



AGENDA REPORT

City Council Meeting

TODAY'S DATE: July 10, 2025

MEETING DATE: July 16, 2025

TO: Mayor Grimm and Members of the City Council

FROM: Jason Welker, Planning & Community Development Director

SUBJECT: Public Hearing and Adoption of the 2025 Capital Improvement Plans and Development Impact Fee Study

DESCRIPTION/BACKGROUND:

Following a presentation by TischlerBise at the June 25, 2025 Council meeting, the City of Sandpoint is holding a public hearing to consider the adoption of the final 2025 Development Impact Fee (DIF) Study and accompanying Capital Improvement Plans (CIPs). This study is the culmination of a comprehensive update initiated in 2024 to align with the City's newly adopted 20-year Comprehensive Plan and fulfill the requirements of the Idaho Development Impact Fee Act (Idaho Code §67-8201).

The updated study evaluates infrastructure needs for the next decade across five service categories:

1. Parks & Recreation
2. Pathways
3. Roads
4. Police
5. Fire

The Development Impact Fee Advisory Committee (DIFAC) reviewed the final study and recommended adopting the maximum supportable impact fees identified by TischlerBise.

SUMMARY OF CAPITAL IMPROVEMENT PLANS:

- **Parks & Recreation:** The \$23.5 million CIP includes parkland acquisition, improvements to existing parks, and the development of recreation facilities to maintain current levels of service for a growing population, with \$7.4 million eligible for impact fee funding.
- **Pathways:** The \$4 million CIP focuses on expanding the non-motorized pathway network using an incremental expansion approach, with \$1.4 million in growth-related costs supported by impact fees.
- **Roads:** Using a plan-based methodology, the \$25.7 million CIP identifies intersection and roadway improvements necessary to address a projected 20% increase in vehicle miles traveled; \$5 million of this total is attributable to new development.
- **Police:** The \$1.2 million CIP provides for incremental expansion of the police station to meet service demands from population growth, with \$551,000 recoverable through impact fees.

- **Fire:** The \$3.6 million CIP includes expansion of the fire station to accommodate additional personnel and apparatus needs associated with growth, with \$908,000 designated as growth-related and impact fee eligible.

SUMMARY OF IMPACT FEE INCREASES:

The updated fees are based on the City's 10-year Capital Improvement Plans and reflect the proportional cost of growth-related infrastructure needed to maintain existing service levels. The study introduces refined methodologies, including the assessment of residential fees by dwelling square footage and nonresidential fees by floor area, ensuring a closer correlation between fee amounts and development impact.

Key growth-related costs eligible for funding through impact fees include \$7.4 million for Parks & Recreation, \$1.4 million for Pathways, \$5 million for Roads, \$551,000 for Police, and \$908,000 for Fire infrastructure.

The maximum supportable fees calculated in the study represent substantial increases across nearly all development types. For example, total fees for a 1,400-square-foot home would increase from \$5,441 to \$9,521—a 75% rise. The shift from a per-bedroom to a per-square-foot methodology for residential development closes loopholes in the previous structure, such as developers avoiding fees by labeling bedrooms as “bonus rooms” or “studies.”

Nonresidential fees are also increasing significantly, with proposed increases of 32% for retail, 153% for office space, and 90% for industrial development.

To moderate the impact of these increases on the development community, City Council has proposed phasing in the new fees over three years: implementing 75% of the maximum in FY2026, 90% in FY2027, and reaching 100% in FY2028.

STAFF RECOMMENDATION:

Staff recommends adoption of the Final 2025 Capital Improvement Plan and Development Impact Fee Study, including the accompanying ordinance implementing the updated fee schedule. Staff further recommends that Council consider the phased approach (75%–90%–100%) as a balanced means of implementation that supports both infrastructure funding needs and development continuity.

ACTION:

Following tonight's public hearing, City Council may consider any of the following actions:

1. Adopt the Final 2025 Capital Improvement Plan and DIF Study and implement the maximum supportable impact fees
2. Adopt the Final Study and CIP but implement something less than the maximum supportable fees, as allowed by statute. Any reduction would need to be applied proportionally across land use types.
3. Phase in the maximum supportable fees over a multi-year period.
 - At the June 25th meeting, Council expressed favorable interest in the following phased approach:
 - FY2026: 75% of the maximum
 - FY2027: 90% of the maximum
 - FY2028: 100% of the maximum

- This approach helps soften the impact of fee increases on developers and supports smoother project budgeting transitions.
- 4. Reject the study and retain the existing DIF structure and rates, though this may result in under-collection for growth-related infrastructure costs.
- 5. Defer action to request additional revisions or analysis before proceeding with adoption.

WILL THERE BE ANY FINANCIAL IMPACT? HAS THIS ITEM BEEN BUDGETED?

Yes – The updated fees will increase revenues to fund growth-related infrastructure. Not adopting or adopting lower fees would require alternative revenue sources, scope reductions in planned infrastructure, or acceptance of a lower level of service.

ATTACHMENTS:

- 2025 DIF Study for City of Sandpoint by TischlerBise
- TischlerBise presentation on Sandpoint DIF study