

Cities eye business for 'traffic cash'

By Tim Richard
staff writer

Michigan traffic engineers are beginning to look at road funding plans which other states have used to raise money from business.

"Transportation and business interests are natural allies. Businesses are willing to pay something... particularly when it's in their own financial interests," Richard Beaubien, city of Troy transportation engineer, told the Michigan Institute of Traffic Engineers.

"You may have noticed we're running a little short of money to build roads," Beaubien said in a wry understatement. It brought smiles of understanding from several dozen traffic engineers from state and local agencies attending a workshop Thursday in the Plymouth Hilton Inn.

THREE KINDS of methods are being used across the nation, Beaubien said, as an explosion of suburban office building strains two-lane roads, not only in Oakland and west-

ern Wayne counties but outside Washington, San Francisco, Miami and Baltimore.

One is negotiation — sometimes dubbed "enlightened" extortion. A city uses its clout — building permit, rezoning, site plan approval, density regulations — to persuade a developer to contribute substantially to traffic improvements.

The money is used for turning and passing lanes, interchanges, freeway ramps and the like. Orange County, Calif., for example, persuaded a developer to provide \$10 million for transportation improvements.

"We're not too bashful in our city about asking," added Beaubien.

THE SECOND method is "traffic impact fees" — not yet legal in Michigan. Similar to sewer tap-in fees, traffic impact fees are flat amounts charged to a developer on the basis of square feet of office building.

For example, developers of the Howard Hughes complex west of Los Angeles will contribute \$20 million to off-site road and freeway improvements which will add about \$1-

1.25 per square foot to annual office rents. In Dade County, Fla., a developer pays 4 percent of its annual gross income and dedicates an acre of its property for rapid transit.

Baubien praised a bill by state Sen. Richard Fessler, R-West Bloomfield, to authorize such fees in Michigan. Fessler's bill is apparently dead for this session of the Michigan Legislature but could be re-introduced in 1989.

"It's a fixed fee — not negotiated. There is more certainty and, we hope, more fairness. You tie them into the complete planning process — defining service areas, assigning traffic impacts, evaluating the adequacy of facilities," Beaubien said.

But it's not fair to expect a developer to pay everything, he said, stressing the need to assign business development only a fair share of costs.

THE THIRD method is the familiar special assessment district, which Troy has given "a new wrinkle."

"We proposed a special assessment district on office-zoned land,"

he said. The district surrounds the Long Lake-Crooks road intersections near I-75 freeway, an area of explosive office and research facility growth which has given Troy the biggest tax base of any community in Oakland County.

The going rate is \$25,000 per acre over 15 years. Total cost of road improvements will be \$13.5 million, with the city providing \$2.7 million, he said.

Another wrinkle, Beaubien said, is that a city is providing money for what actually are Oakland County Road Commission roads.

"We looked at exotic ways to allocate costs," he said, "but were advised by our bonding attorneys we could use only front foot or area. We chose area."

TRAFFIC ENGINEERS this year compiled a bookful of examples of how suburbs, in particular, deal with the problem of raising funds from business to pay for road, drain and public transit improvements.

Whereas big city downtowns grew up gradually over decades, suburban office, industrial and research parks

have popped up fully grown, like Topsy, with an accompanying spate of hotels, restaurants, shopping malls and conference centers.

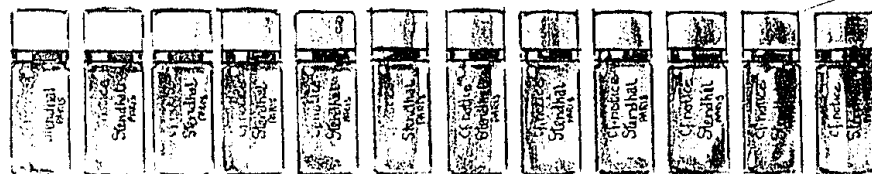
Some examples of how other areas have dealt with the problems:

• Texas allows landowners to form "road utility districts" to finance highway construction with tax-exempt bonds.

• Developers in Montgomery County, Md., proposed "impact fees" to raise half the \$187 million needed for highways and transit. Fees are based on the number of trips a development will generate during the evening rush hour.

• Dallas charges an impact fee of 50 cents a square foot to finance traffic improvements for Dallas North Parkway Center.

• A Los Angeles ordinance grants office developers reductions in the code-required number of parking spaces in return for employer commitments to ride-sharing and park-and-ride programs.



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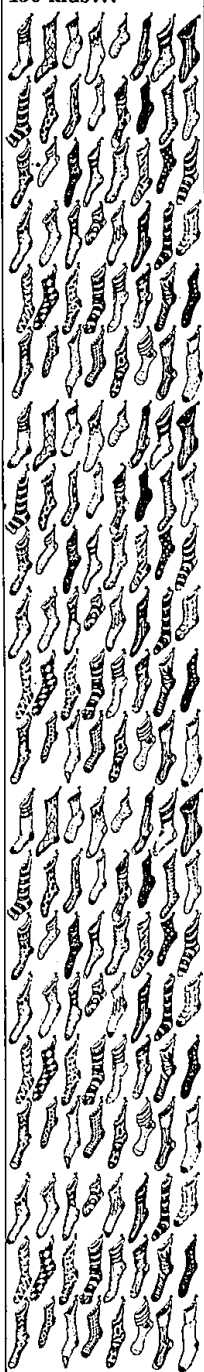


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