File #:	23-1075	**Name:**	
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On agenda:	5/23/2023	**Final action:**	
Title:	Consideration of the Planning Commission Recommendation for Zoning Text Amendment #2022-00012 related to Transportation Management Plans (original consideration on 4/15/2023).		
Sponsors:			
Indexes:			
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Attachments:	1. 23-1075_Staff Report, 2. 23-1075_Presentation		

Date	Ver.	Action By	Action	Result

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 16, 2023

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: JAMES F. PARAJON, CITY MANAGER /s/

FROM: TARRENCE MOORER, INTERIM DIRECTOR, TRANSPORTATION AND ENVIRONMENTAL SERVICES

DOCKET TITLE:
Consideration of the Planning Commission Recommendation for Zoning Text Amendment #2022-00012 related to Transportation Management Plans (original consideration on 4/15/2023).

ISSUE: At the April 15, 2023 City Council meeting the Council deferred the item and asked staff to explore options to modify to the proposed Transportation Management Plan (TMP) Policy to:

1. Extend the payment requirements beyond 30 years; and
2. Incentivize commercial developments with lower TMP rates to opt into Policy.

RECOMMENDATION: Staff evaluated options, which are described in more detail below, and recommends that Council adopt the policy as originally proposed with no change to the commercial rates for new and old TMPs for the following reasons:

- The City has a Transportation Improvement Program (TIP) that is an add-on tax with the intent of funding transportation projects and programs. TMP funding is separate from TIP funds since it is intended to support projects and programs that mitigate the impacts of specific developments contributing to the fund. TMP's likely will not include large-scale projects (such as the multimodal bridge) but rather smaller projects that help neighborhoods adjacent to the developments who would bear the burden of additional vehicle trips.

- The commercial rate is consistent with all developments that have been approved since 2014. While some older TMPs have a lower rate, staff believe that the current rate aligns with the funds needed to mitigate impacts from the development.
- Existing TMPs all have the option and choice to opt into the new program or maintain their existing program. It is not a requirement.
- The policy was developed over many months and based on thoughtful input from both the development community, boards and commissions and existing TMPs.

BACKGROUND: The purpose of a TMP is to mitigate the impact that a new development has on the City's transportation system and nearby properties. Currently, TMPs are expected to be funded in perpetuity. The majority of developments with existing TMP requirements manage their own funds and are responsible for spending on eligible TMP expenses of their choosing. Typically, these are programs and activities that are specific and restricted to the development itself rather than broader City programs or projects outside of the development boundaries.

DISCUSSION:

End Date for TMP Payment

A concern noted by the Council was that the proposed 30-year end date would result in a loss of funds for projects and the operations of Citywide programs if development in the City slowed or stopped. The City is required to provide 30-year development projections that feed into the regional model. While these projections can change, the continued local and regional growth is projected to increase over time, which likely provides at least sixty more years of funding for these programs. Additionally, because these funds are to be used to mitigate the impacts of development, if development did slow, the impacts should also be less over time, and the City would have advanced notice to plan for the decreasing funds.

Under the current TMP model, very little of the TMP funding from developments can be used for broader Citywide programs and projects. Under the proposed Policy, TMP funds from all but the largest developments will be managed by the City. Half of that funding will be used for Citywide programs that offset the transportation impacts created by the developments. This essentially provides a new source of funding from the development community that the City can manage and use to mitigate impacts to the transportation system in a more holistic and coordinated way.

Furthermore, staff continues to support the 30-year end date because many of the neighborhood specific mitigation measures that the City could implement with these funds would largely be accomplished within the first 30 years of the development. While the people living and working at the development will continue to benefit from City transportation services beyond this timeframe, in working with NAIOP over the last year and a half, the 30-year end date has been an important part of the Policy that offsets the development having less control of their funding and how it is used. However, in response to Council, staff is providing an additional option to consider.

Option 1: Require full TMP payment for 30 years. After 30 years, the TMP payment would be reduced by 50% for years 30-40. Funding would be fully allocated to the Citywide fund to continue funding operating expenses for citywide programs, such as DASH and Capital Bikeshare. After year 40, all payments would cease.

While neighborhood specific improvements would likely be completed within 30 years, residents and workers from these developments will still use City operated programs after 30 years, so continuing to pay into this fund for an extended period of time still meets the goals of mitigating impacts on the transportation system. Having a defined end date is still recommended as the developments do become part of the fabric of the community after they have been in existence for a certain amount of time.

Commercial Rates

In 2014, the City standardized all TMP rates by adding the fees in the Zoning Ordinance, which are adjusted annually based on CPI-U. The rates proposed in the TMP Policy reflect the current rate for these uses. TMPs approved prior to 2014 had different rates that were developed based on individual negotiations between the City and the developer to accommodate the goals of the TMP. In some cases, the commercial rates were approved at a lower rate, even after adjusting for inflation, than what was approved in 2014 and in place at this time.

A concern from some of the existing TMPs is the proposed rate in the Policy would be a significant increase to the TMP funding required for their development and would disincentivize them from opting into the new program. However, in alignment with the justification to standardize the rate for all commercial development, the currently proposed rate structure ensures equity and enables better tracking and monitoring of all new developments and those that choose to opt into the program.

With the proposed policy, staff will commit to working with any existing TMP that is determining whether opting into the new program is a benefit for them. They will need to determine whether paying a higher rate is worth being part of a program that has a payment end date and reduced requirements to run and implement their own program. However, in response to the Council, staff is providing an additional option to consider.

Option 2: For developments that currently have a commercial rate that is more than 25% less than the current rate (less than about $.23/sq ft), they can opt into the program with a 20% increase per year until they catch up to the current rate. For example, if a development currently pays $.20/sq ft, their year one would be $.24/sq ft, year two would be $.288/sq ft, etc. Staff notes that this option does present challenges in terms of tracking these individual TMP rates.

FISCAL IMPACT: The City anticipates total annual funds from existing TMPs that convert to the Citywide program to be between $750,000 and $1.5 million in the first year. These figures are based on the TMP funding assessed in FY22, the last year from which full data is available.

The lower estimate assumes half of the existing TMPs will convert to the Citywide program and comply, while the latter assumes all TMPs convert and are in full compliance with payments.
As TMPs reach the end of their 30-year obligation, funding from existing TMPs will continue to
decrease. However, new developments will come online and provide an additional revenue stream for the GO Alex Fund which will offset the funding lost from TMPs that expire. Staff
conservatively estimates annual contributions of $500,000 to $1 million in future years taking into account TMPs that are older than 30 years and new development paying into the fund. This figure could fluctuate based on the number and size of new developments that are approved each year. The current Go Alex fund balance from existing Tier 1 TMPs is approximately $200,000.

ATTACHMENTS:
Attachment 1 - Original Staff Report
Attachment 2 - Presentation

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