
MEMORANDUM

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 2).

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. The Council may wish to ask the administration if this is a viable option, or if this decision would delay a significant amount of revenue. Some have expressed concern that altering fees in the middle of the construction season could have an unnecessarily detrimental effect on projects already underway.

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.

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:

1. **July 1** (*proposed*) – 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.
2. **January 1, 2008** (*this round*), **July 1, 2008** (*next round*) – This proposal would make the current ordinance effective January 1, 2008, with the intent that the next update happen on July 1, 2008.
3. **January 1, 2008** (*this round and all future rounds*) – 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.
4. **July 1** (*this round and all future rounds*) – This proposal would make the inflationary adjustments on July 1 of every year.

The Council may wish to conduct a straw poll so that the Administration can proceed to give advance notice to developers.

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.