



## **Development Impact Fees Study**

prepared by

**DP Guthrie LLC**

September 16, 2022

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Mr. Todd Lavoie  
Chief Financial Officer  
City of Meridian  
33 E Broadway Ave  
Meridian, Idaho 83642

**Subject: Development Impact Fees Report**

Dear Mr. Lavoie,

DP Guthrie LLC is pleased to provide the 2022 development impact fee update for the City of Meridian. After collaborating with staff and receiving input from the Impact Fee Advisory Committee, this draft report summarizes key findings and recommendations related to the growth cost of capital improvements to be funded by development impact fees, along with the need for other revenue sources to ensure a financially feasible Comprehensive Financial Plan.

It has been a pleasure working with you. Also, I am grateful to City staff for engaging with quality information and insight regarding best practices for the City of Meridian.

Sincerely,

A handwritten signature in black ink that reads "Dwayne Guthrie". The signature is fluid and cursive, with the first name being more prominent.

Dwayne Guthrie, PhD, AICP

**DP Guthrie LLC**

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## Executive Summary

Impact fees are one-time payments used to construct system improvements that serve multiple development projects or even the entire jurisdiction. By law, impact fees can only be used for *capital* improvements, not operating or maintenance costs. Impact fees are subject to legal standards that satisfy three key tests: **need, benefit, and proportionality**.

- First, to justify a fee for public facilities, local government must demonstrate a **need** for capital improvements.
- Second, new development must derive a **benefit** from the payment of the fees (i.e., in the form of public facilities constructed within a reasonable timeframe).
- Third, the fee paid should not exceed a development's **proportionate** share of the capital cost.

As documented in this report, the City of Meridian has complied with applicable legal precedents. Impact fees are proportionate and reasonably related to the capital improvement demands of new development, with the projects identified in this study taken from Meridian's Comprehensive Financial Plan (CFP). Specific costs have been identified using local data and current dollars. With input from City staff, DP Guthrie LLC determined service units for each type of infrastructure and calculated proportionate share factors to allocate costs by type of development. This report documents the formulas and input variables used to calculate the impact fees for each type of public facility. Impact fee methodologies also identify the extent to which new development is entitled to various types of credits to avoid potential double payment of growth-related capital costs.

The Idaho Development Impact Fee Act (Idaho Code Title 67 Chapter 82) sets forth "an equitable program for planning and financing public facilities needed to serve new growth." The enabling legislation calls for three integrated products: 1) Land Use Assumptions (LUA) for at least 20 years, 2) Capital Improvements Plan, which the City of Meridian calls Comprehensive Financial Plan (CFP), and 3) Development Impact Fees (DIFs).

The LUA (see Appendix A) uses population and housing unit projections provided by City staff. In addition, the CFP and DIF for fire and police facilities require demographic data on nonresidential development. This document includes nonresidential land use assumptions such as jobs and floor area within the City of Meridian, along with service units by residential size thresholds.

The CFP and DIF are in the middle section of this report, organized by chapters pertaining to each public facility type (i.e., parks/recreation, police, and fire). Each chapter documents existing infrastructure standards, the projected need for improvements to accommodate new development, the updated DIF compared to current fees, revenue projections and funding strategy for growth-related infrastructure, and a CFP listing specific improvements to be completed by the City of Meridian.

## Unique Requirements of the Idaho Impact Fee Act

The Idaho Development Impact Fee Act has several requirements not common in the enabling legislation of other states. This overview summarizes these unique requirements, which have been met by the City of Meridian, as documented in this study. First, as specified in 67-8204(2) of the Idaho Act, "development impact fees shall be calculated on the basis of levels of service for public facilities . . . applicable to existing development as well as

new growth and development.” Second, Idaho requires a Capital Improvements Plan (aka CFP in Meridian) [see 67-8208]. The CFP requirements are summarized in this report, with more detailed information maintained by City staff responsible for each type of infrastructure funded by impact fees. Third, the Idaho Act states the cost per service unit (i.e., impact fee) may not exceed the cost of growth-related system improvements divided by the number of projected service units attributable to new development [see 67-8204(16)]. Fourth, Idaho requires a proportionate share determination [see 67-8207]. The City of Meridian has complied by considering various types of applicable credits that may reduce the capital costs attributable to new development. Fifth, Idaho requires a Development Impact Fee Advisory Committee established to: a) assist in adopting land use assumptions, b) review the CFP and file written comments, c) monitor and evaluate implementation of the CFP, d) file periodic reports on perceived inequities in implementing the plan or imposing DIFs, and e) advise the governmental entity of the need to update the LUA, CFP and DIF study.

### Proposed Impact Fees

Figure 1 summarizes the methods and cost components used for each type of public facility in Meridian’s 2022 impact fee study. City Council may change the proposed impact fees by eliminating infrastructure types, cost components, and/or specific capital improvements. If changes are made during the adoption process, DP Guthrie LLC will update the impact fee study to be consistent with legislative policy decisions.

**Figure 1: Proposed Fee Methods and Cost Components**

<i>Type of Impact Fee</i>	<i>Service Area</i>	<i>Incremental Expansion (current standards)</i>	<i>Cost Allocation</i>
<i>Parks and Recreation Facilities</i>	Citywide	Park Improvements, Land for Parks, and Recreation Centers	Residential
<i>Police Facilities</i>	Citywide	Police Buildings	Functional Population and Inbound Vehicle Trips to Nonresidential Development
<i>Fire Facilities</i>	Citywide	Fire Buildings, Apparatus, Communications & Equipment	Functional Population and Jobs

Figure 2 summarizes proposed 2022 impact fees for new development in the City of Meridian. As discussed in Appendix A, DP Guthrie LLC recommends that residential fees be imposed by dwelling size, based on climate-controlled space. For a building with more than one residential unit, City staff will determine the average size threshold for the entire building by dividing total climate-controlled floor area, less ancillary building space, by the total number of dwellings in the building. Ancillary floor area includes community rooms, fitness centers, management offices, and maintenance areas.

For nonresidential development, Commercial includes all buildings within a shopping center, plus stand-alone retail development and eating/drinking places (i.e., restaurants and bars). All Other includes industrial, warehousing, offices, business services, and personal services (i.e., every type of non-residential development not considered Commercial).

**Figure 2: Proposed Impact Fee Schedule**

<b>Citywide Service Area</b>	<i>Park and Recreation Facilities</i>	<i>Police Facilities</i>	<i>Fire Facilities</i>	<i>Proposed Total (2022)</i>	<i>Current Total (2019)</i>	<i>Increase</i>	<i>Proposed to Current Ratio</i>
<i>Residential (per housing unit) by Square Feet of Climate-Controlled Floor Area</i>							
1200 or less	\$1,946	\$190	\$470	\$2,606	\$1,095	\$1,511	2.38
1201 to 1700	\$3,006	\$294	\$726	\$4,026	\$1,909	\$2,117	2.11
1701 to 2500	\$4,119	\$402	\$995	\$5,516	\$2,483	\$3,033	2.22
2501 to 3200	\$4,935	\$482	\$1,192	\$6,609	\$2,943	\$3,666	2.25
3201 or more	\$5,544	\$542	\$1,339	\$7,425	\$3,433	\$3,992	2.16
<i>Nonresidential (per square foot of building)</i>							
Commercial (Restaurant/Retail)	\$0.00	\$1.23	\$1.29	\$2.52	\$0.88	\$1.64	2.86
All Other	\$0.00	\$0.19	\$0.96	\$1.15	\$0.46	\$0.69	2.50

## **Parks and Recreation Impact Fees**

The 2022 impact fee for parks and recreation facilities will enable Meridian to maintain current infrastructure standards for improved acres of parks, acquire additional land for future parks, and expand floor area of recreation buildings. All parks and recreation facilities included in the impact fees have a citywide service area. Cost components are allocated 100% percent to residential development.

### **Park Improvements**

Citywide parks have active amenities, such as a soccer/football/baseball fields, basketball/volleyball courts, and playgrounds that will attract patrons from the entire service area. As shown in Figure PR1, the updated infrastructure standard is 2.66 acres per 1,000 residents based on Meridian's projected population in 2023 and completion of Phase 2 improvements to Discovery Park by the end of Fiscal Year 2023.

Projected need for park improvements is shown at the bottom of Figure PR1. From 2023 through 2032, Meridian will improve 87 acres of parks, expected to cost approximately \$35.76 million.

Figure PR1: Improvements Standard and Need for Improved Acres

Location	Improved Acres
Discovery Park	63.19
Julius M. Kleiner Park	58.20
Settlers Park	57.74
Heroes Park	30.13
Fuller Park	23.20
Bear Creak Park	18.82
Tully Park	18.68
Storey Park & Bark Park	17.85
Gordon Harris Park	11.13
Hillsdale Park	9.54
Reta Huskey Park	8.92
Jabil Soccer Fields	8.40
Keith Bird Legacy Park	7.50
Seasons Park	7.13
Chateau Park	6.70
Renaissance Park	6.53
Champion Park	5.98
Heritage MS Ball Fields	5.60
8th Street Park	2.78
Meridian Pool Park	1.31
City Hall Plaza	0.90
Centennial Park	0.40
Generations Plaza	0.24
Total	370.85

**Allocation Factors for Parks**

Improvements Cost per Acre	\$411,000
Residential Proportionate Share	100%
	Service Units
Population in 2023	139,249

**Infrastructure Standards for Park Improvements**

		Improved Acres	
Residential (per person)		0.00266	
		<b>Park Improvement Needs</b>	
	Year	Population	Improved Acres
Base	2022	133,470	355.5
Year 1	2023	139,249	370.8
Year 2	2024	145,028	386.2
Year 3	2025	151,006	402.2
Year 4	2026	154,310	411.0
Year 5	2027	157,614	419.8
Year 10	2032	171,903	457.8
2023-2032 Increase		32,654	87.0
Growth Cost of Parks =>		\$35,757,000	



## Land for Parks

In the 2019 study, land for additional parks was only 1% of the growth cost and no standard was documented. In the 2022 study, land for additional parks is 26% of the growth cost for parks & recreation. Additional land for parks is estimated to cost \$150,000 per acre. City staff obtained supporting documentation for the land cost factor from local appraisals, with input from the DIF Advisory Committee.

As shown in Figure PR2, the current infrastructure standard for park land is 3.14 acres per 1,000 residents. In comparison to inventory of improved parks, the table below includes the following changes:

1. Phase 3 acreage added to Discovery Park
2. Inserted West Regional Park site
3. Deleted Jabil Soccer Fields (not owned by Meridian)
4. Deleted Heritage Middle School Ballfields (not owned by Meridian)

At the bottom of the table below is a needs analysis for park land. To maintain the current standard over the next ten years, Meridian will acquire 120.5 acres of land for future parks, which is expected to cost approximately \$18.08 million.

**Figure PR2: Land Standard and Need for Park Sites**

<i>Park Sites</i>	<i>Land Area (acres)</i>
Discovery Park	77.69
Julius M. Kleiner Park	58.20
Settlers Park	57.74
West Regional Park	47.16
Heroes Park	30.13
Fuller Park	23.20
Bear Creak Park	18.82
Tully Park	18.68
Storey Park & Bark Park	17.85
Gordon Harris Park	11.13
Hillsdale Park	9.54
Reta Huskey Park	8.92
Keith Bird Legacy Park	7.50
Seasons Park	7.13
Chateau Park	6.70
Renaissance Park	6.53
Champion Park	5.98
8th Street Park	2.78
Meridian Pool Park	1.31
City Hall Plaza	0.90
Centennial Park	0.40
Generations Plaza	0.24
Total	418.51

**Allocation Factors for Park Land**

Land Cost per Acre	\$150,000
Residential Proportionate Share	100%
	Service Units
Population in 2022	133,470

**Infrastructure Standards for Park Land**

		<i>Park Sites (acres)</i>	
Residential (per person)		0.00314	
		<b>Park Land Needs</b>	
	<i>Year</i>	<i>Population</i>	<i>Park Sites (acres)</i>
Base	2022	133,470	418.5
Year 1	2023	139,249	436.6
Year 2	2024	145,028	454.7
Year 3	2025	151,006	473.5
Year 4	2026	154,310	483.9
Year 5	2027	157,614	494.2
Year 10	2032	171,903	539.0
<b>2022-2032 Increase</b>		38,433	120.5
Growth Cost of additional Park Land =>			\$18,075,000

## Recreation Buildings

Figure PR3 lists floor area for parks and recreation buildings in 2022, including the maintenance shop, which is consistent with approach used for public safety facilities. As shown in their respective sections of this report, the building inventories for fire and police include support facilities for administration and training.

City staff provided the cost estimate of \$670 per square foot to construct future recreation buildings. The lower portion of the table below indicates projected service units over the next ten years. To maintain current standards, Meridian will need 22,827 additional square feet of recreation building space, expected to cost approximately \$15.29 million.

**Figure PR3: Infrastructure Standards and Needs for Recreation Buildings**

<i>Existing Buildings</i>		Square Feet	
Meridian Homecourt		51,303	
Parks Maintenance Shop (1700 E Lanark)		15,264	
Pool Building		8,505	
Meridian Community Center		4,200	
	Total	79,272	

<i>Allocation Factors for Parks &amp; Recreation Buildings</i>	
Recreation Building Cost per Square Foot	\$670
Residential Proportionate Share	100%
2022 Meridian Population	133,470

		Square Feet	
Residential (per person)		0.59	

				<b>Building Needs</b>	
		Year	Population	Square Feet	
Base	2022	133,470	79,272		
Year 1	2023	139,249	82,704		
Year 2	2024	145,028	86,137		
Year 3	2025	151,006	89,687		
Year 4	2026	154,310	91,650		
Year 5	2027	157,614	93,612		
Year 6	2028	160,919	95,575		
Year 7	2029	164,223	97,537		
Year 8	2030	167,527	99,500		
Year 9	2031	169,715	100,799		
Year 10	2032	171,903	102,099		
	Ten-Yr Increase	38,433	22,827		
Growth Cost for Parks & Recreation Buildings =>				\$15,294,000	

## Revenue Credit Evaluation

Currently the City of Meridian does not have any outstanding debt related to parks and recreation facilities. Therefore, a revenue credit for bond payments is not applicable. As shown in the cash flow analysis below, projected impact fee revenue matches the growth cost of new facilities. Because impact fees fully fund expected growth costs, there is no potential double-payment from other revenue sources.

## Proposed and Current Impact Fees

At the top of Figure PR4 is a summary of the infrastructure needs for parks and recreation facilities due to growth. In addition to the growth cost of parks and recreation facilities, impact fees include the cost of professional services related to the CFP (authorized by the Idaho impact fee enabling legislation), less the projected park impact fee fund balance at the end of the current fiscal year. The net growth cost of \$66,826,219 divided by the projected increase in population from 2022 to 2032, yields a cost of \$1,738 per service unit.

To be consistent with 67-8204(16) of the Idaho Development Impact Fee Act, impact fees are derived using the cost per service unit multiplied by the average number of service units per dwelling. Please see Appendix A for supporting documentation on the average number of persons by dwelling size in Meridian.

**Figure PR4: Parks and Recreation Impact Fee Schedule**

**2022 Input Variables**

<i>Infrastructure Type</i>	<i>Infrastructure Units</i>	<i>Growth Quantity Over Ten Years</i>	<i>Cost Factor per Unit</i>	<i>Growth Cost (rounded)</i>
Park Improvements	acres	87.0	\$411,000	\$35,757,000
Additional Park Sites (land)	acres	120.5	\$150,000	\$18,075,000
Parks & Recreation Buildings	sq ft	22,827	\$670	\$15,294,000
Total =>				\$69,126,000
Professional Services Cost =>				\$7,680
Less Projected Fund Balance 9/30/2022 =>				<b>(\$2,307,461)</b>
Net Growth Cost =>				<b>\$66,826,219</b>
Population Increase 2022 to 2032				38,433
Cost per Service Unit				\$1,738

**Residential Impact Fees (per dwelling)**

<i>Square Feet of Climate-Controlled Space</i>	<i>Persons per Housing Unit</i>	<i>Proposed Parks &amp; Recreation Fee</i>	<i>Current Fees</i>	<i>Increase</i>	<i>Proposed to Current Ratio</i>
1200 or less	1.12	\$1,946	\$781	\$1,165	2.49
1201 to 1700	1.73	\$3,006	\$1,361	\$1,645	2.21
1701 to 2500	2.37	\$4,119	\$1,770	\$2,349	2.33
2501 to 3200	2.84	\$4,935	\$2,098	\$2,837	2.35
3201 or more	3.19	\$5,544	\$2,447	\$3,097	2.27

## Forecast of Revenues for Parks and Recreation

Figure PR5 indicates Meridian should receive almost \$68 million in parks and recreation impact fee revenue over the next ten years, if actual development matches the projections documented in Appendix A. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the need for infrastructure and impact fee revenue. The revenue projection assumes the average single-family dwelling has 2501 to 3200 square feet of climate-controlled space and the average multifamily unit has 1201 to 1700 square feet of floor area.

**Figure PR5: Projected Impact Fee Revenue**

Ten-Year Growth Cost => \$66,826,219

**Parks & Recreation Impact Fee Revenue**

		<i>Single Family</i>	<i>Multi-family</i>
		\$4,935	\$3,006
		per housing unit	per housing unit
<i>Year</i>		<i>Hsg Units</i>	<i>Hsg Units</i>
Base	2022	41,617	9,427
Year 1	2023	43,217	10,227
Year 2	2024	44,767	10,877
Year 3	2025	46,117	11,427
Year 4	2026	47,317	11,827
Year 5	2027	48,265	12,231
Year 6	2028	49,212	12,634
Year 7	2029	50,160	13,038
Year 8	2030	51,107	13,441
Year 9	2031	51,836	13,752
Year 10	2032	52,565	14,062
<i>Ten-Yr Increase</i>		10,948	4,635
Projected Revenue =>		\$54,030,000	\$13,930,000
Total Revenue =>		\$67,960,000	

## Comprehensive Financial Plan for Parks and Recreation

As specified in 67-8203(29), development impact fees in Meridian exclude costs to provide better service to existing development. Existing parks and recreation buildings are fully utilized and there is no surplus capacity for future development. Expansion of buildings may include support facilities for administration and maintenance. City staff recommends the improvements listed in Figure PR6 to accommodate additional development over the next ten years.

**Figure PR6: Summary of Ten-Year CFP for Parks and Recreation**

		Needed	Planned
	Improved Acres	87.0	93.2
	Land for Parks (acres)	120.5	120.5
	Recreation Building Sq Ft	22,827	22,800

<i>FY</i>	<i>Description</i>	<i>Amount</i>	<i>Units</i>	<i>Cost</i>
2023	Parks & Recreation Building Design			\$1,500,000
2024	Parks & Recreation Building Construction	22,800	square feet	\$13,776,000
2025	Graycliff Park Design			\$185,000
2026	Graycliff Park Construction	11.5	acres	\$4,541,500
2026	West Regional Park Design			\$500,000
2027	West Regional Park Construction	47.2	acres	\$18,899,200
2027	Discovery Park Phase 3 Design			\$500,000
2028	Discovery Park Phase 3 Construction	14.5	acres	\$5,459,500
2029	Margaret Aldape Park Design			\$994,000
2030	Margaret Aldape Park Phase 1 Construction	20.0	acres	\$7,226,000
2031				
2032				
2023-32	Additional Park Sites	120.5	acres	\$18,075,000

Total => **\$71,656,200**

Growth Needs to Maintain Current LOS => \$66,826,219

## Police Impact Fees

The City of Meridian will use an incremental expansion cost method to maintain existing infrastructure standards for police buildings.

### Proportionate Share

In Meridian, police and fire infrastructure standards, projected needs, and development fees are based on both residential and nonresidential development. As shown in Figure P1, functional population was used to allocate public safety infrastructure and costs to residential and nonresidential development. Functional population is like the U.S. Census Bureau's "daytime population," by accounting for people living and working in a jurisdiction. Functional population also considers commuting patterns and time spent at residential versus nonresidential locations. Residents that don't work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents that work in Meridian are assigned 14 hours to residential development and 10 hours to nonresidential development. Residents that work outside Meridian are assigned 14 hours to residential development. Inflow commuters are assigned 10 hours to nonresidential development. Based on 2019 functional population data for Meridian, the cost allocation for residential development is 72% while nonresidential development accounts for 28% of the demand for police and fire infrastructure.

Figure P1: Functional Population

Functional Population Cost Allocation for Public Safety				
	<i>Demand Units in 2019</i>		<i>Demand Hours/Day</i>	<i>Person Hours</i>
<b>Residential</b>				
Population*	114,161			
61% Residents Not Working	69,079		20	1,381,580
39% Resident Workers**	45,082			
23% Worked in City**	10,148		14	142,072
77% Worked Outside City**	34,934		14	489,076
				Residential Subtotal 2,012,728
				<b>Residential Share =&gt; 72%</b>
<b>Nonresidential</b>				
Non-working Residents	69,079		4	276,316
Jobs Located in City**	49,856			
20% Residents Working in City**	10,148		10	101,480
80% Inflow Commuters	39,708		10	397,080
				Nonresidential Subtotal 774,876
				<b>Nonresidential Share =&gt; 28%</b>
				TOTAL 2,787,604

\* 2019 U.S. Census Bureau population estimate.  
 \*\* 2019 Inflow/Outflow Analysis, OnTheMap web application, U.S. Census Bureau data for all jobs.

## Excluded Costs

Police development fees in Meridian exclude costs to meet existing needs and stricter safety, efficiency, environmental or regulatory standards. The City's CFP addresses the cost of these excluded items. Also excluded from the police development fees are public safety vehicles and equipment that do not meet the minimum useful life requirement in Idaho's Impact Fee Act.

## Current Use and Available Capacity

In Meridian, police facilities are fully utilized and there is no surplus capacity for future development. Meridian has determined that police building space will require expansion to accommodate future development.

## Police Facilities, Service Units, and Standards

Police development fees in Meridian are based on the same level of service provided to existing development. Figure P2 inventories police buildings in Meridian. Because the training center is also used by the Fire Department, floor area was reduced to indicate the portion used by Meridian police.

For residential development, Meridian will use year-round population within the service areas to derive current police infrastructure standards. For nonresidential development, Meridian will use inbound, average-weekday, vehicle trips as the service unit. Figure P2 indicates the allocation of police building space to residential and nonresidential development, along with FY23 service units in Meridian. Vehicle trips to nonresidential development are based on floor area estimates for industrial, commercial, institutional, office and other services, as documented in the Land Use Assumptions.

For police development fees, Meridian will use a cost factor of \$660 per square foot (provided by City staff). The cost factor includes design and construction management. Based on FY23 service units, the standard in Meridian is 0.33 square feet of police building floor area per person in the service area. For nonresidential development, Meridian's standard is 0.09 square feet of police building per inbound vehicle trip to nonresidential development, on an average weekday.



**Figure P2: Meridian Police Buildings and Standards**

<i>Police Buildings</i>	<i>Square Feet</i>
Admin Building	33,000
Scenario Village	11,637
Police Pricinct - N	11,223
PSTC (half)	7,250
TOTAL	63,110

Source: City of Meridian Police Department.

***Police Buildings Standards***

	<i>Residential</i>	<i>Nonresidential</i>
Proportionate Share (based on functional population)	72%	28%
Growth Indicator	<i>Population</i>	<i>Avg Wkdy Veh Trips to Nonres Dev</i>
Service Units in FY23	139,249	195,281
Square Feet per Service Unit	0.33	0.09

## Police Infrastructure Needs

Idaho’s development fee enabling legislation requires jurisdictions to convert land use assumptions into service units and the corresponding need for additional infrastructure over the next ten years. As shown in Figure P3, projected population and inbound nonresidential vehicle trips drive the need for police buildings and vehicles. Meridian will need 13,745 additional square feet of police buildings. The ten-year, growth-related capital cost of police buildings is approximately \$9.07 million.

**Figure P3: Police Facilities Needed to Accommodate Growth**

**Police Infrastructure Standards and Capital Costs**

Buildings - Residential	0.33	Sq Ft per person
Buildings - Nonresidential	0.09	Sq Ft per trip
Police Buildings Cost	\$660	per square foot

		<b>Infrastructure Needed</b>		
	<i>Year</i>	<i>Population</i>	<i>Veh Trips to Nonres in Meridian</i>	<i>Police Buildings (sq ft)</i>
Base	2022	133,470	191,822	60,911
Year 1	2023	139,249	195,281	63,110
Year 2	2024	145,028	198,832	65,317
Year 3	2025	151,006	202,497	67,599
Year 4	2026	154,310	206,064	69,000
Year 5	2027	157,614	209,871	70,423
Year 6	2028	160,919	213,623	71,841
Year 7	2029	164,223	217,451	73,265
Year 8	2030	167,527	221,295	74,692
Year 9	2031	169,715	225,340	75,772
Year 10	2032	171,903	229,423	76,855
<i>2023-2032 Increase</i>		32,654	34,142	13,745
Growth Cost of Police Buildings =>				\$9,072,000

## Revenue Credit Evaluation

Currently the City of Meridian does not have any outstanding debt related to police facilities. Therefore, a revenue credit for bond payments is not applicable. As shown in the cash flow analysis below, projected impact fee revenue matches the growth cost of new facilities. Based on the City of Meridian’s legislative policy decision to fully fund expected growth costs from impact fees, there is no potential double-payment from other revenue sources.

## Police Development Fees

Infrastructure standards and cost factors for police are summarized in the upper portion of Figure P4. The conversion of infrastructure needs and costs per service unit into a cost per development unit is also shown in the table below. For residential development, average number of persons in a housing unit provides the necessary conversion. Persons per housing unit, by size threshold are documented in the Land Use Assumptions.

For nonresidential development, trip generation rates by type of development are from the Institute of Transportation Engineers (ITE 2022). To ensure the analysis is based on travel demand associated with nonresidential development within Meridian, trip ends (entering and exiting) are converted to inbound trips using a basic 50% adjustment factor.

In addition to the growth cost of police facilities, impact fees include the cost of professional services related to the CFP (authorized by the Idaho Impact Fee Act).

**Figure P4: Police Impact Fees per Development Unit**

**2022 Input Variables**

Infrastructure Type	Infrastructure Units	Growth Quantity Over Ten Years	Cost Factor per Unit	Growth Cost (rounded)
Police Buildings	square feet	13,745	\$660	\$9,072,000
Professional Services Cost =>				\$7,680
Less Projected Fund Balance 9/30/2022 =>				\$0
<b>Net Growth Cost =&gt;</b>				<b>\$9,079,680</b>

*Cost Allocation*

Residential	72%
Nonresidential	28%

*Allocated Cost by Land Use*

Residential	\$6,537,370
Nonresidential	\$2,542,310

Growth 2022 to 2032		Cost per Service Unit
Residential (persons)	38,433	\$170
Nonresidential (vehicle trips)	37,601	\$67

**Residential Impact Fees (per housing unit)**

Square Feet of Climate-Controlled Space	Persons per Housing Unit	Proposed Police Facilities Fees	Current Fees	Increase	Proposed to Current Ratio
1200 or less	1.12	\$190	\$56	\$134	3.39
1201 to 1700	1.73	\$294	\$98	\$196	3.00
1701 to 2500	2.37	\$402	\$128	\$274	3.14
2501 to 3200	2.84	\$482	\$152	\$330	3.17
3201 or more	3.19	\$542	\$177	\$365	3.06

**Nonresidential Impact Fees (square foot of building)**

Type	Avg Wkdy Veh Trip Ends per KSF	Trip Adjustment Factors	Proposed Police Facilities Fees	Current Fees	Increase	Proposed to Current Ratio
Commercial (Restaurant/Retail)	37.01	50%	\$1.23	\$0.24	\$0.99	5.13
All Other	5.76	50%	\$0.19	\$0.05	\$0.14	3.80

## Projected Revenue for Police Facilities

Over the next ten years, police development fee revenue is projected to approximately match the growth cost of police infrastructure, which has a ten-year total cost of approximately \$9.08 million (see the upper portion of Figure P5). The table below indicates Meridian should receive approximately \$9.1 million in police development fee revenue, if actual development matches the land use assumptions. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the need for infrastructure and development fee revenue. The revenue projection assumes the average single-family dwelling has 2501 to 3200 square feet of climate-controlled space and the average multifamily unit has 1201 to 1700 square feet of floor area.

**Figure P5: Police Development Fee Revenue**

Ten-Year Growth Cost of Police Facilities => **\$9,079,680**

**Police Impact Fee Revenue**

		<i>Single Family</i>	<i>Multi-family</i>	<i>Industrial</i>	<i>Commercial</i>	<i>Institutional</i>	<i>Office &amp; Other Services</i>
		\$482 per housing unit	\$294 per housing unit	\$190 per 1000 Sq Ft	\$1,230 per 1000 Sq Ft	\$190 per 1000 Sq Ft	\$190 per 1000 Sq Ft
<i>Year</i>		<i>Hsg Units</i>	<i>Hsg Units</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>
Base	2022	41,617	9,427	11,740	6,570	5,270	7,360
Year 1	2023	43,217	10,227	11,950	6,690	5,360	7,490
Year 2	2024	44,767	10,877	12,170	6,810	5,460	7,630
Year 3	2025	46,117	11,427	12,380	6,940	5,560	7,760
Year 4	2026	47,317	11,827	12,610	7,060	5,660	7,900
Year 5	2027	48,265	12,231	12,840	7,190	5,760	8,050
Year 6	2028	49,212	12,634	13,070	7,320	5,860	8,190
Year 7	2029	50,160	13,038	13,300	7,450	5,970	8,340
Year 8	2030	51,107	13,441	13,540	7,580	6,080	8,490
Year 9	2031	51,836	13,752	13,790	7,720	6,190	8,640
Year 10	2032	52,565	14,062	14,030	7,860	6,300	8,800
<i>Ten-Yr Increase</i>		10,948	4,635	2,290	1,290	1,030	1,440
Projected Revenue =>		\$5,280,000	\$1,360,000	\$435,000	\$1,587,000	\$196,000	\$274,000
Total Projected Revenues (rounded) =>							<b>\$9,132,000</b>

## Comprehensive Financial Plan for Police

City staff recommends the improvements listed in Figure P6 to accommodate additional development over the next ten years. Impact fees will contribute approximately \$9.1 million for Phase 3 of the Public Safety Training Center. Other revenue sources will be required to fund the additional cost of police facilities over the next ten years.

**Figure P6: Summary of Ten-Year CFP for Police**

	Building Sq Ft	Needed 13,745	Planned 17,000
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<i>FY</i>	<i>Description</i>	<i>Amount</i>	<i>Units</i>	<i>Cost</i>
2023				
2024				
2025	Public Safety Training Center Phase 3	17,000	square feet	\$11,220,000
2026				
2027				
2028				
2029				
2030				
2031				
2032				

Total => **\$11,220,000**

Growth Needs to Maintain Current LOS => \$9,079,680

## Fire Impact Fees

DP Guthrie LLC recommends functional population to allocate the cost of additional fire infrastructure to residential and nonresidential development (see Figure P1 above and related text). Fire development fees in Meridian are based on the same level of service currently provided to existing development.

### Existing Standards for Fire Facilities

Figure F1 inventories Fire Department buildings in Meridian. Because the training center is also used by the Police Department, floor area was reduced to indicate the portion used by Meridian Fire Department. Based on service units in FY23, the standard for fire buildings is 0.52 square feet per person and 0.52 square feet per job.

**Figure F1: Existing Fire Buildings**

<i>Fire Stations</i>	<i>Square Feet</i>
Fire Admin Space (City Hall)	13,511
Fire Station # 1 (540 E. Franklin Rd)	11,700
Fire Station # 6 (1435 W Overland Rd)	10,299
Fire Station # 7 (2385 Lake Hazel Rd)	10,299
Fire Station # 8 (4250 N Owyhee Storm Ave)	10,299
Fire Station # 5 (6001 N Linder Rd)	7,360
PSTC (half)	7,250
Fire Station # 4 (2515 S Eagle Rd)	7,077
Fire Station # 3 (3545 N Locust Grove)	7,040
Fire Station # 2 (2401 N Ten Mile Rd)	6,770
Training Tower @ Station #1	6,523
Fire Safety Center (1901 Leighfield Dr)	1,744
TOTAL	99,872

**Allocation Factors for Fire Stations**

Residential Share	72%	Functional Population
Nonresidential Share	28%	
Population in 2023	139,249	
Jobs in 2023	53,547	

**Infrastructure Standards for Fire Stations**

	<i>Square Feet</i>
Residential (per person)	0.52
Nonresidential (per job)	0.52

Development fees will be used to expand the fleet of fire vehicles and purchase equipment with a useful life of at least ten years. Figure F2 lists fire vehicles and equipment currently used by the Meridian Fire Department. Following the same methodology used for fire buildings, the total cost of fire vehicles and equipment was allocated 72% to residential and 28% to nonresidential development in Meridian. As shown below, every additional resident will require Meridian to spend approximately \$75 for additional fire vehicles and equipment. Every additional job requires the City to spend approximately \$74 for additional fire vehicles and equipment.

**Figure F2: Existing Standards for Fire Vehicles**

<i>Fire Apparatus and Equipment</i>	<i>Code</i>	<i>Total Cost</i>
Engines	FE	\$6,178,923
Ladder Truck	LT	\$4,400,000
Pickup Trucks	PT	\$590,975
Other Vehicles	OV	\$431,296
Communications & Equipment	CE	\$2,244,978
TOTAL		\$13,846,172

***Allocation Factors for Fire Apparatus and Communications***

Residential Share	72%	Functional population
Nonresidential Share	28%	
Population in 2022	133,470	
Jobs in 2022	52,602	

***Infrastructure Standards for Fire Apparatus and Communications***

	<i>Apparatus and Communications</i>
Residential (per person)	\$74.69
Nonresidential (per job)	\$73.70

## Fire Infrastructure Needs

The City’s Comprehensive Plan and website describe existing fire facilities. In Meridian, fire facilities are fully utilized and there is no surplus capacity for future development. The City has determined that fire facilities will require expansion to accommodate future development. As specified in 67-8203(29), development impact fees in Meridian exclude costs to repair, upgrade, update, expand or replace existing capital improvements to provide better service to existing development. To accommodate projected development, Meridian will expand fire buildings by 21,741 square feet and spend approximately \$3.63 million to purchase additional fire vehicles and equipment.

**Figure F3: Growth-Related Need for Fire Facilities**

**Fire Infrastructure Standards and Capital Costs**

Fire Buildings - Residential	0.52	Sq Ft per person
Fire Buildings - Nonresidential	0.52	Sq Ft per job
Fire Buildings Cost	\$864	per square foot
Fire Apparatus/Communications - Residential	\$74.69	Cost per person
Fire Apparatus/Communications - Nonres	\$73.70	Cost per job

		<b>Facilities Needed</b>			
	<i>Year</i>	<i>Population</i>	<i>Meridian Jobs</i>	<i>Sq Ft of Fire Stations</i>	<i>Fire Apparatus and Communications</i>
Base	2022	133,470	52,602	96,394	\$13,846,172
Year 1	2023	139,249	53,547	99,872	\$14,347,471
Year 2	2024	145,028	54,514	103,361	\$14,850,391
Year 3	2025	151,006	55,496	106,961	\$15,369,281
Year 4	2026	154,310	56,496	109,190	\$15,689,784
Year 5	2027	157,614	57,514	111,428	\$16,011,613
Year 6	2028	160,919	58,552	113,676	\$16,334,917
Year 7	2029	164,223	59,607	115,933	\$16,659,474
Year 8	2030	167,527	60,680	118,200	\$16,985,357
Year 9	2031	169,715	61,774	119,901	\$17,229,431
Year 10	2032	171,903	62,888	121,613	\$17,474,979
<i>Increase</i>		32,654	9,341	21,741	\$3,628,807
				Cost of Fire Stations =>	\$18,784,000
				Cost of Fire Apparatus and Communications =>	\$3,629,000
				Total Growth Cost =>	<b>\$22,413,000</b>

## Revenue Credit Evaluation

Currently the City of Meridian does not have any outstanding debt related to fire facilities. Therefore, a revenue credit for bond payments is not applicable. As shown in the cash flow analysis below, projected impact fee revenue matches the growth cost of new facilities. Based on the City of Meridian’s legislative policy decision to fully fund expected growth costs from impact fees, there is no potential double-payment from other revenue sources.



## Current and Proposed Fire Impact Fees

Figure F4 indicates proposed impact fees for fire facilities in Meridian. Residential fees are derived from average number of persons per housing unit and the cost per person. Nonresidential fees are based on average jobs per 1,000 square feet of floor area and the cost per job. The cost factors for fire facilities are summarized in the upper portion of Figure F4. Persons per unit, by dwelling size, are based on local data, as discussed in the Land Use Assumptions. For nonresidential development, average jobs per thousand square feet of floor area are also documented in the Land Use Assumptions.

To be consistent with 67-8204(16) of the Idaho Development Impact Fee Act, impact fees are derived using the cost per service unit multiplied by the average number of service units per development unit. Proposed nonresidential development fees for fire facilities are shown in the column with light orange shading. The 2022 study recommends nonresidential fees by two general categories, Commercial and All Other types of nonresidential development. Commercial includes all buildings within a shopping center, plus stand-alone retail development and eating/drinking places (i.e., restaurants and bars). All Other includes industrial, warehousing, offices, business services, and personal services (i.e., every type of non-residential development not considered Commercial).

Figure F4: Fee Schedule for Fire Facilities

**2022 Input Variables**

Infrastructure Type	Infrastructure Units	Growth Quantity Over Ten Years	Cost Factor per Unit	Growth Cost (rounded)
Fire Buildings	square feet	21,741	\$864	\$18,784,000
Fire Apparatus	dollars			\$3,629,000

Total => \$22,413,000

Professional Services Cost => \$7,680

Less Projected Fund Balance 9/30/2022 => \$0

Net Growth Cost => **\$22,420,680**

*Cost Allocation*

Residential	72%
Nonresidential	28%

*Allocated Cost by Land Use*

Residential	\$16,142,890
Nonresidential	\$6,277,790

Growth 2022 to 2032		Cost per Service Unit
Residential (persons)	38,433	\$420
Nonresidential (jobs)	10,286	\$610

**Residential Impact Fees (per housing unit)**

Square Feet of Climate-Controlled Space	Persons per Housing Unit	Proposed Fire Facilities Fee	Current Fees	Increase	Proposed to Current Ratio
1200 or less	1.12	\$470	\$258	\$212	1.82
1201 to 1700	1.73	\$726	\$450	\$276	1.61
1701 to 2500	2.37	\$995	\$585	\$410	1.70
2501 to 3200	2.84	\$1,192	\$693	\$499	1.72
3201 or more	3.19	\$1,339	\$809	\$530	1.66

**Nonresidential Impact Fees (square foot of building)**

Type	Jobs per 1,000 Sq Ft	Proposed Fire Facilities Fee	Current Fees	Increase	Proposed to Current Ratio
Commercial (Restaurant/Retail)	2.12	\$1.29	\$0.64	\$0.65	2.02
All Other	1.58	\$0.96	\$0.41	\$0.55	2.34

## Projected Revenue for Fire Facilities

Over the next ten years, fire development fee revenue is projected to approximately match the growth cost of fire infrastructure, which is approximately \$22.42 million (see the upper portion of Figure F5). The table below indicates Meridian should receive approximately \$22.65 million in fire development fee revenue, if actual development matches the land use assumptions. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the development fee revenue. The revenue projection assumes the average single-family dwelling has 2501 to 3200 square feet of climate-controlled space and the average multifamily unit has 1201 to 1700 square feet of floor area.

**Figure F5: Fire Development Fee Revenue**

Ten-Year Cost of Growth-Related Fire Facilities => **\$22,420,680**

**Fire Impact Fee Revenue**

		Single Family	Multi-family	Industrial	Commercial	Institutional	Office and Other Services
		\$1,192	\$726	\$960	\$1,290	\$960	\$960
		per housing unit	per housing unit	per 1000 Sq Ft	per 1000 Sq Ft	per 1000 Sq Ft	per 1000 Sq Ft
Year		Hsg Units	Hsg Units	KSF	KSF	KSF	KSF
Base	2022	41,617	9,427	11,740	6,570	5,270	7,360
Year 1	2023	43,217	10,227	11,950	6,690	5,360	7,490
Year 2	2024	44,767	10,877	12,170	6,810	5,460	7,630
Year 3	2025	46,117	11,427	12,380	6,940	5,560	7,760
Year 4	2026	47,317	11,827	12,610	7,060	5,660	7,900
Year 5	2027	48,265	12,231	12,840	7,190	5,760	8,050
Year 6	2028	49,212	12,634	13,070	7,320	5,860	8,190
Year 7	2029	50,160	13,038	13,300	7,450	5,970	8,340
Year 8	2030	51,107	13,441	13,540	7,580	6,080	8,490
Year 9	2031	51,836	13,752	13,790	7,720	6,190	8,640
Year 10	2032	52,565	14,062	14,030	7,860	6,300	8,800
<i>Ten-Yr Increase</i>		10,948	4,635	2,290	1,290	1,030	1,440
Projected Revenue =>		\$13,050,000	\$3,370,000	\$2,200,000	\$1,660,000	\$990,000	\$1,380,000
Total Projected Revenues (rounded) =>							<b>\$22,650,000</b>

## Comprehensive Financial Plan for Fire Facilities

Using impact fee funding over the next ten years, Figure F6 indicates that Meridian plans to expand fire building space by 21,741 square feet. Meridian will also purchase additional fire vehicles costing approximately \$6.63 million. The total cost for planned projects is approximately \$25.42 million. The growth needs funded by impact fees is approximately \$22.42 million over ten years. Other revenues will be required to fully fund the Fire Department’s CFP.

**Figure F6: Summary of Ten-Year CFP for Fire Facilities**

		Needed	Planned
	Building Sq Ft	21,741	21,741
	Apparatus and Equipment	\$3,629,000	\$6,632,469

FY	Description	Amount	Units	Cost
2023				
2024	Fire Station #1 Vehicle			\$686,834
2025	Radios	16		\$160,000
2025	Ladder Truck @Fire Station #6	1		\$2,200,000
2026	Additional Cardiac Monitors			\$140,000
2026	Additional Fire Station Design			\$720,000
2027	Additional Fire Station Construction	12,000	square feet	\$9,648,000
2027	Additional Fire Station Engine			\$686,834
2027	Hydraulic Extrication Tool	2		\$250,000
2027	Thermal Imaging Cameras	5		\$70,400
2028	Ladder Truck @Fire Station #10	1		\$2,200,000
2028	SCBAs for new apparatus			\$140,000
2030	Additional Battalion Chief Vehicle	1		\$98,401
2023 to 2032	Building Design			\$720,000
2023 to 2032	Expand Fire Buildings	9,741	square feet	\$7,696,100

Total => **\$25,416,569**

Growth Needs to Maintain Current LOS => \$22,420,680

## Fee Implementation and Administration

Consistent with best practices and Idaho’s enabling legislation, Meridian updates capital improvements and development impact fees every five years. In addition, some jurisdictions make annual adjustments for inflation using a price index like the Engineering News Record (ENR) Construction Cost Index published by McGraw-Hill Companies. This index could be applied to the adopted impact fee schedule, reviewed by the Advisory Committee, then approved by City Council. If cost estimates or demand indicators change significantly, the City should redo the fee calculations.

Another best practice is to spend impact fees as soon as possible, tracking funds according to first in, first out accounting, using aggregate rather than project-specific tracking. Impact fees and accrued interest are maintained in a separate fund that is not comingled with other revenues. In Idaho, an annual report is mandatory, indicating impact fee collections, expenditures, and fund balances by type of infrastructure.

### Cost of CFP Preparation

As stated in Idaho’s enabling legislation, a surcharge on the collection of development impact fees may be used to fund the cost of preparing the CFP that is attributable to the impact fee determination. A minor cost of \$7,680 per infrastructure type was added to the 2022 Meridian impact fee study.

### Development Categories

Proposed impact fees for residential development are by square feet of climate-controlled space, excluding porches, garage and unfinished space, such as basements and attics. For an apartment building, the average size threshold is derived for an entire building. The recommended procedure is to identify the aggregate climate-controlled floor area for the entire building, excluding ancillary space for community rooms, fitness centers, management office and maintenance areas, divided by the number of dwelling units in the building. Apartment complexes and some residential development provide common areas for use by residents, such as exercise rooms and clubhouses. Common areas for the private use of residents are ancillary uses to the dwelling units and not subject to additional impact fees.

Section 67-8204(20) of the Idaho Development Impact Fee Act states that an addition to an existing residential building, that does not increase the number of service units, should be exempt from additional impact fees. Given the relatively small fee increase across size thresholds and the high transaction cost to assess fees for additions to residential buildings, DP Guthrie LLC recommends that additions to residential buildings should not be subject to additional impact fees.

The two general nonresidential development categories in the proposed impact fee schedule can be used for all new construction within Meridian. Nonresidential development categories represent general groups of land uses that share similar average weekday vehicle trip generation rates and job density (i.e., jobs per 1,000 square feet of floor area), as documented in Appendix A. “Commercial” includes retail development and eating/drinking places (i.e., restaurants and bars). All land uses within a shopping center will pay the impact fee for commercial development. All Other includes industrial, warehousing, offices, business services, and personal services (i.e., every type of non-residential development not considered Commercial).

An applicant may submit an independent study to document unique demand indicators (i.e., service units per development unit). The independent study should be prepared by a professional engineer or certified planner and use the same type of input variables as those in Meridian’s impact fee study. For residential development, impact fees are based on average persons per housing unit. For nonresidential development, impact fees are based on inbound average weekday vehicle trips per 1,000 square feet of floor area, and the average number of jobs per 1,000 square feet of floor area. The independent fee study will be reviewed by City staff and can be accepted as the basis for a unique fee calculation. If staff determines the independent fee study is not reasonable, the applicant may appeal the administrative decision to Meridian’s elected officials for their consideration.

## Credits and Reimbursements

A general requirement that is common to impact fee methodologies is the evaluation of credits. A revenue credit may be necessary to avoid potential double payment situations arising from one-time impact fees plus on-going payment of other revenues that may also fund growth-related capital improvements. The determination of revenue credits is dependent upon the impact fee methodology used in the cost analysis.

Policies and procedures related to site-specific credits should be addressed in the ordinance that establishes the impact fees. Project-level improvements, required as part of the development approval process, are not eligible for credits against impact fees. If a developer constructs a system improvement included in the fee calculations, it will be necessary to either reimburse the developer or provide a credit against the fees. The latter option is more difficult to administer because it creates unique fees for specific geographic areas. Based on national experience, DP Guthrie LLC recommends a jurisdiction establish a reimbursement agreement with the developer that constructs a system improvement. The reimbursement agreement should be limited to a payback period of no more than ten years and the City should not pay interest on the outstanding balance. The developer must provide documentation of the actual cost incurred for the system improvement. The City should only agree to pay the lesser of the actual construction cost or the estimated cost used in the impact fee analysis. If the City pays more than the cost used in the fee analysis, there will be insufficient fee revenue. Reimbursement agreements should only obligate the City to reimburse developers annually according to actual fee collections from the benefiting area.

The supporting documentation for each type of impact fee describes the types of infrastructure considered to be system improvements. Site specific credits or developer reimbursements for one type of system improvement does not negate an impact fee for other system improvements.

## Appendix A: Land Use Assumptions

Appendix A contains the land use assumptions for Meridian’s 2019 DIF update. The CFP must be developed in coordination with the Advisory Committee and utilize land use assumptions most recently adopted by the appropriate land planning agency [see Idaho Code 67-8206(2)]. Idaho’s enabling legislation defines land use assumptions as:

*“a description of the service area and projections of land uses, densities, intensities, and population in the service area over at least a 20-year period.”*

### Service Areas

To ensure a substantial benefit to new development paying impact fees, the City of Meridian has evaluated collection and expenditure zones for public facilities that may have distinct benefit or service areas. In the City of Meridian, impact fees for parks/recreation, police and fire facilities will benefit new development throughout the entire incorporated area. DP Guthrie LLC recommends one citywide service area for Meridian impact fees.

Idaho Code 67-8203(26) defines “service area” as:

*“Any defined geographic area identified by a governmental entity, or by intergovernmental agreement, in which specific public facilities provide service to development within the area defined, on the basis of sound planning or engineering principles, or both.”*

The City’s adopted Future Land Use Map indicates land uses, densities, and intensities of development, as required by Idaho Code 67-8203(16). The service area is defined as all land within the city limits of Meridian, as modified over time.

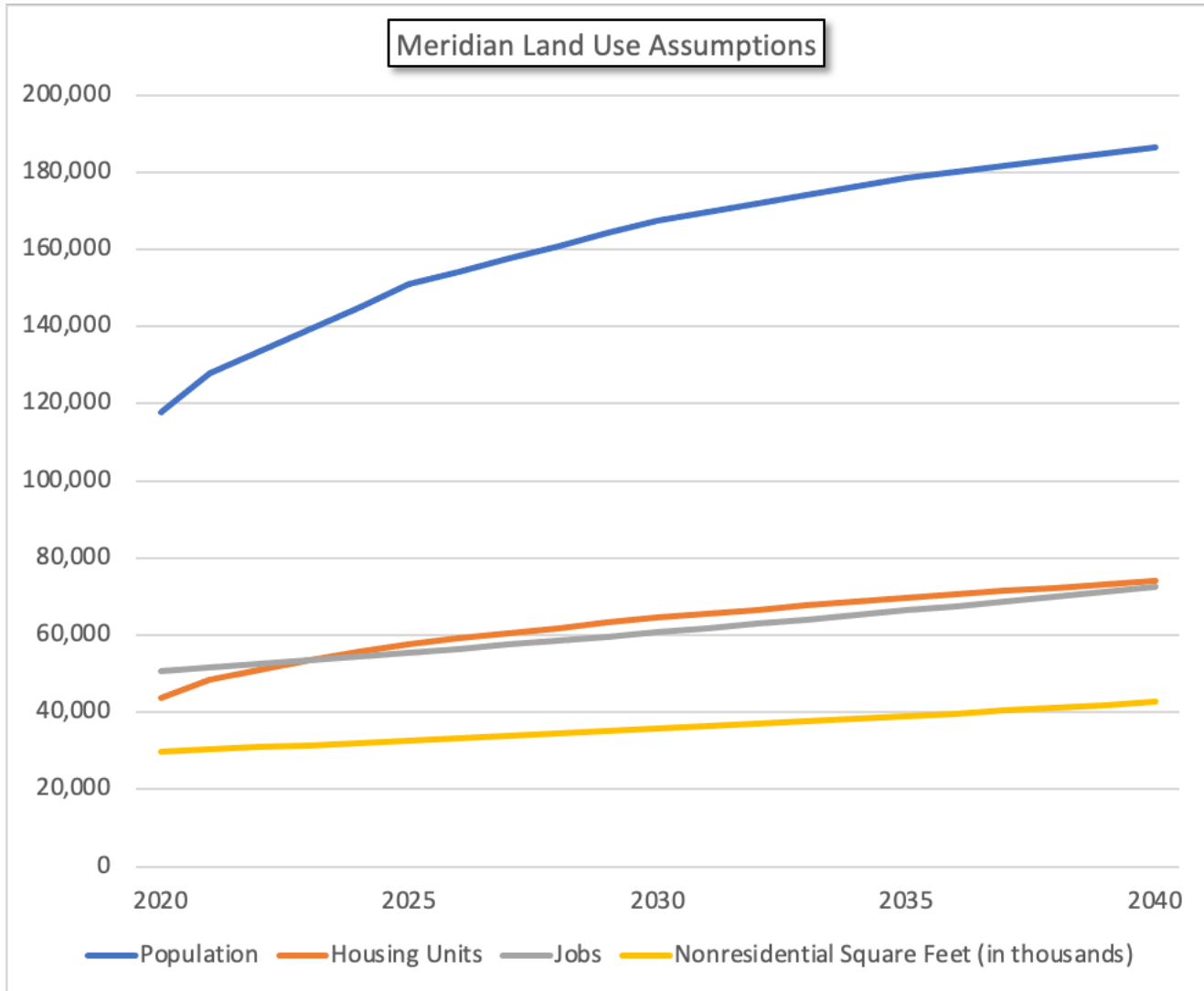
### Summary of Growth Indicators

Population, housing unit, jobs and nonresidential floor area are the “service units” or demand indicators that will be used to evaluate the need for growth-related infrastructure. The demographic data and development projections discussed below will also be used to demonstrate proportionality. All land use assumptions are consistent with Meridian’s Comprehensive Plan. In contrast to the Comprehensive Plan, which is more general and has a long-range horizon, development impact fees require more specific quantitative analysis and have a short-range focus. Typically, impact fee studies look out five to ten years, with the expectation that fees will be periodically updated (e.g., every 5 years). Infrastructure standards will be calibrated using fiscal year 2018-19 data. In Meridian, the fiscal year begins on October 1<sup>st</sup>.

Key development projections for the City of Meridian are housing units and nonresidential floor area, as shown in Figure A1. These projections will be used to estimate development fee revenue and to indicate the anticipated need for growth-related infrastructure. The goal is to have reasonable projections without being overly concerned with precision. Because impact fee methods are designed to reduce sensitivity to development projections in the determination of the proportionate-share fee amounts, if actual development is slower than projected, fee revenue will decline, but so will the need for growth-related infrastructure. In contrast, if development is faster than anticipated, the City will receive an increase in fee revenue, but will also need to accelerate infrastructure improvements to keep pace with the actual rate of development.

Population and housing unit projections were provided by City staff. During the next ten years, the impact fee study assumes Meridian’s population increases at a growth rate of approximately 2.56% per year. Over the next ten years, jobs are expected to increase at a growth rate of approximately 1.8% per year, which is from the Communities in Motion employment forecast from 2020 to 2050.

Figure A1: Annual Development Projections



### Proportionate Share

The term “proportionate” is found throughout Idaho’s Development Impact Fee Act. For example, Idaho Code 67-8202(2) states the intent to,

*“Promote orderly growth and development by establishing uniform standards by which local governments may require that those who benefit from new growth and development pay a proportionate share of the cost of new public facilities needed to serve new growth and development;”*



Because DIFS must be proportionate, jurisdictions derive fees for various land uses per unit of development, as stated in Idaho Code 67-8404(17).

*“A development impact fee ordinance shall include a schedule of development impact fees for various land uses per unit of development. The ordinance shall provide that a developer shall have the right to elect to pay a project's proportionate share of system improvement costs by payment of development impact fees according to the fee schedule as full and complete payment of the development project's proportionate share of system improvement costs...”*

Even though formulas and methods are not specified in Idaho’s Development Impact Fee Act, DIFs must be reasonable and fair, as stated in section 67-8201(1).

*“All development impact fees shall be based on a reasonable and fair formula or method under which the development impact fee imposed does not exceed a proportionate share of the costs incurred, or to be incurred, by the governmental entity in the provision of system improvements to serve the new development.”*

In the following sections, DP Guthrie LLC describes reasonable and fair formulas and methods that can be used in the City of Meridian to make DIFs proportionate by size of residential development and type of nonresidential development.

## **Residential Development and Persons per Housing Unit**

The 2010 census did not obtain detailed information using a “long-form” questionnaire. Instead, the U.S. Census Bureau has switched to a continuous monthly mailing of surveys, known as the American Community Survey (ACS), which is limited by sample-size constraints. For example, data on detached housing units are now combined with attached single units (commonly known as townhouses). Part of the rationale for imposing fees by size threshold, as discussed further below, is to address this ACS data limitation. Because townhouses and apartments generally have fewer bedrooms and less floor area than detached units, size thresholds make fees more proportionate, while facilitating construction of affordable units. As shown Figure A2, dwellings with a single unit per structure (detached and attached) average 2.84 persons per housing unit. Dwellings in structures with two or more units average 2.19 year-round residents per unit. This category includes duplexes, which have two dwellings on a single land parcel. According to the latest available data, the overall average is 2.75 year-round residents per housing unit and 2.82 persons per household. According to the U.S. Census Bureau, a household is a housing unit that is occupied by year-round residents. Development fees often use per capita standards and persons per housing unit, or persons per household, to derive proportionate-share fee amounts. DP Guthrie LLC recommends that fees for residential development in the City of Meridian be imposed according to the number of year-round residents per housing unit.

**Figure A2: Year-Round Persons per Unit by Type of Housing**

**Meridian Population and Housing Characteristics**

Units in Structure	Persons	Households	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single Unit *	95,564	32,685	2.92	33,703	2.84	86%	3%
All Other **	11,920	5,364	2.22	5,440	2.19	14%	1%
Subtotal	107,484	38,049	2.82	39,143	<b>2.75</b>		3%
Group Quarters	303						
<b>TOTAL</b>	<b>107,787</b>						

Source: U.S. Census Bureau, 2020 American Community Survey, 5-Year Estimates, Tables B25024, B25032, B25033, and B26001.

\* Single unit includes attached and detached.

\*\* All other includes multifamily and mobile homes.

## Demand Indicators by Dwelling Size

Impact fees must be proportionate to the demand for infrastructure. Because the average number of persons per housing unit has a strong, positive correlation to the number of bedrooms, DP Guthrie LLC recommends residential fee schedules that increase by dwelling size. Custom tabulations of demographic data by bedroom range can be created from individual survey responses provided by the U.S. Census Bureau, in files known as Public Use Micro-Data Samples (PUMS). PUMS files are only available for areas of at least 100,000 persons, with the City of Meridian included in Public Use Micro-Data Area (PUMA) 701. As shown in Figure A3, DP Guthrie LLC derived average persons per housing unit by bedroom range, from un-weighted PUMS data. The recommended multipliers by bedroom range (shown below) are for all types of housing units, adjusted to the control total for Meridian (i.e., 2.75 persons per housing unit).

**Figure A3: Persons by Bedroom Range**

Bedrooms	Persons (1)	Housing Units (1)	Recommended Multipliers (2)	
			Persons per Housing Unit	Housing Mix
0-1	53	43	1.33	3.0%
2	384	205	2.02	14.3%
3	1,580	684	2.49	47.7%
4+	1,642	501	3.53	35.0%
Total	3,659	1,433	2.75	100.0%

(1) American Community Survey, Public Use Microdata Sample for ID PUMA 701 (2016-2020 5-year database).

(2) Recommended persons per housing unit are scaled to make the average derived from PUMS survey data match the control total for Meridian (i.e. 2.75 persons per housing unit).

DIFs based on size of dwelling are generally easier to administer when expressed in square feet of finished living space for all types of housing. Basing fees on floor area rather than the number of bedrooms eliminates the need for criteria to make administrative decisions on whether a room qualifies as a bedroom. To translate dwelling size by number of bedrooms into square feet of living space, DP Guthrie LLC used the 2018 Ada County Assessor's residential database to derive average square feet by bedroom range (i.e., two, three, and four or more bedrooms).

DP Guthrie LLC recommends that DIFs for residential development be imposed based on finished square feet of living space, excluding garages, patios and porches that are not climate-controlled. Average floor area and number of persons by bedroom range are plotted in Figure A4, with a logarithmic trend line derived from actual averages for Meridian. Using the trend line formula shown in the chart, DP Guthrie LLC derived the estimated average number of persons, by dwelling size, in size thresholds like those currently used by the City of Boise. As shown with yellow highlighting, the lowest floor area range (1200 square feet or less) has an estimated average of 1.24 persons per housing unit. At the upper end of the floor area range (3201 or more square feet of climate-controlled space), the average is 3.53 persons per housing unit.

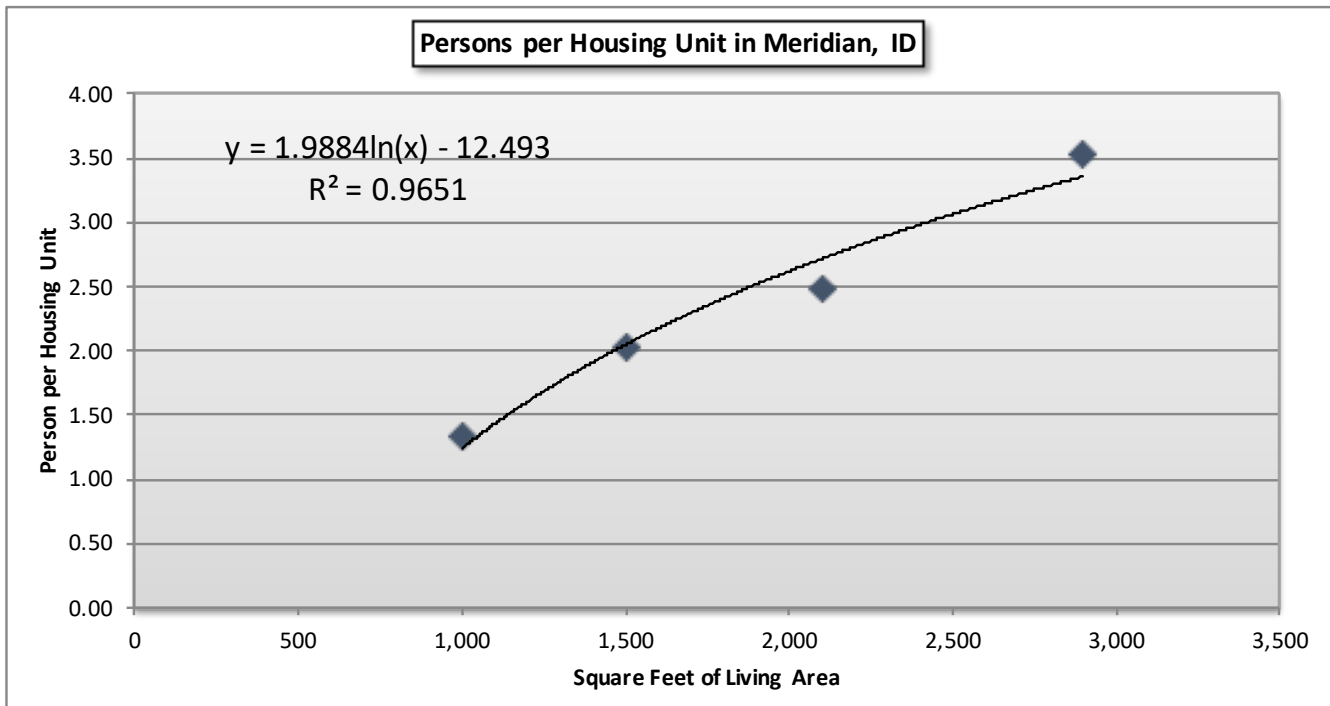
For a building with more than one residential unit, City staff will determine the average size threshold for the entire building by dividing total climate-controlled floor area, less ancillary building space, by the total number of dwellings in the building. Ancillary floor area includes community rooms, fitness centers, management offices, and maintenance areas.

In each impact fee worksheet, the person per housing unit values shown in Figure A4 were adjusted downward by multiplying the value for each size threshold by the ratio of 2.84 divided by 3.14. Figure A2 indicates an average of 2.84 persons per single-family unit in Meridian and 3.14 is the fitted-curve value for dwellings with 2501 to 3200 square feet, which is the middle range for single-family units.

Figure A4: Persons by Square Feet of Living Space

Survey of Construction Square Feet (rounded)	Meridian Averages per Housing Unit			Fitted-Curve Values	
	Bedrooms	Sq Ft (rounded)	Persons	Sq Ft Range	Persons
1,100	0-1	1,000	1.33	1200 or less	1.24
1,800	2	1,500	2.02	1201 to 1700	1.91
2,200	3	2,100	2.49	1701 to 2500	2.62
3,400	4+	2,900	3.53	2501 to 3200	3.14
2,700	<=Wt Avg=>	2,400		3201 or more	3.53

Average square feet for 2 to 4+ bedrooms in Meridian was derived from Ada County Assessor residential database (units constructed 2014 to 2018). Average persons per housing unit by bedroom range is based on 2016-2020 ACS PUMS data for ID PUMA 701. Recommended Square Feet Ranges are similar to Boise size thresholds.



## Jobs and Nonresidential Development

In addition to data on residential development, the calculation of impact fees requires data on nonresidential development. DP Guthrie LLC uses the term “jobs” to refer to employment by place of work. In Figure A5, color shading indicates nonresidential development prototypes used by DP Guthrie LLC to derive average weekday vehicle trips and nonresidential floor area. For future industrial development, DP Guthrie LLC averaged Light Industrial (ITE code 110) and Warehousing (ITE 150) to derive an average of 1,239 square feet per industrial job. The prototype for future commercial development is an average-size Shopping Center (ITE code 820). Commercial development (i.e., retail and eating/drinking places) is assumed to average 471 square feet per job. For institutional development, such as schools, daycare and churches, the impact fee study assumes an average of 1,012 square feet per job. The prototype for institutional development is Assisted Living (ITE 254). For office and other services, an average-size Office (ITE 710) is the prototype for future development, averaging of 307 square feet per job.

**Figure A5: Average Weekday Vehicle Trip Ends**

ITE Code	Land Use / Size	Demand Unit	Wkdy Trip Ends Per Dmd Unit*	Wkdy Trip Ends Per Employee*	Emp Per Dmd Unit	Sq Ft Per Emp
110	Light Industrial	1,000 Sq Ft	4.87	3.10	1.57	637
140	Manufacturing	1,000 Sq Ft	4.75	2.51	1.89	528
150	Warehousing	1,000 Sq Ft	1.71	5.05	0.34	2,953
254	Assisted Living	1,000 Sq Ft	4.19	4.24	0.99	1,012
610	Hospital	1,000 Sq Ft	10.77	3.77	2.86	350
620	Nursing Home	1,000 Sq Ft	6.75	3.31	2.04	490
710	General Office	1,000 Sq Ft	10.84	3.33	3.26	307
760	Research & Dev Center	1,000 Sq Ft	11.08	3.37	3.29	304
770	Business Park	1,000 Sq Ft	12.44	4.04	3.08	325
820	Shopping Center	1,000 Sq Ft	37.01	17.42	2.12	471
857	Discount Club	1,000 Sq Ft	42.46	32.21	1.32	759
	Industrial in Meridian	1,000 Sq Ft	3.29	4.08	0.81	1,239

\* *Trip Generation*, Institute of Transportation Engineers, 11th Edition (2022).

Figure A6 indicates 2019 estimates of jobs and nonresidential floor area within Meridian. Job estimates, by type of nonresidential, are from Meridian’s Work Area Profile, available through the U.S. Census Bureau’s online web application known as OnTheMap. The number of jobs in Meridian is based on quarterly workforce reports supplied by employers. Floor area estimates are derived from the number of jobs by type of nonresidential development and average square feet per job ratios, as discussed on the previous page. Total floor area of nonresidential development in Meridian is consistent with property tax parcel information obtained from Ada County.

**Figure A6: Jobs and Floor Area Estimates**

	2019	
	Jobs (1)	
Commercial (2)	13,237	26.6%
Industrial (3)	8,983	18.0%
Institutional (4)	4,934	9.9%
Office & Other Services (5)	22,702	45.5%
TOTAL	<u>49,856</u>	100.0%

*(1) Jobs in 2015 from Work Area Profile, OnTheMap, U.S. Census Bureau web application.*

*(2) Major sectors are Retail and Accommodation/Food Services.*

*(3) Major sectors are Construction, Manufacturing, Wholesale Trade, and Transportation/Warehousing.*

*(4) Major sectors are Educational Services and Public Administration.*

*(5) Major sectors are Professional/Scientific/Technical Services and Health Care.*

## Appendix B: Changes in Standards and Cost Factors

Figure B1 summarizes changes to infrastructure standards and cost factors from the 2019 impact fee study to the 2022 update. For most public facilities, infrastructure standards have increased slightly over time, with the exception of park improvements. Since 2019, population has increased faster than acres of improved parks.

Major changes accounting for the proposed impact fee increase are higher cost factors and the recommendation to acquire additional park sites using impact fees, based on the 2022 standard of 3.14 acres per thousand residents. In the 2019 study, land for additional parks was only 1% of the growth cost and no standard was documented. In the 2022 study, land for additional parks is 26% of the growth cost for parks & recreation.

**Figure B1: Comparison of Standards and Cost Factors**

Public Facility	Infrastructure Standard			Cost Factor			2022 to 2019 Cost Ratio
	2019	2022	Measure	2019	2022	Units	
Park Improvements	2.91	2.66	acres per thousand residents	\$241,000	\$411,000	per acre	1.71
Park Land (new)	*	3.14	acres per thousand residents	\$61,000	\$150,000	per acre	2.46
Recreation Centers	0.49	0.59	square feet per person	\$225	\$670	per square foot of building	2.98
Police Buildings - Residential	0.26	0.33	square feet per person	\$333	\$660	per square foot of building	1.98
Police Buildings - Nonresidential	0.06	0.09	square feet per vehicle trip				
Fire Buildings - Residential	0.44	0.52	square feet per person	\$535	\$864	per square foot of building	1.61
Fire Buildings - Nonresidential	0.46	0.52	square feet per job				
Fire Apparatus, Communications & Equipment - Residential				\$61.98	\$74.69	per person	1.21
Fire Apparatus, Communications & Equipment - Nonresidential				\$64.46	\$73.70	per job	1.14

\* In the 2019 study, land for additional parks was only 1% of the growth cost and no standard was documented.

In the 2022 study, land for additional parks is 26% of the growth cost for parks & recreation.