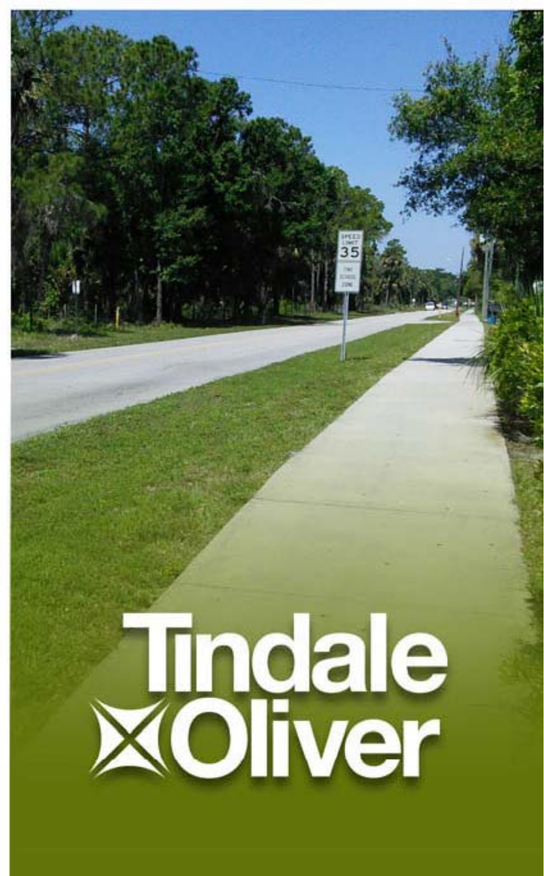
MARTIN MPO
Metropolitan Planning Organization

Final Mobility Fee Study for Martin County

Executive Summary

June 19, 2020



Tindale Oliver

MARTIN MPO
Metropolitan Planning Organization

Prepared for
Martin MPO
3481 S.E. Willoughby Blvd.
Suite 101
Stuart, Florida 34994

Prepared by
Tindale Oliver
1000 N. Ashley Dr.
Suite 400
Tampa, Florida 33602
(813) 224-8862

Tindale Oliver has been retained by the Martin Metropolitan Planning Organization (MPO) to prepare a study that would develop Mobility/Multimodal Fee scenarios that will adequately fund capital transportation improvements of multiple modes, including roads, sidewalks, bicycle lanes, transit amenities, and other similar infrastructure.

The study involved several phases, including a review of Martin County's economic and demographic variables, public involvement, development of alternative mobility/ multimodal fee options, an evaluation of each of these options under several financial and planning criteria, and summary of options related to the development review process.

This Executive Summary provides a summary of key findings; however, the final technical report, titled "Final Mobility Study for Martin County" prepared for Martin MPO and dated June 19, 2020, should be read in its entirety for a comprehensive understanding of the methodology, data and analyses used to develop the findings.

Review of Economic and Demographic Variables

The data and analysis conducted as part of this review suggest the following:

- Martin County is a growing county at a projected annual growth rate of 0.8 percent through 2045. This growth rate provides the County with some time to plan for transportation infrastructure funding.
- The County is developed on the eastern side along the Atlantic Ocean and future development is projected to occur primarily within the Urban Service Boundary (USB). Most of the permitting along with projected population growth over the next 25 years is occurring within the USB. Finally, most of the transportation projects in the County's 5-Year Plan as well as the Cost Feasible Long Range Transportation Plan are also located within USB. Given these characteristics, mobility fee variation within USB versus outside of the USB was recommended.
- Martin County is a high-income county with a high taxable value per capita compared to other Florida counties. However, the ad valorem tax base is not very diversified, which makes it more vulnerable to economic fluctuations. Developing fee incentives for select non-residential land uses may help with further diversification.
- Martin County is one of the highest ranked counties in terms of sales tax revenue per resident. Both ad valorem tax and sales tax are likely to be productive revenue sources for Martin County in the future.

Further detail on this analysis is included in Section I of the Final Mobility Study for Martin County.

Coordinated Outreach Process

The primary groups involved in the public outreach process included the following:

- Martin MPO Staff
- Mobility Fee Stakeholder Committee
- MPO Policy Board
- MPO Joint Advisory Committee
- General Public

As the study progressed, the findings were presented to each group in each phase, and the input received was incorporated into the analysis. In general, the outreach process suggested the following:

- Support for a multimodal fee to continue the current structure and flexibility.
- Support for fee variation by geographic subareas divided by the Urban Service Boundary (USB). The urban fee district to include the Village of Indiantown.
- Incentives/discounts in Community Redevelopment Areas (CRAs) and for certain land uses such as affordable housing, mixed-use and targeted/ contributing industries.

A more detailed explanation of this process is included in Section II of the Final Mobility Study for Martin County.

Best Practices

As part of the study, Tindale Oliver obtained information on the process other Florida jurisdictions underwent in implementing a multimodal/mobility fee. After the initial review of the program characteristics, maturity of the program as well as each community's economic and demographic characteristics, a subset of these jurisdictions were selected for more detailed case studies to understand best and common practices. These case study counties included:

- Alachua
- Orange
- Osceola
- Pasco
- Sarasota

Key findings of this effort included the following:

- **Use of concurrency:** While counties that implemented mobility fees ceased concurrency practice, development review practices that include timing and phasing provisions can still be maintained for discretionary development approvals such as those requiring land use and zoning changes.
- **Incentives by geographic area:** Four out of five case study counties included fee structures to create some form of urban/rural variation in fees with lower fees in urban areas.
- **Incentives for mixed-use/TND/TOD:** Four out of five case study counties include reductions for mixed-use, TND, or TOD.
- **Incentives for single, targeted uses:** Two out of five case study counties provided incentives, whether in the form of fee buy-downs or deferrals, for specific targeted uses, such as industrial, office, commercial of a certain value, or certain housing types.
- **Flexibility of revenue use:** The mobility and multi-modal fees increased flexibility of use of revenues for the case study counties. In some cases, jurisdictions placed limits on spending on each mode.
- **Other funding sources:** All the case study counties use other forms of transportation funding, such as fuel taxes, local option sales tax, ad valorem tax, and tax increment revenues, or MSTUs, to supplement impact fees.

Mobility/Multimodal Fee Calculations

The methodology used for the mobility/multimodal study follows a consumption-based approach in which new development is charged based upon the proportion of person-miles of travel (PMT) that each unit of new development is expected to consume of the transportation network. A detailed explanation of the methodology along with legal requirements is included in Sections III and IV of the Final Mobility Study for Martin County.

Under this methodology, the fees assess a proportionate share cost for the entire transportation network in the county, including classified City, County and State roadways, except for local/neighborhood roads and interstate highways/toll facilities. Generally, neighborhood roads are the obligation of the developer and are part of the site/subdivision approvals. Interstate highways and toll facilities tend to be funded with earmarked State and Federal funds.

A consumption-based impact fee rate is based on the adopted level of service (LOS) standards, which are exception standards, requiring no road to be in worse travel condition than the adopted standard. Consistent with the methodology used by many Florida jurisdictions, transportation/mobility/multimodal fee calculations use adopted LOS standard as a countywide average, which suggests half the roads will be worse than the adopted standard and the other half will be better. However, in many cases, the actual countywide average LOS is better than the adopted standard. In other words, under the current methodology, even with the full impact fee, unless local governments use other revenue sources, the current achieved LOS for the system will deteriorate and more congestion will be experienced. As such, the standard methodology used for mobility/multimodal fees results in revenue levels that slow down the degradation of the system but do not generate sufficient revenues to maintain the existing conditions when they are better than the adopted LOS standard.

When the current system performance conditions are better than the adopted standards, local governments have the option to base the fees on achieved LOS or at least to a LOS level that is in between. This approach was also supported by HB 319, when the bill allowed for adoption of an area-wide LOS not dependent on any single road segment function. The LOS for each road segment correlates to the volume-to-capacity (V/C) ratio. The V/C ratio measures the number of vehicles on the road versus the number of vehicles that the road can handle based on its functional classification (arterial, collector, freeway, etc.) and design characteristics (number of lanes, signal spacing, etc.). A low V/C ratio suggests less congestion and delay and better average speed/performance.

Example fee schedules were prepared as part of the study for policy consideration. The following table provides a summary for select land uses.

Financial Planning Analysis

The study reviewed proposed mobility/multimodal fee and other funding options for adequacy, sustainability, and equitability. The primary conclusions of this analysis are summarized in the following paragraphs with Section IV of the Final Mobility Study for Martin County providing a detailed review.

Adequacy and Sustainability of Revenue Sources

- At this time, the transportation capacity addition projects in Martin County are being funded with fuel tax and impact fee revenues as well as the State funding.
- Of these, the local option fuel taxes are not an effective or sustainable revenue source. They are charged on a per-gallon basis and local governments do not have the ability to index these taxes. Overtime, revenues generated are able fund fewer projects. Currently, Martin County has adopted all available local option fuel taxes.
- Impact fee revenues are considered sustainable during growth periods. If there is no growth, a community's needs for additional capital infrastructure is reduced.
- Although not used for transportation capacity projects in Martin County at this time, ad valorem tax can be another funding source.

Table 1: Mobility/Multimodal Impact Fee Rates for Select Land Uses

ITE LUC	Land Use	Unit	Mobility/Multimodal		
			Countywide or Urban ONLY		Rural
			V/C 1.00	V/C 0.80	V/C 0.60
	RESIDENTIAL:				
210	Single Family (Detached) - 1,000 to 2,499 sf	du	$5,784	$7,658	$10,782
220	Multi-Family (Low-Rise, 1-2 Levels)	du	$4,325	$5,738	$8,093
	NON-RESIDENTIAL:				
110	General Industrial	1,000 sf	$2,729	$3,619	$5,101
710	Office	1,000 sf	$5,366	$7,113	$10,024
820	Retail/Shopping Center	1,000 sfgla	$8,503	$11,347	$16,088
934	Fast Food Restaurant w/Drive-Thru	1,000 sf	$63,906	$85,622	$121,815

Source: Final Mobility Study for Martin County; Appendix E, Tables E-1 through E-3

A review of ad valorem tax base trends in Martin County suggests that this is a sustainable revenue source as its growth rate outpaces the population growth rate. A more diversified tax base can withstand economic fluctuations better. Martin County can improve the diversity of its base through multiple policies, including a reduced mobility/ multimodal fee for targeted non-residential land uses.

- Local option sales tax is not implemented in Martin County; however, it is a productive and sustainable revenue source. Trends for sales tax collection per person in Martin County suggests that growth in revenues outpaced population growth. This revenue source is also paid not only by residents, but by visitors as well. Information obtained from other Florida jurisdictions suggests that 20 percent to 60 percent of the revenues come from non-resident spending.

Equitability

To achieve an equitable program as well as one that provides incentives consistent with the County's and municipalities economic development and growth management goals, there are several options available.

Local governments have the ability to adopt mobility/ multimodal/impact fees at a reduced rate when the reduction is applied to all land uses. Care should be given when discounting fees for select land uses and/or areas to ensure those who paid the full fee receive the associated benefit. If the discount results in a compromise of facilities that would have been built with full fees, the equity among land uses is jeopardized. **However, HB 7103 that was signed by the Governor following the 2019 legislative session allowed local governments to waive/reduce fees for affordable housing projects without having to offset the revenues.**

For all other residential and non-residential land uses, the fees can be reduced for select land uses and/or geographic subareas, such as CRA under the following conditions:

- **Travel Characteristics:** If it can be demonstrated that a given land use or an area generates less travel due to certain characteristics, it is appropriate to apply a reduced fee instead of the countywide average. Examples would be an urban service district or a downtown core with limited parking and a mix of land uses that result in lower vehicle miles of travel. Additionally, a mixed-use development outside of the urban core may exhibit less travel due to the mix of uses and internal design/connectivity of the development. Another example is low/moderate income housing, which tends to generate fewer trips. The fee schedules in Appendix E of the Final Mobility Fee Study for Martin County include this option.
- **De-minimis Impact:** If the uses discounted are permitted infrequently such that revenues generated from these groups are considered de-minimis, it is possible to provide the discount without jeopardizing the jurisdiction's transportation improvements program. As a general industry standard, if the revenues from these land uses comprise less than 5 percent of total impact fee revenues generated in a jurisdiction, the land use is considered de-minimis. When using this methodology, it is important for the County and/or municipalities to set up a monitoring system to track revenue generation levels annually. Based on the limited permitting activity within the existing CRA's over the past several years, this is a viable option for Martin County.
- **Economic Growth Methodology:** Tindale Oliver developed an economic growth approach that accounts for the County's growth rate and revenues generated by the existing population that are dedicated to transportation capacity. This model identifies level of additional discounts that can be offered through revenues generated by the existing development while maintaining the County's transportation improvements program funded with mobility/multimodal fee revenues.

In addition to these methods, the County and municipalities have the option to buy down the fees with additional taxes and/or other non-impact fee revenue sources. Examples of potential incentives/discounts are provided in Section IV of the Final Mobility Study for Martin County.

Development Review Process

Whether Martin County maintains its current transportation impact fee structure or moves to a mobility or multimodal fee, the recent legislative changes to the development review process are likely to affect the County's current concurrency review process. The following paragraphs summarize key aspects of two possible processes.

Concurrency, Proportionate Share and Impact Fee Model

Traditional concurrency standards mitigated by proportionate share calculations have the following characteristics:

- Limited revenues due to the revised proportionate share formula compared to impact fee amounts. This practice has the benefit of receiving revenues sooner than impact fee payments that are collected at building permit or later. Some jurisdictions manage this process through adjusting certain aspects of the traffic impact analysis and payment calculations.
- Triggered at later stages in the development review process, such as re-zonings and development agreements.
- Applicants may not be charged for existing deficiencies. While some jurisdictions interpreted this requirement to exclude all deficient roads entirely, other jurisdictions excluded just the existing deficiency that is the local government's responsibility.

Mobility Fee Model

This approach allows local governments to calculate a fee that is based on areawide level of service and use a "pay-and-go" system for most development. However, Florida Statutes do not explicitly prohibit the use of alternative mobility funding systems to deny, time, or phase development during these development phases.

Site Plan Review Controls

Regardless of development review processes discussed so far, local governments can still rely on site planning requirements to manage certain site-specific transportation impacts, such as site access, thresholds for signalization, and queuing space. Site plan review is more of a management tool that is distinct from concurrency and fee processes/requirements.

A more detailed explanation of development review tools is included Section V of the Final Mobility Study for Martin County.

www.tindaleoliver.com