



**AGENDA
IMPACT ADVISORY COMMITTEE
AUGUST 29, 2015
REGULAR MEETING**

CHAIRMAN RANDY CHOATE PRESIDING

**JIM FRANKLIN
JODY HENDERSON
NIAL BRADSHAW**

**PEGGY CHILDERS
RON WALLACE
GARY YOUNGBERG
WAYNE UEHLIN**

11:00 AM – Regular Meeting

- I. ROLL CALL
- II. NEW BUSINESS
 - A. Review of Impact Fees- Update
- III. PUBLIC COMMENT
- IV. ADJOURNMENT



To: Payette Development Impact Fee Advisory Committee
From: Anne Wescott, Galena Consulting
CC: Mayor Jeff Williams, Members of the City Council, Mary Cordova,
Chief Mark Clark, Chief Steve Castenada
Date: August 25, 2016
Re: Impact Fee Update Process

At the request of The Mayor and City Council, Galena Consulting has been retained to update the City's capital improvement plans (CIPs) and impact fee calculations as required by State law. Galena Consulting worked with BBC Research & Consulting in 2009 to develop the City's impact fee program, and to update the calculations in 2011.

State law requires an advisory committee to be involved in the development and oversight of a city's impact fee program. Galena Consulting has developed and updated impact fee programs for over two dozen Idaho cities, counties and highway/fire districts. We work closely with each advisory committee to ensure the calculations are intuitive and support the City's goals and objectives, with strict adherence to State statute.

You have all been appointed to membership on Payette's advisory committee. I look forward to meeting with you this coming Monday, August 29th from 11:00-12:30. I will provide lunch.

Our meeting will consist of the following items:

1. Purpose of impact fees
2. State requirements for adopting impact fees
3. Capital Improvement Plans (the capital projects needed to support growth)
4. Fee Calculation Methodology
5. Review of Current Impact Fee Program



3773 Cherry Creek North Drive
Suite 850
Denver, Colorado 80209-3827
303.321.2547 fax 303.399.0448
www.bbcresearch.com
bbc@bbcresearch.com

CITY OF PAYETTE, IDAHO

IMPACT FEE REPORT – FINAL REVISED

May 4, 2011

payment of money imposed as a condition of development approval to pay for a proportionate share of the cost of system improvements needed to serve development.”¹

Purpose of impact fees. The Impact Fee Act repeats the legislative finding that “... an equitable program for planning and financing public facilities needed to serve new growth and development is necessary in order to promote and accommodate orderly growth and development and to protect the public health, safety and general welfare of the citizens of the state of Idaho.”²

Idaho fee restrictions and requirements. The Impact Fee Act places numerous restrictions on the calculation and use of impact fees, all of which help ensure that local governments adopt impact fees that are consistent with federal law.³ Some of those restrictions include:

- Impact fees shall not be used for any purpose other than to defray system improvement costs incurred to provide additional public facilities to serve new growth;⁴
- Impact fees must be expended within 8 years from the date they are collected. Fees may be held in certain circumstances beyond the 8-year time limit if the governmental entity can provide reasonable cause;⁵
- Impact fees must not exceed the proportionate share of the cost of capital improvements needed to serve new growth and development;⁶
- Impact fees must be maintained in one or more interest-bearing accounts within the capital projects fund.⁷

¹ See Section 67-8203(9), Idaho Code. “System improvements” are capital improvements (i.e., improvements with a useful life of 10 years or more) that, in addition to a long life, increase the service capacity of a public facility. Public facilities include: parks, open space and recreation areas, and related capital improvements; and public safety facilities, including law enforcement, fire, emergency medical and rescue facilities. See Sections 67-8203(3), (24) and (28), Idaho Code.

² See Section 67-8202, Idaho Code.

³ As explained further in this study, proportionality is the foundation of a defensible impact fee. To meet substantive due process requirements, an impact fee must provide a rational relationship (or nexus) between the impact fee assessed against new development and the actual need for additional capital improvements. An impact fee must substantially advance legitimate local government interests. This relationship must be of “rough proportionality.” Adequate consideration of the factors outlined in Section 67-8207(2) ensures that rough proportionality is reached. See *Banbury Development Corp. v. South Jordan*, 631 P.2d 899 (1981); *Dollan v. City of Tigard*, 512 U.S. 374 (1994).

⁴ See Sections 67-8202(4) and 67-8203(29), Idaho Code.

⁵ See Section 67-8210(4), Idaho Code.

⁶ See Sections 67-8204(1) and 67-8207, Idaho Code.

⁷ See Section 67-8210(1), Idaho Code.

that found in the existing community.¹⁵ This list and cost of capital improvements constitutes the capital improvement element to be adopted as part of Payette’s Comprehensive Plan.¹⁶ Only those items identified as growth-related on the CIP are eligible to be funded by impact fees.

Each department intending to adopt an impact fee must first prepare a capital improvements plan.¹⁷ To ensure that impact fees are adopted and spent for capital improvements in support of the community’s needs and planning goals, the Impact Fee Act establishes a link between the authority to charge impact fees and certain planning requirements of Idaho’s Local Land Use Planning Act (LLUPA). The local government must have adopted a comprehensive plan per LLUPA procedures, and that comprehensive plan must be updated to include a current capital improvement element.¹⁸ This study considers the planned capital improvements for the ten-year period from 2009 through the end of 2018 that will need to be adopted as an element of Payette’s Comprehensive Plan.

Once the essential capital planning has taken place, impact fees can be calculated. The Impact Fee Act places many restrictions on the way impact fees are calculated and spent, particularly via the principal that local governments cannot charge new development more than a “proportionate share” of the cost of public facilities to serve that new growth. “Proportionate share” is defined as “. . . that portion of the cost of system improvements . . . which reasonably relates to the service demands and needs of the project.”¹⁹ Practically, this concept requires the City to carefully project future growth and estimate capital improvement costs so that it prepares reasonable and defensible impact fee schedules.

The proportionate share concept is designed to ensure that impact fees are calculated by measuring the needs created for capital improvements by development being charged the impact fee; do not exceed the cost of such improvements; and are “earmarked” to fund growth-related capital improvements to benefit those that pay the impact fees.

There are various approaches to calculating impact fees and to crediting new development for past and future contributions made toward system improvements. The Impact Fee Act does not specify a single type of fee calculation, but it does specify that the formula be “reasonable and fair.” Impact fees must take into account the following:

- Any appropriate credit, offset or contribution of money, dedication of land, or construction of system improvements;

¹⁵ As a comparison and benchmark for the impact fees calculated under the Capital Improvement Plan approach, BBC also calculated Payette’s current level of service by quantifying the City’s current investment in capital improvements for each impact fee category, allocating a portion of these assets to residential and nonresidential development, and dividing the resulting amount by current housing units (residential fees) or current square footage (nonresidential fees). By using current assets to denote the current service standard, this methodology guards against using fees to correct existing deficiencies.

¹⁶ See Sections 67-8203(4) and 67-8208, Idaho Code.

¹⁷ See Section 67-8208, Idaho Code.

¹⁸ See Sections 67-8203(4) and 67-8208, Idaho Code.

¹⁹ See Section 67-8203(23), Idaho Code.

(i.e., all forms of residential housing) and nonresidential development (all nonresidential uses including retail, office and industrial).

Current Assets and Capital Improvement Plans

The CIP approach estimates future capital improvement investments required to serve growth over a fixed period of time. The Impact Fee Act calls for the CIP to “. . . project demand for system improvements required by new service units . . . over a reasonable period of time not to exceed 20 years.”²⁶ The impact fee study team recommends a 10-year time period based on Payette’s best available capital planning data.

The types of costs eligible for inclusion in this calculation include any land purchases, construction of new facilities and expansion of existing facilities to serve growth over the next 10 years at planned and/or adopted service levels. Equipment and vehicles with a useful life of 10 years or more are also impact fee eligible under the Impact Fee Act.²⁷ The total cost of improvements over the 10 years is referred to as the “CIP Value” throughout this report. The cost of this impact fee study is also impact fee eligible for all impact fee categories.

The forward-looking 10-year CIPs for each fee category include some facilities that are only partially necessitated by growth (e.g., road replacement, facility expansion, etc.). The study team met with each department to determine a defensible metric for including a portion of these facilities in the impact fee calculations. A general methodology used to determine this metric is discussed below. In some cases, a more specific metric was used to identify the growth-related portion of such improvements. In these cases, notations were made in the applicable section.

Fee Calculation

In accordance with the CIP approach described above, we calculated fees for each department by answering the following seven questions:

Question #1) Who is currently served by each city service department? This includes the number of residents as well as residential and nonresidential land-uses.

Question #2) What is the current level of service provided by each department?

Since an important purpose of impact fees is to help each department achieve their planned level of service²⁸, it is necessary to know the level of service they are currently providing to the community.

Question #3) What current assets allow each department to provide this level of service? This provides a current inventory of assets used by each department, such as

²⁶ See Section 67-8208(1)(h).

²⁷ The Impact Fee Act allows a broad range of improvements to be considered as “capital” improvements, so long as the improvements have useful life of at least 10 years and also increase the service capacity of public facilities. See Sections 67-8203(28) and 50-1703, Idaho Code.

²⁸ This assumes that the planned level of service does not exceed the current level of service.

with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.

- **Upgrade.** The “U” in GRUM stands for upgrade. We ask, “Would this project improve the department’s current level of service?” and “Would the department still do it even if it weren’t growing at all?” “U” projects have nothing to do with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.
- **Mixed.** The “M” in GRUM stands for mixed. It is reserved for capital projects that have some combination of G, R and U. “M” projects by their very definition are partially necessitated by growth, but also include an element of repair, replacement and/or upgrade. In this instance, a cost amount between 0 and 100 percent should be included in the fee calculations. Although the need for these projects is triggered by new development, they will also benefit existing residents.

Projects that are 100 percent growth-related were determined by our study to be necessitated solely by growth. Alternatively, some projects were determined to be “mixed,” with some aspects of growth and others aspects of repair and replacement. In these situations, only a portion of the total cost of each project was included in the final impact fee calculation. This portion represented the incremental increase in land uses from 2008 to 2017 for the City.

It should be understood that growth is expected to pay only the portion of the cost of capital improvements that are growth-related. The City will need to plan to fund the pro rata share of these partially growth-related capital improvements with revenue sources other than impact fees within the time frame that impact fees must be spent. As discussed later in this report, these funds could come from City revenues, donations, grants or other partnerships. Note that Exhibit VII-2 details the City participation for each fee category.

Exhibits found in Sections III through VI of this report detail all capital improvements planned for purchase over the next ten years by each department.

Mechanics of Transportation Fee Calculations

In this report, the allocation of assets to residential and nonresidential development is accomplished using two methods. Unlike police, fire, and parks fee calculations in which fees are calculated *generally* for residential units and nonresidential square feet, streets fees are calculated for residential and nonresidential land uses based on street and facility usages generated by each land use type. To calculate this distribution, trip generation figures from the Institute of Transportation Engineers’ *Trip Generation Manual Sixth Edition* are considered. The trip generation figures estimate the number of p.m. peak hour trips generated by particular land uses. Peak hour trips are appropriate for this calculation because street infrastructure is sized according to the expected peak. Since peak hour trips will be used to distribute infrastructure costs, peak hour estimates should be employed. Exhibit I-1 below presents trip generation figures for land uses in Payette.

Section II. Payette Land Uses

As noted in Section I, it is necessary to allocate capital improvement plan (CIP) costs to both residential and nonresidential development when calculating impact fees. The Study Team performed this allocation based on the number of projected new households and nonresidential square feet the City of Payette will add in future years. Population and land-use growth projections through 2030 can be found in the City of Payette Comprehensive Plan.

However, rather than use the twenty-year land use assumptions, the Study Team has used a 10-year projection horizon to be consistent with the 10 –year CIP projection. Demographic and land-use projections are some of the most variable and potentially debatable components of an impact fee study, and in all likelihood the projections used in our study will not prove to be 100 percent correct. However, as each CIP is tied to the City’s land-use growth, the CIP and resulting fees can be revised based on actual growth as it occurs. In other words, even if our projections are wrong, the CIP and impact fees can be updated to correctly reflect actual growth. In fact, the annual Advisory Committee meetings and reviews are designed to respond to variables in the actual outcomes of growth.

The following Exhibit II-1 presents the current and future projected population for Payette.

**Exhibit II-1.
Current and Future
Population in Payette, Idaho**

| | 2010 | 2019 | Net Increase | Percent Increase |
|------------|-------|-------|--------------|------------------|
| Population | 7,433 | 9,068 | 1,635 | 22% |

Source:

City of Payette Comprehensive Plan, 2010
Census, 2009 American Community Survey, and
BBC Research & Consulting

Payette’s total population is expected to increase by 1,635 residents, or approximately 22 percent, over the next ten years.

The following Exhibit II-2 presents the current and future number of residential units and nonresidential square feet for Payette.

Section III. Police Impact Fees

In this section, we calculate impact fees for the Payette Police Department following the seven question method outlined in Section I of this report.

Question #1) Who is currently served by the Payette Police Department?

As shown in Exhibit II-2, the Police Department currently serves approximately 7,433 residents (2,859 residential units) and approximately 434,545 square feet of nonresidential land use.

Question #2) What is the current level of service provided by the Payette Police Department?

The Police Department currently provides a level of service of 1.6 officers per 1,000 Payette residents.

Question #3) What current assets allow the Payette Police Department to provide this level of service?

The following Exhibit III-1 displays the current assets of the Police Department.

Exhibit III-1. Current Assets – Payette Police Department

| Type of Capital Infrastructure | Square Feet/Acres | Replacement Value | Equity Percentage | Shared Facility (% in fee) | Replacement Value of Current Assets |
|---|-------------------|--------------------|-------------------|----------------------------|-------------------------------------|
| Facilities | | | | | |
| Police Department (located in City Hall) | 4,745 | \$1,067,625 | 100% | 100% | \$1,067,625 |
| Police Department training range | 2.52 | \$108,360 | 100% | 100% | \$108,360 |
| Vehicles | | | | | |
| 2008 Dodge Charger (admin vehicle) | | \$34,000 | 100% | 100% | \$34,000 |
| 1998 Ford Crown Victoria (admin vehicle) | | \$34,000 | 100% | 100% | \$34,000 |
| 1999 Ford Crown Victoria (admin vehicle) | | \$34,000 | 100% | 100% | \$34,000 |
| 1999 Chevrolet 1500 pick up (ordinance vehicle) | | \$34,000 | 100% | 100% | \$34,000 |
| Equipment | | | | | |
| Weaponry | | \$33,495 | 100% | 100% | \$33,495 |
| Hand-held & in-vehicle radios | | \$77,500 | 100% | 100% | \$77,500 |
| ATN night vision & thermal eye infrared | | \$7,500 | 100% | 100% | \$7,500 |
| Radar equipment & trailer | | \$23,000 | 100% | 100% | \$23,000 |
| Misc equipment | | \$12,415 | 100% | 100% | \$12,415 |
| Total Infrastructure | | \$1,453,480 | | | \$1,465,895 |
| Plus Cost of Fee-Related Research | | | | | |
| Impact Fee Study | | \$28,000 | 100% | 25% | \$7,000 |
| Grand Total | | \$1,481,480 | | | \$1,472,895 |

Notes: Current level of service is 1.6 officers per 1,000 Payette residents.

Source: BBC and Galena Consulting interviews with Payette Police Captain David Platt, July & August 2008. Updated January 2010 and April 2011.

As shown above, the Police Department currently owns approximately \$1.5 million of current assets. These assets are used to provide the Department's current level of service.

Question #4) What is the current investment per residential unit and nonresidential square foot for the Payette Police Department?

The City has already invested \$472 per residential unit and \$0.29 per nonresidential square foot in order to provide the current level of police service. This figure is derived by allocating the value

**Exhibit III-3.
Payette Police Department Fee
Calculation**

Notes:

- (1) From Exhibit III-2.
- (2) From Exhibit II-2.
- (3) From Exhibit II-2.

Source:

City of Payette and Impact Fee Study Team.

| Impact Fee Calculation | |
|--|------------|
| Allocated Value for Future Police Capital Improvements | \$ 313,651 |
| Future City Land Use | |
| Residential (in dwelling units) | 92% |
| Nonresidential (in square feet) | 8% |
| Allocated Value by Land Use Category | |
| Residential | \$ 287,195 |
| Nonresidential | \$ 26,457 |
| Future City Development | |
| Residential (in dwelling units) | 629 |
| Nonresidential (in square feet) | 95,600 |
| Calculated Impact Fee | |
| Residential (per dwelling unit) | \$ 457 |
| Nonresidential (per square foot) | \$ 0.28 |

As shown above, we have calculated impact fees for the Payette Police Department at \$457 per residential unit and \$0.28 per nonresidential square foot. The City cannot assess fees greater than this amount. The City can assess fees lower than this amount, but would then experience a decline in service levels unless other City revenues made up the difference.

The Study Team is pleased to report the impact fees calculated in Exhibit III-3 are less than the current investment described earlier in this section. This indicates new growth would not be asked to pay more than its proportionate share of future capital infrastructure.



Question #4) What is the current investment per residential unit and nonresidential square foot for the Payette Fire Department?

The City has already invested \$1,451 per residential unit and \$0.88 per nonresidential square foot in order to provide the Fire Department’s current level of service. This figure is derived by allocating the value of the Department’s current assets between the current number of residential units and nonresidential square feet. It will be compared to the impact fees calculated below.

Question #5) What future growth is expected in Payette?

As shown in Exhibit II-2, Payette is expected to grow by 629 residential units and 95,600 square feet of nonresidential land use over the next ten years.

Question #6) What new capital improvements are required to serve future growth?

The following Exhibit IV-2 displays the capital improvements planned for purchase by the Fire Department over the next ten years. The City plans no change in the current level of service as growth occurs.

**Exhibit IV-2.
Payette Fire Department CIP – 2011-2020**

| Type of Capital Infrastructure | CIP Value | times | Growth Portion | times | Shared Facility (% in fee) | equals | Amount to Include in Fees | Amount from General Fund |
|---|--------------------|-------|----------------|-------|----------------------------|--------|---------------------------|--------------------------|
| Vehicles | | | | | | | | |
| 1 Ladder Truck | \$700,000 | | 22% | | 100% | | \$154,000 | \$546,000 |
| 1 Heavy Rescue Truck | \$400,000 | | 22% | | 100% | | \$88,000 | \$312,000 |
| 1 Replacement Engine | \$600,000 | | 0% | | 100% | | \$0 | \$600,000 |
| Equipment | | | | | | | | |
| Upgrade communications system | \$50,000 | | 0% | | 100% | | \$0 | \$50,000 |
| Total Infrastructure | \$1,750,000 | | | | | | \$242,000 | \$1,508,000 |
| Plus Cost of Fee-Related Research Impact Fee Study | \$28,000 | | 100% | | 25% | | \$7,000 | |
| Grand Total | \$1,778,000 | | | | | | \$249,000 | \$1,508,000 |

Source: BBC and Galena Consulting interviews with Payette Fire Chief Jeff Sands, July & August 2008. Updated January 2010 and April 2011.

As shown above, the Department plans to fund \$1.8 million in capital improvements over the next ten years, approximately \$249,000 of which is impact fee eligible. The remaining \$1.5 million is the price for Payette to accomplish two goals: 1) correct existing deficiencies, and 2) repair and replace existing equipment and facilities. Neither type of capital project is eligible for inclusion in the impact fee calculations. The City will therefore have to use other sources of revenue, including all those listed in Idaho Code 67-8207(iv)(2)(h).

Question #7) What impact fee is required to pay for the new capital improvements?

The following Exhibit IV-3 takes the projected future growth in Payette from Exhibit II-2 and the growth-related CIP from Exhibit IV-2 to calculate impact fees for the Fire Department.

Section V. Parks Impact Fees

In this section, we calculate impact fees for the Payette Parks Department following the seven question method outlined in Section I of this report.

Question #1) Who is currently served by the Payette Parks Department?

As shown in Exhibit II-2, the Parks Department currently serves 7,433 residents (2,859 residential units).

Question #2) What is the current level of service provided by the Payette Parks Department?

The Parks Department currently provides a level of service of 5.9 acres of developed parks per 1,000 population.

Question #3) What current assets allow the Payette Parks Department to provide this level of service?

The following Exhibit V-1 displays the current assets of the Payette Parks Department.

Exhibit V-1.

Current Assets – Payette Parks Department

| Type of Capital Infrastructure | Size of Park (acres) | Square Footage | Replacement Value | Equity times Percentage | Shared Facility (% in fee) equals | Replacement Value of Current Assets |
|---|----------------------|----------------|--------------------|-------------------------|-----------------------------------|-------------------------------------|
| Pat hways and Trails | | | | | | |
| Trail - 822 yards long x 11 feet wide | 0.6 | | \$90,000 | 100% | 100% | \$90,000 |
| Neighborhood and Community Parks | | | | | | |
| Centennial Park | 10.2 | | \$1,023,000 | 100% | 100% | \$1,023,000 |
| Kiwanis Park | 19.5 | | \$1,954,000 | 100% | 100% | \$1,954,000 |
| Gateway Park | 9.7 | | \$966,000 | 100% | 100% | \$966,000 |
| Central Park | 2.1 | | \$208,000 | 100% | 100% | \$208,000 |
| Wilson Park | 0.3 | | \$33,000 | 100% | 100% | \$33,000 |
| Bancroft Park | 0.3 | | \$33,000 | 100% | 100% | \$33,000 |
| Sindair Park | 1.0 | | \$100,000 | 100% | 100% | \$100,000 |
| Undeveloped Parks (land cost only) | | | | | | |
| Perry Drive | 0.3 | | \$10,750 | 100% | 100% | \$10,750 |
| Equipment & Facilities | | | | | | |
| Park Shop & Offices | | 1,836 | \$183,600 | 100% | 100% | \$183,600 |
| 1 Tractor | | | \$10,000 | 100% | 100% | \$10,000 |
| 2 Tractor Attachments | | | \$15,000 | 100% | 100% | \$15,000 |
| 6 Grass Mowers | | | \$105,000 | 100% | 100% | \$105,000 |
| 1 Vacuum Mowers | | | \$40,000 | 100% | 100% | \$40,000 |
| 3 Rickups | | | \$75,000 | 100% | 100% | \$75,000 |
| 1 Bucket Truck | | | \$110,000 | 100% | 100% | \$110,000 |
| 1 Trailer | | | \$6,000 | 100% | 100% | \$6,000 |
| 1 Mule | | | \$10,000 | 100% | 100% | \$10,000 |
| Miscellaneous Equipment | | | \$5,000 | 100% | 100% | \$5,000 |
| Total Infrastructure | 44.0 | 1,836 | \$4,977,350 | | | \$4,977,350 |
| Plus Cost of Fee-Related Research | | | | | | |
| Impact Fee Study | | | \$28,000 | 100% | 25% | \$7,000 |
| Grand Total | | | \$5,005,350 | | | \$4,984,350 |

Notes: Current level of service is 5.9 acres of developed parkland per 1,000 Payette residents. Calculation is 43.7 developed acres divided by 7.43. Calculation excludes undeveloped acreage at Perry Drive.

Source: BBC and Galena Consulting interviews with the Payette Parks Department Superintendent Tony Mell, July & August 2008. Updated January 2010 and April 2011.

**Exhibit V-3.
Payette Parks Department Fee
Calculation**

Note:
(1) From Exhibit III-2.
(2) From Exhibit II-2.
(3) From Exhibit II-2.

Source:
City of Payette and Impact Fee Study Team.

| Impact Fee Calculation | |
|---|------------|
| Allocated Value for Future Parks Capital Improvements | \$ 277,000 |
| Future City Land Use | |
| Residential (in dwelling units) | 100% |
| Allocated Value by Land Use Category | |
| Residential | \$ 277,000 |
| Future City Development | |
| Residential (in dwelling units) | 629 |
| Calculated Impact Fee | |
| Residential (per dwelling unit) | \$ 440 |

As shown above, we have calculated full-cost recovery impact fees for the Payette Parks Department at \$440 per residential unit. As residential land uses are the primary users of parks infrastructure, we have only calculated fees for future residential growth. The City cannot assess fees greater than this amount. The City may assess fees lower than this amount, but would then experience a decline in service levels unless other City revenues made up the difference.

The Study Team is pleased to report the impact fee calculated in Exhibit V-3 is less than the current investment described earlier in this section. This indicates new growth would not be asked to pay more than its proportionate share of future capital infrastructure.

Exhibit VI-1.
Current Assets – Payette Streets Infrastructure

| Type of Capital Improvement | Replacement Value | times | Equity % | times | Shared Facility equals | Amount to Include in Fee Calculations |
|--|----------------------|-------|----------|-------|------------------------|---------------------------------------|
| Roadways | | | | | | |
| 100.7 lane miles | \$ 121,877,210 | | 100% | | 100% | \$ 121,877,210 |
| Bridges | | | | | | |
| 7th Ave North Canal Bridge | \$ 200,000 | | 100% | | 100% | \$ 200,000 |
| Center Avenue Canal Bridge | \$ 200,000 | | 100% | | 100% | \$ 200,000 |
| 1st Ave South Canal Bridge | \$ 200,000 | | 100% | | 100% | \$ 200,000 |
| 2nd Ave South Canal Bridge | \$ 200,000 | | 100% | | 100% | \$ 200,000 |
| Dewitt Canal Bridge | \$ 200,000 | | 100% | | 100% | \$ 200,000 |
| S6th St Canal Bridge | \$ 200,000 | | 100% | | 100% | \$ 200,000 |
| 6th Ave South Canal Bridges (2) | \$ 400,000 | | 100% | | 100% | \$ 400,000 |
| Street Lights | | | | | | |
| Decorative Street Lights on Main St. | \$ 350,000 | | 100% | | 100% | \$ 350,000 |
| Facilities | | | | | | |
| Street Maintenance Shop--1,750 sq ft | \$ 262,500 | | 100% | | 100% | \$ 262,500 |
| Equip Shed #1-- 4,050 sq ft | \$ 405,000 | | 100% | | 100% | \$ 405,000 |
| Equip Shed #2-- 2,400 sq ft | \$ 240,000 | | 100% | | 100% | \$ 240,000 |
| Sand Shed-- 1,800 sq ft | \$ 180,000 | | 100% | | 100% | \$ 180,000 |
| Truck Shed & Repair Shop-- 7,200 sq ft | \$ 720,000 | | 100% | | 100% | \$ 720,000 |
| Office space-- 480 sq ft | \$ 72,000 | | 100% | | 100% | \$ 72,000 |
| Vehicles & Equipment | | | | | | |
| 6 Dump Trucks | \$ 750,000 | | 100% | | 100% | \$ 750,000 |
| 2 Sand Trucks | \$ 300,000 | | 100% | | 100% | \$ 300,000 |
| 1 Jet Truck | \$ 280,000 | | 100% | | 100% | \$ 280,000 |
| 4 Pickup Trucks | \$ 95,000 | | 100% | | 100% | \$ 95,000 |
| 1 Flatbed Truck | \$ 50,000 | | 100% | | 100% | \$ 50,000 |
| 1 Water Tanker 2000 gallons | \$ 150,000 | | 100% | | 100% | \$ 150,000 |
| 1 Loader | \$ 178,000 | | 100% | | 100% | \$ 178,000 |
| 1 Grader | \$ 250,000 | | 100% | | 100% | \$ 250,000 |
| 1 Tractor | \$ 100,000 | | 100% | | 100% | \$ 100,000 |
| 3 Rollers | \$ 300,000 | | 100% | | 100% | \$ 300,000 |
| 2 Street Sweepers | \$ 400,000 | | 100% | | 100% | \$ 400,000 |
| 1 Chip Spreader | \$ 220,000 | | 100% | | 100% | \$ 220,000 |
| 1 Equipt Trailer | \$ 50,000 | | 100% | | 100% | \$ 50,000 |
| 1 Bobcat loader | \$ 80,000 | | 100% | | 100% | \$ 80,000 |
| 2 Paint Sprayers | \$ 20,000 | | 100% | | 100% | \$ 20,000 |
| 2 Asphalt Zipper/Asphalt Cutter | \$ 90,000 | | 100% | | 100% | \$ 90,000 |
| 1 Crack Sealer | \$ 60,000 | | 100% | | 100% | \$ 60,000 |
| 1 Backhoe | \$ 90,000 | | 100% | | 100% | \$ 90,000 |
| 1 Mag Chloride Tank & Pump | \$ 25,000 | | 100% | | 100% | \$ 25,000 |
| Total Infrastructure | \$129,194,710 | | | | | \$129,194,710 |
| Plus Cost of Fee-Related Research | | | | | | |
| Impact Fee Study | \$28,000 | | 100% | | 25% | \$ 7,000 |
| Grand Total | \$129,222,710 | | | | | \$129,201,710 |

Notes: Replacement values per lane mile, unit and square foot provided by City staff in conjunction with Holladay Engineering.

Source: BBC and Galena Consulting interviews with Payette Streets Superintendent Willie Hollis, July & August 2008. Updated January 2010 and April 2011.

As shown above, the Streets Department owns approximately \$129.2 million of impact fee eligible streets infrastructure current assets.

Question #4) What is the current investment per residential unit and nonresidential square foot?

The City has already invested \$32,365 per residential unit and \$84.40 per nonresidential square foot in order to provide the current level of service. This figure is derived by allocating the value

**Exhibit VI-3.
Projected Trips 2011-2020
Payette, Idaho**

Note:

(1) See Exhibit II-2.

(2) See Exhibit I-1.

May not total due to rounding. Reflects general traffic generation patterns, emphasizing PM peak period conditions.

| Land Use | New Development ⁽¹⁾ | Weighted Trip Generation Factor ⁽²⁾ | Percent Distribution |
|------------------------|--------------------------------|--|----------------------|
| Residential (*1.02) | 629 | 642 | 72% |
| Nonresidential (*2.66) | 95,600 | 254 | 28% |
| Total | | 896 | 100% |

Source:

International Transportation Engineering Trip Generation Manual Sixth Edition, City of Payette and Impact Fee Study Team.

As shown above, the number of daily trips in Payette is expected to increase by approximately 296 trips by 2020. Seventy-two percent of those trips will be for residential uses and twenty-eight percent will be for nonresidential uses. Residential uses include buildings such as single-family homes and apartments. Nonresidential land uses include buildings such as retail establishments, offices, hotels and industrial factories.

Exhibit VI-4 below uses the trip generation figures from Exhibit VI-3 and the growth-related CIPs from Exhibit VI-2 to calculate impact fees for the Payette Streets Department.

**Exhibit VI-4.
Payette Streets Department
Impact Fee Calculation**

Note:

(1) See Exhibit VI-2.

(2) See Exhibit II-2.

(3) See Exhibit II-2.

Source:

City of Payette and Impact Fee Study Team.

| Impact Fee Calculation | |
|---|--------------|
| Allocated Value for Future Roads Capital Improvements | \$ 1,483,438 |
| Percent of Future Trips | |
| Residential | 72% |
| Nonresidential | 28% |
| Allocated Value by Land Use Category | |
| Residential | \$ 1,062,336 |
| Nonresidential | \$ 421,102 |
| Future City Development | |
| Residential (in dwelling units) | 629 |
| Nonresidential (in square feet) | 95,600 |
| Calculated Impact Fee | |
| Residential (per dwelling unit) | \$ 1,689 |
| Nonresidential (per square foot) | \$ 4.40 |

The Streets Department's full cost-recovery impact fees have been calculated at \$1,689 per residential unit and \$4.40 per nonresidential square foot. The City cannot assess fees greater than this amount. The City may assess fees lower than this amount, but would then experience a decline in service levels unless other City revenues made up the difference.

The Study Team is pleased to report the impact fees calculated in Exhibit VI-4 are significantly less than the current investment described earlier in this section. This indicates new growth would not be asked to pay more than its proportionate share of future capital infrastructure.

not attributable to new growth. These payments will come from existing funds, Federal or state grants, donations and/or ongoing revenue sources.

To arrive at the City participation amount, the expected impact fee revenue and any shared facility amount need to be subtracted from the total CIP value. Exhibit VII-2 divides the City's participation amount into two categories: the portion of purely non-growth-related improvements, and the portion of growth-related improvements that are attributable to repair, replacement, or upgrade, but are not impact fee eligible.

It should be noted that the participation amount associated with purely non-growth improvements is discretionary. The City can choose not to fund these capital improvements (although this could result in a decrease in the level of service if the deferred repairs or replacements were urgent). However, the non-growth-related portion of improvements that are impact fee eligible *must* be funded in order to maintain the integrity of the impact fee program.

**Exhibit VII-2.
City Participation Summary,
2011 through 2020**

Source:
City of Payette and Impact Fee
Study Team.

| | Required | Discretionary | Total |
|-------------|------------|---------------|--------------|
| Police | \$ - | \$ - | \$ - |
| Fire | \$ 858,000 | \$ 650,000 | \$ 1,508,000 |
| Parks & Rec | \$ - | \$ 375,000 | \$ 375,000 |
| Streets | \$ 117,698 | \$ 1,515,000 | \$ 1,632,698 |
| TOTAL | \$ 975,698 | \$ 2,540,000 | \$ 3,515,698 |

The total amount the City would be *required* to contribute over 10 years, should the City adopt fees at the full amount, will be approximately \$975,698. The City could also choose to fund the discretionary infrastructure of \$2.5 million for fire, parks, and streets improvements over the 10-year period.

In addition, the City of Payette could choose to exempt certain land uses from paying impact fees entirely if it believed that would promote economic development or comply with other Comprehensive Plan goals. In this case, however, the City would be *required* to transfer General Fund revenues to the Impact Fee Fund in order to keep the system whole.

Implementation Recommendations

As the City Council evaluates whether or not to adopt the Capital Improvement Plans and impact fees, we also offer the following information for your consideration. Please note that this information will be included in the City's impact fee enabling ordinance.

Capital Improvements Plan. The Development Impact Fee Advisory has reviewed this study and made a recommendation for adoption to the Planning and Zoning Commission and City Council. Should the City Council adopt the study, Payette should revise the City's existing Capital Improvement Plans using the information in this study. A revised capital improvement plan

due, the City must enter into an agreement with the fee payer that specifies the amount of the credit or the amount, time and form of reimbursement.³⁵

Impact fee accounting. The City should continue to maintain Impact Fee Funds separate and apart from the General Fund. All current and future impact fee revenue should be immediately deposited into this account and withdrawn only to pay for growth-related capital improvements. The City General Funds should be reserved solely for the receipt of tax revenues, grants, user fees and associated interest earnings, and ongoing operational expenses including the repair and replacement of existing capital improvements not related to growth.

Spending policy. The City should establish and adhere to a policy governing their expenditure of monies from the Impact Fee Fund. The Fund should be prohibited from paying for City operational expenses and the repair and replacement or upgrade of existing infrastructure not necessitated by growth. In cases when growth-related capital improvements are constructed, impact fees are an allowable revenue source as long as only new growth is served. In cases when new capital improvements are expected to partially replace existing capacity and to partially serve new growth, cost sharing between the General Fund and Impact Fee Fund should be allowed on a pro rata basis.

Update procedures. The City is expected to grow rapidly over the 10-year span of the CIPs. Therefore, the fees calculated in this study should be updated annually as the City invests in additional infrastructure beyond what is listed in this report, and/or as the City's projected development changes significantly. Fees can be updated on an annual basis using an inflation factor for building material from a reputable source such as McGraw Hill's Engineering News Record.

³⁵ See Section 67-8209(4), Idaho Code.