



REVIEW DRAFT DEVELOPMENT IMPACT FEE REPORT AND PROPOSED FEES

Focus Group Meeting #5

October 23, 2024

PURPOSE OF PRESENTATION

1. Review Calendar to Set New Fees
2. Review Items Completed Since Last Focus Group Meeting
3. Identify Key Assumptions
4. Review Aggregate Funding of 10-Year Infrastructure Improvement Plans
5. Review Proposed Fees and Fee Calculations
6. Discuss Communication Plan





1. REVIEW CALENDAR

CALENDAR

STEP 1: LUA AND IIP APPROVAL

Step #	Step	Date
1	Review Land Use Assumptions and Infrastructure Improvement Plan	March 6, 2024 Town Council Meeting (1 of 6)
2	Publish Land Use Assumptions and Infrastructure Improvement Plan	March 7, 2024
	60-Day Notice Period (Public Outreach and Collaboration Period) <i>Focus Group Meetings</i>	<i>May 2 and 13</i>
3	Public Hearing #1 RE. Land Use Assumptions and Infrastructure Improvement Plan	May 15, 2024 Town Council Meeting (2 of 6)
	30 to 60-Day Waiting Period <i>Focus Group Meetings</i>	<i>May 30 and June 18</i>
4	Approve Land Use Assumptions and Infrastructure Improvement Plans	June 19, 2024 Town Council Meeting (3 of 6)

PROPOSED CALENDAR

STEP 2: ESTABLISH NEW FEES

Step #	Step	Date
1	Focus Group Meeting #5 (Review Draft Report and Proposed Fees)	October 23, 2024
2	Approve Notice of Intent to Assess Development Impact Fees (1 of 3)	November 6, 2024 Town Council Meeting
3	Publish Notice of Intention to Adopt Development Impact Fees	November 7, 2024
	30-Day Notice Period	
4	Public Hearing - Development Impact Fee Study and Proposed Fees (2 of 3)	December 18, 2024 Town Council Meeting
	30-60 Day Waiting Period	
5	Adopt Development Impact Fee Study and Proposed Fees (3 of 3)	February 5, 2025
	75-Day Waiting Period	
6	Effective Date – New Development Impact Fees	May 12, 2025



2. REVIEW ITEMS COMPLETED SINCE LAST FOCUS GROUP MEETING

ITEMS COMPLETED SINCE LAST FOCUS GROUP MEETING

1. \$39.9M Reduction of Debt Payments from Future Development Impact Fees
 - Defeased and Paid Off \$30.7M of Outstanding Debt With Available Impact Fees and Construction Sales Tax Resulting In an Interest Savings of \$9.2M

Funding Source	Principal Reduction	Interest Savings
Dedicated 2% Construction Sales Tax	\$9.2M	\$1.2M
Streets Impact Fees	\$8.2M	\$5.3M
Fire Impact Fees	\$5.1M	\$1.4M
Parks Impact Fees	\$3.1M	\$0.4M
Library Impact Fees	\$2.1M	\$0.4M
Town Building Impact Fees	\$1.6M	\$0.1M
Police Impact Fees	<u>\$1.4M</u>	<u>\$0.4M</u>
TOTAL	\$30.7M	\$9.2M



ITEMS COMPLETED SINCE LAST FOCUS GROUP MEETING (CONTINUED)



2. Increased Beginning Cash Balance for the 2% Dedicated Construction Sales Tax by \$600K
 - New Practice to Allocate Interest Earnings to this Account in the Future
3. Updated Allocation of Field Operations / Frontier Family Park Land by \$500K
 - Parks +440K, Fire +60K
4. Closed Out \$400K Town Building and Library Cash Balances (Previously Terminated Fees) to All Other Development Impact Fees
 - Parks, Streets, Police, and Fire: +\$100K per

ITEMS COMPLETED SINCE LAST FOCUS GROUP MEETING (CONTINUED)



5. Reconciled Cash Balances by Individual Impact Fees to Ensure Compliance with 2019 Development Impact Fee Report

- Corrections and Adjustments: \$45M
 - Increased Use of Impact Fees: \$20M
 - Increased Use of 2% Dedicated Construction Sales Tax to Cover Actual Project Costs in Excess of Project Estimates: \$14M
 - Paid Off Interfund Loans: \$4M
 - Reimbursed 2% Dedication Construction Sales Tax Account: \$7M

ITEMS COMPLETED SINCE LAST FOCUS GROUP MEETING (CONCLUDED)



6. Completed the Biennial Audit for the Period FY 20-21 to FY 21-22

7. Issued Draft FY 23-24 Annual Impact Fee Financial Report (Unaudited)

- Provides June 30, 2024 Cash Balances (Beginning Cash Balances for Fee Update)



3. IDENTIFY KEY ASSUMPTIONS

KEY ASSUMPTIONS

1. Land Use

- Development of State Lands

Land Use Category	Updated 10-Year Increase	% Increase
1.Single Family Homes	11,715	49%
2.Multi-Family (Units)	4,513	182%
3.Commercial (Square Feet)	2.3M	36%
4.Office / Other (Square Feet)	0.6M	43%
5.Industrial (Square Feet)	7.5M	179%

KEY ASSUMPTIONS (CONTINUED)



2. Infrastructure Improvement Plans

- Construction of State Land Infrastructure
- Large Allocation of Police Infrastructure is to Existing Level of Service (Paid by Town)
- Transportation Infrastructure Does Not Include Master Plan Update (Expected to be Completed in 2025)

KEY ASSUMPTIONS (CONTINUED)



3. Funding Estimates

1. \$207M Construction Sales Tax Projection
 - LGES and LGESS
 - Other New Construction on State Lands
2. Streets
 - Prop 479 0.5% Gas Tax Renewal: \$53M
 - 3rd Party Reimbursements: \$26M
3. Determination that Development Fee Credits Do Not Exist (See Next Slide)

DETERMINATION OF POTENTIAL DEVELOPMENT FEE CREDITS

- Separate Analysis Required Under State Statute (Draft Report Appendix B)
- Purpose of Analysis is to Determine that New Development is Not Paying Twice for the Cost of Growth-Related Facilities
 1. Development Impact Fees and
 2. Town's Taxes, Fees, and Other Revenues
- Conclusion: New Development is NOT Paying Twice
 - Revenues from New Development is Needed for Operations, Maintenance, Repair, and Replacement of Existing Facilities
 - Annual Depreciation of Existing Infrastructure: \$26M



KEY ASSUMPTIONS (CONTINUED)



4. Methodology to Allocate Costs Between New and Existing Development

- Standards-Based (Level of Service): Police, Fire, Parks, and Trails
 - Based on Units of Demand
 - Cost per Unit for Capacity is Applied to Development per Unit of Demand
- Plan Based: Streets
 - Based on a Specific Project List of Projects

KEY ASSUMPTIONS (CONTINUED)

5. Allocation of Construction Sales Tax (\$207M)

- Current Fees: Only Allocated to Streets
- New Fees: Allocated to All 5 Fee Categories by Each Respective Fee Category's Percentage Share of Impact-Fee Eligible Projects

	Allocation
1. Parks	\$84M
2. Streets	\$58M
3. Fire and EMS	\$40M
4. Police	\$20M
5. Trails	<u>\$5M</u>
TOTAL	\$207M

KEY ASSUMPTIONS (CONTINUED)

6. Equivalent Dwelling Units / Persons Served

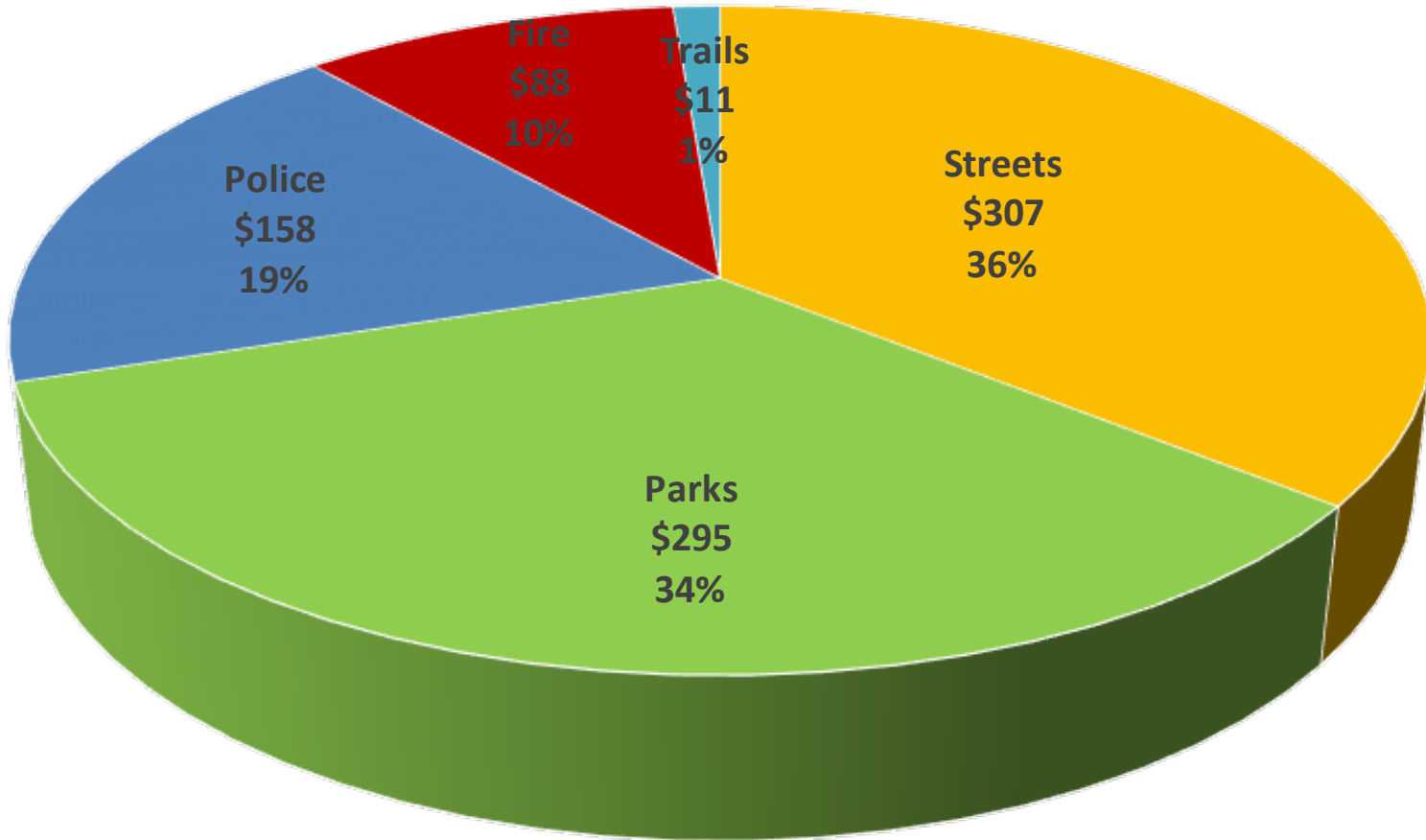
1. Police and Fire & EMS: Residents + 50% of Employees + 5% of Visitors
2. Parks and Trails: Residents + 50% of Employees
3. Streets: Vehicle Miles Traveled

	Existing EDUs	10-Year Projected EDUs	% Increase	Total EDUs
1. Police and Fire	~34K	~20K	58%	~54K
2. Parks and Trails	~30K	~18K	61%	~49K
3. Streets	~35K	~20K	58%	~56K

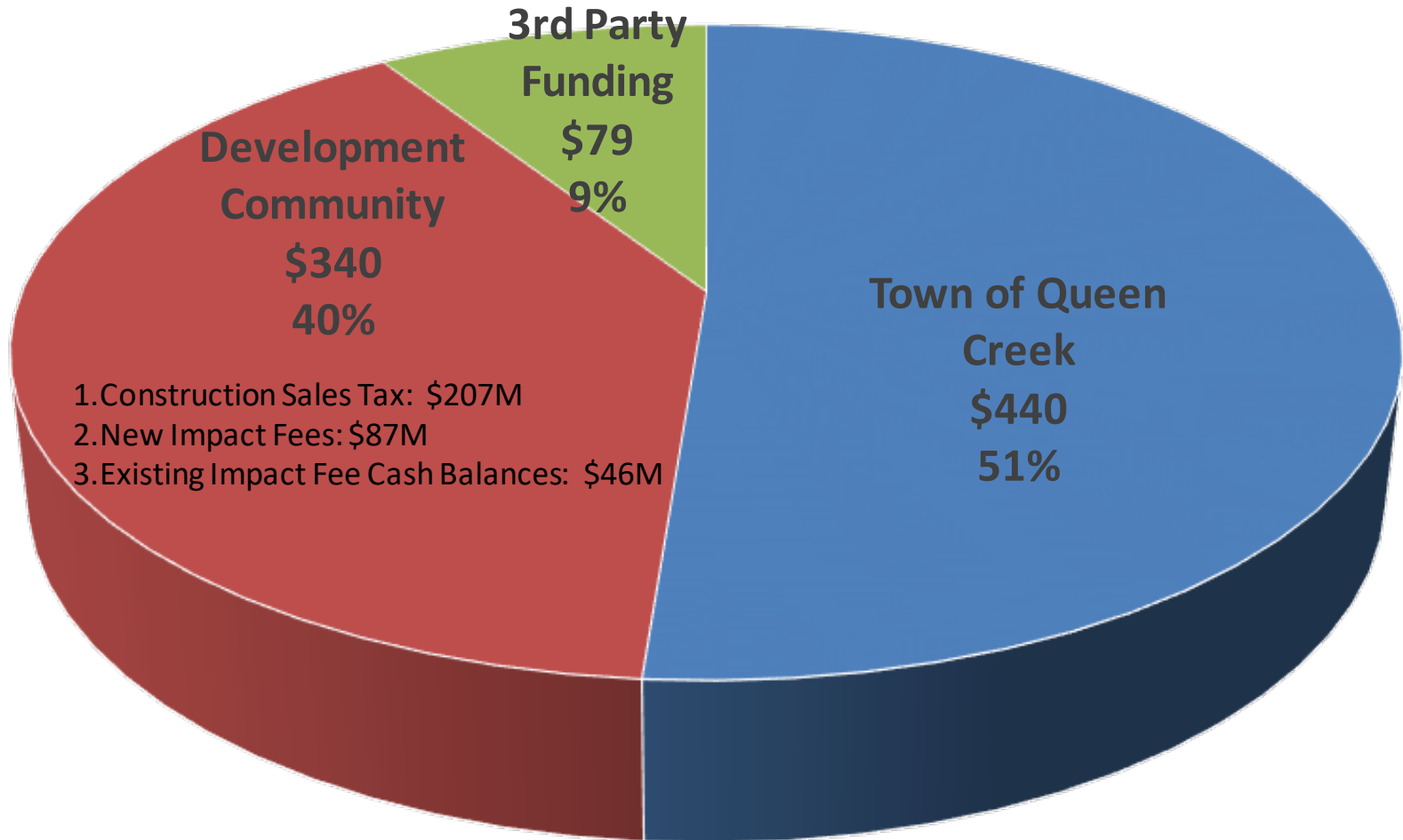


4. REVIEW AGGREGATE FUNDING OF INFRASTRUCTURE IMPROVEMENT PLANS

10-YEAR PROJECTS: \$859M



10-YEAR PROJECT FUNDING: \$859M



AMOUNT FUNDED FROM IMPACT FEES

	Police	Fire	Streets	Parks	Trails	Total
10-Year Project Expenses	\$158M	\$74M	\$291M	\$295M	\$11M	\$829M
10-Year Debt Expenses	=	<u>\$14M</u>	<u>\$16M</u>	=	=	<u>\$30M</u>
Total Expenses	\$158M	\$88M	\$307M	\$295M	\$11M	\$859M
Less Ineligible Expenses per State Statute / Third Party Funding	(\$14M)	(\$6M)	(\$79M)	(\$146M)	-	(\$245M)
Less Non-Growth Portion	<u>(\$114M)</u>	<u>(\$25M)</u>	<u>(\$135M)</u>	<u>\$0M</u>	<u>\$0M</u>	<u>(\$274M)</u>
Maximum Amount to be Funded from Impact Fees	\$30M	\$57M	\$93M	\$149M	\$11M	\$340M
Less Construction Sales Tax	(\$20M)	(\$40M)	(\$58M)	(\$84M)	(\$5M)	(\$207M)
Less Available Cash Balance	<u>(\$2M)</u>	<u>\$0</u>	<u>(\$11M)</u>	<u>(\$29M)</u>	<u>(\$4M)</u>	<u>(\$46M)</u>
Funded from Impact Fees	\$8M	\$17M	\$24M	\$36M	\$2M	\$87M



5. REVIEW PROPOSED FEES AND FEE CALCULATIONS

FEE SUMMARY

- Fees for All 5 Land Use Categories are Decreasing
 - 5 Land Use Categories: Single-Family, Multi-Family, Commercial, Office / Other, Industrial
 - Amount of Decrease Varies from 32% to 43%



FEE SUMMARY (CONCLUDED)

- The 2% Dedicated Construction Sales Tax (CST) is Driving the Fee Reduction (\$207M)
 - Without the Tax, Fees Would Increase from 113% to 162%
 - See Next Slide



DEVELOPMENT IMPACT FEES BY TYPE OF LAND USE – **WITHOUT CST** REDUCTION

Land Use	Current Fee	Proposed Fee Without CST	\$ Change	% Change
Single-Family Home	\$7,122	\$17,614	\$10,492	147%
Multi-Family Home	\$5,077	\$13,281	\$8,204	162%
Commercial (per 1K S.F.)	\$5.09	\$10.87	\$5.78	113%
Office / Other (per 1K S.F.)	\$3.12	\$8.17	\$5.05	162%
Industrial (per 1K S.F.)	\$2.53	\$5.67	\$3.16	125%

PROPOSED DEVELOPMENT IMPACT FEES BY TYPE OF LAND USE

Land Use	Current Fee	Proposed Fee	\$ Change	% Change
Single-Family Home	\$7,122	\$4,512	(\$2,610)	(37%)
Multi-Family Home	\$5,077	\$3,400	(\$1,677)	(33%)
Commercial (per 1K S.F.)	\$5.09	\$2.88	(\$2.21)	(43%)
Office / Other (per 1K S.F.)	\$3.12	\$2.11	(\$1.01)	(32%)
Industrial (per 1K S.F.)	\$2.53	\$1.46	(\$1.07)	(42%)

SINGLE FAMILY HOME: \$2,610 REDUCTION

Fee	Current Fee	Proposed Fee	\$ Reduction	% Change
1.Parks	\$2,719	\$1,933	(\$786)	(29%)
2.Streets	\$2,118	\$1,189	(\$929)	(44%)
3. Fire & Medical	\$1,175	\$840	(\$335)	(28%)
4. Police	\$640	\$422	(\$218)	(34%)
5. Trails	<u>\$470</u>	<u>\$128</u>	<u>(\$342)</u>	<u>(73%)</u>
TOTAL	\$7,122	\$4,512	(\$2,610)	(36%)

NON-RESIDENTIAL LAND USE EXAMPLES

Fee	Current Fee	Proposed Fee	\$ Reduction	% Change
Commercial (20K SF)	\$102K	\$58K	(\$44K)	(43%)
Office / Other (50K SF)	\$156K	\$105K	(\$51K)	(32%)
Industrial (75K SF)	\$190K	\$110K	(\$80K)	(42%)

FEE CALCULATION: \$8.4M POLICE

Per EDU = \$422
(\$8.4M Eligible Costs / 19,824 EDUs)

Land Use	EDUs per Unit / 1K SF	Fee Amount	Cost Allocation
Single-Family Home	1.0	\$422	\$4.9M
Multi-Family Home	0.78	\$330	\$1.5M
Commercial (per 1K S.F.)	0.79	\$0.34	\$0.8M
Office / Other (per 1K S.F.)	0.52	\$0.22	\$0.2M
Industrial (per 1K S.F.)	0.32	\$0.13	<u>\$1.0M</u>
TOTAL			\$8.4M

FEE CALCULATION: \$35.6M PARKS

Per EDU = \$1,933
(\$35.6M Eligible Costs / 18,433 EDUs)

Land Use	EDUs per Unit / 1K SF	Fee Amount	Cost Allocation
Single-Family Home	1.0	\$1,933	\$22.6M
Multi-Family Home	0.78	\$1,510	\$6.8M
Commercial (per 1K S.F.)	0.27	\$0.51	\$1.2M
Office / Other (per 1K S.F.)	0.43	\$0.83	\$0.6M
Industrial (per 1K S.F.)	0.30	\$0.59	<u>\$4.4M</u>
TOTAL			\$35.6M

FEE CALCULATION: \$24.2M STREETS

Per EDU = \$1,189
(\$24.2M Eligible Costs / 20,374 EDUs)

Land Use	EDUs per Unit / 1K SF	Fee Amount	Cost Allocation
Single-Family Home	1.0	\$1,189	\$14.0M
Multi-Family Home	0.68	\$803	\$3.6M
Commercial (per 1K S.F.)	1.12	\$1.33	\$3.0M
Office / Other (per 1K S.F.)	0.48	\$0.57	\$0.4M
Industrial (per 1K S.F.)	0.36	\$0.43	<u>\$3.2M</u>
TOTAL			\$24.2M



6. DISCUSS COMMUNICATION PLAN

COMMUNICATION PLAN



- General Outreach
 - News Release, Website, Social Posts and Letter from Community Development Director
- Direct Contact with Development Community
 - Letter RE Effective Date

PROPOSED CALENDAR

STEP 2: ESTABLISH NEW FEES

Step #	Step	Date
1	Focus Group Meeting #5 (Review Draft Report and Proposed Fees)	October 23, 2024
2	Approve Notice of Intent to Assess Development Impact Fees	November 6, 2024 Town Council Meeting
3	Publish Notice of Intention to Adopt Development Impact Fees	November 7, 2024
	30-Day Notice Period	
4	Public Hearing - Development Impact Fee Study and Proposed Fees	December 18, 2024 Town Council Meeting
	30-60 Waiting Period	
5	1. Adopt Development Impact Fee Study and Proposed Fees 2. Adopt Economic Market Alignment Study	February 5, 2025
	75-Waiting Period	
6	Effective Date – New Development Impact Fees	May 12, 2025



REACTIONS, QUESTIONS, AND FINAL THOUGHTS