
M E M O R A N D U M

DATE: May 29, 2007
TO: City Council Members
FROM: Jennifer Bruno, Policy Analyst
RE: Impact Fees Update

This is an update ordinance to enact the yearly inflationary component (determined by the Engineering News Record) to impact fees levied in Salt Lake City. The ordinance that the Council adopted last year provides for this inflationary adjustment each year (see revised list of fees on **Page 3**).

- A. Currently the effective date is listed as “upon publication.” However, some Council Members have expressed an interest in changing the effective date to January 1, 2008. Some have expressed concern that altering fees in the middle of the construction season could have an unnecessarily detrimental effect on projects already underway.
- B. The Administration has estimated that the 6 months in delay to a January 1 effective date would cost approximately \$219,000 in what would otherwise be realized impact fee revenue. After assessing the amounts in the various impact fee accounts (fire, police, parks, streets), the Administration has indicated that this amount would not materially affect the ability to complete projects, as impact fee projects are typically funded with a variety of sources, including general fund. Because these sources are sometimes unpredictable (in terms of availability of funding), it is difficult to say that the lost \$219,000 would be the reason for a project to be delayed or not completed (see attached analysis for complete breakdown).
- C. Another option is to enact an October 1 effective date, which would mean approximately \$109,500 in “lost” revenue.
- D. Noticing – regardless of effective date, the Council may wish to give the Administration direction with regard to notice (either posted in the Planning Department Counter or mailed). Because this is the first year of implementation, and because inflationary adjustment notice requirements are not mentioned in state code, the Council has some flexibility. Options are included in each of the potential motions (on page 2).
- E. The inflationary adjustment is determined by the Engineering News Record, an industry standard. According to the City’s impact fee consultant, this report is used by the majority of Cities levying impact fees, when calculating annual inflationary adjustments.

- F. The inflationary adjustment information from the Engineering News Record is available quarterly, which would give some flexibility as to when in the year the City chooses to update its fees.

OPTIONS

The following are various options for Council consideration concerning the effective date of the attached impact fee ordinance:

<p>1. July 1 (<i>proposed</i>) – The Administration has indicated that they would post the proposed schedule of revised fees at the Permits Counter as soon as the effective date is decided.</p> <p>Notice Options:</p> <ul style="list-style-type: none">- 30-60-90 days posted at permits counter; and/or- 30-60-90 days mailed to list of developers maintained by CD
<p>2. January 1, 2008 (<i>this round</i>), July 1, 2008 (<i>next round</i>) – This proposal would make the current ordinance effective January 1, 2008, with the intent that the next update happen on July 1, 2008.</p> <p>Notice Options:</p> <ul style="list-style-type: none">- 30-60-90 days posted at permits counter; and/or- 30-60-90 days mailed to list of developers maintained by CD
<p>3. January 1, 2008 (<i>this round and all future rounds</i>) – This proposal would make the inflationary adjustments on January 1 of every year, in order to avoid changing fees in the middle of the construction season.</p> <p>Notice Options:</p> <ul style="list-style-type: none">- 30-60-90 days posted at permits counter; and/or- 30-60-90 days mailed to list of developers maintained by CD
<p>4. October 1 (<i>this round and all future rounds</i>) – This proposal would make the inflationary adjustments on July 1 of every year.</p> <p>Notice Options:</p> <ul style="list-style-type: none">- 30-60-90 days posted at permits counter; and/or- 30-60-90 days mailed to list of developers maintained by CD
<p>5. July 1 (<i>this round and all future rounds</i>) – This proposal would make the inflationary adjustments on July 1 of every year.</p> <p>Notice Options:</p> <ul style="list-style-type: none">- 30-60-90 days posted at permits counter; and/or- 30-60-90 days mailed to list of developers maintained by CD

PROPOSED INFLATIONARY ADJUSTMENT TO IMPACT FEES

Description	2006	2007	Difference	
	based on 10 Year CIP list	(only changes are inflationary adjustments)		
Fire Fees				
Residential (per dwelling unit) ⁽²⁾	\$390	\$440	\$50	13%
Commercial/Industrial (per square foot) ⁽²⁾	\$0.26	\$0.29	\$0.03	12%
Police Fees				
Residential (per dwelling unit)	\$363	\$410	\$47	13%
Commercial/Industrial (per square foot)	\$0.24	\$0.27	\$0.03	13%
Roadway Fees ⁽³⁾				
Residential (per single family dwelling unit)	\$0.00	\$0.00	\$0.00	-
Residential (per multifamily dwelling unit)	\$0.00	\$0.00	\$0.00	-
Retail (per square foot)	\$6.44	\$7.27	\$0.83	13%
Office (per square foot)	\$2.88	\$3.25	\$0.37	13%
Industrial (per square foot)	\$1.11	\$1.25	\$0.14	13%
Parks Fees				
Residential (per dwelling unit)	\$547	\$618	\$71	13%
Commercial/Industrial (per square foot)	\$0.00	\$0.00	\$0.00	-
Total Fees (Infill Development <i>not</i> Westside Development)				
Residential (per single family dwelling unit)	\$1,300	\$1,468	\$168	13%
Residential (per multifamily dwelling unit)	\$1,300	\$1,468	\$168	13%
Retail (per square foot)	\$0.50	\$0.56	\$0.06	12%
Office (per square foot)	\$0.50	\$0.56	\$0.06	12%
Industrial (per square foot)	\$0.50	\$0.56	\$0.06	12%
Total Fees (Westside Industrial Area)				
Residential (per single family dwelling unit)	\$1,300	\$1,468	\$168	13%
Residential (per multifamily dwelling unit)	\$1,300	\$1,468	\$168	13%
Retail (per square foot)	\$6.94	\$7.83	\$0.89	13%
Office (per square foot)	\$3.38	\$3.81	\$0.43	13%
Industrial (per square foot)	\$1.61	\$1.81	\$0.20	12%

Notes:

- (1) Infill development refers to all growth within the City limits, excluding the Northwest Quadrant.
- (2) Residential units are specified by single family and multifamily; commercial development is specified by retail, office and industrial.
- (3) Roadway Fees for infill development are only assessed in the Westside Industrial Area.

ATTACHMENT A

ADMINISTRATION'S ANALYSIS OF FEE INCREASE DELAY

<i>Impact Fee Category</i>	Revenue Received (7/1/06-5/30/07)	Monthly Average Revenue (7/1/06-5/30/07)	3% Growth (increased activity)	Total Projected Revenue per month	13% proposed increase "lost" revenue per month	Total "lost" revenue (6 month period)
Police	682,684.65	62,062.24	1,861.87	63,924.11	8,310.13	49,860.78
Fire	737,317.44	67,028.86	2,010.87	69,039.73	8,975.16	53,850.96
Parks	188,974.00	17,179.45	515.38	17,694.83	2,300.33	13,801.98
Streets	1,395,611.87	126,873.81	3,806.21	130,680.02	16,988.40	101,930.40
Total	3,004,587.96	273,144.36	8,194.33	281,338.69	36,574.02	219,444.12

CURRENT IMPACT FEE ACCOUNT BALANCES

<i>Impact Fee Category</i>	Cash Balance as of 4/26/07	Proposed Projects (Current Year)	Remaining Balance
Police	\$ 1,515,483.81		\$ 1,515,483.81
Fire	\$ 2,479,798.26	*(750,000)	\$ 1,729,798.26
Parks	\$ 210,695.09		\$ 210,695.09
Streets	\$ 2,210,775.92	** (1,870,000)	\$ 340,775.92

* Fire Station #15

** California Ave. Street Construction - 4800 to 5600 West