

Testimony on H. 740, Transportation Impact Fees

The Town of Colchester is supportive of the Administration's continued efforts on developing a fair share cost allocation methodology for traffic impact mitigation. The issue is critically important to address from an economic development and land use perspective. We have some specific observations, concerns and recommendations for the legislation that is being considered and offer these views in the spirit of working cooperatively with the Legislature and Administration to refine H. 740.

Recent Experiences in Permitting Process and Fees Assessed

Recently, several applicants in the Exit 16 area of our community have encountered delays or mixed messages between the Agency of Transportation and the District Environmental Commission with respect to the traffic mitigation requirements and/or payments that would be required. A software development firm (Vermont Information Processing) on Water Tower Hill was required to pay a \$120,000 mitigation fee for traffic impacts to Exit 16. Costco's expansion and gas station project was required to pay a \$90,000 mitigation fee. A more recent application for a new CVS drug store was required to pay \$60,000, but initially was advised they may have to pay more than \$300,000. Of note, is that recent retail development in South Burlington on Dorset Street did not have to pay any fees. In all of these cases, the applicant did not know what to expect for costs at the outset of the process and it took months to gain an answer. The District #4 Coordinator for Act 250 has provided applicants with a range of mitigation fees that vary by hundreds of thousands of dollars. Based on discussions we had with VTrans, District #4 apparently is the only District collecting these fees, even though all Districts have been provided instruction to do so.

This unpredictability in the permitting process has the potential to hinder the development of the Exit 16 area which is one of the few areas in our community with municipal water and sewer. This is the business district of Colchester and critical to our economic vitality. The uncertainty created for developers looking to invest in Colchester and grow jobs is beginning to have repercussions as both local and out-of-state landowners forestall plans for redevelopment based upon permitting concerns. Further, any inequities in how these requirements are applied on a state wide basis, seems to potentially run counter with the State's basic land use principles of promoting growth in those areas intended for growth with infrastructure.

We support all District Environmental Commissions using the same formulas and guidelines as provided by the Agency of Transportation to create a more predictable, consistent and fair permit process.

Suggestions for change or to be addressed by the proposed legislation:

1. The guidelines and formulas must provide specific guidance with regards to the rights of applicants for previously permitted trip ends via Act 250 as well as consideration of credit for pass-by trips.
2. An unintended consequence will be increased pressure for greenfield development. While some may argue that the current "last one in pays" system already creates this pressure, that pressure is really only on the last one in, and not all that come through the process.

One possible strategy to address this issue is to further incentivize development within areas that have been targeted for growth. Perhaps this could be accomplished by basing the traffic mitigation fees only on the portion of the planned improvements to be funded with state dollars. This could potentially reduce traffic mitigation fees by as much as 80%. Here's an example:

Future Transportation Improvement District, (TID), contains an area known as "Malfunction Junction". The estimated cost of upgrading the Junction is \$5 million. The upgrade will increase overall capacity by 2,000 trips per day. Currently the traffic mitigation fee would be calculated as follows:
 $\$5,000,000 / 2,000 \text{ trips} = \$2,500 \text{ per trip}$. Many large scale state transportation projects are funded with a mix of 80% federal funds and 20% state funds. There are times when the state has the federal funds, yet lacks the state funds to use as match. Under these conditions, an argument could be made to recover only enough funds through traffic mitigation fees to cover the 20% state match. The revised formula would then be: $\$5,000,000 \times 20\% = \$1,000,000 / 2,000 \text{ trips} = \500 per trip .

3. Within the earlier stages of this initiative, the Regional Planning Commissions were to play a more significant role in identifying the TID's. Their involvement is important from both a regional and local planning perspective. The current bill results in the TIDs being created by the Secretary in consultation with the RPCs as well as a public process. The RPCs role is critical to the success and implementation of this initiative.
4. Each TID will have defined performance standards. Most likely this will be linked to Level of Service, (LOS) which is a measure of delay at an intersection. The State's current LOS policy calls for action when the performance falls below LOS C. There is general consensus that maintaining this LOS within areas of concentrated growth is simply not sustainable. To address this, transportation policies must consider higher levels of congestion acceptable within these areas. While LOS thresholds are more appropriately established by Agency policy than by legislation, the Legislature should require that they be re-evaluated and revised concurrent with the ultimate passage of this bill.

Thank you for your consideration of our input and we will continue to work proactively with the Administration and the Natural Resources Board to solve this critical issue related to our State's permitting requirements.

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