



TO: Mayor and City Council

FROM: Margaret Sell, Finance Director/City Clerk

DATE: January 24, 2023

AGENDA TEXT: Discussion on POST Impact Fee Implementation

BACKGROUND

The purpose of this workshop item is to discuss implementation of the Parks, Open Space and Trails (POST) development impact fee for new construction and provide direction to staff in order to proceed with the next steps necessary for implementation of an increase in the POST development impact fee.

The Fruita Municipal Code (Section 17.47.090(D)) currently calls for a POST impact fee of \$4,405 per residence. This fee has not been implemented as part of the Annual Fees and Charges Schedule due to lack of supporting documentation and analysis for this fee. TischlerBise, Inc. was retained to conduct a POST Impact Fee Study (Study) and presented their findings to the City Council on October 18, 2022. A copy of the Study is attached. This Study provides the necessary analysis and documentation to support an increase in the POST impact fee up to a maximum of the amounts noted below.

Impact fees are one-time payments imposed on new development that must be used solely to fund growth-related capital projects. The impact fee represents the new developments proportionate share of capital facility needs that have a reasonable relationship between the new development and the need for the capital facility. Improvements must have a useful life of at least five years and can not be used for operating or maintenance costs or to correct existing deficiencies.

Marc Mancuso, Parks and Recreation Director, met with the Home Builders Association regarding the fee increase and they are opposed to any additional fees. However, there does appear to be some understanding of the reason for the fee increase.

Current POST Impact Fee:

\$1,860 per dwelling unit (in effect for over 10 years)

Proposed Maximum Supportable Fee:

Single-family Residential	\$3,179 per dwelling unit
Multi-family Residential*	\$2,154 per dwelling unit

**The difference in the proposed fee is based on the assumption that single family residential has 2.42 persons per housing unit and multi-family residential has 1.64 persons per housing unit. The POST Fee is not applicable to commercial or other non-residential developments.*

Staff is proposing that the fee be implemented in two stages for single family residences and one stage for multi-family residences as follows:

PROPOSED IMPLEMENTATION TIMELINE POST IMPACT FEE				
Dwelling type	Date of Implementation	Current Fee	Increase from Current Fee	Proposed Fee on Imp. Date
Single Family – Stage 1	July 1, 2023	\$1,860	\$660	\$2,520
Single Family – Stage 2	January 1, 2024	\$2,520	\$660	\$3,180
Multi Family – Single Stage	July 1, 2023	\$1,860	\$294	\$2,154

Additional actions that need to occur prior to implementing the new fee includes the following:

1. Planning Staff:
 - a. Revisions to the Fruita Land Use Code Chapter 17.47 – Public Dedication and Impact Fees and Chapter 17.43 – Parks, Open Space and Trails. Revisions to include annual escalation factor for Open Space Fee based on CPI (same language as drainage impact fee) beginning January 1, 2025 (February)
2. Planning Commission review of Land Use Code Amendments – (March)
3. City Council
 - a. Ordinance – 1st Reading - Land Use Code Amendments (April)
 - b. Ordinance – 2nd Reading and Public Hearing on Land Use Code Amendments (May)
 - c. Resolution adopting the POST Impact Fee Study (May)
 - d. Resolution amending the 2023 Fee Schedule for increased impact fee effective July 1 (May)