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Council Finance Committee Zoom Meeting
October 5, 2023
4:00 - 6:00 pm

Council Attendees:	Julie Pignataro, Shirley Peel, Emily Francis
Members Absent:	Kelly Ohlson
Staff:	Kelly DiMartino, Tyler Marr, Travis Storin, John Duval, Dave Lenz, Randy Reuscher, Marc Virata, Dean Klingner, Sheena Freve, Brad Buckman, Monica Martinez, Jill Wuertz Blaine Dunn, Randy Bailey, Renee Reeves, Meaghan Overton, Jo Cech, Jen Poznanovic, Kendall Minor, Lance Smith, Victoria Shaw, Jill Wuertz Zack Mozer, Carolyn Koontz
Others:	Kevin Jones, Chamber Brian Duffany and Christian Carroll from Economic & Planning Systems; Colin McAweeney from TischlerBise

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Meeting called to order at 4:00 pm

Approval of minutes from September 7. 2023, Council Finance Committee Meeting.
Emily Francis moved for approval of the minutes as presented. Shirley Peel seconded the motion.
The minutes were approved unanimously via roll call by; Julie Pignataro, Shirley Peel and Emily Francis.

A. Impact Fee Study Updates; Utility Development Fees & Capital Expansion Fee Studies

Dave Lenz, Director, FP&A
Randy Reuscher, Utilities
Marc Virata, Transportation Capital Expansion Fee (TCEF)

REVISION (October 3, 2023):
Subsequent to submission of materials for the October 5, 2023, Council Finance Committee meeting, a calculation error in one of the modules of the Capital Expansion Fee model was identified. This error impacted the calculations for residential rates for police, fire and general government fees and is related to the residential service demand factor. This change increases the rates for these three fees by 6% each (from $99 for smallest size to $206 for largest size residence) versus the rates included in the original materials. There is no impact on either of the park fees or non-residential fees.

The balance of this memorandum and the included attachments reflect the updates for this error. Attachment 4 also provides a reconciliation of the revised fee schedule.

EXECUTIVE SUMMARY:
Staff have been working to update the Utility Development Fees, Transportation Capital Expansion Fees (TCEFs) and Capital Expansion Fees (CEFs). Independent consultants have been engaged to update the prior CEF and TCEF studies completed in 2017. Utilities Finance has updated their fees through in-house efforts. The output of these updates is the basis for establishing the updated fee schedules that will be brought forward to the City Council for adoption consideration. This update focuses on an overview of these fee updates.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED:
What questions does the committee have related to the study updates or draft fee schedules?

Does the committee prefer:

Option A) Bringing the fee updates forward to City Council for adoption for a 1/1/2024 implementation?
OR

Option B) Deferring the fee updates until mid-2024, upon such time that:
- Clarity is reached on policy timing of Water Supply Requirement, and/or
- The Committee or full City Council desire more agenda time on any or all impact fees?

BACKGROUND/DISCUSSION:
Development-related impact fees that are approved by the City Council are CEFs, TCEFs, and Utility plant investment fees (Utility PIFs), Electric Capacity Fees and Water Supply Requirements.

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

Fee coordination includes a detailed fee study analysis for CEFs and the TCEF every four years. This has been achieved through contracting with an outside consultant with data provided by City staff. Findings by the consultants are also verified by City staff. These studies were last updated in 2017, with the new fees implemented over a two-year period for TCEF and three-year period for CEF.

For Utility fees, model updates are planned every two years. These are internal updates by City staff with periodic consultant verification. Fee study analysis is targeted in the odd year before Budgeting for Outcomes (BFO). In years without an update, an inflation adjustment occurs.

Additionally, a comprehensive Development Review and Building Permit Fee Study update was also completed during 2019 and 2020. The implementation of the new fee schedules was effective January 2022. These fees are evaluated annually but are not required to be adjusted automatically on a pre-determined cadence or index.

In April 2022, after some delays related to COVID-19 and competing workstreams, the Council Finance Committee endorsed the fee update schedule below, with fees being updated for inflation in 2022 and study updates to be completed during 2023.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Capital Expansion Fees (CEF)	Update	Step II	Step III	Inflation	Inflation	Inflation	Update	Inflation	Inflation	Inflation	Update
Transportation Expansion Fee (TCEF)	Update	Step II		Inflation	Inflation	Inflation	Update	Inflation	Inflation	Inflation	Update
Electric Capacity Fee	Update		Update	Inflation	Update	Inflation	Update	Inflation	Update	Inflation	Update
Water Supply Requirement	Update		Update	Inflation	Update	Inflation	Update	Inflation	Update	Inflation	Update
Water, Wastewater, Stormwater PIFs		Update	Update	Inflation	Update	Inflation	Update	Inflation	Update	Inflation	Update

Utilities Development Fees Update:
Development fees are the mechanism for Utilities to recover the impact of adding new demand to the services Utilities provides, including electric, water, wastewater, and stormwater. Plant Investment Fees (PIFs) and Electric Capacity Fees (ECFs) are one-time charges for new development or re-development. These fees recover costs for excess capacity of infrastructure already in place to serve new customers based on the “buy-in” approach, where customers pay according to new demands they will put on the system and considers incremental costs of future infrastructure to serve them.

Staff updates development fee models every two years. In alternating years, when models are not updated, an inflationary adjustment is applied to utility development fees. Staff use the Engineering News Record (ENR) construction cost index to apply inflationary adjustments. In 2022, for 2023, staff increased development fees, including the Electric Capacity Fees, Water Plant Investment Fees, Wastewater Plant Investment Fees, and Stormwater Plant Investment Fees, by 9% as an inflationary adjustment.

Each model was updated this year to capture current inputs, including current escalation factors and each of the various drivers such costs, consumption, and future system needs. Utilities have experienced extreme cost pressures, especially on the electric side. Some items such as electric transformers have increased dramatically in price due to supply chain issues and higher material costs. The table below shows the proposed increase for 2024 for each of the development fees by fund.

Utility Fee	Unit of Measure	2024 Proposed Increase
Electric Capacity Fee (ECF)	$ / kW	14.8%
Water Plant Investment Fee (PIF)	$ / GPD	5.7%
Wastewater Plant Investment Fee (PIF)	$ / GPD	4.1%
Stormwater Plant Investment Fee (PIF)	$ / acre of development	7.0%

There are many variables in calculating the impact of a development, particularly between residential and commercial. Shown in the table below is an example of a single-family residential house receiving all four services from Fort Collins Utilities. The 2023 amount is expected to increase by approximately $790 in 2024, from $11,120 to $11,911. This equates to an overall increase of 7.1% for these one-time fees.

Residential Development Fee Example				
	2023 Fee	2024 Fee	$ Change	% Change
200-amp Electric Service	$ 2,286	$ 2,625	$ 339	14.8%
3/4" inch Water PIF (6,000 sq ft lot)	$ 3,611	$ 3,817	$ 206	5.7%
4" Wastewater PIF	$ 4,168	$ 4,339	$ 171	4.1%
Stormwater PIF (6,000 sq ft lot, 0.7 runoff coeff)	$ 1,055	$ 1,130	$ 74	7.0%
Total	$ 11,120	$ 11,911	$ 790	7.1%

The Water Supply Requirements and Excess Water Use, which was discussed with City Council at the August 8, 2023, work session, is not part of the proposed utility development fee updates for 2024. Staff recently established a project team to focus on messaging and clarifying the purpose of these fees, hold various internal and external stakeholder meetings, and gather input through the end of 2023 and into early 2024. The timeline for continuing discussions with Council is currently unknown.

TCEF Study Update

The Transportation Capital Expansion Fee (TCEF) is a one-time fee collected from development and redevelopment to mitigate impacts to the transportation network. It is used to support growth share related infrastructure improvements which add capacity to the system from both a roadway and multi-modal perspective. Fees cannot be used for improvements which solely benefit adjacent development, existing deficiencies, and/or for maintenance.

TCEF is used for reimbursements to developers for constructing improvements beyond the "local street", such as Northfield's reimbursement for Suniga Road. TCEF is also used as a contribution for growth related share of Capital Projects. This includes roadway/intersection projects as well as bicycle/pedestrian projects as part of Active Modes and our Active Modes Plan.

TCEF's last program update was in 2017 by TischlerBise. The methodology TischlerBise utilized is an incremental expansion approach for roadways and ActiveModes, and analyzed data from the following:

- 2012 Transportation CIP (10 year)
- Multimodal Projects (2014 Bicycle Master Plan)
- Intersections (2010/2016 Arterial Intersection Prioritization Study)
- The 2017 anticipated 10-year buildout of additional lane miles through development
- The 2017 City's Arterial Cost per Lane Mile ($1.4M), along with baseline data and projections from the North Front Range MPO

The City again contracted with TischlerBise for the current study update. The 2023 TCEF study uses a combination of incremental expansion for roadways and plan-based methodologies to provide improvements for Active Modes. The methodology also utilized data from more updated sources:

- 2023 Transportation Capital Projects Prioritization Study

- 2022 Active Modes Plan
- 2022 Fort Collins Travel Diary Report
- The current anticipated 10-year buildout of additional lane miles through development
- The current City's Arterial Cost per Lane Mile ($2.0M), along with baseline data and projections from the North Front Range MPO

For residential development, updated amounts are based on square feet of finished living space. Garages, porches, and patios are excluded from the TCEF assessment. For nonresidential development, TCEFs are stated per thousand square feet of floor area, using three categories. The TCEF schedule for nonresidential development is designed to provide a reasonable fee amount for general types of development. There has been further emphasis on active modes and to provide further clarity the maximum supportable fee schedule is broken down by roadway capacity and active modes.

Summary fees are highlighted below and the TCEF Draft Report with full detail is included as attachment 2.

Residential	Unit	Roadway Fee	% of Total	Active Modes	% of Total	Update Total	Current Total	Change	% Change
up to 700 sq. ft.	Dwelling	$2,863	91%	$272	9%	$3,135	$2,703	$432	16%
701-1,200 sq. ft.	Dwelling	$4,988	91%	$487	9%	$5,475	$5,020	$455	9%
1,201-1,700 sq. ft.	Dwelling	$6,363	91%	$625	9%	$6,988	$6,518	$470	7%
1,701-2,200 sq. ft.	Dwelling	$7,380	91%	$726	9%	$8,106	$7,621	$485	6%
over 2,200 sq. ft.	Dwelling	$8,191	91%	$809	9%	$9,000	$8,169	$831	10%
Development Type	**Unit**	**Roadway Fee**	**% of Total**	**Active Modes**	**% of Total**	**Update Total**	**Current Total**	**Change**	**% Change**
Commercial	1,000 sq. ft.	$11,045	95%	$585	5%	$11,630	$9,946	$1,684	17%
Office & Other Services	1,000 sq. ft.	$6,450	88%	$896	12%	$7,346	$7,327	$19	0%
Industrial	1,000 sq. ft.	$2,897	79%	$786	21%	$3,683	$2,365	$1,318	56%

CEF Study Update:
The City has five separate Capital Expansion Fees (CEFs), related to neighborhood and community parks, and fire, police, and general government services. These capital expansion fees are assessed by the city on new development to recoup the proportionate share of the costs of bringing on new capital equipment and facilities to provide a similar level of service as existing developments receive. Repair and maintenance costs are not included in these fees.

These fees were initially adopted in 1996 based on an internal study by City staff. External study updates were completed in 2013 and 2017 by Duncan Associates. The studies relied on the standards-based (or incremental expansion) methodology, which bases the fees on the existing levels of service. The new fees were adopted in 2017 and implemented over a three-year

In the spring of 2023, the City solicited bids and contracted with Economic & Planning Systems, Inc. (EPS) to update the Capital Expansion Fee Study. The EPS Study Update adheres to the existing standard-based approach to fee calculation, continuing to use construction cost replacement valuations.
Key data input updates include:

- Updated 2023 asset inventories for City of Fort Collins and Poudre Fire Authority,
- Neighborhood and Community Park development costs and current land valuation estimates,
- Current market cost of construction estimates and Larimer County valuations,
- Updated residential household size and non-residential occupancy factors,

- Alignment of existing conditions with the concurrent TCEF Study Update.

Highlighted below are the updated draft fee calculations for residential and non-residential properties compared to the current fee rates. More detailed information is included in the CEF Summary Draft in Attachment 3.

Residential	Unit	N'hood Park	Comm. Park	Fire	Police	Gen. Gov't	Update Total	Current Total	Change	% Change
up to 700 sq. ft.	Dwelling	$2,813	$2,140	$604	$382	$745	$6,684	$6,593	$91	1%
701-1,200 sq. ft.	Dwelling	$4,260	$3,241	$914	$578	$1,129	$10,122	$8,844	$1,278	14%
1,201-1,700 sq. ft.	Dwelling	$4,783	$3,638	$1,026	$649	$1,267	$11,363	$9,652	$1,711	18%
1,701-2,200 sq. ft.	Dwelling	$5,145	$3,913	$1,104	$698	$1,363	$12,223	$9,764	$2,459	25%
over 2,200 sq. ft.	Dwelling	$5,848	$4,448	$1,254	$794	$1,549	$13,894	$10,880	$3,014	28%
Development Type	**Unit**	**N'hood Park**	**Comm. Park**	**Fire**	**Police**	**Gen. Gov't**	**Update Total**	**Current Total**	**Change**	**% Change**
Commercial	1,000 sq. ft.			$1,281	$811	$1,582	$3,674	$2,791	$883	32%
Office and Other Services	1,000 sq. ft.			$701	$444	$866	$2,010	$2,791	($781)	-28%
Industrial	1,000 sq. ft.			$332	$210	$410	$953	$656	$297	45%

Almost all fee categories have increased from current 2023 fee levels. The biggest overall impact contributing to higher rates is the significantly higher asset valuations for police and fire services (and to a lesser extent, general governmental) outpacing the service population growth rates. These inflationary impacts have been realized locally in the higher cost of the City's purchases of goods and services, especially in the post-COVID environment.

The study update had differing results for the neighborhood and community parks. The most recent neighborhood park builds (Bucking Horse, Cresent, Traverse) were all significantly more expensive to buildout on $/acre basis than prior facilities, leading to much higher fee calculations than for the community parks. A new maintenance facility also contributed to higher overall costs.

Overall, the residential fee amounts increase by 1% to 28% (approximately $100 - $3,000) based on size of property. This variable difference is attributed primarily to the relative changes in occupancy factors based on updated U.S. Census Bureau housing survey data. On the non-residential developments, increases to commercial and industrial types are driven by the underlying employees per square foot calculations based on Institute of Transportation Engineers (ITE) trip generation rates. The Office and Other Services type has been broken out from Commercial and is aligned with TCEF categories based on differing demand impacts.

Summary:
In March of 2022, staff provided the City Council with an analysis of the total costs of development activity as part of the total cost of building new housing stock. The table below updates the total fees component of that analysis, with current 2023 fees and the proposed 2024 study updates included for an 1,890 square foot residential property.

City Charged Fees: Impact on One or Two-Family Residence - 1890 sq. ft							
Fee Type	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Capital Expansion Fees	$ 6,038	$ 7,630	$ 8,591	$ 8,824	$ 8,992	$ 9,764	$ 12,223
Transportation Capital Expansion Fees	$ 5,150	$ 6,543	$ 6,586	$ 6,623	$ 7,115	$ 7,621	$ 8,106
Development Review, Permits, Infrastructure Fees	$ 2,532	$ 2,532	$ 2,532	$ 3,314	$ 2,792	$ 2,792	$ 2,792
Utility Fees	$ 21,907	$ 22,321	$ 25,517	$ 26,353	$ 35,992	$ 37,142	$ 37,838
Combined Fees	**$ 35,627**	**$ 39,026**	**$ 43,226**	**$ 45,114**	**$ 54,891**	**$ 57,319**	**$ 60,958**
Percentage Change	***Baseline***	***9.5%***	***10.8%***	***4.4%***	***21.7%***	***4.4%***	***6.3%***

The total overall increase would be approximately $3,600 or 6.3%. As noted in the utility section above, no increase in the water supply requirement is included.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

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DISCUSSION / NEXT STEPS

Julie Pignataro; can you provide more explanation on Option B regarding what the benefit or detriment might be?

Dave Lenz; due to water issue, that particular fee will have more work done on it- the other two fees – the other two fees; the Utility fee and the Capital Expansion Fees – according to code updates are to be brought forward every 2 years with an inflationary index. On the capital expansion fees, we are to bring those forward at least every 5 years. We have tried to settle on this 4-year cadence with inflationary updates in between. There is precedent for making a fee effective at the beginning of the year as well as mid-year.

Julie Pignataro; so, either this little part now or add it to the bigger part later.

Dave Lenz; I can't speak much to the water requirement, but it is 10 fees now that all have varying degrees of rate impact to help us recover our costs that we are seeing or to defer them all until there is clarity reached. At this point in time, we don't know when that will be or what that answer will be.

Emily Francis; we keep adopting these things that increase the cost of housing and we lose track of what we do over time. I think it is helpful to look at it more holistically with water conversation.

Shirley Peel; was it a Council adopted ordinance to update every 2-years with the inflationary index or is that a departmental policy? Are we locked into doing it every 2 years?

Randy Reuscher; from a Utilities perspective, we present it to Council and what Council does with it is their prerogative. January 1st is a pretty strong preference from a Utilities perspective as we have a year end process for updating permits, etc.

Shirley Peel; when you do an increase like this, do you engage with stakeholders? Is there messaging as part of the rollout?

Randy Reuscher; we review it with our Boards and Commissions as well as the Chamber so there is.
outreach involved.

Dave Lenz; we publish rates and actions taken are in the public record and on our website. We will publish our studies for backup information for folks to get a more fulsome understanding. The timing will depend on the direction we get here. Both studies are still in draft form but are out there for public consumption.

Shirley Peel; is there a comparison to other peer communities? I am assuming everyone is in the same boat.

Travis Storin; I don't know that we have a benchmarking display at our fingertips. It is easy for me to imagine that those other municipalities have encountered many of the same inflationary forces particularly for construction costs. EPS is probably more reflective of our own cost structure and our own levels of service.

Dave Lenz; we do have some comparatives. The transportation study has some comparative information in the appendices. For Capital Expansion Fees, that section is still under development. One challenge for comparative data is that you don't necessarily know – for example we have big fees for parks, and some have minimal to none - tough due to levels of service, we also won't have anyone's contemplative updates yet, but we have information we can pull together and share as a follow-up to this committee to provide additional context. It is not a nice cut and dried apples to apples comparison. On the utilities side, it is even more complex.

Randy Reuscher; there are a lot of levers to pull there. Thresholds to apply to get closer to an apples-to-apples comparison.

Dave Lenz; we do have big fees for our parks and that is one of our stellar assets in this community.
We know we need money in that area. This is for the build of future things.

Emily Francis; correct me if I am wrong but we need more funding because we don't have money to maintain what we have. So, these capital expansion fees don't exactly help us in that area.

Dave Lenz; we need money to build new things to accommodate growth and we also need money to fund what we have, which Sustainable funding is trying to attend to.

Emily Francis; the CEF fees we are seeking is taking into account what we have left to build and what our estimated costs are for that.

Dave Lenz; we have different things in the hopper, in the plans. The dollars aren't dependent on specific plans because some aren't developed yet. It is taking our existing needs with the understanding that our population is expected to increase by 50-60K people, so there will be more assets needed. The existing cost structure to serve the existing base.

Emily Francis; then why for the key data inputs, don't we include our Master Parks & Recreation Plan and some of the other plans like we do for the funding of the TCEFs?

Dave Lenz; you can do a plan-based approach – the prior Council and staff have adhered to an incremental expansion approach where we are taking a look at current levels of service and what it takes to provide that. We do take plans into account for things like what land might cost but if it not as specific as just dropping the plans on top of the new build. Some of those facilities are going to benefit existing residents and the population.

Emily Francis; current level of service that we built our parks to or that we say everyone should be within a 10-minute walk or ride to a park.

Dave Lenz; the metrics, in terms of what should be done to serve those folks. We are not charging folks for additional benefits on those in the existing level of park assets across the city.

Emily Francis; the current cost of building parks has escalated partly because of the types of parks we are building. Are we calculating the fees based on the current level of service we are building in those parks or just a baseline park. Part of the problem I see in representing a district that is mainly built out if that the parks in this part of town do not have funds to maintain them, but we are seeing a bunch of new parks built elsewhere (on the south side) that are much nicer and fancier. The disparity between north and south is growing. What is the dollar amount that it took to build Roland Moore versus Fossil Creek on the southside?

Dave Lenz; so, if something was built in 2010 and now is to apply some type of inflation factor to it. It is an academic exercise in a way but that is the approach we try to do. If we are using a park that was built in 2013 or 2015, we bring that park forward to today's dollars. This in combination with other parks we are building is what it costs to do it now. The inflation on the construction costs and the land cost has gone up.

Emily Francis; what do we consider our level of service now and how that is impacting our fees. How we are calculating – methodology – what was the theory that Council was using to design those methodologies?

Shirley Peel; if we raise these in January, I think there is some appetite on Council to revisit the parks we are building. The kind of parks we are building right now versus what we want to build – that might be a different total.

Emily Francis; curious about the philosophy that Council was using when these formulas were made. Does it reflect how Council is trying to direct policy now? If Council values building smaller homes, are fees set up to facility that or are we still calculating fees based on an old methodology?
And for TCEF – active modes – is that based on how many people are currently using active modes or what our goal is for active modes?

Marc Virata; active modes part of TCEF is plan (goal) based. We thought it would be more direct to address it from a plan base methodology since Council just adopted the plan. If you try to use incremental for active modes – what we are trying to calculate is when is there friction in terms of too many people on a bike lane - feels a bit like a squishy exercise for active modes.

Emily Francis; that is super helpful to hear, and I am in agreement with where we are trying to go – in terms of the Capital expansion fee, it is similar?

Dave Lenz; I wasn't here back when Council adopted the approach – perhaps Brian can add some perspective.

Brian Duffany from Economic & Planning Systems (EPS);
So, looking at a plan-based approach versus the incremental - For a plan-based approach, you would take the parks master plan and other facility master plans which could be 10 or 20-year plans. You divide the cost of implementing those plans by growth.

Communities it usually includes their plans and CIPs – a lot of communities aren't able to consider that long range of cost planning because they don't have the money to fully implement the plans, so they tend not to fully consider those costs in their CIPs. In reality, it can be hard to do a plan-based methodology in all of these asset classes – it is easier to do for transportation.

Dave Lenz; based on my background in capital planning, both in the private and public sector, we don't do long term capital planning that well. We are bumping up against that constraint and as we see the BFO process layered against the needs we see the limited funds that we have -
That is how things get kicked down the road a bit.
We need to build to a standard that our community expects.
On a unit basis, sometimes building smaller is more expensive on a unitized basis (per acre or per resident served). The math is tough sometimes to achieve that goal. Capital Plans many times are unfunded plans, so that might not be the best methodology to rely on those, it might make more sense to rely on incremental – what does it costs to do the things we have then we use a suite of assets that lean toward the most recent things because those are more reflective of current costs.

Brian Duffany from Economic & Planning Systems (EPS);
Responding to Emily's concern regarding disparity of parks on the north and south sides of town - impact fees do help. The city's CIP includes both capital expansion projects and capital maintenance projects and you need money to do both. You are not subsidizing growth as much with other funding sources – potentially have more resources available to address the deferred maintenance.

Emily Francis; when we have infill in those areas – they already have designated parks, so they are not going to get a new park.

Dave Lenz; if we do add incremental capabilities, additional capacity for an infill park, that is available to use these dollars. (for example, 3 swing sets to 4 would be incremental). We can use part of that money for that piece of expansion in capacity.

Emily Francis; smaller units, percent wise, bear more when the city is trying to move in that direction – it doesn't reflect our values.

Brian Duffany from Economic & Planning Systems (EPS); in our capital expansion fees, the smaller units pay less.

Dave Lenz; if we go back and look at the fee schedules, the smallest units are taking the least burden percentage.

Julie Pignataro; Except in utilities, right?. Utilities are where it doesn't line up.

Emily Francis; would be helpful to look at the range of square feet. What is the dollar amount increase per square foot in those ranges. It may just be going up a little but what if it was higher before. For example, it would be helpful to see - in the range of 0-701, what is the price per square foot for each of those categories?

Dave Lenz; we can build this out to show some different categories.

Emily Francis; do we have homes that are being built that are under 700 square feet? Would be helpful to clarify if these are apartment units or single-family homes.

Travis Storin; whether we bring the request on a per square foot basis at the First Reading or whether we are deferring this into 2024, the output of the $ per square foot is going to reflect the fee study, itself.

In the case of parks, the service impact is based on the number of humans who will be living there and thereby utilizing the park rather than the larger the house, the larger the fee. All of the fee studies are based on the actual cost of service provision. If we just take the community parks fee and assume a 700 square foot unit and a 1,200 square foot unit, the larger unit will pay approximately $2.70 per square foot for their community park, and the smaller unit will pay about $3.00 per square foot. Based more on the number of people we assume will be living there and utilizing that park asset.

Emily Francis; how do we calculate our anticipated number of people?

Brian Duffany from Economic & Planning Systems (EPS); It is based on the average household size by size ranges. The data comes from the American Housing Survey, Western Region prepared by the Census Bureau.

Dave Lenz; when we look at how the data changed from the last time, the number of people assumed in those smaller units has changed which is why they are seeing less of an impact.

Emily Francis; I disagree with the ideology of how many people live in a house -

Brian Duffany from Economic & Planning Systems (EPS); It is all based on averages.

Emily Francis; not reflecting where the city wants to head. We have such limited housing choices here in Fort Collins, it is not like these people are living in a house that works for them - but now it is directing how our fees are working. Making it more and more difficult to build smaller and multi-unit homes through things such as fees. How do these apply to Accessory Dwelling Units (ADUs)?

Brian Duffany from Economic & Planning Systems (EPS); if an ADU falls into one of the categories, they would pay the applicable fee. The reason the fees are backed into square footage is to help the smaller units pay a lower impact fee and to encourage a better housing mix.

Dave Lenz; they would pay that applicable fee. The reason they are Lower impact fee.
Intent - adjustment for household size – to encourage ADUs and multi-family.

Emily Francis; it is so expensive to build smaller homes – how do we switch that – I would say it is the same with Re development – we have people who do not redevelop their properties because of these fees so we have things that are not being updated because of this. The fees prevent people from updating and coming up to code. We are seeing a degrade in the services that are provided.

Marc Virata; We do provide credit against existing for the redevelopment. For example, if you scrape and do a rebuild, you have credit with the structure that was there.

Emily Francis; an example is the businesses on Laporte that are getting run down and are no longer up to city code, but the owners don't want to redevelop because it is too expensive. People don't want to redevelop over 25% of their structure because of these fees. So, now we are seeing the impacts of things not being updated since the 60's.

Julie Pignataro; when I think about fees. I think things cost what they cost.
Is this an opportunity to encourage the things we are looking for?
What would a mixed-use development fall under (both commercial and housing)?

Dave Lenz; it gets broken apart into the components - square footage for the residential and square footage for the non-residential. They are treated differently.

Julie Pignataro; if we wanted to incentivize certain types of building, would those incentives costs need to come out of a separate fund, or would it rebalance these fees?

Travis Storin; the way we handled that in the past was with fee credits out of the General Fund.
Each of these fees reside in different funds outside of the General Fund. As far as other ways to incentivize - fee credits which are targeted toward affordable units and there could certainly be programmatic expansions of the types of development we offer credits toward.

Brian Duffany from Economic & Planning Systems (EPS); You could look at the definition the city uses for affordable units. Some communities, depending on their needs have raised the income limit to capture a broader range of housing types and then if there is permanent affordability, you could get some fee credit offset.

Julie Pignataro; I am struggling with the same thing I hear others are struggling with as well - we are still rewarding the kind of single-family development that has got us in to the crisis we are in. I don't know what the answer is.

Emily Francis; I had heard that Boulder is charging an additional fee on houses over a certain square footage -
If the three of us are concerned about this, what are the other options?

Travis Storin; I am not familiar with the Boulder program -
This is an instance where price doesn't equal cost. This is an instance where we are trying to make price equal costs and make it as close to net neutral to impacts to our systems.

I am hearing a desire to think about ways to incentives certain types of development.

What is right now a cost of service-based model – we are starting to reach some of our limits as a staff on what we are justified in breaking out. For instance, two cycles ago, the Parks fee went from a per unit fee to a graduated square footage schedule that it is on right now. We have utilized some of those techniques, and still have to constantly test for legal defensibility - is it based on cost of service still?

I am anticipating a written response will be needed here. I would suggest we do a follow-up memo to address a call to action – What other options do we have? What can we learn from Boulder or other community-based models?

Shirley Peel; I think it is more that we are trying to switch direction and is our process still applicable?

Emily Francis; do our fees match our values?

Dave Lenz; also, within the constraints of what statue allows us to do.

Julie Pignataro; what we need a fee to do - we can't just give away the farm.

Emily Francis; we still want development to pay for the impacts. How do we reflect better where we are trying to go with the fees? The redevelopment issue is significant within my district – a real hindrance.

Randy Reuscher; I understand the concern. Square footage is not strongly correlated with our utility fees. Water is based on the outside area not square footage of the house. Electric capacity fees are based on your panel and your amp usage. You could have a situation where it is a small house – two bedrooms and have two electric vehicles and the air conditioning is driving a higher demand.

Julie Pignataro; where do we go from here? You had asked about bringing this forward January 1st? Do you just want to bring it forward?

Dave Lenz; It was to bring it forward for a January 1, 2024, implementation which would mean adoption in December.

Travis Storin; I think we have heard the Council's intent which is summarized by; Do our fees align with our values? As a staff we are going to have some research and legal review and need to come back to you at the December meeting at the earliest.

I think this may drive us (your direction) toward fees coming later in 2024 for a TBD implementation date to allow for the work and for the Council Finance Committee to ensure we are advancing the community objectives in the right ways through our fees. Also, questions around whether or not this merits a work session.

Julie Pignataro; I am sorry you have to do more work but then you Emily for that question, do our fees align with our values? I think that is what we are going round and round with and struggling with.

Emily Francis; if we are changing the way we approach this, it probably does need to go a work session.

Meeting adjourned at 5:18 pm