System Development Charges for Roadways

APWA International Congress
Kansas City, Missouri
September 12, 2006

Introduction

System Development Charge Committee

- Mayor’s Office
- Homebuilders Association of Louisville
- Louisville Apartment Association
- Commercial Development Community
- Greenebaum Doll & McDonald PLLC
- Jefferson County Attorney’s Office
- Gresham, Smith and Partners
- Integra Realty Resources
- Metro Planning and Design
- Metro Public Works
Background Information

- Substandard roads
- Increasing developmental pressures
- Insufficient roadway improvement funds
- Safety and traffic demands
- Need for alternative revenue sources

Kentucky Traffic Accidents

- Fatalities and Injuries by Type of Roadway
- 2 Lane Rural 2000 and Under Roads are 14% of the volume
- 2 Lane Rural 2000 and Under Roads are 43% of the fatalities and injuries

System Development Charge (SDC)

- Alternative source of funding: a tool for financing public services
- Fee imposed for a specific purpose and time period
- One-time fee charged to recipient of building permit
Why a System Development Charge

- To improve roadways in area with highest percent of substandard roads
- Present System is inequitable and under-funded, resulting in segmented improvements
- Planned improvements constructed uniformly
- Improvements in 2-5 years

Louisville Metro Expansion Area

- Area represents 27% of Louisville Metro land area and 66% (over 100 miles) of substandard collector roads
- Problems
  - Narrow
  - Winding
  - Shoulders
  - Drop-offs
  - Sight distance

Transportation Benefit Districts

- Area represents 27% of Louisville Metro land area and 66% (over 100 miles) of substandard collector roads
- Problems
  - Narrow
  - Winding
  - Shoulders
  - Drop-offs
  - Sight distance
Today’s Process

- Development proposed on sub-standard road
- Off-site improvements required for roads < 18 ft.
  - Developer pays 100% up front
- Results in piece-meal improvements

Proposed Process

- All developers pay equally
- Cost paid at time of building permit
- Metro Public Works responsible for road improvements
- Improvements based on priority need
- Entire roadway is improved

Louisville Metro Expansion Area

Designated Roads
(Red)

Roads in need of improvement to serve existing and foreseeable future developments
Example 1 - Designated Road

- The Designated Smith Road is 14 ft. wide
- A proposed 100 lot subdivision is 2 miles from an improved Jones Road
- Developer Cost = $1,000 per lot at the time of building permit
- Louisville Metro is responsible for Smith Road Improvements

Example 2 – Non-Designated Road

- The Non-Designated Roberts Road is 16 ft. wide
- A Proposed 100 lot subdivision is 1 miles from an improved Jones Road
- Developer Cost to improve "Roberts Road" is $500,000 prior to building permit approval
Example 3 – Mixed Use Development

- Developer proposes a Shopping Center and 100 patio homes on Jones Street
- Roadway Improvements for the commercial development will cost $250,000 paid by the developer
- System Development Charge is $500 / unit or $50,000
- The only credit granted is $50,000 applied against all patio permits issued

Implementation

- Partnership between Development Community and Louisville Metro
- Development cost would be imposed when building permit requested
- Fee Schedule (Based on National Search & Committee Consensus)

<table>
<thead>
<tr>
<th>Land Use</th>
<th>System Development Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family/Detached Condominium/Mobile Home</td>
<td>$1000 / unit</td>
</tr>
<tr>
<td>Attached Condominium</td>
<td>$500 / unit</td>
</tr>
<tr>
<td>Multi-Family/Apartment</td>
<td>$250 / unit</td>
</tr>
</tbody>
</table>

Road Inventories

- Pavement Condition
- Drainage
- Grade
- R/W
- Structures
- Utilities
- Shoulders
Supporting Technical Documentation

Louisville Metro Expansion Area

System Development Charge

10-Year Projected Revenue

Study Area A  Revenue = $1,196,267
Study Area B  Revenue = $7,948,740
Study Area C  Revenue = $3,785,580
Study Area D  Revenue = $8,955,458

Total Revenue = $21,886,045
Ad Valorem Tax

10-Year Projected Revenue

<table>
<thead>
<tr>
<th>Study Area</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$4,540,714</td>
</tr>
<tr>
<td>B</td>
<td>$29,570,763</td>
</tr>
<tr>
<td>C</td>
<td>$14,309,563</td>
</tr>
<tr>
<td>D</td>
<td>$33,389,774</td>
</tr>
</tbody>
</table>

Total Revenue = $81,810,814

System Development Charge

Roadway Costs – Phase 1

<table>
<thead>
<tr>
<th>Study Area</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$4,235,422</td>
</tr>
<tr>
<td>B</td>
<td>$19,384,981</td>
</tr>
<tr>
<td>C</td>
<td>$9,574,396</td>
</tr>
<tr>
<td>D</td>
<td>$15,864,328</td>
</tr>
</tbody>
</table>

Total Cost = $49,059,127
20% Contingencies = $9,811,825
Total Costs = $58,870,952
Total Mileage = 35.46 miles

Bond Issue Costs

[Graph showing bond issue costs for each study area]
Summary

- Development Community / Louisville Metro Partnership
- Oversight Committee meets each year to review Designated vs. Non-Designated Roads
- 10-Year Program to fund 35 miles of roadway improvements
- System Development Fee generates $22 million over a 10-year period
- Louisville Metro contributes $2.7 million per year or $27 million over 10-year period
If additional information is needed regarding the Systems Development Charge for Roadways Report, the following individuals may be contacted:

Mark Adams, P.E.
Former Louisville Metro County Engineer
(502) 456-6305 home
(502) 585-2222 office

Rick Storm, P.E.
Assistant Director
Louisville Metro Public Works
(502) 574-5276 office

Charles Cash, AIA
Director
Louisville Metro Planning and Design
(502) 574-6230 office

Bill Seymour, P.E.
Director of Transportation – Louisville Gresham, Smith and Partners
101 S. Fifth Street, Suite 1400
Louisville, KY 40202
(502) 627-0900 office

Bruce Traughber
Cabinet Secretary for Community Development
Louisville Metro
(502) 574-6250 office