

# Development Impact Fees

City Council Work Session

November 15, 2022



# Presentation Agenda

1. Recap of Development Fee Purpose and Sept Discussion
2. Use of additional Development Fee funding
3. Review of 2020 Proposed Fee Adjustments
4. Council Direction and Timeline



# Development Fee Study Revisited

- Development fees are imposed to offset the cost incurred by the City from new development.
- The methodology for the City's current development fees are based on a 2014 study by Duncan and Associates. The Stormwater fee is based on a 2007 study.
- Per Greeley municipal code, development fee methodology must be reviewed every five years.
- The City contracted with Raftelis Consulting to update the fee methodology in 2020. Council accepted the study but decided against the recommended fee structure.
- The next regularly scheduled fee update is in 2025.
- Given the significant growth, staff proposed revisiting the 2020 study's recommended fees to ensure the City can support Greeley's growth-related capital needs into the future.

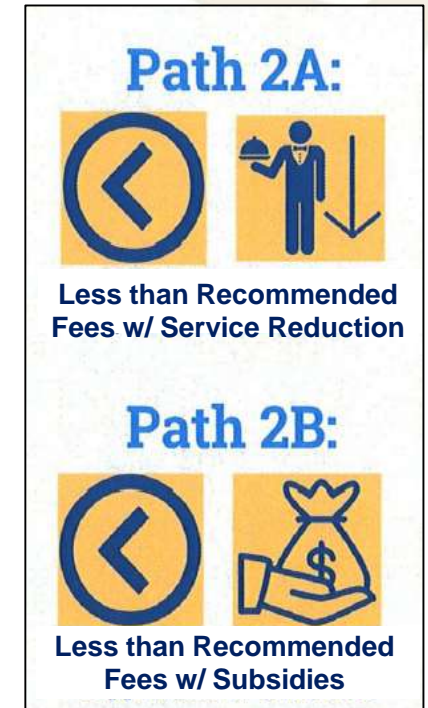
# The Why Behind Adopting New Fees

## Greeley Quality of Life Targets:

- Every resident is within ½ mile of a neighborhood park
- Every resident is within 1 mile of a community park
- Every resident is within a 10-minute walk to trails and open space
- Maintain fire and police response times
- Maintain existing transportation network service levels

## Fiscal and Equity Considerations

- Eliminate funding subsidies from sources otherwise dedicated to maintenance of existing infrastructure
- Reduce the burden on utility ratepayers and/or debt levels we need to take on for capital investments

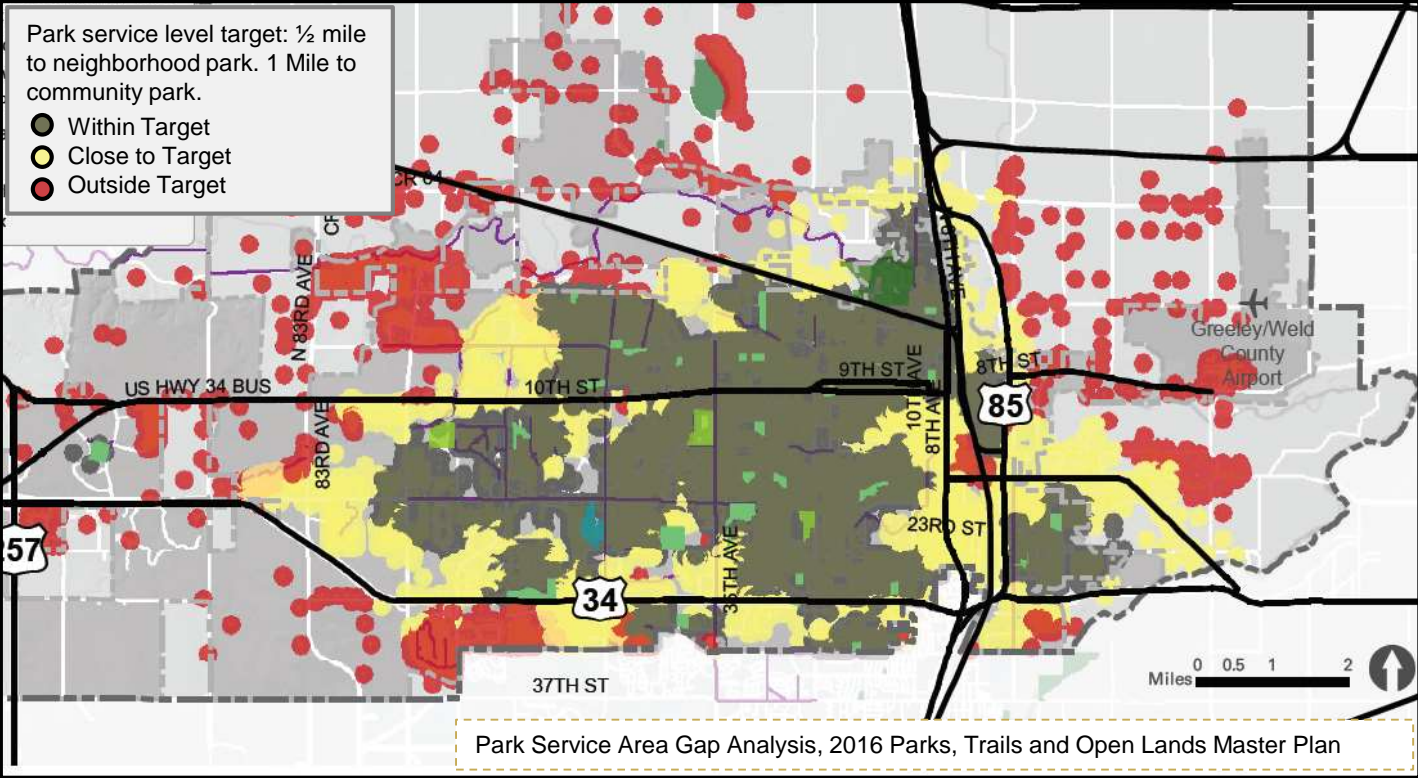


# Use of Additional Development Impact Fee Funding





# Parks Development Fees



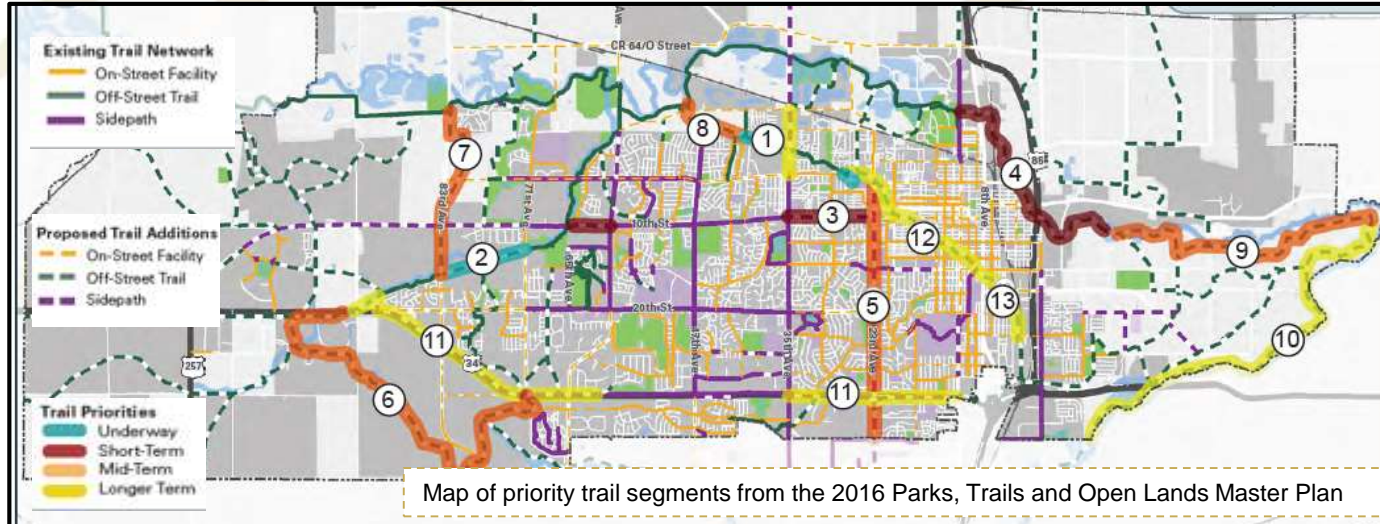
Park Projects w/ Additional Fee Revenue

Year	Project	Cost
2024	Sanborn Dog Park	\$500,000
2024	Land Purchase Balsam Soccer Complex Parking Lot	\$693,000
2025	Land Purchase Kiwanis Park Extension	\$346,000
2027	Develop Hazelton Park Expansion	\$12,000,000
Total		\$13,539,000

Projected Development Fee Revenue

	2023	2024	2025	2026	2027	5 Year Total
Existing Fees	2,404,550	2,475,304	2,543,296	2,616,201	2,694,318	\$ 12,733,669
Proposed Fees*	3,735,730	3,845,667	3,952,753	4,066,356	4,186,358	\$ 19,786,864
Difference	+ 1,331,180	+ 1,370,363	+ 1,409,457	+ 1,450,155	+ 1,492,040	+ 7,053,195

# Trails Development Fees



Trails Comparison to Similar Cities	Greeley	Fort Collins	Cheyenne	Loveland	Longmont
Population	110,787	167,823	63,243	80,000	95,986
Total Trail Miles	30	110	43	60	94
Miles/1,000 ppl	0.27	0.66	0.68	0.75	0.98

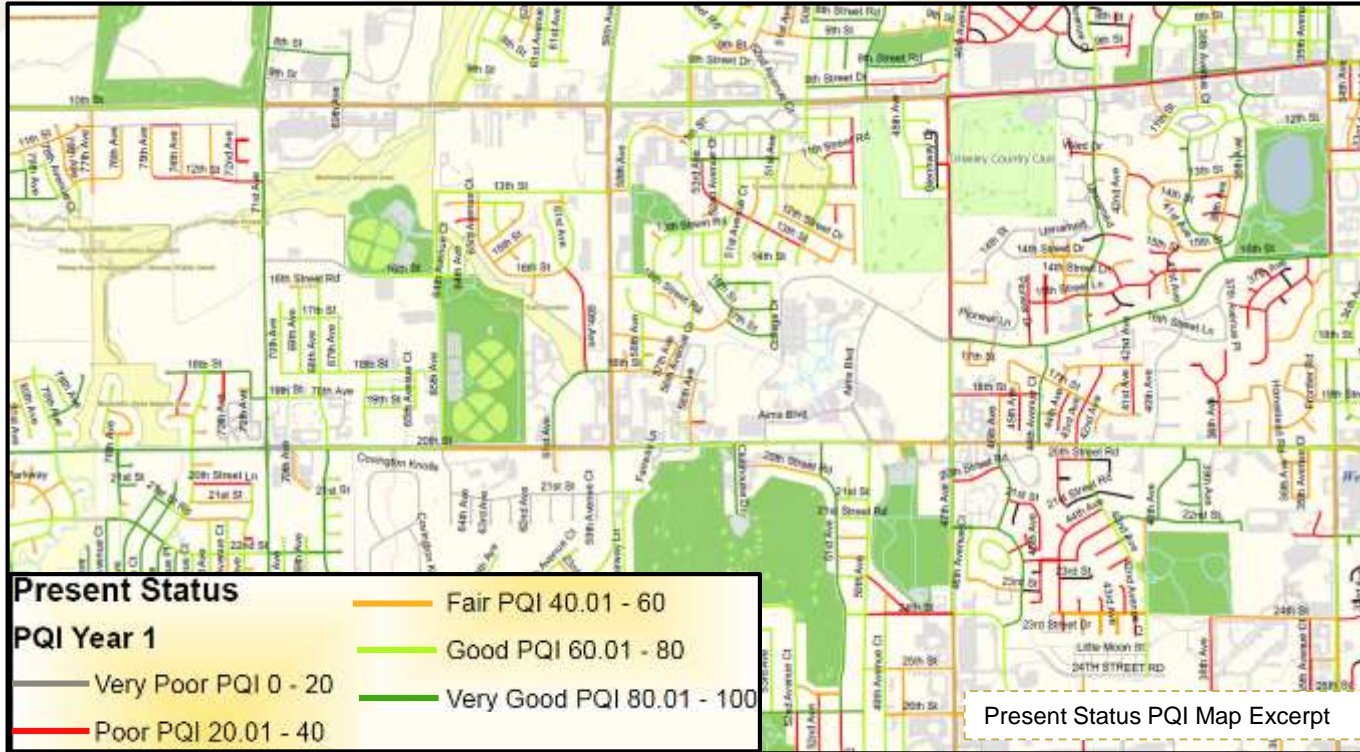
## Trails Projects w/ Additional Fee Revenue:

Year	Project	Cost
2026	Complete Sheep Draw Trail Connection to Poudre River	\$1,200,000
Total		\$1,200,000

Projected Development Fee Revenue						
	2023	2024	2025	2026	2027	5 Year Total
Existing Fees	333,803	343,747	353,313	363,519	374,381	\$ 1,768,763
Proposed Fees*	560,584	577,186	593,323	610,358	628,312	\$ 2,969,763
Difference	+ 226,781	+ 233,439	+ 240,010	+ 246,839	+ 253,931	+ 1,201,000



# Transportation Development Fees



**Projects Planned with Additional Revenue:**  
 Increased annual service levels on road maintenance by eliminating the \$2.5M annual transfer from KGM.  
 Additional \$2.5M in KGM will be dedicated to:

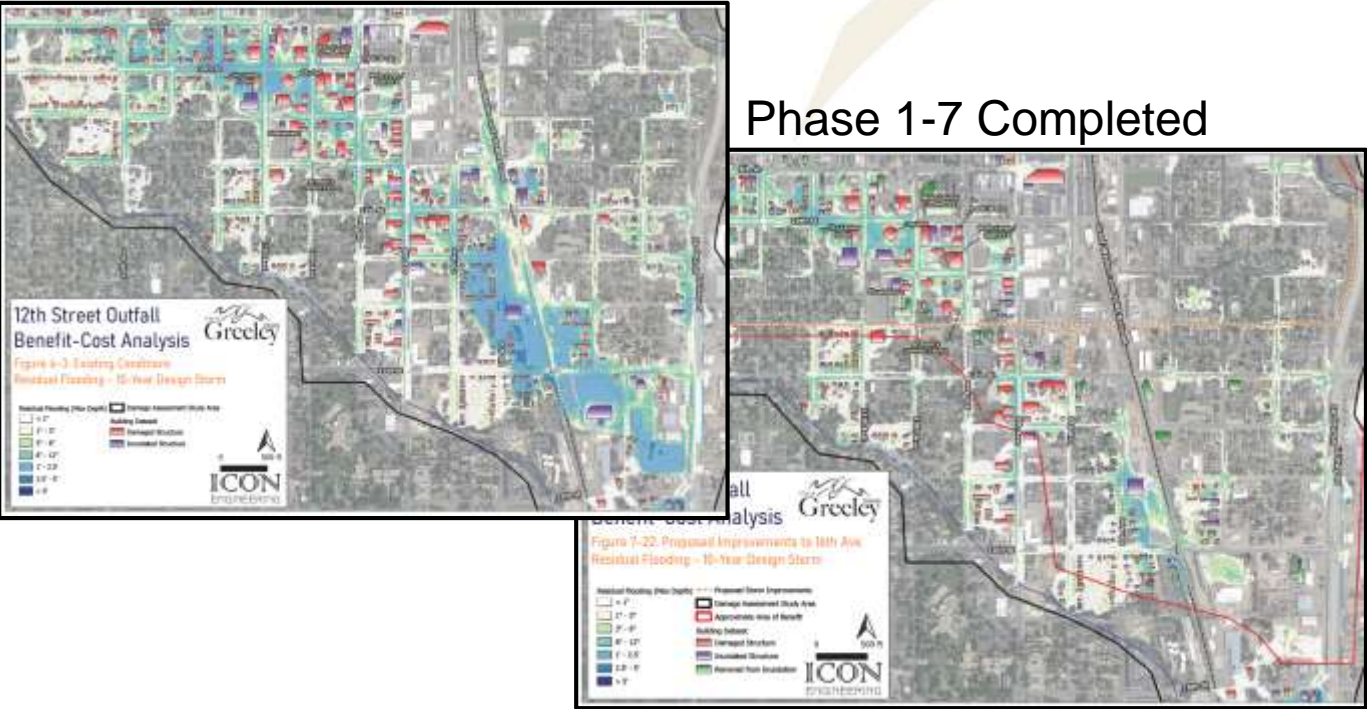
Treatment	Unit	Cost
Pavement Rehabilitation	10.6 Miles	\$2,125,000
Concrete Work	17 ADA Ramps 11 Cross pans 1,100 ft of Sidewalk 1,600 ft of Curb & Gutter	\$375,000
Total		\$2,500,000 / YR

Projected Development Fee Revenue						
	2023	2024	2025	2026	2027	5 Year Total
Existing Fees	3,544,369	3,648,504	3,748,129	3,855,919	3,971,094	\$ 18,768,015
Proposed Fees*	5,939,921	6,114,469	6,285,055	6,465,430	6,656,170	\$31,461,045
Difference	+ 2,395,552	+ 2,465,965	+ 2,536,926	+ 2,609,511	+ 2,685,076	+ 12,693,030



# Stormwater Development Fees

## Existing Conditions



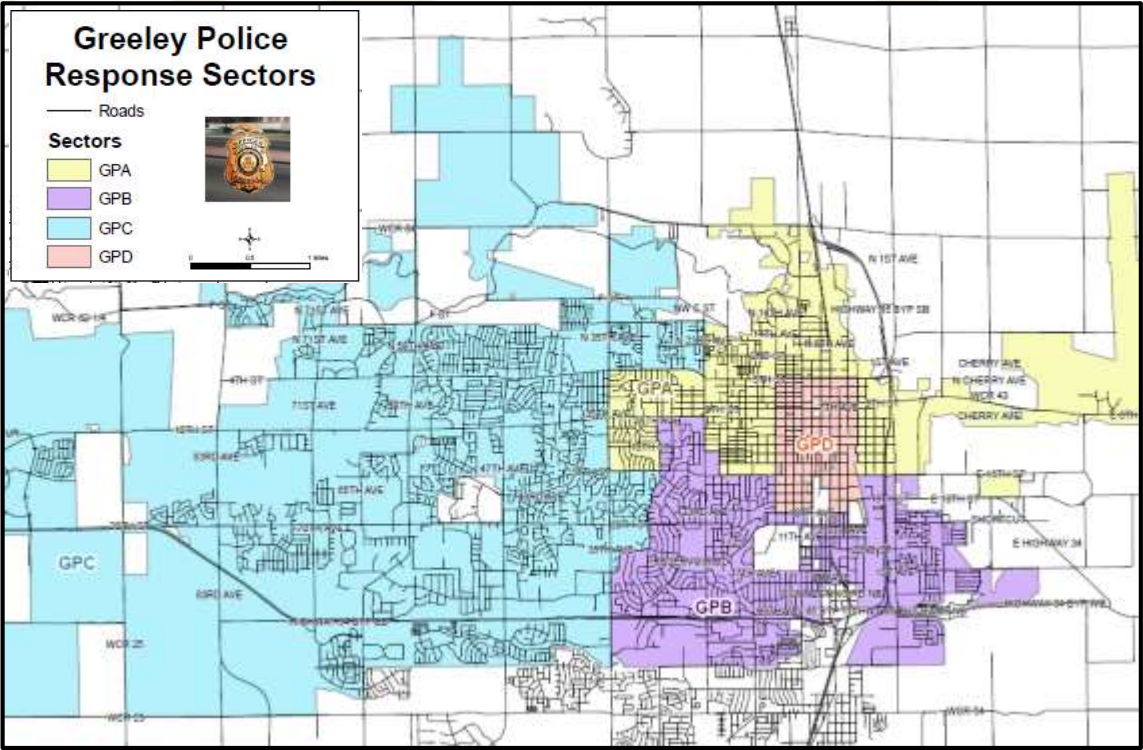
## Projects Planned with Additional Revenue:

Additional revenue will reduce the total amount needed for future stormwater bonding. Examples of currently unfunded projects include:

Project	Cost
Sanborn Channel Improvements	\$997,185
12 <sup>th</sup> Street Outfall (Future Phases)	\$18,109,330
C Street Bridge at Sheep Draw	\$16,937,522
Total	\$36,044,037

Projected Development Fee Revenue						
	2023	2024	2025	2026	2027	5 Year Total
Existing Fees	306,616	368,772	470,513	456,742	470,444	\$ 2,073,087
Proposed Fees*	528,293	543,530	558,314	573,930	590,729	\$ 2,794,796
Difference	+ 221,677	+ 174,758	+ 87,801	+ 117,188	+ 120,285	+ 721,709

# Police Development Fees

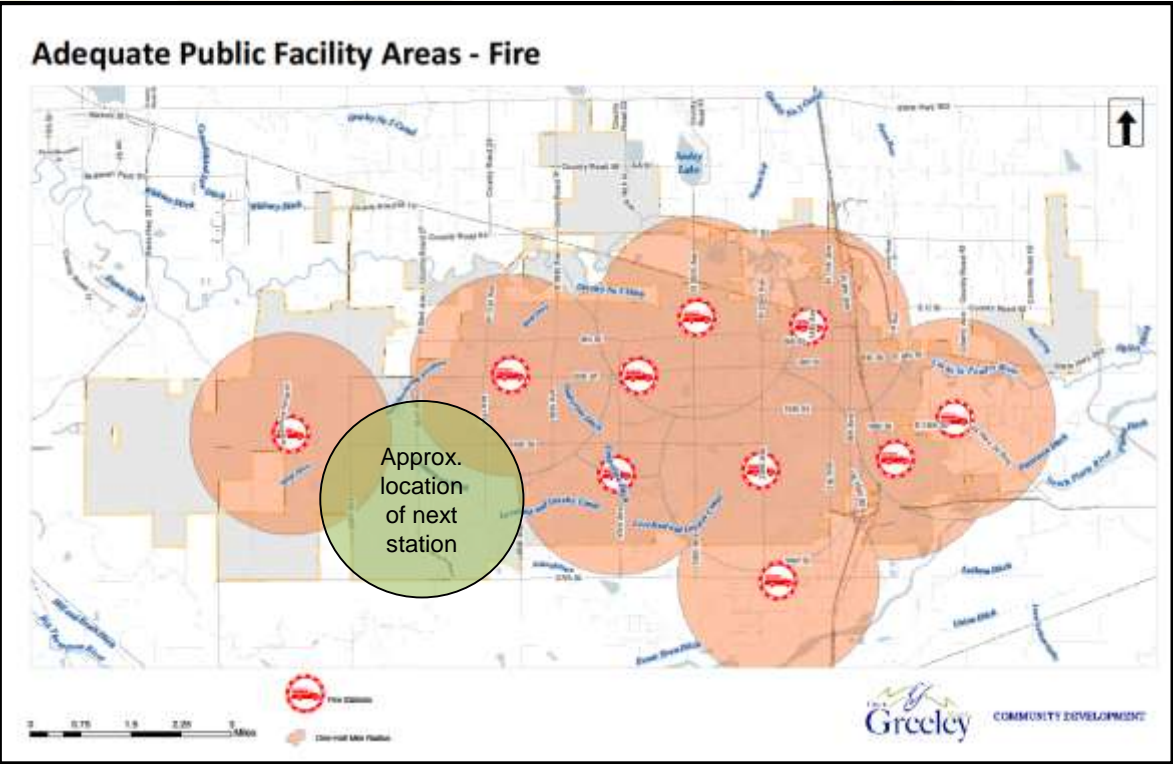


**Projects Planned with Additional Revenue:**  
Additional revenue will reduce the total amount needed for future bonding of new police station.

Year	Project	Cost
~2027	New ~15,000 sqft Police Facility out West	\$4,500,000
~2027	12 Police Vehicles	\$1,092,000
~2027	3 Unmarked Vehicles	\$195,300
	Total	\$ 5,787,300

Projected Development Fee Revenue						
	2023	2024	2025	2026	2027	5 Year Total
Existing Fees	123,690	127,402	130,974	134,784	138,839	\$ 655,689
Proposed Fees*	231,941	238,621	245,104	251,950	259,166	\$ 1,226,782
Difference	+ 108,251	+ 111,219	+ 114,130	+ 117,166	+ 120,327	+ 571,093

# Fire Detail



## Projects Planned with Additional Revenue:

Additional revenue will reduce the total amount needed for future bonding of Fire Station #8.

Year	Project	Cost
2028	Fire Station #8*	\$9,274,193
2028	New Fire Engine	\$1,600,000
Total		\$10,874,193

\*Fire Station #8 2023 estimated cost of \$8M inflated at 3% annually

Projected Development Fee Revenue						
	2023	2024	2025	2026	2027	5 Year Total
Existing Fees	549,569	565,657	581,110	597,607	615,175	\$ 2,909,118
Proposed Fees*	603,926	621,572	638,710	656,804	675,878	\$ 3,196,890
Difference	+ 54,357	+ 55,915	+ 57,600	+ 59,197	+ 60,703	+ 287,772

# Review of 2020 Proposed Development Impact Fee Adjustments

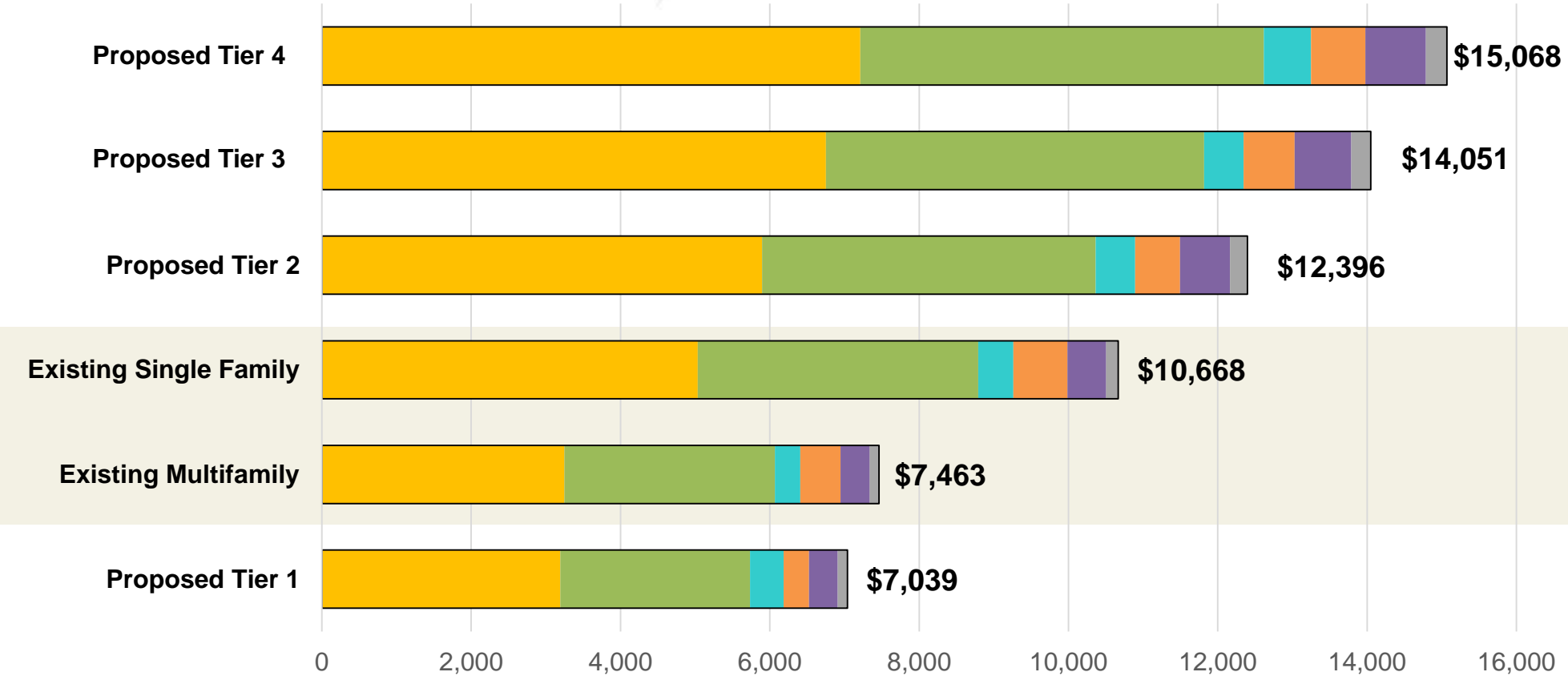




# Proposed Fee Comparison

## 2023 Residential Impact Fee Comparison

Transportation Parks Storm Fire Trails Police



**Tier Key**  
Tier 1 (1,200 or less)  
Tier 2 (1,201 to 1500)  
Tier 3 (1,501 to 1,800)  
Tier 4 (1,801 or more)

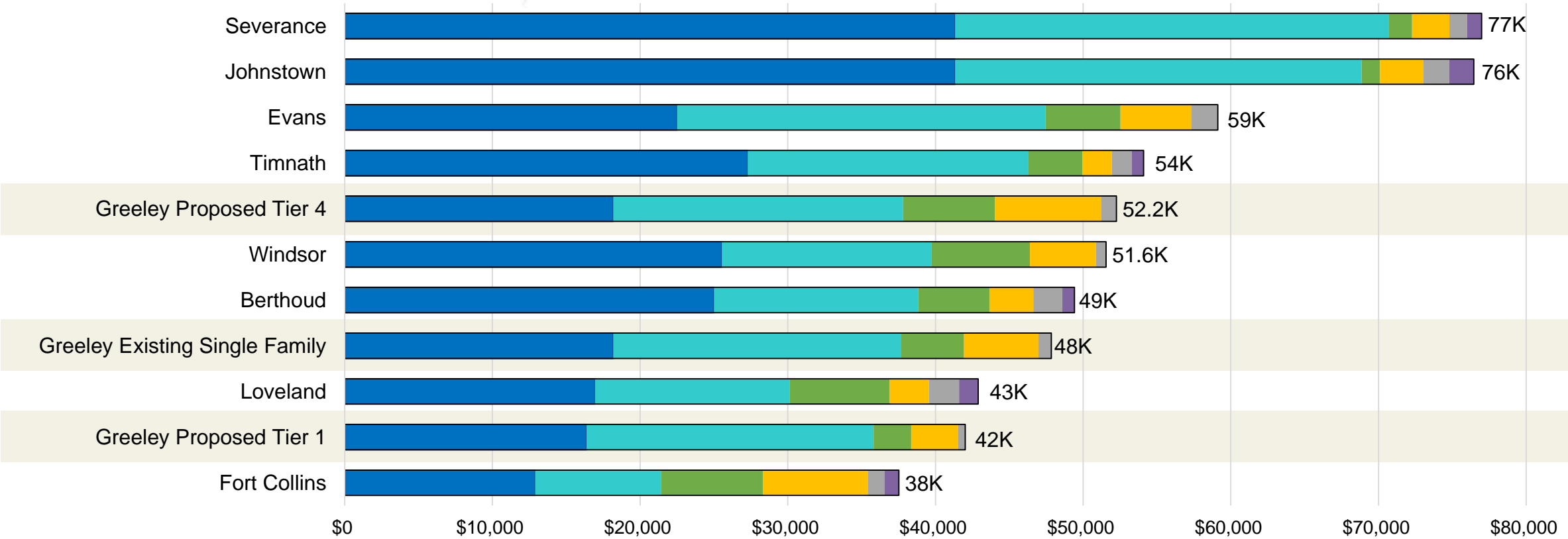
Tiers are based on square footage of heated living space (excludes garages, outdoor patios/porches/balconies and unfinished basements)

# Review of Peers in the Region

## Single Family Residential Impact Fee Comparison

Data Source: Aug 2022 review of municipality's published fees.  
Single family example: 6,000 sf lot, 2,000 sf living space

Raw Water Utilities Parks & Trails Transportation Public Safety Public Facilities



Note: Total fees represented here do not include other development-imposed costs such as application fees which vary widely between municipalities, the requirement by some municipalities to construct off-site improvements in addition to paying development fees and the timing of raw water dedication.

# Council Direction and Timeline



# The Why Behind Adopting New Fees – Considerations



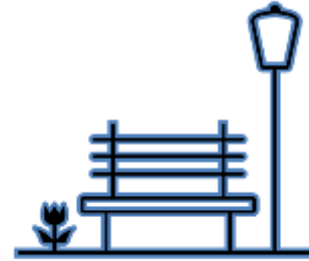
## Fiscal Constraints

- Many development impacted projects are not optional.
- Funding requirements come at cost to other City priorities/goals.



## Equity Considerations

- Subsidizes come at the expense of existing tax-payers and rate payers to support the impact of new development.
- Equitable Development fees reduces the burden on utility ratepayers for projects and/or required debt levels.



## Maintain Existing Service Levels

- Maintain fire and police response times
- Every resident is within ½ mile of a neighborhood park
- Every resident is within 1 mile of a community park
- Every resident is within a 10-minute walk to trails and open space



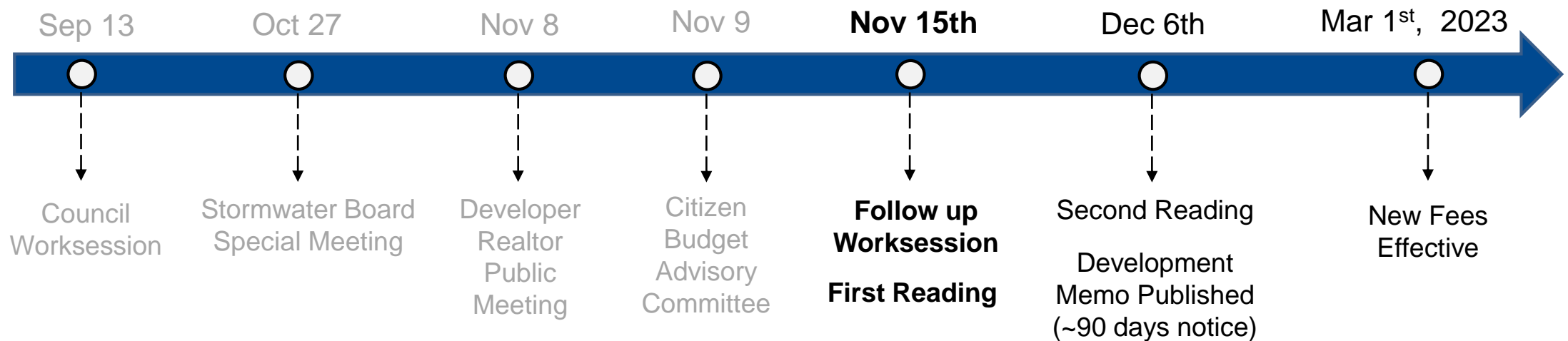
## Planning for Greeley's Future

- Development Fee projects set the base for how Greeley will look, feel, and live in the future.
- One-time revenues
- No opportunity to recapture in future



# Next Steps Timeline

- If Council decides to keep fees the same, they will be updated administratively with a letter going out to the development community this month and fees effective March 1.
- If Council recommends adopting the 2020 proposed fee structure, the timeline is:



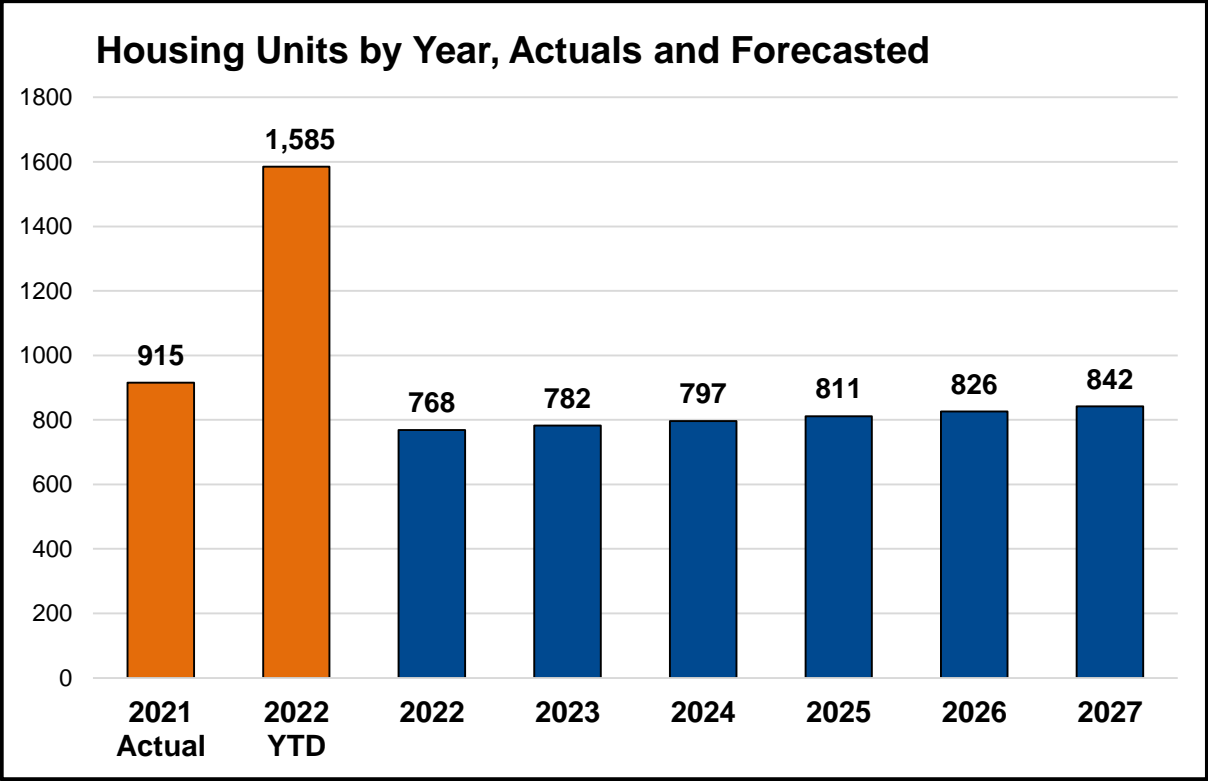
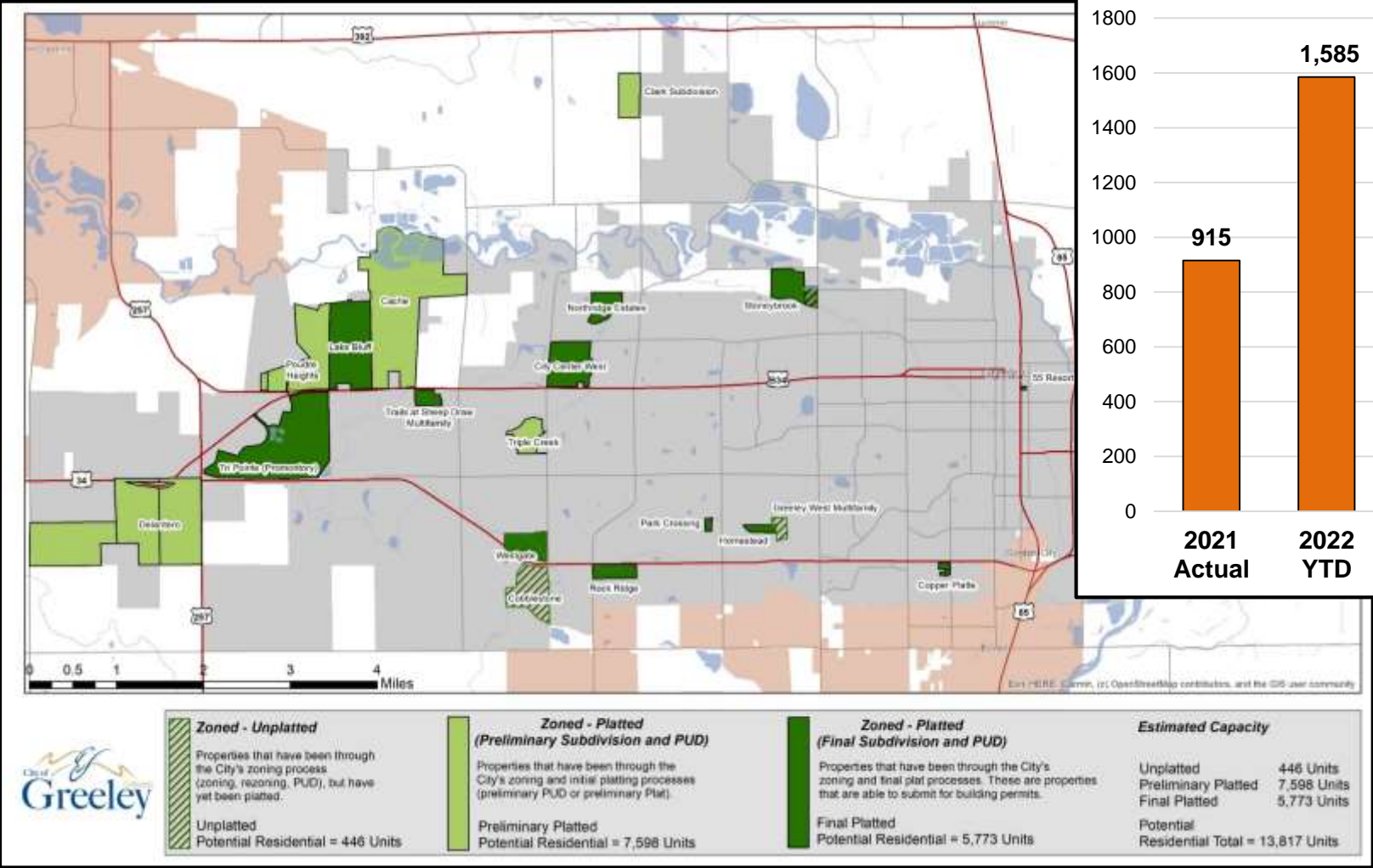
# Questions?



# Appendix



# Future Development



Housing unit forecast (2022 – 2027) via Community Development's 2022 Annual Growth and Development Report



# 2020 Study Proposed Fee Structure Detail

## Current 2023 Fees

	Parks	Trails	Police	Fire	Transportation	Storm	
Single Family	3,757	521	161	724	5,033	471	<b>\$10,668 / unit</b>
Multifamily	2,819	391	123	542	3,250	338	<b>\$7,463 / unit</b>
Industrial	0	0	38	163	2,039	0.130	<b>\$2,240 /1k building sf + storm</b>
Retail/Commercial	0	0	198	886	6,663	0.130	<b>\$7,747 /1k building sf + storm</b>
Office	0	0	93	415	5,892	0.130	<b>\$6,400 /1k building sf + storm</b>

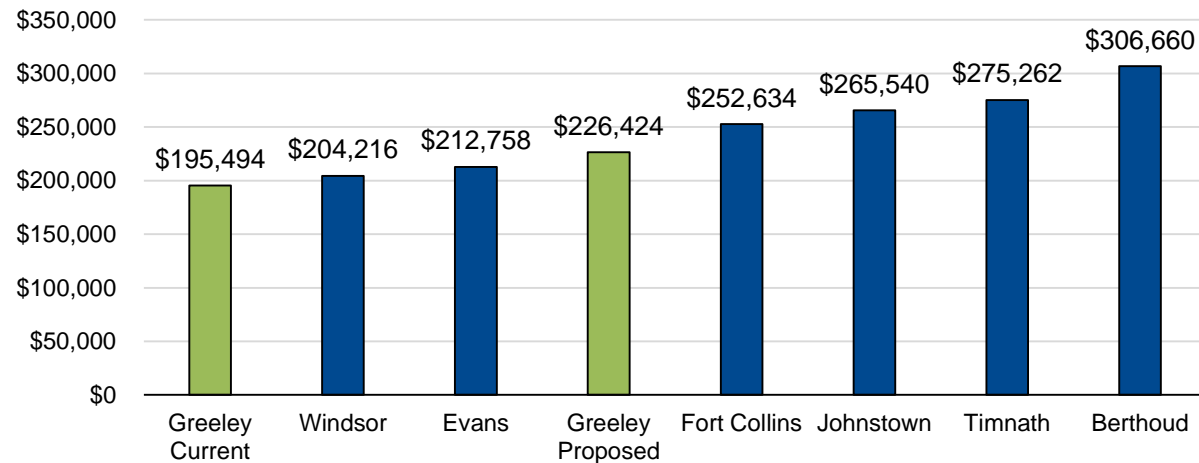
## Proposed 2023 Fees

	Parks	Trails	Police	Fire	Transportation	Storm*	
Residential Tier 1 (1,200 or less)	2,543	382	131	342	3,192	449	<b>\$7,039 / unit</b>
Residential Tier 2 (1,201 to 1500)	4,469	671	231	602	5,895	528	<b>\$12,396 /unit</b>
Residential Tier 3 (1,501 to 1,800)	5,067	759	263	683	6,751	528	<b>\$14,051 /unit</b>
Residential Tier 4 (1,801 or more)	5,403	810	280	728	7,213	634	<b>\$15,068 /unit</b>
Industrial	0	0	230	513	2,742	0.264	<b>\$3,485 /1k building sf + storm</b>
Retail/Restaurant	0	0	841	1,872	8,347	0.264	<b>\$11,060 /1k building sf + storm</b>
Office & Other Services	0	0	452	1,006	5,383	0.264	<b>\$6,841 /1k building sf + storm</b>

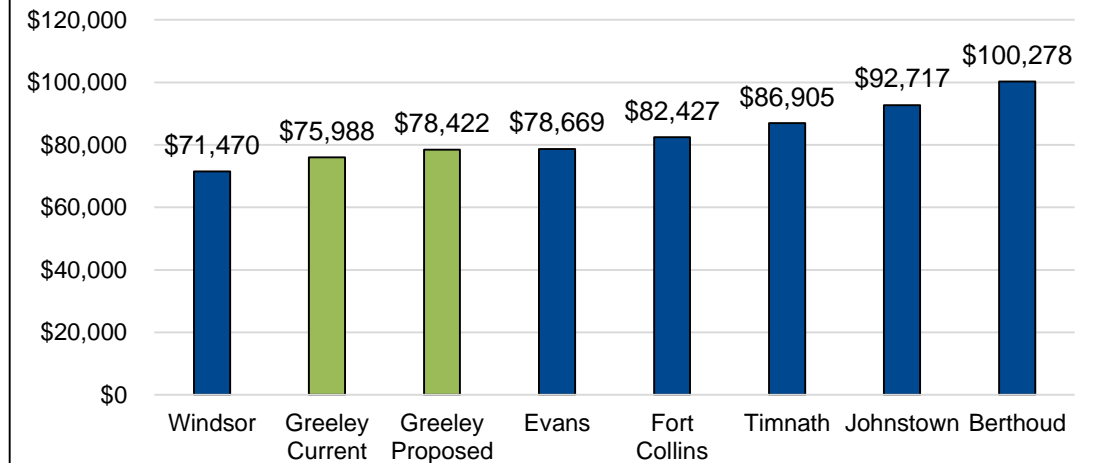
\* Stormwater fees will be assessed \$0.264 per impervious square foot. For comparison purposes, an average impervious sf total was assigned to each residential tier based on an analysis of recent development. The figures used are as follows: Tier 1 - 1,700 sf / Tiers 2&3 - 2,000 sf / Tier 4 - 2,400 sf

# Peer Comparison – Non-Residential

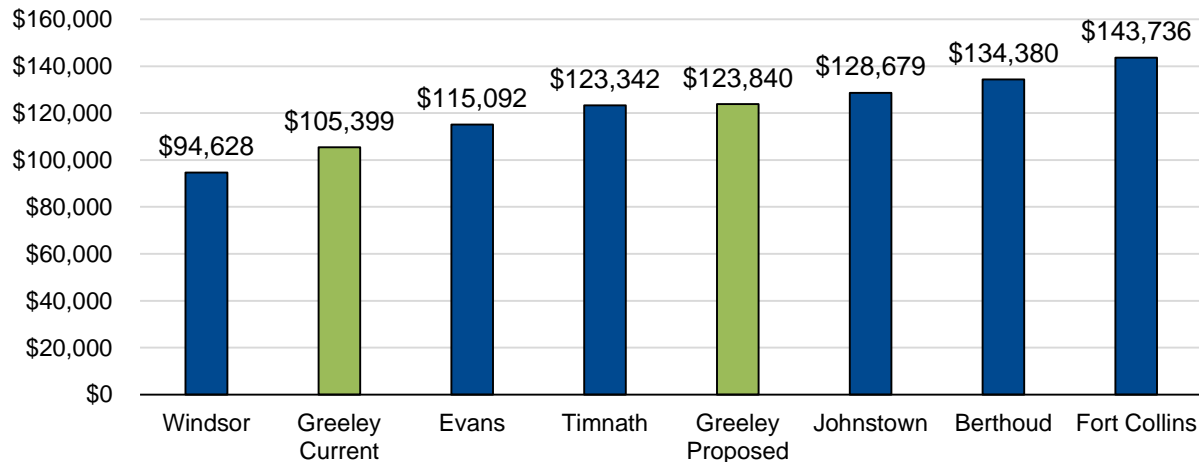
**Sample Development: Industrial** 20,000 sqft building | 2-in water | 2-in sewer



**Sample Development: Office & Other Services** 4,000 sqft building  
1-in water & sewer



**Sample Development: Retail/Restaurant** 5,000 sqft building | 1-in water | 1.5-in sewer



Source: Oct 2022 review of municipality's published fees.  
Includes Fire, Police, Public Facilities, Transportation, Water, Sewer and Storm.  
Parks and Trails fees are not charged to nonresidential development.

# Notes and Assumptions

## Revenue Projections:

- The Budget Division's methodology for projecting fee revenue was followed which bases future years on community development's annual growth and development report's residential unit projections plus 20% as a placeholder for nonresidential growth. A conservative 1% inflation factor is applied to fees each year.
- To project future revenue in the proposed tiered fee structure, future multi-family and single-family development were assigned to Tiers 2 and 4 respectively. The full range of possible 5-year revenue for each facility type is shown below. This represents the total amount collected if all development were to come in at Tier 1 vs. all development at Tier 4:
  - Parks: \$10.5M - \$22.4M
  - Trails: \$1.6M - \$3.3M
  - Transportation: \$15.8M - \$35.8M
  - Stormwater: \$2.2M - \$3.1M
  - Police: \$647K - \$1.4M
  - Fire: \$1.7M - \$3.6M
- Stormwater fees will be applied per impervious square foot. For comparison purposes, an average impervious sf total was assigned to each residential tier based on an analysis of recent development. The figures used are as follows: Tier 1 - 1,700 sf / Tiers 2&3 - 2,000 sf / Tier 4 - 2,400 sf