



## **2025 Impact Fees - 1<sup>st</sup> Reading**

**Capital Expansion Fees,  
Transportation Capital  
Expansion Fees, Utility  
Plant Investment Fees and  
Electric Capacity Fee**

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**City Council Meeting**

November 19, 2024



# Historical Framework and Work to Date

- Capital Expansion Fees (CEF):
  - 1986 *Internal study*
  - 2013 and 2017 – *Duncan & Associates study updates*
  - **2023 – EPS Study update**
- Transportation Capital Expansion Fees (TCEF):
  - 2000 *Internal staff study*
  - 2017 and **2023 – TischlerBise study update**
- Utilities (Plant Investment Fees, Electric Capacity Fee, Water Supply Requirements)
  - *Biennial internal model updates*
  - *Incorporates utility CIPs*
- 2017 Outcomes
  - *Phase-in study results*
  - *Fee Working Group (2017 – 2019: staff, citizens, businesses effort and outreach)*
  - *Fee update coordination : 2- and 4-year cadence of updates*
  - *Odd years before BFO*
- Schedule Delay – 2021 planned update deferred until 2023 (COVID-19 and other competing workstreams)





## Utilities

- Evaluated as part of 10-year CIP updates.
- Balancing of fee and rate adjustments within the CIPs
- Supply chain disruptions leading to long lead times
- Extreme cost pressures, especially on the electric side for transformers.

## CEF

- Average household size has decreased across all residential categories (1.5% to 21%)
- Asset value escalation, especially for police, fire and neighborhood parks:
  - Unit replacement costs
  - Skyrocketing land and property valuations
- Alignment with TCEF non-residential categories, baseline 2020 census and trip generation.

## TCEF

### Roadway Fee portion

- Incremental Expansion
- Based on Vehicle Miles of Travel (VMT) and trip generation rates

### Active Modes portion

- Plan-Based
- Based on number of persons and jobs
- Active modes component for residential is 9%; non-residential ranges from 6% to 25%.

- **Alternative #1 - recommended**

- Utility Model Updates as proposed
- TCEF and CEF Study Updates as proposed

- **Alternative #1A**

- Utility Model Updates as proposed
- TCEF and CEF Study Updates as proposed with a two-year phase-in for 2025 and 2026

- **Alternative #2**

- Utility Model Updates as proposed
- TCEF and CEF updates for 2024 inflation only

# Utilities – 2025 Proposed Fees

Utility Fee	Model Update vs. 2023 Actual	2024 Actual vs. 2023 Actual	2025 Proposed vs. 2024 Actual
Electric Capacity Fee (ECF)	14.8%	7.4%	<b>9.3%</b>
Water Plant Investment Fee (PIF)	5.7%	7.4%	<b>No Change</b>
Wastewater Plant Investment Fee (PIF)	4.1%	7.4%	<b>No Change</b>
Stormwater Plant Investment Fee (PIF)	7.0%	7.4%	<b>1.5%</b>
Water Supply Requirement (WSR)	No Change	No Change	<b>(6.5%)</b>

*Note: The WSR Fee for 2025 was previously adopted on 2<sup>nd</sup> Reading November 4, 2024.*

## Alternative #1

2024 Actual					2025			2025 vs. 2024 Actual	
Residential	Unit	CEF	TCEF	Total	Proposed CEF	Proposed TCEF	Proposed Total	\$	%
up to 700 sq. ft.	Dwelling	\$6,962	\$2,903	\$9,865	\$6,865	\$3,195	\$10,060	\$195	2.0%
701-1,200 sq. ft.	Dwelling	\$9,339	\$5,391	\$14,730	\$10,395	\$5,579	\$15,974	\$1,244	8.4%
1,201-1,700 sq. ft.	Dwelling	\$10,194	\$7,000	\$17,194	\$11,670	\$7,121	\$18,791	\$1,597	9.3%
1,701-2,200 sq. ft.	Dwelling	\$10,310	\$8,185	\$18,495	\$12,553	\$8,260	\$20,813	\$2,318	12.5%
over 2,200 sq. ft.	Dwelling	\$11,489	\$8,774	\$20,263	\$14,269	\$9,171	\$23,440	\$3,177	15.7%
Development Type									
Commercial	1,000 sq. ft.	\$2,947	\$10,682	\$13,629	\$3,773	\$11,970	\$15,743	\$2,114	15.5%
Office and Other Services	1,000 sq. ft.	\$2,947	\$7,869	\$10,816	\$2,065	\$7,668	\$9,733	(\$1,083)	-10.0%
Industrial	1,000 sq. ft.	\$693	\$2,540	\$3,233	\$979	\$3,914	\$4,893	\$1,660	51.3%

- *TCEF and CEF Study updates adopted as presented.*
- *Studies were completed in 2023, therefore fee schedules for 2025 include 2024 inflation adjustments of 1.9% for TCEF and 2.7% for CEFs.*

## Alternative #1A

2024 Actual				
Residential	Unit	CEF	TCEF	Total
up to 700 sq. ft.	Dwelling	\$6,962	\$2,903	\$9,865
701-1,200 sq. ft.	Dwelling	\$9,339	\$5,391	\$14,730
1,201-1,700 sq. ft.	Dwelling	\$10,194	\$7,000	\$17,194
1,701-2,200 sq. ft.	Dwelling	\$10,310	\$8,185	\$18,495
over 2,200 sq. ft.	Dwelling	\$11,489	\$8,774	\$20,263
Development Type				
Commercial	1,000 sq. ft.	\$2,947	\$10,682	\$13,629
Office and Other Services	1,000 sq. ft.	\$2,947	\$7,869	\$10,816
Industrial	1,000 sq. ft.	\$693	\$2,540	\$3,233

2025		
Proposed CEF	Proposed TCEF	Proposed Total
\$6,915	\$3,049	\$9,964
\$9,868	\$5,485	\$15,353
\$10,933	\$7,061	\$17,994
\$11,432	\$8,223	\$19,655
\$12,880	\$8,973	\$21,853
\$3,361	\$11,326	\$14,687
\$2,506	\$7,769	\$10,275
\$836	\$3,227	\$4,063

2025 vs. 2024 Actual	
\$	%
\$99	1.0%
\$623	4.2%
\$800	4.7%
\$1,160	6.3%
\$1,590	7.8%
\$1,058	7.8%
(\$541)	-5.0%
\$830	25.7%

2026		
Proposed CEF	Proposed TCEF	Proposed Total
\$6,865	\$3,195	\$10,060
\$10,395	\$5,579	\$15,974
\$11,670	\$7,121	\$18,791
\$12,553	\$8,260	\$20,813
\$14,269	\$9,171	\$23,440
\$3,773	\$11,970	\$15,743
\$2,065	\$7,668	\$9,733
\$979	\$3,914	\$4,893

- *TCEF and CEF Study updates adopted as presented.*
- *Studies were completed in 2023, therefore fee schedules for 2025 include 2024 inflation adjustments of 1.9% for TCEF and 2.7% for CEFs.*
- *Two-year implementation of the new rates, with 50% of the changes being proposed for 2025 and the balance of the full adjustments being made in 2026.*

## Alternative #2

		2024 Actual		
Residential	Unit	CEF	TCEF	Total
up to 700 sq. ft.	Dwelling	\$6,962	\$2,903	\$9,865
701-1,200 sq. ft.	Dwelling	\$9,339	\$5,391	\$14,730
1,201-1,700 sq. ft.	Dwelling	\$10,194	\$7,000	\$17,194
1,701-2,200 sq. ft.	Dwelling	\$10,310	\$8,185	\$18,495
over 2,200 sq. ft.	Dwelling	\$11,489	\$8,774	\$20,263
Development Type				
Commercial	1,000 sq. ft.	\$2,947	\$10,682	\$13,629
Office and Other Services	1,000 sq. ft.	\$2,947	\$7,869	\$10,816
Industrial	1,000 sq. ft.	\$693	\$2,540	\$3,233

2025		
Proposed CEF	Proposed TCEF	Proposed Total
\$7,150	\$2,958	\$10,108
\$9,591	\$5,493	\$15,084
\$10,470	\$7,133	\$17,603
\$10,588	\$8,341	\$18,929
\$11,799	\$8,941	\$20,740
Development Type		
\$3,027	\$10,885	\$13,912
\$3,027	\$8,019	\$11,046
\$711	\$2,588	\$3,299

2025 vs. 2024 Actual	
\$	%
\$243	2.5%
\$354	2.4%
\$409	2.4%
\$434	2.3%
\$477	2.4%
Development Type	
\$283	2.1%
\$230	2.1%
\$66	2.0%

- *Inflation only updates to fees for 2025:*
  - *TCEF: 1.9%*
  - *CEFs: 2.7%*
- *Same approach was utilized in setting 2024 fee schedules*



- Change to the “Denver-Aurora-Lakewood, CO” index as the successor to the “Denver-Boulder, CO” index for annual inflation adjustments to the CEFs
- Addition of the “Office and Other Services” category for non-residential CEFs
- Clean-up of the language in code non-residential fees for TCEFs as being “per 1,000 sq. ft.” as determined in the TCEF Study updates
- Use of fire protection CEF’s across PFA service territory

- **Schedule as planned:**

- Utilities:

- *Biennial model updates: resume in 2025*
- *Inflation adjustments in even numbered years*

- TCEF/CEF:

- *Study updates every four years: 2027 next update*
- *Inflation adjustments in all other years*

- **Alternatives:**

- Accelerate TCEF/CEF Study updates to 2025 or 2026

- Adopt cadence of biennial study updates for TCEF/CEF (same as the Utilities approach)

- What questions do Councilmembers have related to the impact fee changes proposed?

