

## Planning & Development Services

### CREDIT AGREEMENT FOR ROADWAY IMPACT FEES

**Subject:** Roadway Impact Fee (RIF) Credit Agreement for the Longhorn development located generally northeast of Meister Lane and New Meister Lane.

**Background:** The City adopted a roadway impact fee program via Ordinance 1470-20-11-24 on November 24, 2020. Per the ordinance, payment of roadway impact fees is required at time of building permit. The ordinance also authorizes the City to enter into a credit agreement with an owner/developer of a tract of land for the construction of required capital improvements on or adjacent to their property which increase roadway capacity.

The Longhorn development is zoned Campus Industrial and intended to be developed with three large, light industrial speculative buildings and one large, light industrial and office space speculative building. A data center is currently under construction on Lot 1, Block A Longhorn Addition subdivision.

The development is subject to the roadway impact fee ordinance and fees for the proposed uses will be due at time of building permit. The developer has proposed to enter into a credit agreement with the City to receive roadway impact fee credits for the construction of Phase 1 of the Kenney Fort Blvd extension. The constructed improvements will exceed the required roadway impact fees for the full build out of the development based on the speculative building land use of General Light Industrial and General Office land use as required by Section 152.109 H of the Code of Ordinances.

**Status:** The developer has been actively pursuing the development processes and is actively constructing the public improvements needed to serve their development including Phase 1 of the Kenney Fort Blvd extension.

**RIF:** Per Schedule 2 Table A of the current roadway impact fee ordinance (Chapter 152), a future final plat approved after January 1, 2023 and the project's location in Service Area A with the following uses will have a roadway impact fee rate as follows:

- General Light Industrial: \$3,005.10 per 1,000 SF GFA
  - Proposed units: 239.211
  - Resulting RIF: \$718,852.98
- General Light Industrial: \$3,005.10 per 1,000 SF GFA
  - Proposed units: 180.368
  - Resulting RIF: \$542,023.88
- General Light Industrial: \$3,005.10 per 1,000 SF GFA
  - Proposed units: 147.968

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- Resulting RIF: \$444,658.64
- General Light Industrial: \$3,005.10 per 1,000 SF GFA
  - Proposed units: 124.500
  - Resulting RIF: \$374,134.95

Total potential roadway impact fee collection amount: \$2,141,521.44

Cost of Construction for Phase 1 Kenney Fort Blvd: \$2,533,356.10

**TMP:** As part of the City Transportation Master Plan (TMP), the extension of Kenney Fort Blvd from its current terminus south of SH 45 to New Meister Lane will provide for additional regional connectivity.

**Ordinance:** § 152.110 Credits against Impact Fees, states the “City may credit Capital Improvements or funding for construction on any System Facility that is required”. Specifically, **§ 152.110 (B)** states “an Owner of a New Development who has financed a Roadway Facility expansion designated in the Roadway Impact Fee Capital Improvements Plans is eligible to enter into an agreement with the City to provide for Credits against Roadway Impact Fees due”. Kenney Fort Blvd is identified in Service Area A in the roadway impact fee study and is an eligible project for receiving credit.

Per ORDINANCE NO. 1470-20-11-24, and as part of implementing the Roadway Impact Fee, the City may credit the fee based on credit received for the construction of any system improvements for projects identified in the impact fee capital improvement plan following specific process and procedures outlined in Ordinance Sec. II and the Roadway Impact Fee Study. This proposed credit agreement satisfies the ordinance requirement.

**Conclusion:** The proposed credit agreement is only between the City of Pflugerville and the developer, for the land uses as described above. Should the project change in square footage or other applicable unit, the impact fee will also adjust. The proposed credit agreement provides assurance to the developer that a portion of the roadway impact fees that would otherwise be paid will be applied toward the construction of the extension of Colorado Sand Drive, a traffic signal at E. Pflugerville Pkwy and Colorado Sand Drive, and the Utah Sands Drive extension instead of being applied to another area in Sector C. The proposed agreement also provides certainty to the city that the two roads and traffic signal are constructed now. The three improvements will add capacity, connectivity, and serve the overall area as further development occurs. The proposed credit agreement acknowledges there will be a remaining RIF balance which will be paid at time of the building permit(s).

Per the roadway impact fee ordinance and the proposed agreement, the developer may be entitled to and can apply for offsets against RIFs due for the



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costs of roadway capital improvements. The credits shall only be applied against the total sum of the collectible RIFs and cannot be applied toward right of way, utilities, or in excess of the total sum of collectible RIFs.

### **Staff Recommendations:**

Staff recommends approving the proposed credit agreement to allow the full \$2,049,217.74 of the roadway impact fees to be credited toward the construction of Phase 1 of the Kenney Fort Blvd extension.