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**AGENDA**  
**Council Finance & Audit Committee**  
**March 18, 2019**  
**10:00 am - noon**  
**CIC Room - City Hall**

Approval of Minutes from the February 25<sup>th</sup> Council Finance Committee meeting.

- |                                   |            |               |
|-----------------------------------|------------|---------------|
| 1. 2019 Fee Road Map              | 15 minutes | J. Poznanovic |
| 2. Development Review Fee Update  | 30 minutes | T. Leeson     |
| 3. URA Project                    | 30 minutes | J. Birks      |
| 4. Compensation Report Review     | 30 minutes | J. Heckman    |
| 5. Contingency Planning Framework | 15 minutes | M. Beckstead  |

**Council Finance Committee**  
**Agenda Planning Calendar 2018 - 2019**  
**RVSD 03/11/19 mnb**

<b>Mar 18<sup>th</sup></b>			
	2019 Fee Road Map	15 min	J. Poznanovic
	Development Review Fee Update	30 min	T. Leeson
	URA Project	30 min	J. Birks
	Compensation Report Review	30 min	J. Heckman
	Contingency Planning Framework	15 min	M. Beckstead

<b>April 15<sup>th</sup></b>			
	Stormwater - NECCO	30 min	L. Smith T. Connor
	Vine/Lemay TCEF Funding	30 min	C. Crager
	CEF & Utility Fee Update	30 min	J. Poznanovic L. Smith
	Parks/Median/Parks Refresh Design / Maintenance Plan Framework	30 min	M. Calhoon K. Friesen

<b>May 20<sup>th</sup></b>			
	GERP Review	30 min	T. Storin
	2018 Rebate Results	20 min	J. Poznanovic
	EPIC Program Review (energy efficiency loans)	30 min	J. Phalen S. Carpenter

<b>June 17<sup>th</sup></b>			

**Future Council Finance Committee Topics:**

- Comprehensive 2019 Fee Update Recommendations - Jul
- 2020 Budget Revision - Aug
- 2019 Annual Adjustment Ordinance - Sep



Finance Committee Meeting Minutes  
2/25/19  
10 am - noon  
CIC Room - City Hall

Council Attendees: Mayor Wade Troxell, Ross Cunniff, Ken Summers (absent) Gerry Horak

Staff: Darin Atteberry (absent), Kelly DiMartino, Mike Beckstead, Kevin Gertig, Lisa Rosintoski, Lance Smith, Carol Webb, Travis Storin, Jennifer Poznanovic, Andres Gavaldon, Abbye Neel, Liesel Hans, Jackie Thiel, Sue Beck-Ferkiss, Adam Molzer, Josh Birks, Jensen Morgan, Laurie Kadrich, John Duval, Noelle Currell, Tyler Marr, Joe Wimmer, Jennifer Poznanovic, Lawrence Pollack, John Duval, Zach Mozer, Jo Cech, Katie Ricketts, Carolyn Koontz

Others: Dale Adamy, R1ST.org, Kevin Jones, Chamber of Commerce  
Patrick McMeekin and Landon Hoover from Hartford Homes

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Meeting called to order at 10:03 am

Approval of Minutes from the January 28<sup>th</sup> Council Finance Committee Meeting. Mayor Troxell moved for approval. Ross Cunniff seconded the motion. Minutes were approved unanimously.

## **A. Child Care Incentive / Fee Waivers**

Sue Beck-Ferkiss, Lead Specialist, Social Sustainability  
Adam Molzer, Sr. Specialist, Social Sustainability

### **EXECUTIVE SUMMARY**

The Fort Collins community has more demand for childcare than available slots in childcare centers and in-home centers. While the City already provides scholarships to low-income parents, provides City facilities when possible to be used as childcare centers, partners with the school district to fund enrichment programs, and partners with providers and the Early Childcare Council to advocate and problem solve, there is still a significant need for more accessible and affordable childcare in Fort Collins. This item is seeking guidance regarding whether the City should add development incentives to the list of support provided by the City.

### **GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

1. Is there interest in providing development incentives for Childcare providers?
2. If so, should these be targeted specifically to the number of affordable tuition slots made available to income-qualified families?

### **BACKGROUND/DISCUSSION**

Recent data collected by the Early Childhood Council of Larimer County shows an unmet demand for childcare in our community.

- Childcare slots for infants and toddlers provide only 25% of the need for this age children.
- Only 65% of the need is met for preschool age children.

The lack of available childcare is a concern for local work force needs. It means some parents will suffer distractions at work because their childcare situation is unstable or choose to take time out of the workforce because childcare needs are unmet. Plus, the cost of childcare is a burden for many working families, especially lower wage earners. This shortage in availability is caused by a scarcity in both facilities and staff to run them. The focus of this project is on the facility part of the equation because the City's Economic Health Office and community partners such as The Chamber of Commerce, Larimer County and the Early Childhood Council to name a few, through Talent 2.0 and in other ways are already working on the talent side of the equation. The demand for childcare has outpaced the supply for some time in the City and this is not the first time the City has looked at this issue. See attachment 1 – Work Session Summary from October 25, 2011. This remains an issue both locally and nationally.

The State of Colorado has the most influence over regulations and policy for childcare providers. They work closely with Larimer County who inspects facilities and monitors compliance with state-wide programs. The City's sphere of influence is limited in this arena. Still there are things the City currently does to support this need and there are additional actions the City could consider doing to incentivize the development of more childcare centers – both commercial centers and in-home centers.

The City is already investing to support childcare in our city:

- City facilities house childcare programs and are offered at very low nonprofit rents (i.e.- Teaching Tree at 424 Pine Street and previously Waldorf school at 906 Stuart Street).
- Competitive Process funding for scholarships and after school enrichment programs.
- Funding for the Early Childhood Council to address childcare workforce shortage issue.
- Partnering with the Chamber of Commerce and others on the Talent 2.0 Childcare Task Force.
- Providing limited pre-construction funding and classroom expansion funds from the 2017-2018 BFO funds. This offer was only for the prior budget cycle and the current budget cycle does not provide responsive funds for childcare activities.

#### **Options to Explore:**

The development arena provides another avenue to support this community need. There are substantial City fees required to build new childcare centers. For example, two recently constructed centers paid \$168,000 and \$245,000 respectively in City development fees. A waiver program similar to the affordable housing fee waiver incentive could be established to waive some or all of these fees. Waivers could be for the entire center because that would address the scarcity issue or the program could be tailored to the affordable childcare slots provided to address the affordability issue. Either way, the City would decide which fees to waive similar to the Affordable Housing Fee Waiver program.

Affordable housing incentives are currently provided through the Land Use Code such as priority processing and landscape reductions. These could be offered to childcare centers too. Currently, staff is analyzing ways to bring development standard flexibility to affordable housing development. That project could be expanded to include other social needs, including childcare. The idea would be to flex standards not related to health and safety.



These could be things like off-site infrastructure improvements or low impact design standards. The group that is working on this for affordable housing could expand the project to include childcare development too.

In-home centers do not have the same development obligations. It is considered a home occupation and is permitted in most of the City. While grants funds are available for the person offering in-home care to help get them licensed and trained, funding is not available for limited home modifications that might be needed to offer in-home childcare. The City has offered cluster funding in the past to support needed commercial activity in the City. When this program is rebooted, it could include an in-home childcare industry cluster to provide grants for egress windows, fencing, second sinks for example. This gap was identified by the Early Childhood Center.

**Next Steps:**

Staff is looking for direction from the Council Finance Committee on whether to continue to explore ways to incentivize childcare in the City.

**Discussion / Next Steps:**

CCAP = Colorado Childcare Assistance Program

Ross Cunniff; instead of using the terminology 'fees waived' we should use 'rebate' from General Fund. Subsidized Fee Rebate not a waiver.

Mayor Troxell; Gerry Horak was here in 2011 - Catholic Charities has expressed interest and they have funding to do childcare – thinking of a bigger super structure that we are a part of - what is the Homeward Alliance in this case?

Adam Molzer; That would be the early Childcare Council of Larimer County – they are that hub entity pulling in different entities and stakeholders to facilitate these conversations. We are a strategic partner in their work. Fundraising - Early Childhood Council is an independent non-profit that serves Larimer County. I don't think they receive state funding.

Sue Beck-Ferkiss; so much of this is done at the state and county level - our area of influence is more limited in this case - so we are specifically targeting the development aspect because that is in our purview. How the needs will be met – is the next step in their Talent 2.0 efforts – they have some great programs going on to mentor people to stay in the industry. We need more – need quality - Low wage access is also an issue.

Mayor Troxell; What is the ecosystem and what is our role? We need to understand the problem we are trying to solve. What can we effectively do? We are a convener and a catalyst - Legislative policy agenda - reduce regulatory burdens - that is a place where we could play effectively - Zoom out to understand and know the moving pieces. To get to a more robust system like we have with the Homeward Alliance - What are the 43 providers? What lanes are they in? What are the wraparound services? Have that mature picture - Since we are so limited, this information would help in having a dialog addressing - what could we do to help move the dial?

Ross Cunniff; sympathetic to that sentiment - I don't want us to get in the business of being the primary or significant funder of operations of daycare as I don't see that as a central mission of the city. Concerned during tight budget times we would be forced to consider cutting back. I can see using Fee Waivers in a targeted way (mixed use type properties) I have some concern about going too far on the development standards - residential homes turned into daycare facilities do have an impact on the neighbors, safety of children in neighborhood –

would be very cautious about reducing the parking minimums – increasing the number of employee who can be onsite. In a mixed-use project, it may differ as people have an expectation of extra traffic etc. Nexus - Transport - to be more usable for youth and young families.

This is a state primary function - regulations for health and safety of the students.

Maybe we could help convene a discussion about barriers - such as the way that you set this up initially is burdensome. I am supportive of the concept of potentially doing fee waivers. Note of caution on the relaxed development standards in single family neighborhoods. Not fond of General Fund dedicated spending on operations at daycare facilities. Criteria in competitive process – people don't have an expectation that would continue year and year.

Jackie Thiel; we are almost finishing our 10-year plan in homelessness in the community / Homeward 2020 I am not sure how long the early childhood council has been around – Talent 2.0 – convergence in the community - lends itself to exciting and creative partnerships - this is meant to frame here is where the city's role has been - The city gave \$50K in the last cycle which spoke to the role that the city can play - Leveraged with Talent 2.0 funds from economic health and other external partners. There are some other levers that the city is uniquely positioned to consider such as exploring fee rebates with caution around development standards. We are going to be going through a strategic planning process - we have heard through City Plan we have heard that child care continues to be a priority. Competitive process

Mayor Troxell; would help to have a strong workforce ROI related to it - Economic Health – as much as out of Social Sustainability. Where is CSU in this?

Adam Molzer; they operate their center on campus, but I am not sure of their exact role with the Council itself. There may be some opportunity to engage them.

Mayor Troxell; is it a holistic council? for example, Bucking Horse introduced a child care center - How did that go? Challenges that they had

Adam Molzer; I think the name Council may be a misnomer – it is a nonprofit entity helping to drive and deliver the conversation - leveraging relationships and partnerships and helping to advance the quality of care – looking at the systems level / zoom out position you mentioned. We have talked with them frequently as a community partner – there is an opportunity to better understand who they are working with.

Mayor Troxell; they are the source of the data and they do measurements - just like Homeward 2020 – what is the outcome we are driving toward? What are the metrics here? They should be global community metrics – we can all be dialed in on – all of this has to be in place to understand the role of the city.

Jackie Thiel; the council will be going through a leadership change - a new Executive Director in the next few months so the timing is good - several different entities involved

Mayor Troxell; increasing the awareness - first step - like Homeward 2020 - now what? Understand the eco system and our role and how to make a difference.

Gerry Horak; What are we trying to do? What are the outcomes we want? Are we trying to increase capacity and if so, is this the best way to do it? Any fee waivers are subsidized from the General Fund – not zero cost. It is different from housing - housing is to make the project work - no fund raising -

Tremendous fund raising related to sliding scale for child care – It is not clear what we are trying to solve. Does it make a difference if we do something? Does it impact folks with lower wages?

Jackie Thiel; we will come back with the logic model addressing ‘this is the problem we are trying to solve’

Kelly DiMartino; some context - how will these levers fit into the broader picture -  
We know what the problem is at a high level -

Gerry Horak; what is the best way to impact livability for folks who make less money?  
Subsidized Fee Rebate not a waiver.

## **B. Re-appropriation Review**

Lawrence Pollack, Budget Director

Review of the 2019 Reappropriation Ordinance to appropriate prior year reserves.

### **EXECUTIVE SUMMARY**

The purpose of this item is to reappropriate monies in 2019 that were previously authorized by City Council for various expenditures in 2018 for various purposes. The authorized expenditures were not spent or could not be encumbered in 2018 because:

- there was not sufficient time to complete bidding in 2018 and therefore, there was no known vendor or binding contract as required to expend or encumber the monies
- the project for which the dollars were originally appropriated by Council could not be completed during 2018 and reappropriation of those dollars is necessary for completion of the project in 2019
- to carry on programs, services, and facility improvements in 2019 with unspent dollars previously appropriated in 2018

In the above circumstances, the unexpended and/or unencumbered monies lapsed into individual fund balances at the end of 2018 and reflect no change in Council policies.

Monies reappropriated for each City fund by this Ordinance are as follows:



## 2019 Reappropriation Summary

### Amount by Fund being requested for Reappropriation:

General Fund	\$350,230
Keep Fort Collins Great Fund	48,261
Transportation Fund	584,000
Capital Projects Fund	25,000
Equipment Fund	900,000
Data and Communications Fund	103,000
Light and Power Fund	100,000
<b>Total</b>	<b>\$2,110,491</b>



## Reappropriation by Fund

### GENERAL FUND:

#	Department	Request Name	Amount
1	Natural Areas	Instream Flows	28,491
2	Park Planning & Development	Community Opportunity Funds to Leverage Private Contributions	25,000
3	Parks	Medians Lifecycle Funding	20,490
4	Parks	Parks Lifecycle Funding	50,904
5	City Clerk's Office	Election Improvements	20,000
6	Municipal Court	Municipal Court Temporary Judge	10,000
7	Comm. & Public Involvement	Marketing and Public Engagement Consulting Support	20,000
8	Comm Dev & Neighborhood Svcs	City Plan	50,000
9	Comm Dev & Neighborhood Svcs	Landmark Rehabilitation Loan	22,866
10	Economic Health Office	Metro Districts	8,552
11	Social Sustainability	Affordable Housing Programs (AHF)	93,927
<b>GENERAL FUND TOTAL</b>			<b>\$350,230</b>

## KEEP FORT COLLINS GREAT FUND:

#	Department	Request Name	Amount
12	Natural Areas	West Nile Virus	\$2,200
13	Natural Areas	Northern Integrated Supply Project (NISP)	20,466
14	Parks	Parks Lifecycle Funding	9,546
15	Comm. & Public Involvement	Climate Action Plan Messaging and Engagement	16,049
<b>KEEP FORT COLLINS GREAT TOTAL</b>			<b>\$48,261</b>

### GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance Committee support moving forward with the 2019 Reappropriation Ordinance on the Consent Agenda at the March 5, 2019 Council meeting?

### BACKGROUND/DISCUSSION

The Executive Team has reviewed the Reappropriation requests to ensure alignment with organization priorities and the Budget staff reviewed the requests to verify that all met qualification requirements.

### FINANCIAL/ECONOMIC IMPACTS

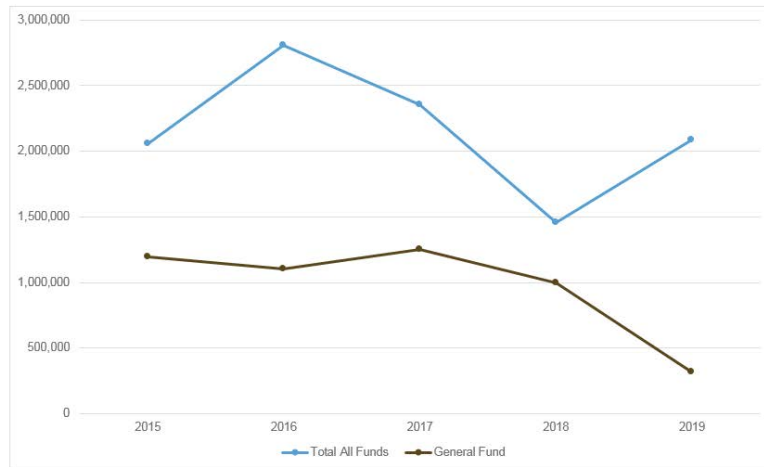
This Ordinance increases 2019 appropriations by \$2,110,491. A total of \$350,230 is requested for reappropriation in the General Fund, \$48,261 from the Keep Fort Collins Great Fund and \$1,712,000 is requested from various other City funds. Reappropriation requests represent amounts budgeted in 2018 that could not be encumbered at year-end. The appropriations are from 2018 prior year reserves.

### Discussion / Next Steps:

Mike Beckstead; if we have a successful election the line item for KFCG should go away by 2022.



## Historic Reappropriation Ordinances



Scheduled to go to full Council on March 5<sup>th</sup> on the Consent Agenda.

Ross Cuniff; yes, to go forward, I appreciate the continued focus and the significant improvement in last 5 years or so.

### ACTION ITEM:

CFC requested that if the NISP (item #13 on KFCG list) is to go forward that they provide a more detailed reason.

Mayor Troxell; yes to go forward

Gerry Horak; yes to go forward

## C. Mulberry Metro District Application

Josh Birks, Director Economic Sustainability

Jensen Morgan, Specialist, Economic Sustainability

### EXECUTIVE SUMMARY

The developer of the proposed Mulberry Metro District has submitted a Metro District Service Plan to support a proposed development of approximately 226 acres located north of Mulberry Street along both sides of Greenfields Drive. The development is anticipated to have 1,600 residences, including single-family detached, single-family attached, and multi-family living options, of which a minimum of ten percent (10%) will be designated and sold as affordable. The estimated population at build-out is 4,000. The Preliminary Development Plan expects a neighborhood town center and grocery store as well as 20-30 acres of retail, commercial, and office uses.

### GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What additional information does the committee recommend including for the Council evaluation of Harford Development's proposed Metro District Service Plan?

## BACKGROUND/DISCUSSION

Hartford Development is proposing a mixed-use community as a gateway to the Mulberry Corridor and Fort Collins just off of I-25. The development is designed to align with the East Mulberry Corridor Plan and a Metro District is proposed to address road and water infrastructure challenges with the site. The project is committed to affordable housing, on-site solar and providing additional commercial space for businesses. The overall community design is meant to employ Traditional Neighborhood Development (TND) principles in line with New Urbanist concepts.

## PROJECT OVERVIEW

The proposed Metro District will support 226 acres of planned development that will become the gateway to the Mulberry Corridor off of I-25. The project anticipates constructing:

- Approximately 1,600 residential units (a mix of single-family and multi-family);
- Minimum of 10% affordable at 80% AMI or less (160 units)
- Up to 160,000 SF of retail and commercial uses, including a neighborhood-scaled grocery store up to 50,000 SF
- Up to 80,000 SF of office uses integrated into the market
- Significant open space, including a range of features from amenitized parks to preservation of high-value natural areas; and
- An extensive trail corridor and pedestrian network, providing both internal community connectivity and walkability, as well as links to the surrounding Fort Collins community.

The project is generally located north of Mulberry Street along both sides of Greenfields Drive.

## METRO DISTRICT

Hartford Development has submitted the Consolidated Service Plan for Mulberry Metropolitan District Nos. 1-6 (the "Service Plan"). The Metro District would be used to construct critical public infrastructure and other site costs mitigating a portion of the overall development costs.

### *Service Plan Overview*

The Service Plan calls for the creation of six Metro Districts working collaboratively to deliver the proposed Mulberry development. The phased development is anticipated to occur over the next nine plus years and support an estimated population of 4,000. A few highlights about the proposed Service Plan, include:

- **Assessed Value** – Estimated to be approximately \$66 million in 2029 at full build-out
- **Aggregate Mill Levy** – 50 mills, subject to Gallagher Adjustments
- **Debt Mill Levy** – 40 mills, may not be levied until an approved development plan or intergovernmental agreement has been executed that delivers the pledged public benefits
- **Operating Mill Levy** – Up to 50 mills to fund several on-going operations, such as but not limited to: (a) a non-potable irrigation system, and (b) road infrastructure. Once a District imposes a Debt Mill Levy, such District's Operating Mill Levy cannot exceed ten (10) mills at any point.
- **Maximum Debt Authorization** – Anticipated to be approximately \$65 million to cover a portion of the estimated \$105 million in public improvement costs. If Inclusion Area is added to Districts' boundaries the Maximum Debt Authorization would become \$75 million.
- **Regional Mill Levy** – The regional Mill Levy shall not be counted against the Aggregate Mill Levy Maximum



### *Public Improvements*

The Service Plan anticipates using the Debt Mill Levy to support the issuance of bonds in the maximum amount of \$65 million to fund all or a portion of the following \$105 million in public improvements (details available in *Exhibit F* of the Service Plan):

- **Earthwork** – Approximately \$4.2 million in earthwork and site preparation costs associated with the proposed project.
- **Sanitary Sewer Improvements** – Approximately \$7.2 million in costs associated with constructing the sanitary sewer infrastructure both on- and off-site for the project
- **Water Improvements** – Approximately \$8.2 million in costs to construct potable water infrastructure both on- and off-site supporting the project
- **Non-potable Water** – Approximately \$4.6 million to construct a non-potable irrigation system to serve the entire development – this infrastructure will reduce the project’s need to acquire additional water rights, reduce the demand on potable water treatment facilities and save energy normally consumed in potable water treatment processes.
- **Storm Sewer Improvements** – Approximately \$6.1 million in costs to construct the main storm sewer system and infrastructure for the project (costs associated with grading are included in the Earthwork amount above)
- **Streets, Trails, and Sidewalks** – Approximately \$25.3 million in costs to construct concrete infrastructure for roads, trails and sidewalks on the project
- **Erosion** – Approximately \$1.2 million in costs to ensure erosion control and maintenance on the project
- **Landscaping** – Approximately \$4.4 million in costs for Cooper Slough improvement, neighborhood park development, development of a pollinator corridor, and other landscaping
- **Misc. / Amenity** – Approximately \$39.0 million in miscellaneous costs associated with the project. This includes contingency funds (14% of total), commercial promenade, neighborhood pool

The subtotal for basic costs associated with public improvements through the Metro Districts is approximately \$74.0 million; non-basic costs are approximately \$30.7 million which brings the project to an approximate total of \$105 million.

- **Cooper Slough** – The Cooper Slough creates several significant stormwater detention, retention, and water quality issues across the site. These impacts are complicated by the fact that the slough is not consolidated creating multiple entry points for water during a storm event. The net result is the need to manage the stormwater on the site in a variety of ways that deal with off-site conditions. The development plans to invest \$500,000 in improvements to the Cooper Slough through the Metro Districts.

### *Public Benefits*

As required by the proposed new policy, the Service Plan will deliver several extraordinary development outcomes that support several public benefits. A general list of benefits and, where available, their estimated value is described in the table below (details in *Exhibit I* of the Service Plan). The table has been supplied by the applicant to provide an estimate of the relative value of the proposed extraordinary benefits. Those numbers have been reviewed by staff and the outside consultant. Further refinement has been requested to address concerns raised by the outside consultant.



## Mulberry Metro District Public Benefit Evaluation

Total Project Units

1608

Environmental Sustainability			
Non-Basic Improvements			
GHG Reduction	Total Benefit (\$)	Benefit per Unit	Notes
1 800 kW Solar Power	\$1,969,400	\$8,600	Total 800kW Generated - 3.5kW system on 229 Homes
Water and Energy Conservation			
1 Non-Potable Irrigation System	\$4,642,190	\$2,887	See Cost Estimate
Multi-modal Transportation			
1			
Enhanced Resiliency			
1 Pollinator Corridors	\$160,800	\$100	Enhanced planting plans to encourage Pollinator development
Increased Renewable Capacity			
1 See GHG Reduction			
<b>TOTAL Environmental Sustainability Benefit</b>	<b>\$6,772,390</b>	<b>\$11,587</b>	

Critical Public Infrastructure			
Non-Basic Improvements			
On-Site	Total Benefit (\$)	Benefit per Unit	Notes
1 Rail Crossing	\$500,000	\$311	
Off-Site			
1 Vine & Timberline Contributions*	\$250,000	\$155	Estimated Contribution
2 Greenfields RAB	\$524,453	\$326	
<b>TOTAL Critical Public Infrastructure Benefit</b>	<b>\$1,274,453</b>	<b>\$793</b>	

Smarth Growth Management			
Non-Basic Improvements			
Increase Density	Total Benefit (\$)	Benefit per Unit	Notes
1 Alley Load Homes	\$4,002,023	\$6,670.04	40% of Units - 600 Units
2 Added Utility Services/Raw water Dedication^	\$18,020,145	\$11,207	Additional Sewer and Water Service - 825 Unit Density Bonus
Walkability & Pedestrian Infrastructure			
1 Enhanced crossings	\$75,000	\$47	6 Crossings Total @ \$12,500 ea.
Availability of Transit			
1			
Public Space			
1 Neighborhood Parks	\$3,270,672	\$2,034	Pocket Parks / Neighborhood Parks
2 Swimming Pool	\$3,000,000	\$1,866	
3 Commercial Center Promenade	\$3,000,000	\$1,866	
Mixed - Use			
1 Project is designed as Mixed-use	Difficult to Quant.		
<b>TOTAL Smarth Growth Management</b>	<b>\$31,367,840</b>	<b>\$23,689</b>	

Strategic Priorities			
Non-Basic Improvements			
Affordable Housing	Total Benefit (\$)	Benefit per Unit	Notes
1 10% Affordable housing target	\$10,458,500	\$6,500	\$65K Subsidy for 10% of Units at 80% AMI
2 Water Savings for Non-Potable Irrigation System	\$21,671,479	\$13,477	Savings on Raw water not required to be purchased to satisfy Project
Workforce Housing			
1			
Infill & Redevelopment			
1 Mulberry Frontage Improvements	\$500,000	\$311	Landscaping Improvements on Frontage
2 Monument / Gateway Signage	\$1,750,000	\$1,088	Land (1.77 Ac @ \$15/Ft.) plus Signage Cost
3 Mulberry Intersection / Median Improvements	\$300,000	\$187	
Economic Health			
1 Catalyze corridor Redevelopment	Difficult to Quant.		
2 New Employment / Sales Tax Generation	Difficult to Quant.		
<b>TOTAL Strategic Priorities Benefit</b>	<b>\$34,679,979</b>	<b>\$21,563</b>	

DISCLAIMER: The above represents Preliminary estimates designed to provide an illustrative representation for the value of public benefit. This illustration is non-binding pending execution of a Development Agreement

**TOTAL PUBLIC BENEFITS**      \$74,094,662      \$57,631

### Footnotes

^: 3/AF per Unit - 825 Unit Density Bonus over LMN - \$57K/AF for Water

\*Estimated Contribution

- **Affordable Housing** - The financing and reimbursement options created by the Metropolitan Districts will enable the Mulberry project to deliver a minimum of 160 units or 10% of the total project at affordable rates (80% AMI or lower). These units will be delivered under the following guidelines:
  - For Sale: A minimum of 40 units (2.5%) will be for sale
  - For Rent: Approximately 120 units (7.5%) are anticipated to be for rent
  - Integrated / Dispersed Site: Approximately 40 units will be built as dispersed site, integrating market rate and affordable housing. It is anticipated that affordable units will be same units as market-rate and integrated along a block or product type
  - Enforceability: Prior to or concurrent with Development Agreement, Mulberry will create legally enforceable guarantees for affordable housing commitments. Potential options include, contract with City for Land Bank, deed restriction, reservation of acreage
- **Community Gateway** - Per the *East Mulberry Corridor Plan*, this property is uniquely positioned to provide a gateway to Fort Collins from I-25. Two small parcels have been created within the boundaries of the proposed Mulberry community and provides an ideal site for a significantly scaled, iconic City monument. This would reinforce the role of this property being a significant part of a gateway to the City of Fort Collins from I-25.
- **Non-Potable Water System** - Mulberry will provide for the construction and maintenance of a non-potable water system for community-wide landscaping and landscaping on individual lots. The proposed non-potable water system for Mulberry will lead to a significant reduction in potable water demand when compared to similar communities, while simultaneously reducing the monthly costs of homeownership.
- **Environmental Sustainability** - Throughout the community, environmentally friendly design will promote Fort Collins sustainability goals. Xeric landscaping and use of non-potable irrigation will conserve water, while landscape architecture designed to support the flight distances and migration patterns of applicable pollinators will increase the biodiversity of the area. A commitment to 800 kW of solar capacity generated within and distributed throughout the Districts will further promote resource conservation and renewable energy use.

The developer estimates a public benefit value of approximately \$74 million compared to a metro district debt cap of \$65 million.

#### *Policy Comparison*

A comparison of the proposed use of Metro District revenues to the currently adopted policy is provided below in **Table 1** (see below).

**Table 1**  
**Metro District Policy Comparison**

	Project	Current Policy
Mill Levy Caps	<b><u>50 Mills</u></b>	50 Mills
Basic Infrastructure	<b>Partially</b>	To enable public benefit
Eminent Domain	Will Comply	Prohibited
Debt Limitation	Will Comply	100% of Capacity
Dissolution Limit	Ongoing for O&M	40 years (end user refunding exception)
Citizen Control	Will Comply	As early as possible
Multiple Districts	<b>Yes</b>	Projected over an extended period
Commercial/ Residential Ratio	<b>Residential and Commercial</b>	N/A

The conceptual use of a Metro District at Mulberry complies with the City's existing policy.

#### *Triple Bottom Line – Scan*

An interdisciplinary staff team prepared a Triple Bottom Line Scan of the proposed Service Plan. The net analysis is generally neutral to slightly positive. The highlights are provided below:

- **Economic** – The proposed affordable housing is expected to have a positive impact on retaining and attracting talent to strengthen our local labor force for employers. The additional office and retail space is expected to have positive effects in the Fort Collins market.
- **Environmental** - Some benefit is expected from the proposed 800 kW of solar, but overall the proposed environmental public benefits were interpreted as minor by staff under the current proposal. Additional clarity is needed to assess any improved benefit.
- **Social** – This area is expected to have the most positive impact due to the commitments to affordable housing. The proposal could be strengthened with a greater focus on affordable housing (e.g. 15% affordable), clearer expectations around deed restriction over time and pricing.

#### FINANCIAL ASSESSMENT

Utilizing the District's Financial Plan, the City reviewed the Financial Plan in partnership with Economic & Planning Systems. The review concluded the following:

- The proposed mill levies are in line with the City's policy.

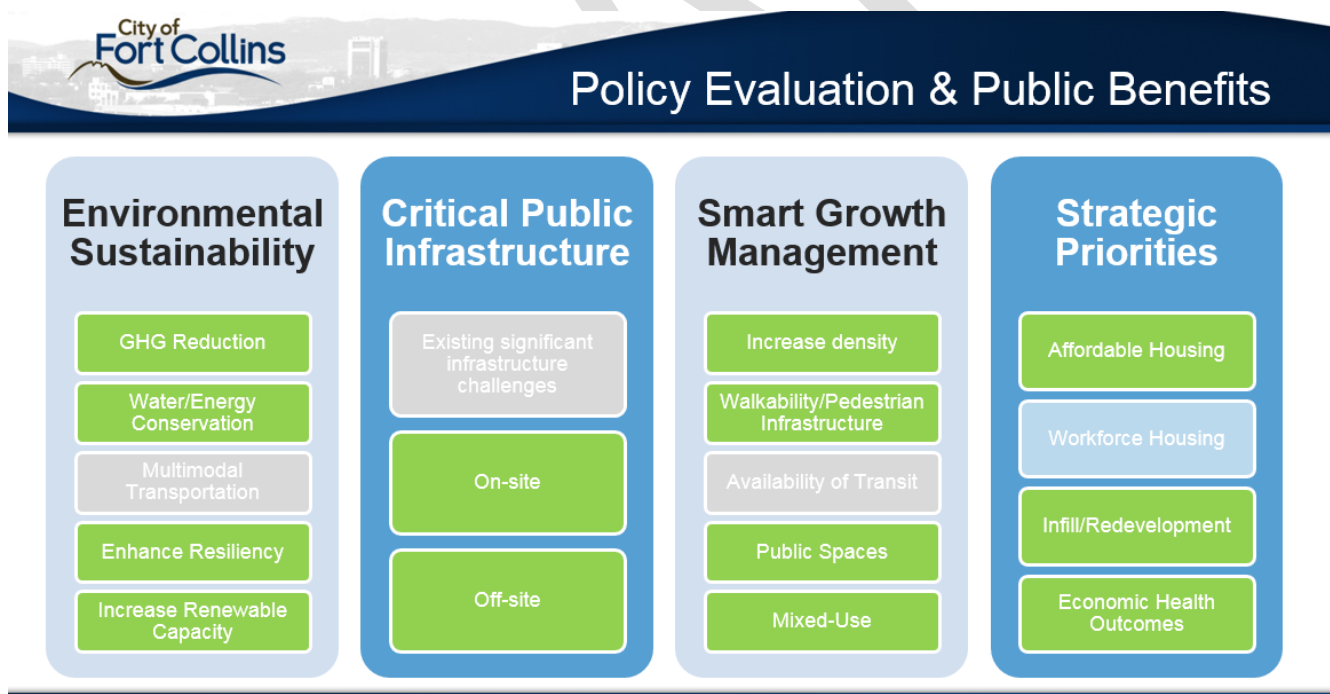
- The market values used in the public revenue estimates are reasonable.
- EPS expressed concern about residential absorption of Mulberry in the context of other new North College developments: Waterfield, Water's Edge, and Montava.
- EPS believed the retail program is oversized for the residential development alone. To succeed the retail will have to be more regionally-serving and connected to other developments.
- Office absorption rates are reasonable, but some concern was expressed due to the office market in North Fort Collins being currently immature.
- EPS found it difficult to assess if there would be "extraordinary benefits" with the following: added utility services, non-potable irrigation system, and affordable housing.
- Additional detail is required to further assess; more detailed information has been requested from the applicant.

### Discussion / Next Steps:

Scheduled to go to Council on March 19<sup>th</sup>.

Mayor Troxell; this is part of the Mulberry Annexation

Josh Birks; yes, the southern portion is now part of the enclave and the northern portion is already within in the city. Also, the 5% affordable housing note on the slide below is incorrect - the developer is committed to the full 10% (80% AMI or below).



Mayor Troxell; Their commitment to deliver 800kw of solar power as a part of the project - power is an ongoing number and energy is total kilowatt hours.

Josh Birks; I will get clarification on solar.

Mayor Troxell; solar as an energy source - might be a thermal component - some power elements - might be a part of the non-potable irrigation system – requires pumping - you could do a district solution - not the way we would do a development today - actually integrate infrastructure to allow for connectivity - not single lot houses only

Josh Birks; the developer wanted to give themselves some flexibility – I hear what you are saying that they might want to preserve even greater flexibility

Mayor Troxell; look at this as a good thing as there are more levers to do things as you look at it as a development

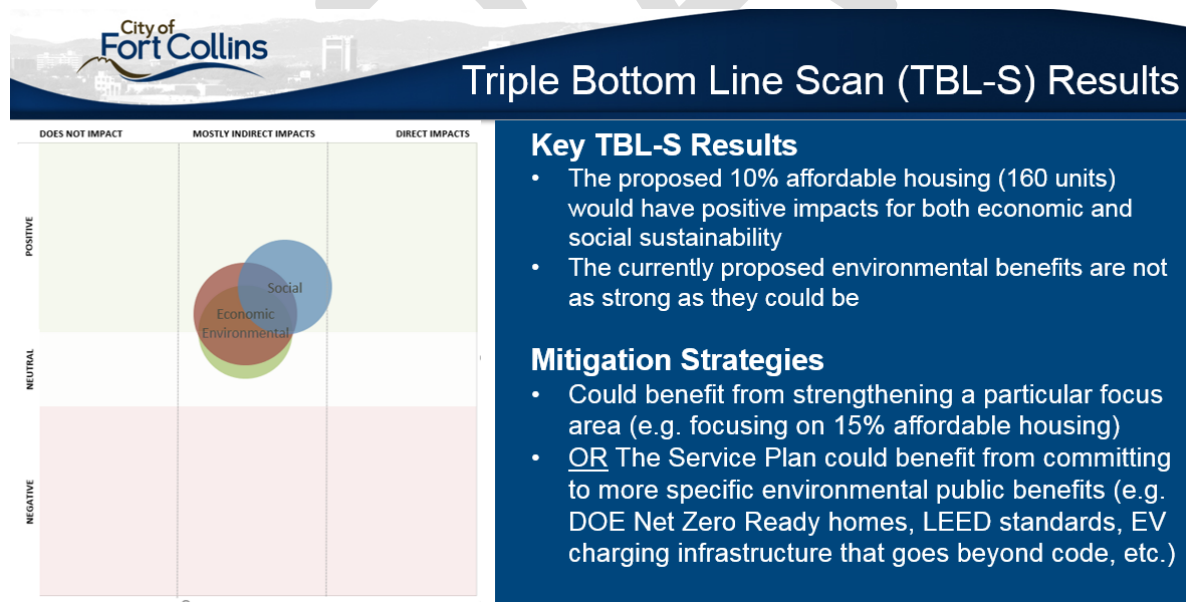
Josh Birks; the developer will be investing in a non-potable system - energy savings on the treatment side but that doesn't translate into water conservation – having conversations about how they integrate xeriscape – alternative energy loads through pumping - savings - system design

Mayor Troxell; is the project there in terms of water availability?

Josh Birks; under the assumption of how non-potable will change their need - they have wells on site for non-potable - they will provide water to ELCO for treatment and use as potable

Ross Cunniff; I am assuming the wells came with water rights.

Josh Birks; yes (confirmed with developer in room)



The developer has committed to making the corner facing south and east to be excluded from development and be an entrance way monument - the developer has set aside funding within the Metro District Plan - creating gateway or a statement about Welcome to Fort Collins

Josh Birks; we will provide more information on affordable housing before presentation to Council on March 19<sup>th</sup> - Have not committed to Net Zero ready homes. There is a general estimate of \$96 per month estimated extra cost. We will provide more detail for Council.

Ross Cunniff; general about our Metro District Policy - I think we want metro districts to be extraordinary somehow - making up for the cost - If all provide 10% affordable housing, we will never meet our goal. Energy improvements - Solar - would they be qualified for home solar rebates? I have concerns if they are because we would be using tax dollars to provide rebates - prefer that they be ineligible in using tax credits to pay for solar. Extraordinary Climate Action Plan - will make us do something other than natural gas for heating – if we could find a way to move more toward district type heating solution - heat pump -water source loop. My preference would be for affordable housing to be more than 10% and for it to be structured as affordable into perpetuity.

#### Land Bank vs Land Trust

Josh Birks; we are continuing to have conversations - how do we move forward as partners  
If we are able to find a project to get us out of the gate - would help us to deliver more projects in the community. One of our challenges is the particular land trust we are working with - how do we move to scale quickly -ROI - operational efficiency.

Josh Birks; we can provide follow-up; Land Trust - buy and hold the land separate and apart from the improvements – there is a formula - each sale drives a portion of the appreciation of the house and the land and that formula creates the ongoing affordability. Always keeping the cost of that unit staple.

Ross Cunniff; so, the county assessment would be on the value of the building

Josh Birks; I believe the land is still taxed but not certain

#### ACTION ITEM:

Ross Cunniff; requested a separate memo on how a land trust actually works and reasons why an organization might want to be part of a land trust. You are calling various portions of this ‘open space’ - please use ‘green space’ terminology unless it is dedicated to our open space program.

Mayor Troxell; an important part of this project is the frontage on Mulberry - our first piece that allows for Mulberry to become integrated into the city - incentive is to get the Mulberry corridor teed up - help that momentum - that is blight not just greenfield - think about a URA - a public benefit to this is encouragement and connection to Mulberry - Riverside Bridge was first but this will be key.

Josh Birks; difficult to quantify the value of that so rather than using an arbitrary number, we have tried to describe it as catalyzing the rest of area and setting the tone and what is that worth?

Josh Birks; The current policy states that we want the development to deliver stretch / extraordinary objectives in order for Council to consider a service plan. We define examples but we don’t have a minimum standard - the policy was written to still give Council the discretion.

Gerry Horak; I think Council should look at being more precise with housing and energy which we believe are two of our key things - we should put standards in there - some baseline - 10% is great but it doesn't make it better for us - just keeps it at the same level. How are buyers going to be informed about the extra property tax? Make sure buyers are well informed.

Gerry Horak recommended that staff review the editorial from Sunday's Denver Post about metro districts; It can be viewed at:

<https://www.denverpost.com/2019/02/22/colorado-taxing-districts-out-of-control/>.

Gerry Horak; more concerned about disclosure and transparency when people are first buying.

ACTION ITEM;

Gerry Horak; please include the criteria in our policy in future Metro District presentations including upcoming date with Council.

Ross Cunniff; would the monument be included?

Josh Birks; they are expecting to partner with city and fund approximately \$500K

Ross Cunniff; if we want a monument there the city should fund that - it should not be part of a Metro District (a tax should not pay for the monument)

Josh Birks; I will get clarification on options for developer.

Mayor Troxell; is it adjacent to the Cooper Slough?

Josh Birks; the property to the north is adjacent to the Cooper Slough - there is a property that is currently not part of the project that is between Greenfield Court and Cooper Slough (reference map)

Mayor Troxell; Is there any concern about flooding? CLOMR or LOMR?

NOTE: CLOMR = Conditional Letter of Map Revision

LOMR = Letter of Map Revision

These are FEMA processes that deal with floodplains.

Josh Birks; I will get that detail - conversations are on-going regarding the design of project - it has a significant amount of stormwater it has to solve for itself - impacts Cooper Slough - has also been suggested to enhance the habitat of the Cooper Slough - also looking at if there anything they are doing that might contribute to resolving broader basin area issues.

Ross Cunniff; is any of this area in Boxelder?

Developer from Hartford Homes responded; Boxelder Flood Basin - that has to be worked out



## **D. Water Allotment Management Program (AMP)**

Abbye Neel, Water Conservation Specialist

Liesel Hans, Water Conservation Manager

Carol Webb, Water Resources and Treatment Operations Manager

### **EXECUTIVE SUMMARY**

The purpose of this item is to seek input from the Council Finance Committee regarding the proposed Allotment Management Program to assist customers in reducing their Excess Water Use Surcharges by reducing their landscape water use. The proposed program targets a specific group of customers impacted by the changes to the Water Supply Requirements (formally Raw Water Requirements) and the related increase to the Excess Water Use Fee as outlined in Section 26-129 of City Code.

To support Utility goals and customer needs Utilities staff recommends the following:

- A change in City Code that gives discretion to the Executive Director to provide a temporary exemption from the Excess Water Use fees while a customer implements a project to permanently reduce the customer's landscape water use.

Through the proposed program, customers can apply funds toward implementing water conservation projects to lower their demands and reduce Excess Water Use fees in the future. Projects will help customers convert to more resilient landscapes and will also lower the Utilities' need to develop additional water supplies to compensate for use beyond what was provided for these customers at the time of initial development.

### **GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

1. What questions or feedback does the Council Finance Committee have regarding the proposed Allotment Management Program?
2. Does the Council Finance Committee support the proposed program and recommend bringing the item to City Council for adoption?

### **BACKGROUND/DISCUSSION**

#### **Water Supply Requirements**

Since the 1960s, The City has required that all Water Utility customers meet Water Supply Requirements (WSR). The WSR is a dedication of water rights or cash-in-lieu (CIL) of water rights to the Water Utility to provide reliable water supply service to the customer. From 1965 to mid-1984, WSRs were determined only by the total acreage developed (e.g. a one-acre development would be required to meet a WSR of 3 acre-feet of water). In March of 1984, the methodology for determining WSRs changed to including both the acreage developed and the estimated water use for the development type (e.g. brewery vs. an office building). This methodology was adopted to ensure reliable water use for all customers.

#### **Commercial Water Allotments**

Commercial taps that have met the WSR since 1984 have also received an equivalent water allotment, which is the annual volume of water a meter (tap) can use without being subject to an Excess Water Use (EWU) fee. If a tap uses more water than the established annual allotment, the (EWU) fee is applied to all water used over the allotment for the remainder of the calendar year. This charge is in addition to the standard water rate. The EWU provides revenue to the Water Utility to purchase additional water rights and/or infrastructure to serve the customer beyond what was provided at the time of development.



For customers with a meter (tap) size less than 2", the WSR and equivalent water allotment are largely determined by the amount of typical water use within a meter (or tap) size. Table 1 summarizes historical CIL and corresponding allotments for specific tap sizes.

Tap Size (inches)	Minimum WSR (acre-feet)	Equivalent CIL Payment at \$6,500 per acre-foot	Minimum Annual Allotment (Gallons/Year)
¾	0.90	\$5,980	293,270
1	3.00	\$19,500	977,550
1 ½	6.00	\$39,000	1,955,110
2	9.60	\$62,000	3,128,170
3 and above	Based on use		

All water taps installed prior to the change (pre- March 1984) were grandfathered into the system and do not have an allotment unless the property has applied for a new water permit.

In September 2017, City Council approved various changes to the WSRs, including an increase in the CIL rate (Code Section 26-129). As a result, the CIL price increased from \$6,500 to \$17,300 per acre-foot of water (a 2.66 factor increase). The EWU fee also increased by the same factor: from \$3.06 to \$8.14 per 1,000 gallons over the allotment. Methodology for determining this increase can be found in ATTACHMENT 1.

### Customer Impact related to EWU Changes

About 34 percent (~1200) commercial water taps have annual water allotments. In a given year, approximately 10 percent of all commercial taps exceed their allotment (~350 accounts with an allotment). Most taps that exceed their allotment are irrigation taps. Of these irrigation taps, over 70 are associated with HOAs or multi-family complexes where residents, as opposed to businesses, are responsible for paying the EWU fees.

At the previous rate of \$3.06 per 1,000 gallons, customers paid up to \$20,000 in EWU fees, with the majority paying an average of \$1,500. Three customers experienced EWU fees over \$10,000. With the new rate of \$8.14 per 1,000 gallons, customers paid up to \$40,000 in EWU fees, with the majority paying \$4,000 and 30 paying over \$10,000.

Customers who exceed their allotment currently have four options related to EWU Fees:

1. Make no changes and pay the EWU fees at rate of \$8.14 per 1,000 gallons over the allotment.
2. Pay the CIL rate to permanently increase their allotment. With the 1.92 supply factor<sup>1</sup> included, the cost is \$33,216 per acre-foot<sup>2</sup> increase.
3. Implement a conservation project to reduce use to or below allotment.
4. Stop using water to reduce use to or below allotment (e.g. abandon or stress the landscape to avoid excess water use fees).

### Customer Outreach for EWU Changes

Staff conducted outreach to impacted customers throughout 2017, prior to adoption of changes to the WSR.

Early stakeholder outreach focused on the development community, as this was the primary focus of the WSR changes. Outreach to current commercial customers impacted by the increase in the EWU Fees was initiated in mid-2017 and to date has included postcards and letters, targeted outreach via phone calls, emails, and in-person meetings, informational sessions, workshops, and free education-based services (e.g. the Landscape Budget Program). However, even with the significant outreach, staff recognizes that impacted customers need additional time to understand the financial impacts of the EWU increase and reduce their excess water use to avoid the additional costs noted above.

### **Customer Feedback on EWU Changes**

Feedback received from customers impacted by the increase in EWU fees are summarized as follows:

- Dramatic cost increase (166%).
- Not enough time to prepare or factor in a solution into their annual budgeting before prices were raised (no customer was notified more than six months prior to implementation in January 2018).
- Significant concern in cases where the allotment is not sized correctly for the use type as depicted in Figure 1 (e.g. tap's allotment is not large enough given the property's efficient water need). Customers in this situation often express frustration with the City for allowing the developer to satisfy a WSR with an allotment that was not large enough for the property at the time of initial development.

### **Rationale for Proposed Allotment Management Program (AMP)**

Staff have identified three primary reasons customers exceed their annual water allotments:

1. Inefficient water use (e.g. overwatering)
2. Change in use type (e.g. a building that was originally a gas station changes to a restaurant)
3. Allotment is not sized correctly for the use type as depicted in Figure 1 (e.g. tap's allotment is not large enough given the property's efficient water need).

Staff have tools available (e.g. Water Conservation programs) to assist customers with inefficient water use and changes in use type (#1 and #2 above). Resources are not available, however, to assist customers with an allotment that is not sized correctly (#3 above), which are typically HOAs with irrigation taps. To avoid paying fees, these customers must either pay the EWU fees, the current CIL rates to increase their allotment, or implement water conservation projects to reduce their water use.

Management Program targets these customers by providing a temporary exemption from EWU fees while customers implement water savings projects to reduce their water use.

### **Proposed Allotment Management Program (AMP)**

Staff proposes a change to City Code that would give the Utilities Executive Director the ability to provide a customer a temporary exemption from the Excess Water Use fees if they meet specific requirements. During the exemption period customers will be able to redirect funds that would have been used to pay EWU fees into a water conservation project.

Customer enrollment in the Allotment Management Program (AMP) is proposed as follows:

- Eligible customers submit an application with a plan for long-term permanent reduction in outdoor water use.
- Staff determines if customer and project qualify.
- If project qualifies, customer receives a temporary exemption from excess water use fees for a predetermined period of time.

- Customers who do not complete a project will be billed for any applicable water use fees.

If approved, the customers would be eligible for an exemption starting in 2020. The program will be available through Dec 31, 2022. Additional program details include:

#### Eligibility

- All customers with commercial rate codes (includes commercial customers and all irrigation taps).

#### Qualifications

- Customer demonstrates need (e.g. customers water tap is undersized) and is quantified with support from Water Conservation Staff.
- Project is reasonable and demonstrates long-term reduction in outdoor water use.

#### Program Details

- Up to 3-year exemption depending on project type and scope.
- If granted a multi-year project status, amount of exemption will be tiered (e.g. Year 1 – 100% waived, Year 2 – 50% waived).
- Customer must meet project milestones outlined in a customer agreement to stay enrolled in the program. If deadlines are not met customer will be back billed any EWU fees and asked to leave the program.

Customers will be able to redirect money that would have been used to pay EWU fees into a project that will reduce the customer's water use to better align with their allotment.

Staff believes this is the best solution for customers and the Utility because:

1. As the cost of water supplies and infrastructure rise, the cost of WSRs and the associated EWU fee will continue to increase, which may result in customers abandoning landscapes, as we've seen in other Front Range communities, or have other impacts on residents. AMP provides a proactive solution that ensure customers can adapt to increasing costs while increasing community resiliency to drought and a changing climate.

AMP is a cost-effective way to reduce the volume of water the Utility must provide to compensate for use over what was initially provided at the time of development by avoiding additional water storage projects beyond the Halligan Water Supply Project.

The proposed AMP also aligns with key City Strategic Objectives related to Environmental Health and High Performing Government and with Council-adopted Plans, including the Water Supply and Demand Management Policy and the Water Efficiency Plan.

#### **Potential Risks associated with AMP**

The primary risk associated with AMP is the unrealized revenue associated with waiving EWU Fees. Based on the average number of customers that exceed their allotment (~350) the maximum revenue implication if every customer were to apply, qualify, and not complete a project with a long-term water reduction would be \$1.2 Million. However, based on analysis of water use and the number of customers who have expressed interest, staff expects around 50 customers to participate. The expected revenue implication is \$370,000.

Staff is mitigating risks associated with AMP in the following ways:

- Requiring customers sign agreements to meet milestones and have regular progress check-ins to ensure projects are completed.
- Staff has a successful record in supporting customers through programs like the Xeriscape Incentive Program.
- Back-billing customers who do not complete projects.
- Implementing a decreasing tiered exemption for multi-year projects to lower the risk of providing a multi-year exemption (e.g. 100% then 50%).

### **AMP Outreach**

Utilities Staff have presented AMP to key stakeholders including property managers, HOA community members, Utilities key accounts, businesses affected by the change, the landscape contractor community, and other affected City departments (Forestry, Parks, Development Planning, Natural Areas, and Zoning). In addition, staff completed a work session with the Water Board and will present AMP to the Natural Resource Advisory Board, Economic Health Advisory Board – see dates below.

Input received has been very supportive of the proposed program. Concerns are primarily related to the following:

- Ensuring that the assigned annual water allotment matches the expected water use at the time of development in the future (note Utilities staff is developing improvements to the process in partnership with Development Review staff).
- How customers who have already implemented solutions will respond if AMP is approved.
- The proposed program's adoption timeline and if they will have enough time to respond in 2019.
- Other City Departments (e.g. Forestry, Natural Areas, and Parks) regarding impacts to vegetation and tree loss if customers stop watering landscape

### **Next Steps**

Staff is proposing to present the program for consideration by City Council on April 16<sup>th</sup>. Staff will consider CFC input and conduct any additional outreach or analysis before presenting to City Council.

Upcoming schedule:

- 3/20/2019: Natural Resources Advisory Board
- 3/20/2019: Economic Health Advisory Board
- 3/21/2019: Water Board – action item
- 4/16/2019: 1<sup>st</sup> reading City Council

### **Discussion / Next Steps:**

- Anheuser Busch's arrival was the driver for this change in water allotment – a brewery uses water much differently than residential development

**Example 1**

Need: 6.7 millions gallons  
Allotment: 3.1 million gallons  
Excess Water Use Fees: \$25K



**Option 1**

Pay \$25K in Excess  
Water Use Fees  
each year

**Option 2**

Pay \$366,000 to  
increase  
allotment

**Option 3**

Pay \$75K over three years to  
convert 6 acres of land to lower  
water need to 2.8 million gallons

It would be helpful if we go to Council on March 19<sup>th</sup> instead of in April as this is a complicated issue and we would be able provide an answer to our customers earlier. They are looking for solutions for this year. Going to Council in March would mean we would not have an opportunity to reach out to the Advisory Boards prior to 1<sup>st</sup> Reading at Council.

Mayor Troxell; what was response from the Boards and Commissions?

Abbye Neel; We have only spoken with Water Board and they were supportive - we did a work session with them and took some of their ideas to shape what we are proposing to you today. We have also done stakeholder outreach - Community members also very supportive of the program - we think this is a good balance. Different funding mechanism than landscape (not a traditional rebate program) and bigger scale

Mayor Troxell; Investments in the projects tend to be a lot larger than the city participation component.

## AMP - Risks

	Number that Exceed Their Allotment	Potential Revenue Implications (est. using 2018 Excess Water Use Fees)
Engaged Customers	48	\$368,339
Customers with over \$2,000 in fees	156	\$1.1 Million
Commercial Customers	350	\$1.2 Million

- Total Commercial Customers: ~3,500
- Total Commercial Customers with Allotment: ~1,200

Most of the 48 Engaged Customers (see above) are HOAs - there are a few other large properties that are key accounts that are included in that group as well

Ross Cuniff; AMP Risks (slide above) I understand the cost side - the idea is that we are imposing these fees because of potential costs of future water supply. If this succeeds, we wouldn't have to spend any money but if for some reason we failed, this is the worst-case scenario (if every single customer failed – zero improvement)

Mayor Troxell; landscape program is a good analogy based on the improvements and going back to actual measurement of usage - What is the success rate there? by taking out the grass, etc.

Liesel Hans; we provide a rebate up to 1000 square feet - we are seeing in terms of water use that it takes a couple of years to show up in landscape development - we are showing savings of approximately 14 gallons per square foot when folks go from high water use landscape to a lower water use landscape (like xeriscape) Impacts - we are feeling very confident that we can support these customers well. Customers who face challenges with their allotments we provide educational support and can help them understand where they are at – work really well with their landscape contractors so everyone is on the same page and there are no bad guys at the table.

Mayor Troxell; thoughts regarding dealing with a household that might be totally dialed in versus a household that may not be.

Liesel Hans; In that case we have realized that having some of these other tools in place – we have different requirements for the residential scale program. Landscape changes - we help them with some education - we are also putting some requirements in place regarding long term maintenance needs - so they have thought through initial change and impact and the long term maintenance - than they have typically done as an HOA – having a point person the HOA board -

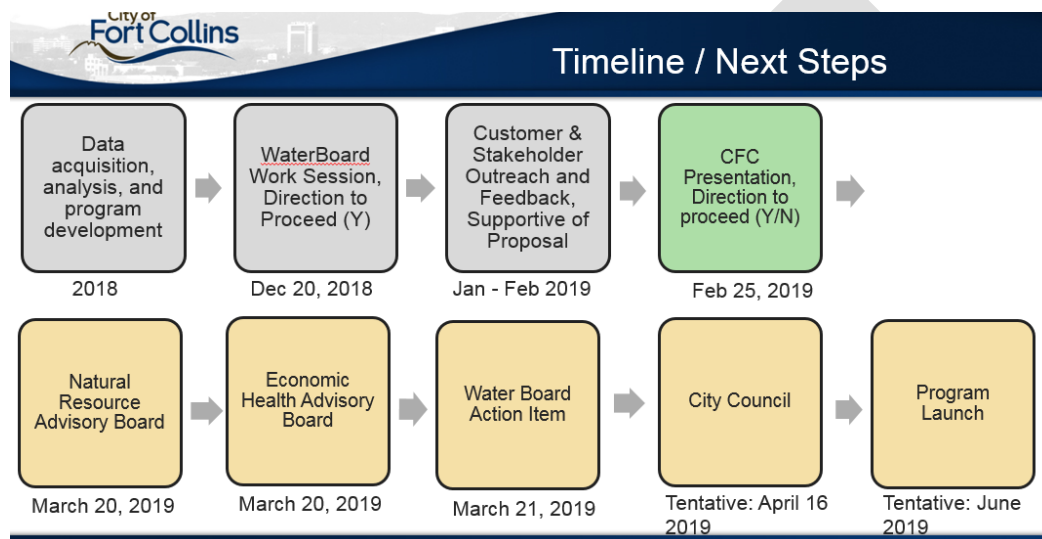


Abbye Neel; in 2018, when a lot of these customers first felt the impact - communities reacted viscerally - we went into problem solving mode - have to figure something out – one benefit for us – some things already in motion

Mayor Troxell; different from what water utilities have been doing – Are we engaged with Neighborhood Services?

Abbye Neel; We have reached out to HOAs and property managers - they see the bills and are the major conduit to the HOA Board - tapping into Neighborhood Services would be a good idea.

Ross Cuniff; Some HOA owners in my district have contacted me



Ross Cuniff; So, If we bring this forward to Council on March 19<sup>th</sup> there would be 3 boards we would not have time to reach out to.

**Action Item:** Ross Cuniff; send a specific targeted communication to the boards telling them you will be taking this to Council and ask them if they have specific concerns to please let us know - I agree this is a complicated thing to bring in if someone is not familiar with water utility and fee structure. I support moving forward on March 19<sup>th</sup> with those caveats. This is a great idea - this program was never about penalizing people for using water – it was always about protecting the financial interest of shareholders and rate payers and I think this does that.

Ross Cuniff; question in area of general sustainability - what are we doing with respect to similar concerns with the other water utilities? Is there a role that the city plays in providing ideas / feedback or convene a discussion. We haven't had a meeting in a long time - they are also facing escalating costs in water supply.

Carol Webb; ELCO has residential allotments on every account - they have a process up front which is what we are doing - at the time of development to ensure that the developer turns in adequate supply to the customer - we are learning from ELCO's best practices. Loveland doesn't use an allotment approach - they have a different way of recovering their costs. That is how they mitigate those issues – for us the biggest process improvement was catching that at time of the development and reaching out to development staff.

Gerry Horak; I sit on the Land Conservation Stewardship Board - How are you coordinating with the County land and small grants program and the Nature in the City program? How are we working with those?

Liesel Hans; with Nature in the City – because of the nature of the scale as well as the type of landscaping they would probably switch to – working with environmental planners who have expertise in this area to help these customers understand what the options are and make the right choice - we are working with other departments to ensure their expertise is incorporated into program development.

**Action Item:** Gerry Horak; I would suggest that you reach out to the County for the Open Lands Program Was on a sub-committee - met with one of the HOAs having these issues and I think that is a good way for the County getting involved.

Gerry Horak; I agree with Ross that this is an elegant solution to a difficult problem. Maybe when this comes to Council there will be some information about how the particulars work – the detail - would ease concerns some people have.

Mike Beckstead; is there any budgetary revenue implications in 19 and 20 given the assumption we used in developing the revenue forecast?

Lance Smith; we budgeted at \$400K for excess water use surcharges and have collected over \$1M

Meeting adjourned at 11:38 AM



## **COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY**

**Staff:** Jennifer Poznanovic

**Date:** March 18, 2019

### **SUBJECT FOR DISCUSSION**

2019 Fee Roadmap

### **EXECUTIVE SUMMARY**

Coordination of Council approved fees began in 2016 to provide a more holistic view of the total cost impact. Previously, fee updates were presented to Council on an individual basis. After the 2019 fee update, fee phasing will be complete with regular two and four-year cadence updates beginning in 2021.

2019 fee updates include: Development Review fees, Electric Capacity fees, Water Supply Requirement fees, Wet Utility Plan Investment Fees and Step III of the 2017 Capital Expansion Fees.

### **GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

1. Does Council Finance Committee support the proposed 2019 roadmap for fee updates?

### **BACKGROUND/DISCUSSION**

Since the fall of October 2016, staff has worked to coordinate the process for updating all new development related fees that require Council approval. Development related fees that are approved by Council are six Capital Expansion Fees, five Utility Fees and 45 Building Development Fees.

Type of Fee	Fee Name
Capital Expansion	Neighborhood Park
Capital Expansion	Community Park
Capital Expansion	Fire
Capital Expansion	Police
Capital Expansion	General Government
Capital Expansion	Transportation
Utility	Water Supply Requirement
Utility	Electric Capacity
Utility	Sewer Plant Investment
Utility	Stormwater Plant Investment
Utility	Water Plant Investment
Building Development	45 Development Review & Building Permit Fees

Previously, fee updates were presented to Council on an individual basis. However, it was determined that updates should occur on a regular two and four-year cadence and fees updates should occur together each year to provide a more holistic view of the impact of any fee increases.

Impact fee coordination includes a detailed fee study analysis for Capital Expansion Fees (CEFs), Transportation Capital Expansion Fees (TCEFs) and Development Review Fees every four years. This requires an outside consultant through a request for proposal (RFP) process where data is provided by City staff. Findings by the consultant are also verified by City staff. For Utility Fees, a detailed fee study is planned every two years. These are internal updates by City staff with periodic consultant verification. In the future, impact fee study analysis will be targeted in the odd year before Budgeting for Outcomes (BFO).

Below is the current fee timeline:

	Phase 1		Phase 2		Phase 3	
	2016	2017	2018	2019	2020	2021
<b>Capital Expansion Fees</b>		Update	Step II	Step III		Update
<b>Transportation CEFs</b>		Update	Step II			Update
<b>Electric Capacity Fees</b>		Update		Update		Update
<b>Water Supply Requirement</b>		Update		Update		Update
<b>Wet Utility Fees</b>			Update	Update		Update
<b>Development Review Fees</b>				Update		Update
<b>Fee Working Group</b>		Active	Active			

Phase I of the fee updates included CEFs, TCEFs, Electric Capacity Fees, and Raw Water/CIL and were adopted in 2017. Phase II included Wet Utility PIFs and step II of CEFs and TCEFs, which were approved in 2018. Development review and building permit fees were originally included in Phase II but were de-coupled from the 2018 update.

Due to the concern in the development and building community around fee changes, Council asked for a fee working group to be created to foster a better understanding of fees prior to discussing further fee updates. In August of 2017, the Fee Working Group commenced comprised of a balanced group of stakeholders – citizens, business-oriented individuals, City staff and a Council liaison. The Fee Working Group met 14 times and was overall supportive of the fee coordination process and proposed fee updates.

The 2019 phase III update includes Development Review fees, Electric Capacity fees, Water Supply Requirement fees, Wet Utility Plan Investment Fees and Step III of the 2017 Capital Expansion Fees. After the 2019 fee update, fee phasing will be complete with regular two and four-year cadence updates beginning in 2021.

Below is the proposed 2019 fee roadmap:

	March	April	May/June	July	August	1/1/2020
<b>Capital Expansion Fees</b>		CFC	Outrech	CFC	Council	Effective
<b>Transportation CEFs</b>						
<b>Electric Capacity Fees</b>		CFC	Outrech	CFC	Council	Effective
<b>Water Supply Requirement</b>		CFC	Outrech	CFC	Council	Effective
<b>Wet Utility Fees</b>		CFC	Outrech	CFC	Council	Effective
<b>Development Review Fees</b>	CFC		Outrech	CFC	Council	Effective

## ATTACHMENTS

1. PowerPoint Presentation – 2019 Fee Roadmap



## Why We Have Them

- To support the cost of providing public services and additional infrastructure to support new development

## How We Use Them

- Can only be used for the stated purpose of each fee
- Revenue source to build new and maintain assets and infrastructure

## Objective:

- Review fee updates together to provide a holistic view of the total cost impact
- Bring impact fees forward per a defined cadence..... 2 - 4 years

Type of Fee	Fee Name
Capital Expansion	Neighborhood Park
Capital Expansion	Community Park
Capital Expansion	Fire
Capital Expansion	Police
Capital Expansion	General Government
Capital Expansion	Transportation
Utility	Water Supply Requirement
Utility	Electric Capacity
Utility	Sewer Plant Investment
Utility	Stormwater Plant Investment
Utility	Water Plant Investment
Building Development	45 Development Review & Building Permit Fees



	Phase 1		Phase 2		Phase 3	
	2016	2017	2018	2019	2020	2021
<b>Capital Expansion Fees</b>		Update	Step II	Step III		Update
<b>Transportation CEFs</b>		Update	Step II			Update
<b>Electric Capacity Fees</b>		Update		Update		Update
<b>Water Supply Requirement</b>		Update		Update		Update
<b>Wet Utility Fees</b>			Update	Update		Update
<b>Development Review Fees</b>				Update		Update
<b>Fee Working Group</b>		Active	Active			

- Detailed fee study analysis every 4 years for CEF, TCEFs & Development fees
- Detailed fee study analysis every 2 years for Utility fees
- Conduct fee study analysis in the odd year before BFO
- In years without updates, an annual inflation adjustment occurs
- Significant fee increases proposed in 2017 - fee working group formed prior to further updates

	March	April	May/June	July	August	1/1/2020
<b>Capital Expansion Fees</b>		CFC	Outrech	CFC	Council	Effective
<b>Transportation CEFs</b>						
<b>Electric Capacity Fees</b>		CFC	Outrech	CFC	Council	Effective
<b>Water Supply Requirement</b>		CFC	Outrech	CFC	Council	Effective
<b>Wet Utility Fees</b>		CFC	Outrech	CFC	Council	Effective
<b>Development Review Fees</b>	CFC		Outrech	CFC	Council	Effective

- All fee categories update in 2019 except for Transportation CEFs
- Phasing complete after 2019 with regular two and four-year cadence beginning in 2021



**Does Council Finance Committee support the proposed 2019 roadmap for fee updates?**

## **COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY**

**Staff:** Tom Leeson, Community Development & Neighborhood Services, Director  
Noelle Currell, Financial Planning and Analysis, Manager

**Date:** March 18, 2019

### **SUBJECT FOR DISCUSSION**

Development and Building Permit Review Fees Study

### **EXECUTIVE SUMMARY**

The City contracted with MGT Consulting Group (MGT) to conduct an in-depth analysis of the City's development review and building permit fees and to evaluate whether these fees are set at appropriate levels, inclusive for all costs, and consistent with the City's goals for percent of cost to recover, and how fees compare to other communities regionally. This update to the City's Development Review Fees is part of the City's coordinated fee update process that began in 2017.

Staff and MGT Consultants also evaluated the methodology for calculating the fees and are requesting feedback on changing the methodology for calculating building permit and plan check fees from using the valuation of a project to using the square footage of a project. The methodology for calculating the development review fees is remaining the same.

### **GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

Is Council Finance supportive of methodology changes for building permit fee calculations?

What cost recovery percentage should fees be based upon?

### **BACKGROUND/DISCUSSION**

#### ***City Fee Review Schedule***

Phase I of the City's coordinated fee update process included Capital Expansion Fees (CEF), Transportation CEF, Electric Capacity Fees, and Raw Water/CIL and were adopted in 2017. Phase II included Wet Utility PIFs, which were approved in 2018. Development review and building permit fees were originally included in Phase II but were de-coupled from that effort and will move forward with the Electric Capacity Fees this year and will then be evaluated again in 2021.

The last comprehensive analysis of development review and building permit fees was conducted in 2008. For many years the City had a policy to recover 80% of fee-related services (with exceptions, i.e., over-the-counter permits), in 2011, staff conducted an internal study of the costs associated with building permit and plan review fees based on City Council direction to change the cost recovery model of collecting 80% of the costs to 100% of the costs (See Attachment 1 for 2011 Study). No changes to the fees, with the exception of annual CPI increases, have been made to the fee schedule since 2011.

### ***Purpose of Development and Building Permit Fee Study***

The City contracted with MGT Consulting Group (MGT) to conduct an in-depth analysis of the City's development review and building permit fees and to evaluate whether these fees are set at appropriate levels, inclusive for all costs, consistent with the City's goals for percent of cost to recover, and how fees compare to other communities regionally. Additionally, the consultants were tasked with evaluating if the method of calculating the fee is up-to-date and if there was a different, more efficient methodology. One of the issues raised by applicants during the City's review of the development review process was the complexity of the current fee schedule and the difficulty of estimating fees. An additional goal of the study was to evaluate the methodology and fee schedule to look for ways to simplify and streamline.

### ***Development and Building Permit Fee Approval***

The City Manager is authorized to set fees based on the costs of providing development and building permit review services, pursuant to City Code Sec. 7.5-2. The Land Use Code (Sec. 2.2.3.D) establishes the cost recovery model for development and building permit fees:

(1) *Recovery of Costs.* Development review fees are hereby established for the purpose of recovering the costs incurred by the City in processing, reviewing and recording applications pertaining to development applications or activity within the municipal boundaries of the City, and issuing permits related thereto. The development review fees imposed pursuant to this Section shall be paid at the time of submittal of any development application, or at the time of issuance of the permit, as determined by the City Manager and established in the development review fee schedule.

(2) *Development Review Fee Schedule.* The amount of the City's various development review fees shall be established by the City Manager, and shall be based on the actual expenses incurred by or on behalf of the City. The schedule of fees shall be reviewed annually and shall be adjusted, if necessary, by the City Manager on the basis of actual expenses incurred by the City to reflect the effects of inflation and other changes in costs. At the discretion of the City Manager, the schedule may be referred to the City Council for adoption by resolution or ordinance.

### ***Development Review Fees and Calculation Methodology***

The fees imposed on development review applications are intended to recover the costs associated with staff time to review and process development proposals, such as (For a complete list of current fees refer to Attachment 2):

- Project Development Plans (PDP)
- Major Amendments
- Overall Development Plans (ODP)
- Planned Unit Development (PUD)
- Rezoning
- Sign Permit
- Variances

Development review fees were last updated in 2008 and were not included in the 2011 internal fee study, which only updated the building permit and plan check fees.

Development review fees are calculated by determining the time spent by each staff member on each development application type (this includes staff members involved with processing the application including City Planners, administrative staff, Building and Development Review Technicians, Engineers, etc.) to determine the costs to the City to process and review. The methodology for calculating these fees is remaining the same; however, the fee schedule is being simplified. Currently the fee schedule includes the application fee as well as the cost of sending out the public notice, which will now be rolled into the application fee.

### ***Building Permit and Plan Check Fees and Calculation Methodology***

The fees imposed on building permit applications are intended to recover the costs associated with staff time to review and process building permit applications. Building permit applications are categorized by building type, such as (For a complete list of current building permit types and fees refer to Attachment 3):

- A (Assembly)
- B (Business)
- E (Educational)
- R-1
- R-2

In addition to the building type categories mentioned above, there are also “over-the-counter” (OTC) building permit applications for small projects that can be issued quickly with very limited review, such as:

- Furnace replacement
- Air Conditioner
- Pool/spa
- Commercial roof replacement

Building permit fees are currently calculated based on the valuation, or construction costs, of the proposed project. The building permit fees are calculated from the 2008 IBC Building Safety Journal for commercial/industrial valuation minimums. The residential valuation minimums are

also based on the 2008 IBC table, but have been slightly modified to accommodate for local conditions.

The valuation method can be difficult to estimate in the early stages of a project because in many cases neither the applicant nor the staff has enough information to provide a valuation, which can lead to big differences in the estimate provided and the actual fee. Furthermore, staff feels there is only a loose correlation between the valuation of a project and the amount of time it takes to review, process the application, and inspect the property.

While the valuation methodology is relatively common throughout the country, it is problematic for staff to administer and is difficult for the applicants to understand and estimate. It can be difficult to administer because staff must rely on the information provided by the applicant with respect to the valuation and in most cases the valuation provided is at the very minimum or slightly above, even though staff is aware that the valuation is most likely higher. This can lead to disagreements with respect to the building permit fee and frustration by the applicants.

In researching best practices as part of this fee study, staff and the consultants found communities that are changing from using the valuation of a project to calculate the fees to utilizing the square footage of the project. The square footage of a project is not subject to disagreements as it is a definite quantity provided within the application; it is a known quantity in the early phases of a project, so it provides a stronger basis for calculating accurate fee estimates; and has a strong correlation to the amount of time it takes to review and process an application.

For those reasons, staff is proposing to change the methodology for calculating building permit fees from the valuation method to utilizing square footage and has asked MGT consultants to calculate the updated fees utilizing this new methodology.

It should be noted that the “over-the-counter” permits such as furnace replacement and new air conditioning units, are also currently calculated utilizing the valuation methodology. Since these permit types do not have a square footage associated with them, staff is proposing to charge a flat rate fee based on the average time to process these permit types. The review process for these permit types is relatively simple and there is very little deviation from one permit to the next, so a flat rate fee would be an accurate and efficient method.

### ***Engineering Inspection Fees***

MGT Consultants were also asked to evaluate the City’s Engineering Inspection fees as part of this fee study. The Engineering Inspection fees are intended to recover the costs associated with staff time to field inspect the public infrastructure improvements associated with new developments. The Engineering Inspection fees include such fees as (For complete list of Engineering Inspection Fees, refer to Attachment 4):

- Sanitary Sewer Main
- Water Main
- Pedestrian Ramps
- Concrete or asphalt
- Sewer manhole

Engineering inspection fees are calculated by determining the time spent for each inspection type and are based on the size or length of the infrastructure being inspected to determine the costs to the City. The methodology for calculating these fees is remaining the same.

### ***What the Fees are Intended to Cover***

Development Review and Building Permit fees are intended to cover staffing resources and all associated costs for providing the following services, including:

- Plan review for development and building plan submittals
- Plan review for minor amendments
- Inspections – building, construction/engineering, zoning
- Related customer/administrative services
  - Permit issuance
  - Fee collection
  - Licensing
  - Board Support – Building Review, Planning & Zoning, Zoning Board of Appeals
  - Records Management

Staffing resources and associated costs for providing ancillary, but critical services, from Management Information Systems for the development, configuration and maintenance of our computer systems and technologies are also included.

In 2008, it was determined to eliminate administrative costs and those associated with management staff above the level of the direct managers of those providing development-related functions/activities.

The fees cover the follow costs/funds:

- General Fund – All of Current Planning, Customer & Admin Services, Building Inspection, Plan Check and a portion of Advance Planning and Zoning.
- Transportation Fund– All of Engineering Development Review and portions of Customer & Admin Services, Engineering Admin Support, Engineering Construction Inspection, Engineering Survey, and Traffic Engineering.
- Data & Communications Fund - All of the Development Tracking System, direct support and portions of GIS

### ***Cost Recovery Policy***

As was indicated above, the City had a policy to recover 80% of the costs of development through the collection of fees for many years, and in 2011, staff conducted an internal study of the costs based on City Council direction to change the cost recovery model of collecting 80% of

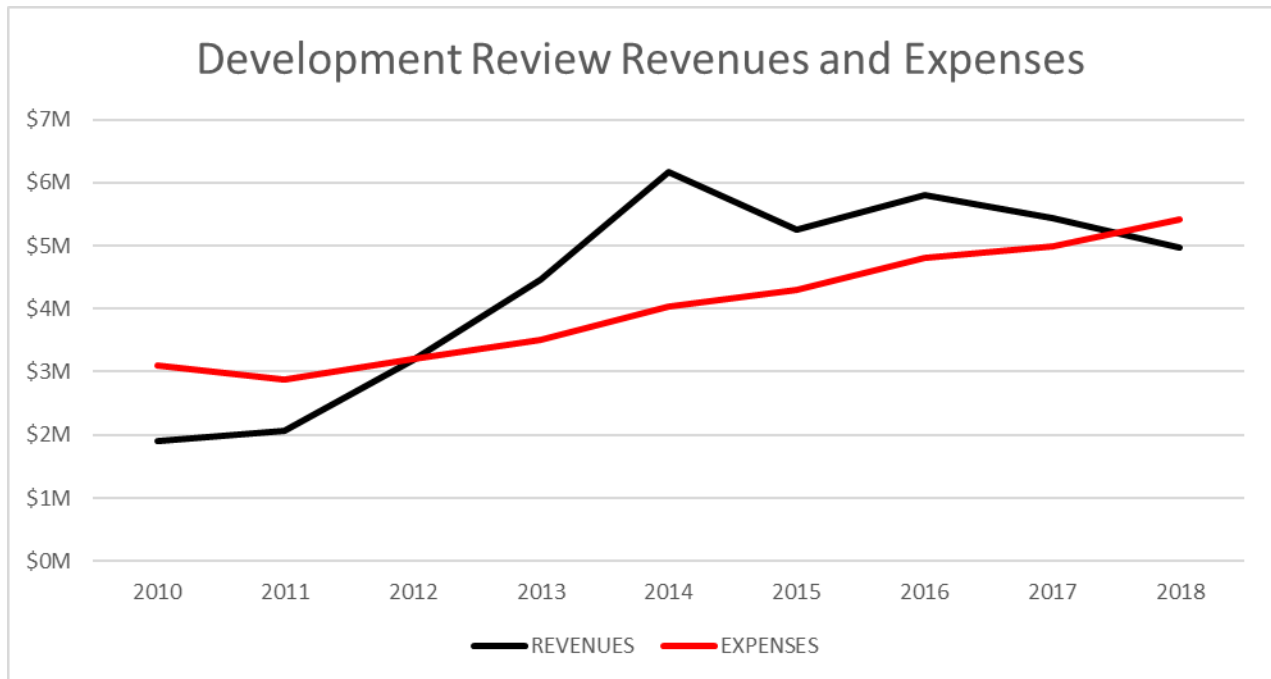
the costs to 100% of the costs. The 2011 internal fee study only evaluated building permit and plan check fees and did not include development review fees. Additionally, the 2011 study appears to have compared overall expenses to provide the review services and revenues generated by fees but did not conduct an in-depth analysis of the actual cost per permit type. As a result, it did not provide a completely accurate analysis of the cost to provide the development review services.

The MGT fee study evaluated every permit type offered and interviewed each staff member involved in the development and permitting review process. The costs are calculated using the hourly rate and time spent of staff providing the review, thus providing an accurate analysis of actual costs.

It should be noted that neither the development review fees nor the building permit fee calculations include City wide overhead such as Financial Services, Human Resources or the City Attorney's (CAO) staff. For example, the CAO staff spend a considerable amount of time on development review projects such as the drafting of all development agreements, public hearing support, land use code interpretations, and review of staff reports.

### **Historic Development Review Expenses and Revenues**

The following table shows the City's historic expenses and revenues:



This graph demonstrates that during times when the economy is good, revenue outweighs expenses; when the economy is in poor health, expense outweighs revenue (this is the expected trend).

- Notes on spikes/changes:
  - 2012:



- Fees changed from 80% Cost Recovery to 100% Cost Recovery
- Updated tables that are used for project valuation purposes (from 1982 UBC tables to 2008 BSJ tables)
- Recession Recovery
- 2014:
  - Major permits pulled – Mall & Woodward

## **Comparison of Peer Cities**

As part of the fee study, MGT provided a comparative survey of Building Permit and Plan Check fees as a baseline. The fees presented in the comparative study are for the existing City fees. The new fees will be added to the comparative survey once the data and direction on methodology has been finalized. The MGT project staff worked with City staff to create a list of example project fees to be compared with similar fees in select peer cities. The City of Fort Collins provided MGT with twenty receipts from actual work done by the City. The information contained in each receipt was then used to provide example projects to the comparative jurisdictions and to calculate fees where applicable. See Attachment 5 for the complete comparative survey.

## **Next Steps and Public Outreach**

Based on the direction from Council Finance regarding the methodology of the building permit fees and the cost recovery, staff will refine and calibrate the data from MGT Consultants and propose a final fee schedule.

The timeline for this project will parallel the timeline for the Electric Capacity Fees update process, with a Council work session in mid-summer and City Council adoption in the fall. A second Council Finance meeting could be scheduled for early summer as well if necessary.

Staff will also engage in a robust public outreach process during the next six months, engaging with such groups as:

- |   |                                |
|---|--------------------------------|
| • South Fort Collins Business Association     | • Affordable Housing Board     |
| • Super Issues Forum                          | • Human Relations Board        |
| • Northern Colorado Homebuilder's Association | • Economic Advisory Commission |
| • Downtown Development Authority              | • Board of Realtors            |
| • North Fort Collins Business Association     | • Building Review Board        |
| • Local Legislative Affairs Committee         | • Housing Catalyst             |

## **ATTACHMENTS**

Attachment 1: 2011 Fee Study

Attachment 2: Current Development Review Fees

Attachment 3: Current Building and Plan Check Fees

Attachment 4: Current Engineering Inspection Fees

Attachment 5: Comparative Survey of Building Permit and Plan Check fees

**DATE:** September 6, 2011  
**STAFF:** Ann Turnquist  
Steve Dush

**AGENDA ITEM SUMMARY**  
FORT COLLINS CITY COUNCIL

**35**

**SUBJECT**

Resolution 2011-082 Clarifying the Basis for the Setting of Development Review and Building Permit Fees.

**EXECUTIVE SUMMARY**

At the June 14, 2011, Work Session, Council discussed a proposed change to the City's cost recovery philosophy for Building Permit and Plan Check Fees and an increase to these fees. Council directed staff to conduct outreach to affected boards and interests, and bring the issue back to Council for formal consideration. This proposal is consistent with the City's practice of ensuring that new development pays for the development related service costs. It represents a change of philosophy to move from a goal of collecting 80% of the cost of the entire Development Review Center through fees, toward recovering 100% of the cost of Fee-Related Services through Building Permit and Plan Check Fees. This approach would result in an increase of 0.5% to 6.5% in Building Permit and Plan Check fees, and yield an additional \$714,098 in fee revenue to support the Development Review Center. Fee increases would be implemented January 1, 2012.

**BACKGROUND / DISCUSSION**

For many years, the City had a Land Use Code policy to recover 80% of the costs of development through the collection of fees on development. Though this official policy was eliminated in the adoption of a more recent Land Use Code, the organization has continued to operate with the expectation that it should recover a similar percentage of these development-related costs. In 2008, staff examined its cost recovery performance and found that less than half of the costs of the Development Review Center were recovered through fees. A combination of a lower number of permits and development applications and a number of years without fee increases led to a lower cost recovery. Adjustments to Building Permit and Plan Check fees were discussed with the Council Finance Committee at that time, but staff received direction to postpone any increases until the economic situation in the community improved. Staff returned to City Council with a new proposal for consideration by the Finance Committee and the City Council at a work session and received direction to continue to develop a proposal and seek community input.

**Proposal:**

Staff has developed a proposal for Council's consideration which would increase the Building Permit and Plan Check fees to reflect the current costs associated with providing these services, and at the same time, update the philosophical underpinnings of the City's method for calculating fees. In the past, Council had expressed a desire to recover 80% of the Development Review Center's costs through fees, with 20% of the costs being attributed to community good. Since the fee formula has not been updated for many years, and the City has experienced less construction activity in recent years, current cost recovery is approximately 60% of the Development Review Center's costs.

The Resolution, if adopted, clarifies that the City Manager is authorized to set a fee based on the costs of providing development and building permit review services, pursuant to City Code Section 7.5-2. The result would be that the City Manager will implement a fee for these services designed to recover 100% of the fee-related services (with some exceptions for items such as water heaters) through the City's Building Permit and Plan Check Fees. To determine the cost recovery goal, expenses of the Development Review Center have been divided between fee-related services and non-fee related services. Fee-related services are those which are directly tied to new development or construction. Non-fee related services represent those activities of the department which are not suitable for being funded through fees, either logistically or as a matter of public purpose. The cost breakdown of services allocated to the Fee-related services category include the following:

**2011 Fee Study: Recoverable Costs**

Services	% Costs Recovered	Services	% Costs Recovered
Current Planning	20%	Water Development Review	100%
Zoning	50%	Wastewater Development Review	100%
Customer and Administration	90%	Stormwater Development Review	100%
Building Inspection	75%	Historic Preservation	50%
Plan Review	90%	Green Building Enforcement	100%
Construction Inspection	100%	Community Development Neighborhood Services (CDNS) Hourly Staff	100%
Engineering Survey Development Review	100%	Management Information Services (MIS) – Development Tracking System/Licensing	100%
Engineering Development Review	35%	MIS – Development Review Geographic Information Services (GIS)	100%
Traffic Development Review	100%	Development Review Laptop Replacement	100%
Light and Power Development Review	100%		

Within the Development Review Center (DRC), activities which link directly to development include such services as plan checking, proposal submission and review, issuing building permits, inspections, among others. Non-fee related services might include such things as Conceptual Review, zoning questions not related to a specific project, special projects, Service Area Requests, work for other organizations (reviewing a plan for Larimer County, Poudre School District, etc.)

An analysis of the cost breakdown between fee-related services and non-fee related services found that 70% of DRC expenses result from fee-related services and 30% from non-fee related services. This breakdown is further illustrated in Attachment 1, 2011 Fee Study—Building Permit and Plan Check Fees, Figure 1.

In order to reach the goal of recovering 100% of the costs of fee-related services, the City is currently approximately \$700,000 short of covering fee-related services with fee revenue. In the current budget, that funding comes from the General Fund and reserves, but adjusting fees would result in a 100% cost recovery fee schedule for 2012.

Attachment 1, the 2011 Fee Study, Building Permit and Plan Check Fee proposal, provides additional detail about the proposed approach to setting fees, the City's relative position in the local construction market (before and after implementation of the proposal), and the impact of the fee change on a variety of types of building permits and valuations.

Attachment 2 includes the City's current and proposed Plan Review and Building Permit Fee Schedules.

### **FINANCIAL / ECONOMIC IMPACTS**

This fee increase will apply to all building permits, including both new construction and remodel/renovation projects. The impact on permit holders will be between 0.5% and 6.5%, depending on the valuation of the project receiving the permit. The fee increase will result in approximately \$715,000 in new fee revenue to support the City's Development Review Center.

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**STAFF RECOMMENDATION**

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Staff recommends adoption of the Resolution.

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**BOARD / COMMISSION RECOMMENDATION**

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**Affordable Housing Board**

The Affordable Housing Board raised several questions about valuations and the impact of fee changes on affordable housing units (see Attachment 3). Following two discussions with the Board, it provided the following recommendation to Council:

"The Affordable Housing Board respects and understands the need to increase permit fees to allow the City to be reimbursed for the direct costs it incurs with each type of building project. While we believe that the fee increases will have an effect on a builder/developer's ability to construct affordable housing, we understand that these fee increases are a responsible approach in the current economy. We also believe that it is essential to seek funding alternatives in the future to help support programs to keep home ownership affordable."

**Building Review Board**

Staff met with the Building Review Board on May 26 and July 28. The Board asked for some additional information which is included as Attachment 5. The Board voted 6-1 to recommend adoption of the fee increase, using a phased approach of a 50% increase on January 1, 2012 and the remaining 50% increase on January 1, 2013 with the provision that the fee be looked at regularly, every 2 years, in conjunction with the City's Budgeting for Outcomes process.

**Economic Advisory Commission**

Staff met with the Economic Advisory Commission on June 15 and August 17. The Board passed a motion to provide the following recommendation to City Council regarding the proposal:

"The Economic Advisory Committee agrees with the philosophy of cost recovery as articulated in the Plans Check and Building Permit Fee Study proposal. The Committee does not believe that there will be significant economic impact from its implementation."

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**PUBLIC OUTREACH**

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In addition to outreach through the boards, staff has also met with the Chamber of Commerce and Homebuilders' Association, who provided the following comments and feedback on the proposal.

**Chamber of Commerce, Local Legislative Affairs Committee**

On August 26, City Staff met with the Chamber Local Legislative Affairs Committee (LLAC) for the second time to discuss the proposed fee change. The Committee's feedback included the following suggestions or comments:

1. The Committee would prefer that this fee adjustment be implemented in a phased time line with a two year phasing minimum, or three years preferred.
2. The Committee asked of the City: "Why wasn't this increased funding need covered from the tax increase surpluses?"
3. The City should continue to look at continuous improvement of its processes in this area and explore outsourcing of these services.

**Homebuilders Association**

Staff met with the Homebuilders Association on August 9 to provide the Board with background information about both the current funding levels and the proposed approach to modifying the Building Permit and Plan Check Fees. The Board's discussion focused on the difficulty of adding any additional costs to construction in a difficult building climate. Boardmembers noted that their industry has been hit hard by the economic downturn, so adding any costs to a building permit can "make or break" a deal. Several Boardmembers noted the high level of professionalism they experience when working with City staff, and that such service levels make their process more predictable and less costly than in some communities. They did express concern about an additional cost increase on top of the recent sales tax increase and Green Building Code compliance costs.

A related issue that the Board raised was in the way that the City establishes valuations for permit costs. Though they could not point to a better way that other communities establish these costs, they believe that the City could do better at capturing all the sales and use taxes due to it, while making the process simpler and fairer to all contractors.

**ATTACHMENTS**

1. 2011 Fee Study—Phase I: Building Permit and Plan Check Fees, City of Fort Collins, June 6, 2011
2. Current and Proposed City of Fort Collins Plan Review and Building Permit Fee Schedule
3. Affordable Housing Board Fee Study Follow-up: Questions and Answers
4. Affordable Housing Board minutes, July 7, 2011
5. Building Review Board Questions and Answers
6. Building Review Board minutes, July 28, 2011
7. Economic Advisory Commission minutes, August 17, 2011
8. Work Session Summary, June 14, 2011
9. Resolution 2006-113
10. Resolution 2011-013
11. Staff powerpoint presentation



## 2011 Fee Study—Building Permit and Plan Check Fees

City of Fort Collins

August 2011

### Executive Summary

City Council directed staff to examine the various fees which are charged for development related services and which support the operation of the City's Development Review Center. This report summarizes the findings of this analysis and recommends that City Council consider increasing the City's Building Permit and Plan Check fees to more effectively cover the costs of these services. In addition, the report recommends a change in philosophy from the City's past goal of recovering 80% of the total cost of the Development Review Center operations toward a goal of recovering 100% of the development related costs of the Center.

### Background

For many years, the City had a Land Use Code policy to recover 80% of the costs of development through the collection of fees on development. Though this official policy was eliminated in the adoption of the Land Use Code in 1997, the organization has continued to operate with the expectation that it should recover a similar percentage of these development-related costs. In 2008, staff examined our cost recovery performance and found that we were recovering less than half of the cost of the Development Review Center budget offer through fees. In 2010, this recovery amount increased to slightly over half, but remains below the 80% target. A combination of a lower number of permits and development applications and a number of years without fee increases led to a lower cost recovery. The economic decline resulting in reduced development activity was a factor leading staff to reduce 7.2 FTE and a total expense reduction of over \$800,000 during the 2010 Budgeting for Outcomes (BFO) process. These reductions helped bring the Center's costs more in line with revenues, but still indicated a gap in cost recovery. Adjustments to fees were discussed with the Council Finance Committee in 2008, but staff received direction to postpone any increases until the economic situation in the community improved.

In 2010, Red Oak Consulting was engaged to review the City's fee methodology and structure and to compare Fort Collins' practices to those of other communities. Following the completion of that study in July 2010, staff began to address the issues that were identified in two phases:

Phase 1: Development Review Center fees: August 2010 – April 2011

Phase 2: Capital Expansion and Impact Fees: Fall 2011



This report represents a summary of the work on Phase 1 of the project.

#### **Approach**

Staff has conducted a detailed analysis of the costs associated with the Development Review Center. Staff particularly examined whether each specific activity should have a fee charged to pay for those costs. For example, some activities such as plan checks, inspections, issuance of building permits, development review, etc. are clearly activities which can be assigned to a specific builder or developer who is conducting development activity in the community. Other activities, such as Conceptual Review, questions at the Development Review Center counter about zoning, development review for other entities like Larimer County, work on special projects, or the many other types of questions or services provided do not readily lend themselves to charging a fee.

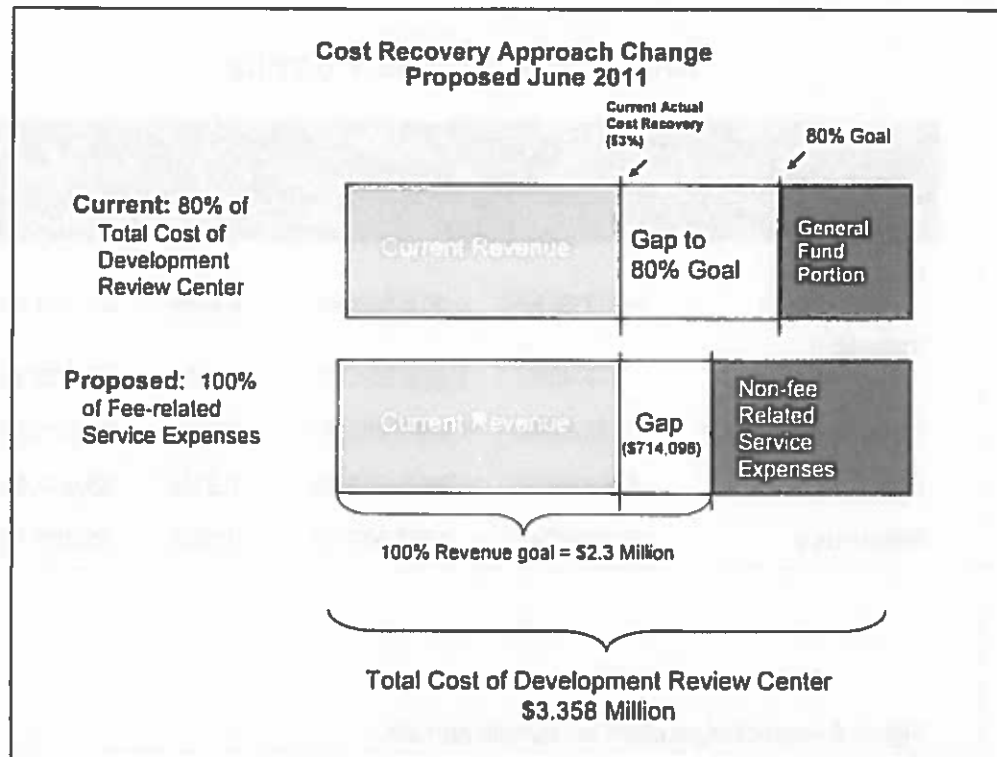
By conducting this analysis, staff postulates that some of the costs of the Development Review Center should be categorized as Fee Related Expenses and others as Non-fee Related Expenses. The Fee Related Expenses include a portion of staff time in the Development Review Center, direct expenses of providing services, and support or overhead costs for those services (e.g. computer systems, fuel, vehicles, and equipment). Non-fee Related Expenses include the remaining portion of staff time in the Development Review Center, and shares of the support or overhead costs that support services not directly tied to development.

Staff's analysis resulted in the following costs:

#### **Development Review Center Expenses and Revenue, 2011 (projected)**

<b>Expenses</b>	<b>2011</b>	<b>Revenue</b>	<b>2011</b>
Fee related Expenses	\$2,292,664	Current Fee Revenue	\$1,450,566
Non-fee related services/activity expenses	\$1,065,333	Current General Revenue (G.F., Transp. Fund, etc.)	\$1,193,333
Total Cost, Development Review Center and associated costs	\$3,357,997	Total Current Revenue (all sources)	\$2,643,899
		Expenses less Revenue <Shortfall>	<\$714,098>

By separating Fee Related Services from Non-fee Related Services, we can more clearly determine the amount of revenue which should be generated by development related fees. Staff has built into its analysis an assumption that development and construction should pay 100% of the cost for those services which are tied directly to new construction, while general and other revenues should cover remaining costs. With a Fee Related Service Revenue target of \$2,292,664 in 2011, current revenues fall short of paying 100% of the cost by \$714,098. A conceptual explanation of this philosophy is illustrated in Figure 1.



*Figure 1. Cost recovery proposal*

### Plan Check and Building Permit Fee Recommendation

Staff recommends that the fee tables for Plan Check and Building Permits be adjusted so that they recover 100% of the cost of Fee Related Services. To accomplish this, staff developed a new fee table to maintain appropriate relationships between the costs of various permits and activities (plan check, inspection, building permit, etc.) while generating additional revenue. The fee table, which is tied to valuations of various projects and the relative cost of providing each service becomes the formula for calculating the fee for each customer. A 2011 City of Fort Collins Fee Table will replace the 1982 UBC Fee Table which has been in use by the Development Review Center for many years. Though the valuations used with the 1982 UBC Table have increased as the local market has changed, the base fee in the table has not changed since its adoption. This proposal would result in changes to the base fee in the table, driving all other fees up to more closely match the actual cost of providing those services.

### Impact

The impact of these fee changes for Plan Check and Building Permit services will vary from 0.5% to 6.5%, depending on the valuation of the project. Examples of the impact of these changes are included in

Attachments 1A and 1B, including five sample projects which have received a permit from the City in the recent past. A typical single family residence (2000 square feet), a small industrial warehouse, a small commercial office, a retail building and a mixed-use building are all included to show the variation in impact on different types and valuations of construction. See summary, Figure 2.

### Impact on Sample Permits

Permit Type	2011 Current	100% Services Recoup	% Change	\$ Change
Single Family Residence	\$17,679.90	\$18,833.90	6.53%	\$1,154.00
Industrial Warehouse	\$79,420.73	\$82,857.22	4.33%	\$3,436.49
Commercial Office	\$123,878.89	\$128,850.83	4.01%	\$4,971.94
Retail	\$263,469.32	\$268,513.95	1.91%	\$5,044.63
Mixed-Use	\$948,629.13	\$953,937.23	0.56%	\$5,308.10

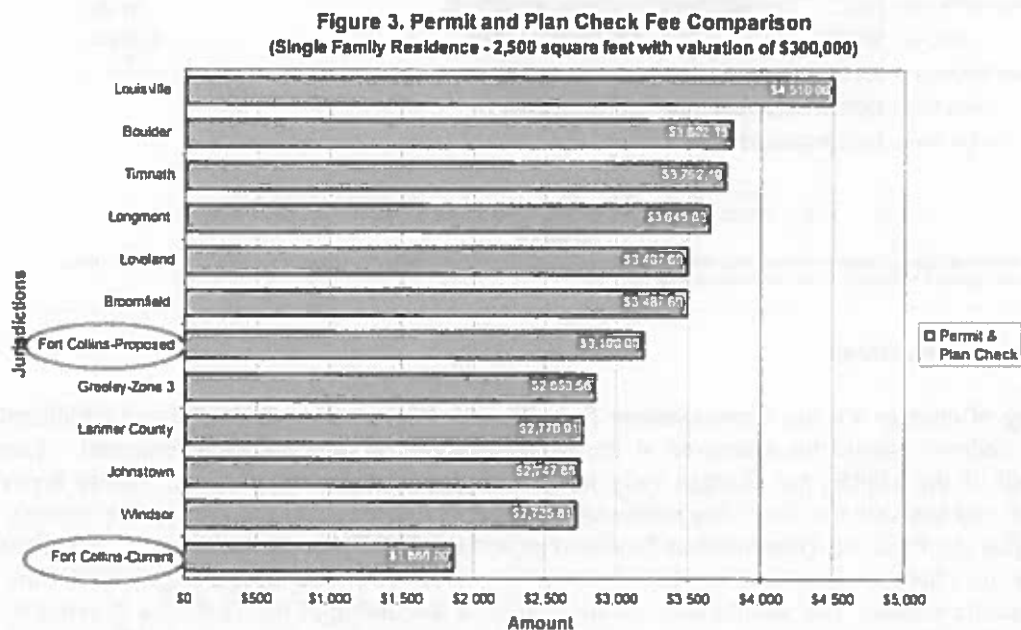
*Figure 2. Impact of proposal on sample permits*

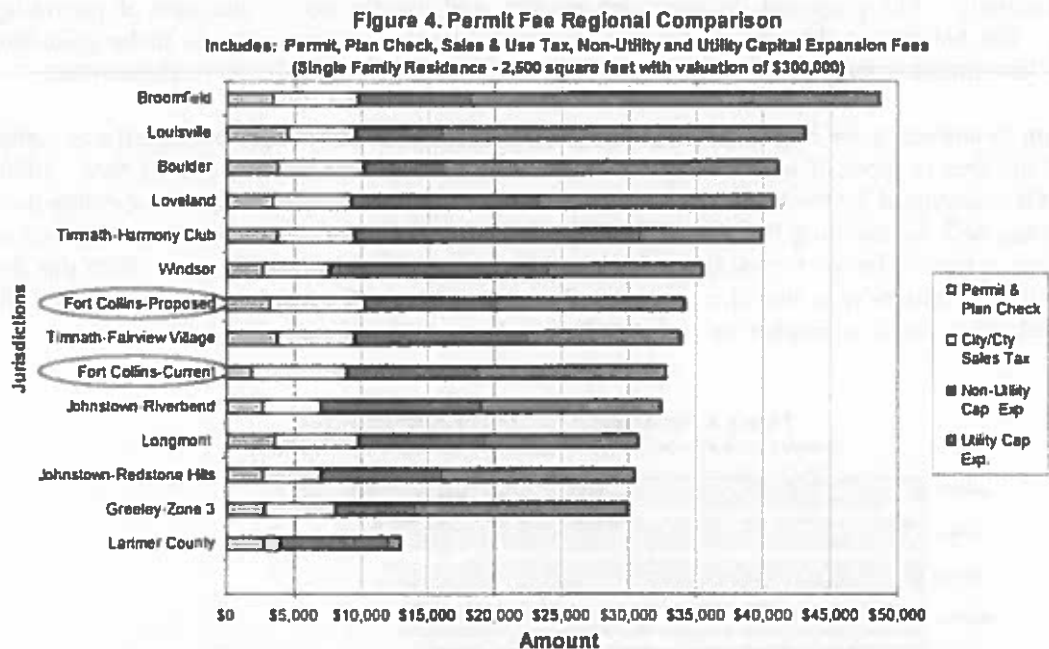
The largest percentage impact is on the single family residence with a 6.53% increase over current fees. This reflects the valuation of \$214,000. As the valuations increase over other properties, the percentage increases are smaller because they reflect the assumption in the Fee Table that, while the cost of providing Plan Check and Building Permit services are greater for a larger, more complex building, they do not go up at a steady rate. A cost curve built into the formulas reflects the reduced cost per dollar of value for more expensive buildings. An example might be that a \$200,000 house would cost \$18,000 in permit fees, but a more expensive commercial office (\$1,300,000) doesn't cost 7 times as much in development related costs. It still only has one permit issued, one plan checked (though more complex), a few bathrooms and electrical systems to inspect, and other similar services. Similarly, a more expensive house might have a more expensive finish (granite countertops rather than laminate, cherry woodwork rather than painted pine, etc.) but that increased valuation doesn't necessarily translate to higher permitting or inspection costs. This formula configuration is common to most jurisdictions which issue building permits and represents an industry standard.

Staff believes that this approach to adjusting the fee table allows the City to match revenues and expenses more closely, while not recovering fees for services which are not closely tied to a development or

building activity. The proposed increases are modest, and closely tied to the cost of providing the services. The balance of the cost of the Development Review Center continues to be paid through General Government revenues, reflecting the “community good” aspects of the services provided.

In addition to analyzing the impact of the proposed fee increase on sample projects, staff has compared Fort Collins’ fees to those of neighboring communities to evaluate the relative cost of fees. 2010 and 2011 studies conducted by the City and Red Oak Consulting gathered data comparing development fee related costs, both for Building Permit and Plan Check Fees and Capital Expansion Fees. In both cases, Fort Collins is near or below the median of comparable communities in fees charged. With this data in mind, staff does not believe that the proposed fee adjustments will significantly effect Fort Collins’ position relative to the local market for new development costs. (See Figures 3 and 4).





Note: Utility and Non-Utility Capital Expansion Fee Estimates from Red Oak study (Fort Collins information updated in accordance with current fee schedules); Permit and Plan Check fee estimates from current 2011 fee information checks

## Other Recommendations

The timing of charges for the Transportation Development Review Fees (TDRF) is an additional issue that staff believes should be addressed at the same time fee increases are implemented. Currently, virtually all of the TDRFs are charged early in the Development Review process. These fees can be substantial, and have created financing problems for some developers working through the process. Staff proposes that the Planning Development Review Fee and the TDRF be combined in the fee tables, with 30% of the fee charged at application (early in the process) and 70% of the fee charged at the time of the project's public hearing. This should alleviate the impact of the timing of the TDRF for developers, but it may cause the City some cash flow issues initially because most of the fees will be delayed until much later in the development cycle. Further analysis of current year projections will be required to identify potential delayed revenue.

## ATTACHMENTS:

- 1A. 2011 Fee Study Summary--Impact on Sample Permits
- 1B. Impact of Fee Increase, All Fees Summary Graphics



# Attachment 1A

## 2011 Fee Study Summary--Impact on Sample Permits

### Extra Revenue Generated by Sample Permits

### Implementation Options:

Approx. 67.41% increase in plan check and permit revenues if we implement the \$750K target + base permit fee of \$25.  
Approx. 85.53% increase in plan check and permit revenues if we implement the unaltered 94 UBC fee table calcs + base permit fee of \$25

\$768,541  
\$975,098

Note: The above presumes that the permits collected for the year being analyzed equal (in valuation) the subset of permits tested here (2009/2010).

Permits less in valuation would result in less revenues than shown. Permits greater in valuation would result in more.

Permit Type	2011 Current	100% Services Recoup		94 UBC Fee Table	
		\$750K Target	% Change	Unmodified	% Change
Single Family Residence	\$17,679.90	\$18,833.90	6.53%	\$19,178.89	8.48%
Industrial Warehouse	\$79,420.73	\$82,857.22	4.33%	\$83,647.22	5.32%
Commercial Office	\$123,878.89	\$128,850.83	4.01%	\$128,997.46	4.13%
Retail	\$263,469.32	\$268,513.95	1.91%	\$268,615.92	1.95%
Mixed-Use	\$948,629.13	\$953,937.23	0.56%	\$957,579.31	0.94%



## 2011 Fee Study

### Single-Family Detached Residence

Valuation: \$214,403.80; Square Feet - 2,068; DUs: 1

(Changed from original permit used in 2008 - Adj valuation and sq ft. accordingly for 2008 #s)

	2011: Current Fees \$20.25 Base	100% Recoup for Fee Services \$25.00 Base	94 UBC Table (Unmodified) \$25.00 Base
Plan Check Fee	\$468.33	\$843.38	\$955.50
Permit Fee	\$972.68	\$1,751.63	\$1,984.50
Sales/Use Tax (City and County)	\$4,984.89	\$4,984.89	\$4,984.89
Capital Expansion	\$9,099.00	\$9,099.00	\$9,099.00
Utilities	\$2,155.00	\$2,155.00	\$2,155.00
<b>Total:</b>	<b>\$17,679.90</b>	<b>\$18,833.90</b>	<b>\$19,178.89</b>
<b>Total \$ Difference</b>		<b>\$1,154.00</b>	<b>\$1,498.99</b>
<b>% Difference</b>	<b>from 2008 #s</b>	<b>from 2011 current</b>	<b>from 2011 current</b>
		<b>6.53%</b>	<b>8.48%</b>
		<b>% change-2011 crt</b>	<b>% change-2011 crt</b>
<b>CIEs</b>			
Comm Park	\$1,889.00	\$1,889.00	\$1,889.00
Neigh Park	\$1,695.00	\$1,695.00	\$1,695.00
Fire	\$203.00	\$203.00	\$203.00
Ggov	\$257.00	\$257.00	\$257.00
Police	\$140.00	\$140.00	\$140.00
Library	\$0.00	\$0.00	\$0.00
S/O - City	\$2,842.00	\$2,842.00	\$2,842.00
S/O - County	\$273.00	\$273.00	\$273.00
School	\$1,800.00	\$1,800.00	\$1,800.00
	<b>\$9,099.00</b>	<b>\$9,099.00</b>	<b>\$9,099.00</b>
<b>Utilities</b>			
Elec. City Sales Tax	\$1.70	\$1.70	\$1.70
Elec. Comm. Rev.	\$44.19	\$44.19	\$44.19
Elec. PILOTS	\$2.64	\$2.64	\$2.64
Elec. Sec Service	\$813.00	\$813.00	\$813.00
Elec. Temp Pedestal	\$152.61	\$152.61	\$152.61
S/W Dev Rev	\$148.21	\$148.21	\$148.21
S/W PIF	\$992.65	\$992.65	\$992.65
	<b>\$2,155.00</b>	<b>\$2,155.00</b>	<b>\$2,155.00</b>

## 2011 Fee Study

### Commercial Office

Valuation: \$1,300,000; Square Feet - 13,079; DUs - 0  
(F&F Valuation - \$60,000)

	2011: Current Fees \$20.25 Base	100% Recoup for Fee Services \$25.00 Base	94 UBC Table (Unmodified) \$25.00 Base
Plan Check Fee	\$2,231.46	\$3,708.25	\$3,757.00
Permit Fee	\$4,854.60	\$8,349.75	\$8,447.63
Sales/Use Tax (City and County)	\$30,225.00	\$30,225.00	\$30,225.00
Capital Expansion	\$59,287.11	\$59,287.11	\$59,287.11
Utilities	\$27,280.72	\$27,280.72	\$27,280.72
<b>Total:</b>	<b>\$123,878.89</b>	<b>\$128,850.83</b>	<b>\$128,997.46</b>

<b>Total \$ Difference:</b>		\$4,971.94	\$5,118.57
	from 2008 #s	from 2011 current	from 2011 current
<b>% Difference:</b>		4.01%	4.13%
		% change-2011 cmt	% change-2011 cmt

#### CIEs

Comm Park	\$0.00	\$0.00	\$0.00
Neigh Park	\$0.00	\$0.00	\$0.00
Fire	\$2,838.14	\$2,838.14	\$2,838.14
Ggov	\$3,178.20	\$3,178.20	\$3,178.20
Police	\$1,974.93	\$1,974.93	\$1,974.93
Library	\$0.00	\$0.00	\$0.00
S/O - City	\$43,945.44	\$43,945.44	\$43,945.44
S/O - County	\$7,350.40	\$7,350.40	\$7,350.40
School	\$0.00	\$0.00	\$0.00
	<b>\$59,287.11</b>	<b>\$59,287.11</b>	<b>\$59,287.11</b>

#### Utilities

Elec: City Sales Tax	\$0.00	\$0.00	\$0.00
Elec: Comm. Rev.	\$0.00	\$0.00	\$0.00
Elec: PILOTS	\$0.00	\$0.00	\$0.00
Elec: Sec Service	\$0.00	\$0.00	\$0.00
Elec: Temp Pedestal	\$0.00	\$0.00	\$0.00
Sewer Dev Rev	\$128.00	\$128.00	\$128.00
Sewer PIF	\$7,100.00	\$7,100.00	\$7,100.00
S/W Dev Rev	\$749.13	\$749.13	\$749.13
S/W PIF	\$5,626.34	\$5,626.34	\$5,626.34
Construction Water	\$17.22	\$17.22	\$17.22
Water 6% PILOT Fees	\$1.03	\$1.03	\$1.03
Water Dev Rev	\$128.00	\$128.00	\$128.00
Water Meter	\$151.00	\$151.00	\$151.00
Water (Raw)	\$5,850.00	\$5,850.00	\$5,850.00
Water PIF	\$7,530.00	\$7,530.00	\$7,530.00
	<b>\$27,280.72</b>	<b>\$27,280.72</b>	<b>\$27,280.72</b>

Note: Electric fees were not charged on permit - was billed separately. So, not included here

## 2011 Fee Study

### Warehouse - Industrial

Valuation: \$895,000; Square Feet - 19,000; DUs 0

	2011: Current Fees \$20.25 Base	100% Recoup for Fee Services \$25.00 Base	94 UBC Table (Unmodified) \$25.00 Base
Plan Check Fee	\$1,573.33	\$2,690.19	\$2,946.94
Permit Fee	\$3,267.68	\$5,587.31	\$6,120.56
Sales/Use Tax (City and County)	\$20,808.75	\$20,808.75	\$20,808.75
Capital Expansion	\$27,512.00	\$27,512.00	\$27,512.00
Utilities	\$26,258.97	\$26,258.97	\$26,258.97
<b>Total:</b>	<b>\$79,420.73</b>	<b>\$82,857.22</b>	<b>\$83,647.22</b>

Total \$ Difference:		\$3,436.49	\$4,226.49
	from 2008 #s	from 2011 current	from 2011 current
% Difference:		4.33%	5.32%
		% change-2011 cmt	% change-2011 cmt

#### CIEs

Comm Park	\$0.00	\$0.00	\$0.00
Neigh Park	\$0.00	\$0.00	\$0.00
Fire	\$1,140.00	\$1,140.00	\$1,140.00
Ggov	\$1,273.00	\$1,273.00	\$1,273.00
Police	\$779.00	\$779.00	\$779.00
Library	\$0.00	\$0.00	\$0.00
S/O - City	\$21,280.00	\$21,280.00	\$21,280.00
S/O - County	\$3,040.00	\$3,040.00	\$3,040.00
School	\$0.00	\$0.00	\$0.00
	<b>\$27,512.00</b>	<b>\$27,512.00</b>	<b>\$27,512.00</b>

#### Utilities

Elec: City Sales Tax	\$0.00	\$0.00	\$0.00
Elec: Comm. Rev.	\$0.00	\$0.00	\$0.00
Elec PILOTS	\$0.00	\$0.00	\$0.00
Elec Sec Service	\$0.00	\$0.00	\$0.00
Elec Temp Pedestal	\$0.00	\$0.00	\$0.00
Sewer Dev Rev	\$128.00	\$128.00	\$128.00
Sewer PIF	\$7,100.00	\$7,100.00	\$7,100.00
S/W Dev Rev	\$1,921.75	\$1,921.75	\$1,921.75
S/W PIF	\$3,431.97	\$3,431.97	\$3,431.97
Construction Water	\$17.22	\$17.22	\$17.22
Water 6% PILOT Fees	\$1.03	\$1.03	\$1.03
Water Dev Rev	\$128.00	\$128.00	\$128.00
Water Meter	\$151.00	\$151.00	\$151.00
Water (Raw)	\$5,850.00	\$5,850.00	\$5,850.00
Water PIF	\$7,530.00	\$7,530.00	\$7,530.00
	<b>\$26,258.97</b>	<b>\$26,258.97</b>	<b>\$26,258.97</b>

Note: Electric fees were not charged on permit - was billed separately. So, not included here.

## 2011 Fee Study

### Retail Building

Valuation: \$1,101,519, Square Feet - 14,419; DUs: 0  
(F&F Valuation - \$99,137)

	2011: Current Fees \$20.25 Base	100% Recoup for Fee Services \$25.00 Base	94 UBC Table (Unmodified) \$25.00 Base
Plan Check Fee	\$1,909.70	\$3,386.50	\$3,403.08
Permit Fee	\$4,216.73	\$7,819.88	\$7,905.27
Sales/Use Tax (City and County)	\$25,610.32	\$25,575.00	\$25,575.00
Capital Expansion	\$97,083.13	\$97,083.13	\$97,083.13
Utilities	\$134,649.44	\$134,649.44	\$134,649.44
<b>Total</b>	<b>\$263,469.32</b>	<b>\$268,513.95</b>	<b>\$268,615.92</b>

Total \$ Difference	\$5,044.63	\$5,146.60
from 2008 #s	from 2011 current	from 2011 current
% Difference	1.91%	1.95%
	% change-2011 cmt	% change-2011 cmt

#### CIEs

Comm Park	\$0.00	\$0.00	\$0.00
Neigh Park	\$0.00	\$0.00	\$0.00
Fire	\$3,128.92	\$3,128.92	\$3,128.92
Ggov	\$3,503.82	\$3,503.82	\$3,503.82
Police	\$2,177.27	\$2,177.27	\$2,177.27
Library	\$0.00	\$0.00	\$0.00
S/O - City	\$80,169.64	\$80,169.64	\$80,169.64
S/O - County	\$8,103.48	\$8,103.48	\$8,103.48
School	\$0.00	\$0.00	\$0.00
	<b>\$97,083.13</b>	<b>\$97,083.13</b>	<b>\$97,083.13</b>

#### Utilities

Elec: City Sales Tax	\$0.00	\$0.00	\$0.00
Elec: Comm. Rev.	\$0.00	\$0.00	\$0.00
Elec: PILOTS	\$0.00	\$0.00	\$0.00
Elec: Sec Service	\$0.00	\$0.00	\$0.00
Elec: Temp Pedestal	\$0.00	\$0.00	\$0.00
Sewer Dev Rev	\$658.00	\$658.00	\$658.00
Sewer PIF	\$31,490.00	\$31,490.00	\$31,490.00
S/W Dev Rev	\$2,151.49	\$2,151.49	\$2,151.49
S/W PIF	\$14,960.46	\$14,960.46	\$14,960.46
Construction Water	\$130.65	\$130.65	\$130.65
Water 6% PILOT Fees	\$7.84	\$7.84	\$7.84
Water Dev Rev	\$658.00	\$658.00	\$658.00
Water Meter	\$293.00	\$293.00	\$293.00
Water (Raw)	\$39,000.00	\$39,000.00	\$39,000.00
Water PIF	\$45,300.00	\$45,300.00	\$45,300.00
	<b>\$134,649.44</b>	<b>\$134,649.44</b>	<b>\$134,649.44</b>

Note: Electric fees were not charged on permit - was billed separately. So, not included here.

## 2011 Fee Study

### Mixed-Use Building

Valuation: \$8,000,000, Square Feet - Square Feet 47,696 (Residential) & 9,383 (Commercial), DUs: 61

(F&F Valuation - \$203,342)

	2011: Current Fees \$20.25 Base	100% Recoup for Fee Services \$25.00 Base	94 UBC Table (Unmodified) \$25.00 Base
Plan Check Fee	\$13,118.95	\$14,595.75	\$15,733.25
Permit Fee	\$27,497.48	\$31,328.78	\$33,833.36
Sales/Use Tax (City and County)	\$186,000.00	\$186,000.00	\$186,000.00
Capital Expansion	\$365,400.72	\$365,400.72	\$365,400.72
Utilities	\$356,611.98	\$356,611.98	\$356,611.98
<b>Total</b>	<b>\$948,629.13</b>	<b>\$953,937.23</b>	<b>\$957,579.31</b>
<b>Total \$ Difference:</b>		\$5,308.10	\$8,950.18
<b>% Difference:</b>		from 2011 current 0.56%	from 2011 current 0.94%
		% change-2011 crnt	% change-2011 crnt

#### CIEs

Comm Park	\$85,278.00	\$85,278.00	\$85,278.00
Nelgh Park	\$76,494.00	\$76,494.00	\$76,494.00
Fire (Com)	\$2,036.11	\$2,036.11	\$2,036.11
Fire (Res)	\$9,211.00	\$9,211.00	\$9,211.00
Ggov (Com)	\$2,280.07	\$2,280.07	\$2,280.07
Ggov (Res)	\$11,590.00	\$11,590.00	\$11,590.00
Police (Com)	\$1,416.83	\$1,416.83	\$1,416.83
Police (Res)	\$6,283.00	\$6,283.00	\$6,283.00
Library	\$0.00	\$0.00	\$0.00
S/O - City	\$99,353.46	\$99,353.46	\$99,353.46
S/O - County	\$16,558.25	\$16,558.25	\$16,558.25
School	\$54,900.00	\$54,900.00	\$54,900.00
	<b>\$365,400.72</b>	<b>\$365,400.72</b>	<b>\$365,400.72</b>

#### Utilities

Elec: City Sales Tax	\$0.00	\$0.00	\$0.00
Elec: Comm. Rev.	\$0.00	\$0.00	\$0.00
Elec: PILOTS	\$0.00	\$0.00	\$0.00
Elec: Sec Service	\$0.00	\$0.00	\$0.00
Elec: Temp Pedestal	\$0.00	\$0.00	\$0.00
Sewer Dev Rev	\$2,879.00	\$2,879.00	\$2,879.00
Sewer PIF	\$156,767.00	\$156,767.00	\$156,767.00
SW Dev Rev	\$1,200.53	\$1,200.53	\$1,200.53
SW PIF	\$7,486.60	\$7,486.60	\$7,486.60
Construction Water	\$400.70	\$400.70	\$400.70
Water 6% PILOT Fees	\$24.04	\$24.04	\$24.04
Water Dev Rev	\$2,879.00	\$2,879.00	\$2,879.00
Water Meter	\$372.76	\$372.76	\$372.76
Water (Raw)	\$144,669.07	\$144,669.07	\$144,669.07
Water PIF	\$39,933.28	\$39,933.28	\$39,933.28
	<b>\$356,611.98</b>	<b>\$356,611.98</b>	<b>\$356,611.98</b>

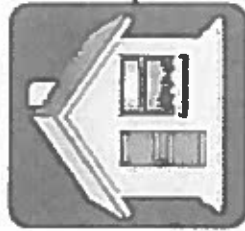
Note: Electric fees were not charged on permit - was billed separately. So, not included here.

## Attachment 1B

# Impact of Fee Increase on Sample Permits

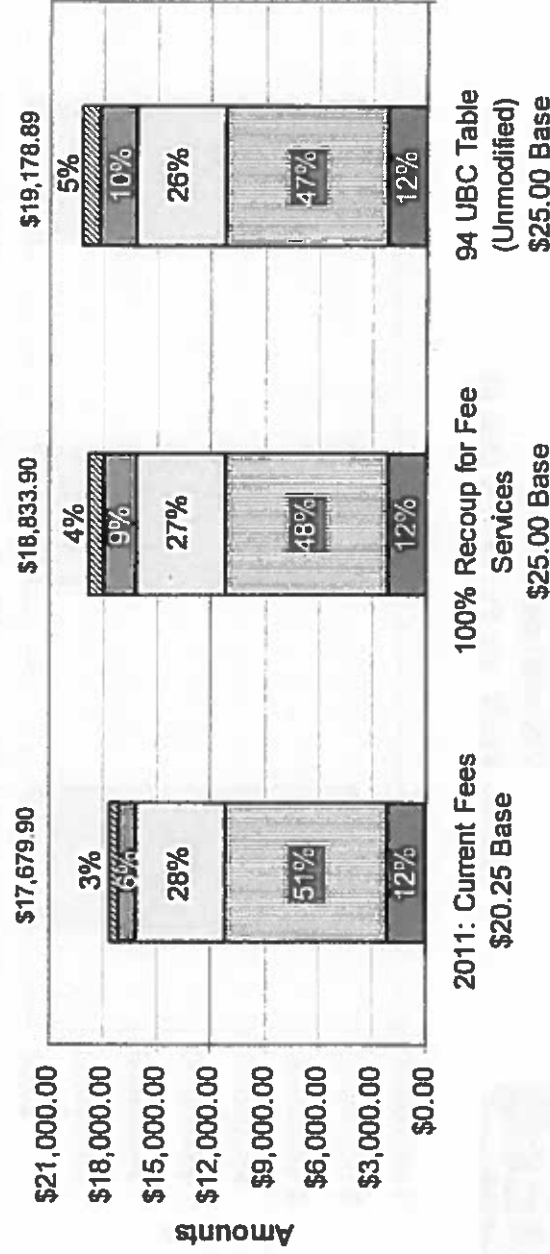
August 2011





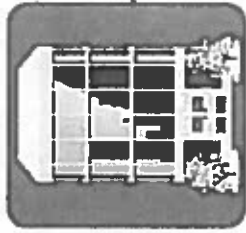
# 2011 Fee Study: Single-Family

Single-Family Detached Residence  
(Value: \$214K; Sq. Ft.: 2,068; DUs: 1)



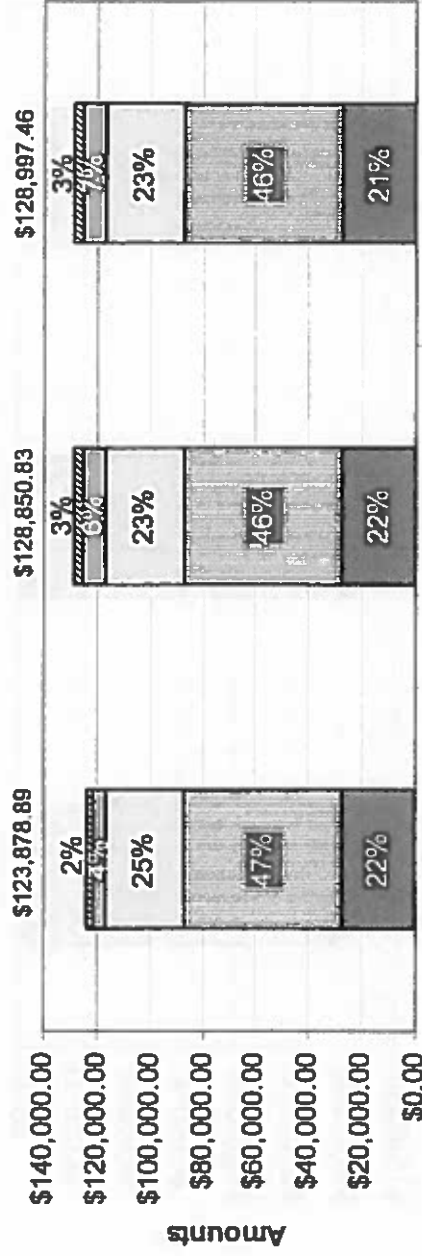
☒ Utilities 
 ☒ Capital Expansion 
 ☐ Sales/Use Tax (City and County) 
 ☒ Permit Fee 
 ☒ Plan Check Fee





# 2011 Fee Study: Commercial Office

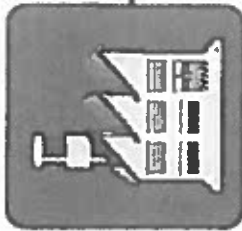
**Commercial Office**  
(Value: \$1.3M; Sq. Ft.: 13,079; DUs: 0)



☒ Utilities 
 ☐ Capital Expansion 
 ☐ Sales/Use Tax (City and County) 
 ☐ Permit Fee 
 ☒ Plan Check Fee



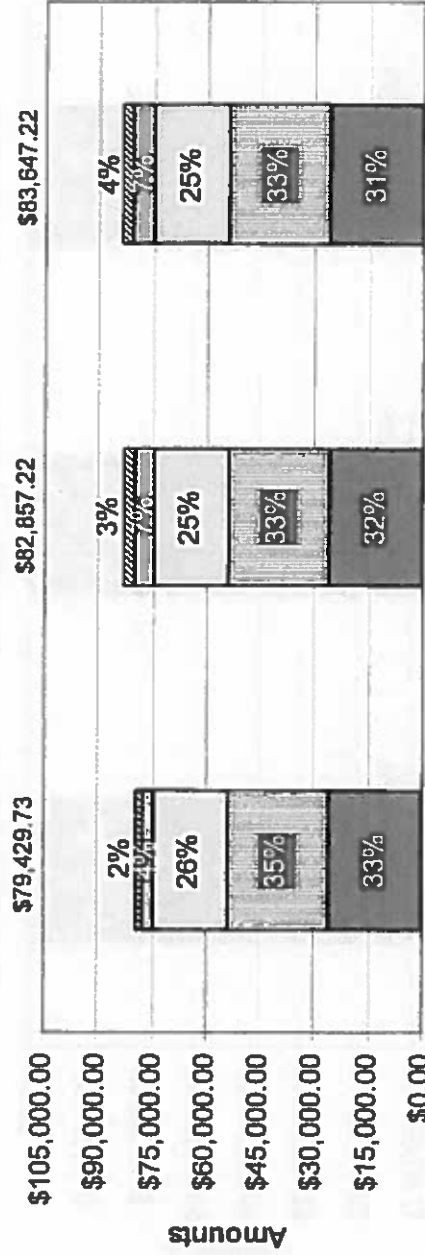




# 2011 Fee Study: Warehouse

## Warehouse

(Value: \$895K; Sq. Ft.: 19,000; DUs: 0)



2011: Current Fees  
\$20.25 Base

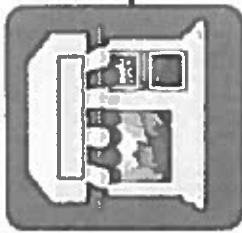
100% Recoup for Fee  
Services  
\$25.00 Base

94 UBC Table  
(Unmodified)  
\$25.00 Base

Options

☒ Utilities ☒ Capital Expansion ☐ Sales/Use Tax (City and County) ☐ Permit Fee ☒ Plan Check Fee

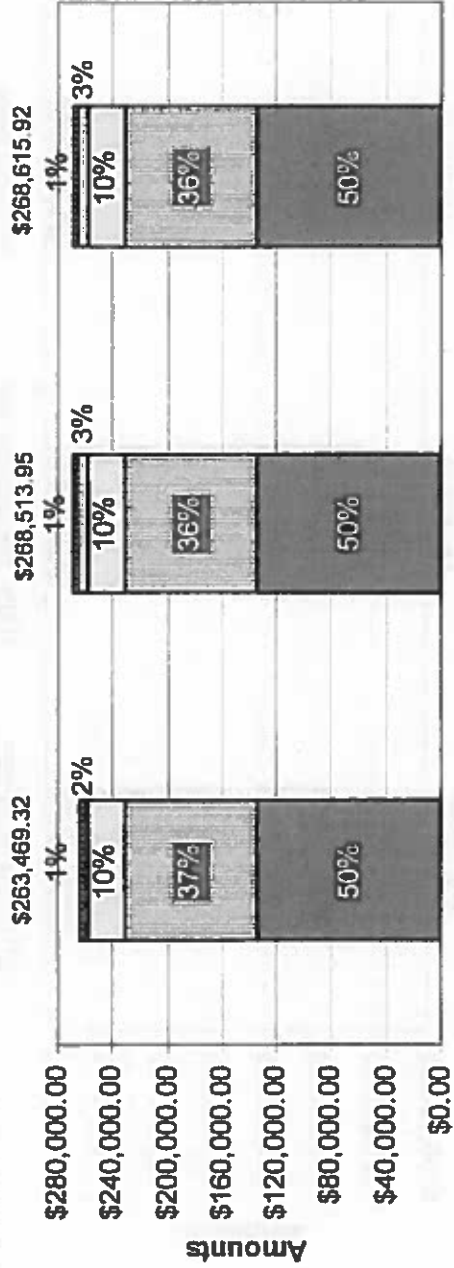




## 2011 Fee Study: Retail

### Retail

(Value: \$1.1M; Sq. Ft.: 14,419; DUs: 0)



2011: Current Fees  
\$20.25 Base

100% Recoup for Fee  
Services  
\$25.00 Base

94 UBC Table  
(Unmodified)  
\$25.00 Base

Options

☐ Utilities ☒ Capital Expansion ☐ Sales/Use Tax (City and County) ☐ Permit Fee ☒ Plan Check Fee

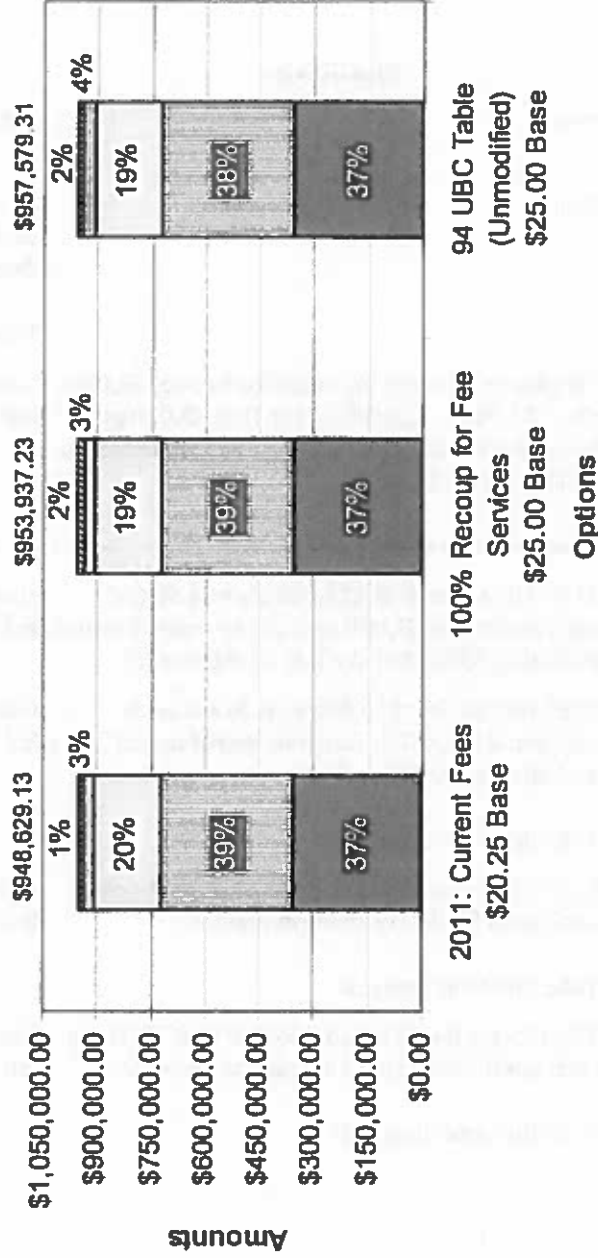




# 2011 Fee Study: Mixed-Use

## Mixed-Use

(Value: \$8M; Sq. Ft.: 47,696-Res/9,383-Comm; DUs: 61)



☒ Utilities ☒ Capital Expansion ☒ Sales/Use Tax (City and County) ☒ Permit Fee ☒ Plan Check Fee



## Current Plan Review and Building Permit Fees January 2011

Formula used for calculating building permit fees (as noted in the fee estimate calculator above) This table is Table 3A in the 1982 Uniform Building Code.

Total Valuation	Plan Review	Building Permit Fee
\$1 to \$500	None	\$20.25
\$501 to \$2,000	None	\$10 for the first \$500 plus \$1.50 for each additional \$100 or fraction thereof to and including \$2,000  Take this total times 1.35
\$2,001 to \$25,000	No plan review fee for valuations under \$3,000. Over \$3,000 -- \$32.50 for the first \$2,000 plus \$6 for each additional \$1,000 fraction thereof to and including \$25,000.  Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
\$25,001 to \$50,000	\$170.50 for the first \$25,000 plus \$4.50 for each additional \$1,000 or fraction thereof to and including \$50,000 Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
\$50,001 to \$100,000	\$283 for the first \$50,000 plus \$3 for each additional \$1,000 or fraction thereof to and including \$100,000.  Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
\$100,001 to \$10,000,000	\$433 for the first \$100,000 plus \$2.50 for each additional \$1,000 or fraction thereof.  Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
\$10,000,001 and up	\$25,183 for the first \$10,000,000 plus \$0.10 for each additional \$1,000 or fraction thereof.  Take this total times .65	Use the formula in the column to the left, but take this total times 1.35

## Proposed Plan Check and Building Permit Fees January 2012

### Proposed City of Fort Collins Fee Table

Total Valuation	Plan Review Fee	Building Permit Fee
\$1 to \$500	None	\$25.00
\$501 to \$2,000	None	\$25 for the first \$500 plus \$2.75 for each additional \$100 or fraction thereof to and including \$2,000  Take total times 1.35
\$2,001 to \$25,000	No plan review fee for valuations under \$3,000. Over \$3,000 — \$66.25 for the first \$2,000 plus \$10.25 for each additional \$1,000 or fraction thereof, up to and including \$25,000.  Take this total times .65.	Use the formula in the column to the left, but take this total times 1.35
\$25,001 to \$50,000	\$302.00 for the first \$25,000 plus \$8.50 for each additional \$1,000 or fraction thereof, up to and including \$50,000.  Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
\$50,001 to \$100,000	\$514.50 for the first \$50,000 plus \$6.00 for each additional \$1,000 or fraction thereof, up to and including \$100,000.  Take this total times .65.	Use the formula in the column to the left, but take this total times 1.35
\$100,001 to \$500,000	\$814.50 for the first \$100,000 plus \$4.00 for each additional \$1,000 or fraction thereof, up to and including \$500,000.  Take this total times .65.	Use the formula in the column to the left, but take this total times 1.35
\$500,001 to \$1,000,000	\$2,414.50 for the first \$100,000 plus \$3.50 for each additional \$1,000 or fraction thereof, up to and including \$1,000,000.  Take this total times .65.	Use the formula in the column to the left, but take this total times 1.35
\$1,000,001 to \$10,000,000	\$4,164.50 for the first \$100,000 plus \$2.50 for each additional \$1,000 or fraction thereof, up to and including \$10,000,000.  Take this total times .65.	Use the formula in the column to the left, but take this total times 1.35
\$10,000,001 and up	\$26,664.50 for the first \$10,000,000 plus \$1.00 for each additional \$1,000 or fraction thereof.  Take this total times .65.	Use the formula in the column to the left, but take this total times 1.35



## ATTACHMENT 3

City Manager's Office  
300 LaPorte Avenue  
PO Box 580  
Fort Collins CO 80522  
970.221.6505  
970.224.6107 - fax  
fcgov.com

### MEMORANDUM

**TO:** Affordable Housing Board

**FR:** Ann Turnquist, Policy and Project Manager  
Steve Dush, Community Development and Neighborhood Services Manager

**DT:** June 30, 2011

**RE:** Fee Study Follow-up: After City Council's June 15 Work Session

On May 5, 2011 staff met with the Affordable Housing Board to review proposed changes to the City's methodology for calculating Building Permit and Plan Check Fees. The Board asked for some additional data regarding the impact of fee increases on lower cost housing units, and asked about how valuations are arrived at for affordable units and for homes built from stock plans. These specific questions from the AHB are addressed in Attachments 1 and 2.

On June 15, 2011, City Council and staff met to review the proposal in Work Session. The Agenda Item summary and Work Session follow-up memorandum to City Council are attached for your information. (See Attachment 3 and 4)

Staff proposed changing the methodology for calculating fees from a target of 80% of the cost of the Development Review Center to recovering 100% of fee-related service costs through Building Permit and Plan Check Fees. Council reviewed comparative data including regional communities, the impact of a fee increase on different types of construction projects, and discussed the history of previous changes to these fees.

Councilmembers were supportive of the proposed change and agreed to consider the proposal at First Reading on August 16.

Staff will be available at the AHB meeting on July 7 to further discuss the proposal and address any additional questions from the Board. The Board previously expressed an interest in providing feedback to Council prior to First Reading on August 16. The materials for this Council meeting will need to be completed by August 3.

## Affordable Housing Board Fee Questions

Plan review fees and building permit fees are established and based on the project's valuation. Valuation is considered the cost to replace a structure "in-kind" including labor, materials, and profit. The City accepts the construction valuations established by the nationally published construction magazine, Building Safety Journal, which sets a dollar cost per sq. ft. based on the type of construction used (such as steel, concrete, or wood) and the occupancy of the building (such as office, restaurant or dwelling).

### 1) Stock Plans (AKA Master Plans)

Production builders of single family homes oftentimes will construct the same home floor plan numerous times. In order to help reduce the cost of plan review for an identical plan, the City offers the "stock plan" system. The first time a builder submits a new model floor plan, the City will collect a full plan review fee based on the homes minimum valuation and the plan review staffs will make all necessary code compliance notes onto a master plan. A stock plan number is then assigned to the new model. When the builder applies for a building permit to construct second and subsequent homes using that model and stock plan, the City collects a processing fee in the amount of \$1.00 per \$1,000 of valuation in lieu of the full plan review fee, and the plan review section of the application is automatically approved.

Sample home. 2,000 square foot, 2 story home, on 1,000 square foot unfinished basement:

Base minimum valuation established on a dollar cost per sq. ft.:

2,000 sq ft @ \$85.90/ sq. ft. finished area	\$171,800
1,000 sq ft @ \$15.00/ sq. ft. unfinished basement	\$ 15,000
<b>Total</b>	<b>\$186,800</b>

First time full plan review on \$186,000 valuation	\$422.83
Subsequent homes fees collected @ \$1.00/\$1,000 of valuation	\$186.80
Stock Plan Savings:	\$236.03

### 2) Affordable Housing Valuations

The Building Safety Journal has currently set the minimum valuation for newly constructed single family homes at \$95.91 per square foot.

In order to assist the affordable housing sector, the City has established a minimum valuation per square foot for three sizes of homes, (the larger homes usually being more expensive and not considered "affordable housing")

Base minimum valuation established on a dollar cost per sq ft, finished floor area, not including basement and garage

- a.) Less than 1600 sq ft, valuation is \$75.90/ sq. ft.



- b.) 1600 sq ft to 2500 sq ft, \$85.90/ sq. ft.
- c.) Over 2500 sq ft \$95.90/ sq. ft.

Examples of affordable housing savings using City's lowered sq. ft. valuation:

	City valuations	Building Journal valuations
<b>1600 sq ft home</b>	<b>\$121,440</b>	<b>\$153,440</b>
Plan check fee	\$317.20	\$369.20
Base permit fee	\$658.80	\$766.80
<b>Total Fees</b>	<b>\$976.00</b>	<b>\$1136.00</b>
Savings	\$160.00	
<b>2000 sq ft home</b>	<b>\$171,800</b>	<b>\$191,800</b>
Plan check fee	\$398.45	\$430.25
Base permit fee	\$827.55	\$895.05
<b>Total Fees</b>	<b>\$1226.00</b>	<b>\$1325.30</b>
Savings	\$99.30	





## DEVELOPMENT REVIEW: FEE SCHEDULE

*Effective January 1, 2000*

**\*\*Please note: The Transportation Development Review Fee is a separate fee. See separate fee worksheet. Please contact 221-6605 regarding this fee.**

Development review fees must be paid at the time of submittal of any development review application according to the following schedule:

Annexation Petition and Map	<b>\$1,188.00</b> <i>(plus .75 for each APO label)</i>
Rezoning Petition	<b>\$977.00</b> <i>(plus .75 for each APO label)</i>
Overall Development Plan (ODP)	<b>\$1,599.00</b> <i>(plus .75 for each APO label)</i>
Project Development Plan (PDP) Without a Subdivision Plat	<b>\$3,887.00</b> <i>(plus .75 for each APO label)</i>
Project Development Plan (PDP) With a Subdivision Plat	<b>\$5,879.00</b> <i>(plus .75 for each APO label)</i>
Final Plan Without a Subdivision Plat	<b>\$1,000.00</b>
Final Plan With a Subdivision Plat	<b>\$1,000.00</b>
Modification of Standards/Text and Map Amendment	<b>\$200.00</b> <i>(plus .75 for each APO label)</i>
Basic Development Review	<b>\$200.00</b>
Minor Amendment	<b>\$192.00</b>
Major Amendment	<b>\$3,206.00</b> <i>(plus .75 for each APO label)</i>
Non-conforming Use Review	<b>\$1,389.00</b>
Vacation of ROW or Easement	<b>\$5.00</b>
Street Name Change	<b>\$5.00</b>
Extension of Final Approval	<b>\$566.00</b>
Sign Posting Fee	<b>\$50.00</b>
Addition of Permitted Use	<b>\$500.00</b> <i>(plus .75 for each APO label)</i>

\*Small Project fees are in effect according to the attached fee schedule.

## SMALL PROJECT DEVELOPMENT REVIEW

### FEE SCHEDULE

(All applications must include .75 cents for each APO label in addition to the review fee)

TYPE OF PROJECT	REVIEW FEE	COMMENTS
<p>Structural additions or alterations or change of use to single family, two family, multi-family (up to 4 units) dwellings.</p> <p>Conversions from one use to another use if the proposed conversion will not add more than 25% of new habitable floor area to the existing building or eliminate more than 10% of existing habitable floor area.</p> <p>Family-care home, group home.</p>	\$200.00 per project.	Fee collected at project submittal.
Expansion of existing building of less than \$500,000.00 building permit valuation.	<p>1% of building permit valuation.</p> <p>(1/2% of building permit valuation if submitted as combined PDP/Final).</p>	<p>Minimum fee = \$200.00</p> <p>½ of estimated building permit valuation collected at project submittal.</p> <p>Remaining ½% collected at time building permit is issued. Adjustments made at time building permit is issued. Applications submitted as combined PDP and Final shall be charged ½% of building permit valuation as total fee. This ½% will be collected when application is submitted with final adjustments made at time building permit is issued.</p>
New residential development of 15 or less dwelling units.	<p>PDP, or preliminary subdivision, \$100.00 per dwelling unit.</p> <p>Final or final subdivision; \$100.00 per dwelling unit.</p> <p>Applications submitted as combined PDP/Final; \$100.00 per dwelling unit.</p>	Minimum fee at PDP or Final = \$200.00.
New commercial development of less than \$500,000.00 of building permit valuation.	<p>1% of building permit valuation.</p> <p>(½% of building permit valuation if submitted as combined PDP/Final).</p>	<p>Minimum fee = \$200.00</p> <p>½ of the estimated building permit valuation collected at project submittal.</p> <p>Remaining ½% collected at time building permit is issued. Applications submitted as combined PDP/Final shall be charged ½% of building permit valuation as total fee. This ½% will be collected when application is submitted with final adjustments made at time building permit is issued.</p>
Annexation or Rezoning petition of five (5) acres or less.	½ of regular fee	

**These fees are subject to change.**

## Building and Plan Check Fees – 2019

Building Permit	2016		<b>See Building Permits &amp; Plan Review fee below</b>
Building Plan Check	2016		Base x .65
Building Plan Check - Additional due to large number of changes or revisions	2016	hour	\$50.00
<i>Inspections -</i>			
Additional inspections/reinspection	2016		\$50.00
After hours	2016	hour	\$100.00
Building permit transfer fee (regular plan review fee required as well)	2016		\$50.00
Building permit reprint	2016		\$25.00
Over-the-Counter (No Review) Residential Building Permits	2016		\$25.00

## Permit Building Fees

<b>Total Valuation</b>	<b>Plan Review</b>	<b>Building Permit Fee</b>
\$1 to \$500	None	\$25.00
\$501 to \$2,000	None	\$25 for the first \$500 plus \$2.75 for each additional \$100 or fraction thereof to and including \$2,000
\$2,001 to \$25,000	No plan review fee for valuations \$3,000 and under. Over \$3,000 -- \$66.25 for the first \$2,000 plus \$10.25 for each additional \$1,000 fraction thereof to and including \$25,000. Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
\$25,001 to \$50,000	\$302.00 for the first \$25,000 plus \$8.50 for each additional \$1,000 or fraction thereof to and including \$50,000. Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
\$50,001 to \$100,000	\$514.50 for the first \$50,000 plus \$6 for each additional \$1,000 or fraction thereof to and including \$100,000. Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
\$100,001 to \$500,000	\$814.50 for the first \$100,000 plus \$4.00 for each additional \$1,000 or fraction thereof. Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
\$500,001 to \$1,000,000	\$2414.50 for the first \$500,000 plus \$3.50 for each additional \$1,000 or fraction thereof. Take this total times .65	Use the formula in the column to the left, but take this total times 1.35

\$1,000,001 to \$10,000,000	\$4,164.50 for the first \$1,000,000 plus \$2.50 for each additional \$1,000 or fraction thereof. Take this total times .65	Use the formula in the column to the left, but take this total times 1.35
10000001 and up	\$26,664.50 for the first \$10,000,000 plus \$1.00 for each additional \$1,000 or fraction thereof. Take this total times .65	Use the formula in the column to the left, but take this total times 1.35

## Current Engineering Inspection Fees - 2019

<b>Inspection Fees:</b>			
Trench (1-100 linear feet)	2004	linear ft.	\$70.00
Trench (per foot over 100 linear feet)	2004	linear ft.	\$0.70
Pipeline (1-100 linear feet)	2004	linear ft.	\$70.00
Pipeline (per foot over 100 linear feet)	2004	linear ft.	\$0.70
Sidewalk, trails, curb/gutter, curb/gutter w sidewalk (1-50 linear feet)	2004	linear ft.	\$70.00
Sidewalk, trails, curb/gutter, curb/gutter w sidewalk (per foot over 50 linear feet)	2004	linear ft.	\$1.00
Concrete or asphalt pavement (1-300 sq yards)	2004	linear ft.	\$103.00
Concrete or asphalt (per sq yard over 50 lin feet)	2004	linear ft.	\$0.45
Structural concrete, masonry or stone work for retaining walls, box culverts, wing walls, drop structures or other (per cubic yard - minimum charge of \$86)	2004	cu. ft.	\$3.50
<b>Appurtenances:</b>			
Manhole	2004		\$103.00
Fire Hydrant	2004		\$70.00
Valve and Valve Box	2004		\$70.00
Fittings	2004		\$35.00
Inlet	2004		\$103.00
Service Line Stub	2004		\$70.00
<b>Driveway Permit:</b>			
City Streets			
For driveway up to 15' wide	2006		\$25.00
Amount for each foot wider than 15'	2006	linear ft.	\$0.30
State Highways	2006		\$40.00
<b>Encroachment Permits</b>			
Outdoor eating	2000		\$50.00
Dumpsters, moving containers, landscape material, etc.	2000		\$10 minimum
Newsracks (per location)	2008		\$10 each/year
Parking Spaces			
Unrestricted space	2006	restricted space	\$5.00
Single space	2006	single space	\$1.00
Portable Signs - limited to a defined boundary	2009	sign	\$10.00
All other encroachments	2006	pothole locate	\$10.00
<b>Excavation Permits</b>			
Application Fee	2005		\$30.00

Inspection Fee	2005		\$50/1,000 sq. ft.
Utility Locate Pothole Fee	2005		\$10/pothole locate
Pavement Impact Fee			
1-100 sq feet of excavation	2009	sq. ft.	\$3.85
101-500 sq feet of excavation	2009	sq. ft.	\$2.75
501-3,000 sq feet of excavation	2009	sq. ft.	\$2.20
Over 3,000 sq feet of excavation	2009	sq. ft.	\$1.65
<b>House Number Permits</b>			
Issued when groups want to paint house numbers on curbs in neighborhoods.	2016		No fee
<b>Mobile Homes Permits</b>			
Replacement of Existing Mobile Home	2016		\$25.00
New Mobile Home Site w/in Park	2016		Same as building permit fees for a new single family residence
<b>Moving Permits</b>			
Issued when moving buildings, houses, mobile homes, sheds or other structures	2016	structure	\$25 per structure
<b>Over Length/Over Sized Permits:</b>			
Issued when an over-length, over-sized, over-weight vehicle will be using city streets, i.e., trucks hauling large loads (yachts, machinery, etc.)	1998		No fee
<b>Stockpiling Permits:</b>			
Stockpiling Permits	2000		\$65.00

Comparative Survey Analysis  
PRELIMINARY RESULTS & COMPARISON

CITY OF FORT COLLINS



## I. INTRODUCTION

---

MGT Consulting Group (MGT) is pleased to present the City of Fort Collins (City) with this summary of findings for the comparative survey of Development Services User Fees. The MGT project staff worked with City staff to create a list of example project fees to be compared with similar fees in select peer cities. The City of Fort Collins provided MGT with twenty receipts from actual work done by the City. The information contained in each receipt was then used to provide example projects to the comparative jurisdictions and to calculate fees where applicable.

Subsequently, the MGT project team worked with City staff to identify peer cities for comparison purposes. The cities contacted for the analysis were:

- ❖ City of Anaheim, CA
- ❖ City of Arvada, CO
- ❖ City of Asheville, NC
- ❖ City of Boise, ID
- ❖ City of Boulder, CO
- ❖ City of Eugene, OR
- ❖ City of Greeley, CO
- ❖ City of Lakewood, CO
- ❖ City of Longmont, CO
- ❖ City of Loveland, CO
- ❖ City of Olathe, KS
- ❖ City of Portland, ME
- ❖ City of Provo, UT
- ❖ City of Thornton, CO
- ❖ City of Westminster, CO

Each city, except the cities of Boise, ID and Eugene, OR, were included at the request of the City of Fort Collins. Boise and Eugene were added to the list by MGT. The City of Provo did not respond to multiple attempts by MGT to obtain fee comparison information. Each of the remaining twelve cities responded to MGT's request for information. Despite MGT's request, only Loveland and Westminster provided receipts of similar projects in their jurisdiction. The other twelve cities provided current fee schedules and, in some cases, guidance in calculating their fee amounts for each project type.

It should also be noted that each comparison should not always be considered an exact apples-to-apples comparison. The methodology used by each jurisdiction in charging for similar-sized project can differ. However, MGT used the valuations or square footages given in the example projects when requesting data from peer cities and when calculating fee amounts by project type.

The following sections of the report detail MGT's findings from the peer cities. Cities that did not respond to questions were excluded from charts and graphs. All data received from respondents will be provided to the City of Fort Collins.



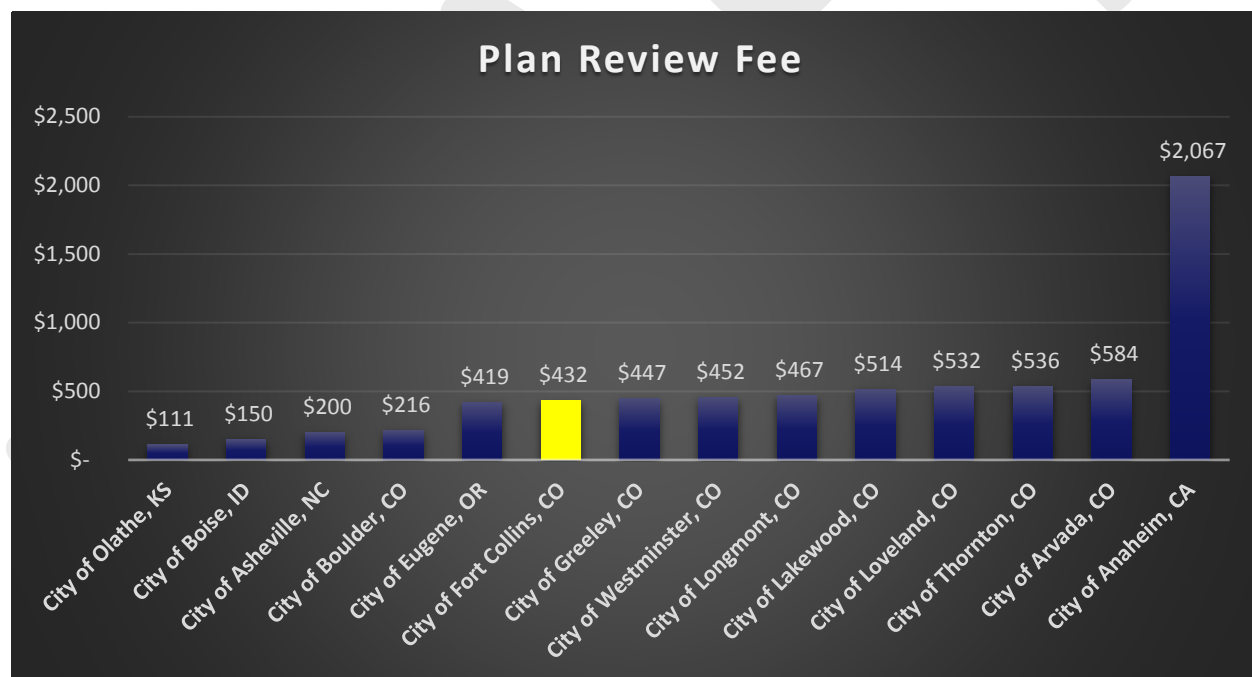
## 2. RESULTS & COMPARISON

Section 2 provides the amount charged by jurisdiction for each of the example projects used in the comparative analysis. Each fee amount has been rounded to the nearest dollar and an average amount has been given for both jurisdictions located only in the state of Colorado and an average of all cities used in the comparison. It should also be noted that the fee averages contain only the cities surveyed by MGT; Fort Collins has been excluded from the average but is included each graph.

### NEW RESIDENTIAL DUPLEX

The graphs below show the fee charged by each jurisdiction for a New Residential Duplex permit. The three graphs show comparisons for the total fee including the plan review and building permit fees, plan review fee only, and building permit fee only. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation and square footage used for the New Residential Duplex project is: \$74,114 Valuation; 1,760 Square Feet.

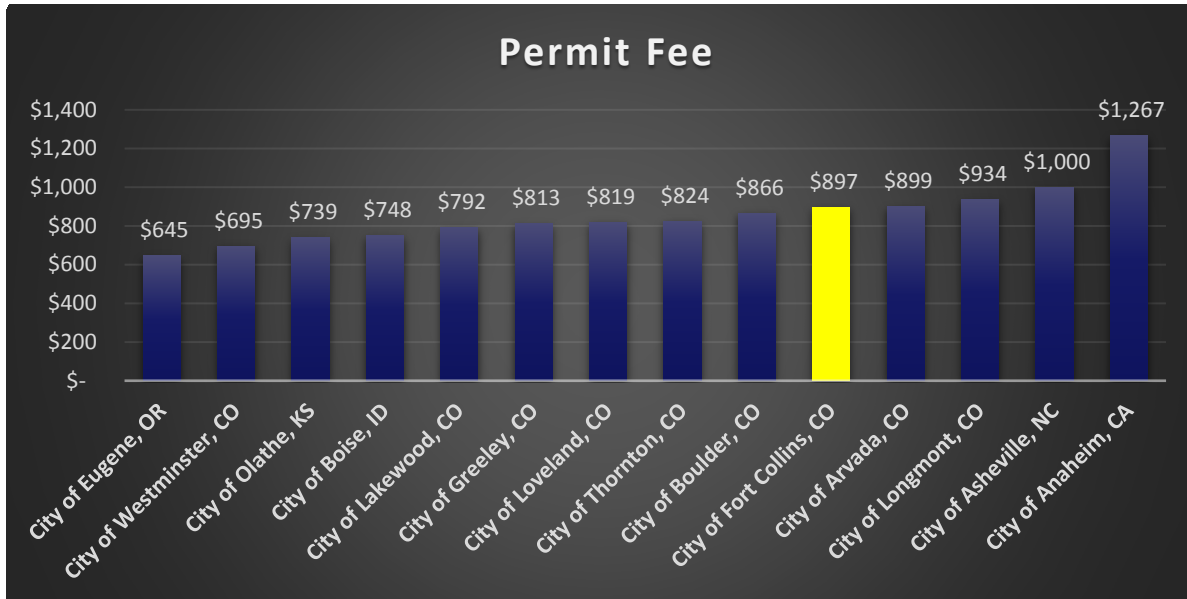
**Graph 1: Fee Comparison:  
NEW RESIDENTIAL DUPLEX – PLAN REVIEW**



**AVERAGE PLAN REVIEW FEE – ALL CITIES: \$515; COLORADO CITIES: \$469**

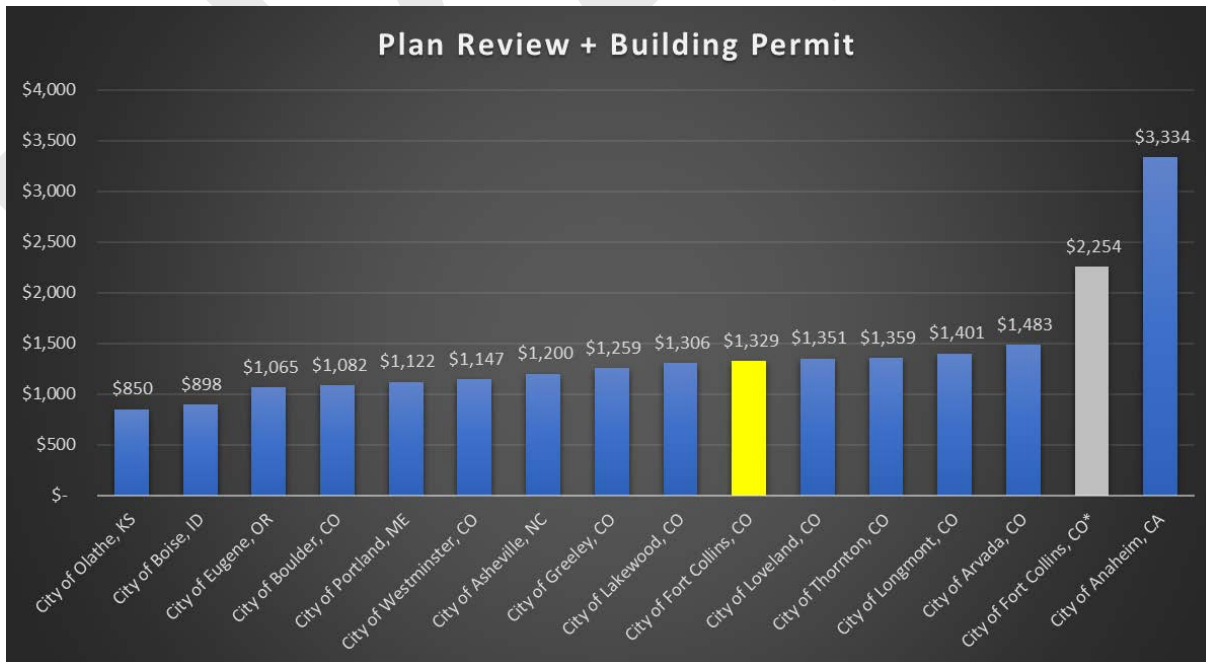
**MEDIAN PLAN REVIEW FEE – ALL CITIES: \$452**

**Graph 2: Fee Comparison:  
NEW RESIDENTIAL DUPLEX – BUILDING PERMIT**



**AVERAGE PERMIT FEE – ALL CITIES: \$849; COLORADO CITIES: \$830**  
**MEDIAN PERMIT FEE – ALL CITIES: \$819**

**Graph 3: Fee Comparison:  
NEW RESIDENTIAL DUPLEX – PLAN REVIEW + BUILDING PERMIT**



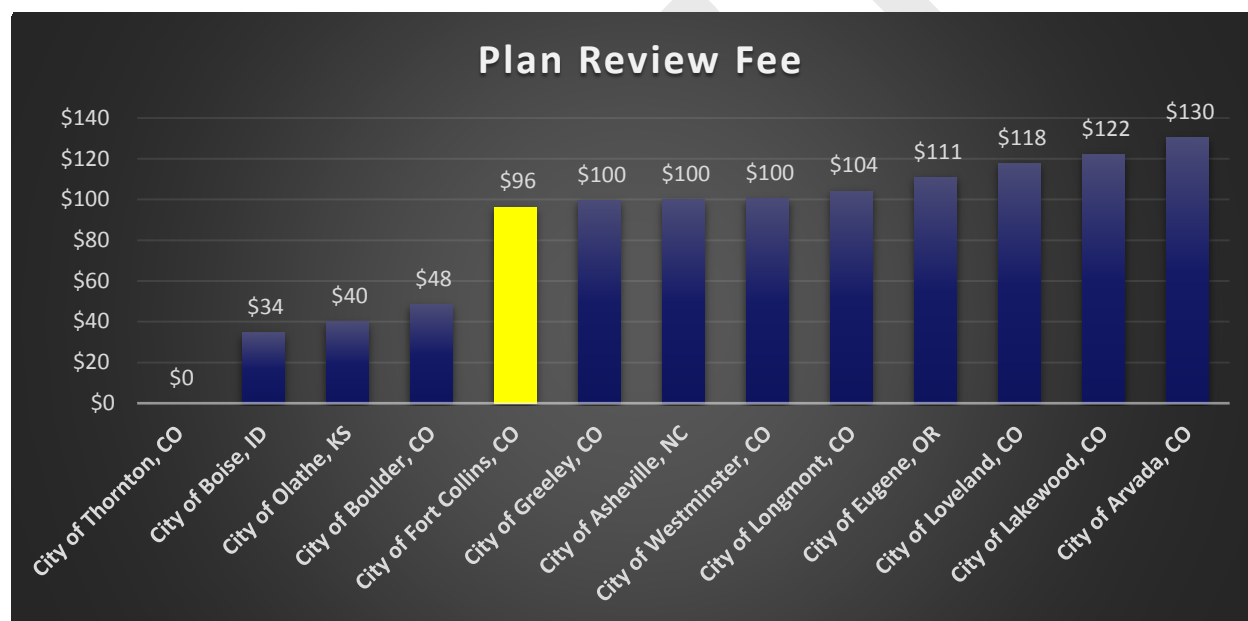
\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis

**AVERAGE COMBINED FEE – ALL CITIES: \$1,347; COLORADO CITIES: \$1,299**  
**MEDIAN COMBINED FEE – ALL CITIES: \$1,230**

## RESIDENTIAL ADDITION WITH MINOR ELECTRICAL & PLUMBING

The graphs below present the fee charged by each jurisdiction for a Residential Addition with minor electrical and plumbing permit. The three graphs show comparisons for the total fee including the plan review and building permit fees, plan review fee only, and building permit fee only. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation and square footage used for the Residential Addition is: \$10,000 Valuation; 60 Square Feet.

**Graph 4: Fee Comparison:  
RESIDENTIAL ADDITION – PLAN REVIEW**



**AVERAGE PLAN REVIEW FEE – ALL CITIES: \$84; COLORADO CITIES: \$90**

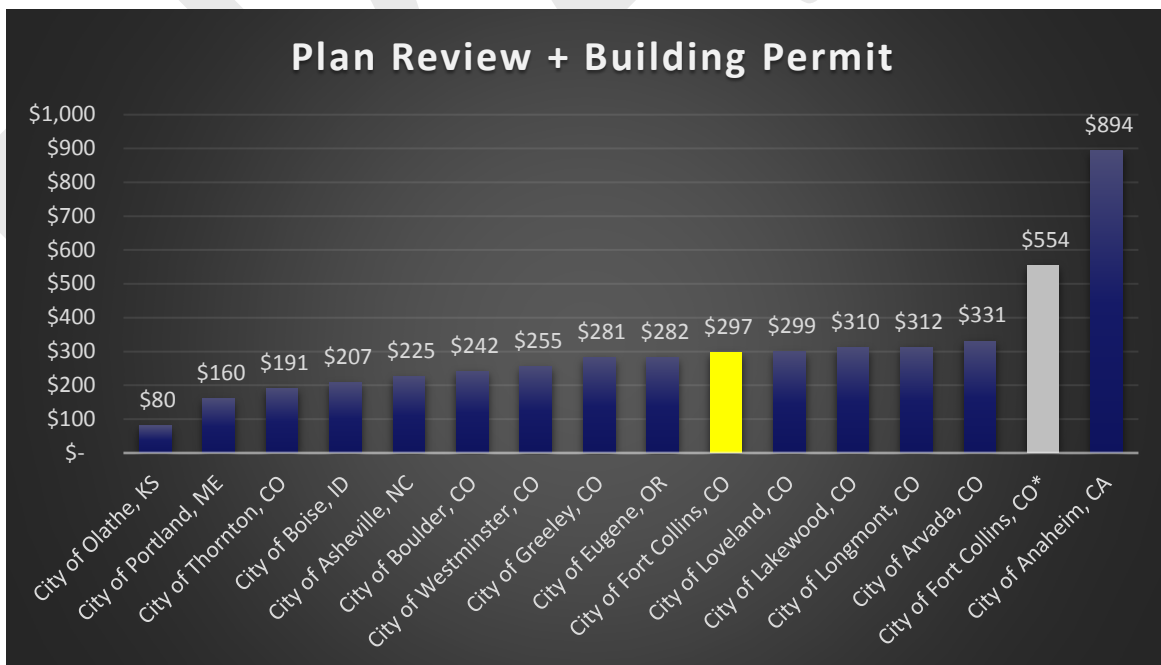
**MEDIAN PLAN REVIEW FEE – ALL CITIES: \$100**

**Graph 5: Fee Comparison:  
RESIDENTIAL ADDITION – BUILDING PERMIT**



AVERAGE PERMIT FEE – ALL CITIES: **\$167**; COLORADO CITIES: **\$187**  
 MEDIAN PERMIT FEE – ALL CITIES: **\$181**

**Graph 6: Fee Comparison:  
RESIDENTIAL ADDITION – PLAN REVIEW + BUILDING PERMIT**



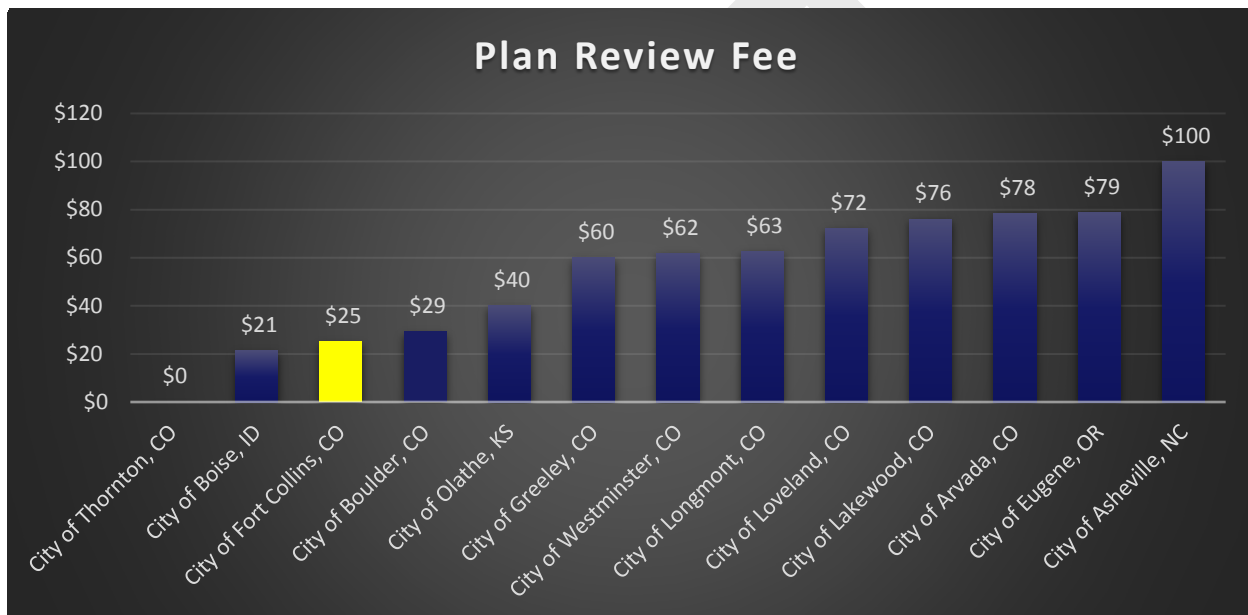
\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis

AVERAGE COMBINED FEE – ALL CITIES: **\$291**; COLORADO CITIES: **\$278**  
 MEDIAN COMBINED FEE – ALL CITIES: **\$268**

## RESIDENTIAL BASEMENT FINISH

The graphs below show the fee charged by each jurisdiction for a Residential Basement Finish permit. The three graphs show comparisons for the total fee including the plan review and building permit fees, plan review fee only, and building permit fee only. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the Basement Finish is: \$4,848 Valuation.

**Graph 7: Fee Comparison:  
RESIDENTIAL BASEMENT FINISH – PLAN REVIEW**



**AVERAGE PLAN REVIEW FEE – ALL CITIES: \$57; COLORADO CITIES: \$55**

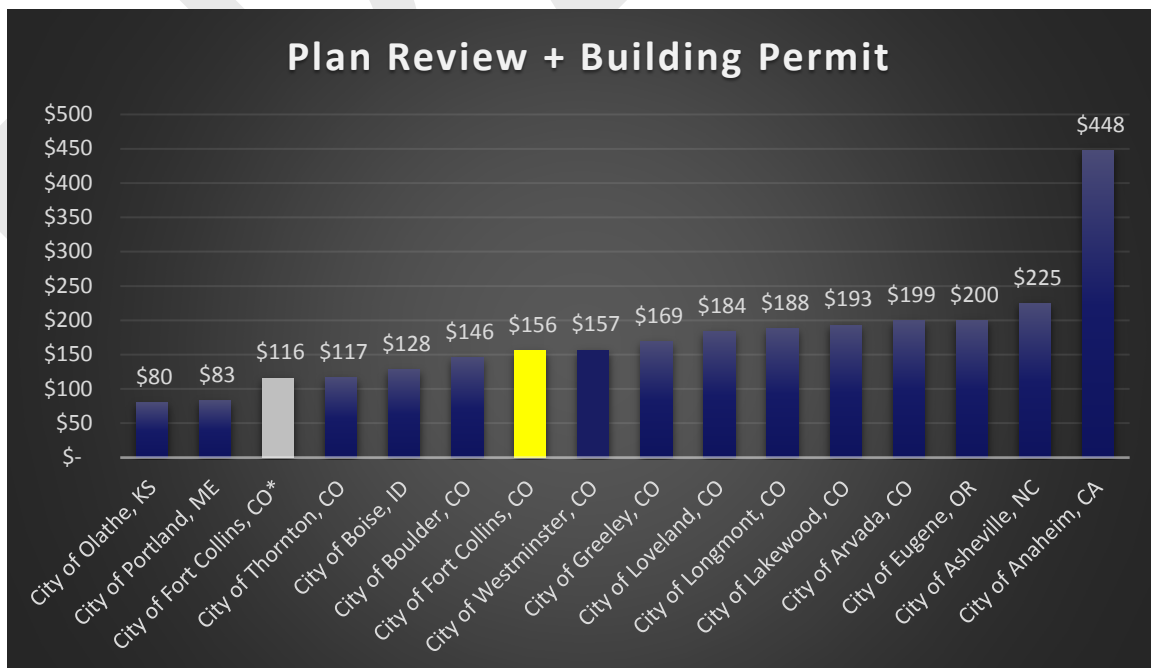
**MEDIAN PLAN REVIEW FEE – ALL CITIES: \$62**

**Graph 8: Fee Comparison:  
RESIDENTIAL BASEMENT FINISH – BUILDING PERMIT**



AVERAGE PERMIT FEE – ALL CITIES: **\$109**; COLORADO CITIES: **\$114**  
 MEDIAN PERMIT FEE – ALL CITIES: **\$117**

**Graph 9: Fee Comparison:  
RESIDENTIAL BASEMENT FINISH – PLAN REVIEW + BUILDING PERMIT**



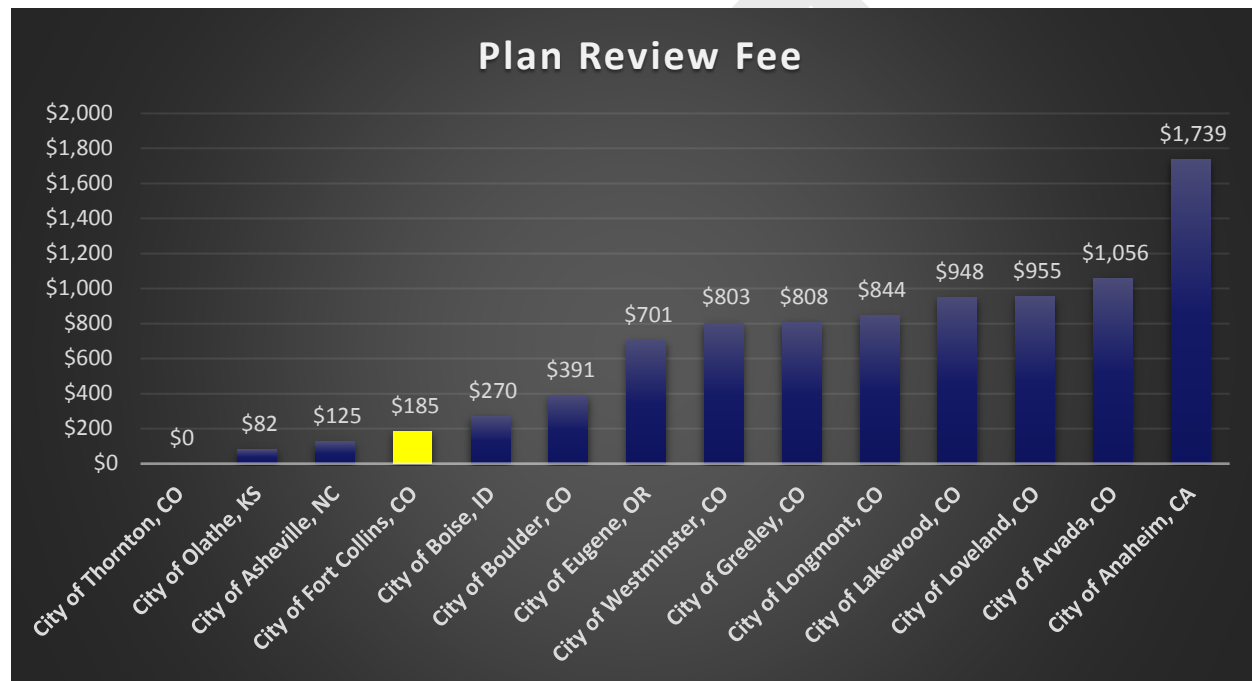
\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis

AVERAGE COMBINED FEE – ALL CITIES: **\$180**; COLORADO CITIES: **\$169**  
 MEDIAN COMBINED FEE – ALL CITIES: **\$176**

## NEW SINGLE-FAMILY ATTACHED

The graphs below illustrate the fee charged by each jurisdiction for a New Single-Family Attached permit. The three graphs show comparisons for the total fee including the plan review and building permit fees, plan review fee only, and building permit fee only. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation and square footage used for the New Single-Family Attached project is: \$184,814.50 Valuation; 1,305 Square Feet.

**Graph 10: Fee Comparison:  
NEW SINGLE-FAMILY ATTACHED – PLAN REVIEW**



AVERAGE PLAN REVIEW FEE – ALL CITIES: **\$671**; COLORADO CITIES: **\$726**  
 MEDIAN PLAN REVIEW FEE – ALL CITIES: **\$803**

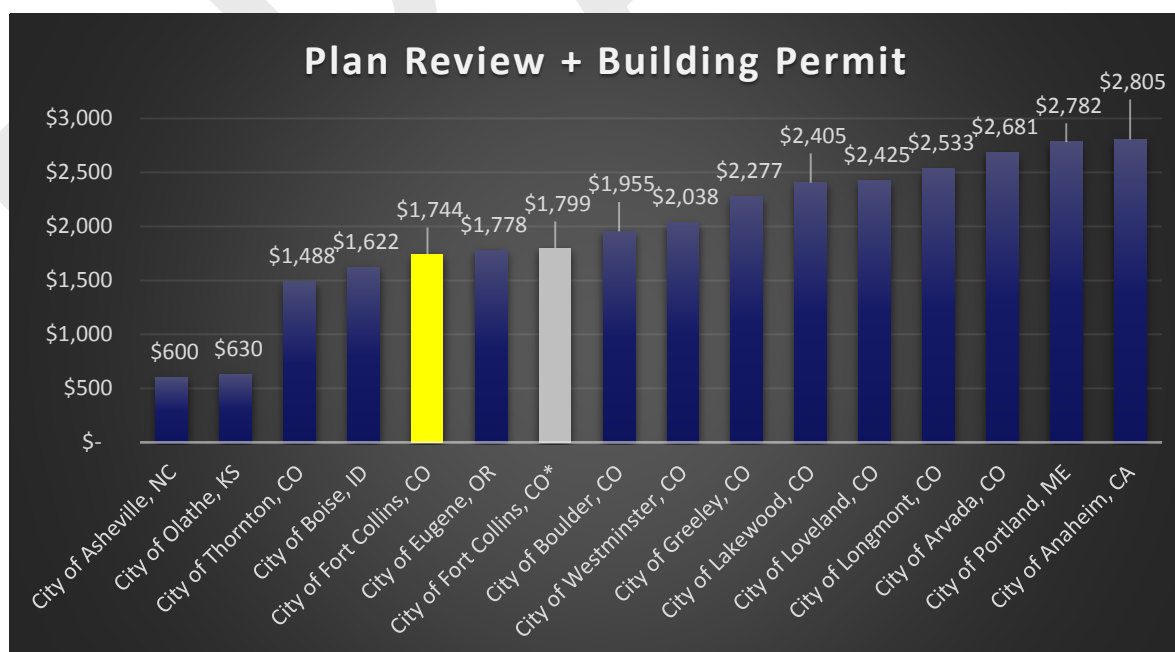
**Graph 11: Fee Comparison:  
NEW SINGLE-FAMILY ATTACHED – BUILDING PERMIT**



**AVERAGE PERMIT FEE – ALL CITIES: \$1,270; COLORADO CITIES: \$1,500**

**MEDIAN PERMIT FEE – ALL CITIES: \$1,458**

**Graph 12: Fee Comparison:  
NEW SINGLE-FAMILY ATTACHED – PLAN REVIEW + BUILDING PERMIT**



\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis

**AVERAGE COMBINED FEE – ALL CITIES: \$2,001; COLORADO CITIES: \$2,225**

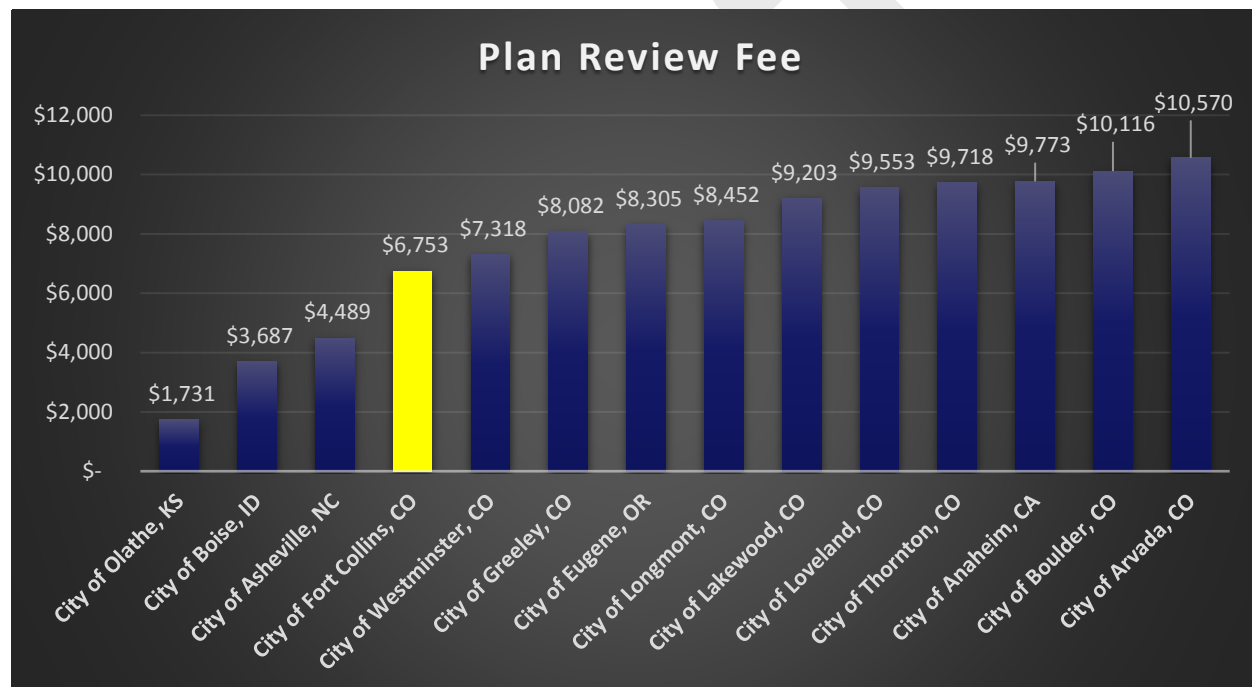
**MEDIAN COMBINED FEE – ALL CITIES: \$2,157**



## NEW MULTI-FAMILY 12 OR MORE UNIT BUILDING

The graphs below show the fee charged by each jurisdiction for a New Multi-Family 12 or More Unit Building permit. The three graphs show comparisons for the total fee including the plan review and building permit fees, plan review fee only, and building permit fee only. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation and square footage used for the New Multi-Family project is: \$3,489,473 Valuation; 25,639 Square Feet.

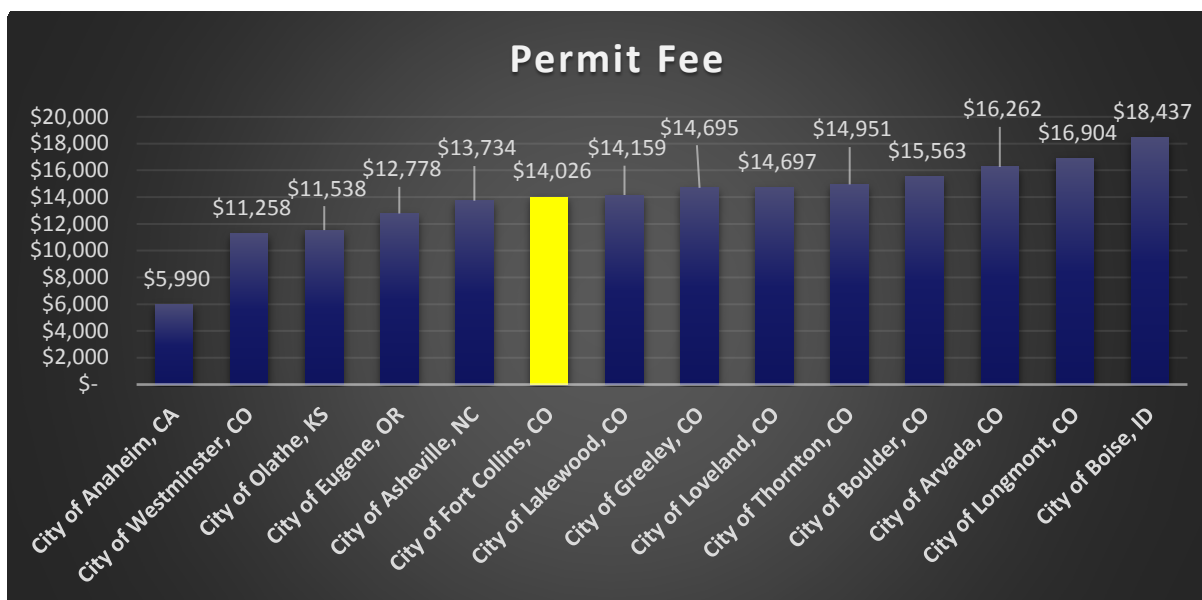
**Graph 13: Fee Comparison:  
NEW MULTI-FAMILY – PLAN REVIEW**



**AVERAGE PLAN REVIEW FEE – ALL CITIES: \$7,769; COLORADO CITIES: \$9,127**

**MEDIAN PLAN REVIEW FEE – ALL CITIES: \$8,452**

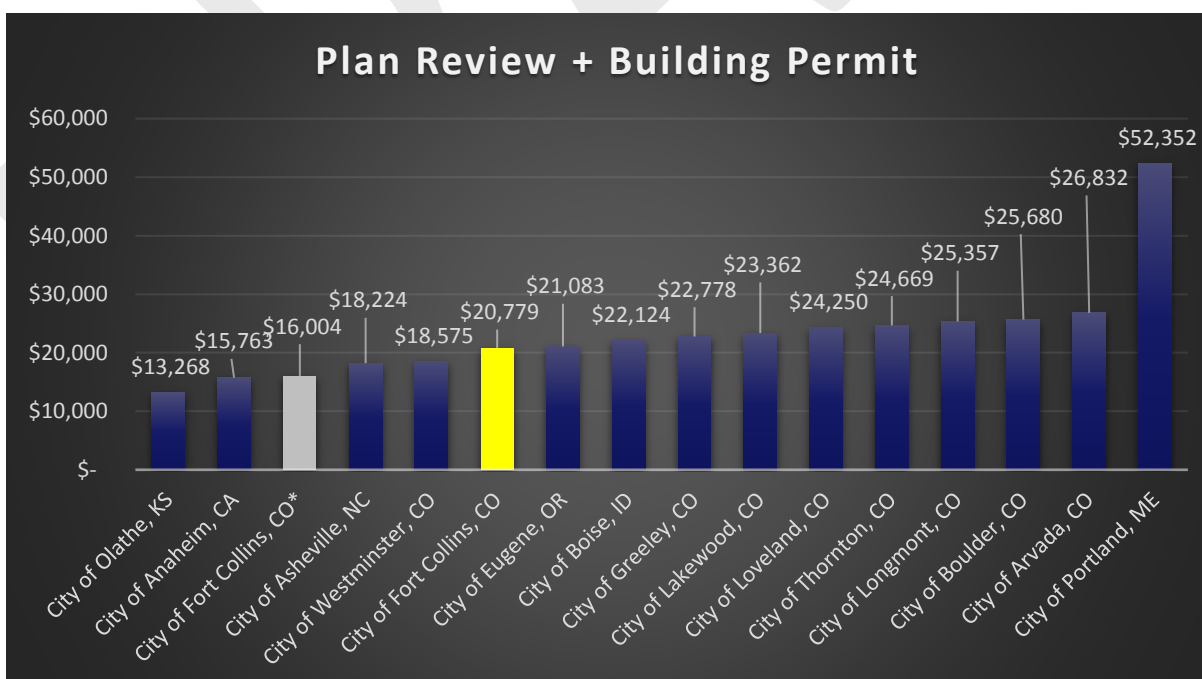
**Graph 14: Fee Comparison:  
NEW MULTI-FAMILY – BUILDING PERMIT**



**AVERAGE PERMIT FEE – ALL CITIES: \$13,920; COLORADO CITIES: \$14,811**

**MEDIAN PERMIT FEE – ALL CITIES: \$14,695**

**Graph 15: Fee Comparison:  
NEW MULTI-FAMILY – PLAN REVIEW + BUILDING PERMIT**



\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis

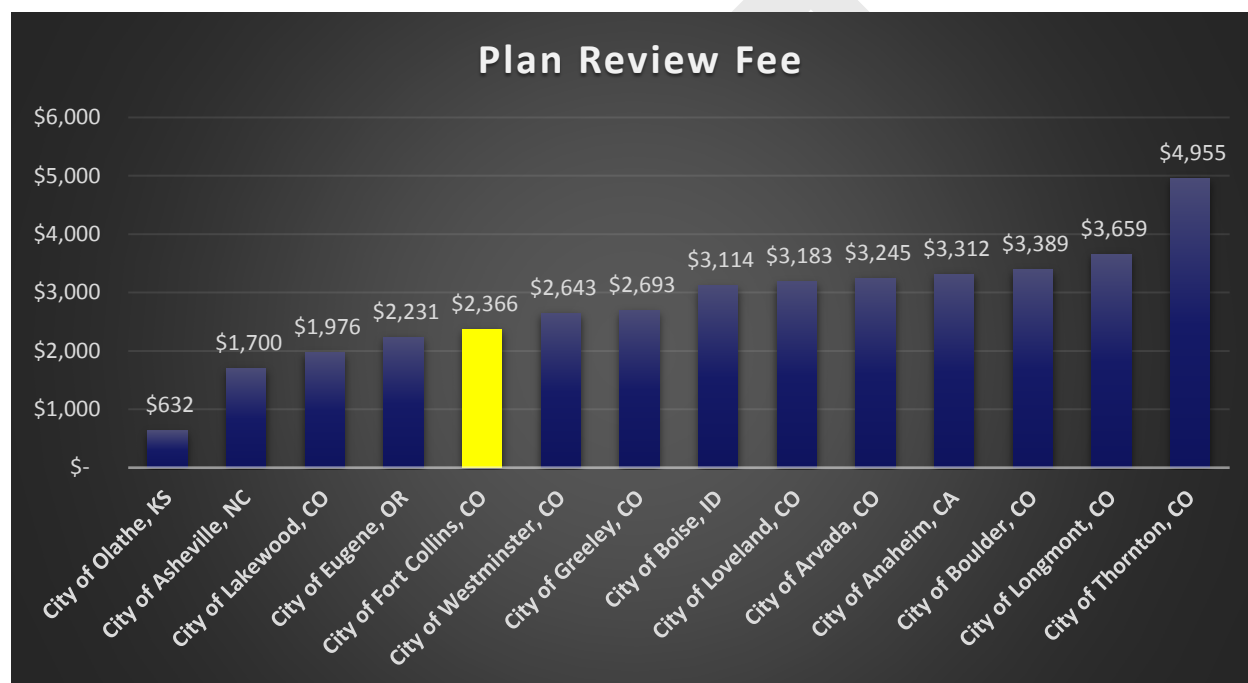
**AVERAGE COMBINED FEE – ALL CITIES: \$23,880; COLORADO CITIES: \$23,938**

**MEDIAN COMBINED FEE – ALL CITIES: \$23,070**

## NEW COMMERCIAL MIXED-USE BUILDING

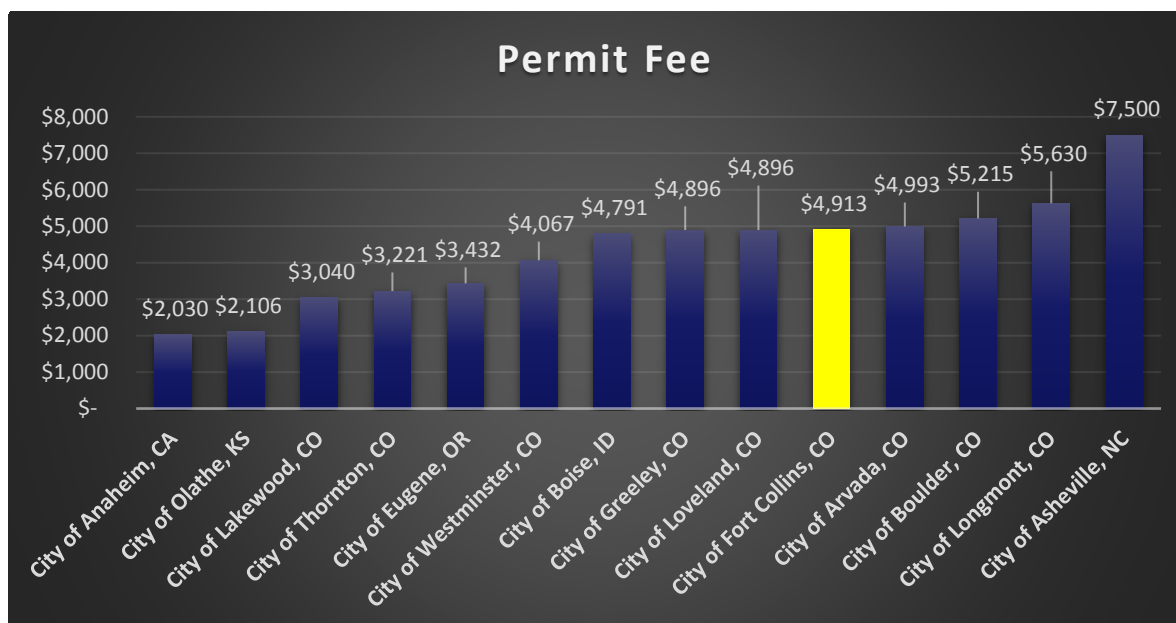
The graphs below present the fee charged by each jurisdiction for a New Commercial Mixed-Use Building permit. The three graphs show comparisons for the total fee including the plan review and building permit fees, plan review fee only, and building permit fee only. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation and square footage used for the New Commercial Mixed-Use project is: \$850,000 Valuation; 4,680 Square Feet.

**Graph 16: Fee Comparison:  
NEW COMMERCIAL MIXED-USE – PLAN REVIEW**



**AVERAGE PLAN REVIEW FEE – ALL CITIES: \$2,826; COLORADO CITIES: \$3,218**  
**MEDIAN PLAN REVIEW FEE – ALL CITIES: \$3,114**

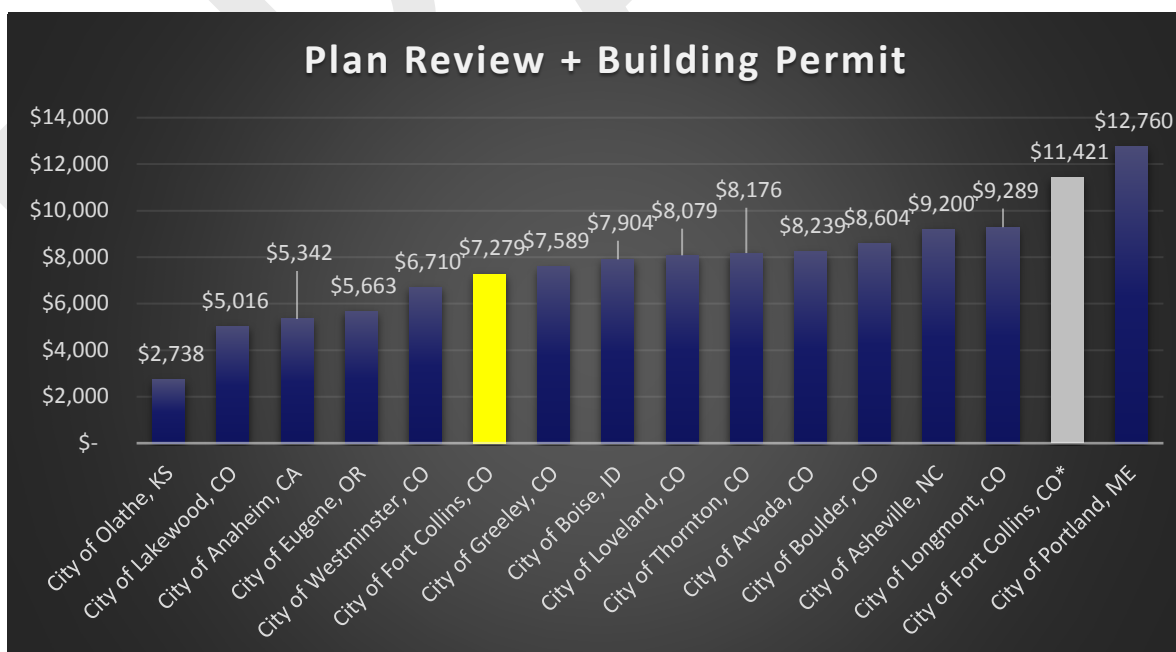
**Graph 17: Fee Comparison:  
NEW COMMERCIAL MIXED-USE – BUILDING PERMIT**



**AVERAGE PERMIT FEE – ALL CITIES: \$4,294; COLORADO CITIES: \$4,495**

**MEDIAN PERMIT FEE – ALL CITIES: \$4,791**

**Graph 18: Fee Comparison:  
NEW COMMERCIAL MIXED-USE – PLAN REVIEW + BUILDING PERMIT**



*\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis*

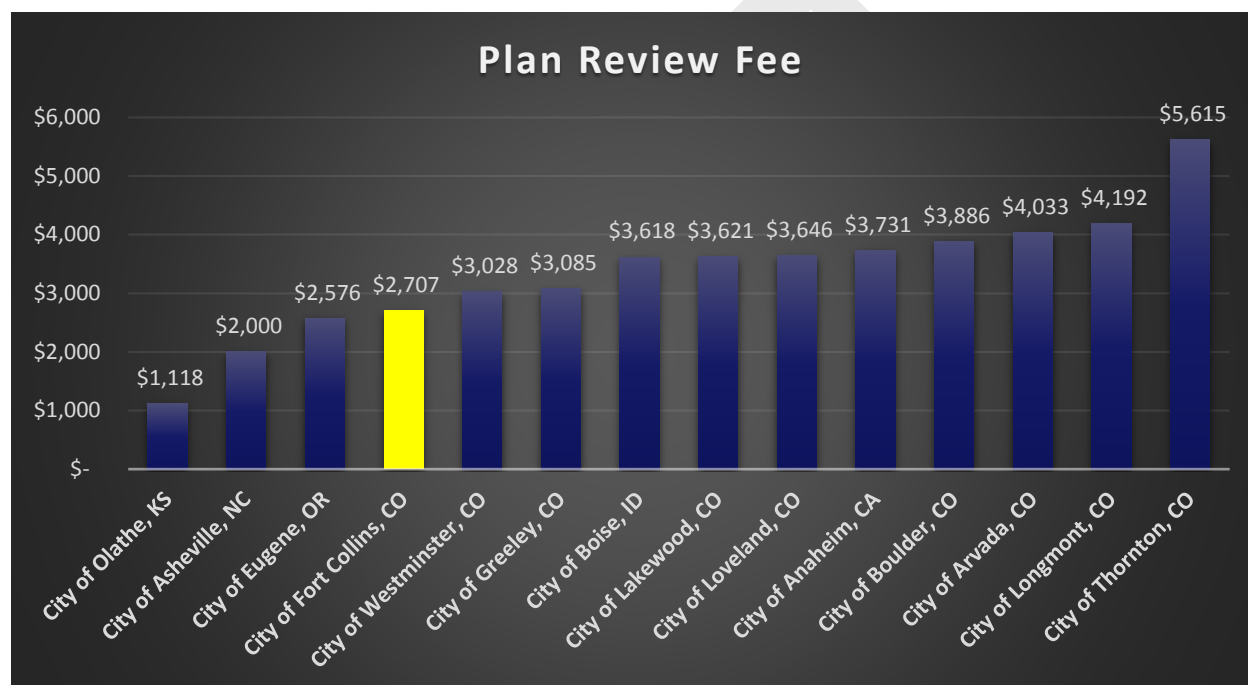
**AVERAGE COMBINED FEE – ALL CITIES: \$7,522; COLORADO CITIES: \$7,713**

**MEDIAN COMBINED FEE – ALL CITIES: \$7,992**

## NEW COMMERCIAL RETAIL BUILDING

The graphs below illustrate the fee charged by each jurisdiction for a New Commercial Retail Building permit. The three graphs show comparisons for the total fee including the plan review and building permit fees, plan review fee only, and building permit fee only. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation and square footage used for the New Commercial Retail Building project is: \$1,000,000 Valuation; 8,280 Square Feet.

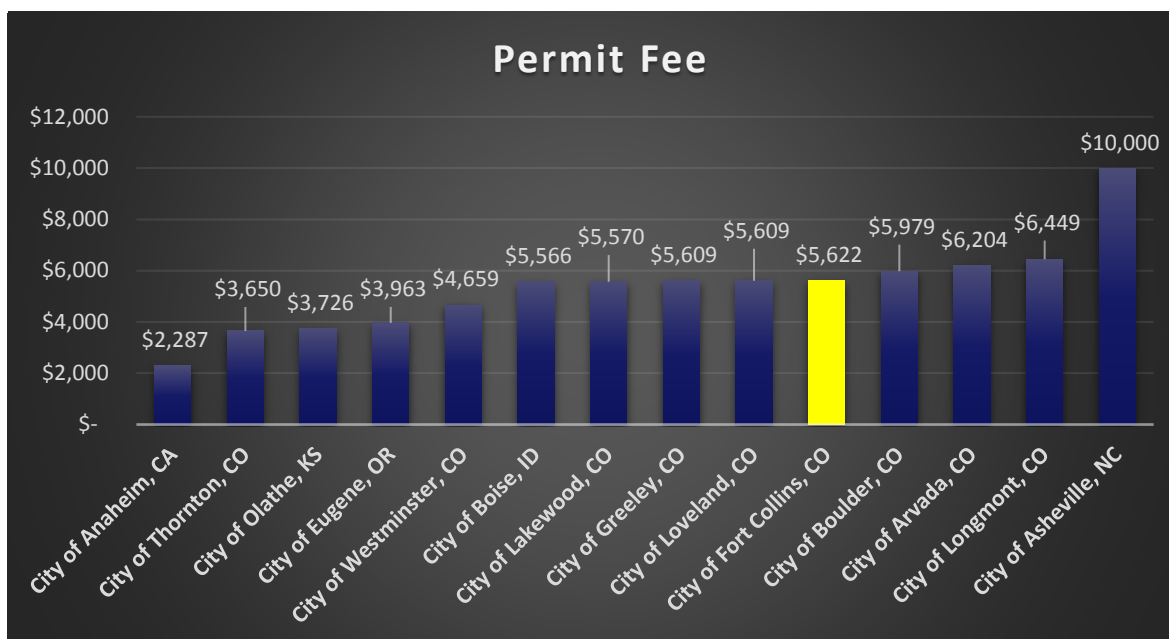
**Graph 19: Fee Comparison:  
NEW COMMERCIAL RETAIL – PLAN REVIEW**



**AVERAGE PLAN REVIEW FEE – ALL CITIES: \$3,396; COLORADO CITIES: \$3,888**

**MEDIAN PLAN REVIEW FEE – ALL CITIES: \$3,621**

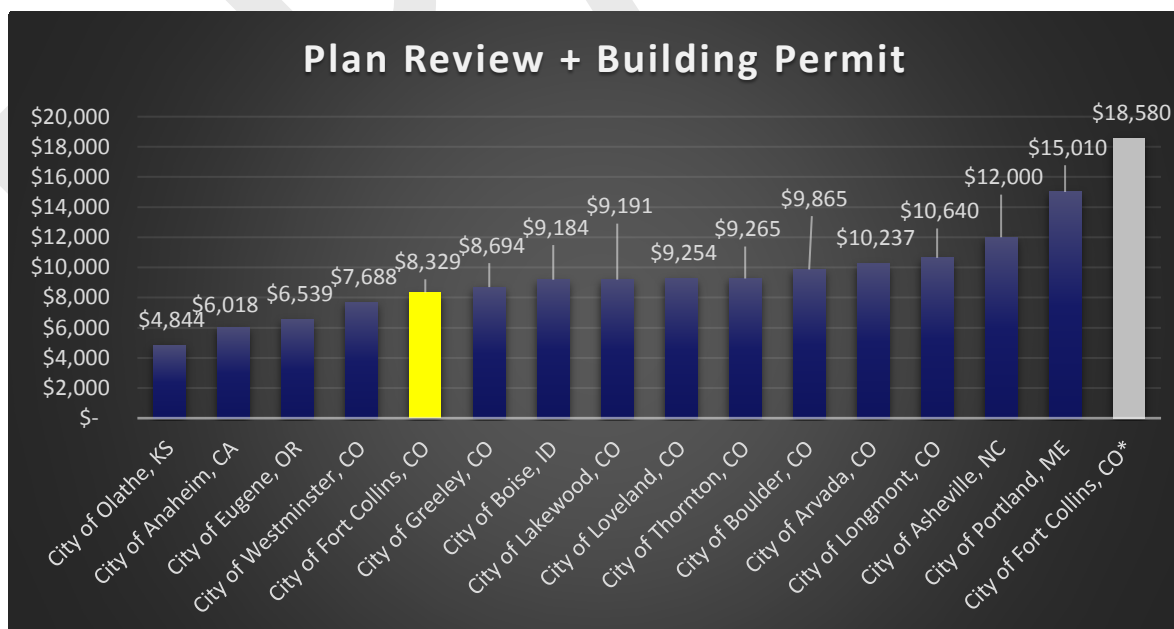
**Graph 20: Fee Comparison:  
NEW COMMERCIAL RETAIL – BUILDING PERMIT**



**AVERAGE PERMIT FEE – ALL CITIES: \$5,328; COLORADO CITIES: \$5,466**

**MEDIAN PERMIT FEE – ALL CITIES: \$5,570**

**Graph 21: Fee Comparison:  
NEW COMMERCIAL RETAIL – PLAN REVIEW + BUILDING PERMIT**



\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis

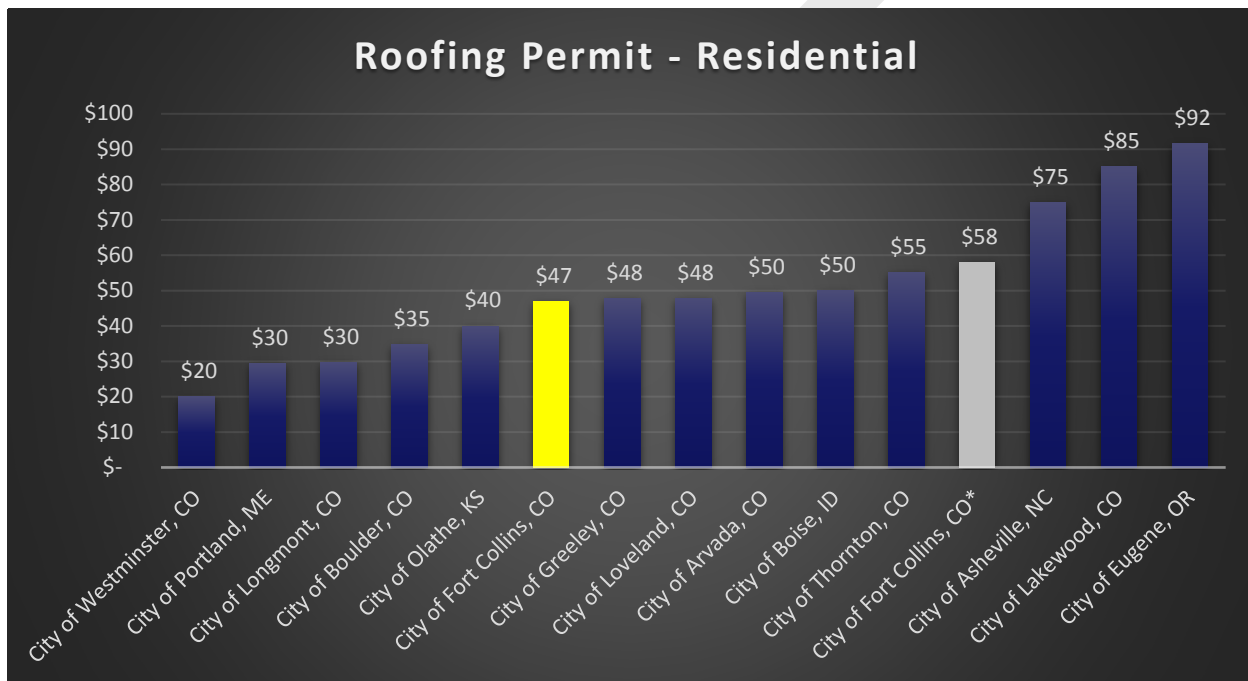
**AVERAGE COMBINED FEE – ALL CITIES: \$9,173; COLORADO CITIES: \$9,354**

**MEDIAN COMBINED FEE – ALL CITIES: \$9,223**

## ROOFING PERMIT - RESIDENTIAL

The graph below shows the fee charged by each jurisdiction for a residential roofing permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the residential roofing permit is: \$1,300 Valuation.

**Graph 22: Fee Comparison:  
ROOFING PERMIT – RESIDENTIAL**



\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis

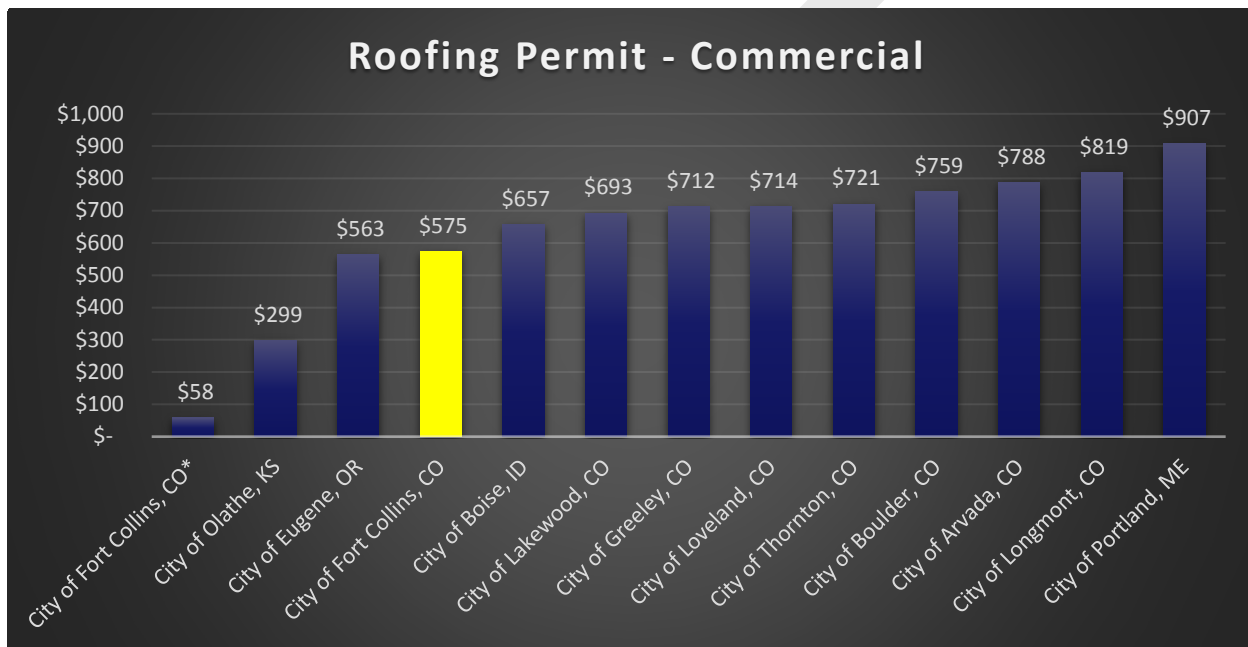
**AVERAGE RESIDENTIAL ROOFING PERMIT – ALL CITIES: \$50; COLORADO: \$46**

**MEDIAN RESIDENTIAL ROOFING PERMIT – ALL CITIES: \$48**

## ROOFING PERMIT - COMMERCIAL

The graph below shows the fee charged by each jurisdiction for a commercial roofing permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the commercial roofing permit is: \$59,770 Valuation.

**Graph 23: Fee Comparison:  
ROOFING PERMIT – COMMERCIAL**



*\*Indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis*

**AVERAGE COMMERCIAL ROOFING PERMIT – ALL CITIES: \$694; COLORADO: \$743**

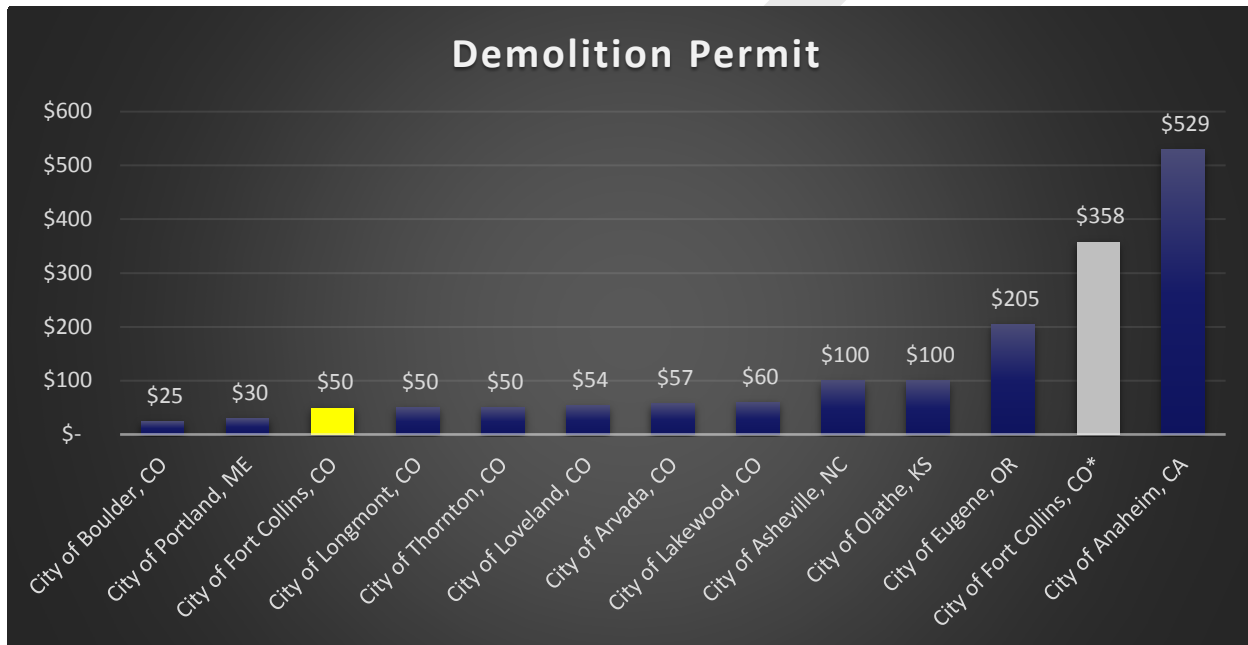
**MEDIAN COMMERCIAL ROOFING PERMIT – ALL CITIES: \$714**



## DEMOLITION PERMIT

The graph below presents the fee charged by each jurisdiction for a Demolition permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation and project used for the Demolition permit is: \$800 Valuation; interior demo on non-load bearing walls.

**Graph 24: Fee Comparison:  
DEMOLITION PERMIT**



*\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis*

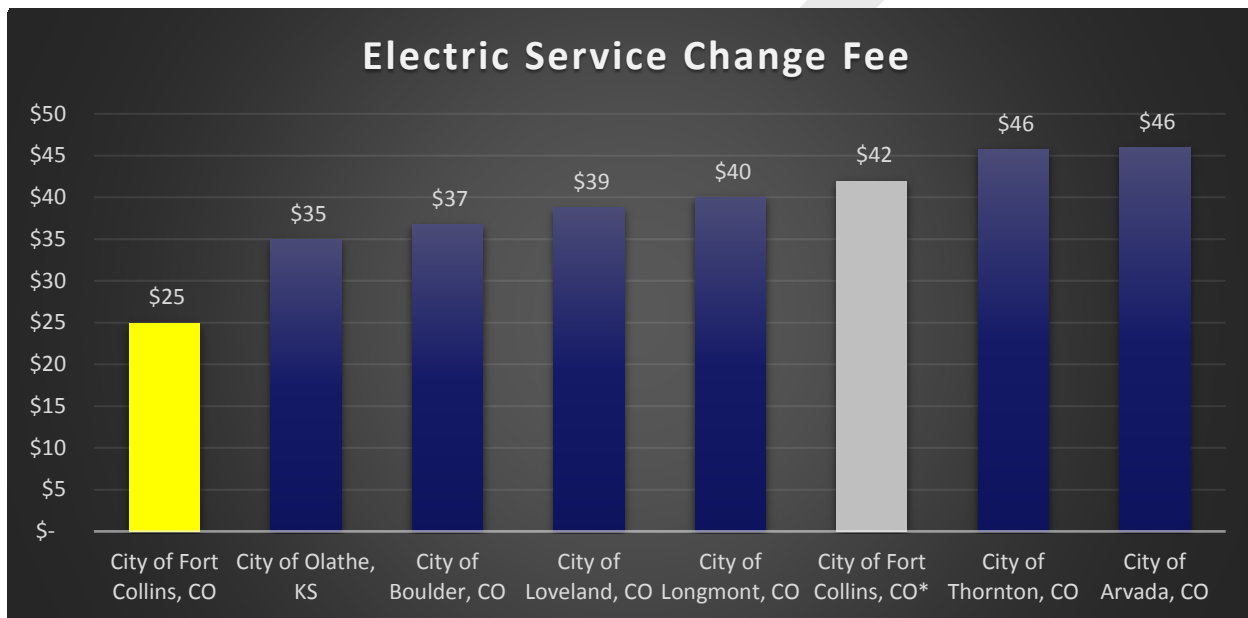
**AVERAGE DEMOLITION PERMIT – ALL CITIES: \$114; COLORADO: \$49**

**MEDIAN DEMOLITION PERMIT – ALL CITIES: \$57**

## ELECTRIC SERVICE CHANGE FEE

The graph below shows the fee charged by each jurisdiction for an Electric Service Change fee. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for an Electric Service Change fee is: \$1,000 Valuation.

**Graph 25: Fee Comparison:  
ELECTRIC SERVICE CHANGE FEE**



*\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis*

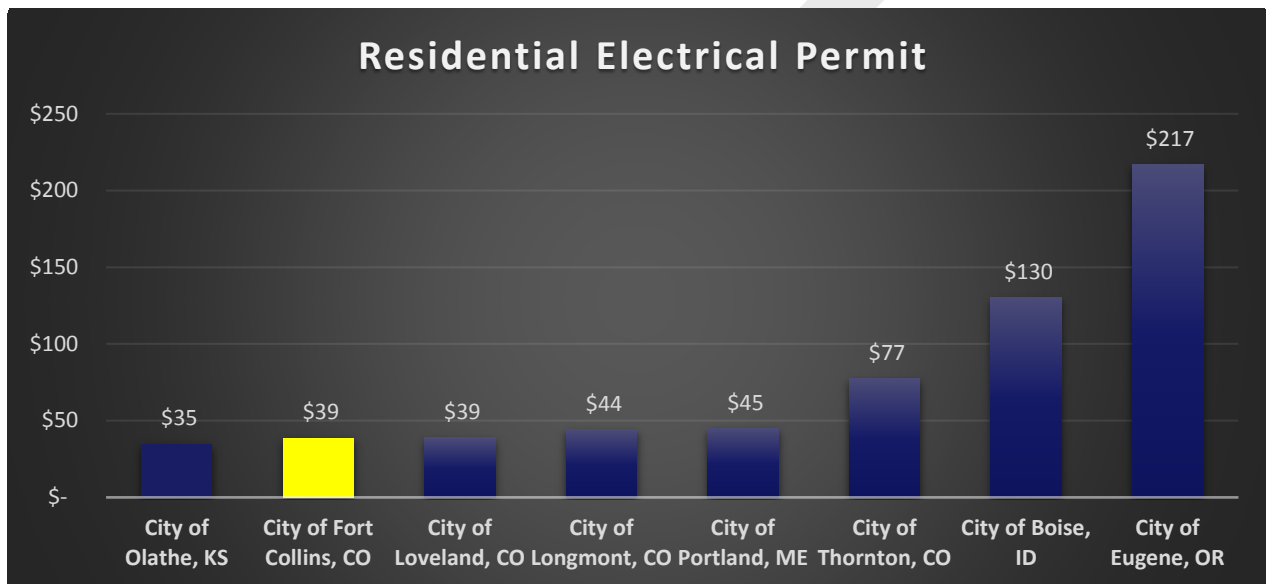
**AVERAGE ELECTRIC SERVICE CHANGE FEE – ALL CITIES: \$40; COLORADO: \$41**

**MEDIAN ELECTRIC SERVICE CHANGE FEE – ALL CITIES: \$39**

## RESIDENTIAL ELECTRICAL PERMIT

The graph below shows the fee charged by each jurisdiction for a Residential Electrical permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the Residential Electrical permit is: \$985 Valuation.

**Graph 26: Fee Comparison:  
RESIDENTIAL ELECTRICAL PERMIT**



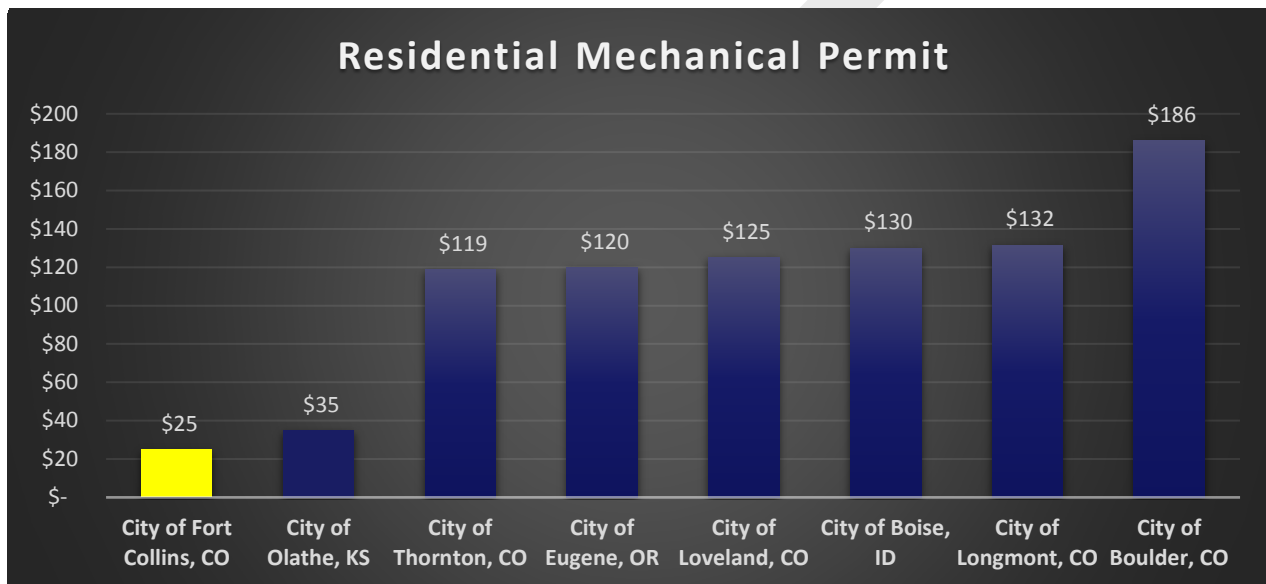
**AVERAGE RESIDENTIAL ELECTRICAL PERMIT – ALL CITIES: \$84; COLORADO: \$53**

**MEDIAN RESIDENTIAL ELECTRICAL PERMIT – ALL CITIES: \$45**

## RESIDENTIAL MECHANICAL PERMIT

The graph below illustrates the fee charged by each jurisdiction for a Residential Mechanical permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the Residential Mechanical permit is: \$5,234 Valuation.

**Graph 27: Fee Comparison:  
RESIDENTIAL MECHANICAL PERMIT**



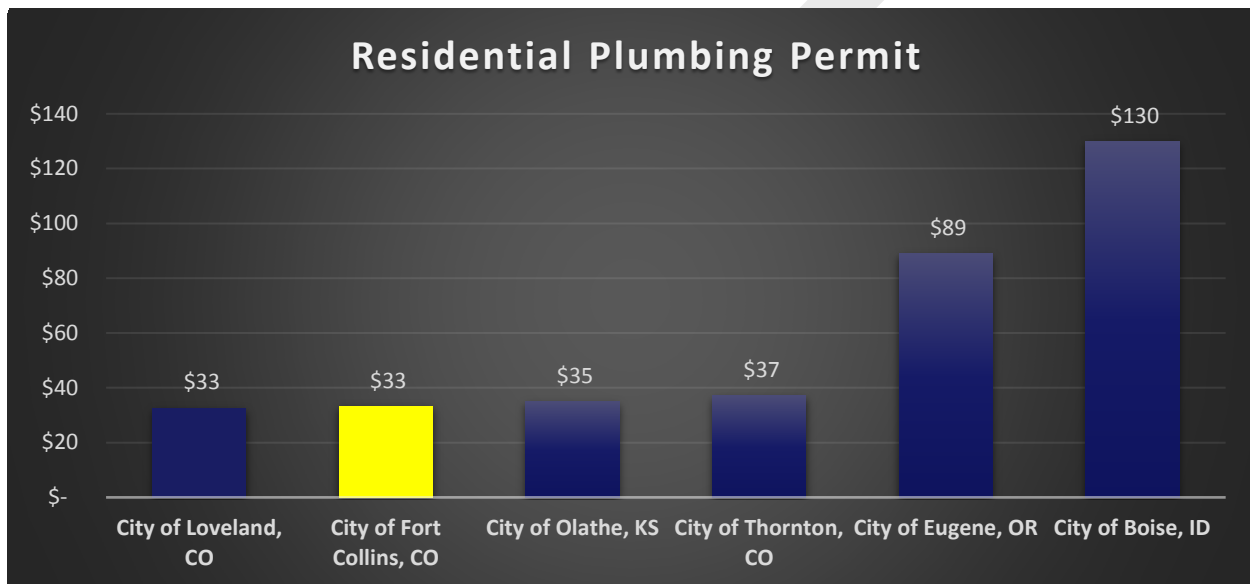
**AVERAGE RESIDENTIAL MECHANICAL PERMIT – ALL CITIES: \$121; COLORADO: \$117**

**MEDIAN RESIDENTIAL MECHANICAL PERMIT – ALL CITIES: \$125**

## RESIDENTIAL PLUMBING PERMIT

The graph below shows the fee charged by each jurisdiction for a Residential Plumbing permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the Residential Plumbing permit is: \$725 Valuation.

**Graph 28: Fee Comparison:  
RESIDENTIAL PLUMBING PERMIT**

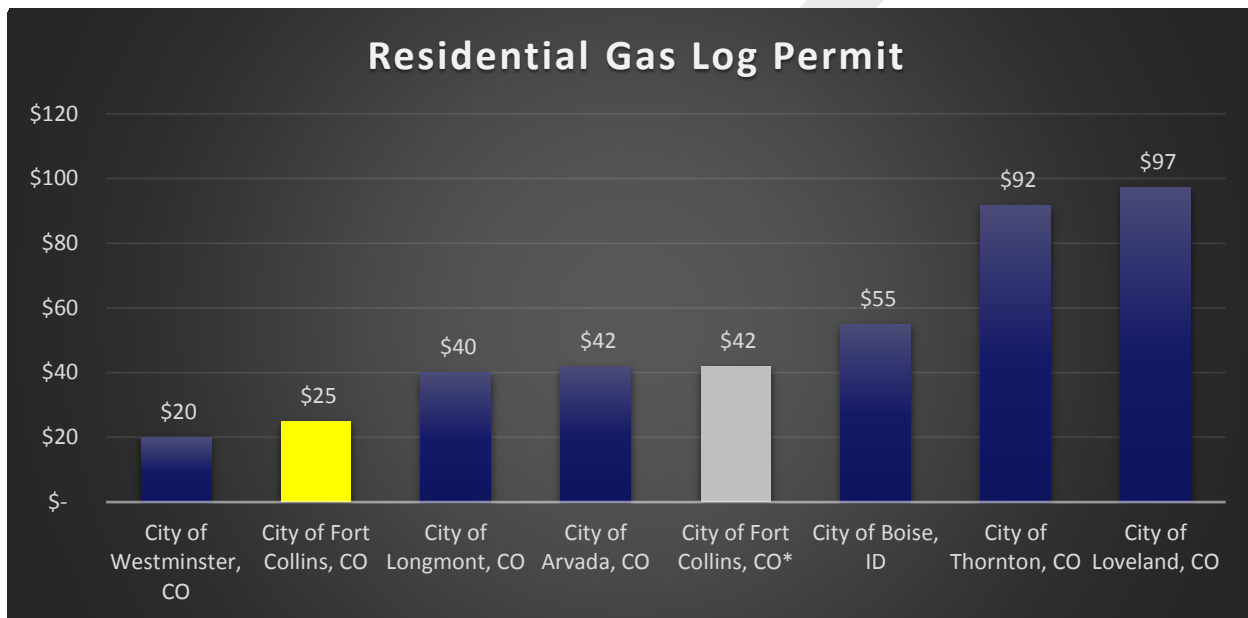


**AVERAGE RESIDENTIAL PLUMBING PERMIT – ALL CITIES: \$65; COLORADO: \$35**  
**MEDIAN RESIDENTIAL PLUMBING PERMIT – ALL CITIES: \$37**

## RESIDENTIAL GAS LOG PERMIT

The graph below shows the fee charged by each jurisdiction for a Residential Gas Log permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the Gas Log permit is: \$3,097 Valuation.

**Graph 29: Fee Comparison:  
RESIDENTIAL GAS LOG PERMIT**



*\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis*

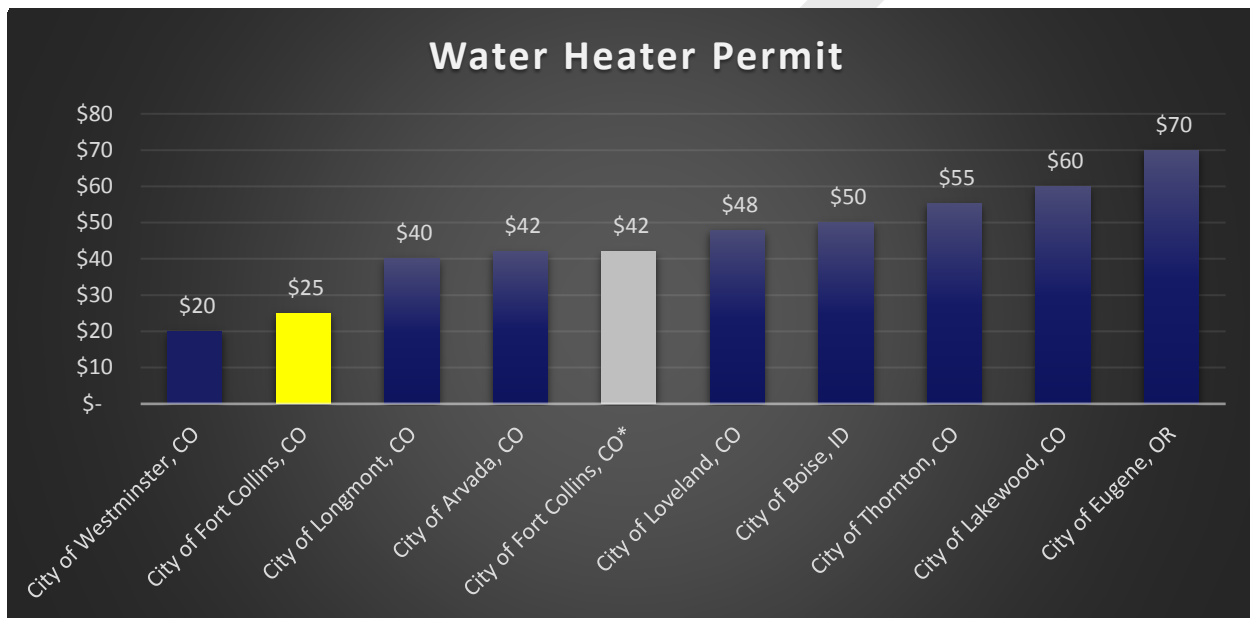
**AVERAGE RESIDENTIAL GAS LOG PERMIT – ALL CITIES: \$58; COLORADO: \$58**

**MEDIAN RESIDENTIAL GAS LOG PERMIT – ALL CITIES: \$49**

## WATER HEATER PERMIT

The graph below shows the fee charged by each jurisdiction for a Water Heater permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the Water Heater permit is: \$1,300 Valuation.

**Graph 30: Fee Comparison:  
WATER HEATER PERMIT**



*\*indicates Proposed Fee based on March 12<sup>th</sup> draft cost analysis*

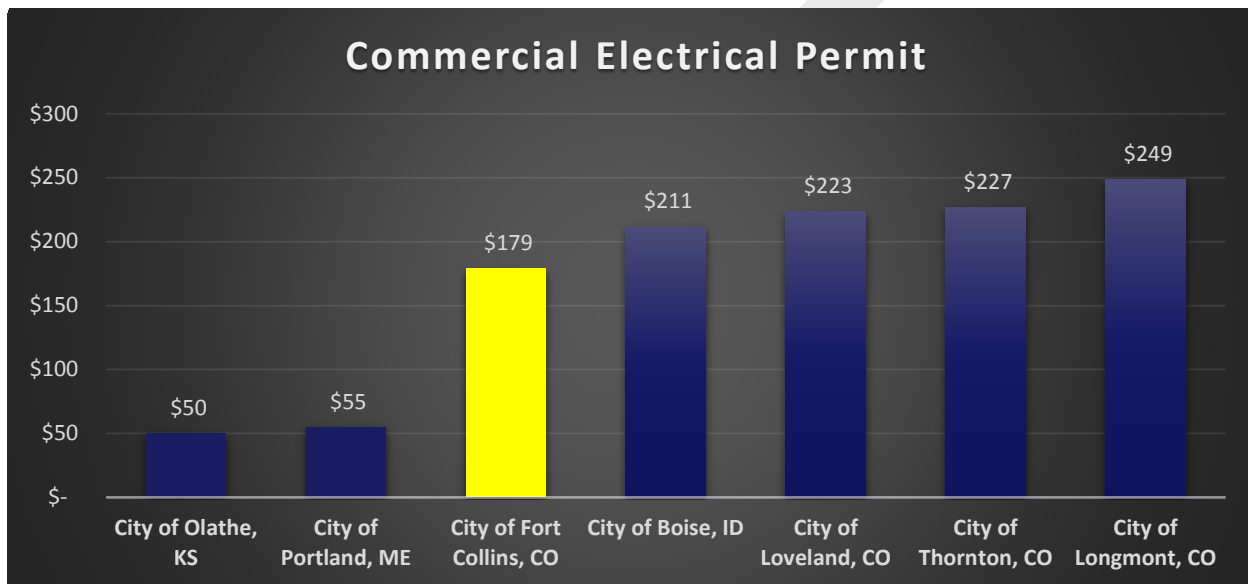
**AVERAGE WATER HEATER PERMIT – ALL CITIES: \$48; COLORADO: \$44**

**MEDIAN WATER HEATER PERMIT – ALL CITIES: \$49**

## COMMERCIAL ELECTRICAL PERMIT

The graph below shows the fee charged by each jurisdiction for a Commercial Electrical permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the Commercial Electrical permit is: \$12,500 Valuation.

**Graph 31: Fee Comparison:  
COMMERCIAL ELECTRICAL PERMIT**



**AVERAGE COMMERCIAL ELECTRICAL PERMIT – ALL CITIES: \$169; COLORADO: \$233**

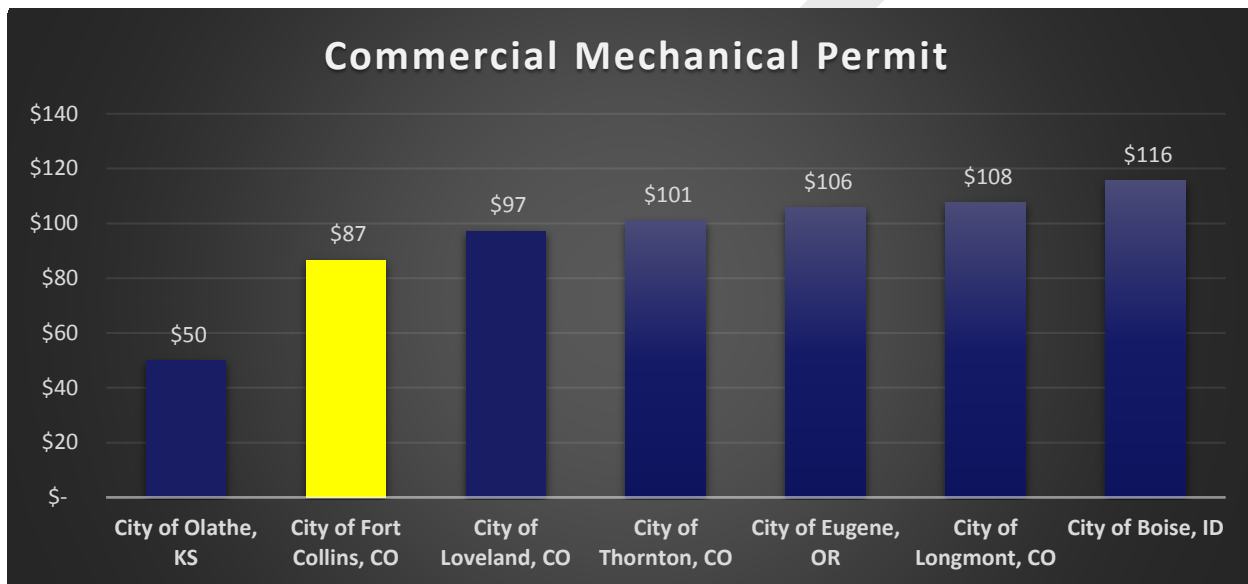
**MEDIAN COMMERCIAL ELECTRICAL PERMIT – ALL CITIES: \$217**



## COMMERCIAL MECHANICAL PERMIT

The graph below shows the fee charged by each jurisdiction for a Commercial Mechanical permit. The fees were determined by either a flat fee, valuation table, or square feet calculation charged by each jurisdiction. The example valuation used for the Commercial Mechanical permit is: \$3,750 Valuation.

**Graph 32: Fee Comparison:  
COMMERCIAL MECHANICAL PERMIT**



**AVERAGE COMMERCIAL MECHANICAL PERMIT – ALL CITIES: \$96; COLORADO: \$102**  
**MEDIAN COMMERCIAL MECHANICAL PERMIT – ALL CITIES: \$103**

### 3. SUMMARY ANALYSIS

The tables below list the amount of each fee charged by the City of Fort Collins side by side with the average or median fee amount charged by the comparative jurisdictions. The fee for each project type by jurisdiction is detailed in the previous section (Section 2). The percentage difference showing how much more, or less, the City of Fort Collins is charging than the average or median, is also listed in the table.

**Table 1: Building Construction Projects**  
**CITY OF FORT COLLINS COMPARED TO COLORADO CITIES AVERAGE**

	PLAN REVIEW + PERMIT TOTAL			PLAN REVIEW FEE			BUILDING PERMIT FEE		
	CITY OF FORT COLLINS	COMPARATIVE AVERAGE	% DIFF	CITY OF FORT COLLINS	COMPARATIVE AVERAGE	% DIFF	CITY OF FORT COLLINS	COMPARATIVE AVERAGE	% DIFF
New Residential Duplex	\$ 1,329	\$ 1,299	1.14%	\$ 432	\$ 469	-4.06%	\$ 897	\$ 830	3.87%
Residential Addition	\$ 297	\$ 278	3.30%	\$ 96	\$ 90	3.02%	\$ 200	\$ 187	3.28%
Basement Finish	\$ 156	\$ 169	-4.00%	\$ 25	\$ 55	-37.54%	\$ 131	\$ 114	7.12%
New Single Family Attached	\$ 1,744	\$ 2,225	-12.12%	\$ 185	\$ 726	-59.39%	\$ 1,559	\$ 1,500	1.93%
New Multi-Family Building	\$ 20,779	\$ 23,938	-7.06%	\$ 6,753	\$ 9,127	-14.95%	\$ 14,026	\$ 14,811	-2.72%
New Commercial Mixed Use Bldg	\$ 7,279	\$ 7,713	-2.89%	\$ 2,366	\$ 3,218	-15.26%	\$ 4,913	\$ 4,495	4.44%
New Commercial Retail Bldg	\$ 8,329	\$ 9,354	-5.80%	\$ 2,707	\$ 3,888	-17.91%	\$ 5,622	\$ 5,466	1.41%

**Table 2: Building Construction Projects**  
**CITY OF FORT COLLINS COMPARED TO ALL-CITIES AVERAGE**

	PLAN REVIEW + PERMIT TOTAL			PLAN REVIEW FEE			BUILDING PERMIT FEE		
	CITY OF FORT COLLINS	COMPARATIVE AVERAGE	% DIFF	CITY OF FORT COLLINS	COMPARATIVE AVERAGE	% DIFF	CITY OF FORT COLLINS	COMPARATIVE AVERAGE	% DIFF
New Residential Duplex	\$ 1,329	\$ 1,347	-0.67%	\$ 432	\$ 515	-8.76%	\$ 897	\$ 849	2.75%
Residential Addition	\$ 297	\$ 291	1.02%	\$ 96	\$ 84	6.67%	\$ 200	\$ 167	8.99%
Basement Finish	\$ 156	\$ 180	-7.14%	\$ 25	\$ 57	-38.81%	\$ 131	\$ 109	9.28%
New Single Family Attached	\$ 1,744	\$ 2,001	-6.86%	\$ 185	\$ 671	-56.78%	\$ 1,559	\$ 1,270	10.22%
New Multi-Family Building	\$ 20,779	\$ 23,880	-6.94%	\$ 6,753	\$ 7,769	-7.00%	\$ 14,026	\$ 13,920	0.38%
New Commercial Mixed Use Bldg	\$ 7,279	\$ 7,522	-1.64%	\$ 2,366	\$ 2,826	-8.86%	\$ 4,913	\$ 4,294	6.72%
New Commercial Retail Bldg	\$ 8,329	\$ 9,173	-4.82%	\$ 2,707	\$ 3,396	-11.29%	\$ 5,622	\$ 5,328	2.68%

**Table 3: Building Construction Projects**  
**CITY OF FORT COLLINS COMPARED TO ALL-CITIES MEDIAN**

	PLAN REVIEW + PERMIT TOTAL			PLAN REVIEW FEE			BUILDING PERMIT FEE		
	CITY OF FORT COLLINS	COMPARATIVE MEDIAN	% DIFF	CITY OF FORT COLLINS	COMPARATIVE MEDIAN	% DIFF	CITY OF FORT COLLINS	COMPARATIVE MEDIAN	% DIFF
New Residential Duplex	\$ 1,329	\$ 1,230	3.87%	\$ 432	\$ 452	-2.26%	\$ 897	\$ 819	4.55%
Residential Addition	\$ 297	\$ 268	5.13%	\$ 96	\$ 100	-2.04%	\$ 200	\$ 181	4.99%
Basement Finish	\$ 156	\$ 176	-6.02%	\$ 25	\$ 62	-42.53%	\$ 131	\$ 117	5.65%
New Single Family Attached	\$ 1,744	\$ 2,157	-10.59%	\$ 185	\$ 803	-62.55%	\$ 1,559	\$ 1,458	3.35%
New Multi-Family Building	\$ 20,779	\$ 23,070	-5.22%	\$ 6,753	\$ 8,452	-11.17%	\$ 14,026	\$ 14,695	-2.33%
New Commercial Mixed Use Bldg	\$ 7,279	\$ 7,992	-4.67%	\$ 2,366	\$ 3,114	-13.65%	\$ 4,913	\$ 4,791	1.26%
New Commercial Retail Bldg	\$ 8,329	\$ 9,223	-5.09%	\$ 2,707	\$ 3,621	-14.44%	\$ 5,622	\$ 5,570	0.46%

**Table 4: Miscellaneous Projects**  
**CITY OF FORT COLLINS COMPARED TO COLORADO CITIES & ALL-CITIES AVERAGE**

	CITY OF FORT COLLINS	COLORADO CITIES		ALL CITIES			
		COMPARATIVE AVERAGE	% DIFF	COMPARATIVE AVERAGE	% DIFF	COMPARATIVE MEDIAN	% DIFF
Residential Roofing Permit	\$ 47	\$ 46	1.08%	\$ 50	-3.09%	\$ 48	-1.05%
Commercial Roofing Permit	\$ 575	\$ 743	-12.79%	\$ 694	-9.42%	\$ 714	-10.83%
Demolition Permit	\$ 50	\$ 49	1.01%	\$ 114	-39.02%	\$ 57	-6.54%
Electric Service Change	\$ 25	\$ 41	-24.24%	\$ 40	-23.08%	\$ 39	-21.88%
Residential Electrical Permit	\$ 39	\$ 53	-15.22%	\$ 84	-36.59%	\$ 45	-7.14%
Residential Mechanical Permit	\$ 25	\$ 117	-64.79%	\$ 121	-65.75%	\$ 125	-66.67%
Residential Plumbing Permit	\$ 33	\$ 35	-2.94%	\$ 65	-32.65%	\$ 37	-5.71%
Residential Gas Log Permit	\$ 25	\$ 58	-39.76%	\$ 58	-39.76%	\$ 49	-32.43%
Water Heater Permit	\$ 25	\$ 44	-27.54%	\$ 48	-31.51%	\$ 49	-32.43%
Commercial Electrical Permit	\$ 179	\$ 233	-13.11%	\$ 169	2.87%	\$ 217	-9.60%
Commercial Mechanical Permit	\$ 87	\$ 102	-7.94%	\$ 96	-4.92%	\$ 103	-8.42%

## 4. APPENDIX

### DEMOGRAPHIC COMPARISON

Peer Jurisdiction	Population	Median Household Income	Median Housing Value
Fort Collins, CO	165,080	\$ 57,831	\$ 285,400
Anaheim, CA	352,497	\$ 61,826	\$ 457,600
Arvada, CO	118,807	\$ 72,010	\$ 278,100
Asheville, NC	91,902	\$ 44,946	\$ 212,000
Boulder, CO	107,125	\$ 60,569	\$ 554,500
Greeley, CO	105,448	\$ 50,483	\$ 183,300
Lakewood, CO	154,958	\$ 58,227	\$ 273,200
Longmont, CO	94,341	\$ 62,847	\$ 272,100
Loveland, CO	76,701	\$ 59,353	\$ 237,200
Olathe, KS	137,472	\$ 79,691	\$ 201,200
Portland, ME	66,882	\$ 48,259	\$ 248,000
Provo, UT	117,335	\$ 42,600	\$ 214,800
Thornton, CO	136,978	\$ 69,417	\$ 236,100
Westminster, CO	112,812	\$ 69,805	\$ 249,900
Boise, ID*	226,570	\$ 54,547	\$ 206,800
Eugene, OR*	168,916	\$ 47,489	\$ 257,200

\*consultant's choice

\*\*Data obtained from census.gov.





Development Review Fee Updates – Council Finance  
Tom Leeson & Noelle Currell – March 2019

## Council Direction Sought

- Is Council supportive of methodology changes?
- What cost recovery percentage should fees be based upon?

## History of Fees

- Fees were first established in the 1920s.
- The last major external fee study occurred in 2008 but any changes were deferred due to the recession.
- The topic came back to Council in 2011 with updates for amounts from an internal study which were ultimately adopted. No updates have occurred since 2011 other than increases for CPI annually.
- Prior to 2011 cost recovery was set at 80%; the 2011 study modified cost recovery to 100%\*

## Current Study

- City of Fort Collins contracted with MGT consultants to do a full bottoms up analysis on fees

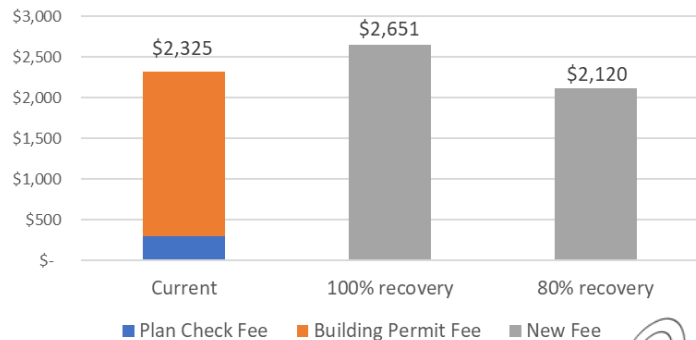
- No methodology changes for pre-building permit activity (examples: Preliminary Development Plan, Minor Amendment, Final Development Plan)
  - Consolidation of fees so customer sees one fee (e.g. APO labels removed)
  - Currently – 114 individual fees; new structure has 76\* fees
- Methodology shift for building permit fees → will be based on square footage/type of building, not valuation of building
  - Square footage/building type are what drives staff time
  - No judgment in square footage
- Over the Counter permits will go to flat fee versus valuation based (examples: residential roof, water heater, furnace)
  - Type of work is what drives staff time, not value
  - More customer friendly



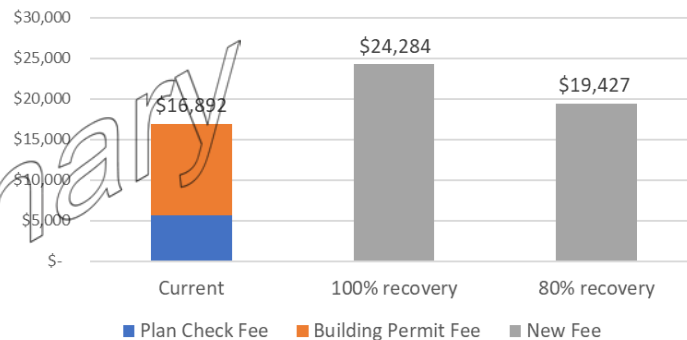
- Focused on true cost drivers of fees
- Consultants met with staff from all parts of development review (planners, Building Development Review Techs, Inspectors)
  - Looked at each type of fee that we assessed
  - Employees estimated how much time each item we charge for takes to get done
  - Full cost is built out based upon % of time and employee “cost” to accomplish a given task/fee item
- Preliminary data received back from consultants on 3/12 – still needs to be validated

# Examples of Impacts (Not final)

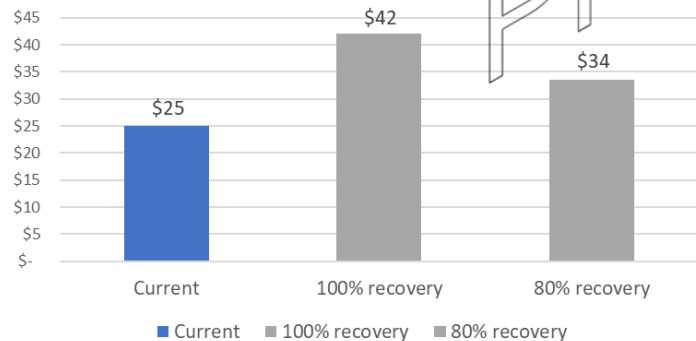
Single Family Detached - 2500 sq ft, \$303k value



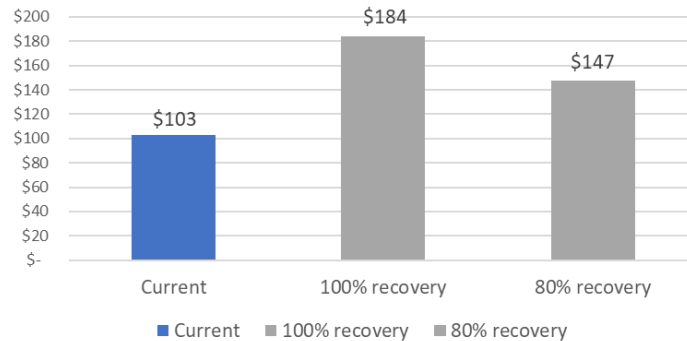
New Commerical- 12,142 sq ft, \$2.76M value



New Furnace - \$6,566 value

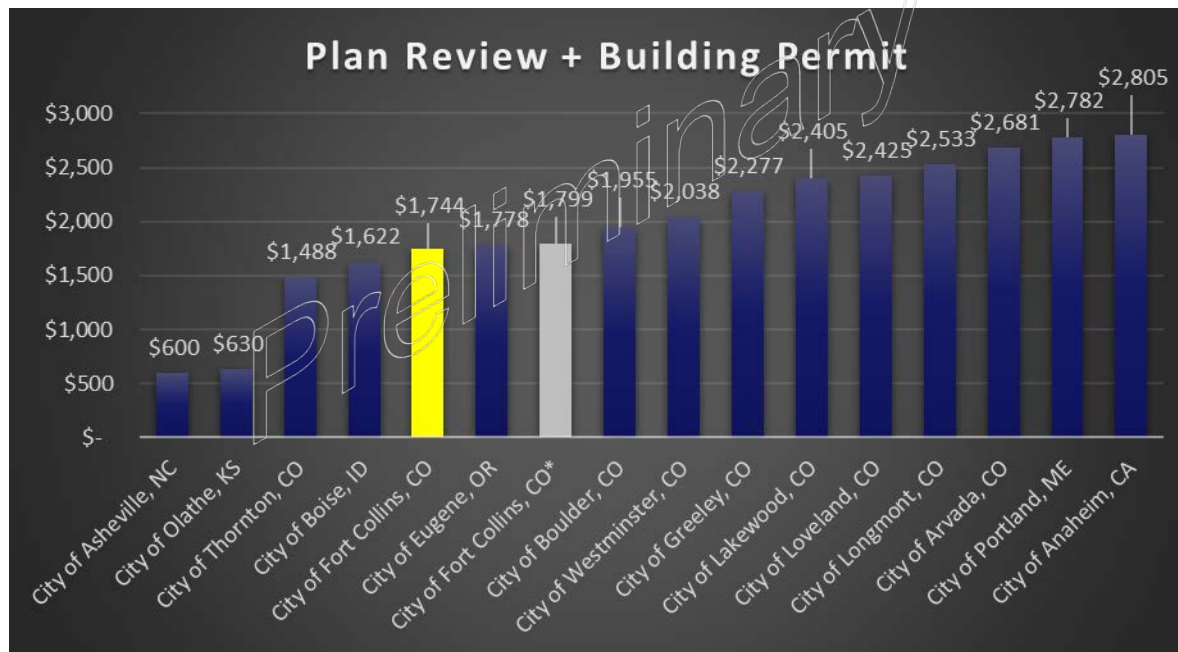


New Sanitary Sewer Manhole



## Peer Cities – Single Family

Single Family Attached – 1300 sq ft, \$184k valuation

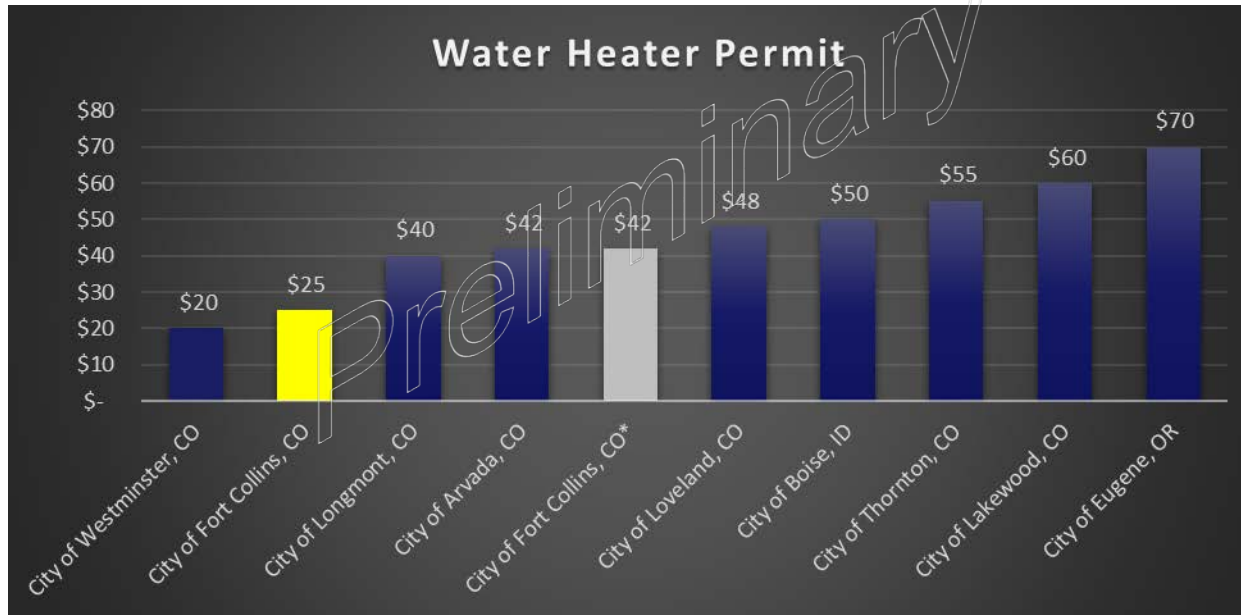


New Commercial – 4,680 square feet, \$850k valuation

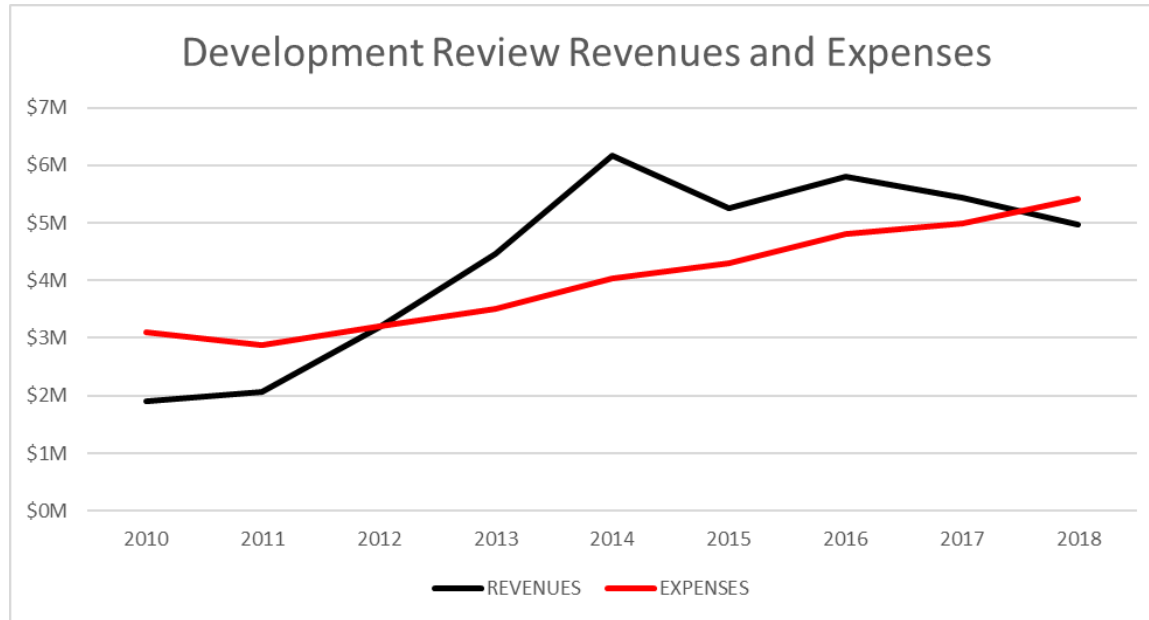


## Peer Cities – Over the Counter Permits

### New Residential Water Heater - \$1,300 valuation



## Historical Revenues/Expenses



Projections into the future will depend on cost recovery percentage pursued

To be scheduled pending feedback from Council

- South Fort Collins Business Association
- Super Issues Forum
- Norther Colorado Homebuilder's Association
- Downtown Development Authority
- North Fort Collins Business Association
- Local Legislative Affairs Committee
- Affordable Housing Board
- Human Relations Board
- Economic Advisory Commission
- Board of Realtors
- Building Review Board
- Parks and Recreation Board?
- Housing Catalyst

- Finalization of data with consultants and final recommended fees
- Public Outreach
- Council Finance
- Council Worksession
- Council Adoption



Questions?

## **COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY**

**Staff:** Josh Birks, Rachel Rodgers

**Date:** March 18, 2019

### **SUBJECT FOR DISCUSSION**

**City's Tax Increment Contribution to the Proposed College and Drake Urban Renewal Plan**

### **EXECUTIVE SUMMARY**

The purpose of this item is to review the proposed City property and sales tax increment contribution to the proposed College and Drake Urban Renewal Plan.

### **GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

1. Does the Committee have any questions about the proposed tax increment contribution by the City in support of the College and Drake Urban Renewal Plan?
2. What additional information does the Committee feel Council will need in order to review this proposal?

### **BACKGROUND/DISCUSSION**

The City of Fort Collins (the "City") is considering the adoption of a new Urban Renewal Plan, at the intersection of College Avenue and Drake Road, (the "Plan") to direct the activities of the Fort Collins Urban Renewal Authority (the "Authority"), pursuant to the Colorado Urban Renewal Law, C.R.S. §31-25-101 *et seq.*

The Plan enables the use of Tax Increment Financing ("TIF") as a tool to stimulate and leverage both public and private sector development, including redevelopment, to help remedy adverse conditions and prevent the spread of further deterioration. The Plan effort originated in response to two proposals for private development in the area. While these two projects are anticipated to occur in the near term, additional development and redevelopment may occur incrementally over the life of the Plan.

In 2014, the Larimer County Tax Increment Financing Study Group (the "TIF Study Group") was formed of representatives from Larimer County, municipalities in the county currently using urban renewal (Fort Collins, Loveland, and Timnath), five other municipalities, and selected taxing districts and special districts. The TIF Study group:

- Acknowledged the positive impact of TIF in providing needed financial support for redevelopment and economic development investments in the County; and
- Convened because of concerns about requirements to provide services to the new development created by urban renewal supported by TIF.

The TIF Study Group had three primary objectives:

1. Develop a method to qualify and quantify the fiscal and economic impacts and financial risks of TIF proposals;
2. Develop a way to evaluate the indirect impacts of TIF projects and corresponding financial effects on taxing entities; and
3. Establish a framework for formal agreements that balance the benefits and risks among participating entities in Larimer County.

To achieve objective three (3) above. The Plan Area Review Committee (the “PRC”) recommends that the Plan include a specific set of improvements to be funded in part or fully by TIF. This list of improvements would then be attached to any intergovernmental agreement (“IGA”) between the Authority and an impacted tax entity. The intent is to provide a clear list of the uses of TIF prior to adopting the plan. Once all improvements on the list are fully funded and constructed the collection of TIF would terminate with revenue reverting back to the appropriate entity. This would apply to all incremental property tax revenue and sales tax revenue.

### **City Sales Tax Increment & Contribution:**

In 2015, the State Legislature significantly revised the Urban Renewal Law. Aside from adjusting the composition and size of the Board, the changes also required that the Authority negotiation an allocation of property and/or sales tax increment with each impacted entity. Authority staff have held several discussions with the various entities. However, little discussion has occurred with the City directly, which is technically a separate and impacted entity as well.

Historically, the City has pledged 100 percent of the property tax increment into all projects. In addition, the City dedicated 100 percent of the sales tax increment associated with the 2.25 percent general fund rate.

During discussions between the Authority and the impacted taxing entities a key concept continues to rise to the top of the discussions. That concept is one of equity between the impacted taxing entities. This is central to the County’s desire to include language about the City’s sales tax dedicated in the Intergovernmental Agreement between it and the Authority. As such, staff recognizes that the new landscape of Urban Renewal will require greater City participation than in the past. This participation will need to include sales tax increment as well.

The current proposal includes:

- 50 percent of the sales tax increment from the 2.25 percent general fund rate net of the existing King Soopers sales will be allocated to the Authority;
- The agreement would exclude any future increases to the general fund rate, explicitly referring to the current 2.25 percent general fund rate;

- Furthermore, the total revenue generated from sales tax increment will be capped at \$10,144,496 based on a 2 percent inflation factor, see **Table 1** below.
- Finally, the agreement between the City and the Authority will several provisions consistent with the other taxing entities:
  - TIF use will be limited to a list of public improvements within an attached exhibit with the ability to escalate the costs based on the Engineering News Record inflation rate;
  - The agreement will specify that it does not set precedent for future agreements; and
  - The agreement will require an annual report be generated updating the City on the progress of the plan.

**Table 1**  
**Estimated City Sales Tax Increment**

**City of Fort Collins General Fund (2.25%)**

*Annual Growth Rate*

	Present	2021	TOTAL
<b>TOTAL General Fund</b>	<b>\$13,252,906</b>	<b>\$676,654</b>	<b>\$23,334,585</b>
<b>TOTAL City Pledged to Project</b> (50% of King Soopers and Spradley Barr)	\$5,753,078	\$316,716	<b>\$10,144,496</b>

**City of Fort Collins Dedicated Sales Taxes**

*Annual Growth Rate*

	Present Value	2021	TOTAL
Natural Areas Tax (0.25%)	\$980,052	\$52,874	<b>\$1,729,113</b>
Street Maintenance Tax (0.25%)	\$980,052	\$52,874	<b>\$1,729,113</b>
Capital - CCIP (0.25%)	\$980,052	\$52,874	<b>\$1,729,113</b>
KFCG (0.85%)	\$3,332,176	\$179,771	<b>\$5,878,983</b>
<b>Total Other City Sales Tax</b>	<b>\$6,272,331</b>	<b>\$338,393</b>	<b>\$11,066,321</b>
<b>TOTAL CITY SALES TAXES</b>	<b>\$19,525,237</b>	<b>\$1,015,047</b>	<b>\$34,400,906</b>

Total City sales tax increment is estimated to be \$677,000 annually or \$23.3 million over the plan area period. This represent approximately \$13.3 million in time value adjusted dollars (assuming a 4.5 percent discount rate). The current proposal from the Authority pledges 50 percent of the net new increment or approximately \$317,000 annually for a total of \$10.1 million. This represents approximately \$5.8 million in time value adjusted dollars to support the College and Drake Plan.

The City will also receive Lodging Tax revenue, which is split between Visit Fort Collins and Fort Fund grant dollars. It is estimated that approximately \$110,000 annually will be generated from the proposed hotel for a total of \$3.9 million in total or \$2.2 million in present value, as shown in **Table 2**.

**Table 2**  
**Estimated City Lodging Tax Increment**

**City of Fort Collins Lodging Tax (3%)**

*Annual Growth Rate*

	Present Value	2021	TOTAL
<b>Hotel Site</b>	<b>\$2,226,648</b>	<b>\$110,192</b>	<b>\$3,939,769</b>

**Other Entity Sales Tax Increment:**

In addition, other taxing entities including the State of Colorado and Larimer County will receive additional sales tax revenue from the project. Using the same assumptions regarding net new revenue the State will received approximately \$560,000 annually for a total of \$18.3 million over the 25-year period, as shown in **Table 3**. The County will receive approximately \$155,000 annually split across the Base Tax and Mental Health Tax.

**Table 3**  
**Estimated Sales Tax Increment, Other Entities**

**All Other Sales Taxes Generated**

*Annual Growth Rate*

	Present Value	2021	TOTAL
<b>All Parcels</b>			
<b>State of CO (2.9%)</b>	<b>\$10,408,544</b>	<b>\$560,485</b>	<b>\$18,364,826</b>
<b>Larimer County (0.80% total)</b>	<b>\$9,977,701</b>	<b>\$154,616</b>	<b>\$5,066,159</b>
Base Tax (0.55%)	\$1,974,034	\$106,299	\$3,482,984
Mental Health Tax (0.25%)	\$897,288	\$48,318	\$1,583,175

**Policy Implications:**

On September 30, 2014, the Authority adopted *Revised Policies Relating to Financial Management for the Urban Renewal Authority*, that defined the way the Authority will reimburse developers using Tax Increment Financing (“TIF”). The current policy stipulates that the Authority should (see Attachment 3 for the full policy):

- Reimburse developers over time rather than upfront;
- Encourage limiting the contribution to a developer at no more than 50 percent of the anticipated TIF generated by that developer; and
- Limit the TIF contribution to no more than 25 percent of a specific development’s cost.

While this policy governs the use of TIF by the Authority, and thus has been adopted by that body. No policy exists guiding the City’s contribution of property or sales tax increment to a specific Urban Renewal Plan. This may be a policy that City Council should consider evaluating and adopting.

## **ATTACHMENTS**

1. Staff Presentation
2. Estimated Sales Tax Revenue Exhibit
3. Resolution No. 071 Of the Board of Commissioners of the Fort Collins Urban Renewal Authority Adopting Revised Policies Relating to Financial Management for the Urban Renewal Authority

The background image shows the entrance of a building with a curved white roof and a blue-tinted glass facade. The entrance has several glass doors, some of which are boarded up with plywood. The building is flanked by white corrugated metal walls. The title text is overlaid on a dark blue horizontal band across the middle of the image.

# College & Drake Urban Renewal Plan Update: City Tax Increment Contribution

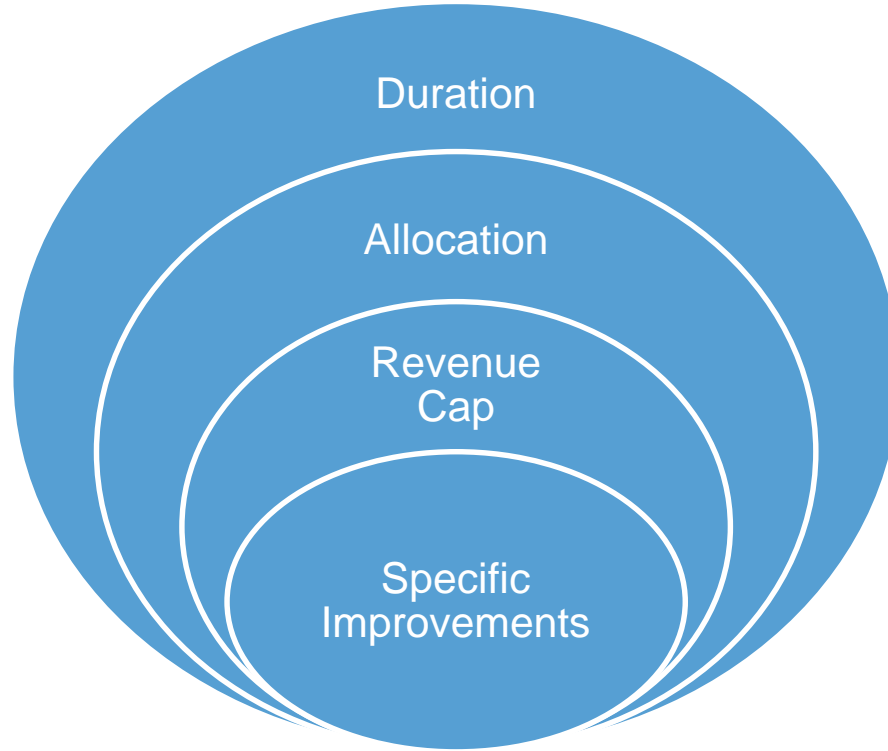
*Josh Birks, Economic Health and Redevelopment Director*

## Questions for the Committee

1. Does the Committee have any questions about the proposed contribution by the City in support of the College and Drake Urban Renewal Plan?
2. What additional information does the Committee feel Council will need in order to review this proposal?



# Increment Limitations



## **Increment Limitations:**

- Duration – Max 25 years
- Allocation – Varies
- Cap – Based on 2% growth
- Expenses – Specific list; escalated annually by ENR

## **Additional Provisions:**

- No Precedent
- Annual Report to Entities

## Proposed City TIF Contribution:

City's Contribution includes two parts:

1. 100% of the City's Property Tax Increment
2. 50% of the net new sales tax revenue generated by 2.25% tax rate
  - Excludes all future increases to the general fund rate
  - Nets out average sales from King Soopers store
  - A specific base amount will be stated in the agreement

# Total Estimated City Contribution

Taxing Entity / Revenue Source	Mills / Rate	Assumptions	Annual Increment	Total Increment
City of Fort Collins / Property Tax	9.797	100% of Increment Committed	\$ 88,501	\$ 2,835,000
City of Fort Collins / Share of Road & Bridge Property Tax	0.500	0% of Increment Committed	\$ -	\$ -
City of Fort Collins / Sales Tax	2.25%	50% of Net New Increment Committed	\$ 316,713	\$ 10,144,000
<b>Total</b>			<b>\$ 405,214</b>	<b>\$ 12,979,000</b>

**Includes 2% growth/appreciation – basis of \$ cap**

# Public Improvements

Item	Development Related (Financial Gap)	Plan Area Improvements (Blight Remediation)	Plan Related Expenditures (Subtotal)	Additional Opportunities (Community Benefit)	Total
Intersection Improvements & Safety	\$ 125,000	\$ 3,900,000	\$ 4,025,000	\$ -	\$ 4,025,000
Bicycle & Multi-Use Improvements & Safety	\$ 150,000	\$ 1,490,000	\$ 1,640,000	\$ -	\$ 1,640,000
Traffic Safety Improvements	\$ 325,000	\$ 1,300,000	\$ 1,625,000	\$ -	\$ 1,625,000
Parking Management	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Pedestrian & Sidewalk Improvements (ADA Compliance)	\$ 530,000	\$ 115,000	\$ 645,000	\$ -	\$ 645,000
Landscaping & Streetscape	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ 500,000
Transit Access & Improvements	\$ 85,000	\$ 85,000	\$ 170,000	\$ -	\$ 170,000
Other Expenses	\$ 4,660,000	\$ -	\$ 4,660,000	\$ -	\$ 4,660,000
<b>Total</b>	<b>\$ 5,875,000</b>	<b>\$ 7,390,000</b>	<b>\$ 13,265,000</b>	<b>\$ 200,000</b>	<b>\$ 13,465,000</b>

**UPDATE: Cost allowed to escalation by defined factor - ENR**

# Estimated Total Sales Tax Revenue: City

## City of Fort Collins General Fund (2.25%)

Annual Growth Rate

	Present	2021	TOTAL
<b>TOTAL General Fund</b>	<b>\$13,252,906</b>	<b>\$676,654</b>	<b>\$23,334,585</b>
<b>TOTAL City Pledged to Project</b> (50% of King Soopers and Spradley Barr)	<b>\$5,753,078</b>	<b>\$316,716</b>	<b>\$10,144,496</b>

## City of Fort Collins Dedicated Sales Taxes

Annual Growth Rate

	Present Value	2021	TOTAL
Natural Areas Tax (0.25%)	\$980,052	\$52,874	<b>\$1,729,113</b>
Street Maintenance Tax (0.25%)	\$980,052	\$52,874	<b>\$1,729,113</b>
Capital - CCIP (0.25%)	\$980,052	\$52,874	<b>\$1,729,113</b>
KFCG (0.85%)	\$3,332,176	\$179,771	<b>\$5,878,983</b>
<b>Total Other City Sales Tax</b>	<b>\$6,272,331</b>	<b>\$338,393</b>	<b>\$11,066,321</b>
<b>TOTAL CITY SALES TAXES</b>	<b>\$19,525,237</b>	<b>\$1,015,047</b>	<b>\$34,400,906</b>

# Estimated Sales Tax Revenues: Others

## City of Fort Collins Lodging Tax (3%)

*Annual Growth Rate*

	Present Value	2021	TOTAL
Hotel Site	\$2,226,648	\$110,192	\$3,939,769

## All Other Sales Taxes Generated

*Annual Growth Rate*

	Present Value	2021	TOTAL
<b>All Parcels</b>			
State of CO (2.9%)	\$10,408,544	\$560,485	<b>\$18,364,826</b>
<b>Larimer County (0.80% total)</b>	<b>\$9,977,701</b>	\$154,616	<b>\$5,066,159</b>
Base Tax (0.55%)	\$1,974,034	\$106,299	\$3,482,984
Mental Health Tax (0.25%)	\$897,288	\$48,318	\$1,583,175

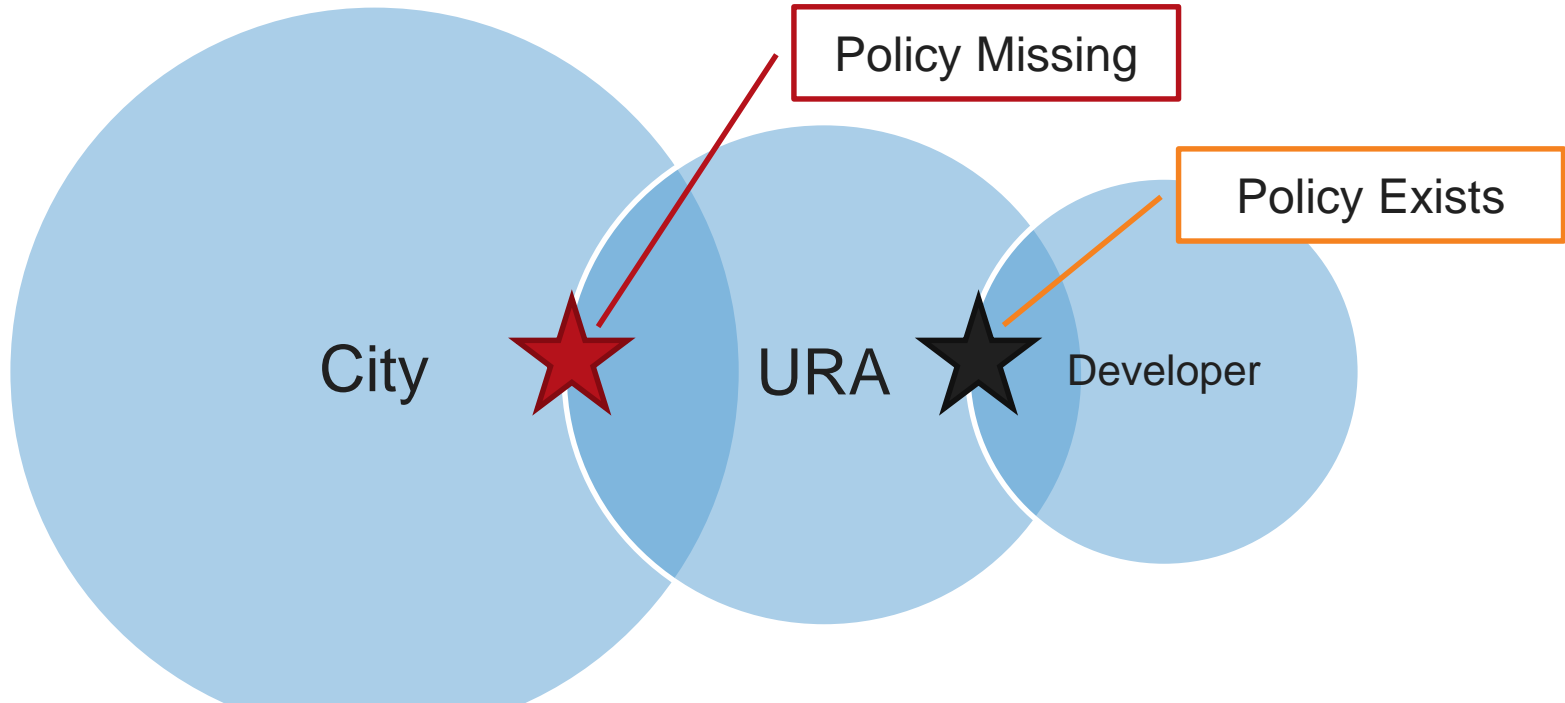


**Key Takeaway:** continued delay; 120 days ends April 11, 2019



## **Existing Policy**

- Adopted by URA Board – September 30, 2014
- Defines the manner in which the URA will reimburse a developer using Tax Increment Financing
  - Prefers pay over time
  - Encourages limiting contribution to developer at 50% of anticipated TIF
  - Limits TIF contribution to no more than 25% of project cost



**Key Takeaway:** City Policy regarding TIF Contribution Needed

## Questions for the Committee

1. Does the Committee have any questions about the proposed contribution by the City in support of the College and Drake Urban Renewal Plan?
2. What additional information does the Committee feel Council will need in order to review this proposal?

City of Fort Collins General Fund (2.25%)													
Annual Growth Rate		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
		@4.5%	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Years 11-25
	Present Value	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-2045	TOTAL
<b>K-Mart parcel</b>													
King Soopers	\$9,179,585	\$505,350	\$515,457	\$525,766	\$536,281	\$547,007	\$557,947	\$569,106	\$580,488	\$592,098	\$603,940	\$10,653,070	\$16,186,512
Net Ancillary Retail	\$744,871	\$41,006	\$41,826	\$42,663	\$43,516	\$44,386	\$45,274	\$46,180	\$47,103	\$48,045	\$49,006	\$864,435	\$1,313,442
<b>Sub-total</b>	<b>\$9,924,456</b>	<b>\$546,356</b>	<b>\$557,283</b>	<b>\$568,429</b>	<b>\$579,798</b>	<b>\$591,394</b>	<b>\$603,221</b>	<b>\$615,286</b>	<b>\$627,592</b>	<b>\$640,143</b>	<b>\$652,946</b>	<b>\$11,517,506</b>	<b>\$17,499,954</b>
<b>Spradley Barr Retail</b>													
	<b>\$1,581,701</b>	\$87,075	\$88,817	\$90,593	\$92,405	\$94,253	\$96,138	\$98,061	\$100,022	\$102,022	\$104,063	\$1,835,591	<b>\$2,789,038</b>
<b>Hotel Site</b>													
Rooms	\$1,669,986	\$82,644	\$89,405	\$96,405	\$98,602	\$100,299	\$102,305	\$104,352	\$106,730	\$108,567	\$110,739	\$1,954,778	\$2,954,827
Other Taxable Hotel Revenue	\$76,763	\$3,803	\$4,047	\$4,451	\$4,612	\$4,776	\$4,920	\$5,042	\$5,164	\$5,332	\$5,456	\$86,385	\$133,989
<b>Sub-total</b>	<b>\$1,746,749</b>	<b>\$86,446</b>	<b>\$93,452</b>	<b>\$100,856</b>	<b>\$103,214</b>	<b>\$105,076</b>	<b>\$107,225</b>	<b>\$109,393</b>	<b>\$111,894</b>	<b>\$113,900</b>	<b>\$116,195</b>	<b>\$2,041,163</b>	<b>\$3,088,815</b>
Pledged to Developer	\$873,374	\$43,223	\$46,726	\$50,428	\$51,607	\$52,538	\$53,613	\$54,697	\$55,947	\$56,950	\$58,097	\$1,020,581	\$1,544,408
City Tax	\$873,374	\$43,223	\$46,726	\$50,428	\$51,607	\$52,538	\$53,613	\$54,697	\$55,947	\$56,950	\$58,097	\$1,020,581	\$1,544,408
<b>TOTAL General Fund</b>	<b>\$13,252,906</b>	<b>\$676,654</b>	<b>\$739,552</b>	<b>\$759,878</b>	<b>\$775,417</b>	<b>\$790,722</b>	<b>\$806,585</b>	<b>\$822,740</b>	<b>\$839,508</b>	<b>\$856,065</b>	<b>\$873,204</b>	<b>\$15,394,260</b>	<b>\$23,334,585</b>
<b>TOTAL City Pledged to Project (50% of King Soopers and Spradley Barr)</b>	<b>\$5,753,078</b>	<b>\$316,716</b>	<b>\$323,050</b>	<b>\$329,511</b>	<b>\$336,101</b>	<b>\$342,823</b>	<b>\$349,680</b>	<b>\$356,673</b>	<b>\$363,807</b>	<b>\$371,083</b>	<b>\$378,504</b>	<b>\$6,676,549</b>	<b>\$10,144,496</b>

City of Fort Collins Dedicated Sales Taxes													
Annual Growth Rate		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
		@4.5%	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Years 11-25
	Present Value	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-2045	TOTAL
<b>All Parcels</b>													
Natural Areas Tax (0.25%)	\$980,052	\$52,874	\$54,518	\$56,223	\$57,385	\$58,511	\$59,686	\$60,882	\$62,135	\$63,352	\$64,621	\$1,138,926	<b>\$1,729,113</b>
Street Maintenance Tax (0.25%)	\$980,052	\$52,874	\$54,518	\$56,223	\$57,385	\$58,511	\$59,686	\$60,882	\$62,135	\$63,352	\$64,621	\$1,138,926	<b>\$1,729,113</b>
Capital - CCIP (0.25%)	\$980,052	\$52,874	\$54,518	\$56,223	\$57,385	\$58,511	\$59,686	\$60,882	\$62,135	\$63,352	\$64,621	\$1,138,926	<b>\$1,729,113</b>
KFCG (0.85%)	\$3,332,176	\$179,771	\$185,360	\$191,158	\$195,110	\$198,936	\$202,933	\$207,000	\$211,259	\$215,396	\$219,710	\$3,872,349	<b>\$5,878,983</b>
<b>Total Other City Sales Tax</b>	<b>\$6,272,331</b>	<b>\$338,393</b>	<b>\$348,913</b>	<b>\$359,827</b>	<b>\$367,267</b>	<b>\$374,468</b>	<b>\$381,991</b>	<b>\$389,648</b>	<b>\$397,663</b>	<b>\$405,451</b>	<b>\$413,572</b>	<b>\$7,289,127</b>	<b>\$11,066,321</b>
<b>Hotel Site</b>													
City of Fort Collins Lodging Tax (3%)	<b>\$2,226,648</b>	\$110,192	\$119,207	\$128,540	\$131,470	\$133,733	\$136,407	\$139,135	\$142,307	\$144,756	\$147,652	\$2,606,371	<b>\$3,939,769</b>
<b>TOTAL CITY SALES TAXES</b>	<b>\$21,751,885</b>	<b>\$1,125,239</b>	<b>\$1,207,673</b>	<b>\$1,248,245</b>	<b>\$1,274,153</b>	<b>\$1,298,922</b>	<b>\$1,324,983</b>	<b>\$1,351,523</b>	<b>\$1,379,478</b>	<b>\$1,406,273</b>	<b>\$1,434,428</b>	<b>\$25,289,759</b>	<b>\$38,340,675</b>

All Other Sales Taxes Generated													
Annual Growth Rate		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
		@4.5%	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Years 11-25
	Present Value	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-2045	TOTAL
<b>All Parcels</b>													
<b>State of CO (2.9%)</b>	\$10,408,544	\$560,485	\$578,496	\$597,200	\$609,583	\$621,513	\$634,006	\$646,716	\$660,054	\$672,955	\$686,436	\$12,097,382	<b>\$18,364,826</b>
<b>Larimer County (0.80% total)</b>													
Base Tax (0.55%)	\$1,974,034	\$106,299	\$109,715	\$113,262	\$115,611	\$117,873	\$120,242	\$122,653	\$125,183	\$127,629	\$130,186	\$2,294,331	\$3,482,984
Mental Health Tax (0.25%)	\$897,288	\$48,318	\$49,870	\$51,483	\$52,550	\$53,579	\$54,656	\$55,751	\$56,901	\$58,013	\$59,176	\$1,042,878	\$1,583,175

**Assumptions**

- 75% of new King Soopers Marketplace sales are grocery (\$34.8M), subject to 2.25% sales tax, 25% of sales are prepared foods and non-food items (\$11.6M), subject to 3.85% sales tax.
- All of existing King Soopers sales (\$24M) are food subject to 2.25% sales tax.
- The City dedicated sales tax rates are not charged on groceries.
- Hotel sales tax back to the developer is 50% of the 2.25% base rate on sales.
- Assume conservative 2% annual growth rate for all sales.
- Analysis starts at first full year of operations.
- Assumes KFCG renewal will not be subject to grocery sales tax.
- Assumes capital tax renewal in some form at 0.25% after the sunset of CCIP in 2025.
- Assumptions for hotel occupancy and sales come from our consultant.

RESOLUTION NO. 071  
OF THE BOARD OF COMMISSIONERS OF THE  
FORT COLLINS URBAN RENEWAL AUTHORITY ADOPTING REVISED POLICIES  
RELATING TO FINANCIAL MANAGEMENT FOR THE  
URBAN RENEWAL AUTHORITY

WHEREAS, on October 23, 2012, the Board of Commissioners of the Fort Collins Urban Renewal Authority (the "Board") adopted Resolution No. 45, approving and adopting new and extensive policies and procedures in order to better describe the priorities and expectations for the processing of applications for financial assistance from the Fort Collins Urban Renewal Authority (the "Authority"); and

WHEREAS, in response to Board input, Authority staff initiated review of Authority policies to provide a set of operating norms for future tax increment financing commitments to be used by Authority staff, and to guard against the risk associated with rising interest rates, a diminution of assessed value, and other market risks; and

WHEREAS, in reviewing the Authority's policies and procedures, Authority staff has recommended certain amendments that place parameters on the amount of tax increment financing that can be provided based on, but not limited to, a project's need for gap financing, the size of a particular deal, the type of improvements supported by public financing and/or the public benefit provided; and

WHEREAS, in response to the Urban Renewal Authority Finance Committee input during the November 21, 2013, meeting, as well as the July 11, 2014, Board worksession, Authority staff has recommended certain policy changes that provide a set of financial parameters to be utilized by the Authority; and

WHEREAS, the Finance Committee of the Board will review on an annual basis the financial parameters adopted below, and will make recommendations to the Board regarding revisions to this policy.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE FORT COLLINS URBAN RENEWAL AUTHORITY that the Board hereby approves and adopts the Fort Collins Urban Renewal Authority Policies attached hereto as Exhibit "A" and incorporated herein by this reference.

Passed and adopted at a regular meeting of the Board of the Commissioners of the City of Fort Collins Urban Renewal Authority this 30th day of September A.D. 2014.

*Loren Wickham*  
Chairperson

ATTEST:

*Wanda Nelson*  
Secretary



## 1.1 Tax Increment Financing

Issue Date: TBD  
Version: 1  
Issued by: Director  
Economic Health

### **Objective:**

*The following parameters are intended to provide a set of operating norms for financing URA projects. The financing parameters represent a range of preferred methods. The decision to utilize a particular financing method is contingent upon a project's need for gap financing, the size of a particular deal, the type of improvements supported by public financing and/or the public benefit provided.*

### **Applicability:**

*This policy applies to Fort Collins Urban Renewal Authority.*

### **Authorized by:**



# Tax Increment Financing Parameters

## 1.1 Guiding Principles

- A. Retaining a percentage of the total tax increment collected guards against the risk associated with rising interest rates, a diminution of assessed value, and other market risks.
- B. During volatile and/or rising rate environments, consideration will be given to reducing the amount of TIF committed by the URA as a hedge against dramatic rate increases that increase the cost of financing to the URA

## 1.2 TIF Parameters

Element	URA Assistance Purpose: <b>Create</b>		URA Assistance Purpose: <b>Enhance</b>	
	Lump Sum Payment	Pay Over Time	Lump Sum Payment	Pay Over Time
Anticipated Max % TIF Commitment Available to Support Project	50%	75%	50%	50%
Possible Max % TIF Commitment Available to Support Project	75%*	90%**	75%*	75%
TIF Payment Calculation	Fixed \$ Commitment	(a) % of Actual Annual Tax Increment collected (b) Fixed Annual \$ Commitment	Fixed \$ Commitment	(a) % of Actual Annual Tax Increment collected (b) Fixed Annual \$ Commitment
URA Cost of Capital	Borrowing Costs: -City Interagency Loan Policy -Bank Loan Underwriting Req. -Other: Section 108 standards	N/A	Borrowing Costs: -City Interagency Loan Policy -Bank Loan Underwriting Req. -Other: Section 108 standards	N/A
Developer Cost Capital	N/A	-Negotiated -Limited by the Max % TIF Commitment Available	N/A	-Negotiated -Limited by the Max % TIF Commitment Available
% TIF Contribution relative to Total Project Cost	25%		15%	

\*Includes borrowing costs

\*\*Max % TIF Commitment on Future Prospect South projects limited to 75%

# Tax Increment Financing Parameters

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## 1.3 General Procedures:

- A. The Larimer County Estimate of Value provided to the developer/property owner shall be utilized for estimating future tax increment collections associated with a project. There shall be no annual appreciation applied to the estimate.
- B. Growth Estimate in cash flow analysis will be held at 0%
- C. Cash flows shall be based on absolute dollars and NPV. The discount rate used shall equal the URA cost of capital.
- D. The term of a City loan to the URA shall be based on the estimated TIF stream. The term shall be minimized to the greatest extent possible given the estimated cash flow.
- E. The minimum time to process the request for payment from the development will be 90 calendar days.
- F. In the pay over-time as a Fixed Annual \$ Commitment as described in (b) above:
  - a. In the first year if actual TIF comes in lower than the Estimate of Value, the actual TIF reimbursed will be prorated based on the actual TIF received.
  - b. In the first year, if actual TIF comes in higher than the Estimate of Value, the TIF reimbursed will be based on the original Estimate of Value calculation.
  - c. The actual TIF paid does not grow with inflation. Once established in (b) above, it stays constant. Once established by (a), it can grow to equal (b) but not exceed (b).

## 1.4 Definitions

- A. **Create:** When existing conditions on a site make private market rate redevelopment impractical (i.e., environmental contamination or insufficient infrastructure) so providing TIF assistance removes financial barriers and helps to create a project that would not otherwise happen.
- B. **Enhance:** When conditions on a site are such that the likely market rate redevelopment outcome is not consistent with goals for Targeted Redevelopment and Infill Areas. In these cases, providing TIF assistance changes the scope of a project so that it conforms, or exceeds identified objectives in City Plan.

## Tax Increment Financing Parameters

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**Getting Help**

**Related Policies/References**

**COUNCIL FINANCE COMMITTEE  
AGENDA ITEM SUMMARY**

**Staff:** Teresa Roche, Jamie Heckman

**Date:** March 18, 2019

**SUBJECT FOR DISCUSSION:** Compensation Overview

**EXECUTIVE SUMMARY**

The purpose of this item is to present an overview of the City's compensation philosophy and practices, and a summary of 2019 pay increases.

**GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

No specific direction is sought. This item is informational only.

**BACKGROUND/DISCUSSION**

Total compensation (salary + benefits) comprises approximately 25% of the City's operating budget. Council approved a 3% budget pool for pay increases for the 2019-2020 budget.

With Council approval of Offer 6.10 in the 2016 Budget Revisions and Offer 42.6 in the 2017-2018 Budget, the City launched a multi-year project to improve foundational classification and compensation systems to ensure the City is well positioned to attract, retain, engage, develop and reward a diverse and competitive workforce to meet the needs of the community now and in the future.

The information presented in this item includes compensation philosophy, an overview of the job architecture framework, market pricing and analysis methodology, establishment of the Pay Plan, and 2019 compensation increases.

**ATTACHMENTS**

Attachment 1 – Compensation Overview PowerPoint



**TOTALREWARDS**

**PAY**

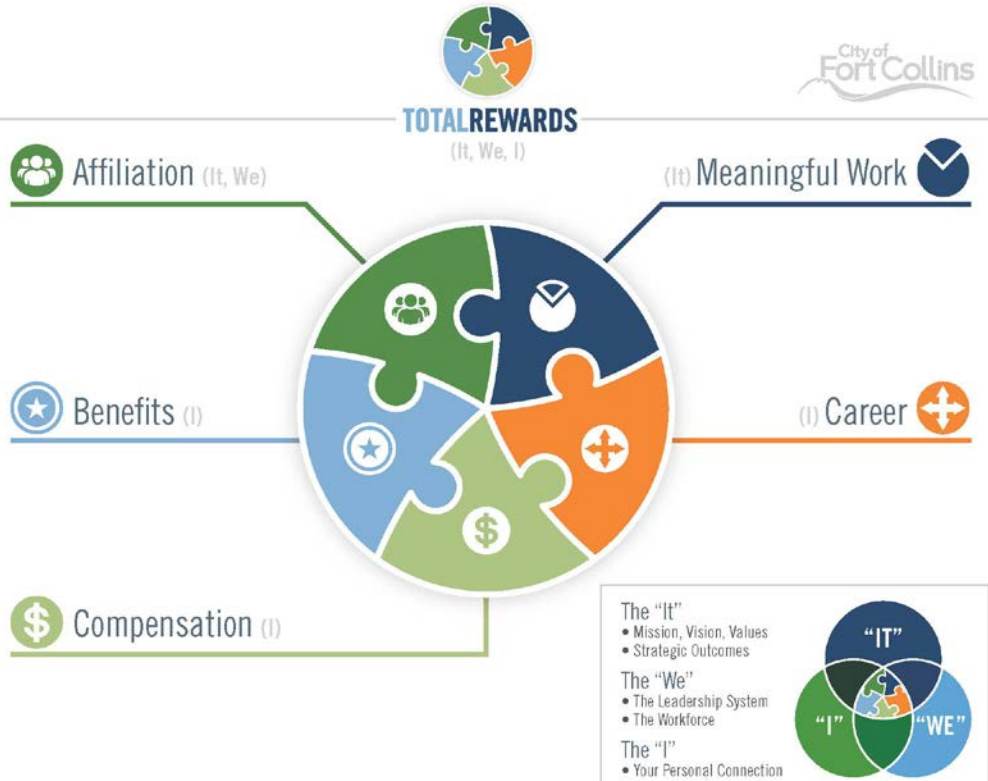


**COMPENSATION  
FRAMEWORK**

- Strategic Objective 7.4: Total Rewards
- Compensation Philosophy
- Job Architecture Overview
- Market Pricing & Pay Plan
- Compensation Increases
  - 2019 Minimum Wage
  - 2019 Pay Increases
  - 2018 Off-cycle Increases



## Strategic Objective 7.4



Attract, retain, engage, develop and reward a diverse and competitive workforce to meet the needs of the community now and in the future

# Compensation Philosophy



The City's compensation philosophy is to provide pay that is externally competitive in both the public and private sectors, and delivered within a sustainable financial model.



A framework of career levels that increase in complexity and responsibility, representing career path opportunities.

- Develop a job framework that more closely aligns to the external market
- Create consistency and simplify the job evaluation process
- Create visibility into career paths to enable horizontal / vertical development

# Job Architecture Example

			CAREER GROUPING: OPERATIONS & SKILLED TRADE					
			LEVELS					
JOB FUNCTION	JOB FAMILY	JOB SUB-FAMILY	OT1	OT2	OT3	OT4	OT5	OT6
Operations	Transportation	<ul style="list-style-type: none"> <li>Transportation Operations</li> <li>Transit</li> </ul>						
Operations	Facilities & Fleet	<ul style="list-style-type: none"> <li>Facilities</li> <li>Fleet</li> <li>Real Estate</li> </ul>	Worker I	Worker II	Technician I	Technician II	Senior Technician	Lead Technician
Operations	Plant Operations	<ul style="list-style-type: none"> <li>Plant Operations</li> <li>Maintenance</li> </ul>						
Operations	Water Utilities	<ul style="list-style-type: none"> <li>Field Operations</li> </ul>						
Operations	Electric Utilities	<ul style="list-style-type: none"> <li>High Voltage</li> <li>Low Voltage</li> <li>Field Operations</li> </ul>						

## Distinct Pay Structures With Varying Characteristics And Market Pricing Approaches

	# of Jobs	# of Employees
Open Pay Ranges	395	1069
Step Plan	22	139
Collective Bargaining Unit	9	247
Total	426	1455

***Market Pricing*** is a term used for determining the value of a job based on the current compensation rate for a comparable job in the labor market.

- Market pricing strategy based on where we recruit talent
- Incorporates both private sector and public entity salary data
- Aligns to Job Architecture

## Salary Data Sources

- ✓ Employers Council (*formerly MSEC*)
  - 491 organizations
  - 43,954 incumbents
- ✓ Willis Towers Watson (WTW)
  - 4,028 organizations
  - 1,076,755 incumbents

Increased job matches from 35% to 73%

## Pay Ranges Are Established By Career Group And Level For Each Job Function

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*Job functions are grouped together based on a recruiting analysis, alignment to salary surveys, and skill sets required within the Function, Family and Sub-family:*

1. Sustainability, Planning, Culture, Parks & Recreation, Development & Compliance
2. Operations
3. Sciences & Engineering, Technology
4. Human Resources, Finance & Accounting, Customer Service, Administration, Marketing & Creative Services, Legal (non-attorney)
5. Protective Services
6. Legal Services
7. Executive

## Pay Ranges Are Established By Career Group And Level For Each Job Function

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*Utilize market matches to aggregate data and determine ranges with considerations for compression and range spread.*

- **Mid-point:** Aggregate market data (median) for a position or group of positions
- **Pay Range:** Aggregate market data (median) for a position to determine the average and create a range by +/- 20 to 25%
- **Average Median:** Removes the high and low data outliers

Individual placement within the pay range is based on qualifications, proficiency level, skills/competencies, performance and internal equity.

# Compensation Increases



## Amendment 70

- Colorado \$12 Minimum Wage Amendment
- Approved by Colorado voters November 8, 2016
- 2019 Minimum Wage = \$11.10
  - 431 hourly employees impacted
  - Primarily Cultural Services and Recreation
  - All City employees are at or above Colorado Minimum Wage

## Open Pay Ranges

### Budget Allocation

- Determined through Budgeting for Outcomes (BFO) Process
- Budget for 2019 = 3% of projected base salaries
- Budget is established based on merit budget surveys and forecasted economic indicators

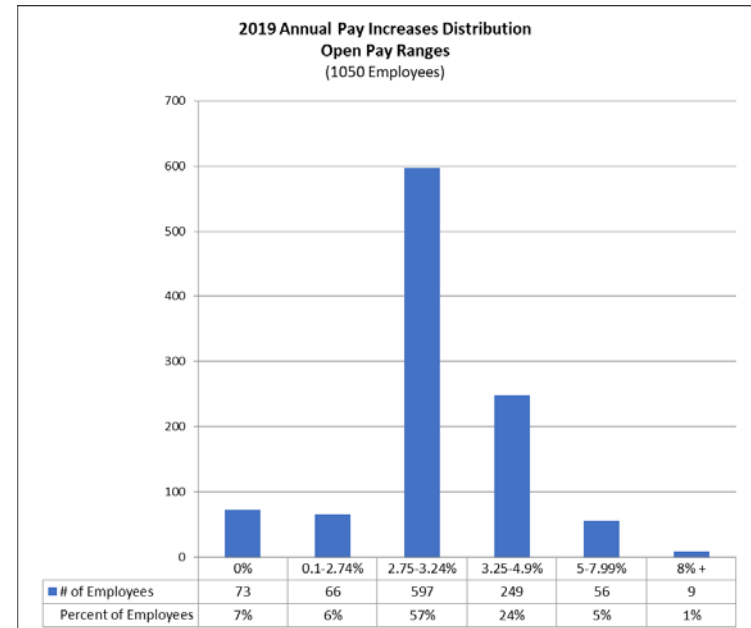
### Annual Pay Increase Process

- Service Areas determine employee awards within established budget pool
- Factors include performance (results, behaviors), position in pay range, internal equity

## Open Pay Ranges

### Annual Pay Increases

- Pay increases ranged from 0% to >10%
- Average pay increase: 3.06%



## Step Plan

- Pay is set based on employee's step level within the pay range
- Employee pay may be adjusted annually based on market movement
- Step plan jobs were adjusted between 0% – 5%

## Collective Bargaining Unit

- Pay is set based on employee's step level within the pay range
- Employee pay is adjusted annually based on terms and conditions of Agreement
- Collective Bargaining unit jobs were adjusted between 3% – 6.08%

## 2018 Off-Cycle Increases

A substantive change in the duties and responsibilities of a job may occur due to changes in the organizational structure, business need, type of work, or staffing requirements, resulting in an off-cycle salary increase.

Pay Change Category	# of Employees	Total Amount	Average % Increase
In-Range Salary Adjustment	3	\$ 19,222	6.67%
Job Evaluation Regrade	23	\$ 107,442	6.15%
Reorganization Direct Placement	5	\$ 41,445	11.56%
City Manager-Approved Exception	4	\$ 32,418	7.05%
<b>Grand Total</b>	<b>35</b>	<b>\$ 200,527</b>	<b>7.07%</b>

**Service Areas address financial impacts created by off-cycle personnel increases within their existing operating budget**



**COUNCIL FINANCE COMMITTEE  
AGENDA ITEM SUMMARY**

**Staff:**           **Mike Beckstead**

**Date:**           **March 18, 2019**

**SUBJECT FOR DISCUSSION** (a short title)

Year to date Sales and Use Tax revenue and planned actions

**EXECUTIVE SUMMARY**

Year to date (YTD) sales tax revenue is slightly behind budget through February and use tax is above budget for a combined sales and use tax above budget. Sales tax is historically volatile in the first quarter. If sales tax growth were to remain at the YTD rate, the revenue shortfall would be about \$1.3M with a \$750K shortfall to the General Fund.

Staff is monitoring revenue to budget and is working to develop a rubric/trigger for when action should be taken and a list of potential actions that could be taken depending on the magnitude of the shortfall.

**GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

Is CFC in agreement with the proposed monitoring of actual revenue to budget and the development actions referenced above.

**BACKGROUND/DISCUSSION**

**ATTACHMENTS**

1. Revenue Update Presentation



## Revenue Update

March 18, 2019



Total Sales & Use Revenue				
\$ 000's	YTD Budget	YTD Actual	Over / (Under)	Impact to GF
Sales Tax	\$ 20,943	\$ 20,799	\$ (144)	\$ (86)
Use Tax	3,500	4,324	824	494
<b>Total</b>	<b>\$ 24,443</b>	<b>\$ 25,123</b>	<b>\$ 680</b>	<b>\$ 408</b>

## Sales Tax YTD Feb:

- 0.6% over 2018
- (0.7%) under Budget

## Use Tax YTD Feb:

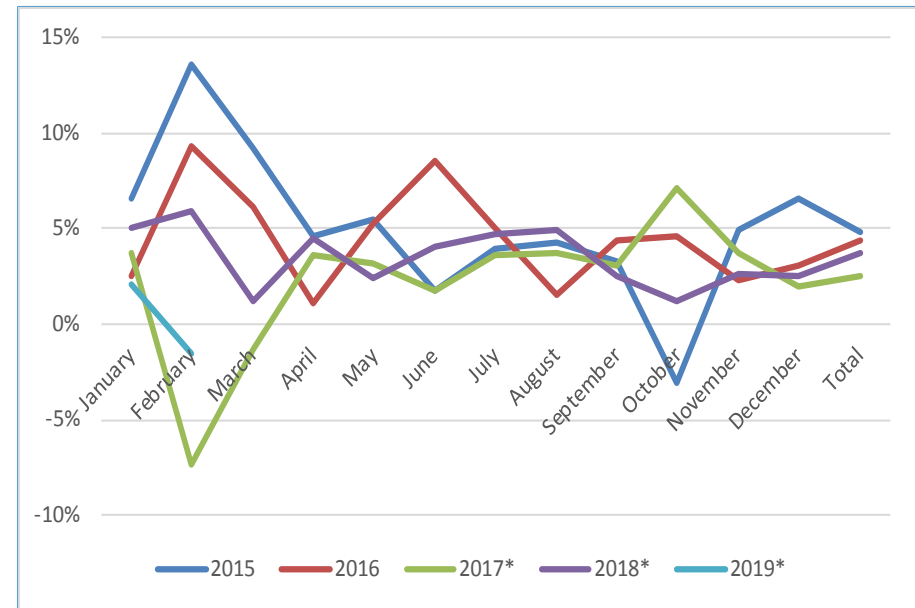
- 18.7% over 2018
- 23.5% over Budget

**Sales Tax Under Budget, Use Tax Over Budget....  
Total Sales & Use Tax over Budget**

- Significant historical volatility in Q1
- Historical Sales Tax year end growth

	<u>Feb YTD</u>	<u>Full Yr</u>
• 2015 -	9.4%	4.9%
• 2016 -	5.5%	4.4%
• 2017 -	(1.2%)	2.4%
• 2018 -	5.5%	3.6%

Month over Prior Year Month % Change



**Q1 Volatility Makes it Difficult to Predict Full Year**

(\$ millions)

### Sales Tax:

- 2018 Forecasted Revenue - \$114.5
- 2018 Actual Revenue - 116.0
- 2019 Budget Growth Rate - 3.0%
- 2019 Budget Revenue - \$117.9
- **Growth Needed to Budget - 1.7%**

### Use Tax:

- 2018 Forecasted Revenue - \$22.0
- 2018 Actual Revenue - 22.5
- 2019 Budget Revenue - \$21.0

**Strong Year End 2018 Lowers Growth Needed to Achieve 2019 Budget**

**In Process**

## General Fund Revenue - 2018

### Tracking Example:

#### December

#### Year to Date

	Over/(Under)		Over/(Under)				% Bud Recvd
	Actual 2018	Budget	Budget 2018	Actual 2018	Budget	Inc/(Dec) 2017	2018
Sales & Use Tax	7,581	697	84,294	85,227	933	1,869	101%
Use Tax Incentives	0	0	0	0	0	(115)	0%
Property Taxes	102	18	23,825	23,778	(47)	2,415	100%
Intergovt. Shared Revenues	49	(15)	350	590	240	42	169%
Culture, Parks, Rec & Nat A. Fees	40	(28)	551	482	(69)	(22)	88%
Payment in Lieu of Taxes	781	(46)	10,340	10,581	241	331	102%
General Government Fees	981	242	7,419	7,551	132	618	102%
Interest Revenue	105	(196)	1,291	1,098	(194)	(29)	85%
Unrealized Invst. Gains/Losses	327	327	0	243	243	222	0%
Other Miscellaneous	1,390	(365)	13,580	15,231	1,651	(2,427)	112%
<b>TOTAL</b>	<b>11,357</b>	<b>634</b>	<b>141,650</b>	<b>144,780</b>	<b>3,131</b>	<b>2,904</b>	<b>102%</b>

#### YTD Variance Analysis:

**Sales & Use Tax** - \$512K for Sales Tax and \$421K Use. In December, there was an up tick in permits that we processed causing the increase in overall revenue for the year.

**Other Miscellaneous** - \$926K for unbudgeted state marijuana revenue, in the 2019/2020 budget cycle this is now budgeted because historical data is now available. \$569K for Lodging Tax.

- 1. Monitor underspend and identify opportunities**
  - i.e. - Debt service savings vs. budget - \$350K
- 2. Monitor Total Revenue and Total General Fund Revenue**
  - Use Financial Management Report
- 3. Develop rubric and trigger points to initiate actions**
  - By the end of April
- 4. Develop list of potential actions**
  - Meeting schedule in place – completed by the end of April
- 5. Develop recommendation on the use of \$2.2M contingency**

## **Back-Up**

## Governmental Revenue - 2018

### Tracking Example:

	December		Year to Date				
	Actual 2018	Over/(Under) Budget	Budget 2018	Actual 2018	Over/(Under) Budget	Inc/(Dec) 2017	% Bud Recvd 2018
Sales & Use Tax	11,826	369	137,239	138,355	1,116	2,892	101%
Use Tax Incentives	0	0	0	0	0	(159)	0%
Property Taxes	144	(2,743)	29,596	29,363	(233)	4,266	99%
Intergovt. Shared Revenues	2,108	76	12,080	14,410	2,330	1,529	119%
Culture, Parks, Rec & Nat A. Fees	1,020	36	15,380	14,999	(381)	(1,194)	98%
Payment in Lieu of Taxes	781	(46)	10,340	10,581	241	331	102%
General Government Fees	5,480	(837)	61,143	59,535	(1,608)	3,128	97%
Transportation Fees	976	143	6,999	7,132	133	(4,556)	102%
Interest Revenue	460	(30)	3,165	3,624	459	548	115%
Unrealized Invest. Gains/Losses	933	933	0	305	305	250	0%
Other Miscellaneous	2,135	(944)	22,135	23,778	1,643	(1,487)	107%
<b>TOTAL</b>	<b>25,864</b>	<b>(3,044)</b>	<b>298,076</b>	<b>302,081</b>	<b>4,005</b>	<b>5,549</b>	<b>101%</b>

#### YTD Variance Analysis:

**Sales & Use Tax** - \$827K for Sales Tax and \$688K Use Tax. In December, there was an up tick in permits that we processed causing the increase in overall revenue for the year. This was offset by (\$399K) in Sales Tax increment.

**Intergovt. Shared Revenues** - \$1.2 in Larimer County Open Space revenue realized through the year. \$902K for Senate Bill -001 which appropriated additional Highway User Tax Funds to municipalities in 2018.

**General Government Fees** - (\$906K) for Fleet fuel and (\$705) for Wood St. and Streets Shop fees primarily driven by lower fuel costs. (\$645K) for lower work for other funds collected. This is offset by \$468K for Capital expansion Fees.

**Other Miscellaneous** - (\$1.2M) for insurance recovery damage due to difficulty recouping reimbursement on outstanding claims for the Equipment Fund. \$926K for unbudgeted state marijuana revenue, in the 2019/2020 budget cycle this is now budgeted because historical data is now available. \$591K for Road and Bridge levy, \$569K for Lodging Taxes and \$350K and \$282K for rent and use charges.