

# Regional Road Impact Fee Program

Sparks City Council Meeting  
October 22, 2012



# What are Impact Fees?

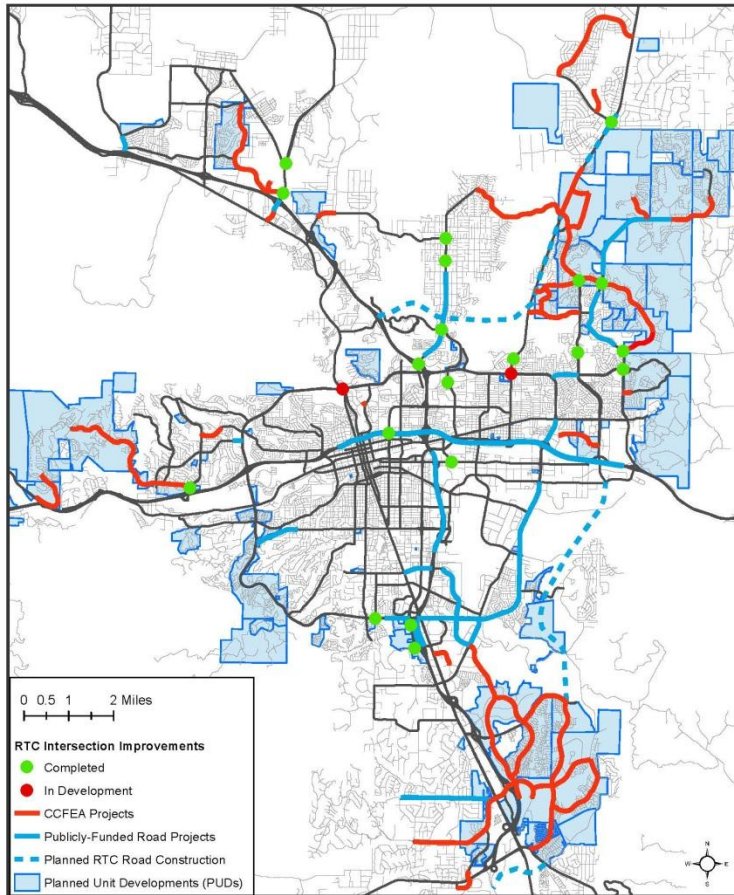


Funding tool for collecting the cost of building additional capacity needed due to new development

- Advantages over previous negotiated exaction methods
- Development pays its fair share
- Viewed as equitable system supported by development community



# Roadway Improvements 1996-2012



Capacity Relief Projects 1996 - 2012

## Roadway Improvements 1996-2012

**\$ 83 M RRIF Funded projects**

**\$ 187 M Developer Funded projects**

**\$ 155 M RTC Fuel**

**\$ 425 M Total RTC Capacity Projects**

**\$ 342 M Pavement Preservation Projects**

**\$ 65 M Local Match for State-built Projects**

**\$ 832 M Total**

**\$ 26 M Annual Investment for Capacity**

# How Congestion Relief Projects are Built in the RRIF Program



- RTC designs and builds congestion relief projects based upon regional priorities with fees collected through RRIF Program
- Developers build CIP capacity improvements for which they receive RRIF credit



# RRIF Program Overview Study Recommendations



- Simplify land uses in fee structure
- Update land use fee elements
- Geographic service area
  - Tiered Urban/Suburban Service Areas
- Revise the Capital Improvement Plan
  - Define project level vs regional level improvements
  - Prioritize CIP projects
- Modify future credit program
  - Limit credits to development of record
  - Credit expiration
  - Issue credits on CIP project prioritization
  - Developer agreements for excess capacity improvements
- Existing Outstanding Credits

# Outstanding Credit Issues



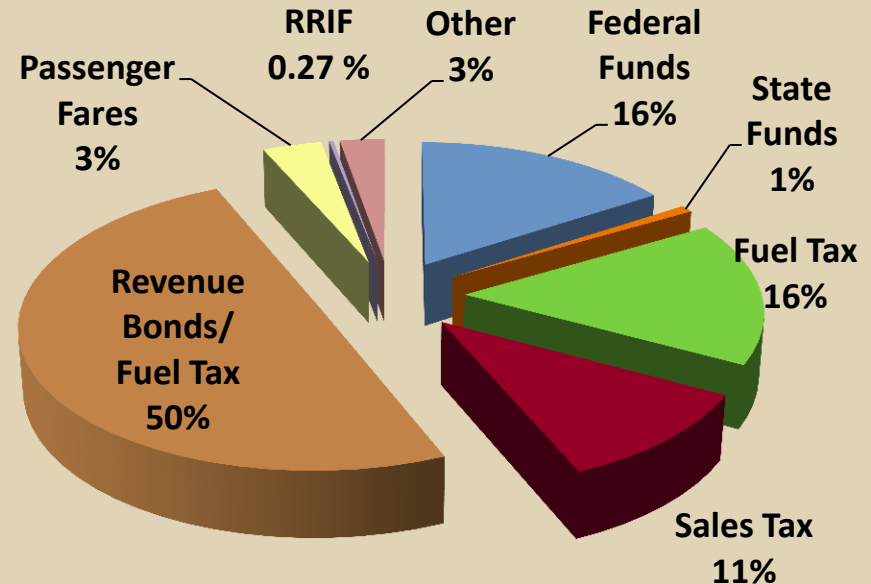
- Outstanding Impact fee credits – 900,000 VMTs
- Credits may expire before they can be used
- Credits are being sold at a reduced rate on the open market
- Limited cash from new development coming into the RRIF Program
- Developers wish to RTC to buy back credits
  - Fewer credits available would result in an increase of cash payments into the program when development does return

# Legal Issues



- RTC local funding sources:

- Fuel Tax
  - Sales Tax
  - Impact Fees



- Financing - RTC Bonds

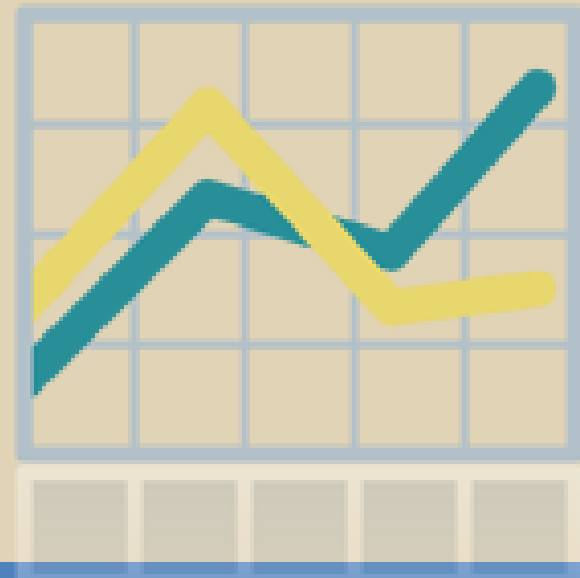
- Prevailing wage/bidding requirements for public works projects if credits were purchased with RTC funds

- No statutory obligation for local governments to buy back credits

# Financial Analysis



- Demonstrate a buy back will restart RRIF cash flow into the program
- Net Present Value Analysis of cash recovered in the future
- Assumes \$5-\$15 million expenditure





# Financial Analysis Assumptions



- Growth Rate for new development
- Percent of Impact Fees paying cash vs credits
- Willingness of current credit holders to sell at a given purchase price
- No issuance of future credits
- Present dollar discount rate



# Programmatic Impacts to the Pavement Preservation Program



PRESERVATION PROJECTS & TREATMENTS ARE SELECTED FOR EXISTING ROADS BASED ON PAVEMENT CONDITION

PAVEMENT CONDITION

GOOD

POOR



SLURRY SEAL TREATMENT



CORRECTIVE MAINTINANCE TREATMENT



RECONSTRUCTION TREATMENT

*COMPLETE STREET ELEMENTS MAY BE ADDED TO PAVEMENT PRESERVATION PROJECTS FOR SAFETY, MOBILITY CHOICES, AND LIVEABILITY, DEPENDING ON THE TREATMENT.*

## SLURRY SEAL PROJECT

- \$0.45/SF COST
- RESTRIPING FOR BIKE LANES & TRAFFIC CALMING (ROAD DIET)

## CORRECTIVE MAINTENANCE PROJECT

- \$3.50/SF COST
- RESTRIPING FOR BIKE LANES & TRAFFIC CALMING (ROAD DIET)
- PEDESTRIAN RAMPS (AMERICAN DISABILTY ACT)
- MINOR SIDEWALK REPLACEMENT

## RECONSTRUCTION PROJECT

- \$8.8/SF COST
- RESTRIPING FOR BIKE LANES & TRAFFIC CALMING (ROAD DIET)
- PEDESTRIAN RAMPS (AMERICAN DISABILTY ACT)
- MAJOR SIDEWALK REPLACEMENT
- LANDSCAPING OR HARDSCAPE

# Programmatic Impacts to the Pavement Preservation Program



- Assume \$3M in RTC Sales Tax for 3 years used in Credit Buyback Program
- Use RTP Update Proposed Estimate as base (FY 2012), \$18.7M

Preventive Maintenance (Slurry Seal)	\$6.2M
Corrective Maintenance	\$2.2M
Reconstruct	\$9.3M
Other non pavement improvements	\$1.0M

Scenario	Regional Pavement Network Health Impacts
RTP Update Proposed Estimate (base)	<ul style="list-style-type: none"> <li>Slight increase to Network pavement conditions</li> <li>Maintain 7-year cycle for slurry seals</li> <li>Managed reconstruction backlog</li> <li>Frees up funding for non-pavement improvements</li> </ul>
Reduce Preventive Maintenance	<ul style="list-style-type: none"> <li>Significant decrease to Network pavement conditions</li> <li>Half of the network misses 7-year slurry cycle</li> <li><b>Future recovery costs \$54M to \$90M</b></li> </ul>
Reduce Reconstruction	<ul style="list-style-type: none"> <li>Steady to slight decrease in Network pavement conditions</li> <li>User cost (Community drives on poor pavements)</li> <li>Increase maintenance effort on Local Agencies</li> <li><b>Future recovery cost \$9M to \$18M</b></li> </ul>

# Public Information/Outreach Plan



- RTC Website
- Public Meetings
- Stakeholder Engagement
- Briefings to Elected/Government Officials
- Outreach to Existing Credit Holders
- Media Relations
- Information Collateral Materials



# Next Steps



- External Legal Opinion on a Credit Buyback Program
- Community input for Credit Buyback
- Modify RRIF Program based on recommendations
- Adoption through RTC, Sparks & Reno City Councils and Washoe County Commission
- Continued evaluation of existing impact fee credits

# Questions?



[www.rtcwashoe.com](http://www.rtcwashoe.com)