

Mayor and Council Communication

DATE: 11/29/22

M&C FILE NUMBER: M&C 22-1018

LOG NAME: 062022 TRANSPORTATION IMPACT FEE COLLECTION RATE

SUBJECT

(ALL) Adopt an Ordinance to Establish the Collection Rate for Assessed Impact Fees for Transportation Facilities (Schedule 2) to be effective June 1, 2023, and Amending Chapter 30, Article VIII, Transportation Impact Fees, of the Fort Worth City Code to Add a Small Business Discount and Other Administrative Changes

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance to:

1. Establish the Collection Rate for Transportation Facilities (Schedule 2) to be effective June 1, 2023; and
 2. Amend Chapter 30, Streets and Sidewalks, Article VIII, Transportation Impact Fees of the Fort Worth City Code, to add a small business discount and make other administrative changes.
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DISCUSSION:

On October 25, 2022 (M&C 22-0876), the City Council adopted an ordinance (Ordinance No. 25810-10-2022) adopting the 2022 Transportation Impact Fee Study, land use assumptions, transportation improvements plan, maximum assessable fees (Schedule 1), and making certain text amendments to the City Code.

This M&C is to adopt an ordinance establishing the collection rates (Schedule 2) for assessed transportation impact fees, establish an effective date for said collections and to add a discount for certain defined small businesses as well as make an administrative change.

Collection Rate: The maximum assessable impact fee per eligible service area, the Schedule 1 rates, charged to a development represents the actual cost of expanding the arterial street network to serve new development within that service area. The city council has historically established a collection rate, known as Schedule 2, that is less than collecting at the Schedule 1 rates.

Staff worked with its consultant to develop several collection rate options. Each of the proposed options is a percentage of the Schedule 1 for each Service Area. Presentation of these options was made to various stakeholders throughout the summer. The interested groups included the Development Advisory Committee (DAC), Real Estate Council, Greater Fort Worth Association of Realtors, Fort Worth Builders Association, North Fort Worth Neighborhood Alliance, North West Fort Worth Neighborhood Alliance and Chapel Creek Neighborhood Association. Several of those parties submitted objections and alternative recommendations to the staff's proposed collection rates. Those communications are attached to this M&C.

The Staff recommendation was for Option 3, a collection rate of 80% for residential projects and 55% for non-residential projects in all but three service areas, to be effective on January 1, 2023. For Service Areas AA, D and F, which have the lowest current assessment rates, in order to adequately fund future eligible roadway buildout or retire debt incurred, staff proposed a collection rate of 100% of their respective Schedule 1 amounts. The staff-recommended Option 3 was endorsed by the Capital Improvements Advisory Committee at the August 24, 2022 public meeting, which also drew stakeholder comment.

At the City Council Work Session on September 6, 2022, staff presented the four collection rate options for review and recited the staff-preferred Option 3. The City Council requested for staff to address the stakeholders' concerns, including time to adjust to the higher collection rates. As a result, staff is presenting in this M&C Option 2, which is 65% for residential and 40% for non-residential and the same 100% collection rates for Service Areas AA, D and F, as the Schedule 2 Collection Rate with an effective date of June 1, 2023. For all plats recorded after November 1, 2022 until the effective date, the assessment and collection rates will be a hybrid of the October 25, 2022 adopted Schedule 1 and the 2018 adopted Schedule 2.

Discounts: Development department staff has been working with the Economic Development department to create a Small Business Discount of 25% for certain defined small business types. The attached ordinance will add this discount to the list of discounts eligible businesses may apply to reduce their transportation impact fees.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of the recommendation will have no material effect on City funds.

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Expedited