



## **Rural Transportation Impact Fee Program, Arapahoe County, Colorado**

The County of Arapahoe, Colorado's third largest and fastest-growing county, encompasses 13 unincorporated communities, nine school districts, and more than 350 local improvement and special service districts. Its western portion offers an urban lifestyle, while its eastern portion is largely rural. The county's approximately 637,000 residents enjoy a moderate cost of living, valuable public services, an inviting quality of life, and open land filled with parks and trails.

### Financial Need and Indicative Solution

Growth in the county was exploding, and many 35-acre or larger new developments were being created in its rural eastern portion without land-use approval. As a result, the contributions developers paid to improve affected rural roads fell short. The county did not have a way to make up the difference without raising taxes, and the transportation allotment to single-family homes outside the developments was perceived as unfair.

In addition, the county's transportation plan showed that future growth and development would continue to generate substantial demand for capital roadway improvements. Through 2040, the cost was projected to be approximately \$700 million - \$900 million. Roughly \$450 million would be the county's responsibility, with the rest coming from developers, local government, and state or federal sources.

To establish a new revenue source, the Arapahoe County Transportation Division—responsible for all infrastructure capital improvements, traffic operations, and transportation planning—recommended establishing a Rural Transportation Impact Fee (RUTIF). RUTIFs, one-time payments on new developments that help offset their impact on roadway infrastructure, were already being collected in Colorado under home rule authority granted in the state's constitution and were further enabled by state legislation in 2001.

### Rural Transportation Impact Fee (RUTIFs)

On November 22, 2016, [Arapahoe County voted to implement an RUTIF](#) for its unincorporated rural eastern portion. It went to effect the following April, and is collected when building permits are issued for residential, commercial, industrial, and office buildings.

Local governments in Colorado have powers granted to them via state-enabling legislation (Sections 29-20-102 through 204 Colorado Revised Statutes). While the County can institute a Transportation Impact Fee, they have limitations and therefore should not be regarded as the total solution for infrastructure financing needs.

Impact Fees should be considered as a component of a comprehensive portfolio to ensure adequate funding for public facilities. By law, Impact Fee Legislation has several requirements, including that the impact fees must be legislatively adopted and apply to a broad class of properties and be directly related to the impacts of the proposed development. In addition, they



may only be used to fund capital facilities, meaning facilities with a useful life of five years or longer, that are required by local ordinance or policy. They cannot be used to repair infrastructure or correct an existing deficiency.

Impact fees may only be used to fund existing and future capital improvements and may not be used to remedy any deficiency in capital facilities that exists without regard to the proposed development. Developers may not be charged impact fees to fund facilities to which they have already contributed fees through another mechanism and no individual landowner can be required to provide any site-specific dedication of improvement to meet the same need for capital facilities for which the impact or similar development charge is imposed (unless a credit is given for any duplicate costs).

The accounting for impact fees must be the same as for all other development charges (i.e. they must comply with the requirements of C.R.S. 29-1-801 through 804) and may be waived for affordable housing or employee housing developments.

A RUTIF must be legislatively adopted, apply to a broad class of properties, directly relate to the proposed development's impact, and be used to fund existing and future capital improvements on facilities with a useful life of five years or longer. It cannot be used to repair infrastructure or correct existing deficiencies, or be charged to developers or individual landowners if they have already contributed fees unless a credit is given for any duplicate costs. RUTIFs may be waived for affordable housing or employee housing developments.

The county's first step was to define the area that contains roadways eligible for the fee. Then, notifications about a public hearing went out through advertisements, press releases, direct mail to stakeholders like property owners and developers, a website, and social media. At the hearing, the county's transportation manager showed plans to pave or widen specific roads, plus associated costs and other details. Comments were addressed and there was overall support for the fee. Based on comments, adjustments were made in the plans for eligible roadways. The county's attorney's office then reviewed the plans and hearing report, and drafted the adoption resolution.

Arapahoe County's RUTIFs are based on a formula that includes the average miles a vehicle makes per trip, additional lane miles over 10 years, growth cost per additional lane mile, 24-year growth cost, vehicle miles traveled over 24 years, and growth cost per vehicle miles traveled. Fees vary depending on building purpose and size.

The fees are reviewed and can be adjusted every two years. The current fees for residential homes, established in 2017, range from \$1,503 to \$3,118, depending on square footage. They are \$3,806 per 1,000 square feet for commercial buildings, \$2,223 per 1,000 square feet for office buildings, and \$769 per 1,000 square feet for industrial buildings. A long-term analysis shows that if the fee is kept at this amount, it will generate nearly \$77 million. Because RUTIFs do not cover the entire costs, the county will contribute more than \$94 million from other sources over the 24 years.



Thanks to RUTIFs, Arapahoe County's roads now have an ongoing funding source for the improvements they need to keep up with new and future development—increasing safety, improving quality of life, and spurring economic growth.

Resources:

[Arapahoe County - About Arapahoe County](#)

[Arapahoe County - Transportation Division](#)

[Arapahoe County - Transportation Impact Fees In Colorado](#)

[Arapahoe County - RUIF Background and Key Findings](#)

[Arapahoe County - Rural Transportation Impact Fees](#)

[Arapahoe County - Rural Transportation Impact Fee for Eastern Plains of Arapahoe County](#)