SUPPORT STUDY FOR TOWN OF SILT TRANSPORTATION IMPACT FEE

Residential and Non-Residential Development

PREPARED FOR: TOWN OF SILT

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INTRODUCTION

As a municipality experiences increased residential and non-residential development, additional strains are placed upon the road system. Added car, bus and, light truck trips are generated due to additional houses, businesses, and industry. These additional trips degrade and decrease the capacity of the road system as a whole. Without a mechanism to pay for needed capacity improvements associated with new growth, the road system may become inefficient, inadequate, and possibly less safe. If capacity improvements are not paid for by new growth existing taxpayers will, in effect, subsidize that new growth. By instituting an impact fee, a municipality creates an equitable system by which new development is charged its fair share for impacts to the road system.

While impact fees typically involve data from numerous sources and complex equations the underlying logic is relatively simple. The following questions need to be answered to create a fair and appropriate fee:

1. Does Silt have a need for an impact fee to charge new development its share of the cost to maintain existing service levels?
2. Does Silt have the legal authority to charge such a fee?
3. How do residential and non-residential land uses draw upon facilities for municipal services relative to one another?
4. How much does it cost to buy into existing facilities?
5. What is the current level of service for road facilities?
6. What should the fee amounts be?
7. Should credits or waivers be offered to any type of development?
8. How much revenue might the Town expect the fees to yield?
9. What steps and considerations are involved in implementing the fee?

SIMILAR TOWN'S TRANSPORTATION IMPACT FEES

Numerous municipalities and counties across Colorado have enacted transportation impact fees. For comparison, two relevant municipalities to examine are Bayfield in La Plata County and Mancos in Montezuma County.

Figure 1 – Transportation Impact Fees for Comparison ($/unit)

	Single Family	Multi-Family
Bayfield	$ 2,426	$ 1,485
Mancos	$ 1,890	$ 1,300

Silt	$	2,686	$	1,861

LEGAL AUTHORITY

The following general legal analysis was provided by Lindsey Nicholson of Goldman, Robbins, Nicholson P.C. as a subcontractor to RPI Consulting LLC. The analysis is intended to provide third party legal analysis of impact fee legislation and application in Colorado; RPI Analysts are not attorneys nor does RPI retain attorneys on staff. The appropriateness and legality of imposing this or any other impact fee schedule is entirely at the Silt Board of Trustees, and Municipal Attorney discretion and judgment. RPI does not make any claims as to the legality or appropriateness of impact fees or the accuracy of the following legal analysis.

IMPACT FEES GENERALLY

The authority for Colorado local governments to levy direct fees on new development to help offset the impacts of such development derives from C.R.S. § 29-20-104.5, adopted in 2001. This statute grants local governments the authority to impose growth-related impact fees as a condition of approval of an application for new development. However, the statute requires that such impact fees be:

(1) Legislatively adopted;

(2) Generally applicable to a broad class of property owners; and

(3) Intended to defray the projected impacts on capital facilities directly caused by proposed development[1].

In addition, the statute requires that the collected impact fees be used to "fund expenditures by such local government on capital facilities needed to serve new development".[2] "Capital facilities" are defined as "improvements or facilities" that:

(1) Are directly related to any service that the local government is authorized to provide;

(2) Have an estimated useful life of five years or longer; and

[1] C.R.S. § 29-20-104.5(1).
[2] *Id.*

(3) Are required by the charter or general policy of the local government pursuant to resolution or ordinance[3].

It is not clear under current law whether a "capital facility" would include equipment.

The statute is clear, however, that the collected fees must be used to offset new impacts and that they cannot be used to remedy any current deficiency in capital facilities – i.e., one that exists without regard to the impacts of new development.[4] Accordingly, the statute requires a local government, before adopting any impact fee, to:

(1) Quantify the reasonable impacts of the proposed development on existing capital facilities;

(2) Establish the fee at a level no greater than necessary to defray the impacts directly related to the proposed development[5]; and

(3) Include provisions in the legislatively-adopted fee structure to "avoid double-charging developers an impact fee for the same facility that the jurisdiction has imposed an exaction."[6]

The required quantification of the impacts and calculation of the fee so as not to be greater than necessary to defray directly-related impacts of development is typically met by the preparation of an impact fee study, such as this one. There are no reported cases construing these quantification requirements; however, based upon the holdings of the Colorado Supreme Court in a case[7] that shortly predates the adoption of the impact fee statute, legal commentators[8] believe that the requirements are meant to be less restrictive than the case-specific "essential nexus" and "rough proportionality" tests that are applied to government exactions (i.e., requirements that an owner give up a portion of his property for public use as a condition of approval of development). In the referenced case, the Colorado Supreme Court held that because the setting of impact fees is a "legislative function that involves many questions of judgment and discretion, [the courts] will not set aside the methodology chosen by an entity with ratemaking authority unless it is inherently

[3] C.R.S. § 29-20-104.5(4).
[4] C.R.S. § 29-20-104.5(2).
[5] *Id.*
[6] C.R.S. § 29-20-104.5(3).
[7] Krupp v. Breckenridge San. Dist., 19 P.3d 687 (Colo. 2001).
[8] Carolynne C. White, "Municipal Perspective on Senate Bill 15: Impact Fees", 31 Colo. Law. 93 (May 2002).

unsound".[9] Further, the impacts of each specific development proposal need not be quantified, but may be looked at cumulatively, and an impact fee schedule may differentiate among different types of development and their likely impacts, so long as there is a rational basis for the differentiation.

PERMISSIBLE USES OF IMPACT FEES IMPOSED BY THE TOWN OF SILT

Based on the foregoing statutory requirements, municipalities may adopt a schedule of impact fees applicable to new development; provided, however, that such fees will be used to fund capital facilities that are directly related to a service that the Town is authorized by other law to provide. Statutory Towns have limited express powers provided by statute and such implied powers as may be reasonably necessary to carry out the express powers.

TIMING OF IMPOSITION OF IMPACT FEE

With regard to the timing of the imposition of a newly enacted impact fee ordinance or resolution, the statute prohibits the imposition of any impact fee on any "development permit for which the applicant submitted a complete application" prior to the adoption of the impact fee schedule[10]. Accordingly, whether an impact fee can be imposed on an application that was put "into the pipeline" prior to the formal adoption of the impact fee resolution would need to be determined by reference to what constitutes a "complete application" under the local land use regulations.

With respect to whether impact fees can be imposed on building permit applications for lots in projects that were approved well before the impact fees were adopted, the statute is not clear. The statute provides that the payment of impact fees can be imposed as a condition of approval of a "development permit", which is defined as "any preliminary or final approval of an application for rezoning, planned unit development, conditional or special use permit, subdivision, development or site plan, or similar application for new construction".[11] With the exception of the last phrase "or similar application for new construction," all of the types of development permits listed are permits issued by a local government's planning department, rather than its building department. A conservative reading of the statute would be that the impact fees cannot be imposed as a condition of approval of a building permit in an approved development; however, reasonable minds can differ in this interpretation, and we understand that some local governments nonetheless

[9] Krupp, 19 P.3d at 694.
[10] C.R.S. § 29-20-104.5(6).
[11] C.R.S. § 29-20-103(1).

impose fees at the building permit stage. We also understand that some local governments have remedied the situation by requiring the submittal of a site plan to the planning department as a prerequisite to the issuance of a building permit and including such site plan within the definition of "development permit" under their land use regulations.

ACCOUNTING FOR RECEIVED IMPACT FEES

Finally, all impact fees received by municipalities must be collected and accounted for in accordance with C.R.S. § 29-1-803.[12] This statute requires that all collected impact fees be deposited in an interest-bearing account that clearly identifies the category, account, or fund of capital expenditure for which the fee was imposed. Each such category, account, or fund must be accounted for separately, and interest earned on the fees must be credited to the account.

Limitation and Disclaimer (Lindsey Nicholson): This opinion letter is delivered solely for the benefit of RPI as general background information regarding its proposed adoption of impact fees. It is not to be relied on by any other party or for any other purpose. We are not familiar with and have not, in connection with this opinion letter or otherwise, undertaken any independent investigation of factual matters affecting this opinion, and we disclaim any obligation to do so. The final interpretation of state statutes and case law regarding impact fees and the legality and appropriateness of the municipalities adoption of any impact fee program should be determined by the Town's Attorney and/or its Board of Trustees.

[12] C.R.S. § 29-10-104.5(5).

METHODOLOGY OVERVIEW

The challenge of calculating an appropriate impact fee is analyzing a governmentally provided service on an incremental basis. In other words, to where and by what amount is the service being allocated to the jurisdiction's various constituents? Impact fees can be calculated, and thus implemented, for any service that a municipality is authorized to provide. There are a 6 underlying concepts present in the fee:

1. Demand Units
2. Demonstration of Need (Nexus)
3. Fee Components: Capital Facility Inventory/Capacity Improvements/Buy-In
4. Level of Service
5. Proportionate Share
6. Credit System
7. Final Fee

Demand Units: defined as the sectors of land uses that generates demand for services. Demand units are typically divided between the residential, non-residential, and when relevant, other specific units. For this report the demand units are residential housing units, floor area of non-residential properties (measured in 1,000's of square feet). These units are bounded by a geographically specific area, in this case, the incorporated areas that comprise the Town of Silt. It is important to note that each of the demand sectors are measured in terms of Average Daily Trips (ADT). The ADT method allows for the differing sectors to be compared by using a constant per unit measurement.

Non-Residential demand units are further divided into the following property categories: commercial/shopping, office/institutional, manufacturing, warehousing, business park, and mixed use.

Capital Facility Inventory / Capacity Improvements / Buy-in: tie the calculations to a dollar amount, thus allowing for the services to be expressed in terms of expenditures/assets. The capital inventory consists of equipment that is worth $5,000 or more and has a lifespan of more than 5 years. Capacity improvements express the improvements required to maintain the system's ability to efficiently move traffic. The buy in component is designed to charge new development its fair share of recently completed projects that were designed to accommodate future growth (traffic).

Level of Service: measures the incremental amount of a service provided. LOS is the standard by which future capital needs are measured. LOS is expressed as

a capacity or as a capital amount per demand unit. This report establishes a capital value LOS and a road system capacity LOS. The LOS value is expressed through the common measure of ADT's.

Proportionate Share: the proportional demand generated by each demand unit sector. Services provided by a governmental organization are not uniformly distributed between the demand sectors; one sector may demand a relatively high amount of a specific service while demanding a relatively low amount of another service. Proportionate share is not a crucial variable in this report because everything is first calculated in terms of average daily trips (ADT). By using ADT as the common denominator the demand is attributed 100% to each ADT, a specific demand unit ADT value is calculated to charge each demand sector a proper fee.

Credit System: an accounting mechanism that prevents overcharging developers, thus creating an equitable fee. Often governments pay for capital expenditures from general fund accounts that are derived from taxes on the demand unit sectors (property taxes, sales taxes, motor vehicle taxes, etc.). Credits prevent double dipping, thus allowing the fee to avoid overcharging developers. For example, if a portion of transportation department capital is paid by sales taxes, residents and businesses are contributing monies to a capital expenditures account. If developers were required to pay an impact fee while simultaneously paying other taxes, the resulting fee schedule would account for more than the developer's fair-share.

Final Fee: the final per demand unit impact fee. The final fee is simply the calculated credit subtracted from the fee schedule. The following equations sum up the impact fee methodology used in this report.

(Capital Facilities Value / ADT) + (Capacity Improvements/ADT) + (Buy-In/ ADT) = Per ADT Fee Schedule

$$\sum_{2000\text{-}2006} \textbf{(HUTF Revenue / Gross ADT) =Per ADT Credit}$$

(Per ADT Fee Schedule –Per ADT Credit =Per ADT Impact Fee

Per ADT Impact Fee * ADT/Demand Unit

NEEDS, TRENDS, RATIONAL NEXUS

An adequate road system provides mobility, safety and contributes significantly to the overall "livability" of a municipality. An inadequate road system results in inefficiencies, unsafe roadways, traffic congestion, drainage issues, and other transportation related concerns. This in turn leads to a decline in the quality of life and service levels provided by local governments to their constituency.

One of the most noticeable effects of growth within a municipality is an increased amount of vehicles present on the public road system. As new homes and nonresidential structures are built and inhabited within a Town, they generate additional traffic. For example, the residents of a new home use the roads to go to the grocery store, take children to school, drive to work, etc. Additionally, as new commercial development occurs, additional road demand is generated by customers and suppliers.

For an impact fee to be valid there must be an established link between the need for additional facilities and new development. If development is not happening then need for capital facilities improvements would be considered backlog, maintenance or an unsatisfactory service level; none of which can be corrected using impact fees. This section of the report analyzes the land use inventory, and how it has changed over the last six years.

This report utilizes a planning horizon of 2027 because roads and large capital projects are typically designed to have a 20 year lifespan.

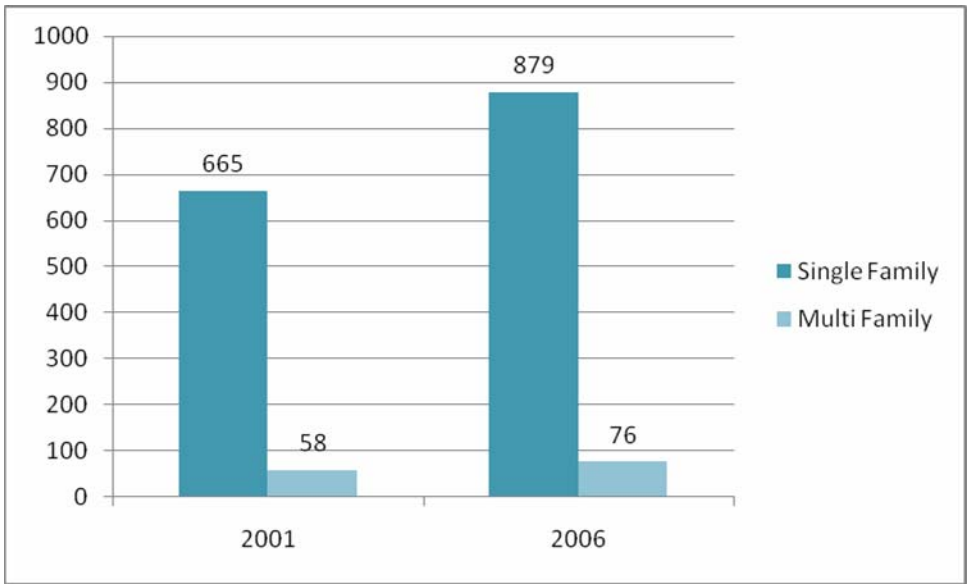
EXISTING CONDITIONS –LAND USE INVENTORY 2001-2006

RESIDENTIAL LAND USE 2001-2006

Residential properties are defined as any buildings classified as personal dwellings. These properties are separated into two different categories: single family and multi-family. Single family dwellings are defined as any unit that has open air on all sides, a multi-family home is a dwelling that shares a wall with another residential unit.

The Colorado Department of Local Affairs (DOLA) provides historical housing counts for all counties and incorporated municipalities. DOLA only provides housing counts through 2005, the 2006 yearly data was obtained from the Town's Building Department and reflects the number of new units built in 2006. Between 2000 and 2006 the Town grew at an average rate of 5.46%, with 723 and 955 units respectively.

Figure 2 – Single and Multi-Family Units 2001 and 2006



NON-RESIDENTIAL LAND USE 2001-2006

Non-residential properties are divided into different categories because each property type exhibits different traffic patterns and thus affect the road system in different ways. Non-residential properties, measured in 1,000's of s.f., comprise all properties not considered dwellings. This demand sector includes commercial properties, schools, government buildings and industrial properties.

In order to determine the historical trends of non-residential land uses, RPI analysts used a Silt specific report generated from the Garfield County Assessor's Office. This database is the most comprehensive source available; the report allowed analysts to specifically isolate and examine each property type. Using the class use field, analysts split non-residential property into the following categories: commercial/shopping, office/institutional, manufacturing, warehousing, business park, and mixed use. Mixed use properties are properties classified as having both residential and non-residential units, they are included in the non-residential category because their traffic patterns reflect those of other non-residential properties. Important note: fees are calculated for additional categories that do not yet exist in Silt.

Using the year built field allowed analysts to examine each property type on a yearly basis to establish growth rates for each sector. Overall the non-residential floor space grew at an average annual rate of 3.63%.

Figure 3 - Non-Residential Land Use Square Footage by Type and Year

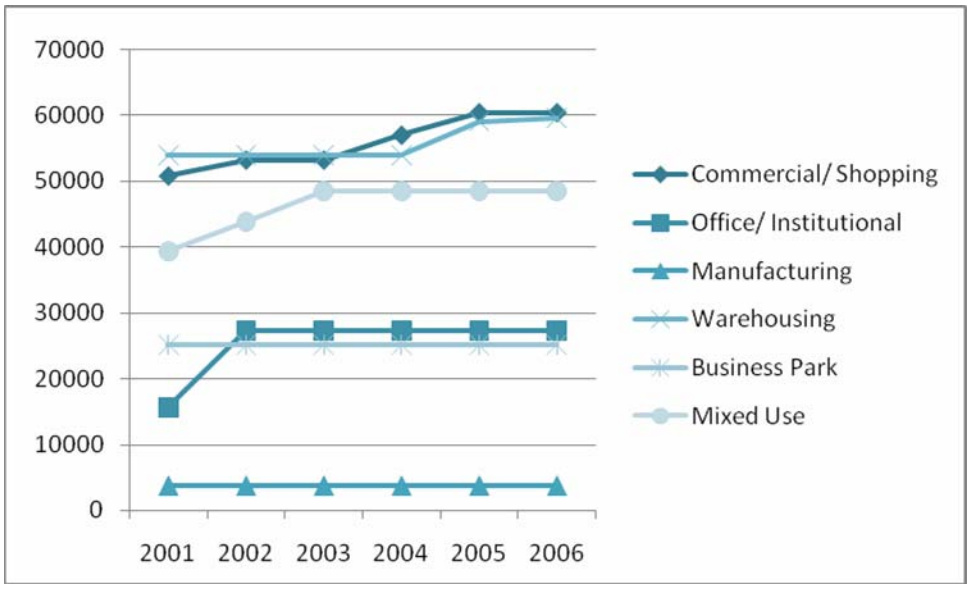
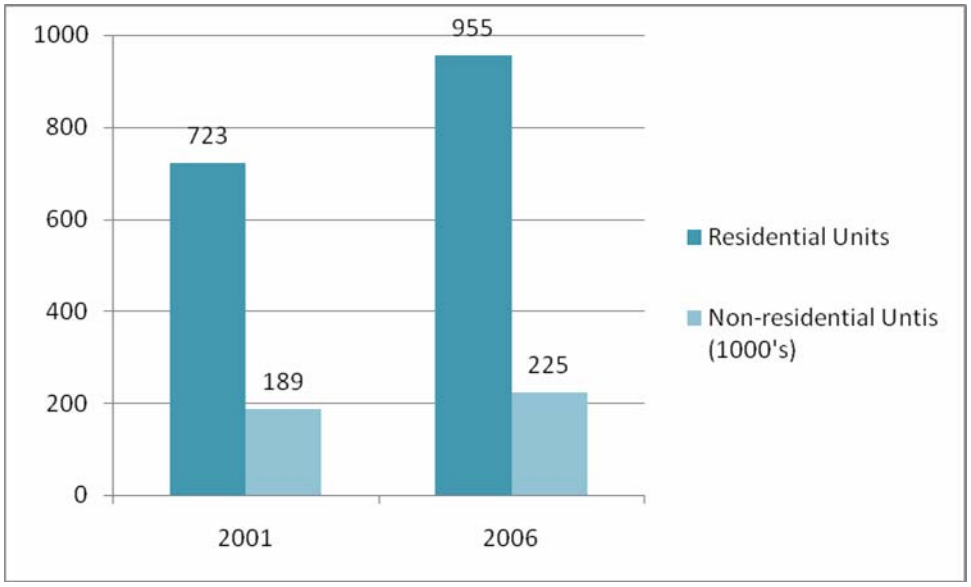


Figure 4. Land Use Totals



FUTURE LAND USE THROUGH 2027

Impact fees are designed to provide local governments with a funding mechanism allowing service levels to remain constant in the face of increased development. In order to accomplish this it is necessary to construct a picture of what future land uses might occur. RPI typically uses projections to estimate future growth. Projections, as opposed to forecasts, are based upon historical and present data which allows analysts to apply extrapolated growth rates to

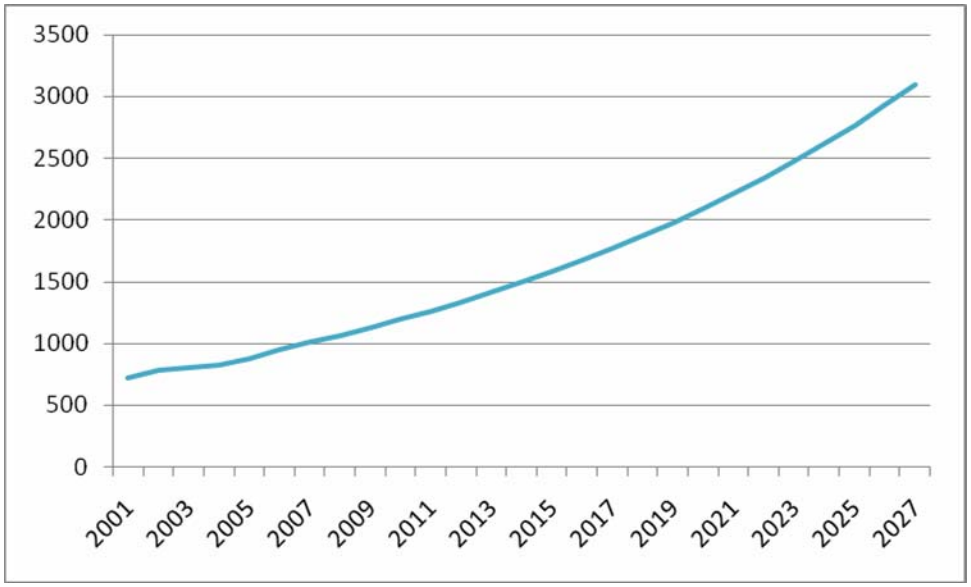
future timeframes. By using actual historical counts, projections smooth out population and building spikes, depressions, and other development cycles.

The following projections are a conservative estimate of how the various land uses will develop in the next 20 years. However, there are a number of environmental, political, or economic changes that could alter these projections. By using 5 years of historical data the projections attempt to capture the ups and downs that accompany land use development.

RESIDENTIAL LAND USE PROJECTION THROUGH 2027

To project residential land use trends through 2027, RPI analysts applied the 5.46% annual average growth rate over the planning horizon. RPI analysts chose to apply the slightly higher percentage growth rate over the conservative linear growth rate because of the anticipated Stillwater Development. The three phase plan of this development anticipates the addition of over 1500 new residential units. By 2027 the Town may have nearly 3100 residential units.

Figure 5 – Residential Projection Through 2027



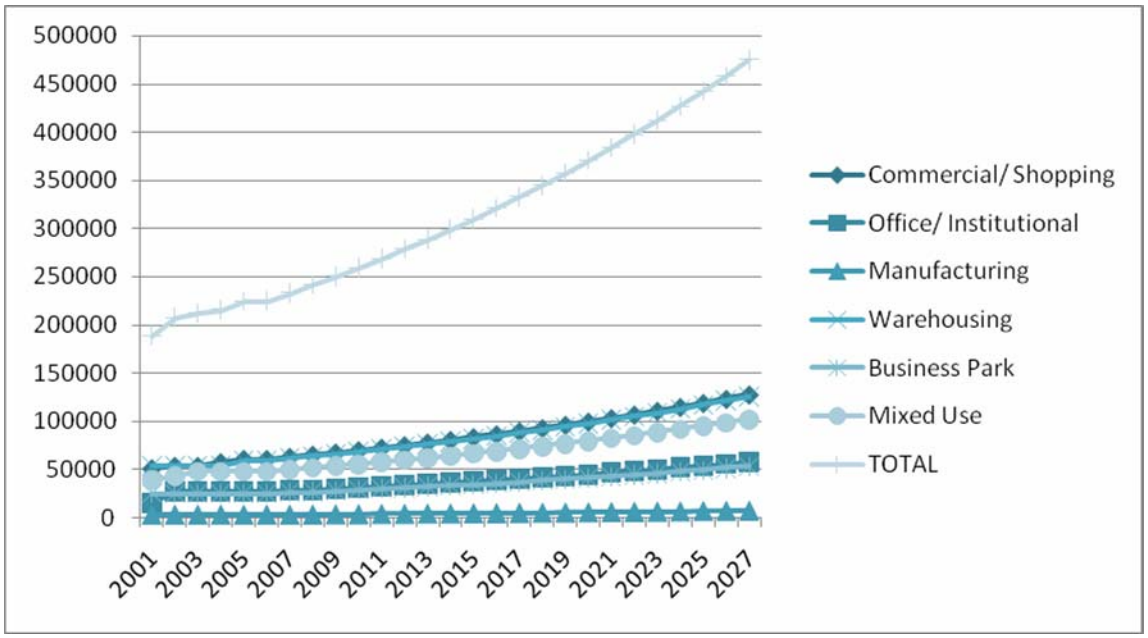
NON-RESIDENTIAL LAND USE PROJECTION THROUGH 2027

The same methodology was used to project non-residential land use through 2027. The total average annual yearly growth rate of 3.63% was applied to each land use type. This methodology assumes that the proportional mix of non-residential land uses will remain relatively constant. Due to the relatively small size and lack of historical development of some non-residential land use types,

analyst chose to apply the total average growth rate instead of examining each category individually. Some land use types, when examined individually, experienced no growth while some experienced drastic growth due to the limited amount of existing square footage. Additionally, because of Silt's proximity to Rifle and Glenwood Springs, this method was chosen because it provides a more conservative projection than examining each type individually.

By 2027, the gross amount of non-residential square footage is estimated to more than double and total 475,000 s.f.

Figure 6 – Non-residential Land Use Projection by Type Through 2027



NEED

It is apparent that new development is happening in all demand sectors and is likely to continue. The second part of establishing a valid impact fee is linking new development trends to the need for capital and capacity improvements.

One of the most noticeable effects of growth within a municipality is an increased amount of vehicles present on the public road system. As new homes and nonresidential structures are built and inhabited they generate additional traffic. For example, the residents of a new home use the roads to go to the grocery store, take children to school, drive to work, etc. Additionally, as new commercial development occurs, further road demand is generated by employees, customers and suppliers. In towns such as Silt, large commercial developments often dramatically increase vehicle trips. Thus traffic may be

assumed to be steadily increasing due to additional residences and non-residential development in addition to periodic dramatic spikes due to other industry development.

A road system ties the whole community together and new development not only creates site specific demand but also demand on the road system as a whole. These facts lead to the need for overall capacity related improvements, not just on-site improvements. Typically site specific improvements are absorbed by the developer; however, these improvements do not address the system as a whole. The impact fee developed in this report corrects for this and provides a mechanism by which new development pays for overall improvements to the road system as a whole necessitated by the additionally generated vehicle trips.

TRAFFIC MEASUREMENT

Traffic generation studies conducted by the Institute of Transportation establishes the average daily trips (ADT)[13] for various land use types. Each ADT number is then adjusted to avoid double counting. For example: a single family home has an ADT volume of 9.57 and grocery store generates an average 111 daily trips per 1000 SF. Additionally, the ITE accounts for "pass-by trips", often that trip to the grocery store is a slight detour on the way home from the office or other errands. Thus the adjusted ADT is the number of trips attributable to a specific land use and is lower than the total driveway volume.

Figure 7 – ADT by Land Use Type[14]

	ADT	Adjustment	Adjusted ADT
Residential			
Single Family	9.57	0.5	4.79
Multi-family	6.63	0.5	3.32
Non-Residential (per 1,000 s.f)			
Commercial/ Shopping	42.92	0.22	9.44
Office/ Institutional	11.01	0.5	5.51
Light Industrial	6.97	0.5	3.49
Manufacturing	3.82	0.5	1.91
Warehousing	4.96	0.5	2.48
General Commercial	12.76	0.5	6.38
Mixed Use	21.17	0.5	10.58

[13] An ADT is the number of times that a vehicle passes over a fixed line in either direction during a 24 hour period.
[14] Institute of Transportation Engineers, Trip Generation Handbook Volume 7

RESIDENTIAL AND NON-RESIDENTIAL CURRENT AND PROJECTED ADT

The 955 housing units in Silt generate 4,457 ADT, this number is expected to more than triple by 2027. This increase is proportional to expected increase in the gross number of housing units. A similar proportional increase is expected in the non-residential sectors as well. Over the planning horizon, Silt could expect a 296% increase in total trip volume, from the non-residential and residential sectors.

Important Note: this report utilizes data from 2006 because it was the most complete and recent data available.

Figure 8 – 2006 and 2027 ADT by Land Use Type

	2006		2027	
	Units	**Adjusted ADT**	**Units**	**Adjusted ADT**
Residential				
Single Family	879	4204	2845	13615
Multi Family	76	253	247	820
Total Residential	955	4457	3093	14435
Non-Residential (1,000 S.F.)				
Shopping Retail	60	385	128	815
Office/ Institutional	27	150	58	318
Manufacturing	4	7	8	15
Warehousing	60	148	126	313
Business Park	25	238	53	503
Other	48	513	103	1085
Total Non-Residential	225	1442	475	3048
TOTAL		**5899**		**17483**

COMBINED ADT

It is apparent from the preceding sections that Silt should expect an increase in traffic volume over the next 20 years. More development leads to more vehicle trips; if new development does not pay for its impact to the road system the level of service provided by the Town will decrease. The preceding two sections establish a nexus between new growth and the need to maintain the current capacity and service levels of the Silt road system.

COST COMPONENTS

INTRODUCTION

An impact fee's sole purpose is to charge new development a fair share of costs associated with growth, in this case to absorb some of the costs for needed capacity increases to the road system. As Silt grows, costs associated with maintenance and operations of the road system will also undoubtedly increase, however these costs will need to be covered by other revenue sources. Impact fees are strictly for funding capital facilities improvements, and are not applicable to any other expenditures.

In the previous section it is evident that there is a need for increases to the capacity of the current road system in order to accommodate future development. The next step in an impact fee analysis is to determine the fair share of additional costs associated with future development, resulting in a fair and equitable fee. The fee structure breaks logically into three components:

1. Capacity related improvements including creative design elements
2. Buy-In for past projects designed to accommodate future traffic
3. Incremental road and bridge building/facility expansion

Costs associated with each element of the road system improvement plan are first calculated on a per ADT level and then extrapolated out to the residential and non-residential sectors to provide a per unit impact fee.

CAPACITY IMPROVEMENTS

As traffic increases incrementally with residential and non-residential development, strains are placed on the amount of traffic that the current road system can handle. In order to increase the capacity of the system there are few methods of road development that can help alleviate problems attributed to an over taxed road system.

Capacity is defined as the amount of traffic that can flow over a period of time without imposing decreased service levels or a threat to the health and safety of the Town's residents, businesses, and visitors. The following improvements to the road system can increase overall capacity:

Surface Upgrades: When a road's surface is upgraded the overall capacity is increased. Surface upgrades increase capacity by first ensuring that traffic flows are undisturbed by poor surface quality. Additionally these surfaces require less maintenance because of the increased durability, thus when surface upgrades are instituted the road can withstand higher amounts of traffic and requires less upkeep. It is important to note that, if surface upgrades are to be paid for by impact fees, they must be linked to increasing capacity and not based on routine maintenance. Surface upgrades are considered capacity improvements when a dirt road is upgraded to an aggregate or asphalt surface, or when an asphalt surface is rebuilt and an improved overlay replaces an old asphalt surface. A new thicker overlay accomplishes both capacity increases by improving the durability thus reducing the maintenance schedule and allowing more traffic to flow on the road. Capacity surface upgrades generally do not include chip and seal, or chip and fog procedures - these are generally considered maintenance.

As development occurs, traffic flow and patterns can shift due to a significant structure being built (i.e. school, shopping center, etc.). Because of this, it is often necessary to institute surface upgrades that may not have been necessary if the development had not occurred. In these cases standard chip and fog or other maintenance procedures may not be enough to effectively increase the capacity of the road. Instead, it might be necessary to rebuild and/or apply a new overlay to the affected road.

Widening of Roads: By widening lanes and adding shoulders to a road, the volume of traffic a road can handle safely increases while it also increasing the durability of the road. Thus the road will be able to handle more traffic for longer periods of time.

Maintenance Shop (Capital Facilities) Expansion: If the road system is increased to handle larger volumes of traffic, it follows that the equipment should increase proportionally. If these two aspects of the road system are increased in parallel increments, Silt will not experience a decrease in the level of service that is currently provided to the residents. Thus equipment, shop space, and tools should be increased to properly care for the road system and protecting the investment and contributing to the increased road system capacity.

Inclusion of Creative Traffic Design Elements: By analyzing how and where traffic is flowing it is often possible to create design solutions to traffic problems.

These design elements are closely related to capacity improvements in that their purpose is to ease traffic flow through a specific area. Typically this is done with the addition of features such as roundabouts, overpasses, and site specific intersections. Additionally, by adding elements such as sidewalk and bike lanes the overall capacity of the transportation system is increased. These design elements lighten the burden of the road system (and improve traffic flows) by providing an alternative and safe method of traveling through the Town.

SILT SPECIFIC CAPACITY IMPROVEMENT PLAN AND COSTS

Through conversations with the Town, analysts were able to obtain a capacity improvement plan for Silt (see appendix). These include three types of capacity related improvements:

1. Widening of Existing roads
2. Surface Upgrades
3. Design Capacity Improvements

The specific capacity upgrades are summarized in the appendix.

Widening of Existing Roads: The improvement plan calls for widening of 7th street. 7th is classified as a collector road and the widening of this road will allow it to handle a larger volume of traffic. Additionally sidewalks will be installed to move pedestrian traffic from the roadways.

Surface Upgrades: Sections of Orchard and Home are collector status. Each of these roads will be reconstructed and receive a 2" overlay. Additionally, curb and gutter will provide proper drainage ensuring the durability of the roads, sidewalks will also move pedestrians off of the roadways and facilitate traffic flow.

Elemental Design Capacity improvements: these improvements include the addition of curb and gutter, and sidewalks to some of the Town's roads, a roundabout at 9th and Main, a pedestrian component to be built at 9th, and capacity improvements to the bridges.

The overall cost of the capacity improvements to Silt's transportation system totals close to $10 million. This value is divided by the additional anticipated ADT associated with new development. Because these improvements are solely attributable to new development it stands to reason that new

development should pay for these upgrades. For this reason the cost was divided among the ADT generated by the future anticipated growth. This was done by subtracting the 2006 ADT from the 2027 ADT thus attributing the full cost to traffic generated by new development. A project specific breakdown of the capacity improvement plan is listed in the appendix.

Figure 9 – Capacity Improvement Costs per ADT

Capacity Improvement Costs	$ 9,826,265
2027 ADT – 2006 ADT	11584
Per ADT Cost	$ 848

CAPITAL FACILITY COMPONENT

The second component of the fee examines the equipment used by the Transportation Department and the costs of incrementally expanding it. RPI analysts obtained a capital facility inventory that included all the equipment, land, and buildings utilized by the Transportation Department (see appendix). Capital equipment is defined as equipment that is valued at (or above) $5,000 and has a lifespan of more than 5 years.

The capital facility LOS is a snapshot of current conditions and is expressed as dollar amount per ADT. To calculate the Silt's capital facility LOS analysts divided the gross value of the capital by the 2006 ADT value. This assigns a portion of the capital value to the current ADT levels providing a measurable constant LOS. The current LOS equals $78 per ADT.

Figure 10 - Capital Facility Value per ADT

Value	$	462,574
2006 ADT		5899
Value/ADT	$	78

BUY-IN COMPONENT

The third and final fee component is buy-in for new development to a project that was constructed to increase road system capacity for both present and future development. The Town recently completed some capacity improvements on 1st street. The improvements south of Harness included: removing the pavement, adding curb and gutter, adding sidewalks, replacing the surface with a 4 inch asphalt overlay and adding a bike lane. The total cost incurred by the Town for these improvements totaled over $330,000. Because these projects were not backlog or routine maintenance and provide capacity increases beyond the needs of existing residents, it is appropriate to charge new development its fair share of the construction costs. If new development did not "buy-in" to this project existing residents would be subsidizing growth.

The total cost was first divided by the 2027 projected ADT. Since this project benefits existing development, new development should not be held accountable for the entire cost of the project. Thus the gross 2027 ADT was used as the cost divisor, this divisor includes current ADT values as well as the anticipated ADT associated with development. The resulting per ADT cost is $19.

Figure 11 – Buy-in Per AD

Value	$	330,00
2027 ADT		17483
Per ADT Cost	$	19

COMBINED COST COMPONENTS

The overall cost component of the Road and Bridge Impact Fee totals $945 per ADT and is simply the sum of the components. As previously discussed, these costs fairly account for the capacity related improvements, incremental expansion of Road and Bridge Department capital, and a buy-in for past projects.

Figure 12 – Combined Per ADT Cost Components

	Cost	ADT Value	Cost Per ADT
SEP	$ 9,826,265	11584	$ 848
Buy-In	$ 330,000	17483	$ 19
Capital Facility	$ 462,574	5899	$ 78
Total			$ 945

Note: The numbers used in this report were originally calculated out to two decimal places (i.e. cents) the small discrepancies in these calculations can be attributed to rounding and should not be cause for concern.

FEE SCHEDULE

A fee schedule is the base calculation for an impact fee. It is simply the per ADT fee multiplied by each demand unit's specific ADT value.

Figure 13- Road and Bridge Impact Fee Schedule

	ADT	Adjustment	Adjusted ADT	Base Fee
Residential				
Single Family	9.57	0.5	4.79	$ 4,525
Multi-family	6.63	0.5	3.32	$ 3,135
Non-Residential (per 1,000 s.f)				
Commercial/ Shopping	42.92	0.22	9.44	$ 8,928
Office/ Institutional	11.01	0.5	5.51	$ 5,205
Light Industrial	6.97	0.5	3.49	$ 3,295
Manufacturing	3.82	0.5	1.91	$ 1,806
Warehousing	4.96	0.5	2.48	$ 2,345
General Commercial	12.76	0.5	6.38	$ 6,033
Mixed Use	21.17	0.5	10.58	$ 10,007

CREDITING

To ensure that an equitable fee is calculated, a system of crediting was developed to avoid overcharging new development its fair share of increased capital costs. Although the Town does not specifically earmark any revenue for capital facility expenditures, RPI analysts included a crediting section in order to calculate the most accurate fee possible and capture revenue already spent on capital facilities. Credits were calculated for 5 different revenue sources: highway users tax fund (HUTF), property taxes, use taxes, and sales taxes from Silt, and Silt's share of Garfield County's Sales Tax. Credits are figured on a 20 year contribution period to account for all the revenues that a demand unit will contribute toward capital expenditures.

HUTF CREDIT

The highway user's tax fund revenues are monies garnered by the State from the sale of oil and gasoline. These monies are then reallocated back to counties and municipalities by the department of revenue. Because this revenue source is directly related to the road system, RPI analysts simply divided the yearly HUTF revenue by the yearly total ADT. These per ADT contributions were average to obtain a $12.31 per ADT credit.

Figure 14 – HUTF Crediting

	HUTF Collected	Gross ADT	Per ADT
2001	$ 58,061	4502	$ 12.90
2002	$ 60,805	4978	$ 12.21
2003	$ 58,556	5143	$ 11.38
2004	$ 70,111	5261	$ 13.33
2005	$ 66,357	5529	$ 12.00
2006	$ 71,051	5899	$ 12.04
Average			**$ 12.31**

GENERAL FUND CREDITS

Even though Silt does not earmark any of its general fund revenue specifically for capital related projects; in the past five years there have been some significant capital purchases. With the help of Silt's Treasurer, RPI analysts obtained general fund revenues for 2004-2006 - the creditable revenue sources

include sales tax, use tax, property tax and Silt's share of Garfield County's sales tax revenues. Through analysis prior year expenditures, RPI analysts determined that approximately 5% of these sources are spent on Road and Bridge Capital.

Figure 15 – Creditable Revenue Sources.

	Sales Tax	Use Tax	Property Tax	Silts Share of Garfield	Total
2004	$ 232,620	$ 154,174	$ 154,846	$ 66,545	$ 608,185
2005	$ 283,959	$ 207,848	$ 171,135	$ 75,213	$ 738,155
2006	$ 332,344	$ 353,952	$ 185,270	$ 102,910	$ 974,476

A credit was calculated for 4 general fund departments: property tax, use tax, sales tax and Silt's share of Garfield County sales tax. In each case the 5% average was used to derive the amount of money spent on transportation capital.

The gross general fund revenues were multiplied by the 5% capital expenditure ratio and then divided by the gross yearly ADT. An average general fund credit per ADT equals $6.90.

Figure 16 – General Fund Crediting

	Creditable Revenue	Creditable Amount	Total ADT	Per ADT
2004	$ 608,185.00	$ 30,409.25	5261	$ 5.78
2005	$ 738,155.00	$ 36,907.75	5529	$ 6.68
2006	$ 974,476.00	$ 48,723.80	5899	$ 8.26
Average				$ 6.90

COMBINED CREDITS

All of the credits are combined to arrive at the final per ADT credit. This number will be subtracted from the per ADT fee to derive the final Road Impact Fee. The credits, when combined total $19.22. These credit amounts are multiplied by the 20 to capture the full amount of creditable revenue.

Figure 17 – Combined Credits

HUTF	$ 12.31
General Fund	$ 6.90
Total	$ 19.22
20 Year Credit	$ 384

FINAL FEE

The final fee is simply the per ADT values presented in the fee schedule with the per ADT crediting applied. The following equation sums up how the impact fee was calculated:

*Per ADT Fee * ADT Value = Specific ADT Cost*

*Per ADT Credit * Specific ADT Value = Specific ADT Credit*

Specific ADT Cost – Specific ADT Credit – Final Fee

Figure 18 – Final Road and Bridge Impact Fee

	Cost	Credit	Total
Residential			
Single Family	$ 4,525	$ 1,839	$ 2,686
Multi-family	$ 3,135	$ 1,274	$ 1,861
Non- Residential (per 1,000 s.f.)			
Commercial/ Shopping	$ 8,928	$ 3,629	$ 5,300
Office/ Institutional	$ 5,205	$ 2,116	$ 3,090
Light Industrial	$ 3,295	$ 1,339	$ 1,956
Manufacturing	$ 1,806	$ 734	$ 1,072
Warehousing	$ 2,345	$ 953	$ 1,392
General Commercial	$ 6,033	$ 2,452	$ 3,581
Mixed Use	$ 10,007	$ 4,067	$ 5,940

CASH FLOW

The cash flow analysis portion of this report is included in order to provide a rough estimate of what the Town of Silt might expect in terms of revenue generated from the Transportation Impact Fee. RPI cash flow analyses are based on historical figures. Due to the fact that non-residential development is typically sporadic this analysis should not be used for budgeting purposes. This section is provided strictly as an estimate of an impact fees possible revenue stream. This analysis relies on demand unit counts obtained from the Garfield County Assessor's Office, and DOLA.

Had the fee been in place since 2002, Silt would have garnered over $700,000. This is an average of approximately $150,000 per year. It is important to note that because impact fees are charged only to new development, if growth is not occurring then revenue will not be realized.

Figure 19- Historic Cash Flow

	Single Family	Multifamily	Office/ Institutional	Warehousing	General Comm.	Mixed Use
2002	$ 143,303	$ 3,721	$ 36,211	$ -	$ 14,446	$ 26,730
2003	$ 61,768	$ 3,721	$ -	$ -	$ -	$ 27,324
2004	$ 49,415	$ 2,977	$ -	$ -	$ 22,542	$ -
2005	$ 123,537	$ 7,442	$ -	$ 7,238	$ 20,380	$ -
2006	$ 195,188	$ 11,759	$ -	$ 735	$ -	$ -
Totals	$ 573,211	$ 29,620	$ 36,211	$ 7,973	$ 57,368	$ 54,053
Average	$ 114,642	$ 5,924	$ 7,242	$ 1,595	$ 11,474	$ 10,811
TOTAL	$ 758,435					

IMPLEMENTATION AND ADMINISTRATION

WHO IS SUBJECT TO THE FEE?

Silt will realize the most revenue if the fee is applied to all building permits for new construction in the Town boundaries. The fee could be applied to development on existing platted vacant lots and to development that may occur in the future. The fee should not apply to residential remodels since these do not typically result in increased traffic generation. The fee should not be applied to the replacement of any existing legal residential unit.

EXEMPTION FOR DEED RESTRICTED/AFFORDABLE HOUSING

The impact fee Statute includes specific provisions allowing (but not requiring) local governments to exempt "low or moderate income affordable employee housing" from impact fees:

> *...a local government may waive an impact fee or other similar development charge on the development of low- or moderate- income housing or affordable employee housing as defined by the local government.*[15]

If the Town chooses to consider an exemption or reduction in fees for affordable housing, several issues should be explored.

1. How does the Town define deed restricted/affordable housing? The first step would be to determine how to measure affordability. Typically, affordability is based on the earning power of local households or prospective newcomer households, but local circumstances might make additional considerations necessary (such as commuter households with higher earnings in adjacent counties).

2. After affordability is defined, the question becomes: How does this affordability, or local households' ability to pay for housing relate to the

[15] *CRS. 29-20-104.5*

construction of *new units* of various types and sizes? In other words, how does the Town go from defining affordability (usually defined in terms of an affordable price) to setting some exemption threshold? Would the exemption be based on size, unit type, location? Other issues related to real estate market dynamics and the fact that housing that is affordable in today's market may be unaffordable in next year's market.

3. A waived fee can be a market cue, creating incentives for certain types of development and disincentives for other types. For example, the Town conducts an analysis and finds that affordable housing, as defined by local earning power, includes mobile homes and apartments. If the Town grants an exemption for affordable housing defined in such a way, it may create incentives for this type of development. This may be good, bad, or benign, depending on the Town's ability to provide services to these denser development types without jeopardizing service levels or other community goals or values.

4. Finally, if the Town waives fees for development of a certain type, or below a certain size, how does it propose to maintain service levels for Town services given the waived revenue? The population occupying the affordable housing will draw upon general government facilities the same as other residents, but will not be paying the fee. Maintaining service levels may require Town make up for the waived revenue from other funds.

In short, the Town likely has full authority to create a waiver or discount for affordable housing, but implementing such waivers or discounts requires careful analysis of regional labor force dynamics, real estate markets, and may require some expenditure out of other funds to compensate for waived revenues.

EXEMPTIONS FOR CERTAIN PUBLIC FACILITIES

Silt may wish to waive impact fees for some public facilities (classified as government /institutional /community facilities). For example, the Town might consider exempting all government and special district facilities from the impact fee. Fundamentally, services and facilities provided by governments (local, state, and federal) and special districts all serve the same end, to provide some type of service to residents, businesses, and visitors.

WHEN TO COLLECT THE FEE

Given the Impact Fee Statue language, it may be advisable for the Town to collect the Impact Fee prior to the issuance of a building permit when permit fees are collected. This approach is sensible in the context of impact fees because the impacts are experienced when the development takes place. Furthermore, Developers generally prefer this method because it minimizes the amount of time they are required to carry the cost of the fee before they can pass it off to the buyer. Ultimately this decision is up to the Town, as of yet the State Statues do not provide a clear direction as to when impact fees need to be paid.

OTHER CONSIDERATIONS

- Be certain that the goal of requiring new development to pay its fair share of the costs of capital related improvements is a clearly stated goal, objective, or policy in the Town's Master Plan.
- Adopt the fee schedule by resolution or ordinance into the land use code.
- The fee schedule, applicability, and purpose should be located or referenced in the Zoning Development Permit section of the Code.
- The Zoning Development Permit section of the Code should be amended to require the payment of the adopted impact fee prior to the issuance of a building permit.
- Include within the resolution or ordinance legislating code amendments a statement concerning the purpose of the fee (to require new development to pay its fair share of the costs of transportation related improvements). Also note provisions to sequester the funds and stipulate the purposes of their expenditure.
- Adopt language into the code allowing for an administrative appeal process for the Transportation impact fee. The ability to appeal should be granted to applicants for development as well as to the fee administrator. In practice, an applicant for appeal would be appealing a determination of the fee administrator. Given that the fee administrator will most likely be the Town Administrator or an assistant to the Administrator, the appeal would best be directed towards the Town. Generally, an appeal of a determination of an impact fee must occur within a certain window of time after the fee determination is made (15 days is typical). Statutory time limits on appeals can also limit the amount of time the Town has to schedule the appeal hearing, and public notice should be provided to adjacent property owners and affected parties or more broad public

notice should occur in the newspaper.[16] A fair administrative appeal process is a necessary tool for resolving conflicts and avoiding litigation.

UPDATING THE FEE

All of the revenue received from the implementation of this impact fee must be kept in a separate interest bearing account, and must be used only for projects that are related to transportation capital improvement. It is important that the monies garnered be placed in an account to accrue interest so that the fee revenues are not devalued by inflation

Furthermore, RPI recommends that the fee undergo periodical revision and updating. The Town should update this fee consistent with the methods used to update other fees on the books. RPI recommends using the McGraw Hill Construction Index as a guide for keeping up with inflation, the 15 year average increase of 3% (see appendix).

Note on using 2006 dollars: All of the costs and fees are calculated in 2006 dollars throughout this support study. This is a consistent method because RPI assumes that the revenues collected will be invested to keep up with inflation while the fee amount will be adjusted every year to keep up with inflation. So long as these accounting practices are followed, this revenue system will very closely keep up with inflation. For this reason, it was not necessary to calculate costs using dollar values from future or past years.

INDEPENDENT TRIP CALCULATION FOR NON-RESIDENTIAL DEVELOPMENT

Because non-residential development is often mixed (e.g. a gift shop with a restaurant, or a retail outdoor shop and a law office within the same building) and thus the different land use types generate different amounts of traffic, the Town may want to consider allowing non-residential impact fees to be assessed on an independent traffic generation study. The studies submitted by the applicant would simply estimate their contribution to the overall traffic with in Silt. Such a study could be reviewed as part of the zoning development process and the fees would then be assessed appropriately. RPI recommends that any such study should be thoroughly reviewed by the Town's staff prior to

[16] The Town will need to research the specific time limits and noticing requirements surrounding this type of appeal.

acceptance of an independent trip calculation. If the Town adopts this policy a calculation framework would need to be implemented to ensure a fair assessment. The basic formula is as follows:

Number of Units*ADT Value *Fee

Determining the fee involves a small amount of analysis and RPI recommends that the Town purchase a copy of the Institute of Transportation Engineers Trip Generation Manual. This study contains hundreds of driveway volume averages per 1000 s.f. depending on the specific type of land use. The adjustment factors vary, but for all residential applications it is 50%, because half of the trips are leaving the establishment heading for another destination and thus those trips should not be assigned to that establishment. Generally for retail establishments, gas stations, video stores, etc. the adjustment factor is 22% because these sorts of trips are generally part of a series of errands.

APPENDIX

Capital Inventory - Equipment

Year	Make	Model	Department	Value
1998	Chevy	S10/ Fleet #244	PW	$5,650
2000	Ford	F150/ Fleet #242	PW	$9,000
1982	Case Model 580-D	Backhoe	PW	$15,000
2001	Massey Ferguson	Tractor	PW	$10,000
1991	Ford	Dump Truck/ Fleet#213	PW	$5,000
1983	IHC	Heavy Dump Truck/ Fleet #212	PW	$10,000
1975	Chevrolet	Pick up/ Fleet #211	PW	$7,725
1983	Elgin	Street Sweeper /#210	PW	$10,000
2005	Try-City	Trailer	PW	$5,000
1995	Ford	Pickup	PW	$4,800
1994	Chevrolet	Pickup	Pw	$5,000
2001	GMC	Pickup	Pw	$7,000
1996	Dodge Ram 2500	Pick Up/ Fleet #205	PW	$6,300

Source: Town of Silt

Figure 21 - Capital Inventory Buildings and Land

	Department	S.F.	Building Value	Acreage	Land Value	Total Value
Town Shop	Pw	4000	$ 280,000	2.27	$ 200,000	$ 480,000
Town Shop	Pw	2800	$ 28,000	.62	$ 70,000	$ 98,000

Percentage of Town Hall	**# Town Hall Employees**	**%**	**Proportional Value of Town Hall**	**S.F.**
Public Works	2	2.7	$ 15,386	192

Public Works Departmental Breakdown	**# of Employees**	**%**	**Building Value**	**Land Value**	**Vehicle Value**
Parks	2	0.33	$ 107,795	$ 90,000	$ 33,492
Streets	4	0.67	$ 215,591	$ 180,000	$ 66,983

Source: Town of Silt

Capacity Improvement Plan

Project Name	Specific Improvements	Notes	Cost
7th	Sidewalks, potential widening	Collector to Eagles View	$ 177,408
Orchard	Complete reconstruction-- Curb/Gutter, New Overlay, Sidewalk	Minor Collector, too far gone for chip seal	$ 1,251,072
Grand	Curb, Gutter, Side Walk Both sides	Major Collector, New Elementary School	$ 930,816
Home	Complete reconstruction-- Curb/Gutter, New Overlay, Sidewalk	Minor Collector	$ 1,295,769
9th and Main Roundabout	Roundabout- Curb/Gutter, Sidewalks, Lighting, Retaining Walls, Guard Rails		$ 2,500,000
Old Town Core Improvements	Sidewalk and Drainage Improvements	Physical Street Improvements are not included	$ 1,689,600
County Roads/Bridges	Bridge Improvements	new guardrail	$ 100,000
Pedestrian Component on 9th			$ 1,728,000
Consulting Cost			$ 153,600
Other Components:			
First Street Buy-In			$ 330,000

Source: Town of Silt

	McGraw Hill Construction Inflation Index	% Inflation
1990	4732	
1991	4835	2.2%
1992	4985	3.1%
1993	5210	4.5%
1994	5408	3.8%
1995	5471	1.2%
1996	5620	2.7%
1997	5826	3.7%
1998	5920	1.6%
1999	6059	2.3%
2000	6221	2.7%
2001	6343	2.0%
2002	6538	3.1%
2003	6694	2.4%
2004	7115	6.3%
2005	7888	3.2%

Average	3.0%

Source: McGraw Hill