

Attachment D – June 6, 2017 Council Memo & Attachments