



CITY COUNCIL AGENDA ITEM

SUBJECT: Conduct a Public Hearing to Consider/Discuss/Act on the Amendment of Roadway Impact Fees as Part of the 2012-2013 Impact Fee Update; and Accompanying Ordinance

MEETING DATE: November 19, 2013

DEPARTMENT: Development Services - Planning

CONTACT: Jennifer Arnold, Planning Manager
Michael Quint, Director of Planning

RECOMMENDED CITY COUNCIL ACTION:

- Staff recommends approval of an update to the Roadway Impact Fee Ordinance, setting new fees and providing for a six-month grace period.

ITEM SUMMARY:

- Chapter 395 of the Texas Local Government Code requires that a public hearing be held to consider the potential amendment of impact fees. As required by state law, a 30-day Legal Notice was posted in the McKinney Courier-Gazette. As well, the recommended fee amendments have been posted on the City's webpage for public review and comment since mid-September.
- The potential roadway impact fee amendments were first presented and discussed at a Work Session of the City Council on September 16, 2013. Feedback received from Council regarding Staff's recommendation for fee amendments, targeted incentives, and ordinance improvements was generally supportive.
- As such, Staff is now presenting the final recommendations for the amendment of roadway impact fees.

Final Staff Recommendation for Single Family Residential Land Uses

- A table depicting Staff's recommendation can be seen below.

Service Area	Current Fee Charged Per House	Maximum Assessable Fee Per House (2012-2013 Update)	Staff Recommendation (2012-2013 Update)
A	\$0	\$0	\$0
B	\$1,261	\$688	\$688
C	\$3,500	\$4,650	\$3,800
D	\$3,500	\$9,923	\$3,800
E	\$3,500	\$9,993	\$3,800
F	\$0	\$0	\$0
G	\$3,500	\$3,810	\$3,800
H	\$2,298	\$1,827	\$1,827
I	\$3,500	\$4,530	\$3,800
J	\$3,500	\$4,944	\$3,800
K	\$3,500	\$6,264	\$3,800
L	\$3,500	\$4,620	\$3,800
M	\$0	\$0	\$0

- Staff recommends setting the roadway impact fee for single family residential land uses at \$3,800 per house or the maximum assessable fee per house per service area, whichever is less.
- Staff has created a series of city comparison charts to illustrate how the current and final recommended fee amounts compare to other cities in the region. This comparison is included as an attachment to this Staff Report and titled "*City Comparisons – Roadway Impact Fees.*"

Final Staff Recommendation for Multi-Family Residential Land Uses

- A table depicting Staff's recommendation can be seen below.

Service Area	Current Fee Charged Per Dwelling Unit	Maximum Assessable Fee Per Dwelling Unit (2012-2013 Update)	Staff Recommendation (2012-2013 Update)
A	\$0	\$0	\$0
B	\$779	\$430.50	\$430
C	\$2,944	\$2,880	\$2,880
D	\$4,000	\$6,159	\$4,340
E	\$3,985	\$6,204	\$4,323
F	\$0	\$0	\$0
G	\$2,544	\$2,362	\$2,362
H	\$1,408	\$1,131	\$1,131
I	\$2,384	\$2,808	\$2,586
J	\$2,674	\$3,065	\$2,901
K	\$3,793	\$3,888	\$3,888
L	\$2,799	\$2,864	\$2,864
M	\$0	\$0	\$0

- Staff recommends that roadway impact fees for multi-family residential land uses be increased by 8.5% generally to reflect the current rate of inflation.
- Staff has created a series of city comparison charts to illustrate how the current and final recommended fee amounts compare to other cities in the region. This comparison is included as an attachment to this Staff Report and titled "*City Comparisons – Roadway Impact Fees.*"

Final Staff Recommendation for Non-Residential Land Uses

- Staff's final recommendation for roadway impact fees associated with non-residential land uses generally seeks to strike a balance between the current rate of inflation and the City's goals for attracting and growing a diverse tax base.
- With this in mind, Staff recommends a flat 5% increase for most non-residential land use types throughout the City.
- For some select non-residential land use types, Staff is recommending no increase in roadway impact fees. These select non-residential land uses include: hotel, hospital, corporate headquarters building, general office, medical/dental office, single tenant office building, office park, high turnover (sit down) restaurant, sit down restaurant, shopping center, and supermarket.
- Staff has created a series of city comparison charts to illustrate how the current and final recommended fee amounts compare to other cities in the region. This comparison is included as an attachment to this Staff Report and titled "*City Comparisons – Roadway Impact Fees.*"
- Staff has also created a series of City comparison charts that include a combined impact fee (water, wastewater, and roadway). This information is included as an attachment to this Staff Report and titled "*City Comparisons – Combined Fees.*"

Implementation of Final Fee Recommendations

- Staff recommends a 6-month grace period from the date the ordinance is effective (November 19, 2013) for any fee increases (based on date of building permit).
- However, in service areas where the recommended fee is lower than the current fee, the fee would be immediately reduced from the date the ordinance is effective (November 19, 2013). These immediate fee reductions would only occur in instances where the maximum assessable fee is less than the current fee.

Targeted Incentives to Address Economic Development and Redevelopment Goals

- As part of the 2012-2013 Impact Fee Update process, Staff is also recommending targeted incentives to address economic development and redevelopment goals throughout the city.
- As a companion to the citywide approach for non-residential uses, Staff is also recommending the expansion of the current NEZ program as a complementary tool to specifically encourage small-scale infill projects within the Town Center.
- In a related item on this meeting agenda, Staff is seeking City Council approval of an amendment to the current Historic Neighborhood Improvement Zone Program Ordinance, specifically to expand the Neighborhood Empowerment Zone (NEZ) program to include impact fee waivers for residential and non-residential uses.

Ordinance Administration Improvements

- Per state law, any construction of, contributions to, or dedications of off-site roadway facilities agreed to or required by a city as a condition of development approval shall be credited against roadway impact fees otherwise due from the development.
- Currently, the City's impact fee ordinance sets forth a system for issuing offsets/credits based on vehicle miles added to the system by the roadway facility. Staff recommends staying with the current system of issuing offsets/credits based on vehicle miles added to the system.
- With this in mind, Staff and the City attorney are recommending improvements to strengthen the legal framework of the Roadway Impact Fee Ordinance as it relates to offsets/credits and rough proportionality.
- Staff is not recommending any changes to the implementation of offsets/credits as it relates to roadway impact fees.

BOARD OR COMMISSION RECOMMENDATION:

- The Planning and Zoning Commission is serving as the Capital Improvements Advisory Committee (CIAC) and, as such, is required by state law to provide written comments to the City Council prior to Council action on the amendment of roadway impact fees for the 2012-2013 Roadway Impact Fee Update.

- On September 24, 2013, the Planning and Zoning Commission considered and commented on Staff's fee recommendations as part of the 2012-2013 Impact Fee Update. The approved minutes of the public hearing shall serve as the written comments and are included as an attachment to this staff report.

BACKGROUND INFORMATION:

- Chapter 395 of the Texas Local Government Code mandates that impact fees be reviewed and updated at least every 5 years. The City of McKinney last performed a review and update of impact fees in 2007-2008. Accordingly, Staff initiated the 2012-2013 Impact Fee Update in late Fall of 2012.
- Updating impact fees involves 3 parts (as required by state law) and the entire process takes approximately 9 months:
 - Land Use Assumptions (completed)
The updated Land Use Assumptions were considered by the Planning and Zoning Commission (serving as the Capital Improvements Advisory Committee) on April 23, 2013 and were approved by the City Council at the June 18, 2013 meeting.
 - Capital Improvements Planning
Updates to the Capital Improvements Plan for Impact Fees were presented and discussed during a Joint Work Session of the City Council and Planning and Zoning Commission on July 29th.

In a related item on tonight's meeting agenda, Staff is seeking City Council approval for the amendment of the Capital Improvements Plan for Roadway Impact Fees.

- Fee Setting / Adopting the Amended Ordinance
Proposed fee amendments for the 2012-2013 Roadway Impact Fee Update were first presented at a Work Session of the City Council on September 16, 2013.

Staff is currently seeking approval of the updated Roadway Impact Fee Ordinance and associated fee amendments.