Roadway Impact Fee Texas Association of Builders Q&A

Via E-mail

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Segment Locations

Q1: Because the service area for roadways is limited to six miles within the corporate limits, roadway impact fees may not be spent or collected in the ETJ. Tex. Loc. Gov't Code § 395.001(9). Plan appears to include roadway segments that are entirely outside the corporate limits (e.g., B8, B2). Plan makes assumption that all roadways along city limits are 50% located within the City limits (i.e., that the city-limit line is the centerline of the road). However, this assumption is unsupported.

> A: *Projects included in the 10-year Roadway Impact Fee are within the service areas or adjacent to the service areas. Projects on a boundary may be split between service areas or discounted to 50% to include only one side of the project that falls within the corporate limits. Funds collected for within a service area are required to be spent on projects within the corresponding service area where collected.*

10-year Growth Assumptions

Q4: Plan makes aggressive assumptions based on CAMPO 2040 Plan (the "2040 Plan") City's Transportation Master Plan ("TMP") states "CAMPO predicts the population within the city limits and ETJ will grow another 75% by 2020, resulting in a population of over 250,000. By the year 2040, that number will grow again by 134% with the population projected at 335,994. (But the 2040 Plan does not appear to have considered Round Rock separately from Williamson County.) In 2010, population of Round Rock MUDs was 47,000; City population was 100,000. In 2016, City population was 120,000. Plan appears to have relied upon population growth in City limits and ETJ in its assumptions. Again, because the roadway service area cannot include the ETJ, it is improper for the study to consider ETJ population growth as a driver of new demand.

> A: The TMP was used as a basis. The project growth for each Service Area was from 2018 – 2028. As outlined in Table 1 and demand collected in Table 6.

Capacity to Serve Existing Development

Q7: Under section 395.013: "Impact fees may not be adopted or used to pay for:… (4) upgrading, updating, expanding, or replacing existing capital improvements to provide better service to existing development." Tex. Loc. Gov't Code § 395.013(4). Many of the projects identified in the CIP are roadway widening projects. Under section 395.013, any costs associated with roadway widening must be limited to the cost of the extra capacity only and may not be used to replace existing lanes. Segment B-5, for example, is a proposed 6 lane road. That segment is currently improved with 4 lanes. The study does not appear to adequately account for the costs associated with replacing the existing 4 lanes in this segment. In calculating the amount of capacity needed to serve new development, the study must account for existing roadway capacity. Although the study subtracts existing demand from the total build out, it does not appear to subtract the amount of existing *capacity* available to serve future development. Subtracting excess capacity would appear to better conform to the statute since impact fees cannot be used to pay for expansion or replacement of existing facilities. Based on the data in the study, subtracting existing capacity would reduce the recoverable costs significantly.

A: The segments are limited to the cost of extra capacity. In some cases, the cost to provide the additional capacity may require more cost than a simple widening. The cost in the CIP is reflective of true cost to provide the capacity improvement.

Q10: Based on the study, the existing roadway network has 28,395 vehicle miles of excess capacity, but this excess does not appear to be accounted for in the calculation of the impact fee. Doing so should lower the amount of the fee.

A: The growth is expected to be 95,030 vehicle-miles which is what the study is based on. This is only 37.9% of the total Impact Fee CIP. The other costs are non-recoverable.

Methodology Objections

Q11: In arriving at the 2018 base year, the study relied on data in the 2040 Plan from 2010, and then interpolated to 2018. In other words, the study does not appear to have collected current, 2018 data. Rather, it relied on 2010 data and applied growth factors to get to 2018 data. Thus, the 2018 "base year" data may be unreliable.

A: 2018 count data was used and is accounted for in Appendix C.

Q12: The study places every road identified in the MTP into the CIP, without considering whether that road is necessary to serve new development. See Study at 4; 47, ln 1. By including every future roadway, the study anchors the fee calculation at the highest possible amount. In addition, unlike the CIP, which is limited to a 10-year horizon, the time horizon for the TMP does not appear to be equally limited.

A: The maximum fee calculation includes the portion of the CIP that is attributable to a 10-year growth.

Q13: The study makes certain assumptions regarding costs of financing capital improvement projects (e.g., interest rates), as well as assumes that 50% of the capital improvements would be funded through debt within the 10 year period. Even if the interest rate assumptions are fair, the assumption that the City would leverage 50% of the improvement costs by issuing debt is unrealistic.

A: Most CIP projects built by a City are done through the issuance of debt.

Q14: The study assumes right-of-way acquisition costs between 15% and 30%, depending on whether the road is to be widened or is a new road. This is also unrealistic since the City's typically acquire ROW at no cost through the platting process.

A: Right-of-way is an eligible cost to be included in an Impact Fee CIP.

Q15: Chapter 395 requires that the City give a credit equal to 50 percent of recoverable costs, or an amount equal to the portion of ad valorem tax and utility service revenues generating by new service units that is used for the payment of improvements. Here, the study elects to award a credit based on ad valorem, but awards only 1%.

A: A detailed credit calculation is provided in Appendix E of the report based on ad valorem.