



Development Impact Fees Study

Final Report

March 28, 2019



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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,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide the 2019 development impact fee update for the City of Meridian. After collaborating with staff and receiving input from the Impact Fee Advisory Committee, Raftelis recommends several changes to improve consistency with Idaho's enabling legislation, including:

-) Updated development projections and land use assumptions based on Meridian data
-) Documentation of current infrastructure standards and projected need for additional facilities
-) Proportionate fees for two types of nonresidential development and five size thresholds for residential development

Our 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 and we thank City staff for engaging with quality information and insight regarding best practices for the City of Meridian.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dwayne Guthrie'.

Dwayne Guthrie, PhD, AICP
Manager

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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, Raftelis 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 2019 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, Raftelis will update the 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 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 Stations and Apparatus	Functional Population and Jobs

Figure 2 summarizes proposed 2019 impact fees for new development in the City of Meridian. As discussed in Appendix A, Raftelis recommends that residential fees be imposed by dwelling size, based on climate-controlled space. In contrast, the 2013 study used a “one size fits all” approach, whereby all housing units paid the same DIF. The 2019 size threshold that matches the average fee according to the 2013 method is a residential dwelling with 2501 to 3200 square feet. As shown below, the average fee per dwelling increased from \$2,017 in 2013 to \$2,943 in 2019, which is an increase of \$926 (46%).

In addition, the 2019 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). The previous study had a single fee for all types of nonresidential

development. The average fee per square foot for nonresidential development increased from \$0.47 in 2013 to \$0.56 in 2019, which is an increase of \$0.09 per square foot (20%).

Figure 2: Proposed Impact Fee Schedule

Citywide Service Area	Park and Recreation Facilities	Police Facilities	Fire Facilities	Proposed Total (2019)	Existing Total (2013)	Increase or Decrease	% Change
<u>Residential (per housing unit) by Square Feet of Climate-Controlled Floor Area</u>							
1000 or less	\$781	\$56	\$258	\$1,095	\$2,017	(\$922)	-46%
1001 to 1500	\$1,361	\$98	\$450	\$1,909	\$2,017	(\$108)	-5%
1501 to 2500	\$1,770	\$128	\$585	\$2,483	\$2,017	\$466	23%
2501 to 3200	\$2,098	\$152	\$693	\$2,943	\$2,017	\$926	46%
3201 or more	\$2,447	\$177	\$809	\$3,433	\$2,017	\$1,416	70%
<u>Nonresidential (per square foot of building)</u>							
Commercial	\$0.00	\$0.24	\$0.64	\$0.88	\$0.47	\$0.41	87%
All Other	\$0.00	\$0.05	\$0.41	\$0.46	\$0.47	(\$0.01)	-2%

Parks and Recreation Impact Fees

The 2019 updated impact fee for parks and recreation facilities will enable Meridian to maintain current infrastructure standards for improved acres of parks and 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.

Figure PR1 documents recent cost factors per acre for park improvements and land. Based on four park site acquisitions, land for parks in Meridian is expected to cost approximately \$61,000 per acre. City staff confirmed this land cost factor is reasonable and consistent with a recent land valuation of \$65,000 per acre quoted for expansion of the City's wastewater treatment plant. As shown in the table below, park improvements have been averaging \$241,000 per acre.

Figure PR1: Cost Factors for Park Improvements

Park Name	Acres	Estimated Costs	
		Land	Improvements
Discovery Park	27.00	\$405,184	\$8,261,000
Reta Huskey Park	8.92	\$680,007	\$1,495,126
Keith Bird Legacy Park	7.50	\$1,274,995	\$1,382,621
Hillsdale Park	9.53	\$857,700	\$1,622,282
Total Costs	52.95	\$3,217,886	\$12,761,029

Weighted Average Cost per Acre => **\$61,000** **\$241,000**

Citywide Parks

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 PR2, the current infrastructure standard is 2.91 acres per 1,000 residents. At the bottom of the table below is a needs analysis for citywide park improvements. To maintain current standards over the next ten years, Meridian will improve 102.3 acres of parks, expected to cost approximately \$24.65 million.

Figure PR2: Citywide Parks Standards and Need for Improved Acres

<i>Existing Parks</i>	<i>Improved Acres</i>
Julius M. Kleiner Park	58.2
Settlers Park	57.7
Heroes Park	30.1
Discovery Park	27.0
Fuller Park	23.2
Bear Creak Park	18.8
Tully Park	18.7
Storey Park & Bark Park	17.9
Gordon Harris Park	11.1
Hillsdale Park	9.5
Reta Husky Park	8.9
Jabil Soccer Fields	8.4
Keith Bird Legacy Park	7.5
Seasons Park	7.1
Chateau Park	6.7
Renaissance Park	6.5
Champion Park	6.0
Heritage MS Ball Fields	5.6
8th Street Park	2.8
Centennial Park	0.4

Total => 332.2

Allocation Factors for Parks

Improvements Cost per Acre	\$241,000
Residential Proportionate Share	100%
	Service Units
Population in 2019	114,102

Infrastructure Standards for Parks

		Improved Acres	
Residential (per person)		0.00291	
		Park Needs	
	Year	Population	Improved Acres
Base	2019	114,102	332.2
Year 1	2020	121,126	352.7
Year 2	2021	126,812	369.2
Year 3	2022	132,163	384.8
Year 4	2023	136,845	398.4
Year 5	2024	140,190	408.2
Year 10	2029	149,248	434.5
Ten-Yr Increase		35,146	102.3
Growth Cost of Parks =>		\$24,654,300	

Recreation Buildings

Figure PR3 lists current floor area for recreation centers. Based on input from the Impact Fee Advisory Committee, Meridian should expect to spend at least \$225 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 17,096 additional square feet of recreation building space, expected to cost approximately \$3.85 million.

Figure PR3: Infrastructure Standards and Needs for Recreation Buildings

Existing Recreation Centers		Square Feet	
Meridian Community Center			4,200
Meridian Homecourt			51,303
Total to Include in Current Standards			55,503
Allocation Factors for Recreation Centers			
Building plus Land Cost per Square Foot*			\$225
Residential Proportionate Share			100%
2019 Meridian Population			114,102

* Based on local developer estimate.

		Square Feet	
Residential (per person)			0.49

		Recreation Center Needs	
	Year	Population	Square Feet
Base	2019	114,102	55,503
Year 1	2020	121,126	58,920
Year 2	2021	126,812	61,686
Year 3	2022	132,163	64,288
Year 4	2023	136,845	66,566
Year 5	2024	140,190	68,193
Year 10	2029	149,248	72,599
Ten-Yr Increase		35,146	17,096
Growth Cost for Recreation Buildings =>			\$3,847,000

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 due to growth. The projected need for acres of improved parks and square feet of recreation centers was addressed above. The need to acquire an additional five acres of land for parks is based on staff's comparison of the existing inventory of undeveloped park sites (i.e., 97 acres) to the projected need for 102 additional acres over the next ten years. 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 \$26,168,471 divided by the projected increase in population from 2019 to 2029, yields a cost of \$744 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. The row highlighted light green indicates the updated impact fee for an average-size dwelling, which assumes 2.82 persons per housing unit. The latter was derived by dividing the projected increase in population by the projected increase in housing units over the next ten years. Please see Appendix A for supporting documentation on the average number of persons by dwelling size in Meridian (note: 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 2.82 divided by 3.11).

The blue arrow shown in the table below compares the updated fee for the average size dwelling to the average impact fee per housing unit based on the allocation methodology from the 2013 impact fee study. In contrast to the “one size fits all” flat fee for all dwellings, the updated methodology proposes lower impact fees for smaller, more affordable units, along with a higher fee for dwellings with 3201 or more square feet of climate-controlled space.

Figure PR4: Parks and Recreation Impact Fee Schedule

2019 Input Variables

Infrastructure Type	Infrastructure Units	Growth Quantity Over Ten Years	Cost Factor per Unit	Growth Cost (rounded)
Park Improvements	acres	102	\$241,000	\$24,654,000
Park Land	acres	5	\$61,000	\$305,000
Recreation Centers	sq ft	17,096	\$225	\$3,847,000

Total => \$28,806,000

Professional Services Cost => \$18,603

Less Projected Fund Balance 9/30/2019 => -\$2,656,132

Net Growth Cost => **\$26,168,471**

Population Increase 2019 to 2029	35,146
Cost per Service Unit	\$744

Residential Impact Fees (per dwelling)

Square Feet of Climate-Controlled Space	Persons per Housing Unit	Proposed Parks & Recreation Fee	Current Fees	Increase or Decrease	% Change
1000 or less	1.05	\$781	\$1,113	(\$332)	-30%
1001 to 1500	1.83	\$1,361	\$1,113	\$248	22%
1501 to 2500	2.38	\$1,770	\$1,113	\$657	59%
2501 to 3200	2.82	\$2,098	\$1,113	\$985	88%
3201 or more	3.29	\$2,447	\$1,113	\$1,334	120%

Comparison to 2013 Method

Housing Unit Increase 2019 to 2029	12,466
Impact Fee per Housing Unit	\$2,099

Forecast of Revenues for Parks and Recreation

Figure PR5 indicates Meridian should receive approximately \$26.15 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.

Figure PR5: Projected Impact Fee Revenue

Ten-Year Growth Cost => \$26,168,471

Parks Impact Fee Revenue

		Average Residential \$2,098 per housing unit
		Hsg Units
Base	2019	42,345
Year 1	2020	44,445
Year 2	2021	46,145
Year 3	2022	47,746
Year 4	2023	49,145
Year 5	2024	50,145
Year 10	2029	54,811
Ten-Yr Increase		12,466
Projected Revenue =>		\$26,150,000

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 centers are fully utilized and there is no surplus capacity for future development. City staff recommends the improvements listed in Figure PR6 to accommodate additional development over the next ten years. Total impact fee funding of approximately \$28.8 million represents a growth share of 80%, requiring approximately \$7.28 million from other revenue sources over the next ten years.

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

		Needed		Planned
Improved Acres		102.3		151
Building Sq Ft		17,096		22,000

FY	Description	Amount	Units	Cost
2020	West Meridian Regional Park - Design			\$500,000
2022	West Meridian Regional Park - Construction	47	acres	\$5,147,500
2021	New Community Center - Design & Construction Documents			\$500,000
2023	New Community Center - Construction	22,000	square feet	\$5,000,000
2027	Margaret Aldape Park - Design			\$994,000
2029	Margaret Aldape Park - Construction	70	acres	\$10,012,500
2021	Discovery Park, Phase 2 - Design			\$500,000
2023	Discovery Park, Phase 2 - Construction	25		\$5,160,000
2023	Discovery Park, Phase 3 - Design			\$500,000
2025	Discovery Park, Phase 3 - Construction	25	acres	\$5,160,000
2022	Brundage/Graycliff Park - Design			\$185,000
2024	Brundage/Graycliff Park - Construction	9	acres	\$1,906,500
2021	Additional Land Acquisition	5	acres	\$525,000
Total Cost =>				\$36,090,500
Growth Cost Funded by Impact Fees =>				\$28,806,000
Growth Share =>				80%
Existing Development Share to be Funded by Other Revenues =>				\$7,284,500

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. It 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 2015 functional population data for Meridian, the cost allocation for residential development is 73% while nonresidential development accounts for 27% of the demand for fire infrastructure.

Figure P1: Functional Population

Functional Population Cost Allocation for Public Safety				
	<i>Demand Units in 2015</i>		<i>Demand Hours/Day</i>	<i>Person Hours</i>
Residential				
Population [*]	91,360			
61% Residents Not Working	55,961		20	1,119,220
39% Resident Workers ^{**}	35,399			
20% Worked in City ^{**}	7,231	14		101,234
80% Worked Outside City ^{**}	28,168	14		394,352
	Residential Subtotal			1,614,806
	Residential Share =>			73%
Nonresidential				
Non-working Residents	55,961	4		223,844
Jobs Located in City ^{**}	36,676			
20% Residents Working in City ^{**}	7,231	10		72,310
80% Non-Resident Workers (inflow commute)	29,445	10		294,450
	Nonresidential Subtotal			590,604
	Nonresidential Share =>			27%
	TOTAL			2,205,410

* 2015 U.S. Census Bureau population estimate.

** 2015 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 FY18-19 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 \$333 per square foot (provided by City staff). The cost factor includes design and construction management. Based on FY18-19 service units, the standard in Meridian is 0.26 square feet of police building floor area per person in the service area. For nonresidential development, Meridian's standard is 0.06 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>
PSTC (half)	7,250
Admin Building	33,000
TOTAL	40,250

Source: City of Meridian Police Department.

Police Buildings Standards

	<i>Residential</i>	<i>Nonresidential</i>
Proportionate Share (based on functional population)	73%	27%
Growth Indicator	<i>Population</i>	<i>Avg Wkdy Veh Trips to Nonres Dev</i>
Service Units in FY18-19	114,102	179,607
Square Feet per Service Unit	0.26	0.06

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 12,161 additional square feet of police buildings. The ten-year, growth-related capital cost of police buildings is approximately \$4.05 million.

Figure P3: Police Facilities Needed to Accommodate Growth

Police Infrastructure Standards and Capital Costs

Buildings - Residential		0.26	Sq Ft per person
Buildings - Nonresidential		0.06	Sq Ft per trip
Police Buildings Cost		\$333	per square foot
			Infrastructure Needed
Year	Population	Veh Trips to Nonres in Meridian	Police Buildings (sq ft)
2019	114,102	179,607	40,250
2020	121,126	184,062	42,328
2021	126,812	188,819	44,080
2022	132,163	193,625	45,749
2023	136,845	198,637	47,258
2024	140,190	203,714	48,427
2029	149,248	231,013	52,411
Increase	35,146	51,406	12,161
Growth Cost of Police Buildings =>			\$4,050,000

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 2017). 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), less the projected police impact fee fund balance expected at the end of the current fiscal year. The net growth cost of \$2,633,140, divided by the projected increase in population from 2019 to 2029, yields a cost of \$54 per residential service unit. Impact fees are derived using the cost per service unit multiplied by the average number of service units per development unit. The row highlighted light blue indicates the updated police fee for an average-size dwelling is \$152 (truncated), which assumes 2.82 persons per housing unit. The latter was derived by dividing the projected increase in population by the projected increase in housing units over the next ten years. Please see Appendix A for supporting documentation on the average number of persons by dwelling size in Meridian (note: 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 2.82 divided by 3.11). The blue arrow shown in the table below compares the updated fee for the average size dwelling to the average impact fee per housing unit based on the allocation methodology from the 2013 impact fee study. In contrast to the “one size fits all” flat fee for all dwellings, the updated methodology proposes lower impact fees for smaller, more affordable units, along with a higher fee for dwellings with 3201 or more square feet of climate-controlled space.

Figure P4: Police Impact Fees per Development Unit**2019 Input Variables**

Infrastructure Type	Infrastructure Units	Growth Quantity Over Ten Years	Cost Factor per Unit	Growth Cost (rounded)
Police Buildings	square feet	12,161	\$333	\$4,050,000
Outdoor Training Facility		23%		\$690,000

Total => \$4,740,000

Professional Services Cost => \$18,603

Less Projected Fund Balance 9/30/2019 => -\$2,125,463Net Growth Cost => **\$2,633,140****Cost Allocation**

Residential	73%
Nonresidential	27%

Allocated Cost by Land Use

Residential	\$1,922,192
Nonresidential	\$710,948

Growth 2019 to 2029		Cost per Service Unit
Residential (persons)	35,146	\$54
Nonresidential (vehicle trips)	51,406	\$13

Residential Impact Fees (per housing unit)

Square Feet of Climate-Controlled Space	Persons per Housing Unit	Proposed Police Facilities Fees	Current Fees	Increase or Decrease	% Change
1000 or less	1.05	\$56	\$223	(\$167)	-75%
1001 to 1500	1.83	\$98	\$223	(\$125)	-56%
1501 to 2500	2.38	\$128	\$223	(\$95)	-43%
2501 to 3200	2.82	\$152	\$223	(\$71)	-32%
3201 or more	3.29	\$177	\$223	(\$46)	-21%

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 or Decrease	% Change
Commercial	37.75	50%	\$0.24	\$0.12	\$0.12	100%
All Other	9.00	50%	\$0.05	\$0.12	(\$0.07)	-58%

Comparison to 2013 Method

Housing Unit Increase 2019 to 2029	12,466
Impact Fee per Housing Unit	\$154
Nonresidential Floor Area Increase 2019 to 2029	6,960,000
Impact Fee per Square Foot	\$0.10

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 \$2.6 million (see the upper portion of Figure P5). The table below indicates Meridian should receive approximately \$2.5 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.

Figure P5: Police Development Fee Revenue

		Ten-Year Growth Cost of Police Facilities =>					\$2,633,140
Police Impact Fee Revenue							
		Average Residential \$152 per housing unit	Industrial \$50 per 1000 Sq Ft	Commercial \$240 per 1000 Sq Ft	Institutional \$50 per 1000 Sq Ft	Office & Other Services \$50 per 1000 Sq Ft	
	Year	Hsg Units	KSF	KSF	KSF	KSF	
Base	2019	42,345	9,070	4,890	4,450	5,890	
Year 1	2020	44,445	9,300	5,010	4,560	6,040	
Year 2	2021	46,145	9,540	5,140	4,680	6,190	
Year 3	2022	47,746	9,780	5,270	4,800	6,350	
Year 10	2029	54,811	11,670	6,290	5,720	7,580	
Ten-Yr Increase		12,466	2,600	1,400	1,270	1,690	
Projected Revenue =>		\$1,895,000	\$130,000	\$336,000	\$64,000	\$85,000	
Total Projected Revenues (rounded) =>							\$2,510,000

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 pay for approximately \$4.74 million, representing a growth share of 59%. Other revenue sources will be required to fund approximately \$3.26 million in police facilities over the next ten years.

Figure P6: Summary of Ten-Year CFP for Police

<i>Buildings Description</i>	<i>Square Feet</i>	<i>Total Cost</i>
Training Facility Classroom	3,000	\$1,000,000
Administrative Building Expansion Phase 1	3,000	\$1,000,000
Administrative Building Expansion Phase 2	3,000	\$1,000,000
Substation	6,000	\$2,000,000
Total =>		15,000 \$5,000,000
Cost per Square Foot =>		\$333
<i>Outdoor Facilities Description</i>		<i>Cost</i>
Outdoor Training Facility		\$3,000,000
Total =>		\$8,000,000
Growth Cost Funded by Impact Fees =>		\$4,740,000
Growth Share Funded by Impact Fees =>		59%
Share to be Funded by Other Revenues =>		\$3,260,000

Fire Impact Fees

After evaluating calls for service data to general types of development, Raftelis 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. The standard for fire buildings is 0.44 square feet per person and 0.46 square feet per job.

Figure F1: Existing Fire Buildings

<i>Fire Stations</i>	<i>Square Feet</i>
Fire Station # 1 (540 E. Franklin Rd)	11,700
Fire Station # 3 (3545 N. Locust Grove)	7,040
Fire Station # 2 (2401 N. Ten Mile Rd)	6,770
Fire Station # 4 (2515 S. Eagle Rd)	7,077
Fire Station # 5 (N. Linder Rd)	7,360
Fire Station # 6	0
PSTC (half)	7,250
Training Tower @ Station #1	6,523
Fire Safety Center (1901 Leighfield Dr)	1,744
Fire Admin Space (City Hall)	13,511
TOTAL	68,975

Allocation Factors for Fire Stations		
Residential Share	73%	Functional Population
Nonresidential Share	27%	
Population in 2019	114,102	
Jobs in 2019	40,575	

Infrastructure Standards for Fire Stations	
	<i>Square Feet</i>
Residential (per person)	0.44
Nonresidential (per job)	0.46

Development fees will be used to expand the fleet of fire vehicles and purchase communications equipment with a useful life of at least ten years. Figure F2 lists fire vehicles and communications 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 73% to residential and 27% to nonresidential development in Meridian. As shown below, every additional resident will require Meridian to spend approximately \$62 for additional fire vehicles and equipment. Every additional job requires the City to spend approximately \$64 for additional fire vehicles and equipment.

Figure F2: Existing Standards for Fire Vehicles

<i>Fire Apparatus and Equipment</i>	<i>Coding</i>	<i>Total Cost</i>
Engines	FE	\$5,148,000
Ladder Truck	LT	\$1,600,000
Pickup Trucks	PT	\$539,659
Other Vehicles	OV	\$287,700
Communications Equipment	CE	\$2,112,284
TOTAL		\$9,687,643
<i>Allocation Factors for Fire Apparatus and Communications</i>		
Residential Share	73%	Functional population
Nonresidential Share	27%	
Population in 2019	114,102	
Jobs in 2019	40,575	
<i>Infrastructure Standards for Fire Apparatus and Communications</i>		
	<i>Apparatus and Communications</i>	
Residential (per person)	\$61.98	
Nonresidential (per job)	\$64.46	

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 over the next ten years, Meridian will expand fire buildings by 20,859 square feet and spend \$2.93 million to expand the fleet of fire vehicles.

Figure F3: Growth-Related Need for Fire Facilities**Fire Infrastructure Standards and Capital Costs**

Fire Stations - Residential	0.44	Sq Ft per household
Fire Stations - Nonresidential	0.46	Sq Ft per job
Fire Station Cost	\$535	per square foot
Fire Apparatus/Communications - Residential	\$61.98	Cost per person
Fire Apparatus/Communications - Nonres	\$64.46	Cost per job

		Facilities Needed			
	<i>Year</i>	<i>Population</i>	<i>Meridian Jobs</i>	<i>Sq Ft of Fire Stations</i>	<i>Fire Apparatus and Communications</i>
Base	2019	114,102	40,575	68,975	\$9,687,643
Year 1	2020	121,126	41,612	72,551	\$10,189,837
Year 2	2021	126,812	42,677	75,549	\$10,610,907
Year 3	2022	132,163	43,768	78,411	\$11,012,890
Year 4	2023	136,845	44,887	80,990	\$11,375,214
Year 5	2024	140,190	46,035	82,993	\$11,656,541
Year 6	2025	143,578	47,214	85,030	\$11,942,532
Year 7	2026	144,996	48,421	86,209	\$12,108,228
Year 8	2027	146,413	49,659	87,403	\$12,275,860
Year 9	2028	147,831	50,929	88,611	\$12,445,618
Year 10	2029	149,248	52,231	89,834	\$12,617,376
<i>Ten-Yr Increase</i>		35,146	11,656	20,859	\$2,929,733
Cost of Fire Stations => \$11,160,000					
Cost of Fire Apparatus and Communications => \$2,930,000					
Total Growth Cost => \$14,090,000					

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. The row highlighted light orange indicates the updated impact fee for an average-size dwelling is \$693 (truncated), which assumes 2.82 persons per housing unit and a cost of \$246 per additional person. Please see Appendix

A for supporting documentation on the average number of persons by dwelling size in Meridian (note: 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 2.82 divided by 3.11). The blue arrow shown in the table below compares the updated fee for the average size dwelling to the average impact fee per housing unit based on the allocation methodology from the 2013 impact fee study. In contrast to the “one size fits all” flat fee of \$695 for all dwellings, the updated methodology proposes lower impact fees for smaller, more affordable units, along with a higher fee for dwellings with 3201 or more square feet of climate-controlled space.

Proposed nonresidential development fees for fire facilities are shown in the column with light orange shading. The 2019 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). The previous study had a single fee for all types of nonresidential development. The average fire impact fee per square foot for nonresidential development increased from \$0.35 in 2013 to \$0.46 in 2019. Based on the 2019 fee schedule, a new warehouse would be in the category of All Other. This fee category assumes 1.50 jobs per thousand square feet of floor area. To convert the fee to an amount per square foot, we divide by 1000 then multiply by the cost factor per job (\$274). The result is \$0.41 (truncated) per square foot.

Figure F4: Fee Schedule for Fire Facilities**2019 Input Variables**

Infrastructure Type	Infrastructure Units	Growth Quantity Over Ten Years	Cost Factor per Unit	Growth Cost (rounded)
Fire Stations	square feet	20,859	\$535	\$11,160,000
Fire Apparatus	dollars			\$2,930,000

Total => \$14,090,000

Professional Services Cost => \$18,603

Less Projected Fund Balance 9/30/2019 => -\$2,241,236Net Growth Cost => **\$11,867,367****Cost Allocation**

Residential	73%
Nonresidential	27%

Allocated Cost by Land Use

Residential	\$8,663,178
Nonresidential	\$3,204,189

Growth 2019 to 2029		Cost per Service Unit
Residential (persons)	35,146	\$246
Nonresidential (jobs)	11,656	\$274

Residential Impact Fees (per housing unit)

Square Feet of Climate-Controlled Space	Persons per Hsg Unit	Proposed Fire Facilities Fee	Current Fees	Increase or Decrease	% Change
1000 or less	1.05	\$258	\$681	(\$423)	-62%
1001 to 1500	1.83	\$450	\$681	(\$231)	-34%
1501 to 2500	2.38	\$585	\$681	(\$96)	-14%
2501 to 3200	2.82	\$693	\$681	\$12	2%
3201 or more	3.29	\$809	\$681	\$128	19%

Nonresidential Impact Fees (square foot of building)

Type	Jobs per 1,000 Sq Ft	Proposed Fire Facilities Fee	Current Fees	Increase or Decrease	% Change
Commercial	2.34	\$0.64	\$0.35	\$0.29	83%
All Other	1.50	\$0.41	\$0.35	\$0.06	17%

Comparison to 2013 Method

Housing Unit Increase 2019 to 2029	12,466
Impact Fee per Housing Unit	\$695
Nonresidential Sq Ft Increase 2019 to 2029	6,960,000
Impact Fee per Square Foot)	\$0.46

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 has a ten-year growth cost of \$11,867,367 (see the upper portion of Figure F5). The table below indicates Meridian should receive approximately \$11.82 million in fire development fee revenue, if actual development matches the land use assumptions. The revenue projection assumes implementation of the proposed fire fees and that development from 2019 to 2029 is consistent with the land use assumptions described in Appendix A. To the extent the rate of development either accelerates or slows down, there will be a corresponding change in the development fee revenue.

Figure F5: Fire Development Fee Revenue

		Ten-Year Cost of Growth-Related Fire Facilities => \$11,867,367				
Fire Impact Fee Revenue		<i>Average Residential</i>	<i>Industrial</i>	<i>Commercial</i>	<i>Institutional</i>	<i>Office and Other Services</i>
		\$693	\$410	\$640	\$410	\$410
		per housing unit	per 1000 Sq Ft	per 1000 Sq Ft	per 1000 Sq Ft	per 1000 Sq Ft
		<i>Hsg Units</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>	<i>KSF</i>
Base	2019	42,345	9,070	4,890	4,450	5,890
Year 1	2020	44,445	9,300	5,010	4,560	6,040
Year 2	2021	46,145	9,540	5,140	4,680	6,190
Year 3	2022	47,746	9,780	5,270	4,800	6,350
Year 4	2023	49,145	10,030	5,410	4,920	6,510
Year 5	2024	50,145	10,290	5,550	5,040	6,680
Year 6	2025	51,159	10,550	5,690	5,170	6,850
Year 7	2026	52,071	10,820	5,830	5,310	7,030
Year 8	2027	52,984	11,100	5,980	5,440	7,210
Year 9	2028	53,898	11,380	6,140	5,580	7,390
Year 10	2029	54,811	11,670	6,290	5,720	7,580
<i>Ten-Yr Increase</i>		12,466	2,600	1,400	1,270	1,690
Projected Revenue =>		\$8,640,000	\$1,070,000	\$900,000	\$520,000	\$690,000
Total Projected Revenues (rounded) =>		\$11,820,000				

Comprehensive Financial Plan for Fire Facilities

Using impact fee funding over the next ten years, Figure F6 indicates that Meridian plans to expand fire station floor area by approximately 25,000 square feet. Meridian will also purchase additional fire vehicles costing approximately \$4.38 million. The total cost for these projects is approximately \$17.75 million. The growth cost funded by impact fees is \$14.09 million over ten years, which is 79% of the total cost. An additional \$3.66 million in other revenues will be required to fully fund the Fire Department's CFP for growth-related improvements.

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

<i>Fire Stations</i>	<i>Square Feet</i>	<i>Total Cost</i>
Purchase Land for Fire Station #7		\$500,000
Design Fire Station #7		\$800,000
Build Fire Station #7	12,500	\$5,387,500
Purchase Land for Fire Station #8		\$250,000
Design Fire Station #8		\$800,000
Build Fire Station #8	12,500	\$5,637,500
Total =>		25,000 \$13,375,000
Cost per Sq Ft Based on Stations #7 & #8 =>		\$535
<i>Fire Apparatus</i>	<i>Units</i>	<i>Total Cost</i>
Quint Truck	1	\$1,600,000
Heavy Rescue Vehicle	1	\$800,000
Fire Engine Station #7	1	\$572,000
Fire Engine Station #8	1	\$572,000
Vehicle for EMS Captain	1	\$63,000
Vehicle for Fire Inspector/Investigator	1	\$63,000
Vehicle for Battalion Chiefs	1	\$63,000
Alternative Response Unit	2	\$642,000
Total =>		9 \$4,375,000
Total =>		\$17,750,000
Growth Cost Funded by Impact Fees =>		\$14,090,000
Growth Share =>		79%
Funded by Other Revenues =>		\$3,660,000

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. This minor cost (\$18,603 per infrastructure type) was added to the 2019 Meridian impact fees.

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, 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. Also, 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, Raftelis 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, Raftelis 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. Raftelis 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 1st.

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 increase at a growth rate of approximately 2.7% per year. Over the next ten years, jobs are expected to increase at a growth rate of approximately 2.6% per year, which is from the Communities in Motion employment forecast from 2010 to 2040.

Figure A1: Annual Development Projections

Meridian, Idaho	<i>FY18-19</i>	<i>FY19-20</i>	<i>FY20-21</i>	<i>FY21-22</i>	<i>FY23-24</i>	<i>FY28-29</i>	<i>FY38-39</i>
Fiscal Year Begins Oct 1st	2019	2020	2021	2022	2024	2029	2039
	<i>Base Yr</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>10</i>	<i>20</i>
Total Population							
City of Meridian	114,102	121,126	126,812	132,163	140,190	149,248	164,187
Annual Increase	7.2%	6.2%	4.7%	4.2%	2.4%	1.0%	1.0%
Housing Units							
Single Family	35,911	37,649	39,056	40,381	42,367	46,229	54,516
Annual Increase	5.6%	4.8%	3.7%	3.4%	2.0%	1.7%	1.7%
Multi-Family	6,434	6,796	7,089	7,365	7,778	8,582	10,322
Annual Increase	6.6%	5.6%	4.3%	3.9%	2.3%	1.9%	1.9%
Total Housing Units	42,345	44,445	46,145	47,746	50,145	54,811	64,838
Annual Increase	5.7%	5.0%	3.8%	3.5%	2.0%	1.7%	1.7%
Persons per Hsg Unit	2.69	2.73	2.75	2.77	2.80	2.72	2.53
Jobs (by place of work)							
Industrial	7,501	7,693	7,890	8,092	8,511	9,656	12,430
Commercial	11,455	11,748	12,048	12,356	12,996	14,746	18,982
Institutional	4,133	4,238	4,347	4,458	4,689	5,320	6,848
Office & Other Services	17,486	17,933	18,392	18,862	19,839	22,509	28,976
Total Jobs	40,575	41,612	42,677	43,768	46,035	52,231	67,236
Annual Increase	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Jobs to Housing Ratio	0.96	0.94	0.92	0.92	0.92	0.95	1.04
Nonresidential Floor Area (square feet in thousands)							
Industrial	9,070	9,300	9,540	9,780	10,290	11,670	15,030
Commercial	4,890	5,010	5,140	5,270	5,550	6,290	8,100
Institutional	4,450	4,560	4,680	4,800	5,040	5,720	7,370
Office & Other Services	5,890	6,040	6,190	6,350	6,680	7,580	9,760
Total KSF	24,300	24,910	25,550	26,200	27,560	31,260	40,260
Avg Sq Ft Per Job	599	599	599	599	599	598	599
Avg Jobs per KSF	1.67	1.67	1.67	1.67	1.67	1.67	1.67

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, Raftelis 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 makes fees more proportionate and facilitates construction of affordable units. As shown Figure A2, dwellings with a single unit per structure (detached and attached) average 2.85 persons per housing unit. Dwellings in structures with two or more units average 2.00 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 2.76 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. Raftelis 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	House-holds	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single Unit *	81,202	27,793	2.92	28,448	2.85	89%	2%
All Other **	6,765	3,379	2.00	3,378	2.00	11%	0%
Subtotal	87,967	31,172	2.82	31,826	2.76		2%
Group Quarters	4,864						
TOTAL	92,831						

Source: U.S. Census Bureau, 2016 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, Raftelis 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, Raftelis 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 totals for Meridian. As shown above, the U.S. Census Bureau indicates that Meridian averages 2.76 persons per housing unit.

Figure A3: Persons by Bedroom Range

Bedrooms			Recommended Multipliers (2)	
	Persons (1)	Housing Units (1)	Persons per Housing Unit	Housing Mix
0-1	48	39	1.30	2.8%
2	353	194	1.92	14.1%
3	1,598	678	2.48	49.2%
4+	1,614	467	3.64	33.9%
Total	3,613	1,378	2.76	100.0%

(1) American Community Survey, Public Use Microdata Sample for ID PUMA 701 (2012-2016 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. 2.76 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, Raftelis 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).

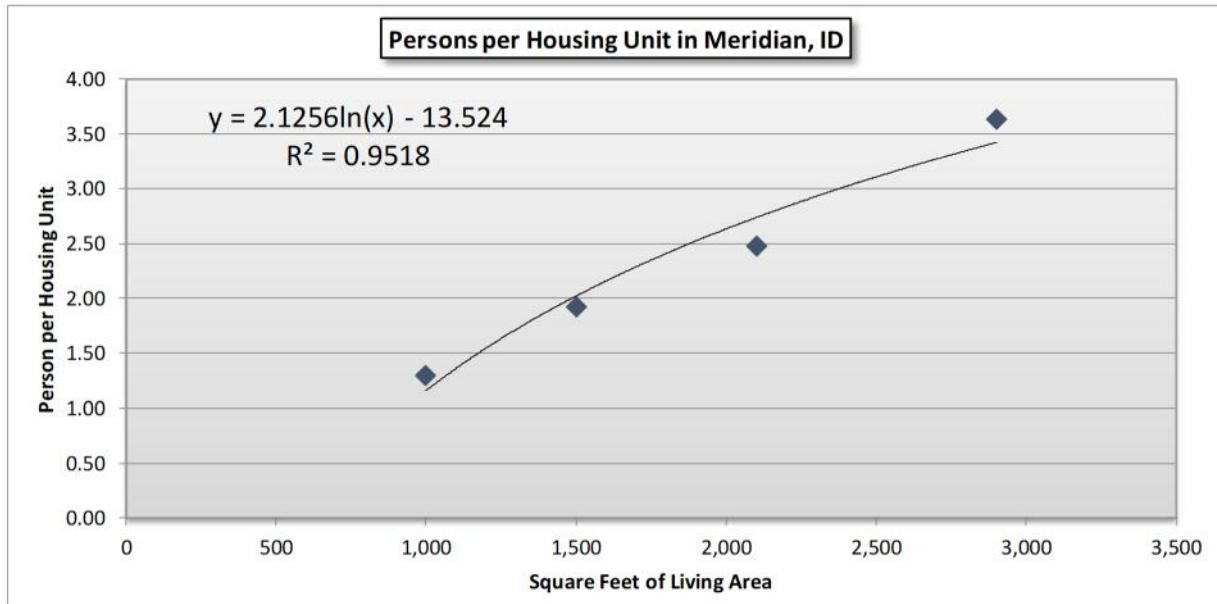
Raftelis recommends that DIFs for residential development be imposed based on finished square feet of living space, excluding garages, patios and porches that are not climate-controlled. Average floor area and number of persons by bedroom range are plotted in Figure A4, with a logarithmic trend line derived from actual averages for Meridian. Using the trend line formula shown in the chart, Raftelis 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 (1000 square feet or less) has an estimated average of 1.16 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 3.63 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 by the total number of dwellings in the building.

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	1.30	1000 or less	1.16
1,800	2	1,500	1.92	1001 to 1500	2.02
2,200	3	2,100	2.48	1501 to 2500	2.63
3,400	4+	2,900	3.64	2501 to 3200	3.11
2,700	<=Wt Avg=>	2,400		3201 or more	3.63

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 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. Raftelis uses the term “jobs” to refer to employment by place of work. In Figure A5, color shading indicates nonresidential development prototypes that will be used by Raftelis to derive average weekday vehicle trips and nonresidential floor area. For future industrial development, Raftelis averaged Light Industrial (ITE code 110) and Warehousing (ITE 150) to derive an average of 1,209 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 427 square feet per job. For institutional development, such as schools, daycare and churches, the impact fee study assumes an average of 1,076 square feet per job. The prototype for institutional development is an Elementary School (ITE 520). For office and other services, an average-size Office (ITE 710) is the prototype for future development, averaging of 337 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	4.96	3.05	1.63	615
140	Manufacturing	1,000 Sq Ft	3.93	2.47	1.59	628
150	Warehousing	1,000 Sq Ft	1.74	5.05	0.34	2,902
520	Elementary School	1,000 Sq Ft	19.52	21.00	0.93	1,076
530	High School	1,000 Sq Ft	14.07	22.25	0.63	1,581
610	Hospital	1,000 Sq Ft	10.72	3.79	2.83	354
620	Nursing Home	1,000 Sq Ft	6.64	2.91	2.28	438
710	General Office	1,000 Sq Ft	9.74	3.28	2.97	337
760	Research & Dev Center	1,000 Sq Ft	11.26	3.29	3.42	292
770	Business Park	1,000 Sq Ft	12.44	4.04	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	37.75	16.11	2.34	427
857	Discount Club	1,000 Sq Ft	41.80	32.21	1.30	771
	Industrial in Meridian	1,000 Sq Ft	3.35	4.05	0.83	1,209

* *Trip Generation*, Institute of Transportation Engineers, 10th Edition (2017).

Figure A6 indicates 2015 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

Meridian, Idaho

	2015 Jobs (1)	
Commercial (2)	10,354	28.2%
Industrial (3)	6,781	18.5%
Institutional (4)	3,735	10.2%
Office & Other Services (5)	15,806	43.1%
TOTAL	36,676	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.

NAICS Industry Sector		2015	
		Count	Share
Agriculture, Forestry, Fishing and Hunting		70	0.2%
Mining, Quarrying, and Oil and Gas Extraction		8	0.0%
Utilities		11	0.0%
Construction		2,999	8.2%
Manufacturing		1,200	3.3%
Wholesale Trade		1,520	4.1%
Retail Trade		6,401	17.5%
Transportation and Warehousing		973	2.7%
Information		292	0.8%
Finance and Insurance		2,453	6.7%
Real Estate and Rental and Leasing		450	1.2%
Professional, Scientific, and Technical Services		2,489	6.8%
Management of Companies and Enterprises		279	0.8%
Administration & Support, Waste Management and Remediation		2,003	5.5%
Educational Services		3,260	8.9%
Health Care and Social Assistance		6,458	17.6%
Arts, Entertainment, and Recreation		687	1.9%
Accommodation and Food Services		3,953	10.8%
Other Services (excluding Public Administration)		695	1.9%
Public Administration		475	1.3%