

# Combined Q&A for Roadway Impact Fees

## All Questions received Via E-mail

*October 17, 2018:*

### **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: Actual 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 only 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. Credit would be received for ROW.

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.

*November 28/30, 2018*

### **Impact Fee Assessment and Implementation**

Q1: Will an existing development receive credit for the current development/use in place when a site is redeveloped or added onto? Will they have to pay for all the current structures plus any added footage? How will it work for lots in downtown where the lot may not currently be a legally platted lot and the owner of that lot chooses to make an addition to the property?

A: All currently platted properties would have a one-year grace period to obtain a building permit per state law from the effective date of the ordinance as is included in the fee structure and would not be required to pay a fee. The current schedule is allowing a grace period to 01/01/21. Properties requiring a plat or obtaining a building permit after the grace period would only pay for the added square footage unless the use changed to a higher traffic generator. If the new use is a higher traffic generator, the building would pay the delta between the new use and old use.

Properties will only pay a fee on new development which is defined as a project involving the subdivision of land and/or the construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure, or any use or extension of the use of land which has the effect of increasing the requirements for capital improvements, measured by an increase in the number of service units to be generated by such activity, and which requires either the approval and filing with the county of a plat pursuant to the city's subdivision ordinance or the issuance of a building permit.

Q2: Implementation questions are perhaps the bigger concern than even the fee itself. As a lender, these future unknown and perhaps unanticipated costs are a concern for the small/mid-sized owner/developer. I don't think we want Round Rock to only be big boxed, corporate development and lose the charm of the smaller developments.

A: It is important to remember that there are current requirements for transportation infrastructure. Developments are escrowing or building infrastructure because of a Traffic Impact Analysis (TIA) process. The requirements in those cases are not known until after the study and negotiations are complete. Typically, there are less unknowns with impact fees. The fees can be calculated upfront and put into the Performa.

Q3: I would hope that we don't waive these fees for future business attraction prospects. I think that would send a bad message to existing businesses.

A: In some communities there is a policy to not waive impact fees. In some cities the fees are sometimes paid by Economic Development as an incentive, but they are not waived. All these decisions are up to the Council and future Development Agreements.

### **Mixed Use Sites and Tenant Uncertainty**

Q4: Many retail, and office buildings may have mixed uses that are not known at the site development permit phase as tenants have not committed to leasing space at that time. There will only be more mixed use over time, such as Project Tower, The District, and future in-fill plays. How will the impact fees be managed for these sites? For example, a retail center has an assumed traffic generation rate, but a use with a lower traffic generator may use the space. Will a credit or refund be provided to the developer for overpaying? What happens when a higher generator ends up the space than the retail assumed generation rate? Who pays the difference and when? Tenants change over time so is the developer going to be asked again for RIF when his tenants roll over and he gets new tenants with other uses? The developer will always have to have these future costs factored in and I wonder how long and how much he can pass along to the tenants. This concerns me as a lender.

A: If you were to pull a “shell building” permit (not knowing the tenant), most city policies are to charge based on standard retail, office, or industrial traffic generation rates to the developer. When the builder/tenant pulls a finish out permit and there are more service units than anticipated through the shell permit the delta is paid. It does not refund from the previous use (if shell building ends up with a lower traffic generator than the standard rate assumed). The lower traffic generator would not pay a fee. If a mixed-use development is built it would be based on the uses at the time of building permit. For example, an apartment with ground floor retail would pay the apartment and retail rate based on the space for each. For mixed-use developments there is an adopted procedure to calculate an updated trip rate or “internal capture” rate. An applicant could submit this to the City for consideration.

### **Variability in Rates by Use**

Q5: In reviewing the multipliers it seems that there are some inequities that may exist. For example: Coffee Shops with drive thru have a multiplier of 7.81 but fast food has a multiplier of 27.78. Does Starbucks really have less traffic than McDonalds or Taco Bell? A Garden Center (think Round Rock Gardens) has a multiplier of 15.45 but a Home improvement superstore has a factor of 3.85. Is the road impact that different between these uses? The land use categories and the related multiples per category don't make sense to me, in some cases.

A: The transportation demand factor (or multipliers) are derived from two sources – the ITE Trip Generation Manual, 10th Edition and the National Household Travel Survey. I mention this to illustrate that the study uses industry accepted resources to develop accurate demand factors. There are three factors to consider: trip rate, pass-by trips, and trip length. The travel demand factor calculation is described on pages 37-38 of the report and the Land Use table with additional details are on pages 50-51 of the report. It is important to note that the ordinances allow an alternative demand factor (multiplier) based on an accepted trip generation study.

These two examples are great examples to illustrate two points:

Nursery versus Home Improvement Store: This is about size of the building. A Home Improvement Store would be ~130,000 square feet while a nursery ~12,000 square feet. While

the nursery would pay more per square foot, the Home Improvement store might pay more in total. In this example, there is significantly more space per customer at the Home Improvement store.

Starbucks versus Fast Food:

- Trip Rate: We base on analysis on the PM Peak. Starbucks largest traffic is during the AM. Their PM peak rate is less. Based on ITE, the trip rate for a Starbucks PM is 43.48 vehicles / 1,000 square feet while a fast food restaurant is 32.67 vehicles / 1,000 square feet. So, the Starbucks still has a higher rate. The other factors bring the multiplier lower.
- Pass-by Trips: Another factor considered is pass-by trips. Those are trips whose ultimate destination is not the Starbucks but rather the office. We reduce the trip generation rates based on pass-by rates. Based on ITE, the trip rate for a Starbucks pass-by rate is 70% while a fast food restaurant is 50%.
- Trip Length: Starbucks average trip length is less than a fast food restaurant.

### **Terminology / Definitions**

Q6: Where are the definitions that define the uses in the new ordinance? It seems that the proposed ordinance may not match current uses in zoning code – example: multifamily uses. In the zoning ordinance they are defined as MF-1 Low Density, MF-2 Medium Density and MF-3 Urban, while the proposed ordinance defines Multifamily uses as Low-rise, Mid-rise and High-rise. Also, there is incongruity in the categories of offices between the ordinances - “Office Park” is not a defined use nor is “Corporate Headquarters”. How will use be determined as the use descriptors are not consistent? Who will make the determination?

A: The ordinance matches terminology that is used for TIAs today (ITE Trip Generation, 10<sup>th</sup> Edition) and is consistent with what would be submitted for MF-1 low density. That is a zoning category. This is land use specific. The Director of Transportation will need the initial assessment. This same resource was used in development of the study and rates that current TIAs are using. This is an industry standard that is used statewide in implementation of impact fees.

## **Administration and Policy Application**

Q7: I would hope that we don't waive these fees for future business attraction prospects. I think that would send a bad message to existing businesses.

A: In some communities there is a policy to not waive impact fees. In other communities the fees are sometimes paid by Economic Development as an incentive, but they are not waived. These policy decisions are up to the Council and future Development Agreements.

Q8: What if these RIF's get increased down the road? This might be an administrative matter that is already known and covered.

A: Impact Fees cannot be increased without a public hearing process per state law. The Capital Improvements Advisory Committee looks at the progress of the program every six months and can advise staff on the program's status. The study will be updated every five years at a minimum per state law.

Q9: I have a client who is building 19 (850 sq. ft.) units of General Office on 1.7 acres in Round Rock. The fees paid to the city for this development will be approximately \$81,000. The proposed RIF would be  $502 * 3.89 * 16.15 = \$31,537$ , making the Development fees approximately \$112,000 for a 16,150 sq. ft. office park. As a comparison, this client developed a 2.7-acre office park in Cedar Park and had 25 (850 sq. ft.) units of General Office and his total fees for that project, which is 30% larger, were approximately \$54,000. This is a significant difference between the two cities.

A: Thanks for the example. A lot of variables go into a Performa – fees being one of many. Both Round Rock and Cedar Park and several nearby cities currently have TIAs to determine transportation infrastructure requirements, so in many cases the roadway infrastructure is not starting at zero.

## ***December 3, 2018 Q&A:***

### **Exemptions, Offsets, and Credits**

Q1: Any project with a TIA prior to the Effective Date should be exempted from the Ordinance or given credit for any amounts charged by the City under the TIA.

A: Per the ordinance a development would receive an offset. An offset "means the amount of the reduction of an impact fee designed to fairly reflect the value of any construction of, contributions to, or dedications of a system facility agreed to or required by the city as a condition of development approval, pursuant to rules herein established or pursuant to city council-approved administrative guidelines which value shall be credited on an actual cost basis against roadway facilities impact fees otherwise due from the development."

Q2: If projects with existing MUDs are exempt under the Ordinance, then those projects with existing Road Districts should be exempted also.

A: This is a policy decision. MUDs and PUDs could be eligible for offsets for infrastructure funded by development. The offsets may exceed the fee otherwise due. This is not an exemption but rather the impact fees were satisfied in another manner.

Q3: Major projects like Avery Centre which have an existing approved PUD should be exempted from the Ordinance.

A: This is a policy decision. There is a schedule in place. Offsets would be provided for.

### **Ordinance Language Revision**

Q4: Ordinance Section 42-505(b)(1): Change this subparagraph of the Ordinance to read as follows:

For all property with a recorded plat dated on or before October 1, 2020, the road impact fees will be assessed as set forth below, but there will be no roadway impact fees charged for any building permit application dated on or before October 1, 2021. *{There needs to be a three-year grace period for projects that are under contract prior to the Effective Date of the Ordinance.}*

A: State law only requires a one-year grace period for existing platted properties to obtain building permits on plats current at Effective Date of the Ordinance. Anything beyond that is a policy decision. The current schedule is allowing a grace period to 01/01/21. The first stakeholder meeting was 6-15-2018. Since the first stakeholder meeting there has been approximately two and a half years to pull a building permit.

### **Allocation of Impact Fee Collections**

Q5: If a project of over 500 acres in size has an existing PUD in effect with the City, then the Ordinance should require that any impact fees generated by that project be used to construct the listed roadways contained within such project. For example, Avery Centre has Roadways No. B-20 thru B-27 as shown in the Roadway Impact Fee Capital Improvements Plan. These Roadways should be built with the funds generated from Avery Centre. Currently, we have no assurances that such roadways will ever be built.

A: In many cases larger developments build the infrastructure. The development could build the roadways and receive offsets. If the development does not build their roadway then the service areas highest priority project may get built. Transportation is a system. A development impacts much more than their adjacent roadways. The development should consider how their visitors arrive to their site. Impact fees quantifies the improvements need to get to their development.

State law exempts roadways from a guarantee to be built. Likely lawmakers understood that roadways are expensive, and it might be difficult to guarantee adjacent roadways to be built. Since a City (like Round Rock) might only be recovering a portion of the true cost to serve development they may not have funds for every roadway.

### **Study Methodology and Rough Proportionality**

Q6: The Avery Family believes the Ordinance and the Roadway Impact Fee Study do not meet the proportionality test of basic condemnation law. The few remaining large landowners (i.e., the Avery and Nelson families) are being required to carry the burden of all the City's past, present and future traffic and roadway problems.

A: This is an incorrect statement. The calculations of Impact Fees are in accordance with Chapter 395 of the Local Government Code. In addition, Chapter 212 of the Local Government Code (Rough Proportionality) specifically states: "This section does not diminish the authority or modify the procedures specified by Chapter 395 [Impact Fees]."

The fee calculation is based on infrastructure needed for new growth. Future 10-year growth is anticipated to burden approximately 38% (not all) of the roadway cost (31% in Service Area B). If Council elects to set the collection rate at 30% of the calculated maximum assessable rate from the study, then only 11.4% of the infrastructure cost is the burden of new development. The other percentage burden will be on other revenue sources.

Impact Fees are calculated based on the future needs and future land users. Whether it is one property owner or one hundred the math results in the same value.

Q7: Many of the roadways described in the study are meant to fix the traffic problems caused by existing development (and not new development) on roadways like Red Bud Trail, Sunrise Road, University Boulevard, A. W. Grimes Boulevard, Old Settlers Boulevard and Highway 79. Projects like the Kalahari Complex, the MUDs and existing apartment projects are or will be major contributors to traffic congestion and they are exempted from the Ordinance. However, many of the Roadways described in the study are going to be built to fix the problems that those existing projects are or will be causing.

In addition, current traffic problems on Highway 79 and University Boulevard are caused by current commuters to and from Taylor and Hutto to Round Rock and Austin and have nothing to do with the potential development of the Avery family lands. However, we are being asked to fund the clear majority of the Roadways in Service Area B with no assurances that our Roadways B-20 through B-27 will ever be built.

A: The state law exempts roadways from a guarantee to be built. It is assumed that the lawmakers understood that roadways are expensive and even if development paid 100% of their cost it might be difficult to guarantee roadways to be built, because the City would only be recovering a portion of the true cost to serve development. In this case, the maximum amount that could be charged to new development is 38% of the total cost to serve it.



Q8: We request that the City study the current (not theoretical) traffic counts on University Boulevard, A. W. Grimes Boulevard, Old Settlers Boulevard and Highway 79. That traffic study will: (I) establish a base-line to determine whether if “new development” is really the cause of traffic concerns, and (II) will assist in determining whether the road impact fees imposed on Avery Centre are proportional to the increase in traffic caused by Avery Centre, if any.

*A: Actual recent traffic counts were utilized. All developments have an impact to the system. Impact fees look at a systematic approach. Traffic studies and pro rata approaches do not adequately capture impacts to the system and usually result in the “last developer in” for a localized area paying a higher share of costs than nearby historical development.*

Q9: We understand that the City of Hutto has already been sued over its Road Impact Fee Ordinance. We anticipate that similar suits will be filed against the City of Round Rock on the proportionality issue and failure to follow the state statutes that enable and regulate road impact fee ordinances.

*A: Our team is not involved in Hutto; in Round Rock’s program, state statutes and processes have been followed.*

## ***December 5, 2018 Q&A:***

### **Negative Impacts of Impact Fees**

Q1: Consistent with earlier statements pertaining to this issue, the HBA (Home Builders Association of Greater Austin) believes that adopting any type of roadway impact fees will have a dramatic negative effect on affordable and attainable housing, which will ultimately outweigh the potential benefits.

*A: It is not possible to predict the outcome of roadway impact fees on affordable or attainable housing. In some communities, a policy decision has been made to exempt affordable housing units from a roadway impact fee.*

Q2: To further outline the impact of the proposed policy, please consider the following scenario. For simplicity’s sake, let’s consider that a builder can build four units per acre in Round Rock. At the highest proposed roadway impact fee tier of roughly \$6400 per unit, the impact fee per acre is \$25,600. On a 100-acre tract of land, this impact fee becomes a \$2.56 million burden.

*A: While the highest proposed roadway impact fee tier does come out to \$6,419.82 per single-family unit (\$1,507 per service unit \* 4.26 service units per single-family house) would not occur until after 01/01/24. This rate is paying for the burden on infrastructure the new units place the infrastructure system.*

### **Grace Period**

Q3: The HBA recommends that the City adopt a true two-year grace period, with an effective date starting two years from the adoption date, which will simplify the ordinance for both city staff and developers.

*A: State law only requires a one-year grace period for existing platted properties to obtain building permits on plats current at Effective Date of the Ordinance. Anything beyond that is a policy decision. Currently, the City is proposing to provide a grace period until 1/01/21.*

### **Reduced Fee Tier Amount**

Q4: The revised proposal stipulates three tiers of fees of roughly 32%, 48%, and 64% of the maximum impact fee calculation through year one, two, and three, respectively. We believe that these fees are higher than necessary for the City to achieve its goals for transportation improvements.

As an example, please consider the Vizcaya subdivision, which has an active TIA agreement of \$1 million. The revised proposal increases the development's contribution to \$2.9 million, with nearly a 300% increase from the city staff's TIA assessment. There is simply too much disparity between the City's TIA agreement and the proposed tiers. Regarding equity, a TIA takes into consideration the effect a project makes on adjacent roads, while the CIP considers a much larger area. Certain road projects in the CIP are not near the subdivision, yet the cost burden for those roads is placed on those residents who are unlikely to use those roads.

The HBA recommends that the City adopt the same three-year fee tiers at 10%, 20%, and 30% of the maximum impact fee. 10% of maximum impact fee equals approximately \$1,000, or \$250 per service unit multiplied by the 4.26 single family home service unit multiplier. 20% of maximum impact fee equals approximately \$2,000 per single family home and 30% of maximum impact fee equals approximately \$3,000 per single family home.

A: The revised proposal stipulates fees of \$753 (30% of the \$2,511 maximum in Service Area C), \$1,130 (45% of the \$2,511 maximum in Service Area C), and \$1,507 (60% of the \$2,511 maximum in Service Area C) per service unit. It should be noted that the maximum fee represents the cost to meet future demand over a 10-year window and does not account for over \$200 million in improvements identified by the study that are needed to meet existing demand. An impact fee is an equitable assessment that calculates equally for developments of the same size and land use, whereas a TIA depends on localized conditions and disproportionately affects later developments that exceed the threshold of acceptable levels of service.

### **TIA Exemption**

Q5: A development that has already underwent the TIA process has factored the cost of transportation improvements into their overall project budget. By adopting impact fees midway through a project, the City runs the risk of cutting into or even eliminating a developer's ability to turn a profit on the project. An existing TIA is an agreement made between the City and the developer on the cost to mitigate traffic. That agreement should be honored throughout the duration of the project and should allow for an exemption to the new impact fees. The HBA recommends that the City exempt any project that has an existing TIA.

A: Per the ordinance a development would receive an offset. An offset "means the amount of the reduction of an impact fee designed to fairly reflect the value of any construction of, contributions to, or dedications of a system facility agreed to or required by the city as a condition of development approval, pursuant to rules herein established or pursuant to city council-approved administrative guidelines which value shall be credited on an actual cost basis against roadway facilities impact fees otherwise due from the development."

## **Implementation**

**Q6:** The development community is still unsure how the City will handle the interplay between the new impact fees and TIAs.

**A:** The fee, once set and adopted by City Council, will be based on the type and intensity of the development as recorded in the building permit. The TIA's purpose (if required) would not be to determine a pro rata or development contribution. That determination was made at a system level through the impact fee. However, if a TIA identifies a system-related improvement, which also appear in the Roadway Impact Fee CIP, the development would receive an offset for the impact fee otherwise due.

**Does the City intend to eventually move away from TIAs, or will they continue to be a part of development negotiations?**

The intent is to move away from unnecessary TIAs and TIAs that are focused on only requiring elements that can be determined based on offering Impact Fee offsets. The focus of TIAs (if required) would primarily be to answer a specific question such as a focus on safety or project prioritization. In some cases, a queuing analysis is needed for a drive-thru. In some cases, a determination of what infrastructure is needed when to support the development is needed. To ensure that TIAs are done for a specific need and purpose the draft ordinance states: "If the City requires a Traffic Impact Analysis ("TIA") the cost of said TIA shall be included as an offset." As such the City has a financial stake in the need for a TIA. TIAs may be part of a development negotiation but not to determine a fee, but rather to determine an agreement of how offsets may be applied.

**If the City intends to continue their use, how specifically will credits be determined? Will the City give credits to a development for systemwide improvements? If so, how will those be factored in?**

TIAs will be an offset. Building infrastructure on the Roadway Impact Fee CIP will be an offset. Offsets are described in detail in the draft Ordinance. Unless an agreement for offsets is executed providing for a different manner of applying offsets against roadway impact fees due, a credit associated with a plat shall be applied at the time of application for the first building permit and, at each building permit application thereafter, to reduce roadway impact fees due until the offset is exhausted.

## ***December 21, 2018 Q&A:***

**Q1:** Are the new impact fee assessments used to fund road improvements necessitated by prior growth and/or growth that is not reasonably and proportionally related to the project/land being assessed?

**A:** The 10-Year Impact Fee calculation is based on the Transportation Master Plan (TMP). The TMP summarizes the future transportation projects need to serve the City of Round Rock. However, the fee calculation considers existing demands and needs. The fee calculation is based solely on the infrastructure needed for 10-year new growth. The future 10-year new growth is anticipated to utilized approximately 38% of the remaining roadway cost. The other

62% is not included in the impact fee cost calculations. Note, if the Council elects to set the collection rate at 30% of the calculated maximum assessable rate from the study, then only 11.5% of the total roadway infrastructure cost is the burden of new development. The remaining burden (88.5%) will be on other revenue sources.

Q2: It does not seem fair to me for some developers (and landowners) to bear a substantially higher expense solely because they happened to develop after an arbitrary date when the rules completely changed.

A: The Impact Fee Study calculates the cost of new growth on the transportation system. According to the study there is approximately \$189 million that is needed for existing demand. This existing need is NOT placed on the future development. However, this existing need is a result of previous growth paying far below its impact on the transportation system. In many cases developments contributed \$0 towards the transportation system. An impact fee policy can ensure all new developments contribute to the transportation system. In addition, City Council can set a rate knowing that the delta will need to be satisfied by another method. Without an Impact Fee study, Council would not have the knowledge to know what value of infrastructure would be needed to service future growth and how to plan to cover that cost in the future.

A detailed comparison was completed showing previous developments in Round Rock and what they paid under the current system versus the proposed alternatives. The current plan is 30% for residential and 20% for non-residential. The rate would not take into effect until 01/1/2021. This is a lower rate and longer grace period than was illustrated at the 8-7-2018 Stakeholder Meeting. The new rate is lower than Frisco, McKinney, and Fort Worth that were highlighted in the Stakeholder meeting. The reasoning for the lower rate and longer grace period is to allow for transition to the new program. The previous program was time consuming, allowed little flexibility, and ended up in debates over infrastructure. In addition, the new Impact Fee program would allow for offsets if a traffic impact analysis was required as well as a fair market value for right-of-way to be applied as an off-set. Both are advantages through the impact fee program and are current costs of development in addition to the required infrastructure.

Q3: More time and consideration should be given to large landowners who cannot reasonably and prudently react as quickly to such a momentous change in policy.

A: The rate would not take into effect until 01/1/2021.

Q4: Would it be worth trying to improve the current system rather than wait until now, after years of unparalleled growth for which no impact fees were paid, to adopt a new, complex approach that as I understand it is not project based, seems subjective, and will increase housing costs in Round Rock.

A: The current system is a TIA policy. The TIA policy could be enhanced and be reflective of a system like Austin uses. However, an enhanced TIA policy usually results in a more detailed traffic study and the fee is unknown until the TIA is completed. The Impact Fee system is

complete once the study is adopted. The study is detailed and complicated, but the implementation is simple. Pay the fee or build the infrastructure for which an offset will be given. The fee is calculated and is not subjective. The rate at which Council sets the fee is a policy decision and decided based on how much of transportation systems should be placed on new development versus existing tax payers while considering other elements such as affordability. Housing costs are dependent on many factors, so no comment can be provided if housing costs were to increase. If the goal of a project was to provide lower housing cost in Round Rock that could be completed with or without the roadway impact fees in place, but it could be the result of other factors (product type, density, upgrades, etc).