



Road Impact Fee Update Recommended Revisions

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11 April 2022

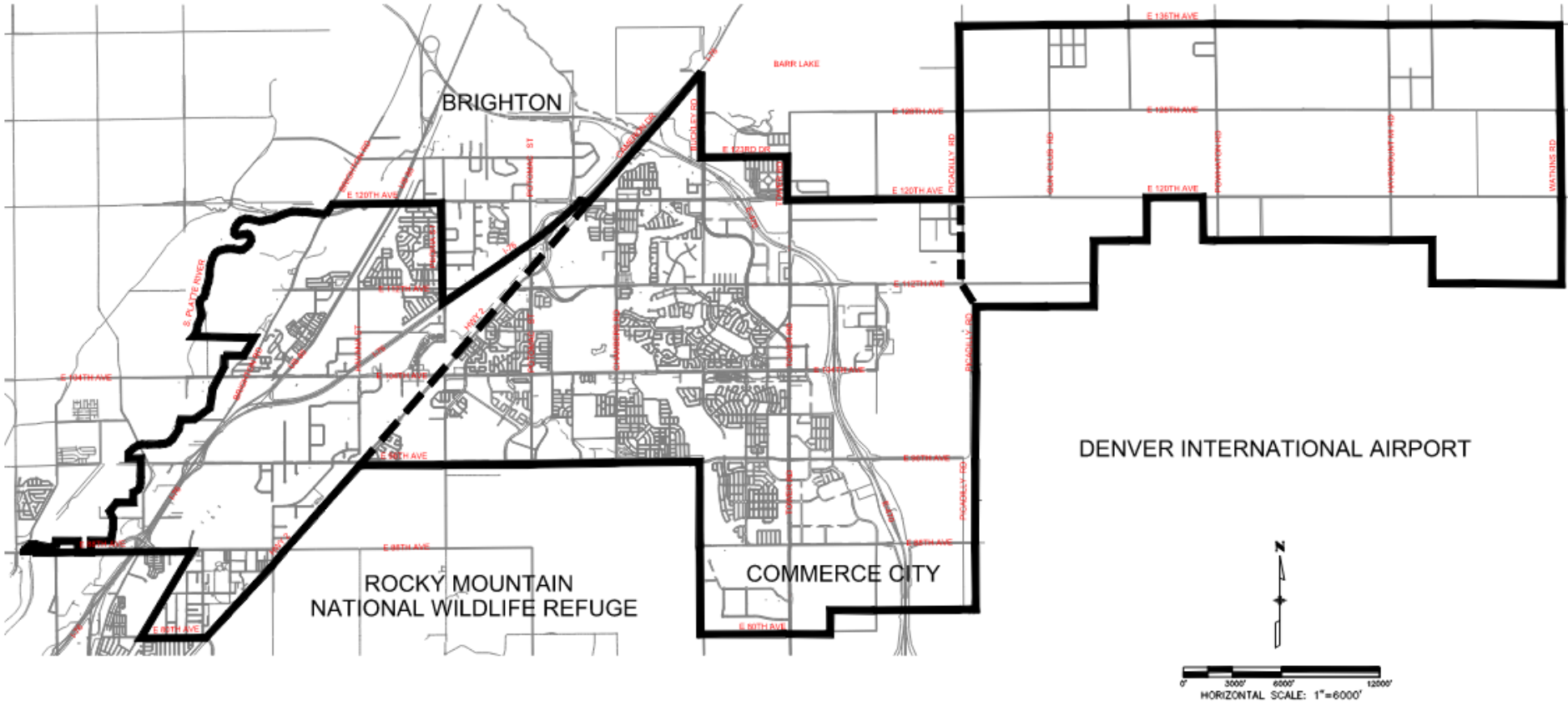
Overview

- Purpose and Need
- Study Area/Application/Future Road Network
- Analysis
 - Existing Fee vs Buildout Requirement
 - Notional Development Fees
 - Typical Tax Bill for Single Family and Warehouse
 - Other Colorado Municipalities
 - Excise Tax
 - Rough Proportionality/Rational Nexus
- Adoption Options
- Developer Outreach

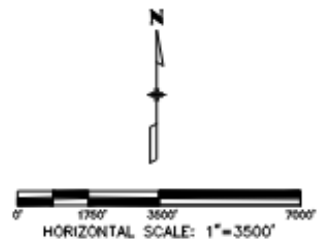
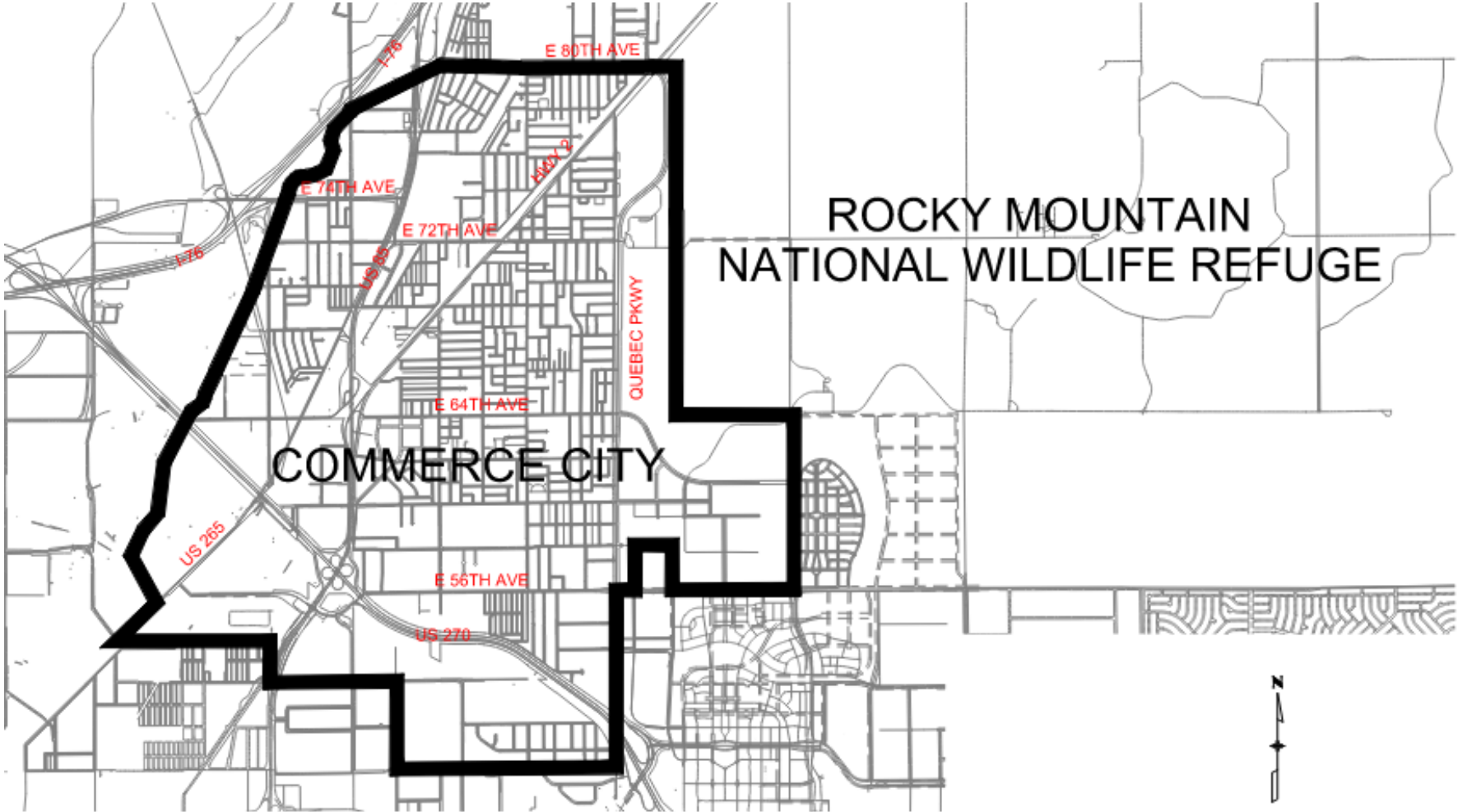
Purpose and Need

- The City is developing rapidly & our road impact fees have **not been updated since 2000**
- The road impact fees are based upon older and now **outdated construction costs** and trip generation numbers
 - Based on CDOT's standard of 3.5%/year growth = 208% increase
- The City needs to update our road impact fees to help fund **capital projects to accommodate increased capacity** on roadways caused by new development
- Current Fund Balances versus Capital Needs
 - Road Impact Fee Current Fund Balance = \$3,175,792
 - Capital Need = \$633,819,310
 - **Shortfall = \$630,643,518**

Northern Range Study Area



Core City Study Area

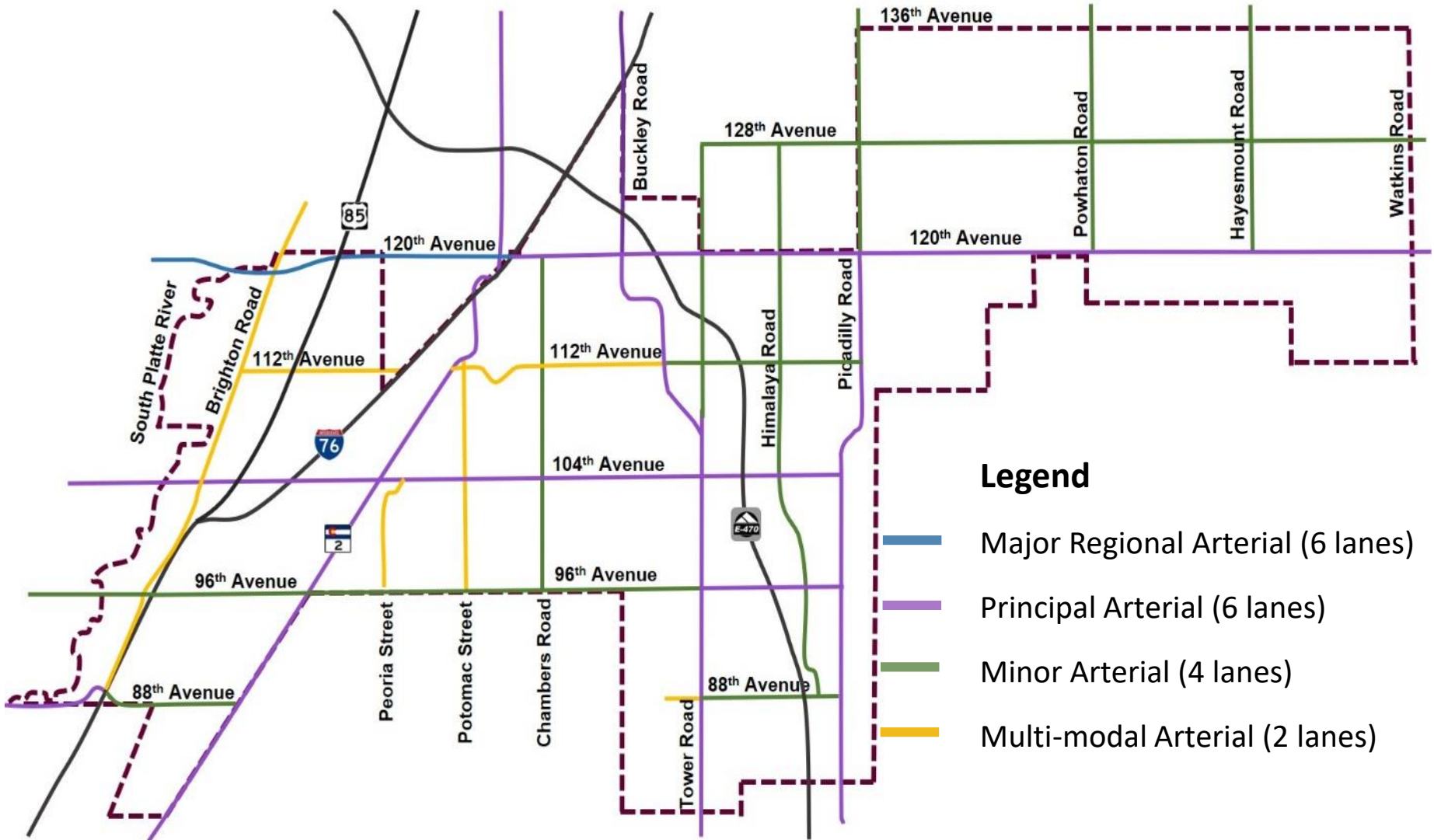


Application

Road Impact Fees:

- Only include arterial roadways
- Only include projects that add capacity
 - Does not include maintenance of existing roads
 - Would include widening from 2-to-4 or 4-to-6 lanes
 - Would include bridge/culvert widening as a result of road widening
- Would be credited to developers that build capacity improvements on arterial roads
- One time fee paid at building permit by home builder

Future Road Network – Northern Range



Legend

- Major Regional Arterial (6 lanes)
- Principal Arterial (6 lanes)
- Minor Arterial (4 lanes)
- Multi-modal Arterial (2 lanes)

Future Road Network – Core City



Analysis

- Anticipated Residential Buildout by 2056
- Cost for Arterial Buildout = \$633,819,310
 - Based on 2021 Construction Costs
 - Does not account for Construction Cost Escalation
 - Includes road widening needed to accommodate future development
- Road Impact Fee Current Fund Balance = \$3,175,792
- Shortfall = \$630,643,518

Current vs Buildout Fee Comparison

- The revised fee includes a truck conversion rate to account for the increased impact of trucks traveling to and from these land uses.

NORTHERN RANGE

Land Use	Development Unit	Current Fee	Fee Proposed on 2/7/2022	Fee Proposed on 4/11/2022
Light Industrial	Per 1,000 sf	\$1,181	\$3,088	\$3,393
Industrial Park	Per 1,000 sf	\$1,146	\$1,944	\$2,173
Warehouse	Per 1,000 sf	\$595	\$915	\$1,067

CORE CITY

Land Use	Development Unit	Fee Proposed on 2/7/2022	Fee Proposed on 4/11/2022
Light Industrial	Per 1,000 sf	\$1,721	\$1,899
Industrial Park	Per 1,000 sf	\$1,068	\$1,187
Warehouse	Per 1,000 sf	\$534	\$593



Current vs Buildout Fee Comparison (Northern Range)

Land Use	Development Unit	Current Fee	Proposed Fee
Single Family Detached	Dwelling	\$1,181	\$4,842
Light Industrial	Per 1,000 sf	\$1,146	\$3,393
Warehouse	Per 1,000 sf	\$595	\$1,067
Multi-Family*	Dwelling	\$726	\$2,459
Hotel	Room	\$674	\$2,935
Elementary School	Per 1,000 sf	\$656	\$5,032
Church	Per 1,000 sf	\$770	\$2,402
Day Care Center	Per 1,000 sf	\$3,701	\$13,076
General Office	Per 1,000 sf	\$1,741	\$5,642
Medical-Dental Office	Per 1,000 sf	\$4,279	\$16,965
Shopping Center**	Per 1,000 sf	\$3,198	\$10,446
Bank	Per 1,000 sf	\$5,250	\$32,595
Sit Down Restaurant	Per 1,000 sf	\$3,325	\$27,296
Fast Food Restaurant	Per 1,000 sf	\$4,909	\$40,067

*Proposed fee is average of low-rise and mid-rise multifamily

**Current fee is average of Shopping Center fees

Notional Development Fees

Northern Range

Proposed Use	Quantity	Current Fee (2000)	Current Cost (2000)	Proposed Fee	Proposed Cost
SF Dwellings	100 Dwellings	\$1,181	\$118,100	\$4,842	\$484,200
Shopping Center	50,000 SF	\$4,471	\$223,550	\$10,446	\$522,300
Fast Food	3,000 SF	\$4,909	\$14,727	\$40,067	\$120,201
Warehouse	200,000 SF	\$595	\$119,000	\$1,067	\$213,400

Core City

Proposed Use	Quantity	Proposed Fee	Proposed Cost
SF Dwellings	100 Dwellings	\$2,670	\$267,000
Shopping Center	50,000 SF	\$5,815	\$290,750
Fast Food	3,000 SF	\$22,134	\$66,402
Warehouse	200,000 SF	\$593	\$118,600



Commerce
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Current Road Impact Fee Comparisons

City	Year Adopted	SF Detached	Multifamily (per unit)	Warehouse
City of Aurora	2022	\$6,701	\$4,827	N/A
City of Brighton	2020	\$1,700	\$1,700	\$410 (Industrial)
City of Fort Collins	2013	\$3,112	\$2,143	\$1,130
City of Greeley	2022	\$4,773	\$3,082	\$1,803
City of Longmont	2020	\$1,039-\$2247	\$1,039-\$2247	\$390 (Industrial)

City	Year Adopted	SF Detached	Multifamily (per unit)	Warehouse
C3 Current	2000	\$1,181	\$726	\$595
C3 Northern Range	Proposed	\$4,842	\$2,745	\$1,067
C3 Core City	Proposed	\$2,670	\$1,543	\$593

Current Road Impact Fee Comparisons

City	Year Adopted	SF Detached	Multifamily (per unit)	Warehouse
Adams County West	3/1/2022	\$2,700-\$6,371	\$2,700-\$6,371	\$1,031 (Industrial)
Adams County East	3/1/2022	\$2,906-\$5,009	\$2,906-\$5,009	\$751 (Industrial)
El Paso County	2020	\$3,830	\$2,407	\$1,865
Jefferson County	2021	\$3,069-\$4,177	\$2,554	\$800 (Mini-warehouse)

City	Year Adopted	SF Detached	Multifamily (per unit)	Warehouse
C3 Current	2000	\$1,181	\$726	\$595
C3 Northern Range	Proposed	\$4,842	\$2,745	\$1,067
C3 Core City	Proposed	\$2,670	\$1,543	\$593

Priority List of Projects

Priority #	Roadway Segment	Cost (in Millions)
1	120 TH Ave (I-76 to Buckley Road)	\$12.6
2	88 th Ave (I-76 to Rosemary)	\$4.31
3	High Plains Parkway (104 th Ave to 120 th Ave)	\$22.24
4	112 th Ave (Chambers to Potomac)	\$6.55
5	96 th Ave (Highway 2 to I-76)	\$21.56
6	112 th Ave (Parkside to Tower Rd)	\$8.06
7	96 th Ave (Hwy 2 to I-76)	\$12.54
8	Potomac St (96 th Ave to 104 th Ave)	\$6.9
9	Peoria St (96 th Ave to 104 th Ave)	\$8.28
10	Chambers Road (96 th Ave to 104 th Ave)	\$7.84
	TOTAL	\$110.88M



Excise Taxes

- Same as the impact fees but would have to be approved by voters
- Example: Town of Parker
 - Fee levied on all residential and non-residential development
 - Paid at time of building permit
 - Includes annual cost escalation to “ensure that the value of the revenue collected pursuant to this Chapter is maintained”
 - Fee can be credited back as outlined in the ordinance

Rational Nexus Study

- Governments are allowed to exact property or something of value without providing compensation, provided two tests are met:
 - Nexus – The exaction must have rational connection to the burden the govt seeks to avoid
 - Rough Proportionality – The amount of the exaction must roughly correspond to the burden placed on the government, resulting from the development

Exaction = Government mandated contribution of anything of value imposed as a condition of approving a project

- Includes: Impact fees, road dedications, utility improvements, sidewalk, curb and gutter, road and transportation improvements, land, parks and trails, lighting, etc...



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Road Impact Fee Guidelines

- The City cannot charge more than the fee calculated in the road impact fee study. The amount of the exaction must be roughly proportional to the burden placed on City, resulting from development.
- The City can adopt a lower fee
- The City can adopt a lower fee for different land uses. Fees can be adjusted in the future at anytime.
- The City can phase the fee

Road Impact Fee Options

- Option 1 – Adopt full Road Impact Fees
- Option 2 – Adopt full Residential and Industrial and percentage of Commercial fee.
- Option 3 – Adopt full Residential and Industrial and keep current Commercial fee.

NOTE: Staff suggests the fee ordinance have an escalator that is tied to the construction cost index and the fee be adjusted automatically every 2 years starting in 2023

Road Impact Fee Option 1

Option 1 – Adopt proposed Road Impact Fees

Northern Range

Proposed Use	Quantity	Proposed Fee	Total Proposed Fee
Single Family	1	\$4,842	\$4,842
Shopping Center ¹	50,000 SF	\$10,446	\$522,300
Fast Food ¹	3,000 SF	\$40,067	\$120,201
Warehouse ¹	200,000 SF	\$1,067	\$213,400

Note: 1 Fees is per 1,000 sf



Road Impact Fee Option 1.

Option 1 – Adopt proposed Road Impact Fees

Core City

Proposed Use	Quantity	Proposed Fee	Total Proposed Fee
Single Family	1	\$2,670	\$2,670
Shopping Center ¹	50,000 SF	\$5,815	\$290,750
Fast Food ¹	3,000 SF	\$22,134	\$66,402
Warehouse ¹	200,000 SF	\$593	\$118,600

Note: 1 Fees is per 1,000 sf

Roadway Impact Fee Option 2 and 3

- Option 2 - Full residential and industrial and a portion of the Commercial Fee (examples of 25% and 50% reduction shown below).
- Option 3 - Full residential and industrial and keeping current Commercial Fee (shown below).
- Table below shows estimated reduction in Capital Collection with reduced Commercial Fee

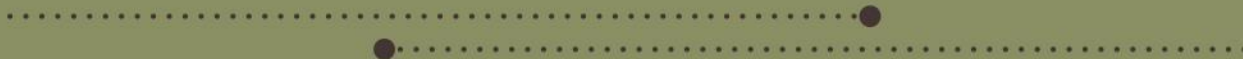
Northern Range

Land Use	Developable Acres	Units per Acre	Fee/Unit	Total Fees (\$)	Total Fees (\$) 25% Reduction Commercial	Total Fees (\$) 50% Reduction Commercial	Total Fees (\$) Keep Existing Commercial ¹
Single Family	7,317	5 Homes	\$4,842	\$177,000,000	\$177,000,000	\$177,000,000	\$177,000,000
Commercial	956	12,500 sf	\$26,088	\$312,000,000	\$234,000,000	\$156,000,000	\$39,200,000
Office/ Industrial	2,573	12,500 sf	\$4,518	\$145,000,000	\$145,000,000	\$145,000,000	\$145,000,000
			Total Est Fee =	\$634,000,000	\$556,000,000	\$478,000,000	\$361,000,000
				Difference =	\$78,000,000	\$156,000,000	\$273,000,000

¹ Average existing commercial fee assumed to be \$3,280

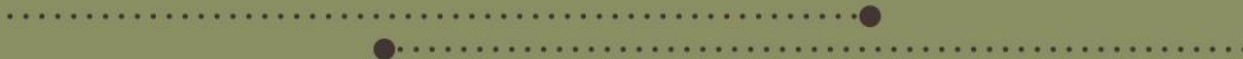


Questions & Discussion





Questions & Discussion



Roadway Impact Fee Option 3

- Option 3 is adoption of full residential and industrial and keeping existing Commercial Fee.
- Table below shows estimated reduction in Capital Collection with keeping existing Commercial Fee

Northern Range

Land Use	Developable Acres	Units per Acre	Fee/Unit ¹	Proposed Total Fees (\$)	Fee/Unit ²	Total Fees (\$) with Current Commercial
Single Family	7,317	5 Homes	\$4,842	\$177,000,000	\$4,842	\$177,000,000
Commercial	956	12,500 sf	\$26,088	\$312,000,000	\$3,280	\$39,000,000
Office/Industrial	2,573	12,500 sf	\$4,518	\$145,000,000	\$4,518	\$145,000,000
			Total Est Fee =	\$634,000,000		\$361,000,000
					Difference =	\$273,000,000

¹ Assumes adoption of full road impact fees

² Assumes adoption of full road impact fees for Residential and Office/Industrial. Commercial Fee is same as existing road impact fee.

Sample Property Tax and Road Impact Fee (Single Family Home)

- Table below shows a typical property tax bill a house in the northern range.

Current Taxes for House in Northern Range		
Property Value =		\$500,000
Assessed Property Value =		\$35,755
	Mills	Amount (\$)
Total Property Tax =	209.877	\$7,504.15

- Current Road Impact Fee = \$1,181 per Single Family Home
- Proposed Road Impact Fee = \$4,842 per Single Family Home
- Current Impact Fee annualized over 30 years is approximately \$40 per year
- Proposed Impact Fee annualized over 30 years is approximately \$160 per year
- Proposed Impact Fee would be an additional \$120/year over 30 years

Sample Property Tax and Road Impact Fee (Warehouse)

- Table below shows a typical property tax bill for a warehouse in the northern range.

Current for Warehouse in Northern Range		
Property Value =		\$5,000,000
Assessed Property Value =		\$1,450,000
	Mills	Amount (\$)
Total Property Tax=	177.171	\$256,897.95

- Current Road Impact Fee = \$148,750 for 250,000 SF Warehouse site.
- Proposed Road Impact Fee = \$228,750 for 250,000 SF Warehouse site.
- Current Impact Fee annualized over 30 years is approximately \$4,960 per year
- Proposed Impact Fee annualized over 30 years is approximately \$7,625 per year
- Proposed Impact Fee would be an additional \$2,665/year over 30 years