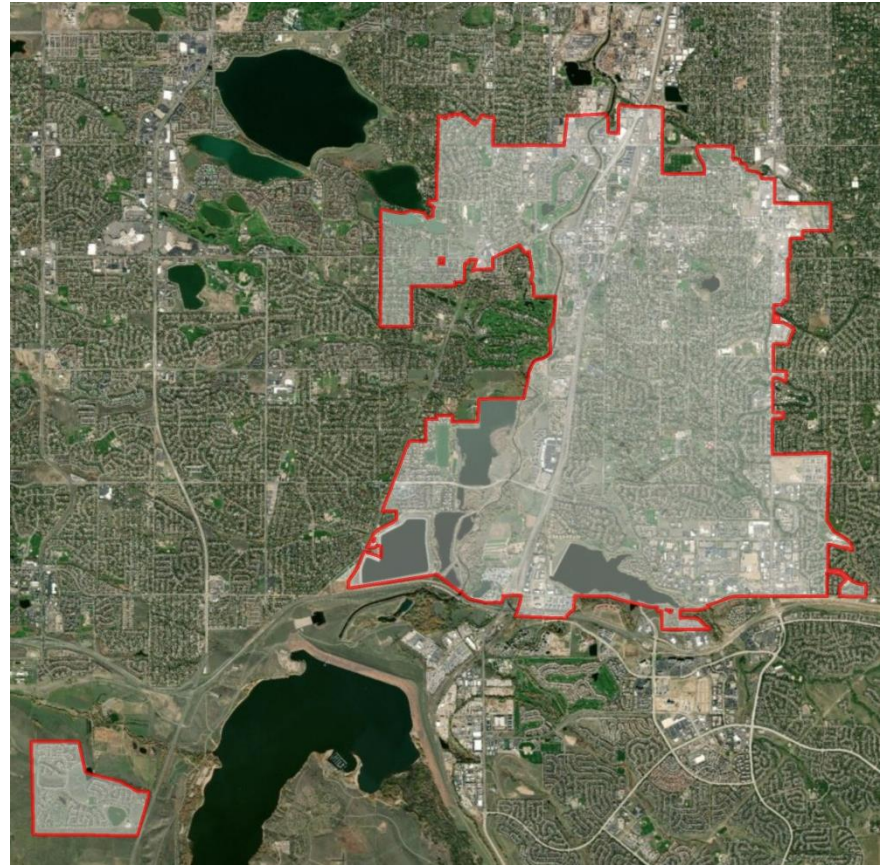


City of Littleton

IMPACT FEE STUDY

March 5, 2019



Presented by

Iris McClish, Director

Stephanie Ayers, Research Associate

1999 Broadway, Suite 2200

Denver, Colorado 80202

(303) 321-2547

kwilliams@bbcresearch.com

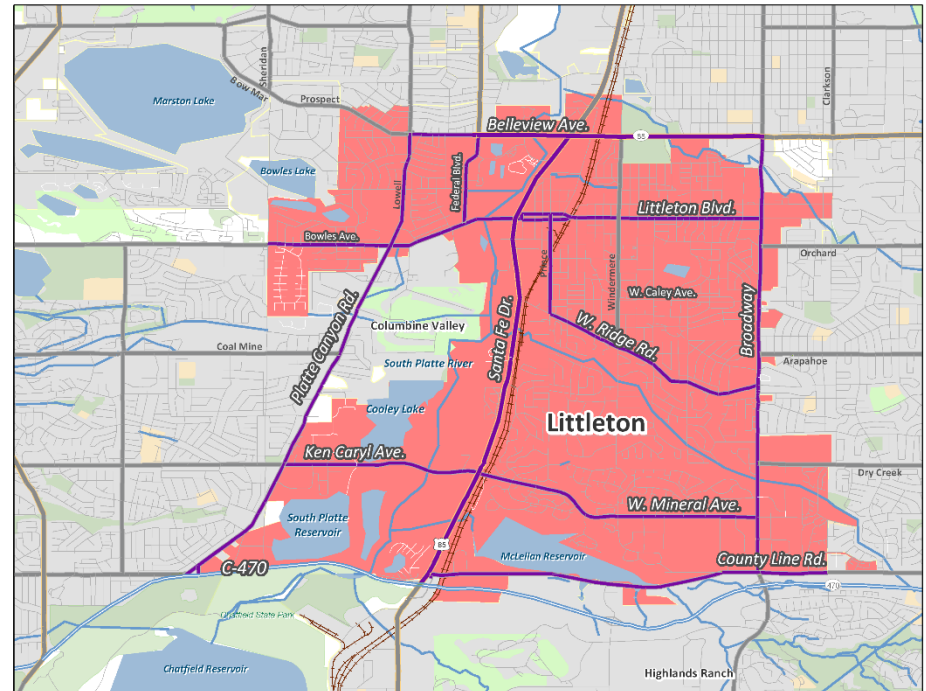
BBC
RESEARCH &
CONSULTING

TOPICS

- ▶ *Project background*
- ▶ *Overview of impact fees*
- ▶ *Impact fee calculations*
- ▶ *Recommendations*

PROJECT BACKGROUND

- ▶ Calculate proportional and defensible impact fees to impose on new development
- ▶ Assure that new growth pays its own way and contributes to the fiscal health of the District
- ▶ Original impact fee study conducted in 2013
- ▶ Fee update conducted in 2014 using updated asset valuation and debt allocation



DEFINITION OF IMPACT FEES

Although there is no universally accepted definition of impact fees, most studies emphasize:

- ▶ One-time use
- ▶ Application to new development;
- ▶ Design requirements for proportionality
- ▶ Restricted use for infrastructure expansion purposes only

“Fees 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

LEGAL BASIS FOR IMPACT FEES

Colorado Statute

CRS 29-20-102 to 104.5 (SB 15)

- ▶ One time charge on new development
- ▶ Growth-related capital infrastructure projects only
 - Directly related to new development
 - No repair, maintenance, or replacement
 - 5-year life
- ▶ Cannot be used for correction of existing system deficiencies
- ▶ Fee revenues must be segregated from other general revenue

- ▶ Applied against all land use types
- ▶ Reasonable expectation of benefit by the taxpayer

U.S. Supreme Court Decisions

- ▶ Essential nexus
- ▶ Rough proportionality
- ▶ No mathematical exactitude required

Krupp v. Breckenridge Sanitation District (2001)

Nollan v. California Coastal Commission (1987)

Dolan v. City of Tigard (1994)

THREE TYPES OF CAPITAL PROJECTS

*AKA public or capital
infrastructure investments*

Not all capital costs are related to new development, and impact fees can only cover those associated with serving new growth.

- ✗ **Repair and Replacement of facilities**
(e.g., the standard expense of maintaining existing facilities or replacing a roof).
- ✗ **Betterment of facilities**, or implementation of new services (e.g., adding better facilities at a recreation center)
- ✓ **Expansion of facilities** to accommodate new development (e.g., expanding an existing road to handle new vehicle trips)

FEE DESIGN CONSIDERATIONS

*3 basic components to
fee design*

- ▶ *Definition of community standards*
- ▶ *Calculation of proportional attribution to new growth*
- ▶ *Attribution of infrastructure needs across all major land uses*

IMPACT FEE METHODOLOGY— CAPITAL IMPROVEMENT ("PLAN-BASED")

- ▶ *Based on the proportionate share of planned infrastructure investment*

Advantages

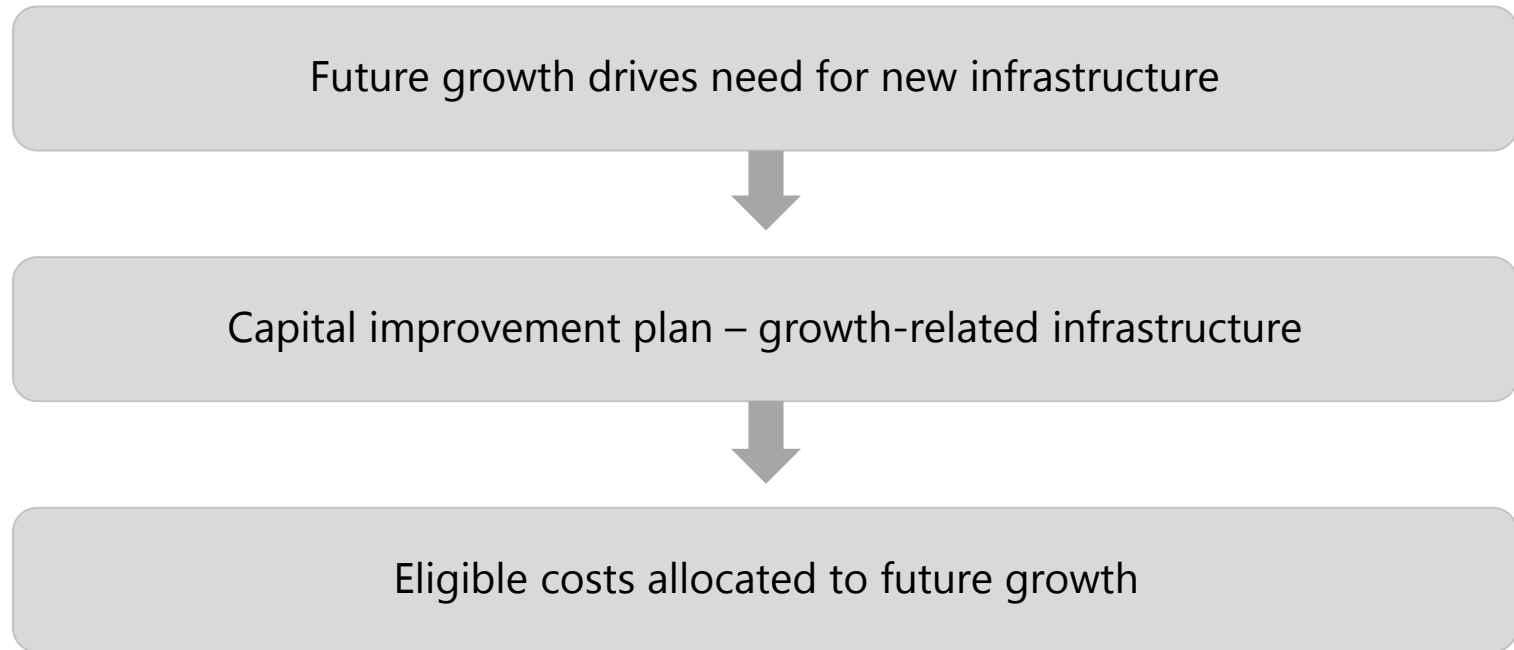
- Intuitively fair
- Specifically considers future capital needs
- Tailored to the future

Disadvantages

- Higher level of data accuracy required
- More assumptions and predictions
- Fee fluctuates based on capital needs

PLAN-BASED FEE METHODOLOGY

- ▶ *Based on the proportionate share of planned infrastructure investment*



OTHER FEE DESIGN CONSIDERATIONS

- ▶ *Adjustments for debt*
- ▶ *Fee design cost recovery*
- ▶ *Proportionality*
- ▶ *Allocation by land use*
- ▶ *Use specificity*
- ▶ *Redevelopment / credits*
- ▶ *Waivers*
- ▶ *Timing*
- ▶ *Updating*

2019 FEE UPDATE

CHANGES IN DATA

- ▶ *Updated asset valuation*
- ▶ *Updated debt allocation*
- ▶ *Updated land use distribution*

FEE CATEGORIES

- ▶ *Museum*
- ▶ *Library*
- ▶ *Police*
- ▶ *Facilities*

CAPITAL INFRASTRUCTURE ANALYSIS - MUSEUM

Type of Capital Infrastructure	Allocated Replacement Value	Residential Share	Amount to Include in Fees
Facilities			
Museum			
Pump House	\$1,863	58%	\$1,081
Exhibition Bridge	\$52,200	58%	\$30,276
School House	\$40,390	58%	\$23,426
Blacksmith House	\$89,848	58%	\$52,112
Icehouse	\$72,200	58%	\$41,876
Interpreters Den	\$344,828	58%	\$200,000
Bemis House	\$177,724	58%	\$103,080
Barn	\$146,400	58%	\$84,912
McBroom Loghouse	\$91,610	58%	\$53,134
Farm Barn	\$83,200	58%	\$48,256
Greenhorn Grove Fishing Dock	\$85,100	58%	\$49,358
Historic Building Collections*	\$564,318	58%	\$327,304
Caretaker Residence	\$376,248	58%	\$218,224
Museum	\$8,396,441	58%	\$4,869,936
Other Facilities			
Arts Collection Center (Gray Elephant)	\$2,482,820	58%	\$1,440,036
Depot Arts Center	\$239,502	58%	\$138,911
Depot Arts Center – Outhouse	\$12,787	58%	\$7,416
Depot Arts Center – Caboose	\$40,000	58%	\$23,200
Town Hall Arts Center	\$4,065,844	58%	\$2,358,190
Fine Arts Collection	\$12,218,850	58%	\$7,086,933
Fee Study	\$1,375	58%	\$798
Subtotal	\$29,582,173		\$17,158,458
<i>Less: Outstanding Debt – Museum Building</i>	<i>\$4,499,106</i>		<i>\$4,499,106</i>
Total	\$25,083,067		\$12,659,352

FEE CALCULATION - MUSEUM

- ▶ Asset values at 58% of allocated replacement value, deemed the residential share
- ▶ Museum fees only levied on residential development

Impact Fees	
Total Costs for Infrastructure	\$12,659,352
Allocation for Impact Fees	
Residential	100.0%
Non-residential	0%
Allocated Costs by Category	
Residential	\$12,659,352
Non-residential	\$0
Existing Development	
Residential (in dwelling units)	21,034
Non-residential (in square feet)	4,761,386
Cost by Unit of Development (rounded)	
Residential (per dwelling unit)	\$602
Non-residential (per 1,000 square feet)	\$0

CAPITAL INFRASTRUCTURE ANALYSIS - LIBRARY

Type of Capital Infrastructure	Allocated Replacement Value
Facilities	
Library	\$11,951,973
Fee Study	\$1,375
Total	\$11,953,348

FEE CALCULATION - LIBRARY

- ▶ Library fees only levied on residential development

Category	Value
Total Costs for Infrastructure	\$11,953,348
Allocation for Impact Fees	
Residential	100.0%
Non-residential	0%
Allocated Costs by Category	
Residential	\$11,953,348
Non-residential	\$0
Existing Development	
Residential (in dwelling units)	21,034
Non-residential (in square feet)	4,761,386
Cost by Unit of Development (rounded)	
Residential (per dwelling unit)	\$568
Non-residential (per 1,000 square feet)	\$0

CAPITAL INFRASTRUCTURE ANALYSIS - POLICE

Type of Capital Infrastructure	Allocated Replacement Value
Facilities	
Police Storage Facilities	\$229,813
Police Station	\$7,844,027
Dispatch Equipment	\$1,860,858
Fee Study	\$1,375
Subtotal	\$9,936,073
<i>Less: Outstanding Debt – Police Dispatch Equipment</i>	<i>\$546,547</i>
Total	\$9,389,526

FEE CALCULATION - POLICE

Category	Value
Total Costs for Infrastructure	\$9,389,526
Allocation for Impact Fees	
Residential	89.3%
Non-residential	10.7%
Allocated Costs by Category	
Residential	\$8,383,908
Non-residential	\$1,005,618
Existing Development	
Residential (in dwelling units)	21,034
Non-residential (in square feet)	4,761,386
Cost by Unit of Development (rounded)	
Residential (per dwelling unit)	\$399
Non-residential (per 1,000 square feet)	\$211

CAPITAL INFRASTRUCTURE ANALYSIS - FACILITIES

Type of Capital Infrastructure	Allocated Replacement Value
Facilities	
Bemis Residence	\$318,100
Bemis Garage	\$32,500
Service Center Building 1	\$2,830,483
Service Center Building 2	\$2,633,346
Service Center Building 3	\$1,017,588
Rio Grande Train Depot	\$351,700
Littleton City Center	\$19,531,765
Courthouse	\$6,486,580
South Platte Maintenance Shop	\$76,370
Service Center Loading Dock	\$134,274
Service Center Salt and Sand Storage	\$313,491
Service Center Fuel Station	\$174,679
Service Center Fleet Storage Shed	\$37,712
Service Center Fleet Maintenance Shop Building 5	\$3,447,153
Horse Barn and Related Properties	\$455,300
City Center Pedestrian Bridge	\$261,400
Jamison Entrance Structure	\$262,000
Service Center Open/Closed Storage	\$327,945
Storage Canopy	\$347,000
Geneva Village Properties	\$3,062,658
Geneva Village Lodge	\$1,603,270
Geneva Village Irrigation Pump Vault	\$191,000
Fire Station 11	\$2,162,582
Fee Study	\$1,375
Subtotal	\$46,160,271
<i>Less: Outstanding Debt – Courthouse</i>	<i>\$1,310,447</i>
Total	\$44,849,824

FEE CALCULATION - FACILITIES

Impact Fees

Total Costs for Infrastructure	\$44,849,824
---------------------------------------	---------------------

Allocation for Impact Fees

Residential	89.3%
-------------	-------

Non-residential	10.7%
-----------------	-------

Allocated Costs by Category

Residential	\$40,046,408
-------------	--------------

Non-residential	\$4,803,416
-----------------	-------------

Existing Development

Residential (in dwelling units)	21,034
---------------------------------	--------

Non-residential (in square feet)	4,761,386
----------------------------------	-----------

Cost by Unit of Development (rounded)

Residential (per dwelling unit)	\$1,904
---------------------------------	---------

Non-residential (per 1,000 square feet)	\$1,099
---	---------

FEE SUMMARY

Impact Fees	Current Fee Amount	2019 Fee Amount
Museum		
Residential (per dwelling unit)	\$515	\$602
Non-residential (per 1,000 square feet)	\$ -	\$ -
Library		
Residential (per dwelling unit)	\$542	\$568
Non-residential (per 1,000 square feet)	\$ -	\$ -
Police		
Residential (per dwelling unit)	\$319	\$399
Non-residential (per 1,000 square feet)	\$160	\$211
Facilities		
Residential (per dwelling unit)	\$1,550	\$1,904
Non-residential (per 1,000 square feet)	\$775	\$1,009
Fire		
Residential (per dwelling unit)	\$0	\$0
Non-residential (per 1,000 square feet)	\$0	\$0
Transportation		
Residential (per dwelling unit)	\$1,049	\$1,049
Non-residential (per 1,000 square feet)	\$2,607	\$2,607
Total		
Residential (per dwelling unit)	\$3,975	\$4,522
Non-residential (per 1,000 square feet)	\$3,542	\$3,827

SUMMARY AND RECOMMENDATIONS

- ▶ *The City should adhere to a written policy governing its expenditure of monies from the Impact Fee Fund.*
- ▶ *The City should maintain the Impact Fee Fund separate and apart from the General Fund, withdrawn only to pay for growth-related infrastructure.*
- ▶ *The fees calculated in this study should be updated periodically as the City invests in additional assets and infrastructure.*
- ▶ *The fees should be updated annually based on established inflation indices.*

NEXT STEPS

- ▶ *Make final adjustments to fee system*
- ▶ *Prepare final impact fee report & fee schedule*
- ▶ *City Council adoption*

QUESTIONS?