



*Colorado Legislative Council Staff Fiscal Note*  
**STATE and LOCAL  
 FISCAL IMPACT**

**Drafting Number:** LLS 09-0353

**Date:** March 3, 2009

**Prime Sponsor(s):** Rep. Levy

**Bill Status:** House Transportation & Energy

**Fiscal Analyst:** Chris Ward (303-866-5834)

**TITLE:** CONCERNING CORRIDOR CAPACITY STRATEGIC PLANNING TO FOSTER TRANSPORTATION EFFICIENCY.

<b>Fiscal Impact Summary</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
<b>State Revenue</b>		
Cash Funds		
State Highway Fund		Potential Increase
<b>State Expenditures</b>		
Cash Funds		
State Highway Fund	\$1,164,838	\$450,970
<b>FTE Position Change</b>	6.0 FTE	6.0 FTE
<b>Effective Date:</b> August 4, 2009, assuming the General Assembly adjourns May 6, 2009, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2009-2010:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

This bill establishes a system for the Colorado Department of Transportation (CDOT) to work with metropolitan planning organizations (MPOs) and the local governments that belong to an MPO to mitigate the impact of future development on traffic congestion in certain corridors. In certain circumstances, the CDOT may require that improvements be made to the state transportation system to mitigate congestion impacts from new development. Alternatively, the CDOT may require that local governments with authority to approve new development collect an impact fee to pay for such improvements.

The state and local governments may develop a plan for addressing congested corridors and, if they choose to develop such a plan, the bill specifies the components of the plan and establishes certain deadlines. It also allows the CDOT to review local development plans and provide comments regarding their impact on the efficient functioning of the state transportation system. Any plans for new development in a congested corridor must be accompanied by a traffic study examining how the proposals would impact the functioning of the state transportation system.

**Background.** According to an April 2007 study by the Denver Regional Council of Governments, the total economic cost of traffic congestion on the I-70 mountain corridor alone is \$839 million annually. Another study by the Reason Foundation in 2006 using a different methodology found that travelers along the Front Range spent almost 170 million hours per year in traffic. These hours, multiplied by the average hourly per capita personal income (\$19.73 per hour in 2007), indicate that Front Range traffic has an economic impact of over \$3 billion per year. This bill requires that new development in certain congested corridors be charged a fee to mitigate the impacts of the development on the state transportation system.

### State Revenue

The bill may increase state revenue from impact fees, but the actual increase is unknown. Fee revenue will depend on the fee schedule developed by the CDOT and the amount of new development undertaken within a specified corridor. No increase in state fee revenue is expected until FY 2010-11 at the earliest. A fee schedule must be adopted before any fees are imposed, and the process of establishing a fee schedule is expected to require up to one year to complete.

### State Expenditures

The bill will increase state expenditures by an estimated \$1.2 million in FY 2009-10 and by about \$450,000 per year thereafter, as shown in Table 1. These costs relate to staffing, developing a fee schedule, and updating the state highway access code, as described below. All costs are from the State Highway Fund, which is continuously appropriated to the CDOT. As such, no additional appropriation is required.

<b>Cost Components</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>
Personal Services	\$434,142	\$434,142
FTE	6.0	6.0
Operating Expenses, Capital Outlay, and Travel	\$48,196	\$16,828
Consulting Costs to Develop Impact Fee Schedule	\$680,000	\$0
Updating Highway Access Code	\$2,500	\$0
<b>TOTAL</b>	<b>\$1,164,838</b>	<b>\$450,970</b>

**Staffing.** Table 1 includes costs for a total of 6.0 FTE including a program manager, 2 professional engineers, 2 planners, and a program assistant. Total staffing costs are \$482,338, including salary and benefits (\$443,142), and operating, capital, and travel (\$48,196). Of these staff, 2.0 FTE are related to analyzing traffic impacts from new development and pricing the improvements needed to mitigate the impact on congestion from the new development. The remaining 4.0 FTE are related to strategic planning and review of local government development plans. Travel costs assume that at least one member of the strategic planning team would be required to travel outside the Denver metropolitan area each week.

*Developing an impact fee schedule.* Costs for developing a fee schedule are estimated to be \$680,000 based on a somewhat similar traffic revenue study undertaken by the Colorado Tolling Enterprise in 2004. The CDOT would need to hire consultants with specific technical expertise in traffic studies, regional planning, context sensitive solutions, and land use, in addition to using internal staff. The fee schedule will take into account the type of development (residential, commercial, industrial, or mixed-use), accessibility to alternative forms of transportation, proximity to a state highway, and several other factors.

*Updating the state highway access code.* State regulations govern any construction that provides access to the state highway system. These regulations will need to be modified at a cost of \$2,500 to match the requirements of the bill, including the need to collect an impact fee before granting an access permit for a new development.

### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

<b>Table 2. Expenditures Not Included Under HB09-1284 *</b>		
<b>Cost Components</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$41,076	\$41,076
Supplemental Employee Retirement Payments	14,110	18,017
<b>TOTAL</b>	<b>\$55,186</b>	<b>\$59,093</b>

\*More information is available at: [http://www.state.co.us/gov\\_dir/leg\\_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf](http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf)

### **Local Government Impact**

The bill establishes a system for local governments to work with the CDOT to develop strategic plans for congested corridors and, in some cases, impose an impact fee payable to the state for new development. Expenses would include costs for staff time and consultants to conduct traffic and other studies. These costs have not been estimated.

### **Departments Contacted**

Local Affairs                      Transportation