



TO: HONORABLE MAYOR AND TOWN COUNCIL

FROM: SCOTT MCCARTY, FINANCE DIRECTOR

THROUGH: JOHN KROSS, TOWN MANAGER

RE: MOTION TO DIRECT THE TOWN MANAGER (OR DESINGNEE) TO PUBLISH THE LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENTS PLAN AND SET A PUBLIC HEARING ON THOSE DOCUMENTS FOR JUNE 5, 2019

DATE: APRIL 3, 2019

Staff Recommendation:

Approve a motion to direct the Town Manager (or designee) to publish the Land Use Assumptions and Infrastructure Improvements Plan and to set a public hearing on those documents for June 5, 2019.

Relevant Council Goal(s):



Effective Government: KRA Financial Management, Internal Services & Sustainability



Superior Infrastructure - Capital Improvement Program

Proposed Motion:

Direct the Town Manager (or designee) to publish the Land Use Assumptions and Infrastructure Improvements Plan and to set a public hearing on those documents for June 5, 2019.

Discussion:

The Town has both impact and capacity fees. We have six impact fees and two capacity fees.

These fees are an integral part of the Town's ability to build the necessary infrastructure associated with new development. Impact and capacity fees are intended to offset the cost of capital improvements related to growth. The accurate assessment of these fees is critical to the Town's financial sustainability by ensuring costs are fairly paid by existing residents / businesses and new residents / businesses. The objective is to prevent existing taxpayers from subsidizing the cost of growth, while ensuring developers pay no more than their fair share.

On July 19, 2017, the Town Council continued a Public Hearing regarding an increase to the Town's transportation impact fee. The Public Hearing was continued because the Town Council directed Town staff to update all impact and capacity fees at one time, not just the transportation impact fee.

State law is very prescriptive in the process to update impact and capacity fees. However, each falls under a different state statute and the process is different. As a result, there are two separate reports. Although this agenda item and the material include information on both types of fees, the motion only applies to impact fees and approval of this motion marks the beginning of that process.

Town staff and the consultant have worked diligently on these updated fees over the last several years. To the greatest extent possible, we have evaluated all options and the Town Council has taken actions that are in the best interest of both existing and future population and businesses to ensure costs are fairly paid by each. For example, refinancing debt in 2016 has helped to lower certain fees, such as the library and town facilities.

Another factor that has had a significant impact of the new fee amounts is the fact we are expecting our population to grow significantly over the ten-year planning period. Our population is estimated to double to 84K by FY 2026-27, a 42K increase.

Timeline and Calendar

The timeline to update impact fees and capacity fees are different.

Impact Fees

The process to update impact fees takes about nine months. Under the proposed calendar, the new fees will take effect in January 2020. There are numerous steps required to update the fees. Those steps and timeline are summarized in the schedule below.

Proposed Impact Fee Update Schedule

Action	Date
Review Land Use Assumptions, Infrastructure Improvement Plan, and Draft Fee Amounts	April 3, 2019 Council Meeting
Publish Land Use Assumptions and Infrastructure Improvement Plan and Provide Notice of Public Hearing	April 4, 2019
Conduct Public Hearing re. Land Use Assumptions and Infrastructure Improvement Plan	June 5, 2019
Approve Land Use Assumptions and Infrastructure Improvement Plan	July 17, 2019
Conduct Public Hearing re. Fee Study	September 4, 2019
Approve Impact Fee Ordinance	October 16, 2019
Impact Fee Effective Date	January 2020

Capacity Fees

The requirements to update capacity fees is different and much shorter. The water and wastewater fees are decreasing. As a result, the Town staff is recommending these fees be decreased effective July 1, 2019 – in advance of the January 2020 impact fee effective date.

If the Council were to provide this direction, the Town's capacity fees would decrease 42%. For a single-family home, the fees would be reduced by \$3,813; from \$9,096 to \$5,283.

Over the next several months, Town staff will continue discussions on both impact and capacity fees with the Town Council. We will review the associated documents as needed as well as share the feedback received from the Focus Group and Town Boards and Commissions.

Associated Documents

The following material relates to this issue.

1. Impact Fee Report
2. Capacity Fee Report
3. All-In Cost Comparisons
4. Report re. the Effects of Impact Fees on Development
5. Report re. Net Revenue Credit Required

Fiscal Impact

Although this agenda item relates to the Land Use Assumptions and Infrastructure Improvement Plan, we are also providing the new, draft fee amounts.

Over the next ten years, the capital improvements in these areas are estimated to be \$448.7 million. Of this amount, \$246.7 million (55%) relates to growth and will come from impact and capacity fees and \$202 million (45%) is non-growth.

The schedule below is a comparison of the fee change for a single-family home. In total, the fee is decreasing by \$4,078, or 26%.

	<u>Current Fee</u>	<u>Draft Fee</u>	<u>\$ Change</u>	<u>% Change</u>
1 Parks and Recreation	\$3,681	\$3,022	(\$659)	-18%
2 Wastewater	\$5,082	\$2,901	(\$2,181)	-43%
3 Water	\$4,014	\$2,382	(\$1,632)	-41%
4 Transportation	\$1,263	\$2,118	\$855	68%
5 Fire	\$490	\$888	\$398	81%
6 Public Safety	\$167	\$258	\$91	54%
7 Library	\$723	\$167	(\$556)	-77%
8 Town Facilities	\$470	\$76	(\$394)	-84%
Total	\$15,890	\$11,812	(\$4,078)	-26%

The presentation includes examples of the other land use categories such as retail, office, and industrial. These fees are increasing and the amount of increase varies based square footage and other variables.

Alternatives:

During the process, the Town Council can set the fees at a lower amount. The fees presented are the legal, maximum fees.

Attachments:

1. Presentation
2. Impact Fee Report
3. Capacity Fee Report