



**Date of Council Meeting: July 13, 2015**

**TOWN OF LEESBURG  
TOWN COUNCIL WORK SESSION**

**Subject:** Capital Intensity Factor (CIF) and Regional Road Contributions (Town Plan Appendix B)

**Staff Contact:** Susan Berry Hill, Director, Department of Planning and Zoning

**Council Action Requested:** Direction from Council to initiate work as follows:

- (1) To update two existing proffer guidelines for schools (see companion memo on school CIF) and regional road improvements (Appendix B); and
- (2) To develop a third proffer guideline to address non-school capital facilities.

**Staff Recommendation:** Staff recommends the initiation of both work projects if Council approves the use of a professional consultant.

Within the Town's corporate limits, the amount of developable land which would be subject to a proffered rezoning is diminishing. However, there are still some larger parcels within the East Market corridor, outside of the Bypass, and smaller infill parcels that will be rezoned and thus subject to the Town's proffer guidelines. Additionally, the Crescent District will be the Town's new frontier now and into the future with respect to redevelopment. Some of these redevelopment proposals will opt for land use (additional residential) and height objectives that will require a rezoning process (as opposed to by-right options) as is permitted in the Crescent Design District. Similar to greenfield rezoning proposals of the past, these redevelopment rezoning proposals will be subject to proffer guidelines. Considering the remaining undeveloped parcels, infill parcels, and redevelopment potential in the Crescent District, the Town will likely continue to receive rezoning proposals in the foreseeable future. Therefore, staff recommends that the Council consider adopting a non-school CIF which can help mitigate growth impacts on Town facilities.

**Commission Recommendation:** The Planning Commission has not reviewed these items.

**Fiscal Impact:** If Council desires to update Appendix B, and to develop a non-school CIF using a consultant for both items, staff will solicit project proposals. Preliminary estimates indicate a cost range of \$70,000 - \$80,000.

If Appendix B is updated, a new CIF is developed, and these proffer guidelines are administered consistently with each rezoning application, the Town should be in a better position to offset capital costs associated with growth. A quantifiable assessment of this statement could be garnered with the help of a professional consultant.

**Work Plan Impact:** The Department does not have adequate resources at this time to complete these items without the use of a professional consultant. Key Departments that would work on this project would include Finance and Administrative Services, Planning and Zoning, and the Town Manager's Office. Other Departments that would contribute to the development of inputs used to develop the CIF would include: Public Works & Capital Projects, Parks and Recreation, Leesburg Airport, and Leesburg Police.

**Executive Summary:** When considering rezonings that would result in higher densities and increased development, Leesburg currently uses two proffer guidelines to assess the impacts of this growth. These are the school proffer guidelines as approved through Resolution 2005-111, and the regional road proffer guideline through Town Plan Appendix B. Both guidelines have not been updated in recent years, and staff recommends that they be updated to reflect current capital impact assessments. Additionally, Council has requested information about the development of a new capital intensity factor for general capital facilities. This memo along with the companion memo on school capital costs in the July 13-14 Council packet will provide initial information for Council to consider regarding the update of existing proffer guidelines as well as the development of a new mechanism – a non-school CIF - for defraying capital costs associated with community growth.

**Background:** In 2005, the Board of Supervisors requested help from towns in Loudoun County with school capital costs associated with residential growth in the towns. Leesburg complied with this request by approving Resolution 2005-111 which effectively adopted the County's school CIF for per unit contributions for schools. The resolution specifically noted that it would "not be appropriate to adopt the county's capital intensity factor for non-school related costs without a study to determine if the factor accurately reflects the costs of those facilities within the town...". In 2006, the Town Manager provided a briefing to Council on the process that would be used to develop a non-school CIF for Leesburg.

At that time, there was a focus on the Capital Improvements Program for five years and beyond as well as an assessment of the Town Plan and individual specific master plans (such as the Parks and Recreation Master Plan and Airport Master Plan) in an effort to identify capital needs beyond the five year timeframe. This research was to include the creation of service standards and facility costs associated with facility needs that would provide the foundation for developing a CIF. The effort to develop a CIF was sidelined as there was a renewed emphasis on considering annexation. Development of a Fiscal Impact Model (FIM) was commissioned in 2007-2008, and it was used by the Town to assess various annexation scenarios. The model is a macro tool that can be used to assess growth scenarios, and the associated fiscal impacts of that growth. It was not intended to be used for project-based analysis of individual land development proposals.

After that, the national recession became a factor in fiscal considerations for the Town when considering budget issues. Also, there were downward trends in land development

activity resulting in fewer land development applications. From that point forward, the Town diverted attention to developing a more fiscally sustainable approach with the Capital Improvements Program by limiting the advancement of capital facility development to priority items.

Given the recovery from the recession, and the renewed increase in development applications, the question of whether the Town should refocus efforts on adoption of a non-school CIF resumes. Recognizing that there is a direct relationship between impacts associated with land development and service demands, it is important to offset the fiscal impacts of growth. One way to accomplish this is to more fully utilize the proffer system. In so doing, the Town must assure that proffer guidelines are based on current and future capital standards and needs that are specific to Leesburg. As such, staff is supportive of updating the Town's existing proffer guidelines and developing new ones. This can assure that the Town's proffer guidelines are reflective of current capital considerations and objectives. To understand more about a non-school CIF the following information is provided. There is also a section on Appendix B.

### **Part 1: Capital Intensity Factors**

#### What is a CIF:

A CIF is used to assess the capital facilities impacts of new residential development and provides a guideline for proffer negotiations during review of residential rezoning applications. It is the estimated cost per unit, by unit type, required to offset the impact of residential growth on the Town's capital facilities. CIF's are used to determine the fiscal impact that the increase in population will have on facilities.

Loudoun County uses the following CIF formula:

$$\text{CIF} = (\text{Household size} \times \text{Facility Cost Per Capita}) + (\text{Students Per Household} \times \text{School Cost per Student})$$

#### What capital facilities does a Non-school CIF address:

Non-school facilities include new capital facilities and capital asset replacement for fixed assets related to parks and recreation buildings and fields, safety and emergency facilities, town municipal facilities, and stormwater facilities. If the Town wanted to develop a plan for broadband infrastructure, this could possibly be included. It would not include water and sanitary sewer facilities which are covered under separate enterprise funding.

#### What is the role of a CIF in growth and development management:

A CIF assists in the equitable evaluation of developer proffers for land development proposals above a base density. Developer proffers are a key tool in a locality's toolbox to offset the cost of growth.

#### What methodology is typically used to develop a CIF:

The process to develop a non-school CIF generally includes the collection of the following information and analysis:

*Forecasting and Demographics*

- Estimate population growth based on Planned Land Use in the comprehensive plan
- Determine household size based on unit type

*Capital Facility Standards*

- Determine community level of service for each type of public facility. For example, determine community standards for recreational facilities such as tennis courts or playgrounds by establishing the number of such facilities per e.g. 1000 residents.

*Capital Needs Assessment*

- Based on the community level of service standards, and given population projections, determine the number, acreage and square footage needs for capital facilities. This includes type, number, acreage and square footage size of facilities needed over a specified planning period (e.g. 10 years) starting at the end of the current six-year Capital Improvements Program.

*Capital Intensity Factor*

- Assess cost of each type of capital facility
- Estimate the per capita cost of these facilities
- Multiply the household size by the cost per capita of capital facilities

Can the Town use the County's non-school CIF:

As noted above, a CIF should be developed based on demographics, growth projections, facilities standards and community needs that are specific to Leesburg. Loudoun County has developed CIFs for sub-areas of the County which considered specific factors like land costs that are reflective of land costs in Leesburg. However, the County's factor doesn't reflect the Town's preferred levels of service and community needs for capital facilities that the Town provides. These things should be decided by the Town Council, not the Board of Supervisors.

What maintenance is required once a CIF is adopted:

A policy to review the CIF on a regular basis should be adopted to assure that it accurately reflects the ongoing growth projections and capital needs of the community. Loudoun County's proffer guidelines state that its CIF will be reviewed by the Board of Supervisors on a biennial basis and that revisions will be advertised for public hearing.

What proffer guidelines has the Town of Leesburg been using:

In 2005, as the Town adopted the County's CIF for schools, the Town considered adopting a CIF for capital facilities too. In the absence of a non-school CIF, staff has worked with applicants using benchmark proffer standards for parks and recreation and fire and rescue proffers. Standard amounts that Council has accepted with approved

rezonings are \$1000/unit for parks and recreation facilities. For fire and rescue proffers, Council has typically accepted \$100/unit (residential) and \$0.10/s.f. to \$0.20/s.f. (non-residential). These amounts are not based on any particular analysis but are simply benchmark proffer guidelines.

Should proffer guidelines be provided in the Town Plan:

Yes, the Town Plan should be revised to include a chapter on Proffer Guidelines specifically to include guidance on proffers in general and more specifically for the Capital Intensity Factors. Such policies can help with consistent application of proffer guidelines between land development applications yielding a more fair and equitable system for land development review. Policies could, at a minimum, address the following:

- *Statement of intent to use the proffer system*, as granted to the Town by the Commonwealth of Virginia, to defray costs associated with new development.
- *Use of Capital Intensity Factor* (including regional road impacts through Appendix B or if these road impacts are incorporated into the CIF itself) to determine capital costs associated with growth when evaluating proffers
- *Frequency of updates* for the CIF/Appendix B.
- Cash proffers based on CIF recommendations should be *indexed annually* to adjust for inflation.
- Guidance for *acceptance of land for public use facilities*. This could address such things as expectations for site preparation prior to conveyance; access to the site; and/or policy for accepting/rejecting land that is unbuildable due to slopes or floodplain.
- Guidance for acceptance of proffers related to *adult, age-restricted, or retirement developments*.
- Guidance on the *percentage of the CIF for which the developer is responsible*. For example, Loudoun County proffer policy recommends that developers pay 100% of the capital facility costs per dwelling unit.
- Guidance on *flexibility* for allowing *credit or transference* of proffers for use on other things. For example, Loudoun County's experience with transportation proffers and CIF proffers has been that sometimes developers wish to proffer amounts that exceed expected impacts to regional road facilities, but suggest that this excess amount be credited against the amount anticipated through the CIF. Or, another example of flexible application of the proffer system is in Leesburg. A developer proffered a contribution for schools which was based on the school CIF proffer guidelines, but the proffer also provided the option for Town Council to redirect money to other capital facilities instead of schools. Proffer guidelines can help staff, the Planning Commission and Town Council address these types of situations so that proffer negotiation and acceptance is accomplished in a way that addresses the needs of the community but also is done in a fair, transparent, and equitable manner.

## **Part 2: Regional Road Contributions per the Town Plan-Appendix B**

### What is Appendix B – Off-site Transportation Cost Data:

In 1988, the Town contracted with a consultant to develop a way to assess regional road impacts associated with proposed development. Appendix B was developed as a means of assessing impacts on Leesburg's road system on a per unit basis depending on the type of land use that was being proposed. Staff continues to use Appendix B to make recommendations to applicants on what the estimated impact their proposals will have on Leesburg's road network.

Since 1988, the costs per unit of development have been escalated yearly using the Engineering News-Record, which is a standard engineering index. However, the methodology used to develop Appendix B has not been updated since it was developed.

### What methodology was used to develop Appendix B:

The following outlines the general approach used to develop Appendix B:

- Use the Roadway Network Policy Map in the Town Plan to identify planned but unbuilt roads
- Assess the lane-miles associated with these facilities
- Estimate the total cost to build these facilities
- Estimate the percentage of funding for these facilities from federal/state sources and from the town
- Estimate the number of trips that these roads can accommodate based on existing and planned land uses within the Town
- Estimate the cost per trip
- Estimate the trips generated from the proposed development and apply the cost per trip

### Why should Appendix B be updated:

Many transportation facilities have been completed in the Town since Appendix B was developed. In addition, some road facilities have been added to the Roadway Map (e.g. Greenway extension) and others have been deleted (e.g. Keystone segment and the overpass at Keystone). If the same methodology is used, the Town should reassess the current planned transportation facilities and re-estimate the new amount of lane-miles associated with those facilities. Updated estimates of the cost per trip will be provided. This will more accurately reflect current construction costs of new off-site transportation facilities and the applicant's fair share contribution to offset new development impacts on the transportation system.

Can non-road facilities be included in this calculus: Staff has been asked whether off-site transportation costs can include other fixed assets such as interchanges and parking garages. Such facilities must be identified in the Town Plan as planned infrastructure needed by the Town. In other words, the Town has committed to infrastructure projects

thorough adoption of the Town Plan. If identified as a planned facility in the Town's planning documents, the methodology could include such facilities.