

Development and Impact Fees

April 13, 2026

City Council Study Session



Commerce
CITY

Presentation Overview

- User Fees
- Impact Fees
- Operation Light Speed
- Feedback Received
- Recommendations
- Discussion

Desired Outcomes

Based on the recommendations proposed in this presentation, staff requests Council policy guidance and direction to:

- Draft a proposed Resolution to reduce Development Fees to make them competitive with other jurisdictions in the area and allow the City Manager to make adjustments to the fees administratively; and
- Draft a proposed Ordinance to reduce the percentage of the maximum calculated fee or “maximum supportable fee” for all impact fees

Fees Collected in the Development Process

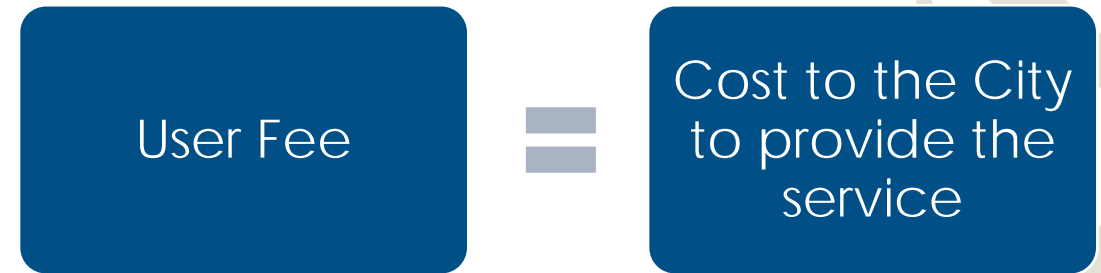
- **Building Permit** – Covers the cost of intake, plan review for construction of buildings and progressive inspections throughout construction. These fees are based on total building valuation and coordinated with national standards.
- **Planning and Engineering Fees** – Cover the cost of review of plans and public hearing items that may or may not go to City Council. These fees are based on hourly review rates and total cost recovery. Items covered are:
 - Annexation
 - Rezoning
 - Conditional Use
 - Subdivision
 - Development Permit (Site Plan)
 - Variances
- **Use Tax** – Associated with building permits and is a tax on the materials used in construction
- **Impact Fees** – Cover the incremental contribution to the need for new public infrastructure

Analysis

- The following analysis includes building permit, planning, and engineering development fees, it **does not include use tax**
- Building permit fees are collected based on fees recommended by the **International Code Council** and are **generally in line** with other jurisdictions around the state
- **Development and Impact fees** are where Commerce City has an **opportunity** to be **more competitive** with other communities
- Comparison of fees among jurisdictions is difficult due to the various methods of calculation and various types of assessments. This analysis is an attempt to get an **order of magnitude** comparison that is as close to actual fees in area jurisdictions as possible.

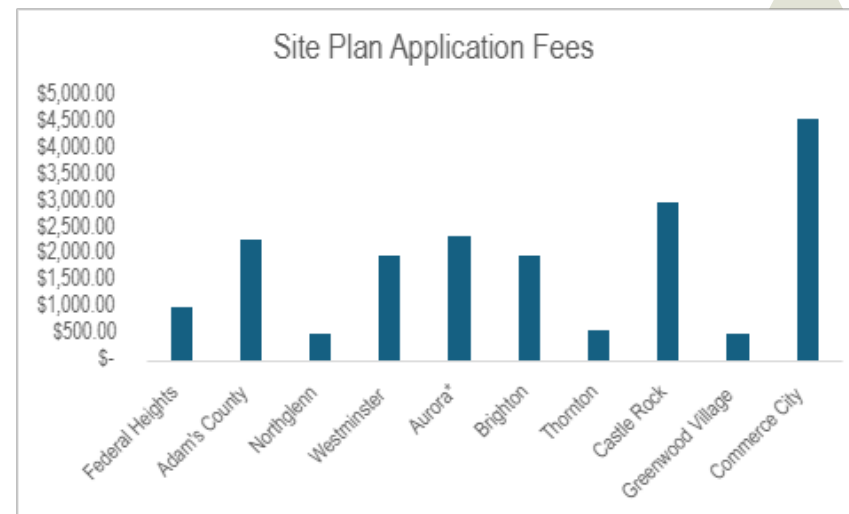
User Fees

- Fees charged directly to the customer in exchange for services provided.
 - Land Use Application Fees
 - Rezoning
 - Subdivision Plats
 - Site Plans
 - Building Fees
 - Plan Review
 - Permitting and Inspection Fees
- Cost Recovery Model
 - Seek to charge the customer for the cost the city incurs for those services
 - Less than full cost recovery is either:
 - Subsidized by other funding sources, or
 - Adjustments to the level of service provided



Land Use Application Fees

- Updated in 2023 as part of a comprehensive study of all city user fees
- Based on 100% cost recovery methodology
 - Actual labor and materials costs associated with providing those services
 - Staff costs for plan review, coordination with outside agencies and customer, public hearings, etc.
- Represent a relatively small amount of overall project costs and fees.



Minimum Land Use Application Fees for select application types.

Land Use Application Type	Adams County	Northglenn	Westminster	Aurora	Brighton	Thornton	Castle Rock*	Commerce City
Site Plan	\$2,300	\$500	\$400	\$2,366	\$2,000	\$580	\$3,000	\$4,575
Zoning	\$1,600	\$500	\$500	\$7,887	\$1,500	\$695	\$1,440	\$4,705
Final Plat	\$1,600	\$500	\$350	\$3,946	\$2,000	\$695	\$4,875	\$6,543

*included as another jurisdiction that uses a cost recovery model

Building Fees

- Uses a valuation-based approach and labor cost approach, depending on the fee
 - Plan Review
 - Permit Administration
 - Inspections
 - One-off requests
- Valuation is a proxy for complexity of the project
 - Valuation is the labor plus materials cost to construct a structure
 - Valuation is not the sales price of a home
- International Code Council valuation tables adjusted for local conditions
- Standard approach across jurisdictions



Right-of-Way Permit Fees

- Right-of-Way (ROW) permits are required when developers need to perform work within the public ROW. Common types of major work in the ROW include:
 - Access permits for new driveway and private street connections
 - Water and sewer (either sanitary or storm) connections
- Current fees are based on roadway classification and linear feet of public ROW affected
- Current fees can reach into the tens of thousands of dollars and near or exceed \$100,000
- Staff is studying ROW permit fees and will have recommended fee reductions with a proposed Development Fees resolution

Building Fee Jurisdictional Comparisons

Single Family Detached Building Permit Fee (500,000 valuation) - Production Housing

	Adams County	Northglenn	Westminster	Aurora	Brighton	Thornton	Castle Rock	Commerce City
Building Permit Fee	\$3,827.00	\$3,233.75	\$3,891.89	\$2,600.00	\$3,233.75	\$3,600.25	\$3,233.75	\$4,185.10
Building Plan Review Fee*	\$2,487.55	\$2,101.94	\$2,529.86	\$0.00	\$189.00	\$2,145.16	\$300.00	\$150.00
Use Tax**	\$0.00	\$10,000.00	\$10,625.00	\$9,375.00	\$9,375.00	\$9,375.00	\$13,000.00	\$13,500.00
Total	\$6,314.55	\$15,335.69	\$17,046.75	\$11,975.00	\$12,797.75	\$15,120.41	\$16,533.75	\$17,835.10

* Production housing is only charged \$150 for permits issued off of a master type model

** Commerce City Use Tax is 4.5%

- Valuation is not sales price
- Use taxes account for the most variability across jurisdictions
- Although Commerce City's building permit fees are higher than average, the plan review fee is one of the lowest, so we remain competitive.
- Commerce City use tax is higher than other jurisdictions because we base it on 60% valuation. Others base it on 50% valuation

Impact Fees

Pursuant to the authority granted in section 29-20-104 (1)(g) of the Colorado Revised Statutes and as a condition of issuance of a development permit, a local government may impose an impact fee or other similar development charge to fund expenditures by such local government on capital facilities needed to serve new development. No impact fee or other similar development charge shall be imposed except pursuant to a schedule that is: **(a)** Legislatively adopted; **(b)** Generally applicable to a broad class of property; and **(c)** Intended to defray the projected impacts on capital facilities caused by proposed development.

Any schedule of **impact fees** or other similar development charges adopted by a local government pursuant to this section must include provisions to ensure that no individual landowner is required to provide any site-specific dedication or improvement to meet the same need for capital facilities for which the impact fee or other similar development charge is imposed.

- Can not be utilized for operations, maintenance, infrastructure replacement, or to cover existing funding shortfalls.
- Updated in 2023:
 - Updates to Drainage, Roadway, and Parks Impact Fees (last updated in mid-2000s)
 - Three new "government facility" fees
 - Police
 - Public Works
 - General Government
- Collected at the time of Building Permits
 - Exception: Infrastructure Drainage Fee – collected at Final Plat, often deferred to building permit

Impact Fees (2)

- Established through fee studies
 - Determine the infrastructure needs and costs
 - Determine future growth
 - Land Use impact multiplier



Impact Fee Jurisdictional Comparison

- Not all communities charge impact fees (see Northglenn)
- Each community is different and has different needs
 - Geography
 - Land Area
 - Build-out Population

Single Family Detached Building Impact Fees

Impact Fee Classification	Adams County	Northglenn	Westminster	Aurora*	Brighton	Thornton*	Castle Rock	Commerce City
Parks & Recreation			\$2,560		\$2,018		\$980	\$7,502
General Government				\$8,944	\$1,096		\$525	\$707
Public Works								\$612
Police							\$803	\$2,175
School			\$876					
Library								
Fire							\$1,484	\$688
Drainage					\$5,488		\$1,265	
Roads/Transportation	\$2,700				\$3,683		\$17,060	\$4,842
Other	\$1,965					\$1,960	\$8,862	
Total	\$4,665	\$0	\$3,436	\$8,944+	\$12,285	\$1,960+	\$30,979	\$16,526

*requires public land dedication

Proposed 40% Reduction Impact Fee Comparison

Single Family Detached Building Impact Fees

Impact Fee Classification	Adams County	Westminster	Aurora*	Brighton	Commerce City current	Commerce City proposed
Parks & Recreation		\$2,560		\$2,018	\$7,502	\$4501
General Government			\$8,944	\$1,096	\$707	\$424
Public Works					\$612	\$367
Police					\$2,175	\$1,305
School		\$876				
Library						
Fire					\$688	\$412
Drainage				\$5,488		
Roads/Transportation	\$2,700			\$3,683	\$4,842	\$2,905
Other	\$1,965					
Total	\$4,665	\$3,436	\$8,944+	\$12,285	\$16,526	\$9,914

*requires public land dedication

Revise Impact Fees

- Based on a nexus study performed by Tischler Bise in January of 2025 on the Parks, Public Safety, and General Government
- Evaluated updated project estimates, demographic data, and list of projects (parks) that could be achieved in the planning horizon

Development Type	General Govt.	Police	Parks and Rec	Current Fee	Maximum Supportable Fee	Increase / Decrease
Residential (per housing unit)						
Single Family	\$707	\$2,175	\$7,502	\$10,384	\$7,999	(\$2,385)
Multifamily	\$326	\$675	\$5,018	\$8,352	\$6,019	(\$2,333)
Nonresidential (per 1,000 square feet)						
Retail	\$304	\$1,441	\$0	\$1,130	\$1,745	\$615
Office	\$466	\$575	\$0	\$1,731	\$1,041	(\$690)
Industrial	\$166	\$172	\$0	\$615	\$338	(\$277)

Recommendations

- *Building Fees* – **make no changes** to the Building Fees. These are set in the International Building Code and are close to the same across communities. As shown in the report by the HBA, Commerce City is not out of line in this category
- *Development Fees* – In several cases, these fees are out of line with our neighbors and could cause competitive problems with development. Fees that are **recommended for reduction** include:
 - Height Exception
 - Use By Permit
 - Zone Change
 - Annexation
 - Final Plat
 - Conditional Use Permit
 - Development Plan
 - Design Standard Review
 - Preliminary Plat
 - Pre-application

Recommendations Continued

- Development Fees are **very complicated** and hard for staff and applicants to apply. Staff recommends that these be simplified and that the base fees be reduced by approximately 40 percent.
- Some fees will be proposed for elimination. These are fees that are not needed or, in some cases, are duplicative
- Staff will propose the addition of a few fees that will only apply if an applicant or contractor does not respond appropriately. These include:
 - **Fourth Review Fee** – if an applicant does not make appropriate revisions in response to comments staff proposes an additional fee. The desire is to incentivize quality control and responsiveness
 - **Increase fees for working without a permit** – This fee is very low and there have been instances of contractors working without traffic control and creating dangerous situations
 - **Reinspection fees** – are needed to reduce instances where contractors call for inspections before building improvements are completed

Recommendations Continued

- Impact Fees – Impact fees were adopted at **100 percent** of the **Maximum Supportable Fee** in 2022. Based on a new study completed in 2024, some of the fees may exceed the maximum supportable fee based on new methods of calculation
- Staff proposes a reduction at this time of all impact fees except the road fee which is currently being studied. Proposed reductions would achieve approximately a **25 percent reduction** below the maximum supportable fee and approximately a **40 percent overall reduction**. As an example, for a single family detached home, the fee for 3 fees would be as follows:

Fee	Current Cost	Proposed Cost
General Government, Police, Parks and Rec	\$10,966 (\$7,999 maximum supportable fee)	\$5,999

- Other fees are recommended for change that will achieve the same percentage reduction. These include:
 - Public Works
 - Drainage
 - Public Facilities

Recommendations Continued

- **Road Impact Fees** are under study and should be completed within the next 60 days. When the nexus study is completed, staff will present an ordinance to the Mayor and Council to achieve the same proportional reduction
- Staff recommends that the adopting ordinance include an **annual adjustment** based on the cost-of-living index. This will ensure that the fees keep up with the cost of inflation

Recommendations Continued

- **Impact fees** are adopted by the City Council **by Ordinance**. This is required by State Code and there is no proposal to change the method by which these fees are adopted.
- **Development, building, and other use fees** are adopted **by Resolution** of the City Council. It is proposed that these be adopted and changes made to **allow the City Manager to update these fees** as needed on an annual basis. This will allow a faster response to these operational fees

Process Enhancements

Operation Light Speed

- As of March 31st staff in the development review process has implemented “Operation Light Speed” for significant projects such as:
 - Restaurants (dine in)
 - Hotels
 - Retail Centers
 - Grocery Stores
 - Entertainment Centers
 - URA Projects
- Enhancements include:
 - Expanded intake review
 - Mandatory meeting after first submittal
 - Strongly encouraged pre-application meetings
 - Overlapped reviews
 - Continuous monitoring
 - Concierge Service to guide applicants

Intended Outcome

- Reduce overall time in development review process
- Meet review schedules 80% of time for all projects – currently 52%
- Enhance speed to market for significant projects

Next Steps

- Staff will take guidance from this Study Session and prepare an Ordinance for the impact fees and a Resolution for the Building, Development and User Fees for inclusion on the May 4th Agenda

Discussion