



# Commerce City

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## Council Communication

File Number: Ord 2500

**Agenda Date:** 5/15/2023

**Version:** 1

**Status:** Consent 2nd Reading

**In Control:** City Council

**File Type:** Ordinance

SECOND AND FINAL READING OF AN ORDINANCE AMENDING THE LAND DEVELOPMENT CODE OF THE CITY OF COMMERCE CITY BY THE ADDITION OF A PUBLIC WORKS FEE ON NEW DEVELOPMENT BASED OFF RECENT STUDIES OF THE SAME

The purpose of this session is to provide Council with a comprehensive review of the Impact Fee Study and Report that has been prepared by Willdan Financial. At a high level, an impact fee is a type of fee charged to developers or builders when they seek permits for new construction projects. The purpose of an impact fee is to mitigate the impact of new development on the surrounding community by ensuring that the cost of necessary infrastructure improvements are paid for by the developers or builders rather than by taxpayers. Impact fees are a common tool used by local governments to manage growth and development in their communities and is intended to ensure that new development pays its fair share of the costs. Impact fee revenue must be spent on new facilities or expansion of current facilities to serve new development.

Because the high level of growth occurring in the City (3.3% percent growth rate year-over-year) has created an immediate and future impact on community facilities and public projects, the City posted a Request for Proposals for a User Fee and Impact Fee Study to conduct a user and impact fee review and provide recommendations on new user and impacts for the City. After a competitive bidding and interview process, the City entered into an Agreement for Professional Services with Willdan Financial Services in December of 2021.

The principal goal of the Impact Fee Study was to help the City ensure that new development pays the capital costs associated with growth. In addition, Willdan established a series of additional objectives including:

- Developing a rational basis for setting fees
- Identifying subsidy amount, if applicable, of each fee in the model
- Ensuring compliance with State law
- Developing an updatable and comprehensive list of fees
- Maintaining accordance with City policies and goals

The study results helped the City calculate and present fees that will enable the City to expand its inventory of public facilities, as new development creates increases in service demands. The recommended fees identified in the final report by Willdan Financial are

either at or less than full cost recovery. As identified in the “Impact Fee Staff Recommendations” attachment, staff recommends implementing the maximum justifiable fees calculated by Willdan, except in Commercially zoned districts. For commercial uses, staff recommends following the same structure that was implemented for the road and drainage impact fees passed in March of 2023, by reducing the maximum fee by 50%, and further adjusting the fees to \$0 for preferred economic development uses. This specific ordinance addresses the “public works facilities” portion of the Impact Fee Study. Public works facilities serve both residents, visitors, and businesses. Therefore, demand for services and associated facilities are based on the City’s service population including residents, visitors, and workers. The City plans to use public works facilities fee revenue to construct improvements and acquire capital facilities and equipment to add capacity to the City’s public works facilities to serve new development.

Throughout this process, Willdan has worked with staff to gather data and use that data to prepare a: i) gap analysis of service/financial capacity; ii) recommendations for bridging financial gaps not currently covered with existing user fees, impact fees or use taxes; iii) policy recommendations as to the fiscal approach, cost recovery policy, fee revision, impact fees, and use tax; and iv) implementation based on the methodological approach. At the same time, staff has provided the development community with project updates, and co-hosted two impact fee specific stakeholder sessions with Willdan Financial.

Kevin Burnett and Carlos Villarreal with Willdan Financial have led the Impact Fee portion of the study and will lead the primary discussion with Council.

**Staff Responsible (Department Head):** Jason Rogers; City Manager

**Staff Member Presenting:** Jenna Hahn; Executive Management Analyst, and Kevin Burnett and Carlos Villarreal with Willdan Financial Services

**Financial Impact:** Positive financial impact by updating impact fees to move closer to full cost recovery, but still subsidize fees in order remain competitive when compared to other Front Range municipalities

**Funding Source:** N/A

**Staff Recommendation:** Approve Ordinance implementing the new impact fees

**Suggested Motion:** Motion to approve Ordinance 2500