LOVELAND CITY COUNCIL
SPECIAL MEETING & STUDY SESSION
TUESDAY, APRIL 26, 2011
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO

THE CITY OF LOVELAND DOES NOT DISCRIMINATE ON THE BASIS OF DISABILITY, RACE, CREED, COLOR, SEX, SEXUAL ORIENTATION, RELIGION, AGE, NATIONAL ORIGIN, OR ANCESTRY IN THE PROVISION OF SERVICES. FOR DISABLED PERSONS NEEDING REASONABLE ACCOMMODATION TO ATTEND OR PARTICIPATE IN A CITY SERVICE OR PROGRAM, CALL 962-2343 OR TDD # 962-2620 AS FAR IN ADVANCE AS POSSIBLE.

6:30 P.M. **Special Meeting - City Council Chambers**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

SPECIAL MEETING AGENDA

1. **CITY MANAGER**
   Discussion and consideration of any needed action concerning the ACE Manufacturing and Innovation Park

ADJOURN THE SPECIAL MEETING AND CONVENE THE STUDY SESSION

STUDY SESSION AGENDA

1. **CITY MANAGER**
   North Front Range Metropolitan Planning Organization's (NFRMPO) 2035 Regional Transportation Plan Update **(60 minutes)**
   Suzette Mallette, Regional Transportation Planning Director for NFRMPO will present an update on the 2035 Regional Transportation Plan.

2. **CITY MANAGER'S OFFICE**
   Capital Expansion Fee Review – Project Report **(45 minutes)**
   This study session summarizes the comments provided by representatives of the development community and the Boards and Commissions regarding the City's Capital Expansion Fees (CEF) program. There was not a consensus on the direction the City should take. Staff identifies two possible areas of change in the CEF fee structure, which would be relatively small changes in more equitably charging residential construction for impacts.

CITY OF LOVELAND
CITY MANAGER'S OFFICE
Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM:	**1**
MEETING DATE:	4/26/2011
TO:	City Council
FROM:	City Manager
PRESENTER:	Bill Cahill

TITLE:
North Front Range Metropolitan Planning Organization's ("NFRMPO") 2035 Regional Transportation Plan Update

DESCRIPTION:
Suzette Mallette, Regional Transportation Planning Director for NFRMPO will present an update on the 2035 Regional Transportation Plan.

BUDGET IMPACT:
☐ Yes ☒ No

SUMMARY:
The North Front Range MPO is a federally designated Metropolitan Planning Organization that is responsible for long range regional transportation planning. One of the requirements of an MPO is the creation of a long range regional transportation plan (RTP). This plan looks at the region comprehensively and by meeting federal requirements creates the opportunity for federal transportation funds to be programmed to projects in the region. A presentation on the 2035 Regional Transportation Plan update will cover the overview of the Plan and will give MPO staff an opportunity to hear feedback from the Loveland City Council.

LIST OF ATTACHMENTS:
No packet materials
Materials will be provided at the meeting.

RECOMMENDED CITY COUNCIL ACTION:
Information sharing with discussion

REVIEWED BY CITY MANAGER:

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AGENDA ITEM: **2**

MEETING DATE: 4/26/2011

TO: City Council

FROM: Alan Krcmarik, Executive Fiscal Advisor

PRESENTER: Alan Krcmarik

TITLE: Capital Expansion Fee Review – Project Report

DESCRIPTION: This study session summarizes the comments provided by representatives of the development community and the Boards and Commissions regarding the City's Capital Expansion Fees (CEF) program. There was not a consensus on the direction the City should take. Staff identifies two possible areas of change in the CEF fee structure, which would be relatively small changes in more equitably charging residential construction for impacts.

BUDGET IMPACT: Capital Expansion Fees are an important funding source for capital improvements for several City services. For the 2011 to 2015 period, over $16 million is anticipated to be collected for projects. For the ten year period, the total is nearly $29 million.

☑ Yes ☐ No

SUMMARY: During the 2011 Budget Process, Council requested that staff conduct a public comment process that would obtain feedback specifically from the development community about the Capital Expansion Fees. In December, staff outlined the process that would be used and how representatives from the Boards and Commissions would be used to filter the comments. Two large public meetings were held and two smaller meetings with Board and Commission representatives have been completed. Several themes were identified and discussed. Two very different views have emerged – one advocates reduced levels of service which would lead to lower fees and the other maintains existing standards and continuing the CEFs in their current form.

LIST OF ATTACHMENTS: Capital Expansion Fee Review – Project Report
PowerPoint Presentation Slides

RECOMMENDED CITY COUNCIL ACTION: For Council's information and discussion

REVIEWED BY CITY MANAGER:

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MEMORANDUM

DATE: April 14, 2011

TO: Mayor and Members of Council

FROM: Alan Krcmarik, Executive Fiscal Advisor

SUBJECT: **Capital Expansion Fee Review – Project Report**

What is the Mission of this Project?

The project is a result of the Council's consideration of the Capital Expansion Fee ("CEF") annual inflation adjustment for the 2011 Budget. The Council voted 5-4 to override the clause in the Code that requires annual inflation adjustments using the Engineering News Record Construction Cost Index for the Denver Region. The increase in the index was 8.62%. Members of Council requested that the staff obtain additional feedback regarding the fee levels from the "development community." Other members of Council requested that the feedback process be balanced by encouraging other sectors of the community to attend and participate in the project. This report, through a series of questions and answers, reports on the process.

The discussion was focused on the Capital Expansion Fees. The table below shows the current level of fees:

	Residential Fee per unit	Commercial Fee	Industrial Fee
Fire & Rescue	$ 678	$ 0.29 per sq.ft.	$ 0.03 per sq.ft.
Law Enforcement	881	0.29 per sq.ft	0.04 per sq.ft.
General Government	968	0.40 per sq.ft.	0.05 per sq.ft.
Library	627		
Cultural Services	505		
Parks	3,085		
Recreation	1,546		
Trails	489		
Open Lands	778		
Streets single family	2,170	$ 213.68 per trip	$ 213.68 per trip
multi-family 3 and less	1,317		
multi-family 4 and up	1,508		

The total for a single-family unit is $11,727. Other impact fees charged for future utility projects and other development fees were not part of the discussion.

What was the Approach used by the Project?

In December, staff presented a process to obtain public input to Council. To ensure participation by the development community, staff used lists of attendees of previous public participation efforts that solicited participation by representatives of the development community. Persons on the lists received an individual invitation to the public meetings. The meetings were also publicized in the newspaper, distributed on-line, and exchanged by interested parties with other members of the community. Council members also informed potentially interested parties about the dates and times for the meetings.

What Process has been used in the Project?

City staff organized and facilitated four meetings so far per Council's direction.

<u>January 31</u>: Meeting with approximately 25 people. Most of the people attending were on the developer invitation listing. There were several persons that indicated that they would attend, but because of the severe weather did not. Staff believes many of this group would have added more "balance" to the discussion. Dave Klockeman and Alan Krcmarik presented information (History, Projects completed, and expected Projects) about CEFs. With the facilitation assistance help of Don Sandoval, our Colorado Department of Local Affairs Regional representative, the attendees were divided into six groups to brainstorm and develop themes relating to the CEFs. Each group reported its main idea(s) about the CEFs to the full group. The themes identified are included in the attached matrix.

<u>February 14:</u> Meeting with 14 people, from the Boards & Commissions ("B&C") that have CEFs and staff liaisons to the B&Cs. This smaller group was designed to consider and filter the themes as developed at the 1/31/11 meeting. The B&C have the responsibility to provide advice to the Council. At the first meeting, the B&C group discussed and provided feedback on about half of the themes identified in the large group meeting.

<u>February 28:</u> Second meeting with the B&C and staff liaisons. The group continued to discuss the themes and provide feedback. All of the themes were reviewed by the end of the second meeting.

<u>March 7:</u> Second meeting with the Large Group – about 29 people attended. The process was to review the discussion of themes and summary from the B&C Group. The presentation slides from this meeting and a one oversized page handout summarize the findings. They are attached as background information.

What were the major themes identified in the Outreach Process?

<u>The development community representatives believe that the fees should be lower, much lower than they currently are.</u> Listed below are themes and ideas expressed at the January 31 meeting.

- The City should re-define the Vision for the Community. The Vision was set during the last review of the Comprehensive Plan. Capital Expansion Fees should not be changed until the review and re-definition of the Vision is completed. The level of services now being provided could be allowed to decline. For example, the streets system is now graded a "C" level. This is too high when compared to the State of Colorado and other surrounding communities. The City should move to a "D" level.
- They recommend that distinctions or classifications be made among the services funded by Capital Expansion Fees. There are essential services like Police, Fire, and Streets. At the other end of the spectrum, there are "quality of life" services like open lands and trails. There are five more fees somewhere in between, General Government, Parks, Recreation, Library, and Museum. It may be possible to keep the fees higher for the essential services and lower the fees for the "quality of life" services.
- There may be simpler, more efficient development patterns that have more affordable service requirements. More dense development may lower costs of service. Infill projects may have lower total costs as they rely on existing capital project support.
- The development community representatives suggest that large projects should receive a CEF credit that could be based on sales and use tax that a project generates or jobs that are created by the project.
- Some members of the development sector believe fees should be reduced to zero until the themes brainstormed in the first meeting are fully addressed. Others believe the fee levels should be frozen until resolution of themes or until the economy recovers.
- The development group strongly opposed increases in the property tax, either by the city or possible service districts (Library or Fire). The primary reason for its opposition is due to commercial property being assessed at 29% of estimated actual value compared to residential uses being assessed at 7.96%.
- The development group opposed the idea of a temporary property tax to backfill temporary fee reductions.
- The development group opposed a sales and use tax increase, primarily because it was considered "too regressive."
- The group discussed and generally rejected the idea of increased user fees for non-residents.

<u>The Boards & Commissions group did not concur with the list of themes from the January 31st meeting.</u>

- The community has been well served and continues to be served by the use of CEFs for funding necessary capital improvements. Without the fees, they see a reduction in service and quality of life in Loveland. The policy design of the fees was to have growth pay a proportionate share of new projects.
- They think that the "development community" is asking for too much and not recognizing that other communities with lower fees have other means to pay for them or don't provide the same level of service. For example, residents of nearby communities rely on Loveland for Library, Parks & Recreation, and other cultural amenities.

- Credits for new tax generation or jobs should continue to be done on a case by case basis. This is provided for in the City's economic development process.
- Infill redevelopment may save some costs over development at the edge of the community. As more people decide to live in Loveland, they will need additional capital improvements to maintain the quality of life that has drawn them here.
- The CEF system has been successful and growth has paid a share of the costs of growth. It has not overpaid. There are examples that suggest the fees are not high enough. The general fund and other sources are used to supplement expansions of facilities.
- Too much building at subsidized costs using overly aggressive financial tools led the nation to this very difficult recession. It would be unfair to provide lower fees in the future to new projects that pay significantly less that previous generations of projects. The surplus capacity of housing needs to be absorbed so that the market can recover. Increasing incentives through lower fees is not appropriate at this time. Data presented by the Colorado State Demographer's Office documents the period of over-building in the nation and in Colorado. Significant fee reductions would lower the value of existing housing and could drive households into foreclosure or abandonment of their mortgage responsibility.
- Lowering the fees shifts more burden to taxpayers for future capital improvements. Many of these taxpayers have also already paid a full share through CEFs. The Financial Sustainability results suggest that the taxpayers are not able or ready to take on a greater burden.
- As the fees are updated for 2012, the effort should test the assumptions about service levels for all of the fees, but the recommendations for changes should not be based on fee levels in other communities.
- The City should not depart from the "Growth pays its proportionate share" philosophy that has worked for so many years.

What is the fundamental issue that emerged in the outreach process?

The fundamental issue is whether it is appropriate to change the level of services standards. Since the implementation of the Capital Expansion Fee system in 1984, each of the fees is based on a defined level of service standard. The methods of allocating costs to achieve the level of service standards have remained virtually the same since the updates in 1998.

Once the standards for the levels of services have been agreed upon, the next question is how to fund the capital improvements and the operating costs of the service. If there is lack of agreement and commitment on how to fund, be it through CEFs, sales and use tax, property tax, or special district, the adopted level of service will be difficult to deliver. The CEFs have worked over the past 27 years to fund a portion of the cost for capital improvements. Projects still need financial support from other sources to be completed on a timely basis. The operation & maintenance costs side of the discussion is being handled through the Financial Sustainability process.

What other strategic considerations should be taken into account when setting fees?

According to the City's fiscal impact model and the economic impact analysis model used by Colorado State University to analyze economic development proposals, different types of projects lead to different financial results. Regional retail projects tend to have the largest financial benefit to the City. This is due to new sales taxes generated by the projects. Sales tax is the largest governmental source of revenue for the City. Regional retail projects import financial resources into the community. Next would be Industrial projects that bring new jobs. Higher paying wage structures mean more net benefit to the City. Non-retail commercial projects are next, followed by Residential projects.

Type of Use	Level of Competition
Regional Retail	High level of Competition within region
Industrial	Multistate competition for large projects, sometimes global
Commercial Office	Office uses with regional trade area have higher wage structure
Neighborhood Retail & Commercial	Smaller commercial have smaller levels of benefit to the community
Residential	Competition strong in nearby markets. Often a net cost to the City, depending on resident income level

Using this general hierarchy, the City's policies could be to have fee structures that encourage uses with higher rates of return, financially, over projects that have low rates of return or net costs. For large scale industrial projects, the City competes with other communities in Colorado and in other states.

For regional retail, the City competes with other major cities in Northern Colorado, including Broomfield, Boulder, and even Thornton and Denver.

For residential projects, the City competes with any area that is within a reasonable driving distance to employment. Higher energy prices tend to reduce this distance, but many households are willing to "drive to qualify," that is, choosing to live in nearby communities or unincorporated regions of the counties or lower their housing acquisition. In our discussions with the groups, those living outside the City and not paying CEFs or user fees were considered "free riders" and some of the discussion focused on how to have this type of customer pay a portion of costs.

How would infill areas within the City be treated?

The City waives CEFs in the area around the downtown. This was intended to be an incentive for development and recognizes that redevelopment, especially in older areas, often requires higher costs. There may be other areas within the City that may be designated as infill or redevelopment areas. The important aspect about this designation is whether the capital improvements in the area are sufficient to meet the needs of the development. The City uses the entire corporate limits as the service area for purposes of calculating costs and corresponding CEFs. The infill designations or redevelopment areas should be established areas of the City.

What about CEF waiver programs for affordable housing?

Based on the discussions with the meeting attendees, staff expects that there would be no disagreement with continuing the CEF waiver programs for affordable housing projects. If fees are reduced, the comparative financial advantage to the affordable units would be lower.

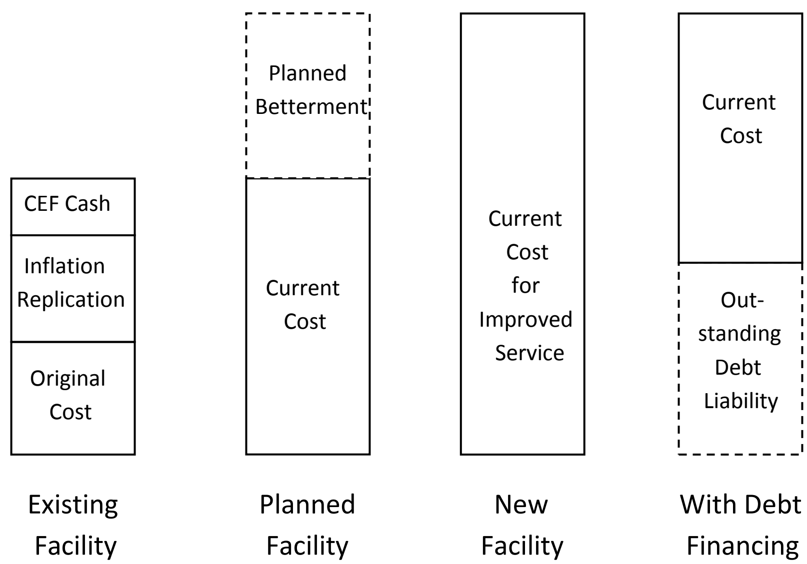
What are the next steps for staff in this process?

For the Capital Expansion Fees for streets, the Public Works Department and the Transportation Advisory Board will be updating the streets master plan. This will entail the identification of projects to be completed by 2035 and their corresponding estimated costs. Sources of funding for the projects will also be identified. Based on input from the Transportation Advisory Board in this review process, the levels of service standard will be reviewed and agreed upon. The resulting street CEF recommendations will be presented to Council as part of the 2012 Budget process.

The last major review of the other nine capital expansion fees was completed in 2007. The City's standard is to do a major review every five years; more often if there have been significant changes. The 2007 update assumed that all level of services standards would remain constant. Each time a major review is completed, a new cost basis is established for the following four years and this is adjusted, per the Code, for the changes in construction costs. Information used in the five year review includes updating the replacement costs of the infrastructure for each of the fees, the distribution of land in the city by industrial, commercial, or residential use, and the allocation of the costs to housing units and square feet of industrial and commercial land uses. Information from the 2010 Census will also be used in the update process. This review could also evaluate the need to change level of service standards for the other nine fees.

In the past five-year updates, fees usually increased much more than construction costs. As the City completes new projects (funded with a combination of fees and other revenues) the total investment in the capital infrastructure increases. The provided level of service increases by the total cost, not just the cost of CEFs used in the project. The figure below from the 1984 ***Service Cost Recovery System Report*** illustrates how the basis for CEFs increases as additional investment occurs.

Capital Expansion Fee Basis



In addition to Streets Master Plan update, what possible interim changes could be implemented to provide some cost reduction for new projects?

Recommended Action. Change the fees to address different impacts from single family units compared to multi-family. The City has impact fees for Power, Water, and Wastewater utilities. Based on detailed cost of services studies, each of these fees takes into account the fact that multi-family housing units have lower cost impacts on services than single-family units. The Streets CEF recognizes that multi-family has lower impacts on the street system. For this fee, the schedule has categories for multi-family three units or less, multi-family four units or more, and single family. The respective multi-family fees are 39.3% and 30.5% lower than the single family CEF. The Street CEFs have the advantage of being based on trip generation statistics provided by the Institute of Transportation Engineers. Departments that receive the other CEFs could use the reductions that are used for the Street CEFs or they could derive more specific estimates of the impacts of multi-family units.

The clear advantage to this approach would be a reduction in CEFs for multi-family units. The disadvantage would be lower fee revenue for future projects.

Possible Action. A second method by which to provide some fee relief on housing projects would be to use some of the proportionate share techniques being used in other communities. This technique recognizes that there is a demonstrable relationship between the size of a housing unit and the number of people that live in the unit. This technique would result in a fee allocation table like the one below.

An Example of a Progressive Impact Fee System
(Designed for DeKalb, Georgia) applied to Loveland Fees

Unit Size in Square Feet	Persons per Dwelling Unit	Proportionate Fee Index	Loveland CEFS $9,557
900	1.9	0.442	$4,224
1,300	2.2	0.722	$6,900
1,800	2.3	1.000	$ 9,557
2,300	2.7	1.334	$ 12,749
3,500	3.3	1.945	$ 18,588

This table adapted from Arthur C. Nelson's work for DeKalb County.
Unit size and persons per unit from ***American Housing Survey***.

The progressive impact fee system could be modified to use the most current data available for the City of Loveland. The 2010 Census information will be available later this year. For housing units smaller than 1,800 square feet, the cost savings could be significant. For larger than average size units, there would be fee increases.

Conclusion

Since 1984, the City has collected over $107 million through the CEFs. The funds have been used for community investment around the areas of Law Enforcement facilities and equipment, Fire stations, Streets, Parks, Recreation facilities, Cultural Services facilities, the Library expansion and other highly visible projects.

It could be reasoned that these facilities define what Loveland is and what it will be; they are investments to support the community's commitment to excellence now and in the future. The primary message offered during the public input process by representatives of the development community was for lower levels of service so the need for CEFs would be reduced.

This process did not result in any clear consensus regarding the collection of Capital Expansion Fees and or any real alternatives to funding future growth-related community capital construction needs.

Attachments

A. Two slides that summarize the case for and the case against reducing fees. These slides are from a presentation made by Clancy Mullen & Dr. James C. Nicholas Do Fee Reductions Stimulate Growth? Evidence from Florida at the **2010 Growth & Infrastructure Consortium, Tampa, FL Conference.**

B. The matrix summary from the final meeting on March 7. **CEF Review Themes from January 31st forum cross referenced with February 14th Discussion Points and *February 28 Discussion Points in Italics.*** This matrix provided the original themes indentified in the first meeting and the discussion from the Boards & Commissions meetings.

The Case for Fee Reductions

- Need to be competitive to attract development
  - Developers & businesses will go where fees are lowest
- New housing can't compete with existing housing
- Might stimulate construction and create jobs
  - What have we got to lose? (revenue low)
  - If we don't try it, we won't know
  - Worth it if it creates even one job
- If it doesn't appear to have worked...
  - We don't know how much worse it would have been
  - We will be positioned for the recovery

Source: Adapted from Do Fee Reductions Stimulate Growth? Evidence from Florida **2010 Growth & Infrastructure Consortium, Tampa, FL Clancy Mullen & Dr. James C. Nicholas**

The Case Against Fee Reductions

- Impact fees have never been shown to deter growth
  - Development follows market opportunity, not lowest cost
  - National chains not deterred by fees; "mom & pop" stores rent
  - Industries want good transportation, labor force, low operating costs
- Impact fees are visible, but not only development costs
  - Developers will continue to make road and other improvements
- If it does work, it will only make things worse
  - Increase housing oversupply; depress housing prices
- Reducing/suspending impact fees will create inequities
  - Builders who have paid fees competing with builders who did not
- Funding for growth-related improvements will shrink

Source: Adapted from Do Fee Reductions Stimulate Growth? Evidence from Florida **2010 Growth & Infrastructure Consortium, Tampa, FL Clancy Mullen & Dr. James C. Nicholas**

Attachment B

CEF Review Themes from January 31st forum cross referenced with February 14th Discussion Points and *February 28 Discussion Points in Italics*

Theme 1. **Definitions of Quality of Life and Essential Services**	**Theme 2.** **Consider CEFs based on income coming into the City of Loveland and consider setting aside a portion of "first monies" to pay or credit the original CEF amount**	**Theme 3.** **Retail Project "A" would have paid $10,000 in CEFs and expects to capture $20,000 per year in sales tax. First 6 months of sales tax is paid into the CEF accounts.**	**Theme 4.** **Could other categories (commercial, industrial, multi-family, etc.) do the same through job creation or a property tax matrix**	**Theme 5.** **CEF need is real but should be paid by all users. "Building permit" only source of collection is inequitable.** **More diversified collection process is needed.** **Possible Sources: Sales tax, Property taxes, Direct user fees, Broader district(s) to capture non-resident uses.**	**Theme 6.** **Re-evaluate the quality of life and standards for all CEFs currently in place.** **Do we want to pay for the way we want to live?** **Is there a simpler way of life that is more affordable.**	**Theme 7.** **Redefine the Vision of our Community**	**Theme 8.** **Do not change the CEF system until we have evaluated the Vision.**	**Theme 9.** **Evaluate the level of service in each CEF category.** **(For example, Are the assumptions in the Comp Plan affordable and achievable?) (Level of Service for Streets "C" or "D"?)**	**Theme 10.** **Moratorium on CEFs, meaning that the fees are frozen or temporarily reduced to zero**
Reviewing the details *and key assumptions* behind the fees must be carried out General Continuum: Police Fire & Rescue Streets General Government Library Cultural Services Parks Recreation Trails Open Lands *Police and Fire may be able to reduce fees (to "glide down") based on service capacity.* *Fire & Rescue may go to an Authority approach with own mill levy and money from fire district. Library may consider a district – new mill levy.*	*The City does this on a case by case basis now through the Economic Development criteria.* *Should not be done for all projects or it becomes an entitlement. Based on models of economic impact done by CSU through NCEDC and the models done by the City, most office and residential projects do not break even.* *Even industrial projects are net costs unless wage structures are above average.*	*Retail projects are net gains depending on the assignment of purchases made be households.* *Projects that draw from outside the City have a positive effect.* *Need to recognize that lowering fees and earmarking taxes makes the City's O & M imbalance worse. Consensus was to continue to do this on a case by case basis with Council making the final decision on what level of offset is appropriate.*	*The burden is the cost that must be paid before the project is "cash flowing".* *If there a way to spread the cost to when there are rents and other revenues to draw from?* *Some jurisdictions allow the impact fees to be paid over time, say five or even ten years. There is a lien on the property until paid off.* *One suggestion to look at real estate transfer fee*	Boards & Commissions believe CEFS are needed. *Sales tax regressive. Temporary mill levy is a fix only for a limited time. Builders need some relief from costs –fees exacerbate the problem they are facing.* Are willing to look are higher tax levels So far the likely candidate is the property tax Like to have a broader district to capture growth in the GMA	*Building community is saying that a lower standard is okay.* *Higher density will require a shift from buildings to equipment.* *Example using fire & rescue.* *As buildings go up, will need different kinds of trucks to fight fires.* *Infill costs less that development at the edge.* *Downtown area exempt from some fees*	Comp Plan to be updated *in 2011 - the number of goals in the Plan to be reduced – more focus on a few. Major update to occur in 2014-15.* *Current Comp Plan based on a hot market – Life was good and all sectors were expanding. So fees were tolerable. Now, not so much.*	*Current plan did not contemplate the Great Recession of the late 2000s. Everything is more difficult to get done now and it may be a long time to get back to normal.*	Transportation Board to hash out the Level of Service for the 2035 update of the Streets Plan Could this be done for all the other CEFs For example, to serve the built out GMA, how many more fire stations and trucks will be needed? *Concern about the high costs of repair if streets degrade past a certain point. Better to maintain and prevent the "cliff" effect*	Boards & Commissions believe that fees should be left in place Not broken, just need some tweaks *A freeze of the fee levels or a reduced level of increase may be appropriate until the vision, levels of service and other issues are worked out* Fees should not be reduced to zero.

City of Loveland

Capital Expansion Fee Program Review Process

City Council Study Session, April 26th, 2011

Law Enforcement
Fire & Rescue
General Government
Library
Museum – Cultural Services
Parks
Recreation
Open Lands
Trails
Streets

Residents & Customers: Receive services and provide feedback to Council

Affected Parties & Stakeholders: To identify major concerns and impacts about revisions to fees

Boards & Commissions: To filter the input from interested parties

City Council: Direction about fees

Filtering Process

Meetings Conducted

- January 31 Open Public Meeting
  - Invitations to Development listing
  - General invitation to other members of the public
- February 14 Boards & Commissions group
  - Worked on the themes
- February 28 Boards & Commissions group
  - Finished the review of the themes
- March 7 Open Public Meeting

Ten Themes Brainstormed

1. Definitions of Quality of Life and Essential Services
2. Consider CEFs based on income coming into the City of Loveland and consider setting aside a portion of "first monies" to pay or credit the original CEF amount
3. Retail Project "A" would have paid $10,000 in CEFs and expects to capture $20,000 per year in sales tax. First 6 months of sales tax is paid into the CEF accounts.
4. Could other categories (commercial, industrial, multi-family, etc.) do the same through job creation or a property tax matrix?
5. CEF need is real but should be paid by all users. "Building permit" only source of collection is inequitable. More diversified collection process is needed. Possible Sources: Sales tax, Property taxes, Direct user fees, Broader district(s) to capture non-resident uses.
6. Re-evaluate the quality of life and standards for all CEFs currently in place. Do we want to pay for the way we want to live? Is there a simpler way of life that is more affordable?
7. Redefine the Vision of our Community
8. Do not change the CEF system until we have evaluated the Vision.
9. Evaluate the level of service in each CEF category. For example, Are the assumptions in the Comp Plan affordable and achievable?) (Level of Service for Streets "C" or "D"?)
10. Moratorium on CEFs, meaning that the fees are frozen or temporarily reduced to zero

Ten themes consolidated into six

- Definitions of Quality of Life and Essential Services
- Offset fees for economic benefits
- Consider alternative funding methods
- Consider simpler, more affordable, development patterns
- Reconsider the Vision for the Community
- Moratorium on CEFs

Result: Two different views

Maintain existing community standards and therefore continue the CEFs basically in their current form

Reduce community standards and therefore reduce the fees

Suggestions on residential projects to improve equity

- Extend the differential fee charges to multi-family units to all CEFs, not just Streets
  - Multi-family have lower residents per unit, and therefore lower costs
- Use census data to proportionately allocate fees based on the size of the housing unit.
  - Small housing sizes have fewer residents per unit, and therefore lower costs.
  - Larger units have more residents per unit, and therefore higher costs.

Council Time

- Comments
- Questions
- Suggestions