

Impact Fees in Idaho

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Presented by

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Presentation Agenda

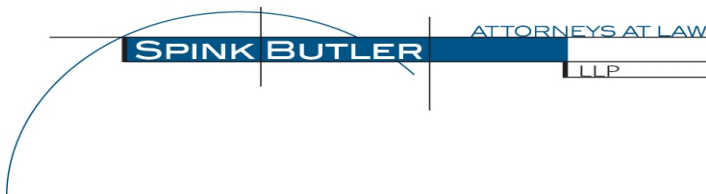
- Impact fee definition and background
- Idaho state statutes
- Impact fee policy issues
- Sample fee calculation
- Questions and answers

Team Introductions

BBC Research & Consulting

Tom Pippin, Economics and Policy Research

Tom has prepared over 40 impact fee studies in the Rocky Mountain West, including studies for the cities of Caldwell and Meridian. He has a lengthy track record of successful research statewide for the Idaho Housing and Finance Association, including fiscal and housing market analysis for the City of Pocatello, City of Lewiston, City of Rexburg, Town of Sun Valley, and Targhee National Forest (Teton County). In addition to his work designing development fee systems, he has experience in a wide range of public finance areas, including fiscal impact analysis, tax increment financing, financial strategy, and others.



Team Introductions

Spink Butler, LLP

JoAnn C. Butler, Land Use Attorney

A former director of Planning Advisory Services for the American Planning Association, JoAnn has served on the City of Boise's Park Development Impact Fee Advisory Committee, presented impact fee seminars in Caldwell and Pocatello for the Association of Idaho Cities, and published a chapter on impact fees in the Land Use Law Handbook. JoAnn has extensive impact fee experience, including the development of an impact fee system for the cities of Caldwell and Meridian. Representing developers, JoAnn has worked with Idaho cities to evaluate their impact fee ordinances, and monitoring legislative activity in connection with impact fees.



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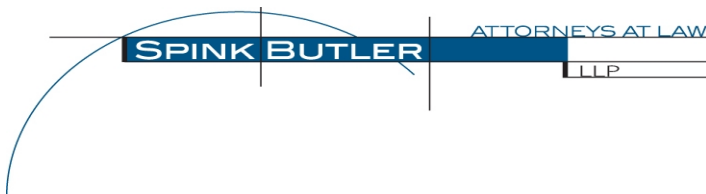


Team Introductions

Galena Consulting

Anne Wescott, Management and Planning Analyst

A municipal management analyst with extensive capital infrastructure planning and financing experience, Anne has partnered with BBC with impact fee studies in Caldwell and Meridian, Salt Lake City, Lyon County Nevada, and Goodyear Arizona. She recently developed a ten-year fiscally constrained capital infrastructure plan for Salt Lake City, and the Utah League of Cities and Towns utilizes her master's thesis on impact fee planning for local governments. In addition to her public finance and analysis work, she provides comprehensive strategic planning services at the state and local level.



Definition of Impact Fees

“... monies collected formally through a set schedule, or formula, spelled out in a local ordinance ... fees are levied only against new development projects as a condition of permit approval to support infrastructure needed to serve the proposed development. They are calculated to cover a proportionate share of the capital cost for that infrastructure.”

— International City Management Association

Three Types of Capital Spending

Not all capital costs are associated with growth:

1. Repair and replacement of facilities (i.e., standard periodic investment in existing facilities such as replacing a leaky fire station roof). These costs are not impact fee eligible;
2. Betterment of facilities, or implementation of new services (e.g., development of a fire training center for the first time). These costs are generally not impact fee eligible; and
3. Expansion of facilities to accommodate new development (e.g., construction and equipping of new fire stations in growth areas). These costs are impact fee eligible.

Idaho State Statutes

- Establishment of and consultation with a development impact fee advisory committee;
- Analysis of current infrastructure service standards and identification of the growth-related portion of City infrastructure plans;
- Preparation of a Capital Improvements Plan (CIP) pursuant to state law and public hearings regarding the same;
- Forecast of residential and commercial growth;
- Analysis of cash flow stemming from impact fees and other infrastructure financing sources;
- Implementation recommendations including impact fee credits, how fee revenues should be accounted for, and how the fees should be updated over time; and
- Assistance to City legal staff in preparing an enabling ordinance.

Legal Checklist for Impact Fee Studies

Requirement	Report Section	Comments
A. General description of all existing public facilities, their deficiencies, and an estimate of costs and a plan to develop the funding sources related to curing the existing deficiencies to meet existing needs;		
B. Stated commitment by the governmental entity to use other available sources of revenue to cure existing systems deficiencies (where practical);		
C. Analysis of capacity, level of current usage, and commitments for usage of capacity of existing capital improvements;		
D. Description of land use assumptions by the government entity;		
E. Definitive table establishing the specific level or quantity of use, consumption or discharge of a “service unit” (e.g., roadway volume-to-capacity) for each category of system improvements, and an equivalency or conversion table establishing a ratio of a service unit to various land use types;		
F. Description of all system improvements and their costs necessitated by and attributable to new development in the service area based on the approved land use assumptions, to provide a level of service not to exceed the level of service adopted in the development impact fee ordinance;		

Legal Checklist for Impact Fee Studies (continued)

Requirement	Report Section	Comments
G. Total number of service units necessitated and attributable to new development in the service area based on the approved land use assumptions and calculate in accordance with generally accepted engineering or planning criteria;		
H. Projected demand for system improvements required by the new service units projected over a reasonable period of time not to exceed 20 years;		
I. Identification of all funding sources available to the government entity for the financing of system improvements;		
J. Specifies inter-governmental agreements for multi-jurisdiction system improvements, further restricting the use of impact fees;		
K. A schedule setting forth estimated dates for commencing and completing construction of all improvements identified in the capital improvement plan.		

Impact Fee Issues

- What is capital infrastructure?
- Conflicts with General Fund objectives
 - Value of commercial and retail businesses for operational revenue
 - Are there operational economies or diseconomies of scale?
 - Don't overlook service charges
- Can you waive fees, exempt areas of the local government, or set fees below requirements?
- Impact on affordable housing
- Non-resident use of facilities
- Simplicity vs. accuracy
 - Types of development (how specific?)
 - Multifamily vs. single family
 - Types of retail or types of commercial uses have different impacts

Impact Fee Issues, Continued

- Application to public institutions and hospitals
- Conflicts with existing subdivision exactions
- Standards for geographic specificity (timeliness, good faith)
- Applicability to open space, public housing, stadiums and airports
- Use tax credit
- Change of land use
- Loss of institutional memory in the local government

Impact Fee Study - Scope of Work

1. Analysis of current conditions, current financing systems, infrastructure requirements and new system options.
2. Analysis of current and future land use.
3. Calculation of preliminary impact fees.
4. Review by Advisory Committee and City Staff
5. Impact fee system final design and documentation.
6. Ordinance Development and Public Hearings
7. Support for Implementation and Administration

Current and Projected Households – Caldwell Example

	<i>Households</i>		
	<i>2000</i>	<i>2004</i>	<i>2015</i>
U.S. Census Bureau	8,963	N/A	N/A
Intermountain Demographics	8,954	11,327	16,996
COMPASS	N/A	13,617	19,660
PCensus	9,075	9,828	11,967

2004 Parks & Recreation Capital Infrastructure Summary—Caldwell Example

<i>Type of Capital Infrastructure</i>	<i>Total Allocated Replacement Value⁽¹⁾</i>
Caldwell Events Center	\$4,444,756
Memorial Park	\$2,837,452
Brothers Park	\$1,947,500
Griffith Park	\$1,509,000
Luby Park	\$1,353,108
Ustick Park	\$765,000
Jaycee Park	\$539,000
Sebree Park	\$507,500
Whittenberger Park	\$370,000
Rotary Park	\$363,250
Serenity Park	\$303,500
Curtis Park	\$172,500
Water Tower Park	\$51,000
Greenbelt Park	\$45,250
Skateboard Park	\$36,780
Professional Services	\$28,000
Pioneer Plaza	\$17,424
Grand Total	\$15,291,020

Note: (1) For all infrastructure, estimated replacement costs supplied by the City of Caldwell Finance Department and Galena Consulting.

Source: BBC Research & Consulting, Galena Consulting and the City of Caldwell Finance Department.

2004 Parks & Recreation Capital Infrastructure—Caldwell Example

<i>Type of Capital Infrastructure</i>	<i>Portion to Include in Impact Fees⁽¹⁾</i>	<i>Allocated Replacement Value⁽²⁾</i>
Caldwell Events Center		
<i>Land</i>		
19 Acres	100%	\$910,404
<i>Buildings</i>		
O'Connor Fieldhouse	100%	\$1,605,000
Baseball Stadium		
Concrete Stadium	100%	\$1,100,000
Seating	100%	\$200,000
Lights	100%	\$100,000
Structure	100%	\$20,000
Scoreboard	100%	\$20,000
Simplot Concessions	100%	\$20,000
Restroom	100%	\$20,611
Shop	100%	\$13,741
<i>Park Improvements</i>		
Asphalt Parking	100%	\$200,000
Pressurized Irrigation	100%	\$95,000
Baseball Stadium Landscape & Irrigation	100%	\$60,000
RV Dump	100%	\$50,000
RV Hookup	100%	\$30,000
Total for Caldwell Events Center		\$4,444,756

All land, buildings and park improvements identified are already present or will be built with Urban Renewal property taxes or street funds.

Land values were calculated using the median value of comparable land prices or as suggested by the City of Caldwell Finance Department.

(1) Reflects the City of Caldwell's equity in each piece of capital infrastructure net of any lease purchase obligations or debt service.

(2) For all infrastructure, estimated replacement costs supplied by the City of Caldwell Finance Department and Galena Consulting.

Source: BBC Research & Consulting, Galena Consulting and the City of Caldwell Finance Department.

Calculation of Current Service Standard-Based Impact Fees—Caldwell Example

	<i>Impact Fees</i>
Total Costs for Infrastructure ⁽¹⁾	\$15,291,020
Allocation for Impact Fees ⁽²⁾	
Residential	100%
Existing Development	
Residential (in dwelling units)	11,327
Cost by unit of development (rounded)	
Residential (per dwelling unit)	\$1,350

Notes: (1) See Exhibit 2. 2004 Parks & Recreation Capital Infrastructure.

(2) See Exhibit 1. Current and Projected Residential Development.

Source: BBC Research & Consulting.

Current Park Acreage—Caldwell Example

<i>Park Name</i>	<i>Acres</i>	<i>Park Name</i>	<i>Acres</i>
Brothers Park	34	Sebree Park	5
Griffith Park	30	Jaycee Park	3
Luby Park	25	Serenity Park	2
Curtis Park	22	Water Tower Park	2
Memorial Park	21	Greenbelt Park	1.5
Caldwell Events Center	19	Skateboard Park	0.5
Rotary Park	16	Pioneer Plaza	0.4
Whittenberger Park	15	Total	204.4
Ustick Park	8		

Source: Parks & Recreation Assets per City of Caldwell, July 12, 2004.

2015 Planned Park Acreage in Master Plan – Caldwell Example

<i>Park Type</i>	<i>Maximum Acres</i>	<i># of Parks</i>	<i>Total Acres</i>
Neighborhood Parks	10	11	110
Community Parks	50	<u>3</u>	<u>150</u>
<i>Total</i>		<i>14</i>	<i>260</i>

Source: City of Caldwell Parks & Recreation Master Plan, 2000.

2015 Excess Park Acreage in Master Plan – Caldwell Example

2015 Excess Acreage Calculation

Targeted Park Acreage 2015	305.6
<i>(minus)</i> Current Park Acreage	<u>204.4</u>
Acres to be Built for Target	101.2
Planned 2015 Acreage	260.0
<i>(minus)</i> Acres to be Built for Target	<u>101.2</u>
<i>Excess Acres in Master Plan</i>	<i>158.8</i>

Note: Targeted Park Acreage was calculated using the current standard of 6.2 acres per 1,000 people.

Source: Parks & Recreation Assets per City of Caldwell, City of Caldwell 2000 Parks & Recreation Master Plan and BBC Research & Consulting.

2015 Reconciliation of Excess Park Acreage in Master Plan – Caldwell Example

<i>Park Type</i>	<i>Acres</i>	<i>No. of Parks</i>	<i>Acres to Subtract</i>
Neighborhood Parks	10	6	60
Community Parks	49.4 +/-	<u>2</u>	<u>98.8</u>
<i>Total</i>		8	158.8

Source: BBC Research & Consulting.

Capital Improvement Plan, 2004-2015 – Caldwell Example

<i>Type of Capital Infrastructure</i>	<i>Acquisition Value per Unit</i>	<i>Total Acquisition Value</i>	<i>Percent New Growth</i>	<i>Cost to Include in Fee</i>
5 Neighborhood Parks ⁽¹⁾	\$507,500	\$2,537,500	100%	\$2,537,500
1 Community Park ⁽²⁾	\$1,947,500	\$1,947,500	100%	\$1,947,500
Fee Study	\$18,000	\$18,000	100%	\$18,000
Total				\$4,503,000

Notes: (1) Based on total infrastructure value for Sebree Park.

(2) Based on total infrastructure value for Brothers Park.

Source: City of Caldwell and BBC Research & Consulting.

Calculation of CIP-Based Impact Fees – Caldwell Example

<i>Impact Fees</i>	
Total Costs for Infrastructure ⁽¹⁾	\$4,503,000
Allocation for Impact Fees ⁽²⁾	
Residential	100%
Projected New Development	
Residential (in dwelling units)	5,669
Cost by unit of development (rounded)	
Residential (per dwelling unit)	\$794

Notes: (1) See Exhibit 8. Capital Improvement Plan.

(2) See Exhibit 1. Current and Projected Residential Development.

Impact Fee Comparison by Methodology—Caldwell Example

<i>Range of Impact Fees</i>	<i>Residential (per dwelling unit)</i>
<i>Capital Improvement Plan Methodology</i>	\$794
Current Service Standard Methodology	\$1,350
Measure of Relationship	59%

Source: BBC Research & Consulting.

Questions and Answers

