

AGENDA
LOVELAND CITY COUNCIL STUDY SESSION
TUESDAY, SEPTEMBER 22, 2015
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO

The City of Loveland is committed to providing an equal opportunity for citizens and does not discriminate on the basis of disability, race, age, color, national origin, religion, sexual orientation or gender. The City will make reasonable accommodations for citizens in accordance with the Americans with Disabilities Act. For more information, please contact the City's ADA Coordinator at bettie.greenberg@cityofloveland.org or 970-962-3319.

STUDY SESSION 6:30 P.M. - STUDY SESSION AGENDA

**1. ECONOMIC DEVELOPMENT
EWI PHASE I UPDATE AND PROGRAMMATIC SUPPORT REQUEST FOR PHASE II**

(presenters: Marcie Erion, Chris Conrardy, EWI; Henry Cialone, EWI; Tim Heaton, CAMA; Paul DellaNeve, Moog Corp.; Representative from OEDIT; Tony Wampler, Springs Fab; Bill Murphree, Cumberland and Western; Doug Rhoda, Wolf Robotics; Zach Loftus, Lockheed Martin 60 min)

This is an information only item that will include an initial discussion of a programmatic financial request on behalf of EWI to assist with the creation of EWI Colorado at the Rocky Mountain Center for Innovation and Technology (RMCIT).

**2. DEVELOPMENT SERVICES (presenter: Alan Krcmarik, 90 min)
CAPITAL EXPANSION FEES BASED ON PLANS BASED METHOD**

The City of Loveland has utilized impact fees, more specifically Capital Expansion Fees, as a method to fund capital improvements since 1984. The fees were based on a cost of services study and the equity buy-in approach to setting fees was adopted. The CEFs are updated every few years and after the last major review in 2012, Council requested more study of an alternative method to determine the fees, the Plans Based approach. Based on master plans prepared for the departments, projections of growth for the next 25 years, and updated capital improvement plans, calculations for CEFs have been made. The attached staff report, the BBC Research & Consulting report and other materials included as exhibits provide detailed background for the Plans Based fees.

ADJOURN



CITY OF LOVELAND
ECONOMIC DEVELOPMENT OFFICE
 Civic Center • 500 East Third • Loveland, Colorado 80537
 (970) 962-2304 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 1
MEETING DATE: 9/22/2015
TO: City Council
FROM: Marcie Erion, Economic Development Department
PRESENTERS: Marcie Erion; Chris Conrardy, EWI; Henry Cialone, EWI;
 Paul DellaNeve, Moog Corp.; Tim Heaton, CAMA;
 Representative from OEDIT; Bill Murphree, Cumberland and Western;
 Tony Wampler, Springs Fab; Doug Rhoda, Wolf Robotics;
 Zach Loftus, Lockheed Martin

TITLE:

EWI Phase I Update and Programmatic Support Request for Phase II

RECOMMENDED CITY COUNCIL ACTION:

Discussion and direction

SUMMARY:

This is an information only item that will include an initial discussion of a programmatic financial request on behalf of EWI to assist with the creation of EWI Colorado at the Rocky Mountain Center for Innovation and Technology (RMCIT).

BUDGET IMPACT:

- Positive
- Negative
- Neutral or negligible

The Economic Development Fund would be decreased by \$2MM over the next six years:
 \$500k in 2015
 \$500k in 2016
 \$250k/ year from 2017-2020

The current balance in the Economic Development Incentive Fund is \$1,055,221.

BACKGROUND:

Staff was introduced to EWI three years ago through Joe Shaw at NASA Glenn in Cleveland, Ohio. Since then several meetings and tours have been taken at both the EWI Headquarters in Columbus as well as throughout Colorado and at RMCIT. During this time it has become evident to all involved that an EWI Colorado would be an incredible asset to the Mountain States region, the State and to Loveland. Their differentiating and cross-cutting technologies will be impactful for the private sector and make Loveland a destination for innovative manufacturing capabilities, resources and support.

As a result of this work and research, staff brought a proposal to Council in the fall of 2014 to further explore the manufacturing landscape in Colorado as well as the feasibility of creating an

EWI Colorado at the RMCIT. City Council approved \$300,000 to fund a statewide manufacturing assessment in partnership with EWI. As of January of 2015, EWI representatives have met with over 90 Colorado based companies as well as with manufacturing organizations and Economic Development departments statewide. They have engaged small groups of manufacturers in focus group meetings to help distill the technology areas identified down to three or four main areas that will provide unique opportunities for manufacturers and are reflective of the needs of Colorado companies. The manufacturing assessment will be completed this fall. EWI will produce a high level summary of their results that can be shared publicly, but will retain ownership of the study with only the City of Loveland having access to the specific data.

EWI feels confident that they can sustain a physical presence in the region and their intent is to establish EWI Colorado at the Rocky Mountain Center for Innovation and Technology. They are a 501 ©3 nonprofit and thus need help capitalizing the initial operations.

The City of Loveland is being asked to provide \$2MM in support, over the next six years, for the execution of the business plan and the construction of an EWI Colorado operation at RMCIT. The overall project budget is \$6MM and the gap funding is expected to be filled through The Four Front initiative and the Office of Economic Development and International Trade. Staff is seeking direction to return to city council with a resolution for formal approval directing the City Manager to develop and to execute a contract for services with EWI and 2015 appropriation. The current balance in the Economic Development Incentive Fund is \$1,055,221. The \$500k contribution in 2015 will leave \$555,221 available. In 2016, the annual appropriation of \$450k, if approved, will be added back in for a total of \$1,050,221, from which an additional \$500k will be taken for a balance of \$505,221. For four years thereafter, starting in 2017, \$250k will be withdrawn each year. If the annual appropriation to this fund remains the same, \$200k plus any carryover would be available for other projects.

This is a significant request with significant benefits when successful over the long-term:

- While it appears to incent only one organization/program, it would really serve as an incentive for multiple companies starting in Loveland and spreading through the region and the state. A similar programmatic investment was the Tech Transfer program. The private sector creates the job and revenue growth as a result of the resources and capabilities provided through the program. In the case of EWI, it is an equipment intensive operation and this level of high tech equipment comes with a higher price tag.
- EWI Colorado would be a major attraction mechanism for Loveland and for the RMCIT campus. Companies, individuals, organizations, and educational institutions will all travel to the facility. They will be exposed to the amazing community assets as well as to the RMCIT property and the redevelopment opportunities there and throughout Loveland.
- In most cases the incentives council has approved meet one of the Strategic Plan goals. In this rare case it meets all four goals that the Economic Development Department uses to guide its work. (listed below)
- It is important to support sales tax and property tax generators, but it is also key to a strong economy to support primary jobs which can be created through the private sector and their engagement with EWI Colorado
- Lastly, staff and all the relevant stakeholders involved in the process, feel that this program will put Loveland on the map, throughout the state and the country, in the area of manufacturing

and innovation. As the United States focuses on bringing manufacturing back, companies will need the technical capabilities to compete. EWI's technologies are differentiating and cross cutting serving a wide variety of sectors through the EWI Colorado facility.

“Advanced manufacturing provides the path forward to revitalizing U.S. leadership in manufacturing, and will best support economic productivity and ongoing knowledge production and innovation in the Nation. The Nation's long-term ability to innovate and compete in the global economy greatly benefits from co-location of manufacturing and manufacturing-related R&D activities in the United States. The loss of these activities will undermine our capacity to invent, innovate, and compete in global markets.” (National Network for Manufacturing Innovation)

Support for this incentive is consistent with all four goals of the City Economic Development Strategic Plan:

Goal #1- Make Loveland the Heart of Innovation and Creativity in Colorado

Goal #2- Make Loveland a Destination which attracts businesses, visitors and consumers

Goal #3- Make the Right Investment easy to come, stay and grow

Goal #4- Make the Right Connections

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

1. Marcie Erion Presentation
2. Chris Conrardy Presentation
3. Tim Heaton Presentation
4. EWI Letter of Request
5. Cumberland and Western letter
6. EWI In-Kind contributions
7. Buffalo Manufacturing Works Infographic
8. Letters of Support

www.ewi.org

ACRONYM LIST

RMCIT- Rocky Mountain Center for Innovation and Technology

CAMA- Colorado Advanced Manufacturing Alliance

OEDIT- Office of Economic Development and International Trade

EWI- Branded now just as EWI, but stands for Edison Welding Institute

EWI Phase I Update and Phase II Financial Support Request

City Council Study Session
Tuesday, September 22, 2015

Agenda Overview and Introductions

- ▶ Introduction of Partners
- ▶ Presentations
 - ▶ EWI- Chris Conrardy and Henry Cialone
 - ▶ Paul DellaNeve, Moog Corporation, Buffalo New York
 - ▶ Tim Heaton, CAMA
 - ▶ Office of Economic Development and International Trade
 - ▶ Bill Murphree, Cumberland and Western
 - ▶ Tony Wampler, Springs Fab
 - ▶ Doug Rhoda, Wolf Robotics
 - ▶ Zach Loftus, Lockheed Martin
 - ▶ Discussion/ Q&A and Direction

Where we have been

- ▶ Introduced to EWI three years ago through NASA Glenn
- ▶ Met with EWI representatives as well as OEDIT, CAMA, CSU and private business leaders for an initial conversation
- ▶ Since that time, multiple meetings and tours have been held
- ▶ Agreement amongst all relevant parties that there was great potential for a branch of EWI in Colorado
- ▶ EWI New York established in Buffalo
- ▶ Staff request to City Council in fall 2014 to provide financial support for a statewide manufacturing assessment and EWI Colorado business plan
- ▶ Dozens of meetings across the state
- ▶ EWI Colorado can be sustainable and focus areas identified

Where we are Today

- ▶ Great level of interest from a broad spectrum of companies, organizations and politicians to see the vision of EWI Colorado come true
- ▶ EWI as a nonprofit 501 ©3 organization needs help capitalizing the initial operations
- ▶ Budget created \$6MM
- ▶ Partners sought
- ▶ Investments committed from The Four Front Initiative, OEDIT, Cumberland and Western and EWI in-kind contributions
- ▶ Private investment through the EWI Founder's Council and private contracts
- ▶ Seeking a financial commitment from the City of Loveland of \$2MM

Benefits and Impact

- ▶ Meets all 4 goals of the City of Loveland Strategic Plan
- ▶ Attraction mechanism for RMCIT
- ▶ Attraction mechanism for other locations in Loveland
- ▶ Attraction of Western US manufacturers to Loveland to use services
- ▶ Development of an R&D/innovative manufacturing Center to support existing Loveland businesses (BR&E) as well as supporting The Innosphere, The Warehouse and NoCo Bio Science clients among other incubator and accelerator programs statewide
- ▶ Development of regional workforce through partnerships with universities and community colleges
- ▶ Creation of a physical center for state partnerships
- ▶ Leverage of federal and state funding
- ▶ Creation of manufacturing hub for the state
- ▶ Increase bottom line for companies by assisting in product development and design, commercialization and optimization supporting job retention, job and revenue growth
- ▶ Free one-year membership to Loveland manufacturers

Next Steps

- ▶ Staff is seeking direction to return to City Council with a resolution for formal approval directing the City Manager to develop and to execute a contract for services with EWI. Funds would come from the Economic Development Incentive Fund.
- ▶ \$2MM request:
 - ▶ \$500k in 2015
 - ▶ \$500k in 2016
 - ▶ \$250k/year from 2017-2020



Creating a World-Class Manufacturing Technology Center in Loveland

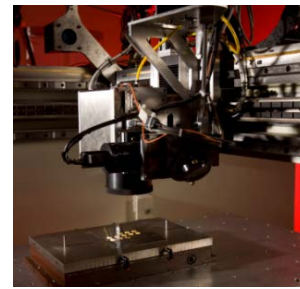
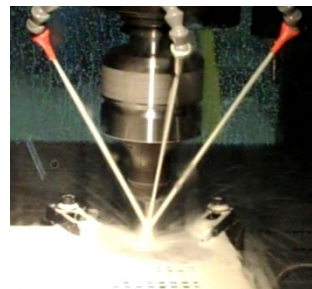
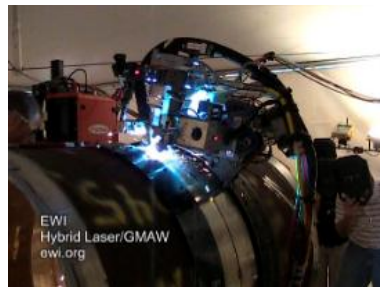
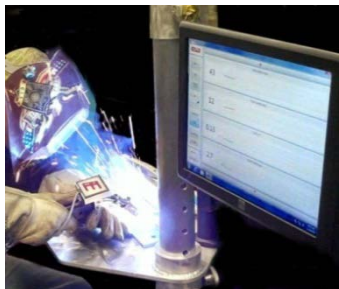
September 22, 2015

Chris Conrardy
CTO and VP Strategic Initiatives
cconrardy@ewi.org
614-688-5191

EWI[®]
We Manufacture Innovation

Executive Summary

- ◆ **Manufacturing is important to Northern Colorado**
- ◆ **Manufacturing technology is evolving very rapidly**
- ◆ **Innovative companies use new technologies to become more competitive**
- ◆ **EWI helps companies adopt technologies to achieve business goals**
- ◆ **A plan for an EWI operation in RMCIT has been developed with extensive involvement of manufacturers and regional partners**
- ◆ **The EWI Colorado operation will be a critical catalyst for the technology ecosystem in Loveland and Colorado**
- ◆ **The City's investment would be highly leveraged from existing commitments and the facility achieve financial sustainability within 5 years**



EWI Overview

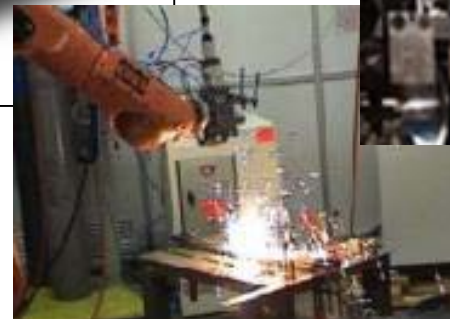
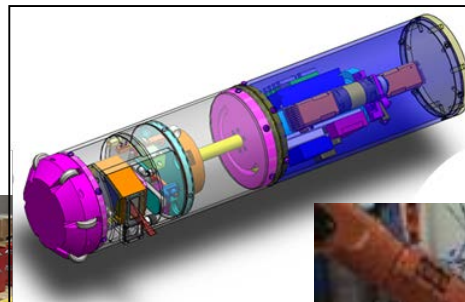


- ◆ **Sustainable nonprofit manufacturing innovation model**
- ◆ **Thought-leader in many cross-cutting technologies**
- ◆ **Market driven by clients' emerging technology needs**
- ◆ **Intermediary between industry and academia**
- ◆ **Commercializes technologies to deliver solutions**
- ◆ **Expanding locations and relationships to increase impact**



EWI Maintains Deep Technical Capabilities to Help Industry

- ◆ **Leading edge:** unique national resource in our manufacturing technology areas
- ◆ **Cross cutting:** impact a wide range of manufacturing sectors and client applications
- ◆ **Applied:** full-scale equipment and manufacturing technology application expertise



EWI Colorado Approach

◆ Objective - Maximize impact by:

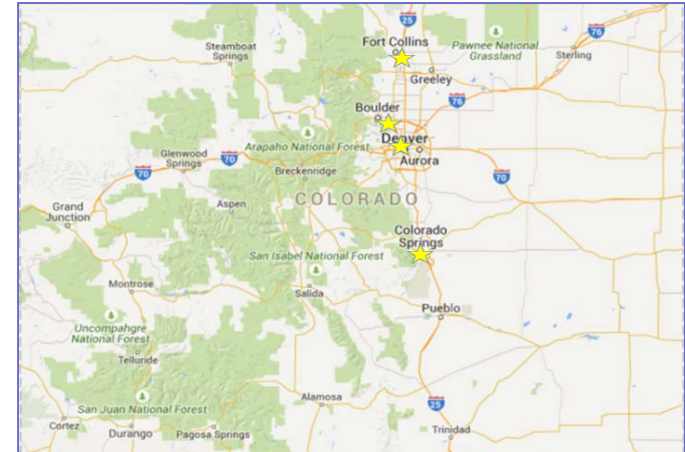
- Targeting **needs** of manufacturing technology services
- Integrating **EWI's existing capabilities** in the region
- Building **community support** to align available resources
- Achieving **financial sustainability** without ongoing public funding
- Creating a unique asset to support **business attraction** activities

◆ Approach - 3 phase approach mitigates risk:

- **Phase 1:** Identify technology areas, build partnerships, and determine investment requirements
- **Phase 2:** Establish a pilot operation with initial core capabilities
- **Phase 3:** Scale up to financial sustainability

Deep Community Involvement in Developing the Plan

- ◆ **>90 company visits**
- ◆ **>20 collaborator visits**
- ◆ **>10 regional events**
- ◆ **4 focus group exercises**
- ◆ **4 Advisory Group meetings**



Advisory Group

- Heidi Hostetter - Fauston
- Darren Pape - Wolf Robotics
- Noel Ginsburg - Intertech Plastics
- Tony Wampler - Springs Fab
- Joe Potter – Woodward
- Zach Loftus – LM Space
- John Martin – Ball Aerospace
- Tony Feltman – SPIRE EMS
- Tom Bugnitz - Manufacturers Edge
- Tim Heaton - CAMA
- Harry Horowitz - OEDIT
- Marcie Erion - City of Loveland
- Mark Wdowik - CSU
- Vicky Lea - Metro Denver EDC

RMCIT Facility Vision



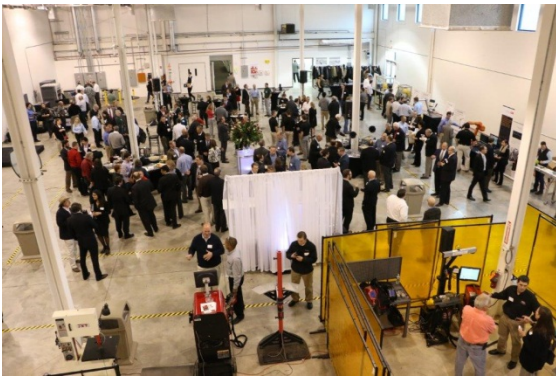
Rocky Mountain Center for Innovation & Technology



Engineering & Design



Confidential video-conferences



Technology demonstration



Client funded technology development



New Technology Training



NREL composite center (IACMI) may co-locate in the RMCIT

Initial Technology Focus: Quality Measurement

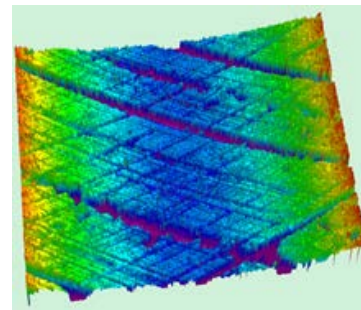
- ◆ **Opportunity for Colorado to become national leader**
- ◆ **Broad industrial relevance in Colorado and nationally**
- ◆ **Leverages >\$3M EWI existing technical capabilities**
- ◆ **Diverse suite of advanced technologies**



Non-destructive
evaluation



Manufacturing
process monitoring



Advanced
Metrology



Structural health
monitoring

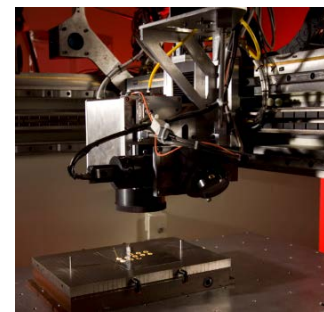
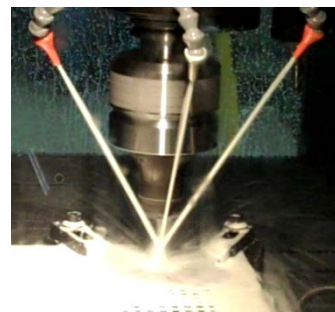
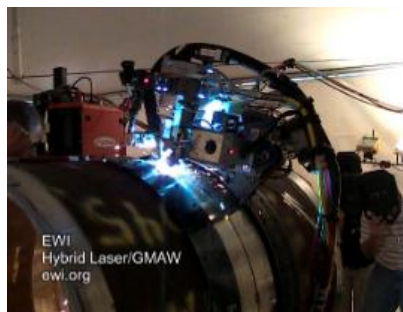
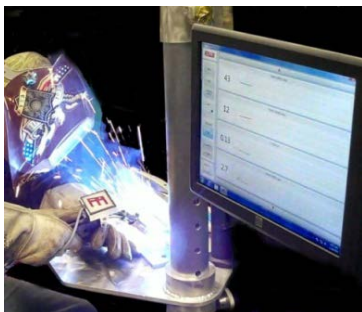
Connecting FourFront Colorado to EWI's Capabilities



- FourFront Mfg Advancement Centers
- ▲ EWI centers of excellence

EWI Capabilities:

- ◆ 2 full-scale test labs
- ◆ >\$40M in state of the art capital equipment
- ◆ >160 engineers, technicians, industry experts
- ◆ Broad industry / R&D connections



Go To Market Summary

1 Fundraise Capital

- > \$6M in startup funding
 - > \$500k for facility improvements
 - > \$3M for laboratory equipment
 - > Remainder for working capital
- > Loveland's investment would be **highly leveraged through other commitments**

2 Formalize Local Partnerships

- > Establish **Founders' Council**
- > Formalize **agreements** with collaborators including universities, labs, and business associations

3 Leverage EWI's Capabilities for Fast Start

- > **Broad and deep technical capabilities** at existing Ohio and Buffalo facilities
- > **Leverage back-office and marketing** support services

4 Clear Path to Financial Sustainability

- > **Diverse Sources of Service Revenue**
 - Member Services
 - Commercial Services
 - Government Programs
 - Commercialization of EWI IP
- > Revenue starting in year 1 with **secured commitments**
- > Operations **financially sustainable by Year 5**,
 - Breakeven in Year 4
- > A **unique and stable asset** in technology ecosystem that would require no additional public operating subsidy

Funding Request

- ◆ **Seeking \$2M in funding commitment through 2020 from the City of Loveland**

Sources of Start-up Funding

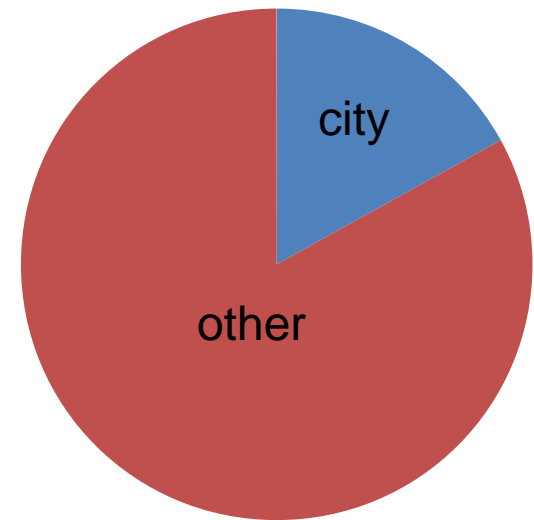
Public Funding Requests

City of Loveland Request	2,000,000	6 yrs
FourFront Federal Request	2,000,000	1 yr
State of Colorado Request	2,000,000	2 yrs

Additional economic value will be created through private investments:

Anticipated Private Sources

EWI Back Office Leverage	1,500,000	4 yrs
C&W Rent Abatement	400,000	4 yrs
Client Funding	3,900,000	4 yrs



Loveland's investment in EWI would be significantly leveraged

Note: Does not include \$600K costs for business plan development shared by City of Loveland and EWI

Build-Out Plan (market demand leads investment)

Staffing

- ◆ **2016**
 - 1 Operation manager / business development lead
 - 1 Technology Leader
 - 2 Engineers
 - 1 Technician
- ◆ **2017**
 - 1 Sales lead
 - 2 Engineers
 - 1 Technician
 - 1 Project Manager
 - 1 Office Manager
- ◆ **2018**
 - 1 Engineer

Facility / Equipment

- ◆ **2016**
 - Facility improvements
 - Ultrasonics: Matrix phased array, Full matrix capture, Total focusing method
 - X-ray: CT, Photo counting, dual energy
- ◆ **2017**
 - Process monitoring
 - Thermography
 - Array eddy current
 - Metrology
- ◆ **2018**
 - Structural health monitoring
 - Laser UT

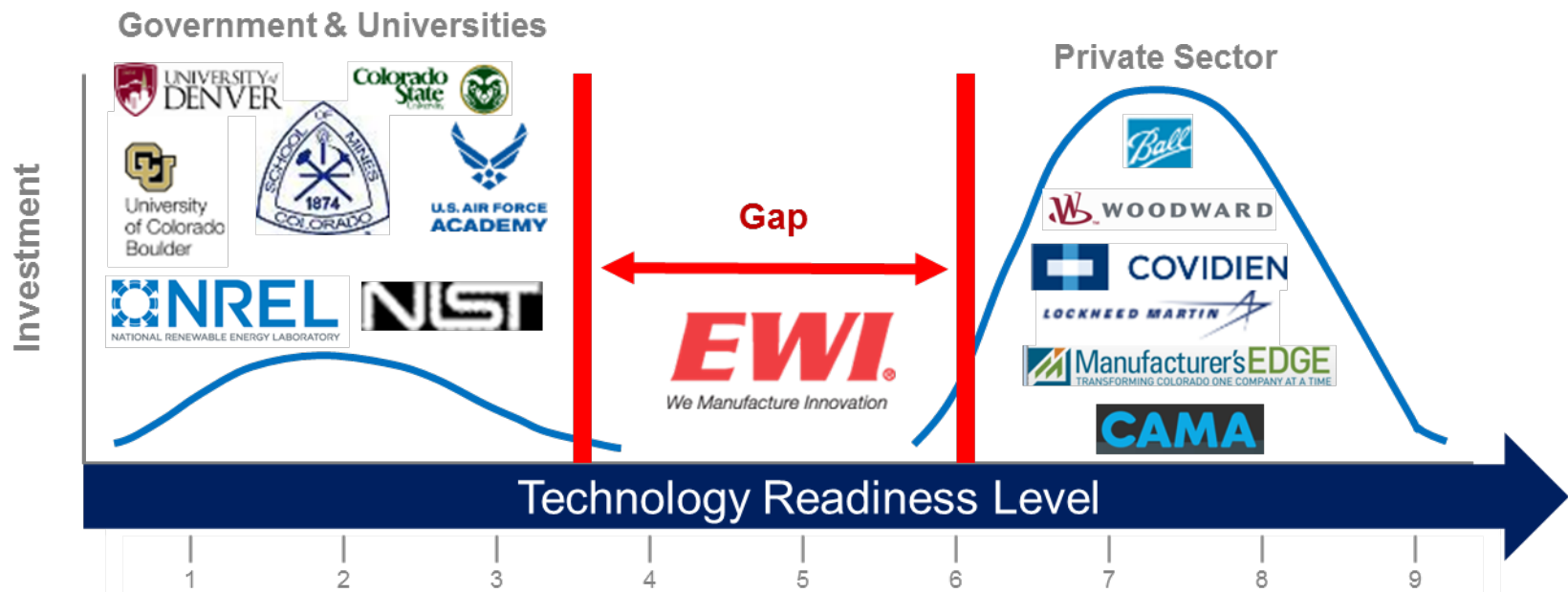
Formalizing Partnerships

◆ Non-Profits

- Universities: CSU, UCCS, CSM
- Associations: CAMA, Bioscience
- MEP: Manufacture's Edge
- Economic Development: Metro Denver
- Incubator / accelerator: Warehouse, RMI
- Labs: NREL, NIST
- Etc.

◆ Industry “Founders Council”

- Small, medium, large Colorado manufacturers
- Meet regularly to guide the decision making
- Make financial commitment to purchase services



Leveraging Existing EWI Capabilities for a Fast Start

Technical

- ◆ **Design**
- ◆ **Testing**
- ◆ **Materials**
- ◆ **Simulation**
- ◆ **Structural analysis**
- ◆ **Automation / controls**
- ◆ **Manufacturing processes: joining, forming, AM, laser processing, machining, etc.**
- ◆ **Quality Measurement: ultrasonic, eddy current, X-ray, sensors / monitoring, metrology**



Business

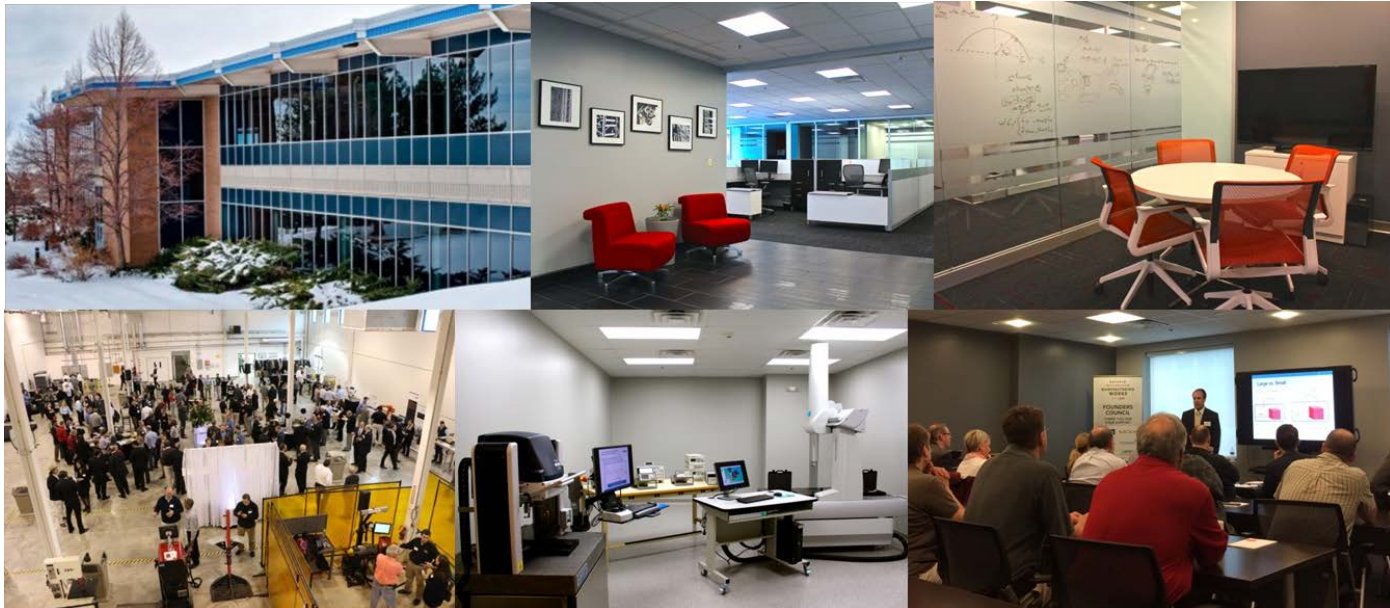
- ◆ **Contracts / legal**
- ◆ **Member services**
- ◆ **Federal programs**
- ◆ **Commercialization**
- ◆ **Finance / accounting**
- ◆ **IT infrastructure support**
- ◆ **National sales & marketing**
- ◆ **HR recruiting / benefits admin**
- ◆ **Intellectual property management**
- ◆ **Technical library staff / databases**
- ◆ **Technology innovation investments**



Launch Timeline

- ◆ **Business plan feedback (Sept 2015)**
- ◆ **Align resources needed for launch (Aug-Oct 2015)**
- ◆ **EWI Board approval of business plan (Oct 2015)**
- ◆ **Formalize partner agreements (Oct-Nov 2015)**
- ◆ **Initiate national marketing campaign (Dec 2015)**
- ◆ **Begin to implement (Jan 2016)**
- ◆ **Establish industrial “founders council” (Feb 2016)**
- ◆ **Facility operational (June 2016)**
- ◆ **Grow capabilities, develop business, build brand, create customer impacts (2016-2019)**
- ◆ **Achieve financial sustainability (2020)**
- ◆ **Expand into new technology areas (2020+)**

Thank you!





We Manufacture Innovation

Loveland City Council
September 22nd, 2015



Colorado Advanced
Manufacturing Alliance



MISSION

FourFront Colorado is a public-private partnership focused on the development and implementation of a long-term economic development strategy to:

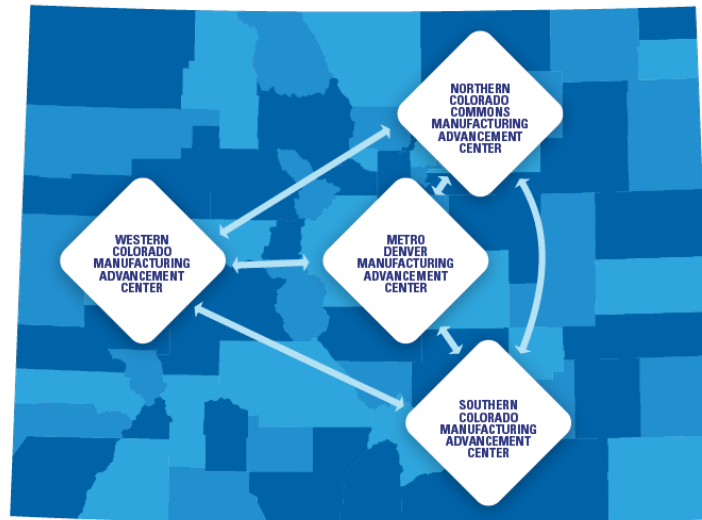
- Strengthen the resiliency of all businesses within Colorado's defense sector
- Advance and grow Colorado's manufacturers with a focus on Colorado's Advanced Industry sectors



Objectives

- Collaboration across the state/across all industries
- Provide the tools for growth & advancement
- Connect to emerging technologies and best practices
- Make our future workforce

Collaboration



FourFront Colorado will virtually connect Colorado manufacturing companies to supply chains, resources, and partners across the state, in order to advance and grow their business.

Four Manufacturing Advancement Centers

The FourFront Manufacturing Centers are collaboration hubs delivering services and sharing resources through existing intermediaries across four quadrants.





Research and Development



R&D will be led by an Application Center that will be responsible for developing and deploying new technologies that enable companies to bridge the gap between R&D and manufacturing implementation.

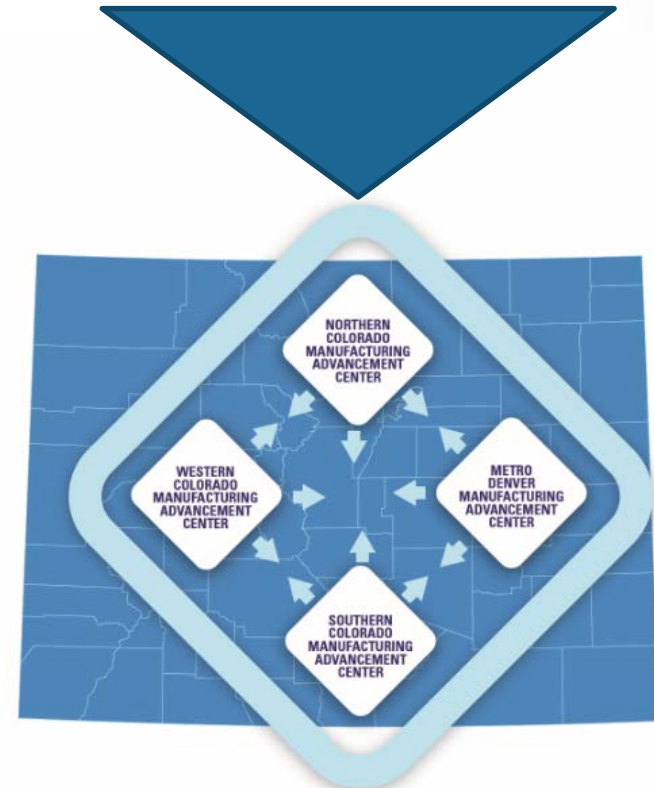


Manufacturing Application Center

- It is the goal for this Application Center to be operated and managed by EWI.
- We are confident that EWI's expertise in providing applied research, manufacturing support, and strategic services to manufacturers will allow Colorado companies to better compete on the global stage.

EWI®

We Manufacture Innovation



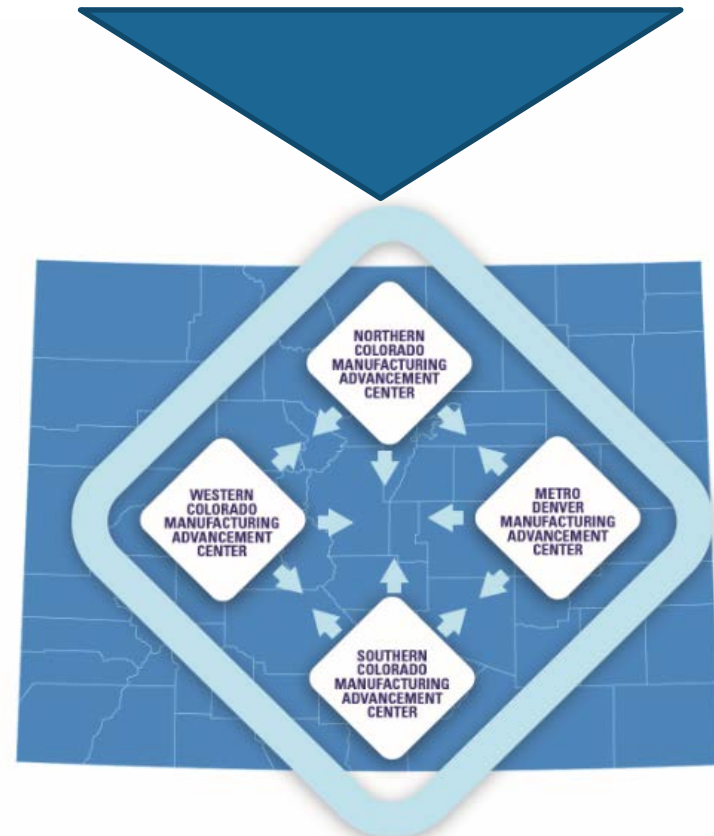


Manufacturing Application Center

CAMA and FourFront are prepared to commit \$2,000,000 in funding to support the City of Loveland in making this project a reality.

EWI®

We Manufacture Innovation





We Manufacture Innovation

1250 Arthur E. Adams Drive, Columbus, Ohio 43221
614.688.2000 • ewi.org

September 11, 2015

Bill Cahill, Loveland City Manager and
Loveland City Council Members
500 East 3rd Street, Suite 330
Loveland, Colorado 80537

Dear Bill and Loveland City Council Members,

I am writing to you to request \$2M in funding to help EWI establish an operation in the Rocky Mountain Center for Innovation and Technology.

Manufacturing is important to Northern Colorado, and technical innovation is essential to the competitiveness of Colorado manufacturers. EWI is non-profit organization that helps manufacturers improve their products and business performance through the application of advanced manufacturing technologies. While operating for more than 30 years, EWI has served a wide range of manufacturing sectors and has developed a unique, financially sustainable manufacturing innovation model that does not require ongoing operating subsidies from the government.

To increase our impact, EWI has a strategy to establish new locations across the nation. Over the past eight months, EWI staff have engaged Colorado industry and partners to develop a business plan for a financially sustainable operation in Loveland. The plan requires a minimum of \$6M to invest in facility improvements, capital equipment, and talent acquisition to establish the nation's leading center for manufacturing quality measurement technology applied R&D. With capital from state and federal sources, the City of Loveland's investment would be leveraged by more than two to one. Additionally, the operation would leverage a wide range of technical and business capabilities available at other EWI locations, valued at over \$1M in-kind support during the first four years of operation.

We value the partnership that has emerged with the City of Loveland over the past three years, and we look forward to establishing a permanent presence in your community.

Sincerely,

A handwritten signature in blue ink, appearing to read "Henry Cialone".

Henry J. Cialone, Ph.D.
President and CEO

HJC/psm

c: File

Mr. Bill Murphree
President, Cumberland and Western Resources, LLC
2200 Lapsley Lane
Bowling Green, KY 42103

Mr. Bill Cahill
City Manager, City of Loveland
500 E. 3rd Street
Loveland, CO 80537

Dear Bill,

I am writing to you to express Cumberland and Western's (CW) support for EWI establishing an operation in Loveland, Colorado at the Rocky Mountain Center for Innovation and Technology (RMCIT).

CW has appreciated its relationship with the City of Loveland as we work together to redevelop the former Hewlett Packard campus. We see this opportunity as game changing for Loveland, the state, and the region as well as beneficial to the RMCIT property. EWI Colorado in the facility will support existing companies and will attract out of area companies, manufacturers, organizations and educational institutions to the community and to the space. It is in direct alignment with both The City of Loveland strategic plan and the mission CW has for tenanting the campus.

We commend City Council's consideration of substantial programmatic support. To demonstrate our support of the project, CW will be working with EWI on a rent abatement package in Lower D to help offset the expenses associated in setting up.

We look forward to our continued work with Loveland and this exciting opportunity.

Sincerely,



Bill Murphree, President
Cumberland and Western Resources, LLC

Leveraging Existing EWI Capabilities for a Fast Start

Technical

- ◆ **Design**
- ◆ **Testing**
- ◆ **Materials**
- ◆ **Simulation**
- ◆ **Structural analysis**
- ◆ **Automation / controls**
- ◆ **Manufacturing processes: joining, forming, AM, laser processing, machining, etc.**
- ◆ **Quality Measurement: ultrasonic, eddy current, X-ray, sensors / monitoring, metrology**



Business

- ◆ **Contracts / legal**
- ◆ **Member services**
- ◆ **Federal programs**
- ◆ **Commercialization**
- ◆ **Finance / accounting**
- ◆ **IT infrastructure support**
- ◆ **National sales & marketing**
- ◆ **HR recruiting / benefits admin**
- ◆ **Intellectual property management**
- ◆ **Technical library staff / databases**
- ◆ **Technology innovation investments**

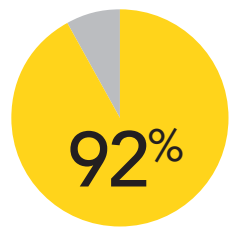


MANUFACTURING WORKS

Operated by **EWI**.



New processes are becoming **more mainstream**



Over the next 3-5 years **92% of mid-market manufacturers expect to implement advanced manufacturing techniques**¹

Advanced manufacturing tools have the ability to **reduce production costs by 20%–40%**²

By 2025, advanced robots will **boost productivity up to 30%**³

In annual maintenance, repair, and operations savings, it is estimated that additive manufacturing can **provide the aerospace industry up to \$3.4 billion**⁴

Tried and true processes like machining are being **modernized for extended capabilities**

- ✓
Increased feeds and speeds
- ✓
Extended tool life
- ✓
Improved surface finish
- ✓
Reduce burr and chip formation

And materials are **evolving rapidly**

The future of manufacturing depends on a number of technological breakthroughs in robotics, sensors and high-performance computing, to name a few. But nothing will impact how things are made, and what they are capable of, more than the materials manufacturers use to make those things.

—Scientific American⁵

Innovation is a must for companies looking to compete

Buffalo Manufacturing Works helps innovation-driven organizations excel by partnering with their internal manufacturing, engineering and R&D teams to deliver better products, grow, and compete—offering assistance in **four core areas**:

1. Flexible Manufacturing

Developing, testing, and simulating automation, controls and machine vision for agile, collaborative solutions

2. Materials & Testing

Materials processing, characterization and testing for advanced applications

3. Additive Manufacturing

Design innovation, process optimization and improved quality for emerging additive manufacturing technologies

4. Machining & Finishing

Increasing capability and improving speed and quality through innovative machining & finishing technologies

Buffalo Manufacturing Works is EWI's second national laboratory dedicated to manufacturing innovation. The new facility provides technology solutions to companies across industry through world-class engineering support, research and design, training, and strategic services. With a focus on emerging technologies, the center's activities are expanding EWI's capabilities to shape the future of manufacturing through applied research and implementation. To find out how Buffalo Manufacturing Works and EWI can help your company, contact info@buffalomanufacturingworks.com or 716.710.5555.



Partnering with Buffalo Manufacturing Works gives you unparalleled access to a range of resources. We'll help you gain a competitive advantage by providing the tools you need to grow, improve your bottom line, and compete. **Together, we can build a nationally recognized hub of advanced manufacturing innovation.**

World class technical capabilities that help companies manufacture products faster, better and more cost-effectively

Sources:
¹ <http://documents.nam.org/comm/Advanced-Manufacturing-Techniques-Report.pdf>
² https://www.bcgperspectives.com/content/articles/lean_and_manufacturing_production_why_advanced_manufacturing_boost_productivity/
³ <https://www.bcg.com/media/PressReleaseDetails.aspx?id=tcml2-181684>
⁴ http://www.pwc.com/us/en/industrial-products/assets/3d-printing-next_manufacturing-pwc.pdf
⁵ <http://www.scientificamerican.com/slideshow/9-materials-that-will-change-manufacturing/>



August 24, 2015

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

On behalf of the Colorado Space Coalition (CSC), this letter is in support of EWI establishing an operation in Colorado.

The CSC represents more than forty aerospace industry stakeholders in Colorado, including the region's major aerospace and defense companies: Ball Aerospace, Boeing Company, Harris Corp., Lockheed Martin Space Systems, Northrop Grumman, Raytheon Company, Sierra Nevada Corporation and United Launch Alliance. Other CSC partners include space-based military installations, higher education institutions, several regional chambers of commerce, and economic development agencies.

The CSC's goal is to further grow Colorado as a center of excellence for space, and we consider a robust platform for advanced manufacturing capabilities and technical innovation as essential to the continued competitiveness of Colorado's space industry.

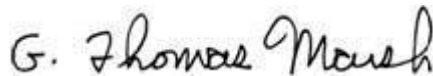
As one of the leading engineering and technology organization in North America dedicated to advancing manufacturing technologies, EWI will fill an important role in Colorado's manufacturing ecosystem in partnership with other organizations by helping manufacturers identify, test, and implement advanced technologies to improve products and production efficiency.

The CSC is committed to helping engage and connect our industry partners with EWI operations, and looks forward to EWI establishing nationally "best in class" technical capabilities in Colorado.

Sincerely,



Andy Love
Major General, USAF (Ret.)
Colorado Space Coalition Co-Chair



G. Thomas Marsh
Former Executive Vice President
Lockheed Martin Space Systems Company
Colorado Space Coalition Co-Chair



Office of the Vice President for Research

203 Administration
2001 Campus Delivery
Fort Collins, Colorado 80523-2001
(970) 491-7194
FAX: (970) 491-5541
www.vpr.colostate.edu

August 5, 2015

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone:

Please allow this letter to serve as Colorado State University's (CSU) advocacy for EWI establishing an advanced manufacturing operation in Colorado.

As Colorado's Land Grant University, CSU, with long standing research strengths in advanced materials, manufacturing, and engineering, is committed to the long term success of Colorado manufacturing, as well as Colorado's sustained economic growth. The unique capabilities of CSU and EWI are highly complementary, and the combined strengths of both would address a broader range of industry needs in the state, and for the nation as a whole. Technological innovation is the key to the competitiveness of many Colorado manufacturers, and CSU is conducting pioneering research in many areas which are relevant to this sector. EWI is one of the nation's leading non-profit organizations dedicated to maturing, commercializing, and implementing advanced manufacturing technologies to help industrial clients achieve their business goals.

While we already have a master research and development agreement (MRDA) in place between our organizations, having an EWI advanced manufacturing operation here in Colorado would further the progress already made, and better drive the innovation, development, commercialization, and productization necessary to support this industry in Colorado.

We look forward to collaborating more closely with EWI to make Colorado a leader in advanced manufacturing, and helping to drive economic development throughout the state. Should you have any questions pertaining to this letter, I may be reached by telephone at 970-491-7194, or by email at alan.rudolph@colostate.edu.

Thank you for your time and consideration in this matter.

Sincerely,

A handwritten signature in blue ink that reads "Alan S. Rudolph". The signature is fluid and cursive, with the first name "Alan" being the most prominent.

Alan S. Rudolph, PhD, MBA
Vice President for Research

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

September 9, 2015

Dear Dr. Cialone,

I am writing to you to express the support of my company, the NoCo Manufacturing Partnership, and the Colorado Advanced Manufacturing Alliance for EWI establishing an operation in Loveland, Colorado. Our Partnership of well over 100 manufacturing firms in Northern Colorado will undoubtedly reap great benefits from the opportunity for local interaction with your organization.

The State of Colorado is home to nearly 6000 manufacturing firms, employing over 130,000 Coloradans. Our industry's importance to the health of our economy and communities is clear. To maintain that health, we must be constantly advancing our methods and processes. EWI, as one of the leading engineering and technology organizations in North America, with a dedication to advancing manufacturing, is clearly an important partner in this effort.

We look forward to working with EWI as you establish nationally "best in class" technical capabilities in Colorado.

Sincerely,



Paul Harter
President and CEO, Aqua-Hot Heating Systems, Inc.
Chairperson, NoCo Manufacturing Partnership
Chair-elect, Colorado Advanced Manufacturing Alliance



Mr. Bill Murphree
President, Cumberland and Western Resources, LLC
2200 Lapsley Lane
Bowling Green, KY 42103

Mr. Bill Cahill
City Manager, City of Loveland
500 E. 3rd Street
Loveland, CO 80537

Dear Bill,

I am writing to you to express Cumberland and Western's (CW) support for EWI establishing an operation in Loveland, Colorado at the Rocky Mountain Center for Innovation and Technology (RMCIT).

CW has appreciated its relationship with the City of Loveland as we work together to redevelop the former Hewlett Packard campus. We see this opportunity as game changing for Loveland, the state, and the region as well as beneficial to the RMCIT property. EWI Colorado in the facility will support existing companies and will attract out of area companies, manufacturers, organizations and educational institutions to the community and to the space. It is in direct alignment with both The City of Loveland strategic plan and the mission CW has for tenanting the campus.

We commend City Council's consideration of substantial programmatic support. To demonstrate our support of the project, CW will be working with EWI on a rent abatement package in Lower D to help offset the expenses associated in setting up.

We look forward to our continued work with Loveland and this exciting opportunity.

Sincerely,



Bill Murphree, President
Cumberland and Western Resources, LLC



August 19, 2015

Dr. Henry Cialone

President & CEO, EWI

1250 Arthur E. Adams Drive

Columbus, Ohio 43221

Dear Dr. Cialone,

I am writing to you to express my strong support for EWI establishing an operation in Colorado.

We have been enthusiastic supporters of this idea since the first time Mr. Conrardy met with us, and we have convinced a number of "fence-sitters" to get behind this project as well. This would be a great addition to an already thriving manufacturing community and we are excited about the talent and resources EWI would bring to Colorado.

As Colorado's MEP, Manufacturer's EDGE is focused on the immediate and long-term success of Colorado's manufacturers. Additionally, the MEP system overall and Manufacturer's Edge in particular are moving steadily into technology transfer and innovation activities to help new companies start and existing companies innovate and grow. Toward this end EWI would fill an important role in the Colorado manufacturing ecosystem by helping manufactures identify, test, and implement advanced technologies to improve products and production efficiency. In addition, the presence in Colorado of partners like EWI will help to strengthen the "innovation mindset" across industry that we believe is critical in moving manufacturing forward into the digital domain.

The services which Manufacturer's EDGE and EWI offer are highly complementary and together would address a broader range of industry needs than either organization currently provides. We look forward to collaborating with EWI to strengthen and grow advanced manufacturing in Colorado .

Sincerely,

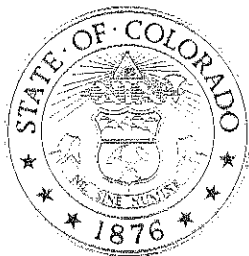
A handwritten signature in blue ink that reads "Tom Bugnitz".

TOM BUGNITZ

CEO

Manufacturer's EDGE

State Representative
BRIAN DELGROSSO
Colorado State Capitol
200 East Colfax Avenue, Room 307
Denver, Colorado 80203
Capitol: 303-866-5523
E-mail: brian@bdelgrosso.com



MINORITY LEADER

Member:
Executive Committee of the Legislative
Council
Legislative Council Committee

COLORADO
HOUSE OF REPRESENTATIVES
STATE CAPITOL
DENVER
80203

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

I am writing to you to express my support for EWI establishing an operation in Colorado, and hopefully Loveland.

Manufacturing is important to Colorado, and technical innovation is essential to the competitiveness of Colorado manufacturers. Loveland would be a great place for EWI in Colorado. As you know, EWI is the one of the leading engineering and technology organization in North America dedicated to advancing manufacturing technologies. EWI will fill an important role in the Colorado manufacturing ecosystem in partnership with other organizations by helping manufactures identify, test, and implement advanced technologies to improve products and production efficiency.

As the state Representative from the city of Loveland, I would be very happy to see EWI set up an operation here.

Sincerely,

Brian DelGrosso
Colorado House Minority Leader
House District 51, Loveland



Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

I am writing to you to express Wolf Robotics support for EWI establishing an operation in Colorado.

Manufacturing is important to Colorado, and technical innovation is essential to the competitiveness of Colorado manufacturers. EWI is the one of the leading engineering and technology organization in North America dedicated to advancing manufacturing technologies. EWI will fill an important role in the Colorado manufacturing ecosystem in partnership with other organizations by helping manufactures identify, test, and implement advanced technologies to improve products and production efficiency.

We have valuable past experience working with your home location in Columbus and foresee even more opportunities working with a Colorado establishment.

We look forward to working with EWI as you establish nationally "best in class" technical capabilities in Colorado.

Sincerely,

A handwritten signature in black ink that reads "Darren Pape".

Darren Pape

Operations Manager

JARED POLIS
2ND DISTRICT, COLORADO

1433 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0602
(202) 225-2161
(202) 226-7840 (FAX)

website and email:
<http://polis.house.gov>



Congress of the United States
House of Representatives

P. 46
COMMITTEES:
COMMITTEE ON RULES
COMMITTEE ON
EDUCATION AND THE WORKFORCE
SUBCOMMITTEES:
RANKING MEMBER
HEALTH, EMPLOYMENT, LABOR,
AND PENSIONS
HIGHER EDUCATION
COMMITTEE ON
NATURAL RESOURCES
STEERING AND POLICY
PARLIAMENTARIAN

September 10, 2015

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

I am writing to you to express my support for the impressive manufacturing and technical innovation in Colorado and ask EWI give full and fair consideration to establishing a site in Loveland, Colorado.

Manufacturing is important to Colorado, and technical innovation is essential to the competitiveness of Colorado manufacturers. EWI is the one of the leading engineering and technology organization in North America dedicated to advancing manufacturing technologies. EWI will fill an important role in the Colorado manufacturing ecosystem in partnership with other organizations by helping manufactures identify, test, and implement advanced technologies to improve products and production efficiency.

We look forward to working with EWI as you establish nationally "best in class" technical capabilities in Colorado.

Yours Truly,

A handwritten signature in blue ink, appearing to read "Jared Polis".

Jared Polis
U.S. Representative

Lockheed Martin Space Systems Company, 12257 S. Wadsworth Blvd, Littleton, CO 80125



August 10, 2015

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

I am writing to you to express Lockheed Martin Space Systems Company's interest in EWI establishing an operation in Colorado.

Manufacturing is important to Colorado, and technical innovation is essential to the competitiveness of Colorado manufacturers. We feel EWI is one of the leading engineering and technology organizations in North America and we believe EWI is dedicated to advancing manufacturing technologies. We believe EWI will fill an important role in the Colorado manufacturing ecosystem in partnership with other organizations by helping manufactures identify, test, and implement advanced technologies to improve products and production efficiency.

We look forward to having EWI technical capabilities available in Colorado.

Sincerely,

A handwritten signature in blue ink, appearing to read "Zach Loftus".

Dr. Zach Loftus
LM Fellow
Lockheed Martin Space Systems Company
303-971-6668
zachary.s.loftus@lmco.com



815 14th St SW
Bldg. D
Loveland, CO 80537

Phone: 970-461-1140
Fax: 970-461-8470
Email: jim@datatraks.com

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

As president of DataTraks, Inc., I am writing to express my support for EWI establishing an operation in Colorado.

Manufacturing is important to Colorado, and technical innovation is essential to the competitiveness of Colorado manufacturers. EWI is the one of the leading engineering and technology organization in North America dedicated to advancing manufacturing technologies. EWI will fill an important role in the Colorado manufacturing ecosystem in partnership with other organizations by helping manufactures identify, test, and implement advanced technologies to improve products and production efficiency.

In addition, EWI is actively involved in many railroad related research and development projects. Being a developer of railroad technology ourselves, I am excited about the opportunities that having EWI in Colorado might present to my company.

We look forward to working with EWI as you establish nationally "best in class" technical capabilities in Colorado.

Sincerely,

A handwritten signature in black ink that reads "James R. Bilodeau".

James R. Bilodeau
President
DataTraks, Inc.



Innosphere
 320 East Vine Drive
 Suite 101
 Fort Collins, CO 80524
 970.221.1301
 innosphere.org

Innosphere at CREED
 14062 Denver W. Pkwy, Ste. 300
 Golden, CO 80401
Innosphere at INDUSTRY
 3001 Brighton Blvd. Ste. 515
 Denver, CO 80216

September 9, 2015

Dr. Henry Cialone
 President & CEO, EWI
 1250 Arthur E. Adams Drive
 Columbus, Ohio 43221

Dear Dr. Cialone,

As the CEO of Innosphere, Colorado's leading technology incubator, I have seen firsthand how important manufacturing is to Colorado. Because technical innovation is essential to the competitiveness of Colorado manufacturers, I am excited to express Innosphere's support for EWI establishing an operation in Colorado.

As you know, EWI is one of the leading engineering and technology organizations in North America dedicated to advancing manufacturing technologies. EWI will fill an important role in the Colorado manufacturing ecosystem in partnership with other organizations by helping manufactures identify, test, and implement advanced technologies to improve products and production efficiency.

Having an EWI advanced manufacturing operation here in Colorado would further the progress already made between them and Colorado State University, and better drive the innovation, development and commercialization necessary to support this Colorado industry.

We look forward to collaborating more closely with EWI to make Colorado a leader in advanced manufacturing, and helping to drive economic growth throughout the state. Should you have any questions pertaining to this letter, I may be reached by telephone at 970.818.7736, or by email at mike@innosphere.org.

Thank you for your time and consideration – it is greatly appreciated.

Sincerely,

Mike Freeman

Mike Freeman
 Innosphere, CEO
 970.818.7736
mike@innosphere.org



Ball Aerospace & Technologies Corp.

1600 Commerce Street, Boulder, CO 80301 (303) 939-4000 FAX (303) 939-5100

September 8, 2015

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

I am writing to you to express Ball Aerospace's support and enthusiasm for EWI to establish an operation in Colorado.

As one of the most innovative manufacturer's in Colorado's Front Range, Ball Aerospace is continuously looking for industry collaborators to partner with to improve our ability to identify, test, and implement advanced systems and technologies. EWI's proven track record in helping companies like Ball advance engineering and manufacturing technologies is essential to our competitiveness. Having immediate and local access to EWI's leadership and offerings is certain to improve our industry position and the level of play for our Colorado manufacturing supply base.

We look forward to continuing our work with EWI as you establish your highly valued presence in Colorado.

Sincerely,

A handwritten signature in blue ink, appearing to read "John P. Martin".

John P. Martin
Director, Manufacturing and Test Operations
Ball Aerospace & Technologies Corp.
W- (303) 939-4526
C- (720) 427-5693



Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

I am writing to you to express Spire Manufacturing Solutions support for EWI establishing an operation in Colorado.

Manufacturing is important and essential to growth of Colorado, technical innovation is essential to the competitiveness of Colorado manufacturers. EWI is the leading engineering and technology organization in North America dedicated to advancing manufacturing technologies.

After all my research the past 2 years with digital manufacturing and my pursuit of a regional sustainable node for DMDI here in Colorado. Quality Measurement Technologies raises to the top of my list for a game changer. Everyone is concentrating on virtual, I am concentrated on the Manufacturing floor, hands-on machinists and engineers; via digital work orders and real-time; robotic scanning systems that will be a game changing technology in Colorado's reduction in Time To Market.

I, very much, look forward to EWI's world class operation around QMT, thank you so much for your Colorado consideration!

EWI will fill an important role in the Colorado manufacturing ecosystem in partnership with other organizations by helping manufactures identify, test, and implement advanced technologies to improve products and production efficiency.

SPIRE looks forward to working with EWI as you establish nationally "best in class" technical capabilities in Colorado.

First project: Real-time Robotic CNC machine in-process 3D scanning

Sincerely,

Tony Feltman

A handwritten signature in black ink, appearing to read "Tony Feltman".

President
Spire Manufacturing Solutions



September 10, 2015

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

I am writing to you to express the Warehouse Business Accelerator's support for EWI establishing an operation in Colorado. Since our first visit and tour of your facility in late 2012, it has been a goal of our city, region and state to support EWI in locating an operation in Loveland, Colorado.

In 2012, a terrific partnership was born with too many positive outcomes to mention in this letter, least of which is a win-win between EWI's mission and the state's manufacturing goals.

Ohio and Colorado also share commonalities which make this union an obvious one across state lines. Our Warehouse clients are eager to begin working with you as are the ever-growing list of Colorado manufacturers who truly need the minds and talents that come with an EWI satellite operation.

We look forward to working with EWI as you establish nationally "best in class" technical capabilities in Colorado. Please feel free to contact me for additional questions or comments relating to this support letter.

Sincerely,

A handwritten signature in black ink that reads "Kelly Peters". The signature is written in a cursive, flowing style.

Kelly Peters

Executive Director

Warehouse Business Accelerator

1215 S. Grant Avenue Loveland, CO 80537

970-593-2328



September 15, 2015

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

On behalf of the Metro Denver Economic Development Corporation (Metro Denver EDC), I am writing this letter in support of EWI establishing an operation in Colorado.

The Metro Denver EDC is a uniquely regional economic development entity whose partners include 70 cities, counties, and economic development organizations that represent and further the interests of the seven-county Metro Denver and two-county Northern Colorado region.

The Denver metropolitan area is home to a diverse range of high tech industries, many of which depend on advanced manufacturing capabilities and technical innovation to succeed and grow. The Metro Denver EDC is committed to the success of Colorado manufacturing, and we believe an EWI operation in Colorado will support the continued competitiveness of our community and state by serving a broad range of industry needs. The Metro Denver EDC recognizes EWI as one of the nation's leading non-profit organizations dedicated to maturing, commercializing, and implementing manufacturing technologies to help industrial clients achieve their business goals.

We look forward to collaborating with EWI to make Colorado a leader in advanced manufacturing technology research, development, and commercialization.

Sincerely,

A handwritten signature in black ink that reads "Tom Clark". The signature is written in a cursive, flowing style.

Tom Clark
President and CEO

College of Applied Science and Engineering

Michael J. Kaufman
Dean



September 16, 2015

Dr. Henry Cialone
President & CEO, EWI
1250 Arthur E. Adams Drive
Columbus, Ohio 43221

Dear Dr. Cialone,

I am writing to you to express my support for EWI establishing an operation in Colorado. In terms of background, I'd like to point out that the Colorado School of Mines (CSM) is committed to the success of Colorado manufacturing and, given that the capabilities of CSM and EWI are highly complementary, I believe that together we can address a broader range of industry needs.

Technical innovation is essential to the competitiveness of many Colorado manufacturers, and CSM is conducting pioneering research in many areas that are relevant to manufacturing. Likewise, EWI is one of the nation's leading non-profit organizations dedicated to maturing, commercializing, and implementing manufacturing technologies to help industrial clients achieve their business goals.

We look forward to collaborating with EWI to make Colorado a leader in advanced manufacturing technology research, development, and commercialization.

Sincerely,

A handwritten signature in black ink, appearing to read 'MJ Kaufman', written in a cursive style.

Michael Kaufman
Dean of CASE



CITY OF LOVELAND
 DEVELOPMENT SERVICES DEPARTMENT
 Civic Center • 500 East 3rd Street • Loveland, Colorado 80537
 (970) 962-2346 • FAX (970) 962-2945 • TDD (970) 962-2620

AGENDA ITEM: 2
MEETING DATE: 9/22/2015
TO: City Council
FROM: Alan Krcmarik, Development Services
PRESENTERS: Alan Krcmarik, Executive Fiscal Advisor
 Adam Orens & Janna Raley, BBC Research & Consulting

TITLE:
 Capital Expansion Fees Based On Plans Based Method

RECOMMENDED CITY COUNCIL ACTION:

The Council will hear the results of the Plans Based method for calculating the 2016 Capital Expansion Fees. City staff expects questions and comments from Council members. The results of the discussion will help determine the fee resolution that will go back to Council as part of the budget process. The Municipal Code provides for annual adjustments to the fees using the Engineering News Record Construction Cost Index.

OPTIONS:

The study session will focus on the results of the “plans based” method of calculating Capital Expansion Fees (CEFs) compared to the current “equity buy-in” method. [Note: The Streets CEF is already “plans based” using the 2035 Transportation Plan and has not been part of the fee update process.]

1. Direct that the plans-based system be prepared for adoption.. Adoption **is not** being requested at the study session. Staff is looking for questions, comments, and general direction from Council to determine what CEF fee levels will be presented to Council for the 2016 fees.
2. Direct that the “equity buy-in” method (status quo) be retained, and that annual adjustments be brought forward. If Council provides general direction not to proceed with the plans based approach to calculating the fees, staff will follow the direction in the Code to make inflationary adjustments to set the 2016 CEFs. The Denver-Boulder Construction Cost Index is projected to increase by about one-half of one percent from September 2014 to September 2015.
3. Direct that a mix of the two methods be used by using one method for some of the fees and the other method for some of the fees.
4. Direct a modified action. During the discussion at the study session, Council may suggest other options for staff to bring forward.
5. Refer back to staff for further development and consideration. The CEF update is intended to provide the basis for the setting of the 2016 fees. The fees normally go into effect at the first of the next calendar year. The discussion with Council at the study session may lead to additional study costs and consequent delay of changes to the CEFs.

SUMMARY:

The City of Loveland has utilized impact fees, more specifically Capital Expansion Fees, as a method to fund capital improvements since 1984. The fees were based on a cost of services study and the equity buy-in approach to setting fees was adopted. The CEFs are updated every few years and after the last major review in 2012, Council requested more study of an alternative method to determine the fees, the Plans Based approach. Based on master plans prepared for the departments, projections of growth for the next 25 years, and updated capital improvement plans, calculations for CEFs have been made. The attached staff report, the BBC Research & Consulting report and other materials included as exhibits provide detailed background for the Plans Based fees.

The Table below (an excerpt from the staff report) provides a high-level view of the current fees (including the “Frozen” levels set by Council) compared to the Plans Based approach.

Table 1. Comparing Plans Based to Loveland’s Current Fees

<u>Fee Category</u>	<u>Equity Buy-in</u>		<u>Plans Based</u>	<u>% Change</u>
	<u>Prior Fee</u>	<u>“Frozen”</u>		
Single family (per unit)	\$ 10,736.16		\$ 7,854.48	-27.0%
Multi-family (per unit)	\$ 7,423.00		\$ 6,447.18	-13.3%
Commercial (per square foot)	\$ 1.95	\$ 1.11	\$ 1.33	+19.8%
Industrial (per square foot)	\$ 0.26	0.17	\$ 0.31	+82.4%

Note: Capital Expansion Fees included in the table are General Government, Police, Fire–Rescue, Library, Cultural, Parks, Trails, Recreation, and Open Land. The Streets CEF is not included.

The main focus of the study session will be reviewing the consultant’s report. City staff members will be listening to the Council discussion to determine the fee levels that will be presented to Council in the resolution for the 2016 CEFs.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

1. Staff Report
2. BBC Research & Consulting City of Loveland’s Capital Expansion Fees
3. BBC PowerPoint Presentation
4. Map of the Northern Colorado Region
5. Comparative Background Data for the Six Northern Colorado Communities
6. Feedback received from Boards & Commissions



CAPITAL EXPANSION FEE STAFF REPORT - SEPTEMBER 2015

INTRODUCTION

The City of Loveland established its Capital Expansion Fees in 1983 after completion of a study, *Service Cost Recovery System*. The fees were calculated based on a “buy-in” method. According to this method, as development occurs in the City new projects pay their fair share of infrastructure costs through fees collected at the time of building permits or certificate of occupancy. The capital costs and corresponding fees are based on the value of the infrastructure and capital equipment divided by the number of customers. The stated purpose of the fee system was for growth to pay its own way. Over the years the CEFs have been updated several times, each time using the equity buy-in method. New fees have evolved, specifically, trails and open lands. During the 2012 evaluation of CEFs, staff recommended fees to the Council. Council adopted the Residential fees as presented and decided to freeze Commercial and Industrial fees.

After the 2012 Capital Expansion Fee update process, Council asked about other methods that could be used to determine the fees. Staff provided examples of other techniques and Council requested more information about the Plans Based approach to setting fees. While the equity buy-in method relies on infrastructure and capital equipment that the City currently has, the Plans Based method looks to the projections of future growth and determines, through the development of master plans, what infrastructure and capital equipment that will be needed.

The timeline for the development of a Plans Based capital expansion fee system called for plans to be updated in 2013 and the fee calculations to be done in 2014. The process relied on extensive consulting support. To prepare master plans and the fee study has an estimated cost of about \$350,000. Additional costs have been incurred by the department through special studies and staff time. The expectation was that all of the requirements would be in place for discussion of the Plans Based fees in late 2014. If approved by Council, the fees would be in place at the beginning of 2015. The process from plans to fees was expected to take about 20 months. It has actually taken about 12 months longer than expected. The master plans were set back by the 2013 flood. The Plans Based Fee analysis and development time frame was extended by two rounds of presentation and discussions with the Boards & Commissions. Update presentations have also been made to Planning Commission, the Construction Advisory Board and with the public.

Through the efforts of the consulting firm of BBC Research & Consulting, the city department staff, and consultants retained to do capital master plans, the report regarding Plans Based CEFs is completed for review and discussion. The summary table below shows the plans

based fees compare to the equity buy-in approach to determining fees. The percentage change column is calculated by comparing the Plans Based column data for the Single and Multi-family fee levels. The fees for Commercial and Industrial fees are calculated by comparing the Plans Based column data with the “Frozen” column.

Table 1. Comparing Plans Based to Loveland’s Current Fees

Fee Category	Equity Buy-in		Plans Based	% Change
	Prior Fee	“Frozen”		
Single family (per unit)	\$ 10,736.16		\$ 7,854.48	-27.0%
Multi-family (per unit)	\$ 7,423.00		\$ 6,447.18	-13.3%
Commercial (per square foot)	\$ 1.95	\$ 1.11	\$ 1.33	+19.8%
Industrial (per square foot)	\$ 0.26	0.17	\$ 0.31	+82.4%

Note: Capital Expansion Fees included in the table are General Government, Police, Fire–Rescue, Library, Cultural, Parks, Trails, Recreation, and Open Land. The Streets CEF is not included.

The report from BBC Research & Consulting follows this staff report as Exhibit 2.

ORGANIZATION OF THE STAFF REPORT

The staff report is divided into four discussion topics listed below.

1. The Plans Based Report
2. Review of Feedback from Board & Commissions
3. Fee Comparisons of Six Northern Colorado Communities
4. Financial Analysis to Determine Breakeven Time Period

1. The Plans Based Report from BBC Research & Consulting

The study of Plans Based Capital Expansions Fees was requested by Council in late 2012 after the update process for the CEFs in 2012 concluded. At that point in time the Council adopted increases for single family units, adopted a new category of fees for multi-family project, and directed Commercial and Industrial fees to remain at their then current levels, lower than the study indicated. Departments that rely on CEFs developed capital plans to provide the basis for the Plans Based study. A Master Plan for Parks & Recreation was completed. The Facilities Division completed a Facilities Master Plan. All of the Departments developed and reviewed their projected capital needs over the next 25 years. The departmental plans feed into the City’s Capital Improvement Plan which is a significant part of the annual budget. The results of the plans were integrated into the Capital Expansion Fee analysis.

City staff members conducted a competitive request for proposals process to select a consultant to conduct the analysis of the plans based method of calculating fees. Three firms replied to the request and BBC Research & Consulting was selected to conduct the analysis. The full report

from BBC is included as Exhibit 1 and their PowerPoint presentation is Exhibit 2. The consultants have spent significant amounts of time working with the City's various plans, capital projects, budget, Departmental staff, and the Boards & Commissions.

The consultants will be reviewing their findings in depth as they go through the PowerPoint presentation. For this overview, two selections of graphics have been borrowed from the consultants work.

One of their slides from the PowerPoint summarizes the results of their findings in comparison to the fees that resulted from the last CEF update based on the equity buy-in method. See Figure 1. Fee Summary below. Following the Fee Summary is Table 2., a one page consolidation of all of the CEFs showing in greater detail the difference between the equity buy-in method and the plans based method. (The full size version is on Page 8 in the BBC report.)

To clarify the difference between Table 1. above and the BBC Figure below, this figure below does **not** reference the fees frozen by Council in 2012. The Figure 1. Is intended to show the differences between the two methods of determining fees.

Figure 1. Fees Summary from the BBC report

Land Use	Existing Fees	Proposed Fees
Single Family	\$10,736.16	\$7,837.35
Multifamily	\$7,423.00	\$6,433.11
Commercial	\$1.95	\$1.33
Industrial	\$0.26	\$0.31

Figure 2. Detailed Comparison of the Two Methods to Calculate CEFS

	City's Replacement Cost Allocation	Loveland 2013 CEF	BBC Plan Costs	BBC Estimate
General Government				
Value	\$40,261,339		\$21,745,798	
Single Family Residential		\$1,083.37		\$680.43
Multifamily Residential		\$753.00		\$558.52
Commercial		\$0.74		\$0.63
Industrial		\$0.10		\$0.15
Police				
Value	\$32,498,945		\$10,675,226	
Single Family Residential		\$874.49		\$334.03
Multifamily Residential		\$608.00		\$274.18
Commercial		\$0.60		\$0.31
Industrial		\$0.08		\$0.07
Fire				
Value	\$33,015,815		\$13,219,307	
Single Family Residential		\$888.40		\$413.64
Multifamily Residential		\$617.00		\$339.52
Commercial		\$0.61		\$0.38
Industrial		\$0.08		\$0.09
Library				
Value	\$20,633,870		\$9,588,835	
Single Family Residential		\$722.20		\$384.66
Multifamily Residential		\$502.00		\$315.74
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Cultural				
Value	\$17,212,999		\$9,143,929	
Single Family Residential		\$602.46		\$366.82
Multifamily Residential		\$419.00		\$301.09
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Parks				
Value	\$102,348,313		\$86,550,888	
Single Family Residential		\$3,582.24		\$3,472.06
Multifamily Residential		\$2,452.00		\$2,849.96
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Trails				
Value	\$15,056,759		\$9,732,465	
Single Family Residential		\$526.99		\$390.43
Multifamily Residential		\$366.00		\$320.47
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Recreation				
Value	\$44,919,316		\$24,556,700	
Single Family Residential		\$1,572.20		\$985.11
Multifamily Residential		\$1,092.00		\$808.61
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Open Lands				
Value	\$25,250,878		\$20,196,077	
Single Family Residential		\$883.79		\$810.18
Multifamily Residential		\$614.00		\$665.02
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Total				
Total	\$331,198,234		\$205,409,225	
Single Family Residential		\$10,736.16		\$7,837.35
Multifamily Residential		\$7,423.00		\$6,433.11
Commercial		\$1.95		\$1.33
Industrial		\$0.26		\$0.31

Total New Growth Population	61,059
People per SF Unit	2.45
People per MF Unit	2.01

Development Type	Existing Fees
Single family unit	\$10,736.16
48-unit apartment complex	\$356,304.00
5,000 sq.ft. retail	\$9,725.07
50,000 sq.ft. industrial	\$13,021.93

Development Type	BBC's Total Fee
Single family unit	\$7,837.35
48-unit apartment complex	\$308,789.41
5,000 sq.ft. retail	\$6,642.33
50,000 sq.ft. industrial	\$15,363.69

At the top of the table in Figure 2, three of the CEFs are shown to be imposed on Residential, (both Single family and Multi-family), Commercial, and Industrial. These fees are General Government, Police, and Fire. The other six fees reviewed in the report (Library, Cultural, Parks, Trails, Recreation and Open Lands) are only applied to Residential categories.

Starting down the list of fees and focusing just on single-family residential, the General Government fee (\$1,083 compared to \$643) is 37.2% lower, the Police fee (\$874 compared to \$334) is 60.6% lower, the Fire-Rescue fee (\$884 to \$414) is 53.4% lower, and so on through the rest of the table.

In Table 2. the two methods of determining fees are compared. Most fee categories are lower, however, the industrial fee is higher. This is attributable to the forecast that industrial projects will have a higher percentage of the total land use than has been experienced in the past.

Table 2. Comparison of the Current Equity Buy-in Method with the Plans Based Method

Category	Equity Buy-in	Plans Based	Difference in cost	Difference %
Single family per unit	\$10,736.16	\$ 7837.35	less by \$ 2,898.81	-27.0%
Multi-family per unit	\$ 7,423.00	\$ 6,433.11	less by \$ 989.89	-13.3%
Commercial per sq.ft.	\$ 1.95	\$ 1.33	less by \$ 0.62	-31.8%
Industrial per sq.ft.	\$ 0.26	\$ 0.31	more by \$ 0.05	+19.2

The consultants' report, Exhibit 2, covers the process, fee calculations and findings in much more depth.

2. A brief review of feed-back received from the Boards & Commissions

Based on the work of the consultants with the master plans and meetings with Departmental staff members, briefings were conducted with the Boards & Commissions affected by the potential fee changes. The Boards and Commissions with the corresponding CEFs included:

- | | |
|---------------------------------|--|
| Fire and Rescue Advisory Board | Fire-Rescue Capital Expansion Fee |
| Police Citizen Advisory Board | Police (Law Enforcement) Capital Expansion Fee |
| Library Board | Library Capital Expansion Fee |
| Cultural Services Board | Cultural (Museum) Capital Expansion Fee |
| Open Lands Advisory Commission | Open Lands Capital Expansion Fee |
| Parks and Recreation Commission | Parks, Recreation, & Trails Capital Expansion Fees |

The consultants completed a first round of draft fees in January 2015. This draft was shared with Departmental staff and the Boards & Commissions. After substantial feedback on the first round and additional work on how to distribute the share of fees between Residential, Commercial, and Industrial to a more service based approach, a second round of meetings with Boards & Commissions was conducted in the April-May timeframe.

Every Board or Commission that reviewed the fee levels expressed concern about the ability to fund sufficient capital improvements and equipment to meet the services needs of the community. They focused on the fee that affected their Departmental need.

After hearing a presentation about the new method to determine fees and the potential for reduces levels of fees, the Police Citizen Advisory Committee moved to express their concern about the reduction from present levels.

The Fire and Rescue Advisory Commission responded in a similar manner. They also traced the history of underfunding of the fire and rescue services offered to the community. While the Fire and Rescue service function has made great strides to improve its capital base, the Commission and the staff of Fire-Rescue believe that additional progress needs to be made. Lowering capital funding at this time may undermine the ability to fully meet the need of the community.

Perhaps the most vocal commissions were Open Lands and Parks & Recreation. In both rounds of meetings questions, comments, and dialog were free flowing. These two commissions had just been through the process of updated the Parks & Recreation Master Plan. The master plan process included extensive outreach to the community. Many of the comments provided more clear direction to the consultants. Others focused on the basic philosophy. Here is a quote from the Parks & Recreation Commission.

“As a Commission, we are very familiar with the use of Capital Expansion Fees to meet the capital needs of our growing community; however the new methodology of calculating the fees does not take into consideration our new updated Mast Plan Standards. Since the basis for both the old and new CEF calculations are ‘existing levels of service’, not approved Master Plan standards, there is no advantage with regards to parks and recreation in changing the methodology.”

The full comments from both Commissions are included in Exhibit 5.

Ms. Kristeen Ortmann provided a letter on behalf of the Cultural Services Board. She did some background research and found a study about impact fees in Florida. The conclusion of the study was that cities and counties did not reduce or eliminate fees during the recession performed better economically than those that cut fees.

“The traditional argument for reducing impact fees is that we need to ‘attract development’ with lower fees than surrounding communities, when in fact, development follows market opportunity [Do Fee Reductions Stimulate Growth? Evidence from Florida / 2010 Growth & Infrastructure Consortium, Tampa FL / Clancy Mullen, Dr. James C. Nicholas]. Time and again the deciding factor in the selection of Loveland for a new or expanding business is the quality of life in our community ... that quality funded by CEFs.”

The Cultural Services Board and Library Board collaborated on a joint letter regarding the reliance on outside donations to fund capital projects:

“Both departments, unlike other CEF recipient departments, are required to attain outside donations.

The current proposal requires:

- 10% in donations for Library capital projects
- 40% in donations for Cultural Services projects

The Boards have several questions regarding these requirements:

1. How is it determined which projects require outside donations?
2. If outside donations are required, how is the percentage/amount determined?”

Both Boards have reservations about the capacity to raise donations at these levels for future projects. They are also concerned about the impact these deductions have on the CEF formula. As currently presented, the donation requirement is deducted from the Cost Category, substantially reducing the amount collected to mitigate the very real growth.”

The comments above are representative of the discussion and questions that occurred at the meetings.

City staff members have also attended multiple Planning Commission and Construction Advisory Board meetings to keep them informed about the process and hear their ideas and concerns. Generally, these two groups think that the fee reduction from the Plans Based method are not unreasonable. Additional updates will be provided to these two groups after the study session on September 23rd and September 28th. They may have additional comments.

3. Comparisons of Loveland’s Fee Levels with Other Communities

In the 2012 update of CEFs conducted by City staff, comparisons were made to 12 other cities. Based on discussion with the Planning Commission and Loveland management staff, this list was reduced to Loveland plus five other cities: Fort Collins, Greeley, Johnstown, Longmont, and Windsor. The Planning Commission was concerned that many of the cities in the 2012 comparison were not truly comparable to Loveland. The communities excluded from the 2015 fee comparison were include Arvada, Boulder, Brighton, Erie, Louisville, Thornton, and Westminster.

a. All Impact fees. The totals in the Table 2 includes water, wastewater, and storm water utilities, in addition to streets and other governmental service impact fees. School fees are included. Impact fees for electric utilities are not. These are current fees as of August 2015. Greeley updated its fees earlier this year. All other communities in the table indicated that there are discussions to revise fees but final decisions have not been reached.

The comparisons in the table are based on the following Project descriptions.

- Single-family detached – a 3-bedroom, 2,000 sq. ft. dwelling unit on a 10,000 sq. ft. lot with 40% impervious cover.
- Multi-family – a 2-bedroom, 1,000 sq. ft. dwelling unit located in a 240-unit apartment complex developed at a density of 12 units per acre, with 7 2" water meters (2 for irrigation) and 60% impervious cover.
- Retail – a 100,000 sq. ft. shopping center with a 3" water meter, a 0.15 floor-to-area ratio and 70% impervious cover.
- Office – a 100,000 sq. ft. general office building with a 3" water meter, a 0.25 floor-to-area ratio and 70% impervious cover.
- Industrial – a 100,000 sq. ft. light industrial or industrial park development with a 3" water meter, a 0.15 floor-to-area ratio and 70% impervious cover.

These project descriptions are the same as those used in the City of Loveland CEF update in 2012 and prior years.

Table 3. Comparison of Impact Fees in Six Northern Colorado Communities

Fee Category	Loveland	Fort Collins	Greeley	Johnstown	Longmont	Windsor
Single family (per unit)	\$ 23,147	\$ 18,249	\$23,875	\$ 19,114	\$ 21,675	\$ 21,008
Multi-family (per unit)	\$ 14,122	\$ 11,618	\$13,478	\$ 8,354	\$ 5,901	\$ 9,682
Commercial Retail (1,000sf)	\$10,739	\$ 15,412	\$ 7,933	\$ 3,885	\$ 5,902	\$ 5,779
Commercial Office (per 1,000 sf)	\$ 6,664	\$ 7,917	\$ 6,782	\$ 2,900	\$ 5,665	\$ 4,800
Industrial (per 1,000 sf)	\$ 4,491	\$ 6,072	\$ 3,946	\$ 1,985	\$ 4,835	\$ 4,102

Highlighted boxes show the highest in the Fee Category. Ranks by successive fees category show Loveland to be 2nd, 1st, 2nd, 3rd, and 3rd.

b. Impact fees for special uses, Drive through Fast Food, Bank with a Drive through, and Coffee/doughnut with a Drive-through

During a discussion regarding CEFs at a recent Council Meeting, a concern was expressed about how the fees are determined on land uses that have drive-through facilities. It has been reported that the total fees on facilities with drive-through facilities are much higher in Loveland than in other communities. During the discussion, three specific drive-through land uses were suggested for more focused study. The three specific lands uses include 1) a Fast-food restaurant with a drive-through, 2) a Bank with a drive-through, and 3) a Coffee/Doughnut shop with a drive through.

The results of the review of the fees for these three types of land use project are shown in Table 4 below.

Table 4. Comparison of Impact Fees in Six Northern Colorado Communities – Uses with Drive-Through Facilities

Specific High Traffic Use	Loveland	Fort Collins	Greeley	Johnstown	Longmont	Windsor
Fast Food with Drive Through	\$ 203,174	\$ 240,749	\$ 58,266	\$ 134,620	\$ 21,675	\$ 80,958
Bank with a Drive Through	\$ 99,017	\$ 134,760	\$50,972	\$ 53,194	\$ 89,958	\$ 80,258
Coffee/Doughnut w/ Drive Through	\$ 113,246	\$ 89,313	\$ 20,628	\$ 28,322	\$ 42,340	\$ 30,915

Shaded boxes show the community with the highest set of development costs for the project.

Based on the list of total fees from all of the communities, Fort Collins was the highest fee for the Fast-food and Bank. Loveland was the highest for the Coffee/Doughnut shop. A closer inspection of the fees shows that the significant factor leading to higher fee levels in Fort Collins and Loveland is the street impact fee. With respect to the Coffee/Doughnut shop fee in Loveland, the Loveland Public Works Department is the first to apply the Institute of Transportation Engineers traffic loading data. The street fee is based on a trip generation model and Coffee shops with a drive-through service have a very high trip-generation factor. The new facility is being charged for the additional demand that it places on streets infrastructure. If there are additional questions about the ITE category and corresponding level of trips, Public Works staff will be available for consultation.

4. Develop a Financial Tool to estimate when Higher Fees would be Off-set by lower Property Taxes and test the tool on the Drive-through facilities discussed in topic 3

In most cases, the City of Loveland has lower property tax mill levies than the other communities in the northern Colorado. A Council member suggested that staff develop a spreadsheet tool to measure the breakeven point of higher upfront fees with property tax savings over time. To compare a facility in Loveland to the facility locating in another community, assumptions have to be made. This is critical, because mill levies can vary with a community depending on special taxing district. The most extreme example for the number of tax districts in a community is Greeley where there are about a hundred different tax districts within the City. The lowest mill levy in the Weld County tax district list for Greeley was 62.991 mills; the highest was 135.71. On the other end, for Johnstown, the low mill levy was 89.579; the high was 245.259 mills, a range of 155 mills.

In Loveland, the locations of the Fast-food restaurant, the Bank, and the Coffee/Doughnut Shop are known. In the other communities, we are not sure which tax district they would be in.

For the purpose of developing the spreadsheet payback tool, staff used the median mill levy for each community. The same estimated market value and assessed values were used for each community.

Loveland compared to Fort Collins. For the Fast-food and Bank projects, Fort Collins fees were higher than Loveland. Only Loveland Coffee/Doughnut shop fees were \$23,900 higher than Fort Collins. The difference in the **median** mill levy was 14 mills resulting in an \$804 difference in annual property tax. The simple payback shows this time period to be nearly 30 years.

Compared to Greeley. For the Fast-food Restaurant, the payback would be 107.5 years, for the Bank, it would be 69.0 years, and for the Coffee/Doughnut Shop it would be 403 years.

Compared to Longmont. For the Fast-food Restaurant, the payback would be 8.6 years, for the Bank, it would be 2.2 years, and for the Coffee/Doughnut Shop it would be 52.6 years.

Compared to Johnstown. For the Fast-food Restaurant, the payback would be 9.7 years, for the Bank, it would be 6.1 years, and for the Coffee/Doughnut Shop it would be 34.4 years.

Compared to Windsor. For the Fast-food Restaurant, the payback would be 31.5 years, for the Bank, it would be 9.4 years, and for the Coffee/Doughnut Shop it would be 124 years.

With this analytic tool, specific locations could be tested. To make the comparison, a specific description of the project is required, included the size of the lot, the size of the building, the value of the building, and the specific location.

The sales and use tax in Loveland is lower than the other communities. A similar analytical tools could be added to model sales and use tax. Data regarding the amount of net taxable purchases by each business would also be required.

Next Steps

City staff members will be listening closely to Council comments and discussion to determine what fee levels should be incorporated into the Capital Expansion Fee resolution for implementation for 2016. The Budget adoption dates are October 6th and October 20th. Staff members will also be listening to hear what additional materials that the Council may desire to review when the fee resolution is presented.



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MEMORANDUM

To: The City of Loveland
From: BBC Research & Consulting
Re: City of Loveland's Capital Expansion Fees
Date: September 10, 2015

In early 2014, BBC Research & Consulting (BBC) was retained by the City of Loveland (City) to update capital expansion fees (CEFs). This memorandum presents BBC's fee calculations, based on capital plans through 2038. The capital plans for each fee category are shown alongside the calculation of fee eligible projects. This memo also includes growth projections used as the basis for the fee calculations.

According to the International City Management Association, CEFs are "...monies collected formally through a set schedule, or formula, spelled out in a local ordinance...fees are levied only against new development projects as a condition of permit approval to support infrastructure needed to serve the proposed development. They are calculated to cover a proportionate share of the capital cost for that infrastructure." Loveland has imposed CEFs on new development for over 30 years.

The fee study team was directed by City Council to calculate CEFs using a different methodology compared to the traditional approach. In the past, the Loveland's CEFs were calculated using the current standards, or capital buy-in, approach where fees are based on the current level of capital investment. The new CEF calculations use the plan based methodology, in which fees are calculated by determining the growth-related portion of future capital plans. Both approaches are legally defensible and used by municipalities throughout the Northern Front Range.

Not all capital costs are eligible to be included in CEF calculations. Only the expansion of facilities to serve new development at the existing level of service can be included in the fees. Any capital costs related to repair, replacement, or enhancement of services must be excluded from the fee calculation.

The specific capital projects for each fee category that meet the standards necessary to be included in the CEF's are discussed in this memo.

General Government Fee Calculation

- Through 2038 there are nearly \$22 million in capital projects that are attributable to growth. Such projects include expansion of the council room, storage facilities, cemetery offices,

service center, transit facilities, traffic management facilities, and maintenance and operations center.

- Fifty percent of the planned project at the municipal building is growth-related expansion. The remaining portion is renovation and renewal that is not eligible to be included in the fee calculation.
- Only seven percent of the planned work at the Fire and Administration building is expansion. The building is shared between general government and the Fire Department. Therefore, the amount shown represents general government's 35 percent share of the \$1.2 million project, based on current building usage.
- Various repair and renewal costs are shown in the capital plan but are not included in the fee eligible amount.
- Based on the growth projections and capital improvement plan, the study team calculated a maximum allowable fee of \$680.43 per single-family residential unit, \$558.52 per multifamily unit, \$0.63 per commercial square foot, and \$0.15 per industrial square foot. This is compared to the existing fee of \$1,083.37 per single-family unit, \$753.00 per multifamily unit, \$0.74 per commercial square foot, and \$0.10 per industrial square foot.

Police Fee Calculation

- For the Police Department, the largest capital investment planned through 2038 is the future police training campus. This campus will likely be shared with the City of Fort Collins but only Loveland's portion is shown on the capital plan. Of the City's \$9.2 million share, 44 percent is attributable to growth-related needs. At this time, Larimer County has not entered the partnership, which would alter Loveland's share, should it occur.
- Future growth-related expansions of existing police buildings are fully included in the CEF calculation.
- Vehicles and equipment that will correspond with an expanding police force are eligible to be included in the fee calculation.
- Various repair and renewal costs are shown in the capital plan but are not included in the fee eligible amount.
- Based on the growth projections and capital improvement plan, the study team calculated a maximum allowable fee of \$334.03 per single-family unit, \$274.18 per multifamily unit, \$0.31 per commercial square foot, and \$0.07 per industrial square foot. This is compared to the existing fee of \$874.49 per single-family unit, \$608.00 per multifamily unit, \$0.60 per commercial square foot, and \$0.08 per industrial square foot.

Fire and Rescue Fee Calculation

- The capital plan includes two new fire stations and an expansion of Station #5. These stations will serve future growth and are therefore eligible to be included in the fee. Corresponding equipment and apparatuses are also included in the fee.

- The replacement for Station #3 is shown in the capital plan, but is not eligible to be included in the fee calculation because the replacement is necessary to maintain the current level of service rather than driven by future growth.
- The new \$2.8 million fire training campus is shown as 71 percent fee eligible. This amount was derived by assuming 50 percent of the cost of the training tower (\$1.64 million) is a replacement for the existing tower and therefore not fee eligible. The remainder of the project cost is designed to serve new growth and can be included in the fee calculation.
- Various repair and renewal capital costs are shown in the capital plan but are not included in the fee eligible amount. This includes the Fire Department's share of the \$1.2 million project at the fire & administration building, which is 93 percent repair and replacement.
- The study team has allocated the growth-related portion (44%) to the new heavy rescue truck.
- The fees also recognize the financial contributions from the unincorporated portions of the fire authority service area by netting out 18 percent of all future capital investments.
- Based on the growth projections and capital improvement plan, the study team calculated a maximum allowable fee of \$413.64 per single-family unit, \$339.52 per multifamily unit, \$0.38 per commercial square foot, and \$0.09 per industrial square foot. This is compared to the existing fee of \$888.40 per single-family unit, \$617.00 per multifamily unit, \$0.61 per commercial square foot, and \$0.08 per industrial square foot.

Library Fee Calculation

- The capital plan includes two new library satellites potentially located in southeast and northwest Loveland. The demand for these facilities is driven by growth and therefore both facilities are eligible to be included in the fee calculation. Corresponding furniture, fixtures, and equipment; collections; and technology are also included in the fee calculation. The value of this facility may range from roughly \$9 to \$11.6 million. The more conservative assumption is included in the fee calculation at this time.
- Library repair and renewal capital costs are shown in the capital plan but are not included in the fee eligible amount.
- The fees also recognize the financial contributions from outside funding sources, such as private donations from organizations and individuals. Based on historical information from the current library, approximately 10 percent of the funding for the library satellites is expected to come from private sources.
- Based on the growth projections and capital improvement plan, the study team calculated a maximum allowable fee of \$384.66 per single-family unit and \$315.74 per multifamily unit, compared to the existing fee of \$722.20 per single-family unit and \$502.00 per multifamily unit.

Cultural Services Fee Calculation

- The \$15 million museum expansion is attributable to growth and therefore is CEF eligible. The project is shown in current dollars at \$11.7 million.
- The \$3 million museum storage facility is also eligible to be included in the CEF calculation. This determination was made under the condition that proceeds from the sale of the old storage facility are deposited into the Cultural CEF account. The project is shown in current dollars at \$2.9 million.
- Within the next 25 years, growth will increase the demand for Loveland's cultural facilities similar to what is currently provided at the Rialto Center. The value of this facility is based on the City's share of the current value of the Rialto Theater. Only 84 percent of this future facility is included in the fee calculation according to the current standard of one theater per 73,000 residents.
- Various repair and renewal capital costs are shown in the capital plan but are not included in the fee eligible amount.
- The fees also recognize the financial contributions from outside funding sources, such as private donations from organizations and individuals. Approximately 40 percent of the funding for the museum expansion is expected to come from outside sources based on the funding identified in the 2015-2024 Capital Program. For the new cultural facility, approximately \$750,000 is expected to come from private sources. This is based on the amount of private funding used for the City's share of the Rialto Center.
- Based on the growth projections and capital improvement plan, the study team calculated a maximum allowable fee of \$366.82 per single-family unit and \$301.09 per multifamily unit, compared to the existing fee of \$602.46 per single-family unit and \$419.00 per multifamily unit.

Parks Fee Calculations

- The Parks & Recreation Master Plan includes future park developments necessary to meet growth-related needs. These projects include the Loveland Sports Park, Kroh Park, Fairgrounds Park, and additional neighborhood parks. Corresponding restrooms, shelters, and support facilities are also included in the fee calculation.
- The current level of service is six acres of parks per 1,000 residents. Department staff provided BBC with park cost of \$245,000 per acre.
- Based on the current level of service, approximately 335 acres of park land will need to be purchased in the next 25 years.
- One-third of the project costs for the Junior Achievement Park are eligible to be included in the fee calculation since this is the portion related to expansion rather than renovation of existing facilities.

- The Parks and Recreation Master Plan only identifies specific projects through 2024. In order to include the costs of maintaining the current level of service through 2038, trended park costs are also included in the fee.
- Various repair and renewal capital costs are shown in the capital plan but are not included in the fee eligible amount.
- Based on the growth projections and capital improvement plan, the study team calculated a maximum allowable fee of \$3,472.06 per single-family unit and \$2,849.96 per multifamily unit, compared to the existing fee of \$3,582.24 per single-family unit and \$2,452.00 per multifamily unit.

Trails Fee Calculations

- Future growth will necessitate expanding the trail network in order to maintain the current level of service. Therefore, new trail construction is eligible to be included in the fee calculation. These projects include the City Recreation Trail, added loop trails at existing sites, and trails for improved connectivity.
- The current trail levels of service are one mile per 3,105 residents for hard trails and one mile per 6,708 residents for soft trails. The average trail cost per mile is assumed to be \$265,000.
- Based on the current level of service, approximately 29 miles of trails need to be purchased in the next 25 years.
- The Parks and Recreation Master Plan only identifies specific projects through 2024. In order to include the costs of maintaining the current level of service through 2038, trended trail costs are also included in the fee.
- The CEF calculation also takes into consideration outside funding sources. Contributions from the Conservation Trust Fund that can be used towards trail expansion are subsequently subtracted from the fee calculation.
- Based on the growth projections and capital improvement plan, the study team calculated a maximum allowable fee of \$390.43 per single-family unit and \$320.47 per multifamily unit, compared to the existing fee of \$526.99 per single-family unit and \$366.00 per multifamily unit.

Recreation Fee Calculations

- Future growth will necessitate building additional recreation facilities in order to maintain the current level of service.
- The Parks Master Plan adopts a higher level of service for recreation centers and aquatic parks. However, only the portion of these facilities necessary to maintain the current level of service can be included in the fees. Based on the current level of service, 84 percent of the recreation center and aquatics park can be included in the fee calculation. This is based on the current standard of one 90,000 square foot recreation center and one aquatics park per 73,000 residents.

- Various repair and renewal projects are shown in the plan, but are not included in the fee calculation.
- Based on the growth projections and capital improvement plan, the study team calculated a maximum allowable fee of \$985.11 per single-family unit and \$808.61 per multifamily unit, compared to the existing fee of \$1,572.20 per single-family unit and \$1,092.00 per multifamily unit.

Open Lands Fee Calculations

- The capital plan includes the acquisition of open lands necessary to maintain the current level of service. This includes lands both inside and outside the GMA; specifically identified properties as they become available; and conservation easements. These projects are all fully eligible to be included in the CEF calculation.
- The current level of service for fee simple properties is 24.34 acres per 1,000 residents. The level of service for conservation easements has been adjusted down to 10.07 acres per 1,000 residents in order to account for the unique Chimney Hollow site. Conservation easement partnerships and donations are removed from the fee calculation based on current inventory.
- Based on the current level of service, approximately 2,100 acres of open lands need to be acquired in the next 25 years.
- Department staff have indicated high land costs in the current market. Land costs provided to BBC are \$30,000 per acre for fee simple properties and \$15,000 per acre for conservation easements.
- The Parks and Recreation Master Plan only identifies specific projects through 2024. In order to include the costs of maintaining the current level of service through 2038, trended open lands costs are also included in the fees.
- The CEF calculation also takes into consideration outside funding sources. Open Lands sales tax revenues that can be used towards capital and expansion are subtracted from the fee calculation. This amount was derived from historical budget analysis which indicated that on average 66 percent of total Open Lands sales tax revenues are spent on capital and expansion. The remaining 34 percent of funds are used for operational and maintenance spending, including the required 15 percent maintenance reserve.
- Based on the growth projections and capital improvement plan, the study team calculated a maximum allowable fee of \$801.18 per single-family unit and \$665.02 per multifamily unit compared to the existing fee of \$883.79 per single-family unit and \$614.00 per multifamily unit.

**City of Loveland
Growth Projections: 2038**

Year	2014	2038	Growth	Components of Growth	Average Annual Growth
Housing Units	29,692	55,163	25,471	84%	3.6%
Residential Sq. ft. (2,044 per unit)	60,691,229	112,755,294	52,064,064		
Commerical Sq. ft.	11,984,341	18,855,471	6,871,130	11%	2.4%
Industrial Sq. ft.	7,716,686	10,687,348	2,970,662	5%	1.6%
Commerical Employment	25,751	40,549	14,798		2.4%
Industrial Employment	11,603	16,071	4,468		1.6%

Note: Square footage data based on the most accurate data available as of May 2014

Source: Larimer County Assessor, City of Loveland Annual Data and Assumptions Report, 2014 and NFRMPO

**City of Loveland
2014 Calls for Service by Land Use**

	Fire*	Police**	Total	Percent of "total without other"	Future distribution (based on land use projections)
Commercial	1,573	6,492	8,065	27%	20%
Industrial	65	924	989	3%	2%
Residential	3,625	16,997	20,622	70%	78%
Other Land Uses	1,742	10,872	12,614		
Total	7,005	35,285	42,290		
Total without other	5,263	24,413	29,676	100%	100%

*From new data 5/2015

** From 3/2015 data

City of Loveland
Draft Fee Calculation Comparisons 9/10/2015

	City's Replacement Cost Allocation	Loveland 2013 CEF	BBC Plan Costs	BBC Estimate
General Government				
Value	\$40,261,339		\$21,745,798	
Single Family Residential		\$1,083.37		\$680.43
Multifamily Residential		\$753.00		\$558.52
Commercial		\$0.74		\$0.63
Industrial		\$0.10		\$0.15
Police				
Value	\$32,498,945		\$10,675,226	
Single Family Residential		\$874.49		\$334.03
Multifamily Residential		\$608.00		\$274.18
Commercial		\$0.60		\$0.31
Industrial		\$0.08		\$0.07
Fire				
Value	\$33,015,815		\$13,219,307	
Single Family Residential		\$888.40		\$413.64
Multifamily Residential		\$617.00		\$339.52
Commercial		\$0.61		\$0.38
Industrial		\$0.08		\$0.09
Library				
Value	\$20,633,870		\$9,588,835	
Single Family Residential		\$722.20		\$384.66
Multifamily Residential		\$502.00		\$315.74
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Cultural				
Value	\$17,212,999		\$9,143,929	
Single Family Residential		\$602.46		\$366.82
Multifamily Residential		\$419.00		\$301.09
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Parks				
Value	\$102,348,313		\$86,550,888	
Single Family Residential		\$3,582.24		\$3,472.06
Multifamily Residential		\$2,452.00		\$2,849.96
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Trails				
Value	\$15,056,759		\$9,732,465	
Single Family Residential		\$526.99		\$390.43
Multifamily Residential		\$366.00		\$320.47
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Recreation				
Value	\$44,919,316		\$24,556,700	
Single Family Residential		\$1,572.20		\$985.11
Multifamily Residential		\$1,092.00		\$808.61
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Open Lands				
Value	\$25,250,878		\$20,196,077	
Single Family Residential		\$883.79		\$810.18
Multifamily Residential		\$614.00		\$665.02
Commercial		\$0.00		\$0.00
Industrial		\$0.00		\$0.00
Total				
Total	\$331,198,234		\$205,409,225	
Single Family Residential		\$10,736.16		\$7,837.35
Multifamily Residential		\$7,423.00		\$6,433.11
Commercial		\$1.95		\$1.33
Industrial		\$0.26		\$0.31

Total New Growth Population	61,059
People per SF Unit	2.45
People per MF Unit	2.01

Development Type	Existing Fees
Single family unit	\$10,736.16
48-unit apartment complex	\$356,304.00
5,000 sq.ft. retail	\$9,725.07
50,000 sq.ft. industrial	\$13,021.93

Development Type	BBC's Total Fee
Single family unit	\$7,837.35
48-unit apartment complex	\$308,789.41
5,000 sq.ft. retail	\$6,642.33
50,000 sq.ft. industrial	\$15,363.69

**City of Loveland
General Government Plan: 2038**

Facility	Amount	X	Growth Share	=	Amount to Include in Fees
Airport Equipment Storage	\$1,300,000		0 %		\$0
Airport Terminal	6,000,000		0		0
Municipal Council Room Expansion	2,288,125		100		2,288,125
Municipal Building Expansion/Renovation	256,875		50		127,500
Maintenance Operations Center	837,500		0		0
Fire and Administration *	420,000		7		29,400
Facilities Maintenance	1,462,750		0		0
Public Works Heated Storage Facility	1,750,000		100		1,750,000
Public Works Fence Replacement	50,000		0		0
Public Works Equipment Purchases	85,000		0		0
Replacem. Cemetery Office / Shop	550,000		0		0
Expand Cemetery Office / Shop	300,000		100		300,000
Service Center Expansion (new or expanded facilities)	3,125,000		100		3,125,000
New transit facility and yard	4,765,625		100		4,765,625
Expanded or new facility for Traffic Management and Operations	2,812,500		100		2,812,500
Maintenance and Operations Center Expansion	1,781,250		100		1,781,250
New Salt & Sand Storage/Satellite Materials Handling Facility - East	6,250,000		100		6,250,000
Airport Security Modular Repair & Renewal	4,500		0		0
Airport Terminal Building Repair & Renewal	13,000		0		0
Airport Fixed Base of Operations Repair & Renewal	1,155,000		0		0
Fire Station #4 Repair & Renewal	364,500		0		0
Fire & Admin Building Repair & Renewal	1,555,500		0		0
Maintenance Operations Center Bldg. A Repair & Renewal	810,000		0		0
Maintenance Operations Center Bldg. B Repair & Renewal	165,500		0		0
Maintenance Operations Center Bldg. C Repair & Renewal	66,000		0		0
Municipal Building Repair & Renewal	2,162,000		0		0
Service Center Fleet Maintenance Repair & Renewal	1,054,500		0		0
Service Center Heated Storage/Cart Wash Repair & Renewal	89,500		0		0
Service Center Public Works Admin Bldg. Repair & Renewal	627,500		0		0
Service Center District Transportation Repair & Renewal	\$601,500		0		\$0
Service Center Vehicle Wash (Old) Repair & Renewal	268,500		0		0
Service Center Vehicle Wash (New) Repair & Renewal	330,500		0		0
Visitor Center/Chamber of Commerce Repair & Renewal	255,000		0		0
Impact Fee Study	\$7,778		100 %		\$7,778
Minus CEF Fund Balance	1,491,380		100		1,491,380
Total	\$42,074,023				\$21,745,798

Note: Shown at 35%/65% split between General Government and Fire Department
 Source: Appendix B.2 Funding sources for capital improvement/expansion projects in current dollars.

**City of Loveland
General Government Plan Based Fee Calculation**

Calculation of Impact Fees	
Plan Value for General Government Infrastructure	\$21,745,798
Future Burden Distribution	
Residential	78%
Commercial	20%
Industrial	2%
Costs by Land Use Category	
Residential	\$16,961,722
Commercial	\$4,349,160
Industrial	\$434,916
New Growth	
Residential (in dwelling units)	25,471
Commercial (in square feet)	6,871,130
Industrial (in square feet)	2,970,662
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$680.43
Multi-family (per dwelling unit)	\$558.52
Commercial (per square foot)	\$0.63
Industrial (per square foot)	\$0.15

Existing Fee
\$1,083.37
\$753.00
\$0.74
\$0.10

**City of Loveland
Police Plan: 2038**

	Amount	X	Growth Percentage	=	Amount to include in fees
Storage Area Expansion	\$312,500		100 %		\$312,500
On-duty Vehicle Cover	15,000		0		0
Police Training Campus	9,260,000		44		4,074,400
Install FOB's on gates	30,700		0		0
Create new trash enclosure	12,300		0		0
Insulate north wall in records	24,600		0		0
Polish concrete in booking area	36,900		0		0
Install TRANE SC-web based control package	46,125		0		0
Replace exterior wall pack lights with LED	12,300		0		0
Replace parking lot lights with LED	12,300		0		0
Study building envelope efficiency	18,500		0		0
Additional parking north side	38,375		0		0
Police Building Vehicle & Explosives Storage	284,375		100		284,375
Police Building Expansion 1	437,500		100		437,500
Police Building Renovation	945,313		0		0
Police Building Expansion 2	875,000		100		875,000
Secured Parking Municipal Court	19,305		0		0
Police Training Campus Future (Trended)	3,750,000		100		3,750,000
Police Vehicles (marked, admin, and specialty)	5,371,041		100		5,371,041
Police Equipment (weapons, body armor)	946,892		100		946,892
Police & Courts Building Repair & Renewal	3,698,500		0		0
Impact Fee Study	\$7,778		100 %		\$7,778
<i>Minus</i> CEF Fund Balance	5,384,260		100		5,384,260
Total	\$20,771,044				\$10,675,226

Note: Police equipment based on current assets

Source: City of Loveland Facilities Master Plan and Loveland Police Department.

**City of Loveland
Police Plan Based Fee Calculation**

Calculation of Impact Fees	
Value of Police Infrastructure	\$10,675,226
Future Burden Distribution	
Residential	78%
Commercial	20%
Industrial	2%
Costs by Land Use Category	
Residential	\$8,326,676
Commercial	\$2,135,045
Industrial	\$213,505
Future Land Use	
Residential (in dwelling units)	25,471
Commercial (in square feet)	6,871,130
Industrial (in square feet)	2,970,662
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$334.03
Multi-family (per dwelling unit)	\$274.18
Commercial (per square foot)	\$0.31
Industrial (per square foot)	\$0.07

Existing Fee
\$874.49
\$608.00
\$0.60
\$0.08

**City of Loveland
Fire & Rescue Plan: 2038**

	Amount	X	Growth Percentage	X	City's Share*	=	Amount to include in fees
Fire & Administration Building	\$780,000		7 %		82 %		44,946
New Station #10	4,176,000		100		82		3,424,320
Apparatus for Station #10 (3)	1,500,000		100		82		1,230,000
Replace Station #3	2,812,500		0		82		0
Station #5 Addition	1,375,000		100		82		1,127,500
Apparatus for Station #5 Addition	500,000		100		82		410,000
Northwest Heavy Rescue Truck	500,000		44		82		180,400
New Fire Station #11	4,176,000		100		82		3,424,320
Apparatus for Station #11 (3)	1,500,000		100		82		1,230,000
Equipment for New Stations	1,386,162		100		82		1,136,652
Training Center	2,782,440		71		82		1,609,430
Fire Station #2 Repair & Renewal	207,000		0		82		0
Fire Station #3 Repair & Renewal	256,500		0		82		0
Fire Station #5 Repair & Renewal	265,000		0		82		0
Fire Station #6 Repair & Renewal	207,500		0		82		0
Fire Training Classrooms - B Repair & Renewal	210,500		0		82		0
Fire Training Garage - C Repair & Renewal	4,000		0		82		0
Fire Training Command Center - E Repair & Renewal	37,000		0		82		0
Fire Training Burn Prop Repair & Renewal	173,500		0		82		0
Impact Fee Study	\$7,778		100 %		100 %		\$7,778
Minus CEF Fund Balance	606,039		100		100		606,039
Total	\$22,250,840						\$13,219,307

Note: FAB is only shown at 65% total amount because building is split between Fire and General Government.

*City's share represents the City vs Rural District cost split.

Source: City of Loveland Facilities Master Plan and Loveland Strategic Fire Plan.

**City of Loveland
Fire & Rescue Plan Based Fee Calculation**

Calculation of Impact Fees	
Value of Future Fire Infrastructure	\$13,219,307
Future Burden Distribution	
Residential	78%
Commercial	20%
Industrial	2%
Costs by Land Use Category	
Residential	\$10,311,059
Commercial	\$2,643,861
Industrial	\$264,386
Future Land Use	
Residential (in dwelling units)	25,471
Commercial (in square feet)	6,871,130
Industrial (in square feet)	2,970,662
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$413.64
Multi-family (per dwelling unit)	\$339.52
Commercial (per square foot)	\$0.38
Industrial (per square foot)	\$0.09

Existing Fee
\$888.40
\$617.00
\$0.61
\$0.08

**City of Loveland
Library Facilities Plan: 2038**

Cost Category	Amount	x	Growth Percentage	=	Amount to Include in Fees
Library Repair & Renewal	\$1,388,000		0 %		\$0
Library Satellites (2, NW & SE)	\$8,946,094		100		\$8,946,094
Satellite FF&E and Collections	\$2,123,341		100		\$2,123,341
Satellite Technology	\$353,687		100		\$353,687
Impact Fee Study	\$7,778		100 %		\$7,778
<i>Minus</i> Expected Private Exp. Funding	\$894,609		100		\$894,609
<i>Minus</i> CEF Fund Balance	\$947,455		100		\$947,455
Total	\$10,976,835				\$9,588,835

Note: Satellite Collection and Technology values based on current values; Private funding assumed at 10%. Future satellite facilities may be up to \$11.6M, as recommended by the Library Director

Source: Loveland Facilities Master Plan.

**City of Loveland
Library Plan Based Fee Calculation**

Calculation of Impact Fees	
Value of Future Library Infrastructure	\$9,588,835
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$9,588,835
Future Land Use	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per unit)	\$384.66
Multi-family (per unit)	\$315.74

Existing Fee
\$722.20
\$502.00

City of Loveland
Cultural Services Plan: 2038

Cost Category	Amount	x	Growth Percentage	=	Amount to Include in Fees
Museum Expansion	\$11,698,619		100 %		\$11,698,619
Museum Storage	2,921,130		100		2,921,130
Future Cultural Facility ⁽¹⁾	3,553,471		84		2,984,916
Rialto Theater Repair & Renewal	791,500		0		0
Museum Repair & Renewal	982,500		0		0
Impact Fee Study	\$7,778		100 %		\$7,778
<i>Minus</i> Outside funding for Museum ⁽²⁾	4,607,000		100		4,607,000
<i>Minus</i> Outside funding for Cultural Facility ⁽³⁾	750,000		100		750,000
<i>Minus</i> CEF Fund Balance	3,111,514		100		3,111,514
Total	\$11,486,484				\$9,143,929

Notes:

⁽¹⁾ Value of future cultural facility is based on current value of City's share of the Rialto Theater Center. May be up to \$12.5M, according to the Cultural Services Director.

⁽²⁾ Outside funding for the museum expansion is assumed to be approx. 40% based on funding shown in 10 year Capital Program.

⁽³⁾ Outside funding for cultural facility is based on private funding used towards the City's share of the Rialto Center

Source: Loveland Facilities Master Plan, 10-year Capital Program, and discussions with City staff

City of Loveland
Cultural Services Plan Based Fee Calculation

Calculation of Impact Fees	
Value of Future Cultural Infrastructure	\$9,143,929
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$9,143,929
Future Land Use	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Residential (per dwelling unit)	\$366.82
Multi-family (per unit)	\$301.09

Existing Fee
\$602.46
\$419.00

**City of Loveland
Parks & Trails Plans: 2038**

Fee Category	Estimated Cost	Percent Growth Related	Amount to Include in Fees
Parks			
Loveland Sports Parks Offices	\$37,500	100 %	\$37,500
Equipment Wash Areas	56,250	100	56,250
Equipment Wash Areas (Trended)	56,250	100	56,250
Loveland Sports Park	3,000,000	100	3,000,000
Kroh Park	1,900,000	100	1,900,000
Fairgrounds Park	500,000	100	500,000
CP-1 (Northwest Loveland)	9,000,000	100	9,000,000
NP-1 (East)	1,000,000	100	1,000,000
NP-2 (Southeast)	1,700,000	100	1,700,000
NP-3 (Northwest)	1,700,000	100	1,700,000
Junior Achievement Park	750,000	33	247,500
Restrooms and Shelter Construction	500,000	100	500,000
Park Land Acquisition & Development 2025 and beyond	70,508,518	100	70,508,518
Amphitheater Repair & Renewal	33,500	0	0
Barnes Park Restroom Flds 1-4 Repair & Renewal	28,000	0	0
Benson Sculpture Garden Restrooms Repair & Renewal	8,000	0	0
Centennial Park Storage Repair & Renewal	27,500	0	0
Centennial Park Restrooms/Shelter Repair & Renewal	94,500	0	0
Fairground Park Maintenance Repair & Renewal	26,000	0	0
Fairground Park Restrooms Repair & Renewal	19,500	0	0
Kroh Park Restrooms Repair & Renewal	51,000	0	0
Kroh Park Storage Repair & Renewal	37,000	0	0
Lakeside Park Restrooms Repair & Renewal	51,000	0	0
Loveland Sports Park Maintenance Repair & Renewal	89,000	0	0
Mehaffey Park Maintenance Repair & Renewal	16,000	0	0
Mehaffey Park Restrooms Repair & Renewal	8,500	0	0
North Lake Park Maintenance Repair & Renewal	27,500	0	0
North Lake Park Restrooms Repair & Renewal	58,500	0	0
Park Maintenance Facility Repair & Renewal	865,500	0	0
Seven Lakes Park Restrooms Repair & Renewal	29,000	0	0
Sunnyside Park Restrooms Repair & Renewal	45,500	0	0
Viestenz-Smith Mtn Park Maintenance Repair & Renewal	93,500	0	0
Viestenz-Smith Mtn Park Restrooms Repair & Renewal	11,500	0	0
Parks Subtotal	\$92,329,018		\$90,206,018
Impact Fee Study	7,778	100 %	7,778
Minus CEF Fund Balance	3,662,908	100	3,662,908
Parks Total			\$86,550,888
Trails			
City Recreation Trail	\$2,761,470	100 %	\$2,761,470
Added loop trails at existing P&R sites	500,000	100	500,000
Multi-purpose trail development/connectivity	3,325,400	100	3,325,400
Trail acquisitions 2025 and beyond	1,036,433	100	1,036,433
Construction of Trail Underpasses (6)	7,200,000	100	7,200,000
Trails Subtotal	\$14,823,303		\$14,823,303
Impact Fee Study	\$7,778	100 %	\$7,778
Minus CEF Fund Balance	\$1,202,601	100	\$1,202,601
Minus Conservation Trust Fund Contribution ⁽²⁾	\$15,584,059	25	\$3,896,015
Trails Total			\$9,732,465

Notes:

- 1) Future GOCO Grant Revenues are not subtracted from the fee calculations because there is not a sufficiently reasonable expectation of future funding.
- 2) Approximately 1/4 of the Conservation Trust Fund Revenues can be used towards expansion. The remaining funds are used for non-CEF eligible projects and are therefore not subtracted from the fee calculation

Source: Parks Master Plan, Facilities Master Plan, and Summary of Renewal Costs by CEF Category (By Building)

**The City of Loveland
Parks Fee Calculation**

Calculation of Impact Fees	
Plan Value for Parks	\$86,550,888
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$86,550,888
Future Growth	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$3,472.06
Multi-family (per dwelling unit)	\$2,849.96

Existing Fee
\$3,582.24
\$2,452.00

**The City of Loveland
Trail Fee Calculation**

Calculation of Impact Fees	
Plan Value for Trails	\$9,732,465
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$9,732,465
Future Growth	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$390.43
Multi-family (per dwelling unit)	\$320.47

Existing Fee
\$526.99
\$366.00

**City of Loveland
Recreation Capital Plan**

Facility	Amount	X Growth Share =	Amount to Include in Fees
Chilson Rec Center Storage Expansion	\$275,000	100 %	\$275,000
New Recreation Center	33,014,832	84	27,859,128
Aquatics Park	3,250,000	84	2,724,127
Winona Pool Storage Expansion	262,500	100	262,500
Centennial Concessions Facility Expansion	150,000	100	150,000
Chilson Rec Center Repair & Renewal	4,401,000	0	0
Winona Pool Repair & Renewal	340,000	0	0
Centennial Park Concessions/PR Repair & Renewal	84,000	0	0
Impact Fee Study	\$7,778	100 %	\$7,778
<i>Minus</i> CEF Fund Balance	\$6,721,833	100	\$6,721,833
Total	\$35,063,278		\$24,556,700

Source: Facility Master Plan Appendix B, 10-year CIP, Parks and Recreation Master Plan

**The City of Loveland
Recreation Fee Calculation**

Calculation of Impact Fees	
Plan Value for Recreation	\$24,556,700
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$24,556,700
Future Growth	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$985.11
Multi-family (per dwelling unit)	\$808.61

Existing Fee
\$1,572.20
\$1,092.00

City of Loveland
Open Lands Plan: 2038 (Adjusted Average)

Fee Category		Estimated Cost	Percent Growth Related	Amount to Include in Fees
P&R Master Plan 2014-2024	Quick-win development projects	\$3,700,000	100 %	\$3,700,000
	Trails in open lands/urban trail corridors	500,000	100	500,000
	Open lands acquisitions (inside GMA)	18,850,250	100	18,850,250
	Unique acquisition opportunity (outside GMA)	2,700,000	100	2,700,000
	Conservation Easements ⁽¹⁾	9,224,400	100	9,224,400
	Nature Center	200,000	100	200,000
	Future open lands acquisitions 2025 and beyond	18,635,150	100	18,635,150
	Open Lands Subtotal	\$53,809,800		\$53,809,800
	Impact Fee Study	\$7,778	100 %	\$7,778
	<i>Minus</i> CEF Fund Balance	2,061,151	100	2,061,151
<i>Minus</i> Donations/partnerships for Conservation Easements ⁽²⁾	7,287,276	100	7,287,276	
<i>Minus</i> Open Lands Sales Tax Fund Balance ⁽³⁾	7,977,386	66	5,265,075	
<i>Minus</i> Open Lands Sales Tax Revenues ⁽⁴⁾	28,800,000	66	19,008,000	
Open Lands Total			\$20,196,077	

Notes:

- 1) The level of service for conservation easements has been adjusted to remove Chimney Hollow.
- 2) Approximately 79 percent of funding for conservation easements comes from partnerships/donations
- 3) Open Space Fund Balance as of December 2014. Assumes 66 percent of the total fund balance can be used towards land acquisition
- 4) Approximately 66 percent of future Open Space Tax revenues can be used for park acquisition and other CEF eligible projects.

Source: Parks & Recreation Master Plan and Facilities Master Plan

The City of Loveland
Open Lands Fee Calculation

Calculation of Impact Fees	
Plan Value for Open Lands	\$20,196,077
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$20,196,077
Future Growth	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$810.18
Multi-family (per dwelling unit)	\$665.02

Existing Fee
\$883.79
\$614.00

Loveland City Council

IMPACT FEE UPDATE



September 22, 2015

Presented by

Adam Orens, Managing Director

Janna Raley, Associate

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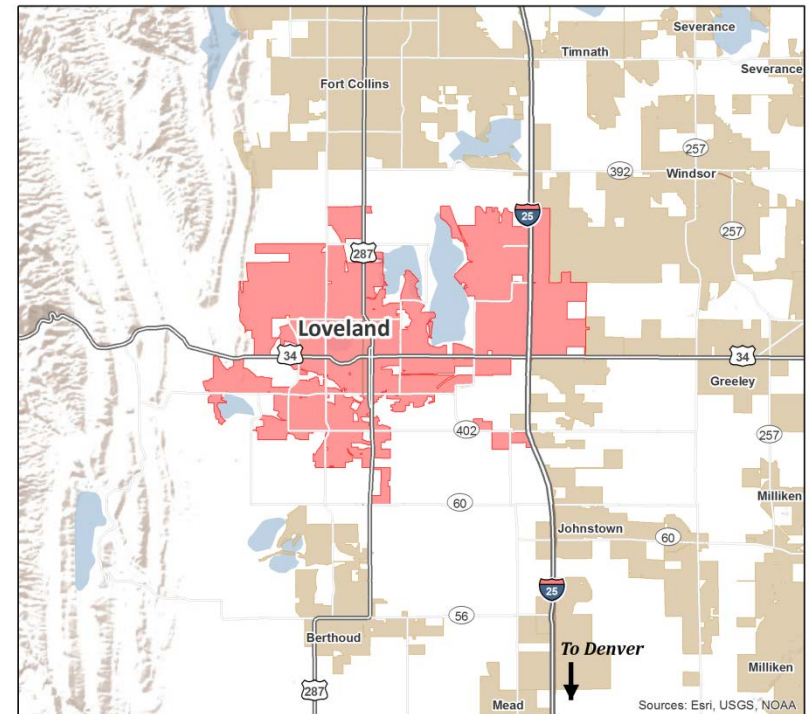
BBC
RESEARCH &
CONSULTING

TOPICS

- ▶ *Project background*
- ▶ *Progress*
- ▶ *Review*
- ▶ *Impact fee calculations*
- ▶ *Community comparison*

PROJECT BACKGROUND

- ▶ Asked to investigate new fee methodology
- ▶ Incorporate Loveland's extensive department master planning process
- ▶ Help bring transparency to fee collection as relates to future needs
- ▶ Provide comparison to existing methodology for council



PROJECT & PROCESS

Impact Fee Methodology Presentation

Reviewed Plans & Developed Draft Fees

Presented to City Council

Discussed with Department Heads

Presented to Boards and Commissions

Multiple Rounds of Revisions

Present Draft Fees to City Council

DEFINITION OF IMPACT FEES

Although there is no universally accepted definition of impact fees, most studies emphasize:

- ▶ One-time use
- ▶ Application to new development;
- ▶ Design requirements for proportionality
- ▶ Restricted use for infrastructure expansion purposes only

"...monies collected formally through a set schedule, or formula, spelled out in a local ordinance... fees are levied only against new development projects as a condition of permit approval to support infrastructure needed to serve the proposed development. They are calculated to cover a proportionate share of the capital cost for that infrastructure."

-International City Management Association

LEGAL BASIS FOR IMPACT FEES

Colorado Statute

CRS 29-2-102 to 104 (SB 15)

- ▶ One time charge on new development
- ▶ Capital projects only
 - Directly related to new development
 - No repair, maintenance, or replacement
 - 5-year life
- ▶ Cannot remedy current deficiencies
- ▶ Cannot increase levels of service
- ▶ Applied against all land use types

U.S. Supreme Court Decisions

- ▶ Rational nexus
- ▶ Rough proportionality
- ▶ No mathematical exactitude required

Nollan v. California Coastal Commission (1987)

Dolan v. City of Tigard (1994)

THREETYPES OF CAPITAL PROJECTS

*AKA public or capital
infrastructure investments*

Not all capital costs are related to new development, and impact fees can only cover those associated with serving new growth.



Repair and Replacement of facilities (e.g., the standard expense of maintaining existing facilities or replacing a roof).



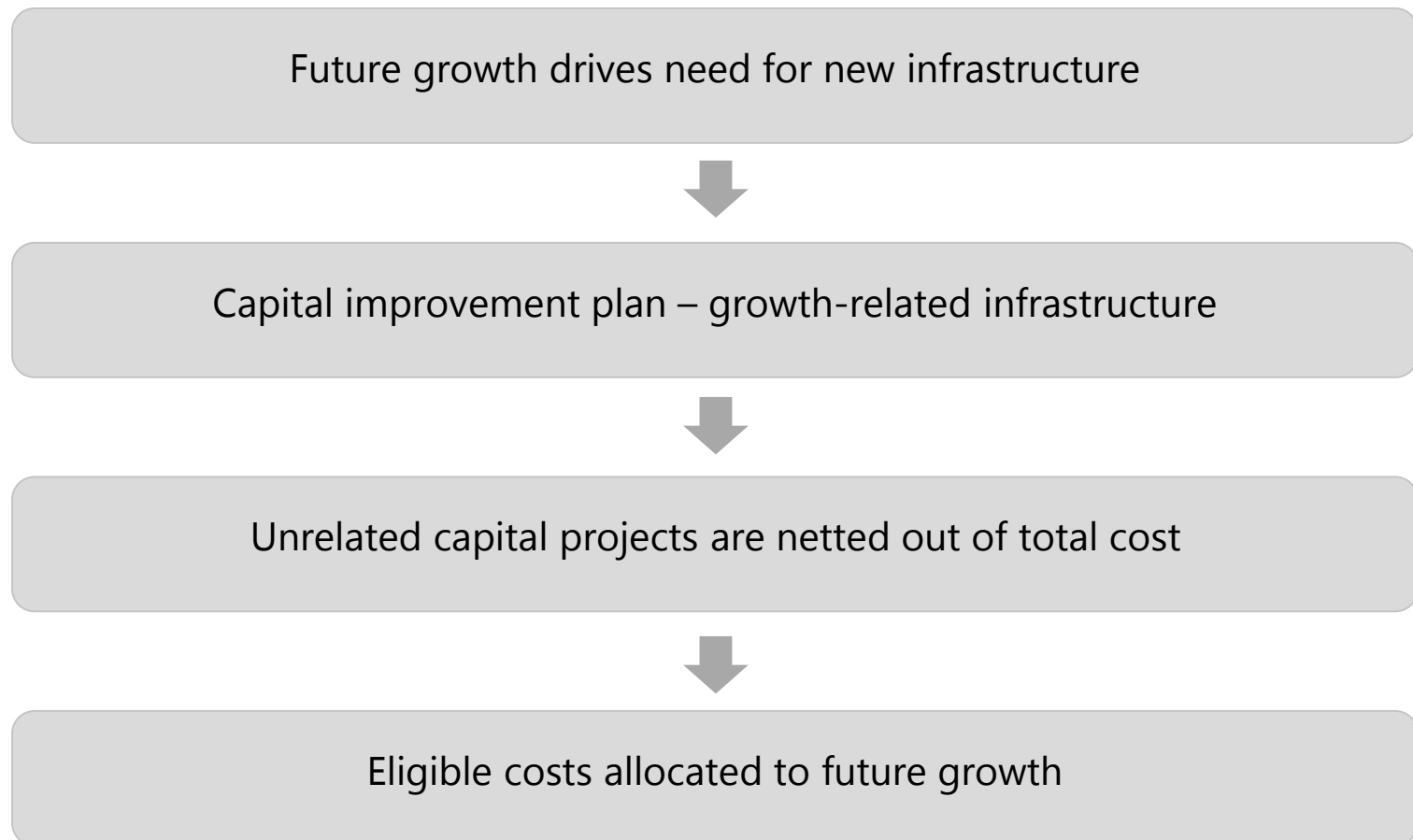
Betterment of facilities, or implementation of new services (e.g., adding better facilities at a recreation center)



Expansion of facilities to accommodate new development (e.g., expanding an existing road to handle new vehicle trips)

PLAN-BASED FEE METHODOLOGY

*Based on the proportional share of planned
infrastructure investment*



CIP ANALYSIS

FIRE & RESCUE

	Amount	X	Growth Percentage	X	City's Share*	=	Amount to include in fees
Fire & Administration Building	\$780,000		7 %		82 %		44,946
New Station #10	4,176,000		100		82		3,424,320
Apparatus for Station #10 (3)	1,500,000		100		82		1,230,000
Replace Station #3	2,812,500		0		82		0
Station #5 Addition	1,375,000		100		82		1,127,500
Apparatus for Station #5 Addition	500,000		100		82		410,000
Northwest Heavy Rescue Truck	500,000		44		82		180,400
New Fire Station #11	4,176,000		100		82		3,424,320
Apparatus for Station #11 (3)	1,500,000		100		82		1,230,000
Equipment for New Stations	1,386,162		100		82		1,136,652
Training Center	2,782,440		71		82		1,609,430
Fire Station #2 Repair & Renewal	207,000		0		82		0
Fire Station #3 Repair & Renewal	256,500		0		82		0
Fire Station #5 Repair & Renewal	265,000		0		82		0
Fire Station #6 Repair & Renewal	207,500		0		82		0
Fire Training Classrooms - B Repair & Renewal	210,500		0		82		0
Fire Training Garage - C Repair & Renewal	4,000		0		82		0
Fire Training Command Center - E Repair & Renewal	37,000		0		82		0
Fire Training Burn Prop Repair & Renewal	173,500		0		82		0
Impact Fee Study	\$7,778		100 %		100 %		\$7,778
Minus CEF Fund Balance	606,039		100		100		606,039
Total	\$22,250,840						\$13,219,307

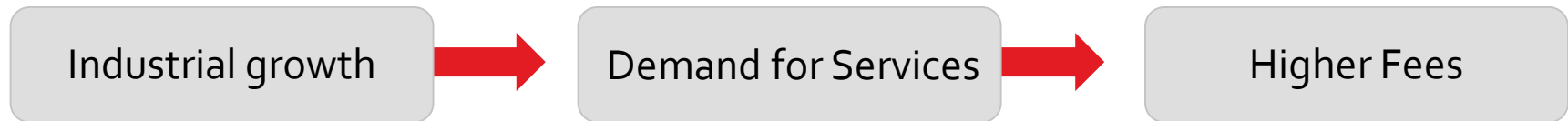
FEE CALCULATION

FIRE & RESCUE

Calculation of Impact Fees	
Value of Future Fire Infrastructure	\$13,219,307
Future Burden Distribution	
Residential	78%
Commercial	20%
Industrial	2%
Costs by Land Use Category	
Residential	\$10,311,059
Commercial	\$2,643,861
Industrial	\$264,386
Future Land Use	
Residential (in dwelling units)	25,471
Commercial (in square feet)	6,871,130
Industrial (in square feet)	2,970,662
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$413.64
Multi-family (per dwelling unit)	\$339.52
Commercial (per square foot)	\$0.38
Industrial (per square feet)	\$0.09

Existing Fee
\$888.40
\$617.00
\$0.61
\$0.08

WHY ARE DRAFT INDUSTRIAL FEES HIGHER?



Impact fees: Designed so growth pays its own way

FEE SUMMARY

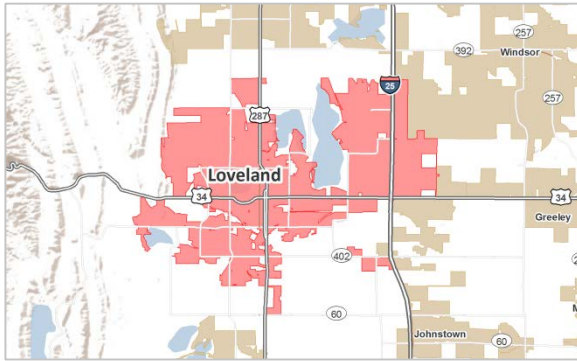
Land Use	Existing Fees	Proposed Fees
Single Family	\$10,736.16	\$7,837.35
Multifamily	\$7,423.00	\$6,433.11
Commercial	\$1.95	\$1.33
Industrial	\$0.26	\$0.31

COMMUNITY COMPARISON

Note: Excludes streets

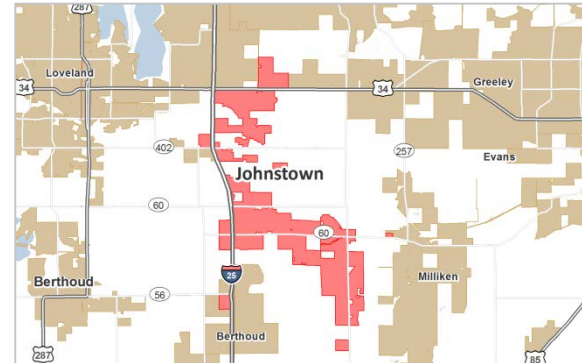
*BBC in process of
reevaluating impact fees
for Johnstown*

Loveland



Single Family:	\$7,838/unit
Multifamily:	\$6,433/unit
Commercial:	\$1.33/sf
Industrial:	\$0.31/sf
Mill Levy	9.56

Johnstown

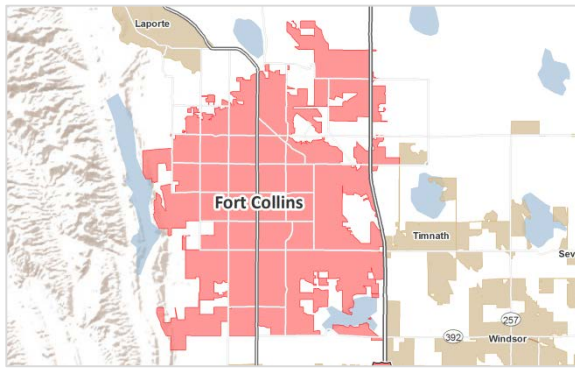


Single Family:	\$2,562/unit
Multifamily:	\$2,228/unit
Commercial:	\$0.36 – \$0.60/sf
Industrial:	\$0.36 – \$0.30/sf
Mill Levy	23.94

COMMUNITY COMPARISON

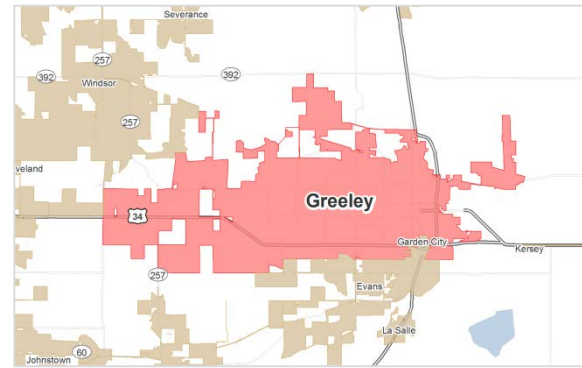
Note: Excludes streets

Fort Collins



Single Family:	\$6,297/unit
Multifamily:	\$4,424/unit
Commercial:	\$1.72 – \$ 2.20/sf
Industrial:	\$1.44/sf
Mill Levy	9.979

Greeley



Single Family:	\$4,081/unit
Multifamily:	\$3,051/unit
Commercial:	\$0.46 – \$0.88/sf
Industrial:	\$0.16 – \$0.24/sf
Mill Levy	11.274

NEXT STEPS

- ▶ *Make final adjustments to fee system*
- ▶ *Prepare impact fee report & fee schedule*
- ▶ *City Council adoption*

QUESTIONS?

STEP 1. GROWTH PROJECTIONS

Land Use Category	Growth Amount	Percent of Total
Residential Sq Ft	52,064,064	84%
units	25,471	
Commercial	6,871,130	11%
<u>Industrial</u>	<u>2,970,662</u>	<u>5%</u>
Nonresidential	9,841,792	16%
Total	61,905,856	100%



Weighted by sq.ft./employee



Total Burden	
Residential	84%
Commercial	12%
Industrial	4%

STEP 1. GROWTH PROJECTIONS: CALL FOR SERVICE

	Fire*	Police**	Total	Percent of "total without other"	Future distribution (based on land use projections)
Commercial	1,573	6,492	8,065	27%	20%
Industrial	65	924	989	3%	2%
Residential	3,625	16,997	20,622	70%	78%
Other Land Uses	1,742	10,872	12,614		
Total	7,005	35,285	42,290		
Total without other	5,263	24,413	29,676	100%	100%

CURRENT IMPACT FEE METHODOLOGY— CURRENT SERVICE STANDARD

▶ *Based on per unit implied capital investment
of current land uses*

Advantages

Legally secure

Highest standard of fairness

Comparatively simple data requirements

Disadvantages

LoS continually increases

Not directly connected to future capital

INVESTIGATED IMPACT FEE METHODOLOGY— CAPITAL IMPROVEMENT ("PLAN-BASED")

► *Based on the proportionate share of planned infrastructure investment*

Advantages

- Intuitively fair
- Specifically considers future capital needs
- Tailored to the future

Disadvantages

- Higher level of data accuracy required
- More assumptions and predictions
- Fee fluctuates based on capital needs

GENERAL GOVERNMENT CIP

Facility	Amount	X	Growth Share	=	Amount to Include in Fees
Airport Equipment Storage	\$1,300,000		0 %		\$0
Airport Terminal	6,000,000		0		0
Municipal Council Room Expansion	2,288,125		100		2,288,125
Municipal Building Expansion/Renovation	256,875		50		127,500
Maintenance Operations Center	837,500		0		0
Fire and Administration *	420,000		7		29,400
Facilities Maintenance	1,462,750		0		0
Public Works Heated Storage Facility	1,750,000		100		1,750,000
Public Works Fence Replacement	50,000		0		0
Public Works Equipment Purchases	85,000		0		0
Replacemt. Cemetery Office / Shop	550,000		0		0
Expand Cemetery Office / Shop	300,000		100		300,000
Service Center Expansion (new or expanded facilities)	3,125,000		100		3,125,000
New transit facility and yard	4,765,625		100		4,765,625
Expanded or new facility for Traffic Management and Operations	2,812,500		100		2,812,500
Maintenance and Operations Center Expansion	1,781,250		100		1,781,250
New Salt & Sand Storage/Satellite Materials Handling Facility - East	6,250,000		100		6,250,000
Airport Security Modular Repair & Renewal	4,500		0		0
Airport Terminal Building Repair & Renewal	13,000		0		0
Airport Fixed Base of Operations Repair & Renewal	1,155,000		0		0
Fire Station #4 Repair & Renewal	364,500		0		0
Fire & Admin Building Repair & Renewal	1,555,500		0		0
Maintenance Operations Center Bldg. A Repair & Renewal	810,000		0		0
Maintenance Operations Center Bldg. B Repair & Renewal	165,500		0		0
Maintenance Operations Center Bldg. C Repair & Renewal	66,000		0		0
Municipal Building Repair & Renewal	2,162,000		0		0
Service Center Fleet Maintenance Repair & Renewal	1,054,500		0		0
Service Center Heated Storage/Cart Wash Repair & Renewal	89,500		0		0
Service Center Public Works Admin Bldg. Repair & Renewal	627,500		0		0
Service Center District Transportation Repair & Renewal	\$601,500		0		\$0
Service Center Vehicle Wash (Old) Repair & Renewal	268,500		0		0
Service Center Vehicle Wash (New) Repair & Renewal	330,500		0		0
Visitor Center/Chamber of Commerce Repair & Renewal	255,000		0		0
Impact Fee Study	\$7,778		100 %		\$7,778
Minus CEF Fund Balance	1,491,380		100		1,491,380
Total	\$42,074,023				\$21,745,798

GENERAL GOVERNMENT FEE CALCULATION

Calculation of Impact Fees		
Plan Value for General Government Infrastructure	\$21,745,798	
Future Burden Distribution		
Residential	78%	
Commercial	20%	
Industrial	2%	
Costs by Land Use Category		
Residential	\$16,961,722	
Commercial	\$4,349,160	
Industrial	\$434,916	
New Growth		
Residential (in dwelling units)	25,471	
Commercial (in square feet)	6,871,130	
Industrial (in square feet)	2,970,662	
Impact Fee by Land Use (rounded)		
Single family (per dwelling unit)	\$680.43	
Multi-family (per dwelling unit)	\$558.52	
Commercial (per square foot)	\$0.63	
Industrial (per square foot)	\$0.15	

Existing Fee
\$1,083.37
\$753.00
\$0.74
\$0.10

POLICE CIP

	Amount	X	Growth Percentage	=	Amount to include in fees
Storage Area Expansion	\$312,500		100 %		\$312,500
On-duty Vehicle Cover	15,000		0		0
Police Training Campus	9,260,000		44		4,074,400
Install FOB's on gates	30,700		0		0
Create new trash enclosure	12,300		0		0
Insulate north wall in records	24,600		0		0
Polish concrete in booking area	36,900		0		0
Install TRANE SC-web based control package	46,125		0		0
Replace exterior wall pack lights with LED	12,300		0		0
Replace parking lot lights with LED	12,300		0		0
Study building envelope efficiency	18,500		0		0
Additional parking north side	38,375		0		0
Police Building Vehicle & Explosives Storage	284,375		100		284,375
Police Building Expansion 1	437,500		100		437,500
Police Building Renovation	945,313		0		0
Police Building Expansion 2	875,000		100		875,000
Secured Parking Municipal Court	19,305		0		0
Police Training Campus Future (Trended)	3,750,000		100		3,750,000
Police Vehicles (marked, admin, and specialty)	5,371,041		100		5,371,041
Police Equipment (weapons, body armor)	946,892		100		946,892
Police & Courts Building Repair & Renewal	3,698,500		0		0
Impact Fee Study	\$7,778		100 %		\$7,778
<i>Minus</i> CEF Fund Balance	5,384,260		100		5,384,260
Total	\$20,771,044				\$10,675,226

POLICE FEE CALCULATION

Calculation of Impact Fees		
Value of Police Infrastructure		\$10,675,226
Future Burden Distribution		
Residential		78%
Commercial		20%
Industrial		2%
Costs by Land Use Category		
Residential		\$8,326,676
Commercial		\$2,135,045
Industrial		\$213,505
Future Land Use		
Residential (in dwelling units)		25,471
Commercial (in square feet)		6,871,130
Industrial (in square feet)		2,970,662
Impact Fee by Land Use (rounded)		
Single family (per dwelling unit)		\$334.03
Multi-family (per dwelling unit)		\$274.18
Commercial (per square foot)		\$0.31
Industrial (per square feet)		\$0.07

Existing Fee	
	\$874.49
	\$608.00
	\$0.60
	\$0.08

LIBRARY CIP

Cost Category	Amount	x	Growth Percentage	=	Amount to Include in Fees
Library Repair & Renewal	\$1,388,000		0 %		\$0
Library Satellites (2, NW & SE)	\$8,946,094		100		\$8,946,094
Satellite FF&E and Collections	\$2,123,341		100		\$2,123,341
Satellite Technology	\$353,687		100		\$353,687
Impact Fee Study	\$7,778		100 %		\$7,778
<i>Minus</i> Expected Private Exp. Funding	\$894,609		100		\$894,609
<i>Minus</i> CEF Fund Balance	<u>\$947,455</u>		100		<u>\$947,455</u>
Total	\$10,976,835				\$9,588,835

LIBRARY CALCULATION

Calculation of Impact Fees	
Value of Future Library Infrastructure	\$9,588,835
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$9,588,835
Future Land Use	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per unit)	\$384.66
Multi-family (per unit)	\$315.74

Existing Fee
\$722.20
\$502.00

CULTURAL FACILITIES CIP

Cost Category	Amount	x	Growth Percentage	=	Amount to Include in Fees
Museum Expansion	\$11,698,619		100 %		\$11,698,619
Museum Storage	2,921,130		100		2,921,130
Future Cultural Facility ⁽¹⁾	3,553,471		84		2,984,916
Rialto Theater Repair & Renewal	791,500		0		0
Museum Repair & Renewal	982,500		0		0
Impact Fee Study	\$7,778		100 %		\$7,778
<i>Minus</i> Outside funding for Museum ⁽²⁾	4,607,000		100		4,607,000
<i>Minus</i> Outside funding for Cultural Facility ⁽³⁾	750,000		100		750,000
<i>Minus</i> CEF Fund Balance	3,111,514		100		3,111,514
Total	\$11,486,484				\$9,143,929

Notes:

⁽¹⁾ Value of future cultural facility is based on current value of City's share of the Rialto Theater Center. May be up to \$12.5M, according to the Cultural Services Director.

⁽²⁾ Outside funding for the museum expansion is assumed to be approx. 40% based on funding shown in 10 year Capital Program.

⁽³⁾ Outside funding for cultural facility is based on private funding used towards the City's share of the Rialto Center

Source: Loveland Facilities Master Plan, 10-year Capital Program, and discussions with City staff

CULTURAL FACILITIES FEE CALCULATION

Calculation of Impact Fees	
Value of Future Cultural Infrastructure	\$9,143,929
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$9,143,929
Future Land Use	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Residential (per dwelling unit)	\$366.82
Multi-family (per unit)	\$301.09

Existing Fee
\$602.46
\$419.00

PARKS & TRAILS CIP

Fee Category	Estimated Cost	Percent Growth Related	Amount to Include in Fees
Parks			
Loveland Sports Parks Offices	\$37,500	100 %	\$37,500
Equipment Wash Areas	56,250	100	56,250
Equipment Wash Areas (Trended)	56,250	100	56,250
Loveland Sports Park	3,000,000	100	3,000,000
Kroh Park	1,900,000	100	1,900,000
Fairgrounds Park	500,000	100	500,000
CP-1 (Northwest Loveland)	9,000,000	100	9,000,000
NP-1 (East)	1,000,000	100	1,000,000
NP-2 (Southeast)	1,700,000	100	1,700,000
NP-3 (Northwest)	1,700,000	100	1,700,000
Junior Achievement Park	750,000	33	247,500
Restrooms and Shelter Construction	500,000	100	500,000
Park Land Acquisition& Development 2025 and beyond	70,508,518	100	70,508,518
Amphitheater Repair & Renewal	33,500	0	0
⋮	⋮	⋮	⋮
⋮	⋮	⋮	⋮
Viestenz-Smith Mtn Park Restrooms Repair & Renewal	11,500	0	0
Parks Subtotal	\$92,329,018		\$90,206,018
Impact Fee Study	7,778	100 %	7,778
<i>Minus</i> CEF Fund Balance	3,662,908	100	3,662,908
Parks Total			\$86,550,888
Trails			
City Recreation Trail	\$2,761,470	100 %	\$2,761,470
Added loop trails at existing P&R sites	500,000	100	500,000
Multi-purpose trail development/connectivity	3,325,400	100	3,325,400
Trail acquisitions 2025 and beyond	1,036,433	100	1,036,433
Construction of Trail Underpasses (6)	7,200,000	100	7,200,000
Trails Subtotal	\$14,823,303		\$14,823,303
Impact Fee Study	\$7,778	100 %	\$7,778
<i>Minus</i> CEF Fund Balance	\$1,202,601	100	\$1,202,601
<i>Minus</i> Conservation Trust Fund Contribution ⁽²⁾	\$15,584,059	25	\$3,896,015
Trails Total			\$9,732,465

PARKS FEE CALCULATION

Calculation of Impact Fees	
Plan Value for Parks	\$86,550,888
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$86,550,888
Future Growth	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$3,472.06
Multi-family (per dwelling unit)	\$2,849.96

Existing Fee
\$3,582.24
\$2,452.00

TRAILS FEE CALCULATION

Calculation of Impact Fees	
Plan Value for Trails	\$9,732,465
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$9,732,465
Future Growth	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$390.43
Multi-family (per dwelling unit)	\$320.47

Existing Fee
\$526.99
\$366.00

OPEN LANDS CIP

Fee Category		Estimated Cost	Percent Growth Related	Amount to Include in Fees
P&R Master Plan 2014-2024	Quick-win development projects	\$3,700,000	100 %	\$3,700,000
	Trails in open lands/urban trail corridors	500,000	100	500,000
	Open lands acquisitions (inside GMA)	18,850,250	100	18,850,250
	Unique acquisition opportunity (outside GMA)	2,700,000	100	2,700,000
	Conservation Easements ⁽¹⁾	9,224,400	100	9,224,400
	Nature Center	200,000	100	200,000
	Future open lands acquisitions 2025 and beyond	18,635,150	100	18,635,150
	Open Lands Subtotal	\$53,809,800		\$53,809,800
	Impact Fee Study	\$7,778	100 %	\$7,778
	<i>Minus</i> CEF Fund Balance	2,061,151	100	2,061,151
<i>Minus</i> Donations/partnerships for Conservation Easements ⁽²⁾	7,287,276	100	7,287,276	
<i>Minus</i> Open Lands Sales Tax Fund Balance ⁽³⁾	7,977,386	66	5,265,075	
<i>Minus</i> Open Lands Sales Tax Revenues ⁽⁴⁾	28,800,000	66	19,008,000	
Open Lands Total			\$20,196,077	

OPEN LANDS FEE CALCULATION

Calculation of Impact Fees	
Plan Value for Open Lands	\$20,196,077
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$20,196,077
Future Growth	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$810.18
Multi-family (per dwelling unit)	\$665.02

Existing Fee
\$883.79
\$614.00

RECREATION CIP

Facility	Amount	X Growth Share =	Amount to Include in Fees
Chilson Rec Center Storage Expansion	\$275,000	100 %	\$275,000
New Recreation Center	33,014,832	84	27,859,128
Aquatics Park	3,250,000	84	2,724,127
Winona Pool Storage Expansion	262,500	100	262,500
Centennial Concessions Facility Expansion	150,000	100	150,000
Chilson Rec Center Repair & Renewal	4,401,000	0	0
Winona Pool Repair & Renewal	340,000	0	0
Centennial Park Concessions/PR Repair & Renewal	84,000	0	0
Impact Fee Study	\$7,778	100 %	\$7,778
<i>Minus</i> CEF Fund Balance	\$6,721,833	100	\$6,721,833
Total	\$35,063,278		\$24,556,700

RECREATION FEE CALCULATION

Calculation of Impact Fees	
Plan Value for Recreation	\$24,556,700
Future Burden Distribution	
Residential	100%
Commercial	0%
Industrial	0%
Costs by Land Use Category	
Residential	\$24,556,700
Future Growth	
Residential (in dwelling units)	25,471
Impact Fee by Land Use (rounded)	
Single family (per dwelling unit)	\$985.11
Multi-family (per dwelling unit)	\$808.61

Existing Fee
\$1,572.20
\$1,092.00

2015 CAPITAL EXPANSION FEE

OPEN HOUSE

FOR PUBLIC COMMENT

SEPTEMBER 14



City of Loveland

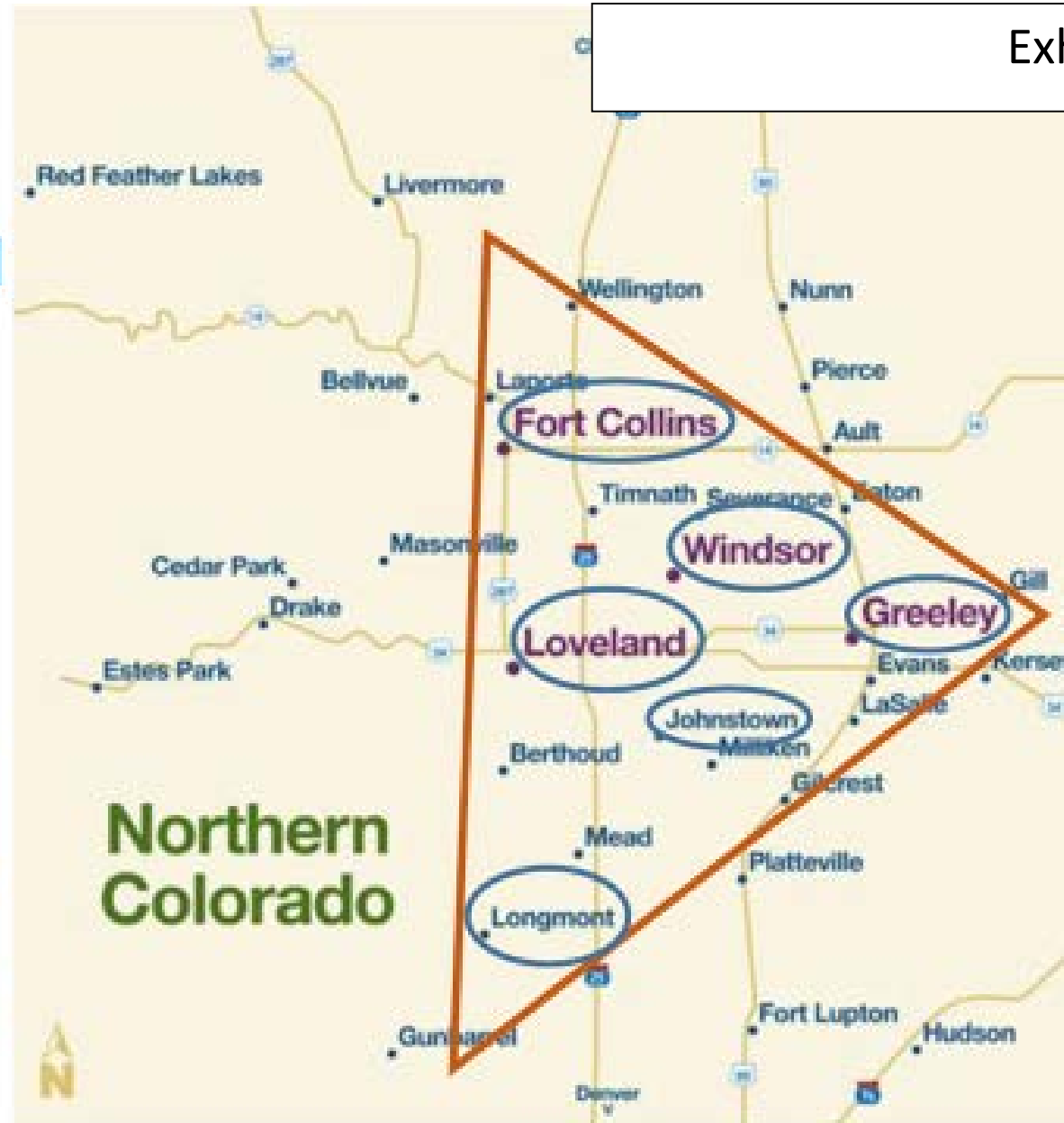


Exhibit 4

Northern Colorado

CITIES AND TOWNS IN THE FEE COMPARISON

Exhibit 5

	Loveland	Fort Collins	Longmont	Greeley	Windsor	Johnstown	Six City Average
2014 Population	72,651	156,480	90,237	98,596	21,106	13,306	75,396
Growth since 2010	8.7%	8.6%	4.6%	6.2%	13.2%	34.7%	12.7%
Area in square miles	33.59	54.28	26.19	46.55	24.44	13.52	33.10
Persons/mile	1,990.2	2,652.8	3,294.4	1,995.5	762.8	731.1	1,904.5
Median Hh Income	\$54,977	\$53,780	\$58,698	\$46,272	\$83,602	\$74,762	\$62,015
Poverty %	10.5%	18.6%	14.7%	22.9%	4.8%	5.1%	12.8%
2013 Housing Value	\$210,400	\$247,800	\$238,900	\$166,300	\$268,300	\$219,900	\$225,267
8/2015 Zillow Average Price	\$259,400	\$298,800	\$278,300	\$195,800	\$316,800	\$271,500	\$270,100
Annual Growth %	12.4%	11.3%	12.1%	11.8%	10.3%	10.7%	11.4%



Loveland Fire & Rescue Advisory Commission Meeting Minutes

Wednesday, February 11, 2015, 5:30 p.m.

Fire Administration Building (FAB)

Emergency Operations Center (EOC), 2nd Floor

410 E. 5th St., Loveland, CO 80537

Meeting called to order at 5:30 p.m.

FRAC Present: Chair Jonathan (Jon) Smela, Co-Chair Bob Boggio, Fire Chief Mark Miller, Division Chief Ned Sparks, Mayor Cecil Gutierrez, David (Dave) Adams, Paul Pfeiffer, William (Willy) Tillman, Elton Bingham, Division Chief Greg Ward, Administrative Director Renee Wheeler and Bonnie Wright.

FRAC Absent: Leroy (Andy) Anderson and Leo Wotan

Minutes approval: presented by Chair Smela

Bob Boggio motioned to approve the January 14, 2015 minutes; Dave Adams seconded the motion. Motion carried.

City Council updates: Presented by Mayor Cecil Gutierrez

- ❖ The Mayor mentioned that several agenda items will be going before city council. The LFRA Board has been discussing how they can take over more responsibility and is recommending to City Council to disband FRAC and turn it over to the (LFRA) Board as an advisory group to them. This would help streamline the process and make it less cumbersome. The Fire Chief has the actual motion which will go before city council.

Chief Updates: presented by Fire Chief Mark Miller

- ❖ Chief Miller added to the Mayor's comments that the first part would dissolve and reappoint this commission as an Ad Hoc (as needed) committee where the (LFRA) Board can put FRAC on hold if needed. The Chief anticipates that 2015 will be a busy year and that 2016 could be slower and FRAC may need to take a break and meet as things come about.
- ❖ The motion the Chief will be taking before council states that *FRAC over the years has played an important role in strategic planning and policy considerations. Since the Loveland Fire Rescue Authority (LFRA) Board is responsible for setting policy for the Authority, the Citizen Advisory Board that is responsible for bringing the*

Review of 2015 Goals created for Boards and Commissions Summit: Chair Smela

• **FRACs 2014 Accomplishments:**

- Lincoln Hotel Code Appeal
- Fire Chief Replacement
- Flood Recovery
- Residential Fire Sprinkler Initiative
- Budget Review

• **FRACs 2015 Goals:**

- Assist with the development a community feedback mechanism that focuses on citizens that specifically received service in the year
- Build a more in depth knowledge on policy implementation in operations through a citizen academy
- Build an understanding of community risks that drive required service levels through the community assessment part of accreditation
- Provide the citizen perspective on the staff developed "standards of cover" and strategy for assessing and benchmarking the Authority's performance as a part of the accreditation process
- Begin preparation for further maturation of the Fire Authority
- Annual review of the LFRA Strategic Plan

- ❖ It was asked if FRAC would no longer be part of the Boards and Commissions Summit. The Mayor said he will check on that.

Other: "Fire Operations Education:" The FRAC members relocated to the Battalion Chief's Training Room for a structure fire video presentation by Chief Ward and tour of Fire Station 1.

Motion to Adjourn: Meeting adjourned at 7:52 P.M.

The next FRAC meeting will be Wednesday, March 11th, 2015 at 5:30 p.m. in the Loveland Police Department Admin Conference Room.

Minutes respectfully submitted by Bonnie Wright, Administrative Technician, LFRA.

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critical life safety equipment. In addition, the long term retention of our workforce and its morale will be adversely impacted due to cuts in training and peer counselling. These reductions take a measured approach in the Community Safety Division that will impact inspections, development review and planning will directly impact public education. Overall, these cuts will impact the level of service to our citizens and the safety of our firefighters.”

- ❖ The Chief also mentioned that citizen presence can be impactful and that members from either board could be helpful.
- ❖ Agenda Items number 7 and number 8 - The mill levy election strategy, boards & commission's handbook, fire code board of appeals and resolutions was *deferred* for feedback at the June FRAC Meeting. Renee suggested that the board review Attendance on Page 4, Conflict of Interest on Page 5, Recording Secretary on Page 6, Terms of Office on Page 7, Appointments and Vacancies Page 9 and Term Limits on Page 10. On Term Limits, this eventually should be 4 city and 3 rural members – the next one will need to be a rural fill.

9. **Public Comment (If applicable) citizens:** There was no public comment.

Motion to Adjourn: Meeting adjourned at 7:34 P.M.

The next FRAC meeting will be Wednesday, June 10th, 2015 at 5:30 p.m. in the EOC.

Minutes respectfully submitted by Bonnie Wright, Administrative Technician, LFRA.

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Loveland Fire & Rescue Advisory Commission Meeting Minutes

Wednesday, January 14, 2015, 5:30 p.m.

Fire Administration Building (FAB)

Emergency Operations Center (EOC), 2nd Floor

410 E. 5th St., Loveland, CO 80537

Meeting called to order at 5:34 p.m.

FRAC Present: Co-Chair Bob Boggio, Fire Chief Mark Miller, Division Chief Ned Sparks, Leroy (Andy) Anderson, Mayor Cecil Guterrez, David (Dave) Adams, Paul Pfeiffer, William (Willy) Tillman, Elton Bingham, Division Chief Greg Ward, Administrative Director Renee Wheeler, Executive Economic Advisor Alan Krcmarik, Associate Janna Raley of BBC Research & Consulting and Bonnie Wright.

FRAC Absent: Chair Jonathan (Jon) Smela and Leo Wotan

Minutes approval: presented by Co-chair Boggio

Andy Anderson had one revision to the minutes under Rural Board that the mutual aid agreement recently signed with Berthoud was Loveland Fire Rescue Authority and not Big Thompson Volunteer Fire Department. Dave Adams motioned to approve the December 10, 2014 minutes; Paul Pfeiffer seconded the motion. Motion carried.

City Council updates: Presented by Mayor Cecil Guterrez

- ❖ The Mayor mentioned the Capital Expansion Fee study which was on this agenda for review.

Chief Updates: presented by Fire Chief Mark Miller

- ❖ The Insurance Services Office (ISO) will be here on January 20th to do an evaluation of the department.
- ❖ The Accreditation Process is kicking off and we will be very busy with that process for the next six months.

Rural District Board Updates: presented by Rural Board member Andy Anderson

- ❖ The Rural Board agreed to hiring or asking for an attorney to be on-call for the fire authority board.
- ❖ The Rural Board voted in favor of hiring an outside legal representative so there won't be a conflict of interest between City and Rural and the LFRA.

- ❖ Alan commented that the fire department is where it should be at in comparison to where some of the other departments are at.
- ❖ Based on what Chief Sparks mentioned and looking at the fee structure, Paul wonders if the growth for the fire department over the years has been inadequate.
- ❖ Alan stated that looking at the capital that the fire department has today looks like it has made up a lot of ground in the last 10 years.
- ❖ Chief Miller commented that looking at it in real numbers, it is about \$500,000 less in CEFs for the department annually.
- ❖ The City of Loveland and the Rural District are partners in the fire authority and this has a direct impact in the rural district. The city and rural issue would be that we would have to do a mill levy to raise those funds for the rural district.
- ❖ The Strategic Plan is a good plan for 2017 but this change could throw a huge wrench in the plan for the future of the department.
- ❖ The Mayor commented that all the departments have strategic plans and it does not make sense to ask the departments make a plan and then not be able to implement it.
- ❖ Dave Adams commented that it is a lot like a savings account. This day in age, there are several cities out there that have gone bankrupt – Loveland does not have that problem.
- ❖ Renee commented that this is why the City of Loveland bounced back so well during the recession is because it didn't have the debt that other municipalities have.
- ❖ City Council members and departments around the city were hearing from the building community that the fees were too high a few years ago.
- ❖ Elton asked if there was any indication of growth who might have left because the fees were too high.
- ❖ Alan commented that it was large scale family developments that felt that the fees were too high and took their projects elsewhere.
- ❖ Paul commented that if 100 people in town were asked if growth is inadequate, he does not feel there would be a lot of positive responses. He added that Loveland is a desirable place to live and therefore more expensive to live here.
- ❖ Elton mentioned that when people are looking at living in Johnstown versus living in Loveland, cost is a factor.
- ❖ Co-chair Boggio asked if the commission should make a declaration about what they are feeling. After much input from the commission members this is what they came up with:

FRAC believes in LFRA's 2012 strategic plan, which was adopted by Council, but we are very concerned about the effect of delayed timing on completing the plan fast enough to meet increasing service demand. In addition, the impact to the fire authority's strategic relationship with the rural district is extremely negative. We therefore do not support the proposed change to the 'plan based' CEF method.

- ❖ Paul asked about replacing Fire Station 3 in the future. Chief Ward commented that it would be part of the next Strategic Plan in 2023 or 2025.



Loveland Fire Rescue Advisory Commission & Loveland Rural Fire Protection District Board Joint Meeting Minutes

Wednesday, May 13, 2015, 5:30 p.m.

Fire Administration Building (FAB)
Emergency Operations Center (EOC), 2nd Floor
410 E. 5th St., Loveland, CO. 80537

Meeting called to order at 5:38 p.m.

FRAC Present: Chair Jonathan (Jon) Smela, Co-Chair Bob Boggio, Fire Chief Mark Miller, Division Chief Ned Sparks, David (Dave) Adams, Paul Pfeiffer, Elton Bingham, Leo Wotan, Division Chief Greg Ward, Administrative Director Renee Wheeler, Jeff Swanty, Bill Lundquist, David Legits, Greg White, Mike McKenna, Barry Gustafson, Executive Fiscal Advisor Alan Krcmarik, and Bonnie Wright.

FRAC Absent: Mayor Cecil Gutierrez and William (Willy) Tillman

1. **Minutes approval:** presented by Chair Smela
Bob Boggio motioned to approve the April 8, 2015 minutes; Dave Adams seconded the motion. Motion carried.
2. **City Council updates:** Presented by Chief Mark Miller
 - ❖ The Chief mentioned that on Tuesday, May 26th at 6:30 p.m., at the City Council Study Session, they will be giving an update on the fire authority. There will be a 45 minute presentation about the history and why this specific model was chosen. The Chief would like to see as many of the FRAC members there as possible. Bonnie will send out a reminder notification to FRAC.
3. **Chief Updates:** Presented by Chief Mark Miller
 - ❖ The Chief discussed the budget reductions listed further down on the agenda
4. **Rural District Board Updates:** presented by Rural Board member Andy Anderson
 - ❖ The board talked about budget cutbacks on food sales tax.
 - ❖ Loveland Rescue Fire Authority has placed a pickup truck at the Big Thompson Canyon Volunteer Fire Department for their use.
 - ❖ They had a discussion and made suggestions about the upcoming mill levy.

CITY OF LOVELAND, COLORADO
MEETING NOTICE

WHO: LOVELAND POLICE CITIZEN ADVISORY BOARD

WHERE: LOVELAND POLICE DEPARTMENT POLICE TRAINING ROOM @ 5:30
810 E. 10TH STREET

WHEN: MONDAY, FEBRUARY 2, 2015

WHY: AGENDA AS FOLLOWS

1. Approval of the minutes 1-5-15
2. Use of Force – Capt. Klinger
3. Chief's Report
4. City Council Report – Councilor Hugh McKean
5. Other reports and discussion

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**POLICE CITIZEN ADVISORY BOARD
JANUARY 5, 2015
LOVELAND POLICE INSTITUTE**

Present: Chairperson Pat Kistler; Tony Adams, Bev Cardarelli, Erin Frisch, Ed Gassman, Mark Kirkpatrick and Swaine Skeen and Chief Luke Hecker. **Absent board members:** Dick Hunsaker, Dennis Soucek and John Tindall. **Absent was Councilor Hugh McKean.** **Guests included Alan Krcmarik, Executive Economic Advisor for the City of Loveland and Adam Orens with BBC Research and Consulting out of Denver.**

Meeting was called to order by Chairperson Pat Kistler at 5:35 pm. A motion was made and seconded by Erin Frisch and Mark Kirkpatrick respectively to approve minutes. Motion carried and approved.

ALAN KRCMARIK WITH CITY OF LOVELAND AND ADAM ORENS WITH BBC RESEARCH AND CONSULTING

Chief introduced Alan Krcmarik with the City of Loveland and Adam Orens with BBC Research and Consulting who gave an update on CEF's (Capitol Expansion Fees) for the city that will affect the Loveland Police Department. A handout was given regarding how fees are collected currently and what the proposed fees would be by 2038. CEFs are not used for repairs and replacements, only for expansion. Board member Ed Gassman asked what was the basis for quoting fees. Additional comments from Ed were: "Calculating CEF based on future capital plans will underestimate actual costs. Three factors add to create actual future costs:

1. Known-- this system can only estimate on current plans -- which often change
2. Known Unknown-- it cannot estimate things which we know will change until they actually change.

3. Unknown unknowns --it cannot estimate things we do not know will change hence this system consistently underestimates the actual need. The present system based on current expenditures is more conservative and more accurately reflects actual need. The system being considered will always provide lower CEF-- fees and then require higher taxes to maintain the same level of services". Ed also asked if these fees were set in stone. Alan stated that the City Council still has to review this proposal and may decide not to do the change altogether. Ed commented that what this is doing is requiring people to come to Loveland and Loveland is already getting too big. If these fees were higher it would insure accelerated growth. Board member Tony Adams agreed. Alan stated that the fees are set by City Council, not by ballot. Direction by Council was voted 5 – 4 to look at this new methodology for calculating CEFs for all departments within the city. Board member Cardarelli agreed that cutting fees by 50% is a little extreme. BBC representative Adam wants to make sure everyone understands and asked the board for their input for how they feel about the reduction in CEFs. Alan suggested the Board make a recommendation to present to Council. A motion was made stating the Board is concerned about reduction from present levels and needs additional time to remain the same. Seconded by Mark Kirkpatrick. All approved.

CHIEF'S UPDATE



PARKS AND RECREATION DEPARTMENT

Civic Center • 500 East Third Street, Suite 200 • Loveland, Colorado 80537
(970) 962-2727 • FAX (970) 962-2903 • TDD (970) 962-2620

www.cityofloveland.org

February 24, 2015

City Council,

We've had the opportunity at our last two Open Lands Advisory Commission meetings to hear from BBC, the City's CEF Study consultant, and discuss the implications of the new methodology as related to the Open Lands Capital Expansion Fee. After much discussion, we would like to share with you our issues and concerns with the new proposed CEF methodology.

1. The proposed Open Lands CEF calculation assumes that 66% of Loveland's share of the Larimer County Open Space Sales Tax and current fund balance will be utilized for land acquisition. That leaves 34% for development, operation, and maintenance of open lands sites from the Open Lands Sales Tax Fund. Based on the number of open lands acres identified on the 10-year Capital Plan, goals of the Department Master Plan, and the experience of Larimer County's Open Lands program, this operational number appears to be proportionately low for a growing program like ours. Our concern is that this methodology could leave Loveland short on future development, operational, and maintenance dollars as our program continues to grow.
2. The new methodology of calculating the Open Lands CEF makes many assumptions in deriving the proposed fee. Since a full study of the CEF fees has not been completed for several years (only inflationary adjustments), we would like to request that the existing Open Lands CEF, using the current buy-in methodology, be updated with these same new assumptions. This recalculation will allow an apples-to-apples comparison of the existing methodology and the new proposed method, using the same assumptions for both.
3. Alan Krcmarik from the City and BBC Consulting indicated that the City will reevaluate its CEF assumptions every five years or so. Given the fluctuations in open land opportunities, land values, and development costs, we would like to request that Open Lands CEF assumptions be updated every two years to assure they are reflective of current community market conditions.
4. The Larimer County Open Space Sales Tax was approved by voters to increase open lands throughout the county. Historically, it has never been tied to the Loveland Capital Expansion Fees. Is new growth paying its way with regards to Open Lands if the new calculations include utilizing existing Open Space Tax balances and future revenues to pay for growth?

We are passionate about the potential Loveland has for open lands throughout the community. Although we understand the proposed change in methodology, we question whether the correct assumptions have been used in the calculations and if it reduces our goal of making available as many open lands opportunities as possible for Loveland.

Sincerely,

Bill Zawacki

Chair, Loveland Open Lands Advisory Commission



February 24, 2015

Loveland City Council,

During the last Parks and Recreation Commission meeting, we had the opportunity to discuss the final recommendations from the City's CEF Analysis study. The CEF consultant, BBC Consulting, explained the new methodology in calculating the Parks, Recreation and Trail Capital Expansion fees. As a Commission, we are very familiar with the use of Capital Expansion Fees to meet the capital needs of our growing community; however the new methodology of calculating the fees does not take into consideration our new updated Master Plan Standards. Since the basis for both the old and new CEF calculations are "existing levels of service", not approved Master Plan standards, there is no advantage with regards to parks and recreation in changing the methodology. The following are some concerns of the Parks and Recreation Commission regarding the new CEF calculations:

1. The new calculations subtract the current CEF fund cash balances from each of the parks and recreation CEF calculations. Rather than subtracting these balances, they should be added to the value of the "existing level of service". By subtracting the balances, it penalizes funds that have been accumulated and saved for planned projects. The result is a discount of future CEF fees paid. Future growth isn't paying its way if the existing level of service is under-valued and future CEF fees collected are discounted.
2. The proposed Trail CEF calculation wrongfully assumes that 25% of Loveland's share of the Lottery proceeds (Conservation Trust Fund) will be used for trail expansion. Historically, Conservation Trust Fund revenues have never been tied to the Loveland Trail CEF's. There are multiple recreation needs for the Lottery proceeds besides trails. Additionally, there is not a clear understanding as to why the Lottery proceeds should be tied to future growth.
3. Overall, the new methodology results in a decrease in Parks and Recreation Capital Expansion fees collected. Over the next 25 years, the proposed CEF fees could result in a **\$10.9 million dollar decrease in capital funds for recreation** (see attached spreadsheet). This is of special concern to the commission because the Parks and Recreation Master Plan (adopted 7/5/14) shows a funding gap in meeting community growth needs (pg. viii) without decreasing the existing CEF fee structure. With a proposed reduction of 25% in recreation fees, we are skeptical that those fees would generate enough funds to build a recreation-type facility in the next ten years, as would be in compliance with the master plan standards.

(over)

Parks and Recreation is a very important component of quality of life in Loveland. The current Capital Expansion Fee system has been a life-line for the P&R Department in meeting community expansion needs. As a result of some of the presumed assumptions of the new CEF methodology, we question the end-result and don't see any advantage in changing the methodology. Although we understand the desire of the City Council to decrease Capital Expansion Fees overall, we don't feel that the Parks & Recreation Department is where these cuts are best implemented to meet the needs of both current and future Loveland residents.

Respectfully,



Katie Davis
 Chair - Loveland Parks and Recreation Commission

Calculations Regarding Change to City of Loveland CEF Methodology

Housing Unit Growth from 2014 to 2038	25,471
Percentage of growth from single family dwellings	88.1%
Percentage of growth from multi family dwellings	11.9%

	<u>Existing Fee</u>	<u>Proposed Fee</u>		<u>Difference between Existing and Proposed</u>
Parks Impact Fees				
Single Family	\$ 3,582.24	\$ 3,553.34		
Multi-Family	\$ 2,452.00	\$ 2,916.68		
Total Parks Impact Fees	\$ 87,816,827	\$ 88,577,040	\$	760,213
Trail Impact Fees				
Single Family	\$ 526.99	\$ 416.93		
Multi-Family	\$ 366.00	\$ 342.23		
Total Trails Impact Fees	\$ 12,934,909	\$ 10,393,165	\$	(2,541,744)
Recreation Impact Fee				
Single Family	\$ 1,572.20	\$ 1,107.95		
Multi-Family	\$ 1,092.00	\$ 909.43		
Total Recreation Impact Fees	\$ 38,589,743	\$ 27,618,766	\$	(10,970,977)
Total Fee Change between Existing and Proposed			\$	(12,752,508)
Percentage Change from Existing Fees				-9.15%

*Cultural Services Board
City of Loveland*

March 25, 2015

*Alan Krcmarik
Executive Economic Advisor
City of Loveland
500 E 3rd Street
Loveland, Colorado 80537*

Mr. Krcmarik:

The Cultural Services Board wishes to thank you and Janna Raley, BBC Consultant, for your presentation at a recent board meeting; and, also for the opportunity to ask questions about Capital Expansion Fees (CEFs).

As it was explained to us, the proposed method for calculating CEFs in the future would include a reduction for previously collected CEFs attributable to Cultural Services (CS) as well as a significant reduction for expected funding from outside or private sources for CS capital projects (Museum expansion, permanent off-site storage for the Museum collection, increased performing arts space for the Rialto).

By significantly reducing the allowable CEF collection, the Museum expansion for example, would be delayed several more years. Future construction costs seldom decrease, but almost always increase. This calculation proposal would seem to create a vicious cycle of insufficient funding to begin construction.

In the meantime, the quality and quantity of exhibits and events will have been maximized. Existing environmental controls and space limitations already hinder the acquisition/loan of works due to these limitations just as existing performance space at the Rialto limits the size and number of events and curtails the revenue stream.

Attendance has increased significantly in numbers and also in the variety of locations our visitors call home. That is due directly to the work of the CS staff in creating exhibits and events that draw visitors to our Museum and RTC from near and far. Without an expansion to the Museum and necessary upgrades to the RTC, the staff will be hampered in its efforts to compete for resources to continue creating high-level, revenue-producing exhibits and events.

At the same time, downtown Loveland is seeing a revitalization. The Museum and RTC are a huge part of what draws people to Loveland to see shows, visit exhibits, attend events, eat in restaurants, stay in hotels, and shop in our stores.

Mr. Krcmarik

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March 25, 2015

The traditional argument for reducing impact fees is that we need to 'attract development' with lower fees than surrounding communities, when in fact, development follows market opportunity [Do Fee Reductions Stimulate Growth? Evidence from Florida / 2010 Growth & Infrastructure Consortium, Tampa FL / Clancy Mullen, Dr. James C. Nicholas]. Time and again the deciding factor in the selection of Loveland for a new or expanding business is the quality of life in our community ... that quality funded by CEFs.

Regarding the expectation of outside funding in the proposed CEF calculation: the percentage of outside/private funding for recent capital projects has been the non-funded amount. The percentage figure varied greatly from project to project. If the City were to proceed with the proposed calculation method, we would hope that a great deal of research would occur documenting outside/private funding to similar projects in communities of like-size before locking into a figure.

If the existing method of calculating CEFs is no longer viable, we encourage you to consider other alternatives. Creating a financial atmosphere where an expansion or facility upgrade is always 'just out of reach' is not the answer. Cultural Services would not be able to maintain the current visitor momentum. Downtown Loveland is moving forward. The proposed change to the CEF calculation and the subsequent and indefinite delay of the Cultural Services capital projects will hinder our entire community well into the future.

Thank you for your consideration,

*Kristeen Ortmann, for the City of Loveland Cultural Services Board
[letter discussed and approved at the Board meeting, March 24, 2015]*

September 11, 2015

TO: Bill Cahill, City Manager
Alan Krcmarik, Executive Economic Advisor

FROM: Sandy Darby, Loveland Library Board Chair
Desiree Erremondi, Cultural Services Board Chair

Alan Krcmarik presented proposed changes to the Capital Expansion Fees to the Library Board and the Cultural Services Board at their monthly meetings. Because both Boards have similar concerns, the Board Chairs subsequently met.

Both departments, unlike other CEF recipient departments, are required to attain outside donations. The current proposal requires:

- 10% in donations for Library capital projects
- 40% in donations for Cultural Services projects

The Boards have several questions regarding these requirements:

1. How is it determined which projects require outside donations?
2. If outside donations are required, how is the percentage/amount determined?

Both Boards have reservations about the capacity to raise donations at these levels for future projects. They are also concerned about the impact these deductions have on the CEF formula. As currently presented, the donation requirement is deducted from the Cost Category, substantially reducing the amount collected to mitigate the very real growth.

The Library Board and Cultural Services Board outlined their concerns in a memo sent earlier in the year to Alan Krcmarik. For your convenience, they are attached to this memo.

Please share our concerns with the City Council at the appropriate time. We look forward to further dialogue before the Council takes action on this important fee change.

MEMO

To: Alan Krcmarik, Senior Finance Advisor

From: Marcia Lewis, Library Director

Subject: Capital Expansion Fee Recommended Changes

Date: March 3, 2015

The Library Board thanks you and BBC Research & Consulting for attending our January meeting. At the February 19 meeting the Board unanimously approved the following motion:

Request Alan Krcmarik and BBC Research & Consulting reconsider:

1. The drastic reduction (50%) of CEFs towards the library, as these fees allow the library to:
 - o maintain and enhance the needs of our growing population
 - o promote economic well being
 - o meet educational and literacy needs of all ages
 - o provide a community destination for area youth.
2. Specific geographic references for potential satellite locations should be removed from the CEF change proposal.
3. Expected private funding should be removed from the calculations thus allowing donations to fund those elements not included in CEFs.

Number one above is the concern shared by other boards and commissions that the process is so very different and the amount collected so drastically reduced. There is a fear that adequate funds will not be available at the time the satellites need to be built.

The second concern is that if the NW and SE locations are specified, these sites may be “cast in stone” and it may be harder to select other locations based on actual future needs.

The greatest concern is in #3. The expectation that private donations partially fund projects just in the library and cultural services seems unfair. Since CEF funding is limited to growth related projects, it seems wise to use additional outside funding for aspects of a project that CEFs cannot support. While the library has excellent support from the community and from the Friends of the Library Foundation, it is dangerous to expect or obligate them to contribute to a growth-related project that CEFs were designated to fund. It was certainly not easy to fundraise for the renovation and expansion of the central library that serves the whole community. It will probably be more difficult to fundraise for a branch library that serves a smaller segment of the city.

Thank you for allowing Library Board members to share their concerns. Please continue to keep us informed as the process for calculating CEFs is refined and approved.