

## Planning & Development Services

### CREDIT AGREEMENT FOR ROADWAY IMPACT FEES

**Subject:** Roadway Impact Fee (RIF) Credit Agreement for a proposed HEB development at generally southeast of SH 130 and E. Pflugerville Pkwy.

**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 their property which increase roadway capacity.

The developer, HEB, intends to develop land generally southeast of SH 130 and E. Pflugerville Pkwy with a grocery store (supermarket and free-standing discount store), gasoline service station, and a fast-food restaurant with a drive thru. As part of the subdivision, an extension of Colorado Sand Drive (major collector with 80' of right of way width) is proposed to extend south of E. Pflugerville Pkwy, and Utah Sands Drive (proposed minor collector with 60' of right of way width) is proposed to provide a connection between the SH 130 frontage road and Colorado Sand Drive. The developer will also construct a traffic light at the intersection of Colorado Sand Drive and E. Pflugerville Pkwy.

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 Colorado Sand Drive, the traffic signal at E. Pflugerville Pkwy and the new extension of Utah Sands Drive. The constructed improvements will not satisfy in whole the required roadway impact fees, therefore if the credit is approved by City Council the remaining fee will be paid at time of building permit. If the credit agreement is approved, a letter of credit will be provided and held by the City for surety until such time that the creditable infrastructure has been constructed and accepted.

**Status:** The developer has been actively pursuing the subdivision process for the development and has a preliminary plan and final plat ready for consideration by the Planning and Zoning Commission. Similarly, public improvement construction plans for the extension of Colorado Sand Drive, the traffic light, and Utah Sands Drive along with other required public infrastructure to serve the subdivision is currently in review. If the proposed credit agreement is approved, the developer will obtain the remaining approvals to move the development forward.

**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

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in Service Area C with the following uses will have a roadway impact fee rate as follows:

- Fast Food Restaurant with Drive-Thru: \$43,836.84 per 1,000 SF GFA
  - Proposed units: 4.143
  - Resulting RIF: \$181,616.03
- Gasoline/Service Station: \$7,700.64 per vehicle fueling position
  - Proposed units: 12
  - Resulting RIF: \$92,407.68
- Supermarket: \$29,650.62 per 1,000 SF GFA
  - Proposed units: 72.67
  - Resulting RIF: \$2,154,710.56
- Free-Standing Discount Store: \$16,963.50 per 1,000 SF GFA
  - Proposed units: 48.447
  - Resulting RIF: \$821,830.68

Total potential roadway impact fee collection amount: \$3,250,564.95

Value of proposed creditable improvements: \$1,933,438.00

Remaining RIF payment to be collected if no adjustments: \$1,317,126.95

**TMP:** As part of the City Transportation Master Plan (TMP), the extension of Colorado Sand Drive through the property south of E. Pflugerville Pkwy is a requirement. As the area continues to be developed, Colorado Sand Drive will be further extended and provide a connection with Lakeside Meadows and eventually connect to Weiss Lane. Utah Sands Drive is not specifically identified in the TMP but as a collector road connecting SH 130 frontage road with Colorado Sand Drive, it will provide connectivity to future developments and therefore increase capacity in the roadway network. The traffic signal improvement proposed to be constructed at E. Pflugerville Pkwy and Colorado Sand Drive will aid with safety and provide additional traffic-handling capacity of the intersection.

**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”.

Similarly, **§ 152.110 (F)(2)** identifies “No Credit shall be given for a Roadway Facility which is not identified within the Roadway Impact Fee Capital Improvements Plan, unless the facility is on or qualifies for inclusion on the Transportation Master Plan, as amended, and the City agrees that such improvement supplies capacity to New Developments other than the development paying the Roadway Impact Fee and provisions for Credits are

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incorporated in an agreement for Credits pursuant to this Subchapter.” Utah Sands Drive will improve roadway capacity as the area continues to be developed.

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, HEB, for the land uses as described above. As additional uses are proposed in the area, those uses will be subject to the RIF in effect at that time. The proposed credit agreement does not contemplate credit toward any other uses. 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 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 with HEB to allow \$1,933,438.00 of the roadway impact fees to be credited toward the construction of Colorado Sand Drive, the traffic signal at Pflugerville Pkwy, and the extension of Utah Sands Drive with all remaining roadway impact fees to be collected at time of building permit.