

STAFF REPORT

Town Council Work Session, April 28, 2015

Transportation Development Fee Increase (TF15-067)

Consideration of proposed increase in transportation development fees based on a new study

Speaker: Mr. Jerry Jensen

From: Laura Cove, P.E., Director, Transportation & Facilities

Prepared by: Jerry J. Jensen, P.E., Transportation Manager

Approved by: Benjamin T. Shivar, Town Manager

Approved by: Tim Bailey, P.E., Assistant Town Manager

Executive Summary: Duncan Associates has completed a comprehensive study for transportation development fees (TDF) on the basis of full cost recovery of thoroughfare improvements. Staff recommends Town Council authorize the following actions:

1. Accept the 2015 Transportation Development Fee Update report prepared by Duncan Associates, dated March 2015;
2. Direct staff to include the staff recommended proposed fee increases to TDF in the upcoming FY16 Budget to receive public comment on the proposed fees, and final action by Town Council prior to July 1, 2015. The proposed fees represent 60% of the full cost recovery fees, as outlined in the new study; and
3. Increase transportation development fees at a rate of 5% annually through the regular budget approval process.

Background: Cary received authority to charge a transportation development fee in 1987 with a local bill HB 684 (<http://www.ncleg.net/EnactedLegislation/SessionLaws/PDF/1987-1988/SL1987-801.pdf>). In 1989 Cary's first transportation development fee began and has continued at a variety of fee levels since that time.

An interim study was conducted by Duncan and Associates in January 2013 to evaluate the cost increases in construction to determine a fee level based on inflationary cost increases. The TDF fees were then approved for an increase of 9.32% over the previous fees, which remained unchanged and without consideration since July 1, 2008 (staff report EN13-047). The new fees based on the January 2013 study were approved by Town Council and made effective February 1, 2013.

[http://www.townofcary.org/Assets/Council+Minutes/councilmin+13/January+10\\$!2c+2013+council+minutes.pdf](http://www.townofcary.org/Assets/Council+Minutes/councilmin+13/January+10$!2c+2013+council+minutes.pdf). To date Cary has never charged the maximum fee calculated by the associated fee studies.

Discussion: Staff recently hired Duncan Associates to prepare a comprehensive study to determine transportation development fees on the basis of receiving full cost recovery for thoroughfare improvements. A copy of the [final report](#) is attached. The updated full cost recovery fees are generally higher than the current fees because the current fees were adopted at levels significantly lower than those calculated in the previous study. The variation in the percentages of change for different land uses is due to updated travel demand characteristics, including trip generation rates and average trip lengths.

Table 1 shows the current fees the Town charges, the updated fees calculated that could be charged when considering full cost recovery, and staff recommended proposed fees are based on a percentage of the full cost recovery fees calculated from the study.

Staff recommends that Council consider increasing the current transportation development fees, as outlined in the Cary Proposed Fees column, shown in Table 1. The proposed fees represent 60% of the amount shown in the Full Cost Recovery Fees From Study column. Full cost recovery fees represent the full recovery cost for thoroughfare widening improvements calculated in the most recent TDF study. Sixty percent of the full cost recovery fees calculated in the Duncan Associates study, represents approximately a 10% increase of current fees when averaging single family, townhome, and apartment land uses collectively. These uses are the most prominent and widely stable land uses developed in Cary, so they were used as the basis for setting proposed fees. At their discretion, the Town Council may elect to use a different percentage other than the percentage suggested by staff.

Proposed fees may be incorporated into the FY16 budget document and public comment may be received on the proposed fees through the budget hearing process in May and June, with final budget adoption prior to July 1, 2015.

Staff also recommends that transportation development fees increase at a rate of 5% annually and that Town Council consider these annual increases through the regular budget approval process.

For informational purposes, Table 2 illustrates the transportation impact fees provided by other Triangle communities. The figures provided are for comparison purposes only. The figures only represent a sampling of land uses and are not intended to show the entire fee schedule for each community.

**Table 1. Comparison of Current Fees, Full Cost Recovery Fees, and
& Proposed Fees**

Land Use	Unit	Current Fees		Full Cost Recovery Fees From Study		Cary's Proposed Fees	
		Base	Central	Base	Central	Base	Central
Residential							
Single-Family Detached	Dwelling	\$1,359	\$782	\$2,621	\$1,839	\$1,573	\$1,103
Single-Family Attached (Townhomes)	Dwelling	\$883	\$480	\$1,364	\$957	\$818	\$574
Multi-Family (Apartments, Condos)	Dwelling	\$833	\$480	\$1,625	\$1,140	\$975	\$684
Residential Care Facility	Bed	\$215	\$124	\$427	\$300	\$256	\$180
Hotel/Motel	Room	\$726	\$418	\$949	\$666	\$569	\$400
Retail/Commercial							
General Retail/Shopping Center	1,000 sf	\$1,466	\$843	\$2,728	\$1,914	\$1,637	\$1,148
ATM (Stand-Alone)	Each	\$1,884	\$1,083	\$3,190	\$2,238	\$1,914	\$1,343
Bank	1,000 sf	\$3,008	\$1,731	\$2,799	\$1,964	\$1,679	\$1,178
Restaurant, Fast Food	1,000 sf	\$3,039	\$1,748	\$8,361	\$5,866	\$5,017	\$3,520
Restaurant, Sit-Down	1,000 sf	\$2,441	\$1,405	\$3,119	\$2,188	\$1,871	\$1,313
Office/Institutional							
Office	1,000 sf	\$2,004	\$1,152	\$3,522	\$2,471	\$2,113	\$1,483
Hospital	1,000 sf	\$988	\$568	\$1,803	\$1,265	\$1,082	\$759
Library	1,000 sf	\$894	\$514	\$1,601	\$1,123	\$961	\$674
Church or Place of Worship	1,000 sf	\$622	\$359	\$818	\$574	\$491	\$344
Day Care Center	1,000 sf	\$1,597	\$919	\$2,728	\$1,914	\$1,637	\$1,148
Industrial							
Industrial Park	1,000 sf	\$1,236	\$712	\$2,064	\$1,448	\$1,238	\$869
Warehouse	1,000 sf	\$685	\$395	\$771	\$541	\$463	\$325
Mini-Storage	1,000 sf	\$349	\$201	\$451	\$316	\$271	\$190
Recreational							
Golf Course	Hole	\$3,039	\$1,748	\$5,124	\$3,594	\$3,074	\$2,156
Park/General Recreation	Acre	\$68	\$38	\$142	\$100	\$85	\$60
Recreational/Swim Center	1,000 sf	\$1,944	\$1,118	\$4,815	\$3,378	\$2,889	\$2,027
Tennis Court	Court	\$4,303	\$2,476	\$6,808	\$4,776	\$4,085	\$2,866

Table 2. Fees Compared to Other Triangle Communities

Land Use	Unit	Raleigh (1)	Durham (2)	Cary's Proposed Fees	
				Base	Central
Single-Family Detached	Dwelling	\$1,661	\$1,405	\$1,573	\$1,103
Multi-Family (Apartments, Condos)	Dwelling	\$1,110	\$862	\$975	\$684
General Retail/Shopping Center	1,000 sf	\$2,695	\$4,423	\$1,637	\$1,148
Office	1,000 sf	\$2,055	\$3,366	\$2,113	\$1,483

(1) Figures in Raleigh - Single Family (2,000-2,999 sf)

(2) Figures in Durham are in the South Zone; General Retail < 50,000 sf; Office Park < 50,000 sf

Fiscal Impact: Additional revenue could be generated for the TDF fund. These revenues are currently expended in a 30/70 method. Developers with street improvements that have entered into agreements for eligible cost in excess of the fees for a development are reimbursed with 30% of the fee collected each year. The remaining 70% of the funds are used for Town Capital Projects to fund qualifying street improvements. The net effect is that additional funds may be available for developer reimbursement and for Town street capacity improvement projects, assuming a constant rate of development.

Staff Recommendation: Staff recommends Town Council authorize the following actions:

1. Accept the 2015 Transportation Development Fee Update report prepared by Duncan Associates, dated March 2015;
2. Direct staff to include the staff recommended proposed fee increases to TDF in the upcoming FY16 Budget to receive public comment on the adjusted fees, and final action by Town Council prior to July 1, 2015. The recommended proposed fees represent 60% of the full cost recovery fees, as outlined in the new study; and
3. Increase the transportation development fees at a rate of 5% annually through the regular budget approval process.