

Boulder City Council Study Session

**October 14, 2008
6:00 – 9:00 p.m.**

6:00 – 6:05 p.m.	Overview
6:05 – 7:05 p.m.	Development Excise Taxes/Impact Fees
7:05 – 7:45 p.m.	Plant Investment Fees
7:45 – 8:00 p.m.	Building Permit Fees
8:00 – 8:15 p.m.	Development Review Fees
8:15 – 8:30 p.m.	Education Excise Taxes
8:30 – 9:00 p.m.	Wrap-up/Next Steps

Development Related Fee Studies

**1777 Broadway
Municipal Building
City Council Chambers**

**Submit Written Comments to City Council
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MEMORANDUM

TO: Mayor and Members of City Council

FROM: **City Manager's Office**
Jane S. Brautigam, City Manager (as of Oct. 13)
Stephanie Grainger, Interim City Manager (through Oct. 12)
Paul Fetherston, Deputy City Manager
Carl Castillo, Policy Advisor

Finance Department
Bob Eichem, Finance Director

Planning Department
Ruth McHeyser, Acting Planning Director
Susan Richstone, Long Range Planning Manager

Public Works Department
Maureen Rait, Executive Director of Public Works
Ned Williams, Director of Public Works for Utilities
Joanna Crean, Public Works Administrator
Trish Jimenez, Senior Financial Manager

DATE: October 14, 2008

SUBJECT: **Study Session:** Development Related Fee Studies

I. PURPOSE

The purpose of this study session is to provide City Council with a comprehensive view of proposed development related fee changes. This comprehensive approach provides a more complete understanding of the full costs of development in Boulder. The Oct. 14 study session gives City Council the opportunity to provide feedback on each of the fee studies and whether or not it is time to move forward with some fee changes, while decisions are finalized on implementation of the Impact Fee/Development Excise Tax Study.

II. STUDY SESSION QUESTIONS

The following questions are included to guide the discussion at the study session:

Development Excise Taxes (DET)/Impact Fees

1. Does City Council have any questions or comments on the Impact Fee/ Development Excise Tax Study?
2. Is the study ready to be finalized or are additional changes needed? Should any of the options be removed from further consideration or additional options considered?

3. Does City Council have any guidance on the options for moving forward with implementation of the study?

Plant Investment Fees (PIFs)

4. Based on the Source Water Master Plan study session on Sept. 23 and the Sept. 4 WIP with the responses to the outstanding questions from the July 15 PIF study session, does council have any additional questions related to PIFs?
5. What feedback does council have regarding the methodology, valuation, and phase-in options?

Building Permit Fees

6. Does City Council have any questions or comments regarding the proposed building permit fee changes?

Development Review Fees

7. Does City Council have any questions or comments regarding the proposed development review fee changes?

Education Excise Taxes (EET)

8. Does City Council want to consider making any changes to the education excise tax?

Wrap-up/Next Steps

9. Does City Council have any overall comments or questions on the proposed development related fee changes?
10. What feedback does City Council have regarding the proposed implementation steps?

III. OVERVIEW

Background

Development related fee studies, identified as a 2008 Key Issue, are intended to implement the city's policy that growth will be expected to pay its own way, with the requirement that new development pay the cost of providing needed facilities and an equitable share of services. Five fee structures are currently being evaluated:

Development Excise Taxes (DETs) – DETs are collected on nonresidential and residential development in the city to fund the costs of future capital improvements. The tax is an amalgamation of three revenue sources: capital excise tax, transportation excise tax, and the park land acquisition and development fee. These taxes are calculated at time of building permit application. For new construction the taxes are paid prior to final inspection and for all other types of construction they are paid when the building permit is issued. These excise taxes were last evaluated in 1996.

Plant Investment Fees (PIFs) – PIFs are used to recapture initial capital improvement investments in water, wastewater and stormwater/flood management infrastructure. The fees are charged to new and existing customers who need new or additional utility service. Currently, the city uses a “buy in” approach where new customers connecting to

the system are asked to pay a one-time charge to compensate current customers for past investment. PIFs are also charged to existing customers when they increase their projected usage of water and wastewater infrastructure or when they increase their impervious area (Stormwater and Flood Management PIF). These fees are calculated at time of building permit application. For new construction these fees are paid prior to final inspection and for all other types of construction they are paid when the building permit is issued. PIFs were last evaluated in 2001.

Building Plan Review, Permit & Inspection Fees – Building fees are established to recover the full cost of services related to construction in the city. The current cost recovery policy for building permit and inspection services is 100 percent (includes all direct and indirect costs). The fees for building plan review, permit issuance and building inspection services are based upon building valuation. The existing valuation system, in place since 2003, warranted an update to reflect current construction costs. These fees are calculated at time of building permit application. Plan check fees are paid at time of building permit application and all other permit fees are paid when the building permit is issued.

Development Review Fees - Development Review is the process established by the city that is used to evaluate proposed developments and land uses. The current cost recovery policy for all Development Review services combined is 50 percent. The development review fees include a flat initial application fee which is paid at time of application and an hourly billing rate for services following an initial city review which is paid on a monthly basis. These fees were implemented in 2004 to support cost-recovery objectives. The 2008 study has examined application fees for administrative review, land use review and technical document review.

Education Excise Tax (EET) – The EET is a tax on new residential development. It became effective on April 4, 1995, at the rate of \$0.95 per square foot of floor area, up to a cap of 6,000 square feet and has been increased yearly based on the Consumer Price Index. It is available to pay for the general expenses of government. However, the legislative intent was for the tax revenues to be used only for educational related purposes. This tax is calculated at time of building permit application and is paid prior to final inspection.

The commitment to council at the beginning of the year was that the associated processes for each study would directly involve public stakeholder review and input and those efforts would be coordinated, given the potential cumulative impacts to customers. Information presented to date has reflected the impact of projected fee changes and because proposed fee changes reflect current assessed system values and the true estimated costs of development, significant increases have been projected for PIFs and DETs. Proposed changes to the Development Review and Building Permit/Plan Review and Inspection Fees reflect more modest adjustments as cost recovery objectives have been achieved, but corrections are needed to address equity across customer groups.

Council feedback was obtained at the July 15, 2008 PIF study session on the PIF analysis and direction was provided at the July 22, 2008 meeting on the Impact Fee/ Development Excise Tax Study. An administrative hearing with limited attendance was conducted to acquire additional public feedback on July 9, 2008 for all potential fee changes. These potential fee changes have also been discussed at the June 18 and July 30 Planning & Development Services (P&DS) Advisors' meetings (a stakeholder group).

Proposed Development Related Fee Changes

The proposed development related fee changes, as described in subsequent sections of this memo, include PIF methodology changes with a phased implementation (50 percent in 2009), building permit and development review fee changes and two options for DET/Impact fee changes.

Table I. Proposed Development Related Fee Changes on the next page demonstrates the cumulative impact of the proposed development related fee changes currently under consideration for 2009 using several selected scenarios. Development review fees were not included as they are not part of the building permit process. **Attachment A** shows the impact of the PIF phase-in over two years. The scenarios used to illustrate the impacts of the proposed fee changes are:

- New Commercial** - 7,430 sq. ft. building (50 percent retail / 50 percent warehouse)
- Commercial Tenant Remodel** - 8,000 sq. ft. remodel within an existing 50,000 sq. ft. building
- New Single-Family Residential** - 4,500 sq. ft., 5 bedrooms, 4 baths
- Single-Family Addition** - 3,200 sq. ft., 2-bedroom, 3-bath addition
- New Multi-family** – 15,478 sq. ft. building with 5 3-bedroom/4-bath & 1 4-bedroom/6-bath units

The detail of the five scenarios can be found in **Attachment B**.

The difference between Option I and Option II is related to DET/Impact Fees.

Option I includes implementing the Impact Fee/Development Excise Tax Study by changing fire, human services, libraries, municipal facilities, parks and recreation, and police to impact fees, and reducing the city's development excise tax proportionately. Transportation would be the only remaining component in the development excise tax (housing and education would remain as separate excise taxes).

Option II would implement a "hybrid" approach, changing the same six components to impact fees, but would not reduce the current excise tax amount. The existing development excise tax would be reallocated to increase the transportation component and to recover the fleet costs and other capital costs (e.g. park land) not included in the impact fees.

It is important to note that the proposed fee and tax changes do not include proposed increases for the transportation excise tax and the housing excise tax, which council has requested for consideration as a potential ballot issue in the fall of 2009 following an appropriate public process.

Table I. Proposed Development Related Fee Changes

Development Scenario	Current Fees	DET Option 1 (Impact Fees)		DET Option 2 (Hybrid)	
		2009 Proposed Fees	% Change	2009 Proposed Fees	% Change
New Commercial					
Building Permits	\$7,481	\$8,390	12%	\$8,390	12%
Sales and Use Taxes	\$6,523	\$9,315	43%	\$9,315	43%
Excise Taxes/Impact Fees ¹	\$21,993	\$20,499	-7%	\$25,596	16%
Education Excise Taxes	\$0	\$0	0%	\$0	0%
PIFs ²	\$36,468	\$43,009	18%	\$43,009	18%
Materials and Permit Fees	\$3,785	\$3,785	0%	\$3,785	0%
Total	\$76,249	\$84,999	11%	\$90,096	18%
Commercial Tenant Finish					
Building Permits	\$2,934	\$5,124	75%	\$5,124	75%
Sales and Use Taxes	\$2,923	\$7,957	172%	\$7,957	172%
Excise Taxes/Impact Fees ¹	\$0	\$0	0%	\$0	0%
Education Excise Taxes	\$0	\$0	0%	\$0	0%
PIFs ²	\$31,728	\$53,544	69%	\$53,544	69%
Materials and Permit Fees	\$3,107	\$3,107	0%	\$3,107	0%
Total	\$40,692	\$69,732	71%	\$69,732	71%
New Single Family					
Building Permits	\$5,688	\$4,674	-18%	\$4,674	-18%
Sales and Use Taxes	\$10,180	\$8,761	-14%	\$8,761	-14%
Excise Taxes/Impact Fees ¹	\$6,592	\$7,119	8%	\$10,687	62%
Education Excise Taxes	\$5,310	\$5,445	3%	\$5,445	3%
PIFs	\$18,045	\$23,859	32%	\$23,859	32%
Materials and Permit Fees	\$1,413	\$1,413	0%	\$1,413	0%
Total	\$47,229	\$51,271	9%	\$54,839	16%
Single Family Addition					
Building Permits	\$4,082	\$3,352	-18%	\$3,352	-18%
Sales and Use Taxes	\$7,239	\$6,230	-14%	\$6,230	-14%
Excise Taxes/Impact Fees ¹	\$0	\$0	0%	\$0	0%
Education Excise Taxes	\$0	\$0	0%	\$0	0%
PIFs	\$10,021	\$2,482	-75%	\$2,482	-75%
Materials and Permit Fees	\$1,186	\$1,186	0%	\$1,186	0%
Total	\$22,528	\$13,250	-41%	\$13,250	-41%
New Multi-family					
Building Permits	\$18,361	\$16,783	-9%	\$16,783	-9%
Sales and Use Taxes	\$29,629	\$29,224	-1%	\$29,224	-1%
Excise Taxes/Impact Fees ¹	\$25,035	\$28,355	13%	\$42,633	70%
Education Excise Taxes	\$18,264	\$18,728	3%	\$18,728	3%
PIFs	\$98,734	\$109,830	11%	\$109,830	11%
Materials and Permit Fees	\$4,048	\$4,048	0%	\$4,048	0%
Total	\$194,071	\$206,969	7%	\$221,246	14%

¹ Includes the development excise tax (fire, human services, library, parks and recreation, police, and transportation) and the housing excise tax

² Commercial/Industrial/Institutional (CII) with a 1 inch meter and 50 percent of average winter consumption (AWC)

Boulder Fees Compared to other Front Range Communities

A fee comparison was conducted with other Front Range communities to assess the relative cost position of the city of Boulder's fees to other Front Range communities' fees. Three scenarios were used for this comparison. This information was initially presented at the July PIF study session and at the July 22 council meeting on development excise taxes. At the July 22 City Council meeting, a question was raised as to whether the chart included all development related fees and taxes. Staff followed up with all of the jurisdictions and verified the accuracy of the information. There were no changes made to the table. However, it is important to note that in addition to fees and taxes, some jurisdictions have required off-site infrastructure improvements on a case-by-case basis. This is most commonly done for transportation improvements, and the improvements are required in order to mitigate negative impacts to level of service based on traffic impact reports.

Boulder's development related fees and taxes are either near or at the top end of costs among Front Range communities, as noted in **Attachment C**. Although it may be appropriate for Boulder to charge more, the overall cost of development in the city, including economic vitality and housing affordability may be factors for City Council consideration in determining increases to the city's existing development related fees and taxes. Implementation of Option I will place Boulder at the top end of the costs for the commercial and single family scenarios and above all costs for the multi-family scenario when compared to other Front Range communities. Implementation of Option II will place Boulder above all costs, except in the single family scenario. In addition, it is important to note that the city's proposed fee changes in the table above do not include potential future transportation and housing excise tax increases and only includes the impact of the first year of the PIF phase-in.

IV. DEVELOPMENT EXCISE TAXES/IMPACT FEES

Guiding Questions for City Council:

1. Does City Council have any additional questions or comments on the Impact Fee/ Development Excise Tax Study?
2. Is the study ready to be finalized or are additional changes needed? Should any of the options be removed from further consideration or additional options considered?
3. Does City Council have any guidance or comments on the options for moving forward with implementation of the study?

Background

At its March 18, 2008 meeting, City Council requested that staff move forward with the consulting firm of TischlerBise to prepare an updated Development Excise Tax Study, and to complete a report in time to provide the opportunity for a potential 2008 ballot item. On May 20, City Council supported the staff recommendation that the city move forward with a study that includes the components currently included in the city's development and housing excise taxes (affordable housing, fire, human services, libraries, municipal facilities, parks, police, recreation, transportation) and a liaison committee. During June and July, TischlerBise worked with city departments to prepare the study and also held two meetings with the liaison committee to solicit public input on the study.

City Council discussed the draft study at its July 22 meeting. The study may be found online at: http://www.bouldercolorado.gov/files/PDS/development_excise_tax_study/tischlerbise_study_08.pdf. At the July 22 meeting, council decided not to place the item on the ballot this fall and requested that staff:

- Move forward to look at implementing as impact fees the six categories that used the impact fee methodology (fire, police, human services, parks and recreation, municipal facilities, library).
- Consider the fee changes in a more comprehensive manner together with plant investment fees, looking at the overall cost of our development related fees, and economic competitiveness issues.
- Provide a more in-depth look at the development-related infrastructure and facilities requirements in other jurisdictions.
- Explore how a combination of excise taxes and impact fees might work together.
- With the consultant's help, identify data needs from the police, human services, parks and recreation, and library departments, and put in place the mechanisms to collect the needed data to update the study in the future.
- Seek additional public and advisory board input on the study results.
- Engage the public and decide how to proceed to be ready for a ballot issue next year related to the housing and transportation excise tax.

Follow-up from the July 22 City Council Meeting

Attachment D, a memo from Carson Bise, the city's consultant, provides additional information in response to issues raised by council at its July 22 meeting. Carson Bise will be at the Oct. 14 study session to further discuss these and other issues related to the Impact Fee/ Development Excise Tax Study. At the July 22 meeting, the following questions and issues were raised by council members:

1. Were residential care facilities included as residential?

Response: Nursing homes are included in the non-residential "other" category. Assisted living and other types of senior housing are included as residential.

2. Please develop a list of data needs for departments to collect in the future in order to support future updates to the study.

Response: See **Attachment D** for the data the consultant is recommending for collection by departments. Staff is reviewing the list and each department will analyze its capability and the resources that would be required to collect the suggested data.

3. Is it possible to impose an impact fee for residential additions or replacement units?

Response: TischlerBise could calculate the amounts by square footage to allow additions to be charged; however, the consultant does not believe it is appropriate to assess replacement units. If the city assesses fees by size of unit, TischlerBise recommends a minimum fee based on single-family unit size of 1,200 square feet and a maximum fee based on a single-

family unit size of 3,700 square feet of finished floor area. See **Attachment D** for a response to this question from Carson Bise.

4. Why not a buy-in or plan-based approach for parks? Is it possible to include a land component for parks?

Response: See **Attachment D** for a response to this question. If the city moves forward with the “hybrid” approach, a land component could be included in the parks component of the development excise tax.

5. Please provide additional analysis and an opinion from the City Attorney on using a hybrid approach that would combine impact fees with excise taxes.

Response: See **Attachment D** for a response to this question from TischlerBise. On Sept. 1, 1998, the City Council passed Ordinance 6019 (**Attachment E**), which submitted a ballot question to the public asking for an increase in the city’s Development and Housing Excise Tax and also proposed a comprehensive restructuring of the city’s development related excise tax and impact fee system. The voters approved the tax increase and restructuring on Nov. 3, 1998. The City Attorney’s Office has reviewed Ordinance 6019 and determined that it gives City Council the power to reallocate the existing development excise tax, and that there are no legal barriers to implementing a hybrid approach.

6. Provide a “game plan” for moving forward on housing and transportation excise taxes, in order to bring something forward to the voters next fall.

Response:

Transportation

City Council requested staff solicit feedback from the advisory boards and come back with an approach to a potential ballot issue next fall. Based on this request, staff briefed the Transportation Advisory Board (TAB) at their Sept. 8, 2008 meeting. TAB provided the following feedback:

Given that specifics are difficult in the short time frame, TAB believes strongly that Transportation needs a significant new source or sources of funding. Funding that goes to Transportation enhances the quality of life in Boulder. TAB believes that it is imperative that council should seek additional funding from the voters. TAB believes that a DET makes sense as part of a package; such that new development pays its fair share of the new infrastructure and that the structure of the DET take into account re-development of existing properties. Council should look at phasing in any DET revisions, the potential broadening of the types of development to which it is applied reflect the impacts the associated transportation use has on the environment and quality of life in Boulder, and building in incentives to reward travel behavior consistent with community goals and objectives. TAB would also like to see other potential funding mechanisms such as a carbon

tax or transportation utility fees examined as additional sources of funding. TAB is willing, available and eager to work with council on this issue.

Based on TAB's advice, a potential ballot issue is critical to adequately fund the city's transportation needs. Transportation staff's recommended approach is to develop a comprehensive funding package that would support infrastructure related investments (primary focus of DET) and adequately fund operation and maintenance of the transportation system. Other potential funding elements suggested by the Blue Ribbon Commission's work included a Transportation Utility Fee. The TAB suggested that they are ready and willing to go to work on this issue.

Housing

Housing staff is recommending that potential increases to the Housing Excise Tax be discussed during the first and second quarter of 2009, after the review of inclusionary zoning. City housing staff would engage the public in a discussion about the TischlerBise study, the link between nonresidential development and demand for affordable housing, and potential increases in the nonresidential excise tax for affordable housing. The process would include public meetings with nonresidential developers, the Chamber of Commerce and other business groups, affordable housing providers, and the community.

The public process will include a review of the demand for affordable housing created by nonresidential development as well as the community benefits and impacts of increasing the housing excise tax. Housing staff would conclude this effort no later than June, providing adequate time to place a measure on the ballot in 2009.

7. Solicit input from city boards.

Response: Staff has met with the Planning Board, TAB, and the Parks and Recreation Advisory Board to solicit board input on the study. Input from the TAB is summarized above.

The Planning Board discussed the study on Sept. 4 and identified the following issues:

- Time at which fees are due – some board members expressed a desire to see fees charged at the time of certificate of occupancy as opposed to building permit, since paying significant fees prior to construction is difficult for the building community. (In following up on this issue after the meeting, although fees are assessed at the time of building permit, excise taxes and plant investment fees are actually not due until final inspection. Building permit fees and cash-in-lieu for inclusionary zoning are due at building permit.)
- Overall cost – Board members expressed a sensitivity to the overall cost burden of development-related fees, both in terms of the city's relative competitive position with other jurisdictions as well as the cumulative cost burden placed on development.

The Parks and Recreation Advisory Board discussed the report on Sept. 22. The board pointed out that Parks and Recreation comprises a small portion of the total amount of

development related fees and taxes, and expressed support for the hybrid approach since it would provide for increased funding for Parks and Recreation.

Proposed Impact Fee/ Excise Tax Changes

The charts below summarize what the study recommends as maximum allowable impact fees and excise taxes for each area in comparison to existing excise taxes.

RESIDENTIAL

CURRENT DEVELOPMENT AND HOUSING EXCISE TAXES										
	Library	Parks	Recreation	Human Services	Municipal Facilities	Police	Fire	SUBTOTAL	Transportation	Housing* Excise Tax
	Per Housing Unit									
Detached Residential	\$403.28	\$1,853.05	\$463.28	\$73.92	\$269.16	\$258.16	\$215.43	\$3,536.28	\$2,043.31	\$495.00
Attached Residential	\$268.71	\$1,235.99	\$309.01	\$50.10	\$179.25	\$171.93	\$143.47	\$2,358.46	\$1,233.54	\$202.50
PROPOSED MAXIMUM ALLOWABLE IMPACT FEES AND DEVELOPMENT EXCISE TAXES										
	Library	Parks & Recreation	Human Services	Municipal Facilities	Police	Fire	SUBTOTAL	Transportation**	Affordable Housing	
	Per Housing Unit									
Single Family (SFD, SFA & MH)	\$441	\$2,686	\$142	\$269	\$283	\$201	\$4,022	\$8,758	na	
All Other Types	\$307	\$1,868	\$99	\$187	\$197	\$230	\$2,888	\$6,031	na	

NONRESIDENTIAL

CURRENT DEVELOPMENT AND HOUSING EXCISE TAXES										
	Library	Parks	Recreation	Human Services	Municipal Facilities	Police	Fire	SUBTOTAL	Transportation	Housing* Excise Tax
	Per Square Foot									
All Nonresidential	na	na	na	\$0.092	\$0.222	\$0.186	\$0.186	\$0.69	\$1.794	\$0.48
PROPOSED MAXIMUM ALLOWABLE IMPACT FEES AND DEVELOPMENT EXCISE TAXES										
	Library	Parks & Recreation	Human Services	Municipal Facilities	Police	Fire	SUBTOTAL	Transportation**	Affordable Housing	
	Per Square Foot									
Goods Production	na	na	na	\$0.06	\$0.03	\$0.04	\$0.13	\$4.20	\$3.32	
Retail / Restaurant	na	na	na	\$0.13	\$0.35	\$0.36	\$0.84	\$45.48	\$6.65	
All Other Services	na	na	na	\$0.10	\$0.08	\$0.30	\$0.48	\$10.81	\$5.05	

* The Housing Excise Tax is assessed at \$0.225 per square foot for residential development (and \$.48 per square foot for nonresidential development). To facilitate comparison to other excise taxes, the table indicates the tax for a 2,200 square feet single family house and a 900 square feet multifamily unit. According to City records, these are the average sizes for units.
 ** Action Plan shown for comparison purposes

In addition, the city intends to incorporate the costs of the study and the administrative costs associated with collecting the fee in the impact fees.

Carson Bise expressed some concern about whether impact fees could include the cost of both the impact fee study and the costs of administering an impact fee system (See Attachment D). From guidance provided by Colorado case law, it is clear that one can include such costs within an impact fee.

The Colorado Supreme Court has held that an impact fee is a service fee that is charged or imposed on persons or property for the purpose of defraying the cost of a particular government service. An impact fee is a one-time charge assessed on new building projects within the District for the purpose of defraying the cost of expanding the District's wastewater treatment system to accommodate new projects. *Krupp v. Breckenridge Sanitation Dist.*, 19 P.3d 687, 693 (Colo. 2001). This language is quite broad and appears to allow the inclusion of the cost of an impact

fee study and the cost of administratively collecting the fee because it would be part of "defraying the cost of a particular government service."

The state impact fee statute states that:

- (1) Pursuant to the authority granted in 29-20-104(g) and as a condition of issuance of a development permit, a local government may impose an impact fee or other similar development charge to fund expenditures by such local government on capital facilities needed to serve new development. No impact fee or other similar development charge shall be imposed except pursuant to a schedule that is:
 - (a) Legislatively adopted;
 - (b) Generally applicable to a broad class of property; and
 - (c) Intended to defray the projected impacts on capital facilities caused by proposed development.
- (2) A local government shall quantify the reasonable impacts of proposed development on existing capital facilities and establish the impact fee or development charge at a level no greater than necessary to defray such impacts directly related to proposed development. No impact fee or other similar development charge shall be imposed to remedy any deficiency in capital facilities that exists without regard to the proposed development.

C.R.S. § 29-20-104.5. The clause "defray impacts" is not very precisely drafted. Typically one would "defray an expense or cost, as stated above in the *Krupp* case or one would "mitigate an impact." The Webster's dictionary definition of defray is "to expend." It seems likely that a court would interpret this clause to defray the expenses of proposed development. If this is the reading, then it is logical that the costs of administration and of doing an impact fee study would be directly related to proposed development. Further, this reading appears to be consistent with the authority granted by Subsection 1 to "fund expenditures by such local government on capital facilities needed to serve new development." Such expenditures could include the costs of the study or cost associated with administering the fee.

In conclusion, it appears that there is a great likelihood that a city could include the costs of the impact fee study and the administrative costs associated with the collection of such fee within amount of the fee.

The impact fee statute was passed in 2001. It has not been tested in the appellate courts as to whether this statute conflicts with home rule authority. Home rule cities have been enacting impact fees for quite some time under such authority. Using Boulder as an example, it has been using impact fees since the early 1950's for its water and wastewater utilities. Further adoption of such fees also seem like a matter of local concern and therefore supersede any state law on the topic since there does not appear to be a the need for statewide uniformity; the local fees do not have an impact on persons living outside the city; and historically, the creation of fees for local government services have been enacted at the local level.

Options

Option I (impact fees) - This option would implement the following six components of the study as impact fees, using the amounts recommended in the TischlerBise study: fire, human services, libraries, municipal facilities, parks and recreation, and police. The development excise tax would be reduced by the amounts currently charged for these components, leaving only the transportation excise tax as a development excise tax.

Option II (hybrid approach) – This option would implement the same six components as impact fees consistent with Option I. In addition, the overall amount currently charged for the development excise tax would not be reduced and instead would be reallocated to include: capital costs not allowed to be included in impact fees per state statute (fleet), other costs not currently included in the proposed impact fees (e.g. land component for parks), and an increase to the transportation component of the tax, since the amount currently charged for transportation is significantly below both the recommended transportation excise tax in the 1996 Tischler study and the proposed maximum allowable development excise tax in the 2008 TischlerBise study.

The chart on page 5 shows the amounts that would be charged under Options I and II. It is important to note that Option I and II bracket the upper and lower end of costs, depending on the option chosen, and it would be possible for the result to be somewhere between the two options if, for instance, council decided to implement a hybrid approach, but not reallocate the development excise tax up to the maximum allowed.

Transportation and Housing Excise Tax changes will be evaluated through separate processes as noted above.

V. PLANT INVESTMENT FEES

Guiding Questions for City Council:

4. Based on the Source Water Master Plan study session on Sept. 23 and the Sept. 4 WIP with the responses to the outstanding questions from the July 15 PIF study session, does council have any additional questions related to PIFs?
5. What feedback does council have regarding the methodology, valuation, and phase-in options?

Background

PIFs are used to recapture initial capital improvement investments in water, wastewater and stormwater/flood management infrastructures. PIFs are charged to new and existing customers who request new or additional utility service from the city. Periodically, the city takes a comprehensive review of the PIFs to evaluate the methodology and fees and to evaluate whether the distribution of capital costs among customer classes is equitable. The 2008 PIF study presents an opportunity to review how PIFs are assessed and to make possible changes to reinforce the goals and objectives of the new water budget rate structure.

City Council had a study session on the Plant Investment Fee Study on July 15, 2008. The purpose of the study session was to provide council with information about the PIF Study and the PIF options that were developed through the study, identify recommendations from the stakeholder advisory group, the Water Resources Advisory Board (WRAB) and staff, and provide City Council an opportunity to offer feedback and to discuss potential next steps. The study session summary was accepted by City Council on Aug. 18, 2008 and responses to questions and information requests were provided in a Weekly Information Packet (WIP) item on Sept. 4, 2008. Additional background information may be found at:

http://www.bouldercolorado.gov/files/City%20Council/Study%20Sessions/2008/07-15-08/plant_investment_fees_study.pdf

<http://www.bouldercolorado.gov/files/City%20Council/WIPS/2008/09-04-08/2a.pdf>

Due to the concerns about water rights and water resources discussed at the PIF study session on July 15, some council members expressed interest in discussing the Source Water Master Plan (SWMP) before taking action on PIFs. A study session on the SWMP was held on Sept. 23, 2008, during which council discussed the adequacy of Boulder's water supplies, the potential effects of climate change on Boulder's water supplies, the need for additional water rights or storage reservoirs, and the priority for capital project funding. It's anticipated that the SWMP Study Session Summary will be presented for council acceptance on Nov. 12 and that the staff agenda memo would provide a response to the outstanding questions asked at the study session.

Below are three topics (methodology, valuation, and phase-in) to focus the discussion for the Oct. 14, 2008 study session. Each focus area contains background information, options and a recommendation.

Topics

1. Methodology

The city charges a separate PIF for water, wastewater and stormwater/flood to recapture initial capital improvement investments. PIFs are charged to new and existing customers who request new or additional utility service from the city. In the 2008 PIF Study, the proposed PIF options are based on a buy-in approach where customers connecting to the system are asked to pay a one-time capital charge to compensate current customers for past investments.

The PIF options that best address the study objectives were presented at the July 15 PIF study session and are listed in the table below. The potential advantages and disadvantages of these options are summarized in a matrix found in **Attachment F**.

Water & Wastewater PIF Options (*wastewater PIF only applies to indoor part of option*)

Customer Class	Methodology
Residential (<i>Single-family and Multifamily</i>)	Option 1 – Status Quo: count units, bathrooms, type of plumbing fixtures; use equivalent residential unit (EQR)
	Option 2 – Indoor/Outdoor: indoor-count units, beds, baths, bldg sq. ft.; outdoor-water budget (irrigable area times application rate)
	Option 3 – Water Budgets (<i>recommendation</i>): indoor - fixed amount; outdoor – irrigable area times application rate
Commercial/ Industrial/ Institutional (CII)	Option 1 – Status Quo: count number and type of plumbing fixtures; theoretical maximum gallon per minute demand
	Option 2: - Water Budgets: menu of options (average monthly use-AMU, historical monthly use-HMU, indoor/outdoor, efficiency standard budget)
	Option 3 – Water Budget Meter Size, AWC Account Usage Distributions (<i>recommendation</i>): usage distribution (sliding scale of 25%, 50%, or 85%) of meter size class or efficiency standard.
	Option 4 – Amortized Self Correcting PIF: initial PIF payment then customers pay additional PIF through monthly rates if exceed threshold
	Option 5 – Meter Size and Building Square Feet (<i>only applies to wastewater PIF</i>)
Irrigation- Only	Option 1 – Status Quo: gallon per minute demand of largest irrigated zone
	Option 2 – Water Budgets (<i>recommendation</i>): irrigable area times application rate
Large User	Option 1 – Status Quo: case-by-case basis; separate agreement and individualized PIF
	Option 2 – Meter Size Basis (<i>recommendation</i>): any commercial customer requesting meter size 3 inches or larger would require large user agreement

Stormwater PIF Options

Customer Class	Methodology
Residential and CII	Option 1–Status Quo (<i>recommendation</i>): sq. ft. additional impervious area; same fee for all customers
	Option 2 – Basin-by-Basin: per square foot of additional impervious area; different fee depending on drainage basin

Recommendation

As presented at the July 15 study session, the WRAB, stakeholder advisory group, Red Oak Consulting, and staff recommend applying the water budget-based PIF for all customer classes including single-family residential, multifamily residential, and irrigation water PIFs. The CII approach that is recommended is based on water budgets but uses a different “menu” of options. CII customers would choose between the average winter consumption (AWC) account usage distribution budget for their meter size or efficiency-standard budget. By using the 25th, 50th and 85th percentiles of usage (AWC) to develop the customers water budget (and assess a PIF), it would encourage conservation rather than being based on historical monthly use (HMU) or average monthly use (AMU).

Linking PIFs to water budgets was one of the main objectives of the PIF Study. This improves the equity among customers and within a customer class by requiring new customers to pay for the water that is predicted they will need. It also satisfies intergenerational equity by eliminating subsidies among customers – new customers will pay for their anticipated water use just as existing customers are required to pay for their current water use.

The recommendation is to apply the meter size basis for large user agreements. This would set a clear threshold for implementing a large user agreement since currently it can be hard to determine.

For all customer classes, the recommendation is that the methodology used for the water PIF also be used for the wastewater PIF. For the stormwater PIF, the recommendation is that the city continue with the status quo which is based on square feet of impervious area for all customers.

One addition to the recommendation that was presented at the July 15 study session is to allow any customer, including CII customers, to select a smaller irrigable area. The smaller irrigable area would be used in calculating the PIF when a customer either connects to the system (i.e., new customer) or redevelops. The PIF and the monthly water budget would be based on the smaller irrigable area. If at a later date, a customer decides to irrigate a larger portion of the property, then the customer would either pay blocks 4 or 5 for the extra water consumption or the customer could purchase an additional PIF based on the larger irrigable area in order to increase their monthly water budget.

2. Valuation

There are two options for calculating the valuation component of the PIF. One is to use the current values and the other option is to use the updated values. The table below compares the current and updated asset valuations for each of the utilities (water, wastewater and stormwater).

	Current Valuation	Updated Valuation
Water	\$766 million	\$1.1 billion
Wastewater	\$122 million	\$263 million
Stormwater	\$153 million	\$287 million

The objective of the PIF is to recoup the cost of capacity to serve new development. In order that the PIF be considered a “full cost recovery” fee, it should be based on the current value of the entire system; a full inventory of all capital assets with an accurate, present-day value assigned to that inventory. This is achieved by a routine (every 5-7 years), comprehensive evaluation by an outside professional firm, as was done for the 2008 PIF Study.

As presented at the PIF study session on July 15, the 2008 PIF Study incorporated a number of changes from the last PIF Study (2001), which resulted in approximately 62 percent to 98 percent increases in the PIFs when comparing the current fee to the updated version of the current fee (Option 1- Status Quo/New Values). These significant increases in prices are primarily due to the following:

- Updated estimates of the replacement cost of existing utility infrastructure. Replacement costs have escalated dramatically since the last PIF study. Although the city has attempted to adjust these costs yearly based on the Engineering News Record Construction Cost Index (ENRCCI) for Denver, this index has not kept pace with actual cost increases as reflected in recent construction cost information.
- Significant facilities were added over the past seven years (i.e., Lakewood Pipeline reconstruction, Lakewood Hydroelectric, Betasso and Boulder Reservoir Water Treatment Plant Improvements, Wastewater Treatment Plant improvements, etc.).
- City underwent comprehensive asset review since the 2001 study to verify each utility's assets. This evaluation indicated that the list (inventory) of water and sewer pipes and facilities needed to be updated to fully account for all of the city's assets.

The PIFs presented at the July 15 study session represent the maximum supportable fee that can be assessed to new development based on the assumptions used to develop the fees. These fees are designed to recover a new customer's proportionate share of the facilities required to serve their needs. This premise ensures that new customers have paid their share just as previous customers have. The maximum supportable fee also ensures that the utilities are able to maintain the same level of service to existing and new customers.

Red Oak Consulting has indicated that many communities implement fees that are less than the calculated maximum supportable fee for a number of reasons such as spurring economic growth or maintaining a fee level consistent with community values or goals. The City Council may wish to adopt a valuation that is lower than its insurance value because of other community values. If so, staff would recommend that council connect it to specific community values that support the lower PIF.

Recommendation

Staff recommends using the updated values as reflected in the PIF Study. The buy-in methodology for PIFs is based on the concept that existing customers, through rates and other revenues, have developed a valuable utility system. A new customer, or an existing customer increasing demand, should "buy-in" to the system by making a contribution equal to the amount of equity a similar existing customer has in the system. Having the PIFs based on the current value of the utility assets helps ensure intergenerational equity amongst customers and acknowledges that capital costs have increased over time as well as the time value of money. Since the last PIF study in November 2001, PIFs have been increased annually by the percent change in the ENRCCI for the Denver area. As mentioned previously, this index has not kept pace with actual cost increases as reflected in recent construction cost information. As a result, there is a more dramatic increase in the PIFs. To help mitigate a significant increase in the future, staff will try to keep fee increases current in a more realistic manner that applies directly to Boulder.

3. Phased Implementation

In order to lessen the financial impact to new customers, any adopted PIFs could be implemented or phased-in over a two- or three-year period. The three following tables show how the recommended PIF option could be phased-in. For purposes of an example, the numbers shown for a multi-year implementation have also been adjusted to reflect a three percent inflationary

increase for each year. The numbers could be reviewed by staff each year during the implementation period and adjusted based on an index tailored to the Boulder area.

Water Plant Investment Fee		Options					
	Current 2008 Fee	Full Implementation in 2009	Two-Year Implementation		Three-Year Implementation		
			2009	2010	2009	2010	2011
Single-Family	\$11,995	\$17,868	\$15,200	\$18,404	\$14,315	\$16,636	\$18,956
Multifamily	\$67,950	\$66,786	\$68,370	\$68,790	\$68,918	\$69,886	\$70,853
CII – 25% distribution*	\$9,995	\$2,074	\$2,074	\$2,136	\$2,074	\$2,136	\$2,200
CII – 50% distribution*	\$9,995	\$3,555	\$3,555	\$3,662	\$3,555	\$3,662	\$3,771
CII – 85% distribution*	\$9,995	\$13,331	\$11,863	\$13,731	\$11,378	\$12,761	\$14,143
Irrigation	\$6,660	\$16,367	\$11,759	\$16,858	\$10,228	\$13,796	\$17,364

*CII customer with a 1 inch meter.

Wastewater Plant Investment Fee		Options					
	Current 2008 Fee	Full Implementation in 2009	Two-Year Implementation		Three-Year Implementation		
			2009	2010	2009	2010	2011
Single-Family	\$2,290	\$3,883	\$3,145	\$3,999	\$2,900	\$3,510	\$4,119
Multifamily	\$12,996	\$17,228	\$15,370	\$17,744	\$14,756	\$16,515	\$18,277
CII – 25% distribution*	\$1,910	\$810	\$810	\$834	\$810	\$834	\$859
CII – 50% distribution*	\$1,910	\$1,389	\$1,389	\$1,431	\$1,389	\$1,431	\$1,474
CII – 85% distribution*	\$1,910	\$5,209	\$3,638	\$5,365	\$3,115	\$4,320	\$5,526

*CII customer with a 1 inch meter.

Stormwater Plant Investment Fee		Options					
	Current 2008 Fee	Full Implementation in 2009	Two-Year Implementation		Three-Year Implementation		
			2009	2010	2009	2010	2011
Single-Family	\$3,760	\$7,058	\$5,515	\$7,270	\$5,003	\$6,245	\$7,488
Multifamily	\$17,788	\$33,390	\$26,090	\$34,392	\$23,666	\$29,545	\$35,423
CII	\$17,903	\$33,698	\$26,306	\$34,709	\$23,852	\$29,801	\$35,750

Recommendation

As illustrated by the tables above, the phase-in option softens the financial impact over a two or three year period, but it is not a dramatic adjustment for most situations. In light of the impact on the commercial and business customers and the situation with the national economy, staff recommends the two-year implementation option using the new methodology and the updated values.

VI. BUILDING PERMIT FEES

Guiding Questions for City Council:

6. Does Council have any comments or questions regarding the proposed building permit fee changes?

Background

Building fees are established to recover the full cost of services related to construction in the city. Fees for building plan review, permit issuance and building inspection services are currently based upon building valuation. Building valuation is calculated using a square foot cost that been based on a national table (**Attachment G**) and multiplying it by the square footage of the project. The valuation is then used to calculate the permit fees (**Attachment H**) and sales and use taxes.

The current building valuation system, in place since 2003, does not reflect current construction costs. The cost recovery policy for building permit and inspection services is 100 percent (includes all direct and indirect costs) and is currently being met. However, corrections are needed to address equity across customer groups.

Additionally, recent audits have demonstrated that some commercial projects have been undervalued, further warranting adjustments to the square foot construction costs. By adjusting the square foot construction cost table to be more in line with true costs, the number of follow-up audits necessary by city's audit staff will be reduced.

Proposed Fee Changes

Staff is proposing to adjust the square foot construction cost table to more accurately reflect construction costs (**Attachment G**). These square foot costs are used to generate project valuations, which are utilized to calculate permit fees and sales and use taxes. Generally, the per square foot cost for residential development would decrease while the per square foot cost for non-residential development would increase. In order to help offset the changes made to the square foot construction cost table and to keep the cost recovery from exceeding 100%, the building permit fee table would be adjusted accordingly (**Attachment H**). The initial building permit fee would now include resubmittals.

Currently, Planning & Development Services also accepts the estimated project valuation provided by the applicant to determine fees for alterations, repairs, remodels and tenant remodels. Staff is proposing to utilize the square footage of a project and the square foot construction cost table to calculate the project valuation, which is consistent with how project valuation is estimated for new construction and increases equity among all building permit applicants.

Sales and Use Tax Implications

The city's code provides that contractors pay construction use tax on the materials portion of a project at the time a building permit is issued, a provision common among many Colorado municipalities. This construction use tax is based on an estimate: 50 percent of the project

valuation is allocated to taxable building materials and 50 percent is non-taxable labor and services.

As demonstrated by the project scenarios (**Attachment B**), when project valuation changes, the construction use tax amount also changes, and in some cases the difference can be substantial. While the change can increase the cost of development, it's important that the valuation used to estimate taxes is as close to the true project cost as possible. Projects can be audited up to three years after a certificate of occupancy (CO) is issued. If the audit findings show taxes are due to the city, this can be a financial burden on the contractor because contracts have been closed out and penalty and interest charges are typically incurred.

VII. DEVELOPMENT REVIEW FEES

Guiding Questions for City Council:

7. Does Council have any comments or questions regarding the proposed development review fee changes?

Background

Prior to fiscal year 2001, development related activities in the Planning and Public Works departments were budgeted across the General, Transportation, Water, Wastewater and Stormwater/Flood Management funds. City Council supported the implementation of a special revenue fund in this area as part of the 2001 budget process in order to simplify the administration of the budget and improve fiscal accountability. Planning & Development Services (P&DS) is the special revenue fund and service area that were created for development related work functions in the Planning and Public Works departments.

P&DS implemented a new fee schedule in January 2004. The fee schedule was developed with the assistance of a community stakeholder group and also addressed City Council supported cost-recovery policies for development review activities at 50 percent of full cost, aligned fee revenues with costs, and was based upon time-tracked data. The fee schedule included a flat initial application fee and a \$125 billable hourly rate for P&DS reviewer services, following an initial city review. Since 2004, periodic CPI adjustments have been applied to the billing rate, which is currently \$131/hour. Staff conducted a fee analysis which included an evaluation of detailed staff time-keeping information in order to establish the full cost of providing development review services and determine if the city is meeting the current cost recovery policy. Additionally, an evaluation of the hourly billing rate and the initial application fees for administrative review, land use review, and technical document review has been completed.

The results of the evaluation demonstrate that P&DS is currently meeting the 50 percent cost-recovery target for development review and that the hourly billing rate is accurate. However, the evaluation has also demonstrated that some fees need to be adjusted in order to distribute the fees more equitably. The following development review fee changes have been proposed:

Annexation/Initial Zoning

Background:

The city currently has two flat fees associated with review of annexation applications. Residential properties with no development potential pay a flat fee of \$8,670 plus a Planning Board administrative fee of \$1,580. Other properties pay a flat fee of \$17,340 plus a Planning Board administrative fee of \$1,580. Due to the negotiated nature of annexations, an hourly billing component is not currently included in annexation processes. Annexations applications do not currently have an expiration or maximum number of revisions.

Issues Identified:

- Because petitions do not expire and no hourly fee is in place, applications can continue for multiple years and exceed application fees.
- Limited number of fee options may not equitably distribute costs among applicants.
- Application fees for existing properties seeking utility service may be prohibitively high.
- No clear provision for multiple properties included in a single application. Costs associated with multiple agreements, property owner coordination, and mid-process additions/subtractions are not accounted for.

Proposed Fee Structure Change:

Simple Single-Family Residential Annexation – Review of annexation proposals for one single family residential structure with no public improvements (other than utility service lines) or dedication requirements and no further development potential.

Standard Annexation – Review of annexation proposals not meeting the criteria for simple or complex annexation.

Complex Annexation – Review of annexations for properties with the potential to subdivide into more than two single-family residential lots, requiring more than one annexation agreement, requiring extension of any public improvement for more than 100-feet, and/or including requests to vary any land use regulation beyond what is allowed through a concurrent Site Review or Subdivision process.

Type of Annexation	Current Fee	Proposed Fee
Simple Single-Family Residential	\$8,670 + Planning Board Fee	\$5,000 + Planning Board Fee
Standard Annexation	\$17,340 + Planning Board Fee	\$15,000 + Planning Board Fee
Complex Annexation	\$17,340 + Planning Board Fee	\$20,000 + Planning Board Fee + \$2,500 for each additional annexation agreement

Right-of-Way/Easement Dedication

Background:

The city currently charges a flat rate of \$210 plus an hourly fee for revisions for the review, processing, and recording of rights-of-way and easements dedicated to the city.

Issues Identified:

Dedications are generally a requirement of another review process and provided to the city at no cost. Applicants have expressed concerns with being charged to give property interests to the city.

Proposed Fee Structure Change:

Eliminate the separate application and fee for easement dedications and complete review as part of the associated application. Easement review would be subject to any resubmittal or hourly fees associated with the corresponding application.

Review Type	Current Fee	Proposed Fee
Right-of-Way/Easement Dedication	\$210	\$0

Right-of-Way/Access Easement Vacation

Background:

Vacation of public rights-of-way and public access easements can only occur through an ordinance passed by city council. The current application fee is set at \$9,230 to recover the costs of the detailed analysis, legal support, memorandum preparation, ordinance and deed preparation, meeting attendance, and public notification associated with this application type. Applications to vacate easements not associated with public access (utility, drainage, etc.) are reviewed at the staff level with a fee of \$505.

Issues Identified:

The significant cost of the application fee results in applicants wanting a high level of confidence in the potential success of the vacation before applying. As a result, a significant amount of staff analysis tends to occur prior to application. Most inquiries do not result in an application and thus no cost recovery occurs.

Proposed Fee Structure Change:

Similar to the “Annexation Feasibility Study,” divide the current fee into two parts to separate review and analysis from the legal and administrative processes associated with city council action. Replace existing \$9,230 fee with \$4,000 vacation feasibility study and \$5,230 vacation processing fee.

Review Type	Current Fee	Proposed Fee
Right-of-Way/Access Easement Vacation Processing	\$9,230	\$5,230
Right-of-Way/Access Easement Vacation Feasibility Study	\$0	\$4,000

Concept Plan Review/Site Review

Background:

Staff time-tracking data indicates an increase in time spent on Concept Plan Reviews and a decrease in time spent on Site Reviews. During the past several years, the level of detail of Concept Plan submittals has increased considerably to address requests by the Planning Board. Staff review time has increased to provide associated detailed review and comment. Additional detail has also resulted in greater demand for revisions, which were not previously included in the Concept Plan process. Concept Plan does not include an hourly fee component as revisions were not anticipated. Greater resolution of issues at Concept Plan appears to have contributed to a reduction in staff hours spent during Site Review.

Issues Identified:

- Current fees may not be equitable based on existing procedures

Proposed Fee Structure Change Options:

- Maintain existing fees and work with Planning Board and stakeholders to return to less detailed Concept Plan review process.
- Increase Concept Plan flat review fee and decrease Site Review fee based on available case averages (**Recommended option - Planning Board will continue to discuss this process which will help inform future fee changes in this area.**)
- Formalize revision process for Concept Plan and charge hourly revision fee. Reduce Site Review fee accordingly.
- Adjust thresholds for Concept Plan to better reflect current development trends.
- Develop a three-tiered Concept Plan fee structure with a “Simple” category for vacant sites and a “Complex” category for complex urban sites.

Review Type	Current Fee	Proposed Fee
Concept Plan	\$6,915	\$8,915
Complex Site Review	\$26,895	\$24,895

VIII. EDUCATION EXCISE TAXES

Guiding Questions for City Council:

8. Does City Council want to make any changes to the education excise tax (EET)?

Background

Council’s EET ordinance allows the city to charge up to \$3.43 per square foot on new residential development. The current EET rate on residential development is \$1.18 per square foot of residential development, up to a cap of 6,000 square feet. Since first implemented in 1995, the city’s policy has been to increase the rate each year by the Consumer Price Index (CPI) and to levy the charge only on the first 6,000 square feet. There is no legal restriction, however, precluding council from increasing the rate by an amount greater than the CPI so long as it stays

beneath the voter-approved limit of \$3.43, nor is council legally limited from having the rate apply only to the first 6,000 square feet of residential development. Additional background on the EET may be found in the Sept. 9, 2008 study session memo:

<http://www.bouldercolorado.gov/files/City%20Council/Study%20Sessions/2008/09-09-08/eet.pdf>

As of July 1, 2008, the EET fund balance was \$4,884,417. This does not account for the up to \$300,000 in funding authorized and appropriated but not yet disbursed for new athletic field lights for Boulder and Fairview High Schools or for the up to \$1,800,000 authorized but not yet disbursed for Gold LEED certification of the Casey Middle School rebuild. Accounting for those commitments, the available balance is \$2,784,417.

At its Sept. 9 study session, council was asked if it wanted to provide any direction to staff on options for changing the EET rate or for eliminating it altogether. Council's response on this question was mixed. Some council members indicated a desire to maintain the rate as is and indicated that it was an important source of revenue for the city. Other council members indicated a desire to reduce or eliminate the fee because the funds were no longer being used for what they were intended. It was also indicated that, in light of the likely need to increase other development related fees to fund essential city services, it would be strategically necessary to reduce the EET. In that regard, it was noted that the EET equaled approximately 40 percent of the total development fee burden imposed on new residential development. Council ultimately indicated a lack of interest in having staff evaluate any options for changing the current EET rate at this time.

IX. WRAP-UP/NEXT STEPS

Guiding Questions for City Council:

9. Does City Council have any overall comments or questions on the proposed development related fee changes?
10. What feedback does City Council have regarding proposed implementation steps?

In summary, the proposed development related fee changes presented include PIF methodology changes with a phased implementation (50 percent in 2009), building permit and development review fee changes, and two options for DET/Impact fee changes. Table I on page 5 demonstrates the cumulative impact of the proposed development related fee changes currently under consideration for 2009. Development review fees were not included in the table as they are not part of the building permit process.

If City Council supports the staff recommended fee changes, the following next steps are proposed:

2008

- Nov. 12, 2008 City Council meeting - summary from the Oct. 14 study session scheduled for review and acceptance; first reading of proposed fee changes for building permit, development review and plant investment fees
- Dec 2, 2008 City Council meeting- second reading/public hearing and consideration of an ordinance to implement proposed fee changes
- Finalize Impact Fee/Development Excise Tax Study

2009

- Jan 5, 2009 - proposed building permit, development review and plant investment fee changes become effective
- First Quarter - City Council direction on preferred DET/Excise Tax Option
- First Quarter - City Council considers an ordinance to implement proposed impact fees

If council would like to amend or alter any of the proposed fee changes/implementation steps, a revised schedule could be brought back to council at a later date.

ATTACHMENTS:

- A: PIF Phase In Over Two-Years
- B: Proposed Options for Development Related Fee Changes (Scenarios)
- C: 2008 Development Related Fee and Tax Comparison with Other Front Range Communities
- D: Memo from Carson Bise
- E: Ordinance 6019
- F: Advantages and Disadvantages of PIF Options Presented at the July 15, 2008 Study Session
- G: Square Foot Construction Cost Table
- H: Building Permit Fee Table

PIF Phase-in over Two Years

This chart demonstrates the full impact of the proposed two-year phase-in of the PIFs. It does not include any other fee changes or CPI increases in 2010.

Development Scenario	Current Fees	DET Option 1 (Impact Fees)				DET Option 2 (Hybrid)			
		2009 Proposed Fees (PIF 50%)	% Change (2008- 2009)	2010 Proposed Fees (PIF 100%)	% Change (2009- 2010)	2009 Proposed Fees (PIF 50%)	% Change (2008- 2009)	2010 Proposed Fees (PIF 100%)	% Change (2009- 2010)
New Commercial									
Building Permits	\$7,481	\$8,390	12%	\$8,390	0%	\$8,390	12%	\$8,390	0%
Sales and Use Taxes	\$6,523	\$9,315	43%	\$9,315	0%	\$9,315	43%	\$9,315	0%
Excise Taxes/Impact Fees ¹	\$21,993	\$20,499	-7%	\$20,499	0%	\$25,596	16%	\$25,596	0%
Education Excise Taxes	\$0	\$0	0%	\$0	0%	\$0	0%	\$0	0%
PIFs ²	\$36,468	\$43,009	18%	\$56,659	32%	\$43,009	18%	\$56,659	32%
Materials and Permit Fees	\$3,785	\$3,785	0%	\$3,785	0%	\$3,785	0%	\$3,785	0%
Total	\$76,249	\$84,999	11%	\$98,649	16%	\$90,096	18%	\$103,746	15%
Commercial Tenant Finish									
Building Permits	\$2,934	\$5,124	75%	\$5,124	0%	\$5,124	75%	\$5,124	0%
Sales and Use Taxes	\$2,923	\$7,957	172%	\$7,957	0%	\$7,957	172%	\$7,957	0%
Excise Taxes/Impact Fees ¹	\$0	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Education Excise Taxes	\$0	\$0	0%	\$0	0%	\$0	0%	\$0	0%
PIFs ²	\$31,728	\$53,544	69%	\$75,361	41%	\$53,544	69%	\$75,361	41%
Materials and Permit Fees	\$3,107	\$3,107	0%	\$3,107	0%	\$3,107	0%	\$3,107	0%
Total	\$40,692	\$69,732	71%	\$91,549	31%	\$69,732	71%	\$91,549	31%
New Single Family									
Building Permits	\$5,688	\$4,674	-18%	\$4,674	0%	\$4,674	-18%	\$4,674	0%
Sales and Use Taxes	\$10,180	\$8,761	-14%	\$8,761	0%	\$8,761	-14%	\$8,761	0%
Excise Taxes/Impact Fees ¹	\$6,592	\$7,119	8%	\$7,119	0%	\$10,687	62%	\$10,687	0%
Education Excise Taxes	\$5,310	\$5,445	3%	\$5,445	0%	\$5,445	3%	\$5,445	0%
PIFs	\$18,045	\$23,859	32%	\$29,673	24%	\$23,859	32%	\$29,673	24%
Materials and Permit Fees	\$1,413	\$1,413	0%	\$1,413	0%	\$1,413	0%	\$1,413	0%
Total	\$47,229	\$51,271	9%	\$57,085	11%	\$54,839	16%	\$60,654	11%
Single Family Addition									
Building Permits	\$4,082	\$3,352	-18%	\$3,352	0%	\$3,352	-18%	\$3,352	0%
Sales and Use Taxes	\$7,239	\$6,230	-14%	\$6,230	0%	\$6,230	-14%	\$6,230	0%
Excise Taxes/Impact Fees ¹	\$0	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Education Excise Taxes	\$0	\$0	0%	\$0	0%	\$0	0%	\$0	0%
PIFs	\$10,021	\$2,482	-75%	\$3,271	32%	\$2,482	-75%	\$3,271	32%
Materials and Permit Fees	\$1,186	\$1,186	0%	\$1,186	0%	\$1,186	0%	\$1,186	0%
Total	\$22,528	\$13,250	-41%	\$14,039	6%	\$13,250	-41%	\$14,039	6%
New Multi-family									
Building Permits	\$18,361	\$16,783	-9%	\$16,783	0%	\$16,783	-9%	\$16,783	0%
Sales and Use Taxes	\$29,629	\$29,224	-1%	\$29,224	0%	\$29,224	-1%	\$29,224	0%
Excise Taxes/Impact Fees ¹	\$25,035	\$28,355	13%	\$28,355	0%	\$42,633	70%	\$42,633	0%
Education Excise Taxes	\$18,264	\$18,728	3%	\$18,728	0%	\$18,728	3%	\$18,728	0%
PIFs	\$98,734	\$109,830	11%	\$120,926	10%	\$109,830	11%	\$120,926	10%
Materials and Permit Fees	\$4,048	\$4,048	0%	\$4,048	0%	\$4,048	0%	\$4,048	0%
Total	\$194,071	\$206,969	7%	\$218,065	5%	\$221,246	14%	\$232,342	5%

¹ Includes the development excise tax (fire, human services, library, parks and recreation, police, and transportation) and the housing excise tax

² Commercial/Industrial/Institutional (CII) with a 1 inch meter and 50 percent of average winter consumption (AWC)

**2009 Proposed Options for Development Related Fee Changes
(New Commercial Scenario)**

	Current 2008	Proposed Building Permit & PIF Fee Changes DET Option I	Proposed Building Permit & PIF Fee Changes DET Option II
Building Permit Fees	\$5,762	\$6,314	\$6,314
Plan Check Fee	\$1,718	\$2,077	\$2,077
Sales and Use Taxes	\$6,523	\$9,315	\$9,315
Development Excise Tax	\$5,097	\$0	\$18,426
Transportation Excise Tax	\$13,329	\$13,329	
Impact Fees	\$0	\$3,604	\$3,604
Housing Excise Tax	\$3,566	\$3,566	\$3,566
Education Excise Tax	\$0	\$0	\$0
Water Plant Investment Fees	\$9,995	\$3,555	\$3,555
Wastewater Plant Investment Fees	\$1,910	\$1,389	\$1,389
Stormwater/Flood Plant Investment Fees	\$17,903	\$26,306	\$26,306
Irrigation PIF	\$6,660	\$11,759	\$11,759
Water Rights Fee	n/a	n/a	n/a
Permits, Taps, Inspections and Meter Fees	\$3,785	\$3,785	\$3,785
Total	\$76,249	\$84,999	\$90,096

Assumptions for a New Commercial Building Scenario
7,430 sq. ft building (50% retail/50% storage/warehouse)

Total Valuation (sq ft costs)	321,310
Electrical	62,930
Mechanical	28,234
Plumbing	19,800

Building Permit Fees Include:

- Building Permits
- Electrical Permit
- Mechanical Permit
- Plumbing Permit
- Energy Check

- Sprinklers (fire protection) 4"
- Water 1" (40gpm)
- Sewer 4"
- Irrigation 3/4" (10gpm)
- Flood (impervious surface) 19,097 sq ft

	Area (square feet)
Lot	25,124
Building	7,430
retail	3,715
warehouse/storage	3,715
Parking	11,667
Landscaping	6,027
ROW landscaping	1,000

For building permit fees, the current valuation (\$321,310) is based on a per square foot cost of \$54.86 (retail) and \$31.63 (warehouse). For Options I & II, the valuation is \$458,877 and is based on a per square foot cost of \$74.67 (retail) and \$48.85 (warehouse).

**2009 Proposed Options for Development Related Fee Changes
(Commercial Tenant Remodel Scenario)**

	Current 2008	Proposed Building Permit & PIF Fee Changes DET Option I	Proposed Building Permit & PIF Fee Changes DET Option II
Building Permit Fees	\$1,979	\$3,306	\$3,306
Plan Check Fee	\$955	\$1,818	\$1,818
Sales and Use Taxes	\$2,923	\$7,957	\$7,957
Development Excise Tax	\$0	\$0	\$0
Transportation Excise Tax	\$0	\$0	\$0
Impact Fees	\$0	\$0	\$0
Housing Excise Tax	\$0	\$0	\$0
Education Excise Tax	\$0	\$0	\$0
Water Plant Investment Fees	\$26,640	\$39,677	\$39,677
Wastewater Plant Investment Fees	\$5,088	\$13,868	\$13,868
Stormwater/Flood Plant Investment Fees	\$0	\$0	\$0
Permits, Taps, Inspections and Meter Fees	\$3,107	\$3,107	\$3,107
Total	\$40,692	\$69,732	\$69,732

Assumptions for a Commercial Tenant Remodel Scenario

Existing: 50,000 sq.ft. bldg/8,000 sq.ft. tenant remodel (commercial/retail)

Total Valuation (sq ft costs)	144,000
Electrical	6,000
Mechanical	10,000
Plumbing	1,000

	Area (square feet)
Lot	100,000
Building	50,000
Building (remodel sq. ft)	8,000
Parking	30,000
Landscaping	20,000
ROW landscaping	2,400
Impervious surface	80,000

Sprinklers (fire protection)	4"
Water	1" (40gpm)
Sewer	4" (40 gpm)
Irrigation	3/4" (10gpm)

Building Permit Fees Include:

- Building Permits
- Electrical Permit
- Mechanical Permit
- Plumbing Permit
- Energy Check

Resultant: 50,000 sq. ft one story building (100% Commercial/Retail)

Total Valuation (sq ft cost)	391,960
Electrical	6,000
Mechanical	10,000
Plumbing	1,000

	Area (square feet)
Lot	100,000
Building	50,000
Building	8,000
Parking	30,000
Landscaping	20,000
ROW landscaping	2,400
Impervious surface	80,000

Sprinklers (fire protection)	4"
Water	2" (88gpm)
Sewer	4" (88 gpm)
Irrigation	3/4" (10gpm)

For building permit fees, the current valuation is based on a per square foot cost of \$18.00 (average given by applicant) and the proposed per square foot cost (Options 1 & II) is \$49.00.

**2009 Proposed Options for Development Related Fee Changes
(New Single-Family Scenario)**

	Current 2008	Proposed Building Permit & PIF Fee Changes DET Option I	Proposed Building Permit & PIF Fee Changes DET Option II
Building Permit Fees	\$4,727	\$3,915	\$3,915
Plan Check Fee	\$962	\$759	\$759
Sales and Use Taxes	\$10,180	\$8,761	\$8,761
Development Excise Tax	\$3,536	\$0	\$5,630
Transportation Excise Tax	\$2,043	\$2,062	
Impact Fees	\$0	\$4,022	\$4,022
Housing Excise Tax	\$1,013	\$1,035	\$1,035
Education Excise Tax	\$5,310	\$5,445	\$5,445
Water Plant Investment Fees	\$11,995	\$15,200	\$15,200
Wastewater Plant Investment Fees	\$2,290	\$3,145	\$3,145
Stormwater/Flood Plant Investment Fees	\$3,760	\$5,515	\$5,515
Permits, Taps, Inspections and Meter Fees	\$1,413	\$1,413	\$1,413
Total	\$47,229	\$51,272	\$54,839

Assumptions for a New Single-Family Residential Scenario

4,500 sq. ft building 5 bedrooms, 4 bathrooms
 Units 1
 Total Valuation (501,480
 Electrical 4,500
 Mechanical 12,000
 Plumbing 13,000

Building Permit Fees Include:

Building Permits
 Electrical Permit
 Mechanical Permit
 Plumbing Permit
 Energy Check

Water 3/4" (24gpm)
 Sewer 4" (24gpm)
 Flood (impervious surface) 4,000 sq ft

Area (square feet)

Lot 7,000
 Building 4,500
 Landscaping 3,000
 ROW landscapir 400

For building permit fees, the current valuation (\$501,480) is based on a per square foot cost of \$111.44 and the proposed valuation for Options I & II is \$431,595 and is based on a per square foot cost of \$95.91.

**2009 Proposed Options for Development Related Fee Changes
(Single-Family Addition Scenario)**

	Current 2008	Proposed Building Permit & PIF Fee Changes DET Option I	Proposed Building Permit & PIF Fee Changes DET Option II
Building Permit Fees	\$3,364	\$2,780	\$2,780
Plan Check Fee	\$719	\$573	\$573
Sales and Use Taxes	\$7,239	\$6,230	\$6,230
Development Excise Tax	\$0	\$0	\$0
Transportation Excise Tax	\$0	\$0	\$0
Impact Fees	\$0	\$0	\$0
Housing Excise Tax	\$0	\$0	\$0
Education Excise Tax	\$0	\$0	\$0
Water Plant Investment Fees	\$6,995	\$0	\$0
Wastewater Plant Investment Fees	\$1,334	\$0	\$0
Stormwater/Flood Plant Investment Fees	\$1,692	\$2,482	\$2,482
Permits, Taps, Inspections and Meter Fees	\$1,186	\$1,186	\$1,186
Total	\$22,528	\$13,250	\$13,250

Assumptions for a Single-Family Residential Addition Scenario

Existing: 1,800 sq ft building with 3 bedrooms, 2 bathrooms

Units	1
Total Valuation (sq ft costs)	356,608
Electrical	3,200
Mechanical	8,500
Plumbing	9,200

	Area (square feet)
Lot	7,000
Building	1,800
Landscaping	4,400
ROW landscaping	400
Impervious surface	2,600

Water	3/4" (18 gpm)
Sewer	4" (24 gpm)

Building Permit Fees Include:

- Building Permits
- Electrical Permit
- Mechanical Permit
- Plumbing Permit

Resultant: 5,000 sq ft building with 5 bedrooms, 5 bathrooms

Units	1
Total Valuation (sq ft costs)	306,912
Electrical	3,200
Mechanical	8,512
Plumbing	9,200

	Area (square feet)
Lot	7,000
Building	5,000
Landscaping	2,600
ROW landscaping	400
Flood (impervious surface)	4,400

Water	1" (27 gpm)
Sewer	4" (27 gpm)

For building permit fees, the current valuation is based on a per square foot cost of \$111.44 and for Options I & II the proposed per square foot cost is \$95.91.

**2009 Proposed Options for Development Related Fee Changes
(New Multifamily Scenario)**

	Current 2008	Proposed Building Permit & PIF Fee Changes DET Option I	Proposed Building Permit & PIF Fee Changes DET Option II
Building Permit Fees	\$12,752	\$11,796	\$11,796
Plan Check Fee	\$5,609	\$4,987	\$4,987
Sales and Use Taxes	\$29,629	\$29,224	\$29,224
Development Excise Tax	\$14,151	\$0	\$21,745
Transportation Excise Tax	\$7,401	\$7,467	
Impact Fees	\$0	\$17,328	\$17,328
Housing Excise Tax	\$3,483	\$3,560	\$3,560
Education Excise Tax	\$18,264	\$18,728	\$18,728
Water Plant Investment Fees	\$67,950	\$68,370	\$68,370
Wastewater Plant Investment Fees	\$12,996	\$15,370	\$15,370
Stormwater/Flood Plant Investment Fees	\$17,788	\$26,090	\$26,090
Permits, Taps, Inspections and Meter Fees	\$4,048	\$4,048	\$4,048
Total	\$194,071	\$206,969	\$221,246

Assumptions for a New Multifamily Scenario

15,478 sq. ft building Five 3 bedroom/4 bath, One 4 bedroom/6 bath unit
 Units 6
 Total Valuation (sq ft costs) 1,459,575
 Electrical 120,000
 Mechanical 77,000
 Plumbing 84,000

Building Permit Fees Include:

Building Permits
 Electrical Permit
 Mechanical Permit
 Plumbing Permit
 Energy Check

Sprinklers (fire protection) 4"
 Water 1.5" (54gpm)
 Sewer 4"
 Irrigation 3/4" (8gpm)
 Flood (impervious surface) 18,923 sq ft

Area (square feet)

Lot 28,175
 Building 15,478
 Parking 0
 Landscaping 9,252
 ROW landscaping 500

For building permit fees, the current valuation (\$1,459,575) is based on a per square foot cost of \$94.30 and for Options I & II the valuation is \$1,439,609 and is based on a per square foot cost of \$93.01.

ATTACHMENT C

2008 Development Related Fee and Tax Comparison
with Other Front Range Colorado Communities
(Commercial Scenario)

	Boulder	Boulder (Option I)	Boulder (Option II)	Broomfield	Ft.Collins	Lafayette	Longmont	Louisville	Loveland	Westminster
Building Permit Fees	\$5,762	\$6,314	\$6,314	\$2,177	\$1,334	\$3,185	\$2,572	\$3,132	\$3,725	\$2,325
Plan Check Fee	\$1,718	\$2,077	\$2,077	\$1,415	\$642	\$1,415	\$1,672	\$1,454	\$1,454	\$1,512
Sales and Use Taxes	\$6,523	\$9,315	\$9,315	\$6,667	\$6,105	\$8,001	\$6,306	\$6,466	\$6,105	\$6,185
Development Excise Tax	\$5,097	\$0	\$18,426	n/a						
Transportation Excise Tax	\$13,329	\$13,329		n/a						
Impact Fees	n/a	\$3,604	\$3,604	n/a						
Housing Excise Tax	\$3,566	\$3,566	\$3,566	n/a						
Education Excise Tax	n/a	\$0	\$0	n/a						
Electric Community Investment Fee	n/a	n/a	n/a	n/a	n/a	n/a	\$1,445	n/a	\$900	n/a
School District Impact Fees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Service Expansion	n/a	n/a	n/a	n/a	n/a	\$892	n/a	n/a	n/a	n/a
Capital Expansion/Community Investment Fees	n/a	n/a	n/a	n/a	\$4,309	n/a	\$2,601	\$632	\$4,309	n/a
Street Oversizing Capital Expansion Fees	n/a	n/a	n/a	n/a	\$28,160	n/a	\$7,469	\$17,981	\$19,578	n/a
Parkland Fees/Parks Development Fees	n/a	n/a	n/a	n/a	n/a	\$2,229	n/a	n/a	n/a	n/a
Public Arts Fee	n/a	n/a	n/a	n/a	n/a	\$186	n/a	n/a	n/a	n/a
Land Dedication Fees	n/a	n/a	n/a	n/a	n/a	\$2,895	n/a	n/a	n/a	n/a
Water Plant Investment Fees	\$9,995	\$3,555	\$3,555	\$18,653	\$6,970	\$9,360	\$10,100	\$22,550	\$4,300	\$12,513
Wastewater Plant Investment Fees	\$1,910	\$1,389	\$1,389	\$35,281	\$6,206	\$6,360	\$4,300	\$11,275	\$2,480	\$6,898
Stormwater/Flood Plant Investment Fees	\$17,903	\$26,306	\$26,306	n/a	\$1,938	\$2,512	\$2,211	n/a	\$440	n/a
Irrigation PIF	\$6,660	\$11,759	\$11,759	\$14,489	\$6,790	n/a	\$16,500	n/a	n/a	\$10,611
Water Rights Fee	n/a	n/a	n/a	n/a	\$11,700	\$9,211	\$6,901	\$22,550	\$5,022	\$19,482
Permits, Taps, Inspections and Meter Fees	\$3,785	\$3,785	\$3,785	\$1,232	\$1,027	\$330	\$303	n/a	\$809	\$768
Total	\$76,249	\$84,999	\$90,096	\$79,914	\$75,181	\$46,575	\$62,379	\$86,039	\$49,122	\$60,294

Assumptions for a New Commercial Building Scenario
7,430 sq. ft building (50% retail/50% warehouse)

Total Valuation (sq ft costs)	321,310
Electrical	62,930
Mechanical	28,234
Plumbing	19,800

	Area (square feet)
Lot	25,124
Building	7,430
retail	3,715
warehouse/storage	3,715
Parking	11,667
Landscaping	6,027
ROW landscaping	1,000

Building Permit Fees Include:
Building Permits
Electrical Permit
Mechanical Permit
Plumbing Permit
Energy Check

Sprinklers (fire protection)
Water 4"
Sewer 4"
Irrigation 3/4" (10gpm)
Flood (impervious surface) 80,000 sq ft

**2008 Development Related Fee and Tax Comparison
with Other Front Range Colorado Communities
(Single Family Scenario)**

	Boulder	Boulder (Option 1)	Boulder (Option II)	Broomfield	Ft. Collins	Lafayette	Longmont	Louisville	Loveland	Westminster
Building Permit Fees	\$4,727	\$3,915	\$3,915	\$3,205	\$1,941	\$3,363	\$3,729	\$4,541	\$3,787	\$2,692
Plan Check Fee	\$982	\$759	\$759	\$2,083	\$935	\$2,108	\$1,865	\$2,108	\$2,108	\$1,750
Sales and Use Taxes	\$10,180	\$8,761	\$8,761	\$10,406	\$9,528	\$12,487	\$10,420	\$1,630	\$9,528	\$9,653
Development Excise Tax/Impact Fees	\$3,536	\$0	\$5,630	n/a	n/a	n/a	\$983	\$4,902	n/a	n/a
Transportation Excise Tax/Impact Fees	\$2,043	\$2,062		n/a	n/a	n/a	\$802	\$1,753	n/a	n/a
Impact Fees		\$4,022	\$4,022	n/a						
Housing Excise Tax	\$1,013	\$1,035	\$1,035	n/a						
Education Excise Tax	\$5,310	\$5,445	\$5,445	n/a						
Electric Community Investment Fee	n/a	n/a	n/a	n/a	n/a	n/a	\$462	n/a	\$1,300	n/a
School District Impact Fees	n/a	n/a	n/a	n/a	\$1,800	n/a	n/a	n/a	\$1,382	n/a
Service Expansion Fees	n/a	n/a	n/a	\$4,500	n/a	\$925	n/a	n/a	n/a	n/a
Capital Expansion Fees	n/a	n/a	n/a	n/a	\$3,547	n/a	n/a	n/a	\$6,361	n/a
Street Oversizing Capital Expansion Fees	n/a	n/a	n/a	n/a	\$2,792	n/a	n/a	n/a	\$2,045	n/a
Parkland Fees/Parks Development Fees	n/a	n/a	n/a	n/a	\$1,969	\$1,250	n/a	n/a	\$3,032	\$1,854
Public Arts Fee	n/a	n/a	n/a	n/a	n/a	\$25	n/a	n/a	n/a	n/a
Land Dedication Fees	n/a	n/a	n/a	n/a	n/a	\$1,680	n/a	n/a	n/a	\$876
Water Plant Investment Fees	\$11,995	\$15,200	\$15,200	\$22,454	\$3,250	\$9,360	\$7,200	\$22,850	\$4,300	\$12,513
Wastewater Plant Investment Fees	\$2,290	\$3,145	\$3,145	\$8,427	\$3,194	\$6,360	\$3,000	\$3,221	\$2,480	\$3,631
Stormwater/Flood Plant Investment Fees	\$3,760	\$5,515	\$5,515	n/a	\$406	\$700	\$709	n/a	\$515	n/a
Water Rights Fee	n/a	n/a	n/a	n/a	\$4,653	\$16,623	\$6,502	n/a	\$5,022	\$6,812
Permits, Taps, Inspections and Meter Fees	\$1,413	\$1,413	\$1,413	\$641	\$351	\$330	\$187	n/a	\$694	\$299
Total	\$47,229	\$51,271	\$54,839	\$51,716	\$34,366	\$55,211	\$35,860	\$41,004	\$42,554	\$39,880

Assumptions for Single Family Residential
4,500 sq. ft building
Units 1
Total Valuation (sq ft costs) 501,480
Electrical 4,500
Mechanical 12,000
Plumbing 13,000
530,980
Area (square feet)
Lot 7,000
Building 4,500
Landscaping 3,000

Building Permit Fees Include:
Building Permits
Electrical Permit
Mechanical Permit
Plumbing Permit
Energy Check

Sprinklers (fire protection) 4"
Water 3/4" (24gpm)
Sewer 4"
Flood (impervious surface) 4,000 sq ft

**2008 Development Related Fee and Tax Comparison
with Other Front Range Colorado Communities
(Multi-Family Scenario)**

	Boulder	Boulder (Option 1)	Boulder (Option II)	Broomfield	Ft.Collins	Lafayette	Longmont	Louisville	Loveland	Westminster
Building Permit Fees	\$12,752	\$11,796	\$11,796	\$7,262	\$4,797	\$6,999	\$7,910	\$9,366	\$9,699	\$5,581
Plan Check Fee	\$5,809	\$4,987	\$4,987	\$4,720	\$2,309	\$4,471	\$3,955	\$4,324	\$4,471	\$3,828
Sales and Use Taxes	\$29,629	\$29,224	\$29,224	\$30,286	\$27,732	\$36,343	\$28,644	\$4,744	\$27,732	\$28,097
Development Excise Tax/Impact Fees	\$14,151	\$0	\$21,745	n/a	n/a	n/a	\$5,898	\$17,208	n/a	n/a
Transportation Excise Tax/Impact Fees	\$7,401	\$7,467		n/a	n/a	n/a	\$2,393	\$8,556	n/a	n/a
Impact Fees		\$17,328	\$17,328	n/a						
Housing Excise Tax	\$3,483	\$3,560	\$3,560	n/a						
Education Excise Tax	\$18,264	\$18,728	\$18,728	n/a						
Electric Community Investment Fee	n/a	n/a	n/a	n/a	n/a	n/a	\$1,620	n/a	\$7,800	n/a
School District Impact Fees	n/a	n/a	n/a	n/a	\$5,400	n/a	n/a	n/a	\$5,676	n/a
Service Expansion Fees	n/a	n/a	n/a	\$15,478	n/a	\$3,900	n/a	n/a	n/a	n/a
Capital Expansion Fees	n/a	n/a	n/a	n/a	\$21,282	n/a	n/a	n/a	\$38,166	n/a
Street Oversizing Capital Expansion Fees	n/a	n/a	n/a	n/a	\$10,410	n/a	n/a	n/a	\$8,616	n/a
Parkland Fees/Parks Development Fees	n/a	n/a	n/a	n/a	\$11,814	\$1,250	n/a	n/a	\$18,192	\$8,064
Public Arts Fee	n/a	n/a	n/a	n/a	n/a	\$25	n/a	n/a	n/a	n/a
Land Dedication Fees	n/a	n/a	n/a	n/a	n/a	\$6,762	n/a	n/a	n/a	\$2,808
Water Plant Investment Fees	\$67,950	\$68,370	\$68,370	\$53,890	\$17,337	\$35,100	\$33,100	\$114,090	\$26,860	\$60,188
Wastewater Plant Investment Fees	\$12,996	\$15,370	\$15,370	\$50,562	\$12,414	\$23,580	\$8,140	\$19,326	\$13,740	\$23,650
Stormwater/Flood Plant Investment Fees	\$17,788	\$26,090	\$26,090	n/a	\$1,920	\$2,818	\$2,191	n/a	\$2,072	n/a
Water Rights Fee	n/a	n/a	n/a	n/a	\$23,165	\$49,869	\$26,171	n/a	\$29,235	\$20,436
Permits, Taps, Inspections and Meter Fees	\$4,048	\$4,048	\$4,048	\$1,706	\$1,538	\$585	\$804	n/a	\$2,611	\$2,928
Total	\$194,071	\$206,969	\$221,246	\$163,904	\$140,118	\$171,703	\$120,826	\$177,614	\$194,870	\$155,380

Assumptions for Multi-Family Scenario:

15,478 sq. ft building	
Units	8
Total Valuation (sq ft costs)	1,458,575
Electrical	120,000
Mechanical	77,000
Plumbing	84,000
Area (square feet)	
Lot	28,175
Building	15,478
Parking	0
Landscaping	9,252

Building Permit Fees Include:

Building Permits
Electrical Permit
Mechanical Permit
Plumbing Permit
Energy Check

Sprinklers (fire protection):

Water	1.5" (54 gpm)
Sewer	4" (54 gpm)
Irrigation	3/4" (8 gpm)
Flood (impervious surface)	18,923 sq ft



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WWW.TISCHLERBISE.COM

MEMORANDUM

To: Susan Richstone
City of Boulder

From: L. Carson Bise II, AICP
TischlerBise, Inc.

Date: September 18, 2008

Subject: Follow Up on Impact Fee/Excise Tax Discussion

As you requested, I have prepared this memorandum addressing some of the issues/questions raised during the July 22nd meeting with the City Council. These issues/questions are discussed in turn.

Data Issues

The question was asked about what data would be helpful for the City to start collecting in order to enhance the assumptions used in the calculations. I offer the following suggestions:

- Calls for police services by land use type (i.e. residential versus nonresidential)
- Tracking of residential versus nonresidential utilization of human services programs and facilities
- Tracking of residential versus nonresidential utilization of parks and recreation programs and facilities
- Tracking of residential versus nonresidential utilization of library services and facilities

Additions and Replacements

Another question that was raised had to do with the imposition of impact fees on additions and replacements. This should be addressed in your ordinance and is really a question for the City's Attorney. The current residential impact fee/DET calculations do not lend themselves to this type of approach, as the fee amounts are calculated per unit. However, if the residential fees were calculated based on square footage (which we have the data to do so if the City desires), this approach becomes more palatable related to additions. Theoretically, under the square footage approach, replacement units could be assessed the difference between the original size

and the new size. Under the traditional impact fee/DET approach, TischlerBise feels it is inappropriate to assess replacement units.

Parks

Another question came up about the appropriateness of the buy-in approach for parks. As discussed at the Council Meeting, this is strictly a policy issue and is up to the City to decide. We have gone on record as being opposed to this idea due to the fact the City is not paying off debt service for the purchase of existing park land. Without outstanding debt service, we feel the inclusion of buy-in for land would be viewed as a revenue raising mechanism, which is not the intent of impact fees. However, excise taxes are a revenue raising mechanisms, where a buy-in component would be acceptable.

There has also been considerable discussion at the staff and Council level regarding the appropriateness of including a separate land component to the parks category. One of the reasons cited is the need for a park associated with the proposed Transit Village. In our opinion, this is not appropriate for several reasons. First, the City has gone on record that it has adequate park land. Second, the Transit Village Implementation Plan refers to this park as a “pocket park”, by definition serving a limited area smaller than a citywide park, which is the level of park on which the impact fee is based. Inclusion of pocket parks in an impact program typically requires collection and expenditure zones due to their small geographic service areas. This presents an added layer of complexity that is not worth the return in our opinion. A more desirable approach would be a special assessment for this park and related improvements, or the creation of a special impact fee zone just for this area.

Hybrid Approach

There was also discussion at the meeting regarding a hybrid approach that utilized impact fees and development excise taxes. In other words, an excise tax would be used to recoup the cost of items that are not covered in the impact fee due to either limitations imposed by the Colorado Impact Act or case law. For example, the Colorado Impact Fee Act prohibits the inclusion of police vehicles. Under the hybrid approach, the impact fee would cover growth-related facilities and the excise tax the growth-related vehicles. Additionally, there was discussion related to an excise tax covering the share of transportation needs not covered by an impact fee.

This is an interesting approach – one that we have not encountered. However, I believe the City’s Attorney stated that at the City Council meeting that there is nothing to prohibit the City from pursuing this approach. However, any decision related to this approach should be considered within the context of how this will increase the City’s overall fee structure.

Recoupment of Administrative Costs

The recoupment of administrative costs and the cost of the fee study itself is a grey area. Some State enabling acts address this issue specifically, whereas the Colorado Statute does not. Since the Colorado Statute tends to be more conservative than others, we would feel more comfortable having the City Attorney make a determination regarding this matter.

ORDINANCE NO. 6019

AN ORDINANCE SUBMITTING A BALLOT ISSUE TO THE CITY'S ELECTORS AT A SPECIAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 3, 1998, TO INCREASE THE CITY'S DEVELOPMENT EXCISE TAX AND HOUSING EXCISE TAX ON NEW AND ANNEXING RESIDENTIAL DEVELOPMENT AND ON NEW, ANNEXING, AND EXPANDED NON-RESIDENTIAL DEVELOPMENT; REPEALING THE CITY'S TRANSPORTATION EXCISE TAX AND PARK LAND ACQUISITION AND DEVELOPMENT FEE; PERMITTING THE CITY COUNCIL TO ESTABLISH AND TO CHANGE THE PROCEDURES BY WHICH AND THE TIMES AT WHICH SUCH TAXES ARE ASSESSED AND COLLECTED; GIVING APPROVAL FOR THE COLLECTION, RETENTION, AND EXPENDITURE OF THE FULL DEVELOPMENT EXCISE TAX AND HOUSING EXCISE TAX PROCEEDS AND ANY EARNINGS RELATING THERETO NOTWITHSTANDING ANY STATE REVENUE OR EXPENDITURE LIMITATION; SETTING FORTH AN EFFECTIVE DATE; SETTING FORTH THE BALLOT TITLE; AND PROVIDING FURTHER DETAILS IN RELATION TO THE FOREGOING.

WHEREAS, the City of Boulder currently collects development-related impact fees and excise taxes for a variety of public facilities including parks and recreation, transportation, affordable housing, municipal facilities, libraries, fire and police facilities, and educational facilities, through a "Development Excise Tax," a "Transportation Excise Tax," a "Housing Excise Tax" a "Park Land Acquisition and Development Fee," and an "Educational Excise Tax," pursuant to city policy that new development should pay for growth-related impacts on public facilities; and

WHEREAS, the Educational Excise Tax was passed three years ago pursuant to Ordinance No. 5689, adopted November 8, 1994; and

WHEREAS, the Development Excise Tax was last updated six years ago (January, 1992), pursuant to Ordinance No. 5216, adopted August 1, 1989; and

WHEREAS, the Transportation Excise Tax was last updated seven years ago (July, 1991), pursuant to Ordinance No. 5216, adopted August 1, 1989; and

WHEREAS, the Park Land Acquisition and Development Fee was last updated one year ago (January, 1998), pursuant to Ordinance No. 5044, adopted June 16, 1987; and

WHEREAS, the city has commissioned a study of the above-mentioned existing city impact fees and excise taxes to determine whether the current, actual costs of providing the relevant facilities and services are adequately reflected in the existing fees and taxes, to determine whether land use assumptions and demand generators have changed since the last update, to determine whether the fee and tax calculation methodologies remain valid and appropriate and to determine whether additional facilities should be included in the fees and taxes; and

WHEREAS, the study has been completed and has calculated an impact fee or excise tax for the cost of each public facility cited above, as needed in support of new development, based on a "true buy-in" approach, a "replacement cost" method, a "plan-based" method, or a combination thereof, and has allocated these costs to projected commercial and residential development based upon the impact of such development on the public facilities; and

WHEREAS, the city council, after considering the study, seeks to provide revenues for the costs of the public facilities attributable to new or newly annexing development and to maintain the current levels of public facilities and services to existing and new residents and developments by imposing a higher development excise tax on persons engaged in commercial and residential development and on annexation of developed property into the city;

WHEREAS, the city council intends thereby to consolidate all city excise taxes and development fees within the development excise tax, with the sole exception of the education excise tax and the housing excise tax; and

WHEREAS, the city council intends thereby to implement, in part, the recommendations of the Development Excise Tax Study (1996), prepared by Tischler and Associates; and

WHEREAS, the city council currently intends to use the existing methodology for allocating the development excise tax, but such determination may be changed at any time; and

WHEREAS, in connection with such development excise tax election, the city council determines that repeal of the transportation excise tax, the housing excise tax, and the park land acquisition and development fee, the establishment of a new excise tax collection procedure, and approval for the collection, retention, and expenditure of the full tax proceeds and any earnings relating thereto are inextricably linked and must be included in the same ballot issue.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BOULDER, COLORADO:

Section 1. A special municipal election is hereby called to be held in the various precincts and at the polling places of the City of Boulder, County of Boulder and State of Colorado, on Tuesday, the 3rd day of November, 1998, between the hours of 7:00 a.m. and 7:00 p.m..

Section 2. At said election, there shall be submitted to the electors of the City of Boulder entitled by law to vote thereon the question set forth below. The official ballot punch card and the official absentee ballot shall contain the following ballot title, which shall also be the designation and submission clause for the measure:

QUESTION NO. _____

EXCISE TAX INCREASE ON NEW DEVELOPMENT

SHALL CITY OF BOULDER TAXES BE INCREASED BY UP TO \$2,000,000 ANNUALLY IN ORDER TO PROVIDE ADDITIONAL FINANCIAL RESOURCES FOR TRANSPORTATION, HOUSING, PARKS AND RECREATION, LIBRARIES, FIRE, POLICE, HUMAN SERVICES, AND OTHER MUNICIPAL FACILITIES AND SERVICES BY:

(1) REPEALING THE CITY'S TRANSPORTATION EXCISE TAX AND PARK LAND ACQUISITION AND DEVELOPMENT FEE AND CONSOLIDATING THEM IN THE DEVELOPMENT EXCISE TAX; AND

(2) PERMITTING THE CITY COUNCIL TO ESTABLISH, AND, FROM TIME TO TIME, TO CHANGE, THE PROCEDURES BY WHICH AND THE TIMES AT WHICH DEVELOPMENT AND HOUSING EXCISE TAXES ARE ASSESSED AND COLLECTED; AND

(3) WAIVING THE DEVELOPMENT EXCISE TAX AND THE HOUSING EXCISE TAX ON PERMANENTLY AFFORDABLE HOUSING, AS DEFINED BY THE CITY COUNCIL; AND

(4) PERMITTING THE CITY COUNCIL TO WAIVE OR REDUCE THE DEVELOPMENT EXCISE TAX AND THE HOUSING EXCISE TAX FROM TIME TO TIME IN ORDER TO ASSIST IN THE PROVISION OF AFFORDABLE HOUSING AND FACILITIES SERVING THE GENERAL PUBLIC AND IN ORDER TO PROMOTE DEVELOPMENT IN AN URBAN RENEWAL AREA ESTABLISHED UNDER STATE LAW; AND

(5) PERMITTING THE CITY COUNCIL TO INCREASE THE CITY'S AGGREGATE DEVELOPMENT EXCISE TAX ACCORDING TO THE FOLLOWING TABLE, WITH INCREASES FROM THE 1998 TAX LEVELS LIMITED BY THE CUMULATIVE INCREASE IN THE CONSUMER PRICE INDEX (ALL ITEMS) FOR THE DENVER METROPOLITAN AREA FROM JANUARY 1, 1999 (HEREINAFTER, "CPI"):

TYPE OF DEVELOPMENT	CURRENT	PROPOSED 1999	PROPOSED MAXIMUM (LIMITED BY CPI)
NEW AND ANNEXING DETACHED DWELLING UNIT	3,667.05	4,331.06	5,630.38
NEW AND ANNEXING ATTACHED DWELLING UNIT	2,369.03	2,787.77	3,624.10
NEW, ANNEXING AND EXPANDED NON- RESIDENTIAL DEVELOPMENT	1.45 PER SQUARE FOOT	1.91 PER SQUARE FOOT	2.48 PER SQUARE FOOT

(6) PERMITTING THE CITY COUNCIL TO INCREASE THE CITY'S HOUSING EXCISE TAX ACCORDING TO THE FOLLOWING TABLE, WITH INCREASES FROM THE 1998 TAX LEVELS LIMITED BY THE CUMULATIVE INCREASE IN THE CPI:

TYPE OF DEVELOPMENT	CURRENT	PROPOSED 1999	PROPOSED MAXIMUM (LIMITED BY CPI)
NEW AND ANNEXING DWELLING UNIT	.16 PER SQUARE FOOT	.18 PER SQUARE FOOT	.23 PER SQUARE FOOT
NEW, ANNEXING AND EXPANDED NON- RESIDENTIAL DEVELOPMENT	.34 PER SQUARE FOOT	.39 PER SQUARE FOOT	.51 PER SQUARE FOOT

and in connection therewith

SHALL THE FULL PROCEEDS OF SUCH TAXES AT SUCH RATES AND ANY EARNINGS THEREFROM BE COLLECTED AND SPENT WITHOUT LIMITATION OR CONDITION, AND WITHOUT LIMITING THE COLLECTION OR SPENDING OF ANY OTHER REVENUES OR FUNDS BY THE CITY OF BOULDER, UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

FOR THE MEASURE _____ AGAINST THE MEASURE _____

Section 3. If a majority of all the votes cast at the election on the measure submitted shall be for the measure, the measure shall be deemed to have passed and shall be effective on January

1, 1999, and it shall be lawful for the city council to provide for the amendment of its tax code in accordance with the measure approved.

Section 4. The election shall be conducted under the provisions of the Colorado Constitution, the charter and ordinances of the city, the Boulder Revised Code, 1981, and this ordinance, and all contrary provisions of the statutes of the State of Colorado are hereby superseded.

Section 5. The city clerk of the City of Boulder shall give public notice of the election on each measure:

(a) By causing a notice to be published in the Boulder Daily Camera, a daily newspaper of general circulation and published in the city, at least ten days before election day; and

(b) By mailing at the least cost to "All Registered Voters" at each address within the city at which a voter is registered no sooner than twenty-five days before the election, and no later than thirty days before the election, a notice entitled "NOTICE OF ELECTION TO INCREASE TAXES AND FOR A REVENUE CHANGE." This notice shall include only:

(I) the election date and hours for voting, the ballot title and text of the measure by this ordinance submitted to the voters and the office address and telephone number of the city clerk;

(II) the estimated total of city fiscal year spending for 1997 and partial fiscal year 1998 and each of the preceding four years, and the overall percentage and dollar changes;

(III) for 1999 and thereafter, city estimates of the maximum dollar amount of the proposed tax increase and of city spending without the increase;

(IV) two summaries, no more than five hundred words each, one for and one against the measure, of written comments filed with the city clerk no later than thirty days before the election. No summary shall mention names of persons or private groups, nor any endorsements of or resolutions against the measure. The city clerk shall maintain on file and accurately summarize all relevant written comments.

Section 6. The notice of the election shall include the ballot title.

Section 7. The officers of the city are authorized to take all action necessary or appropriate to effectuate the provisions of this ordinance.

Section 8. If any section, paragraph, clause, or provision of this ordinance shall for any reason be held to be invalid or unenforceable, such decision shall not affect any of the remaining provisions of this ordinance.

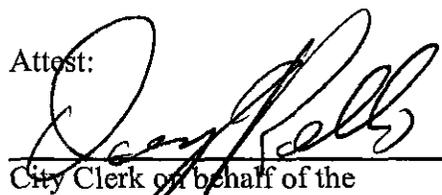
Section 9. This ordinance is necessary to protect the public health, safety and welfare of the residents of the city, and covers matters of local concern.

Section 10. The council deems it appropriate that this ordinance be published by title only and orders that copies of this ordinance be made available in the office of the city clerk for public inspection and acquisition.

INTRODUCED, READ ON FIRST READING, AMENDED, AND ORDERED
PUBLISHED BY TITLE ONLY this 18th day of August, 1998.



Mayor

Attest:


City Clerk on behalf of the
Director of Finance and Record

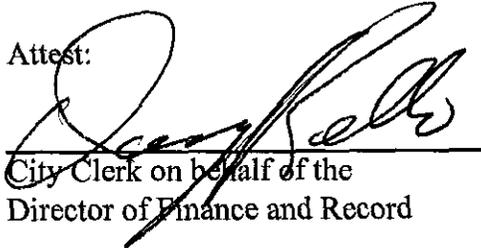
READ ON SECOND READING, PASSED, ADOPTED, AND ORDERED PUBLISHED

BY TITLE ONLY this 1st day of September, 1998.



Mayor

Attest:



City Clerk on behalf of the
Director of Finance and Record

ORDINANCE NO. 6019

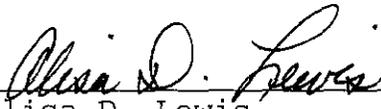
STATE OF COLORADO)
COUNTY OF BOULDER) SS.
CITY OF BOULDER)

CERTIFICATE

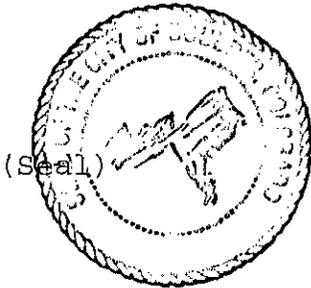
I, Alisa D. Lewis, City Clerk of said City in the County and State aforesaid, do hereby certify that the foregoing ordinance was introduced, read on first reading, at a regular meeting of the City Council thereof held on the 18th day of August, 1998, and that afterwards, to-wit: I caused the same to be published (by title only) on the 20th day of August, 1998, in the official paper of said City (the same being paper of general circulation published in said city), and that said publication was made ten days before the passage of said ordinance.

I hereby certify that the foregoing ordinance was afterwards duly and regularly passed and adopted, by the City Council of said City on second reading at a regular meeting thereof held on the 1st day of September, 1998, and that I caused the same to be published (by title only) on the 4th day of September, 1998, in the official paper of said city.

WITNESS my hand and the seal of said City of Boulder hereto affixed, this 8th day of September, 1998.



Alisa D. Lewis
City Clerk



cert2.ord

ADVANTAGES AND DISADVANTAGES OF PIF OPTIONS PRESENTED AT STUDY SESSION ON JULY 15, 2008

The tables below compare the current methodology with the proposed options (as discussed at the study session on July 15, 2008) in each customer class for each PIF. The tables only emphasize the main advantages and disadvantages.

Water & Wastewater PIF Options (*wastewater PIF only applies to indoor part of option*)

Customer Class	Methodology	Advantages	Disadvantages
Residential (<i>Single-family and Multifamily</i>)	Option 1 – Status Quo: count units, bathrooms, type of plumbing fixtures; use EQR	-No change to existing procedures.	-Not linked to water budgets. -Fees use class average but outdoor use isn't included average.
	Option 2 – Indoor/Outdoor: indoor-count units, beds, baths, bldg sq. ft.; outdoor-water budget (irrigable area times application rate)	-Indoor & outdoor component. -Recognizes relationship between smaller and larger dwellings.	-Not linked to water budgets, except for outdoor component. -Not all bathrooms are equivalent. Different water use. -Difficult to define bedrooms.
	Option 3 – Water Budgets: indoor - fixed amount; outdoor – irrigable area times application rate	-Links PIFs to water budgets. -Indoor & outdoor component. -Each budget recognizes a customer type and demand patterns.	-Defining bedrooms may be difficult (only applies to multifamily budget adjustments). -If budgets overestimated then over-recover PIFs & vice versa.
CII	Option 1 – Status Quo: count number and type of plumbing fixtures; theoretical maximum gallon per minute demand	-No change to existing procedures.	-Not linked to water budgets. -Same number & type fixtures may have different usage/impacts depending on customer operations. -Customer confusion.
	Option 2: - Water Budgets: menu of options (average monthly use-AMU, historical monthly use-HMU, indoor/outdoor, efficiency standard budget)	-Links PIFs to water budgets. -Indoor & outdoor component.	-Difficult to administer since customers could select different water budget option each year. -No conservation w/AMU & HMU. -If budgets overestimated then over-recover PIFs & vice versa.
	Option 3 – Water Budget Meter Size, AWC Account Usage Distributions: usage distribution (sliding scale of 25%, 50%, or 85%) of meter size class or efficiency standard.	-Conservation element (using percents) and PIF costs less at lower percentages. -Customer can choose to shape budget to reflect business production.	-Links to water budgets but use different “menu” of options. -Differences among customers because of different percents used in PIF calculation. -If water budgets overestimated then over-recover PIFs and vice versa.

Customer Class	Methodology	Advantages	Disadvantages
CII	Option 4 – Amortized Self Correcting PIF: initial PIF payment then customers pay additional PIF through monthly rates if exceed threshold	-Self correcting system avoids situations where customers use more than PIF purchased. -Eliminates need to set budgets for businesses whose usage changes over time. -Encourages conservation.	-Not linked to water budgets. -Changes current block rate structure to new three block structure. -Initially determining custom threshold would be difficult.
	Option 5 – Meter Size and Building Square Feet (<i>only applies to wastewater PIF</i>)	-Is equitable assuming meter size is applied consistently.	-Meter size has same potential demand but water uses vary significantly. Building size may mitigate some discrepancy.
Irrigation-Only	Option 1 – Status Quo: gallon per minute demand of largest irrigated zone	-No change to existing procedures.	-Not linked to water budgets. -Two customers with same irrigable area would be charged different PIF depending on how zones designed.
	Option 2 – Water Budgets: irrigable area times application rate	-Links PIFs to water budgets. -PIF based on customer-specific irrigable area.	-Irrigable area can change over time based on resident and horticulture.
Large User	Option 1 – Status Quo: case-by-case basis; separate agreement and individualized PIF	-No change to existing procedures.	-Hard to determine which users meet threshold for large user agreement.
	Option 2 – Meter Size Basis: any commercial customer requesting meter size 3 inches or larger would require large user agreement	-Clear threshold for implementing an agreement. -Encourages conservation to keep below large user threshold.	-Staff has rarely developed a large user agreement in past. Staff may need to generate 2 to 4 agreements per year.

Stormwater PIF Options

Customer Class	Methodology	Advantages	Disadvantages
Residential and CII	Option 1–Status Quo: sq. ft. additional impervious area; same fee for all customers	-No change to existing procedures. -All customers treated same & have been since fee inception.	-Customers pay fees but may not receive a benefit in their specific basin for many years.
	Option 2 – Basin-by-Basin: per square foot of additional impervious area; different fee depending on drainage basin	-Money contributed by property owners in specific basin would be used for improvements in that basin.	-Customers pay different fees. -Past, monies collected from all customers used to fund certain improvements. Determining customer payments and credits for improvement would be difficult.



**City of Boulder
Planning and Development Services**

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phone 303-441-1880 • fax 303-441-4070 • web www.ci.boulder.co.us/pwplan

Construction Permit Square Foot Valuation Rates

The International Code Council Building Valuation Data was used to establish the valuation rates for each building use and construction type. The contractor's valuation will be used for alterations, repairs, remodels, tenant remodels and swimming pools. The rates are for new construction. All other are a percentage of the new rate (except basement finish) as shown.

<u>Scope</u>	<u>NonResidential</u>	<u>Residential</u>	Proposed
Addition	100%	100%	Blue = New Rate
Core and Shell	75%	75% (not R-3)	Black = Current Rate
Tenant Finish	50%	50%	
Basement Finish	N/A	100%	
Unfinished Basement	N/A	\$15.00 per square foot	

Group	Building Use	Type of Construction								
		I-A	I-B	II-A	II-B	III-A	III-B	IV	V-A	V-B
A-1	Assembly	177.62	171.29	166.88	159.10	148.75	143.82	153.43	134.10	128.49
	Theater	126.27	126.27	92.00	87.63	92.00	87.63	92.00	86.60	81.88
A-2	Assembly	149.94	145.74	142.04	136.49	128.53	124.91	131.71	116.50	112.58
	Nightclub	126.27	126.27	92.00	87.63	92.00	87.63	92.00	86.60	81.88
A-2	Assembly	148.94	144.74	140.04	135.49	126.53	123.91	130.71	114.50	111.58
	Restaurant	116.15	116.15	112.01	95.91	112.01	108.22	112.01	102.58	98.56
A-3	Assembly	180.72	174.39	169.98	162.21	151.82	146.89	156.54	137.18	131.57
	Religious	114.08	114.08	85.68	81.42	93.15	89.01	93.15	87.06	81.88
A-3	Assembly	152.81	146.48	141.07	134.30	122.33	118.97	128.63	108.26	103.65
	Library, Museum, Community Hall	94.76	94.76	57.96	56.70	70.50	66.13	70.50	59.34	54.86
A-4	Assembly	176.62	170.29	164.88	158.10	146.75	142.82	152.43	132.10	127.49
	Arena	126.27	126.27	92.00	87.63	92.00	87.63	92.00	86.60	81.88
A-5	Assembly	176.62	170.29	164.88	158.10	146.75	142.82	152.43	132.10	127.49
	Amusement/Recreational - Indoor, Amusement/Recreational - Outdoor	126.27	126.27	92.00	87.63	92.00	87.63	92.00	86.60	81.88
B	Business	154.16	148.70	144.00	137.27	125.07	120.41	131.97	109.81	105.37
	Financial Institution, Government Uses, Medical and Dental Clinics, Office (Administrative, Professional and Technical), Personal Service, Research & Development	122.82	122.82	82.23	78.32	88.78	84.87	88.78	83.15	78.32
E	Educational	166.52	160.91	156.34	149.52	140.14	132.98	144.59	123.34	118.69
	Schools/Educational	127.88	127.88	87.29	89.82	93.38	89.82	93.38	87.52	83.49
F-1	Factory and Industrial (moderate hazard)	92.68	88.42	83.70	80.93	72.45	69.29	77.68	59.67	56.50
	Manufacturing-Moderate Hazard, Service Industrial-Moderate Hazard	65.44	65.44	45.54	41.86	50.14	47.27	50.14	47.27	43.24
F-2	Factory and Industrial (low hazard)	91.68	87.42	83.70	79.93	72.45	68.29	76.68	59.67	55.50
	Manufacturing-Low Hazard, Service Industrial-Low Hazard, Public Works/Utilities, Telecommunications	65.44	65.44	45.54	41.86	50.14	47.27	50.14	47.27	43.24
H-1	High Hazard	86.84	82.58	78.86	75.09	67.79	63.63	71.84	55.02	N.P.
	High Hazard (explosive)	65.44	65.44	45.54	41.86	50.14	47.27	50.14	47.27	43.24
H-2	High Hazard	86.84	82.58	78.86	75.09	67.79	63.63	71.84	55.02	50.85
	High Hazard (highly flammable)	65.44	65.44	45.54	41.86	50.14	47.27	50.14	47.27	43.24
H-3	High Hazard	86.84	82.58	78.86	75.09	67.79	63.63	71.84	55.02	50.85
	High Hazard (flammable)	65.44	65.44	45.54	41.86	50.14	47.27	50.14	47.27	43.24
H-4	High Hazard	86.84	82.58	78.86	75.09	67.79	63.63	71.84	55.02	50.85
	High Hazard (corrosive and/or toxic)	65.44	65.44	45.54	41.86	50.14	47.27	50.14	47.27	43.24
H-5	HPM	154.16	148.70	144.00	137.27	125.07	120.41	131.97	109.81	105.37
	High Hazard (semiconductor type materials)	65.44	65.44	45.54	41.86	50.14	47.27	50.14	47.27	43.24

Group	Building Use	Type of Construction								
		I-A	I-B	II-A	II-B	III-A	III-B	IV	V-A	V-B
I-1	Institutional	152.30	147.08	143.14	137.34	128.24	124.73	138.61	116.09	111.54
	<i>Assisted living</i>	187.68	187.68	155.37	155.37	155.37	155.37	155.37	148.24	148.24
I-2	Institutional	256.26	250.80	246.11	239.38	226.55	N.P.	234.08	211.31	N.P.
	<i>Hospital</i>	187.68	187.68	155.37	155.37	155.37	155.37	155.37	148.24	148.24
I-3	Institutional	179.18	173.72	169.02	162.30	150.51	N.P.	157.00	135.27	N.P.
	<i>Nursing Home</i>	187.68	187.68	155.37	155.37	155.37	155.37	155.37	148.24	148.24
I-3	Institutional	174.99	169.52	164.83	158.10	147.16	141.52	152.80	131.92	125.48
	<i>Prison</i>	187.68	187.68	155.37	155.37	155.37	155.37	155.37	148.24	148.24
I-4	Institutional	152.30	147.08	143.14	137.34	128.24	124.73	138.61	116.09	111.54
	<i>Day Care</i>	187.68	187.68	155.37	155.37	155.37	155.37	155.37	148.24	148.24
M	Mercantile	111.44	107.24	102.53	97.99	89.62	87.00	93.21	77.59	74.67
	<i>Commercial/Retail, Wholesale</i>	94.76	94.76	57.96	56.70	70.50	66.13	70.50	59.34	54.86
R-1	Residential	154.24	149.02	145.08	139.28	129.95	126.44	140.32	117.80	113.25
	<i>Boarding House</i>	116.15	116.15	100.63	95.91	100.63	95.91	100.63	87.63	85.91
R-2	Residential	129.33	124.11	120.17	114.37	105.16	101.65	115.53	93.01	88.46
	<i>Motel/Hotel/Bed & Breakfast, Multifamily Dwellings</i>	125.58	125.58	102.01	83.26	102.01	83.26	102.01	94.30	73.37
R-3	Residential	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	82.00
	<i>Manufactured/Mobile Home</i>	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	82.00	82.00
R-3	Residential	122.11	118.76	115.86	112.68	108.62	105.77	110.77	101.74	95.91
	<i>Single Family Attached Dwelling, Single Family Detached Dwelling, Studio, Townhomes</i>	111.44	111.44	111.44	111.44	111.44	111.44	111.44	111.44	111.44
R-4	Residential	152.30	147.08	143.14	137.34	128.24	124.73	138.61	116.09	111.54
	<i>Residential Care</i>	187.68	187.68	155.37	155.37	155.37	155.37	155.37	148.24	148.24
S-1	Storage (moderate hazard)	85.84	81.58	76.86	74.09	65.79	62.63	70.84	53.02	49.85
	<i>Service Station/Vehicular Repair, Warehousing-Moderate Hazard</i>	131.56	131.56	86.60	77.28	80.62	77.28	80.62	68.66	54.86
S-2	Storage (low hazard)	84.84	80.58	76.86	73.09	65.79	61.63	69.84	53.02	48.85
	<i>Parking Garage, Warehousing-Low Hazard</i>	56.24	56.24	42.21	32.20	42.55	37.84	42.55	38.76	27.95
U	Utility (miscellaneous)	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	19.09	19.09
	<i>Carport - Attached, Carport - Detached, Deck, Patio Cover, Porch</i>	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	19.09	19.09
U	Utility (miscellaneous)	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	39.23	37.34
	<i>Garage - Attached, Garage - Detached, Shed, Shop</i>	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	N.P.	31.51	27.95

N.P. = not permitted

Building Permit Fee Table

Valuation	Fees
\$500.00 or less	\$28.05 \$25.00
\$500.01 through \$2,000.00	\$28.95 \$25.00 for the first \$500.00 plus \$3.65 \$3.25 for each additional \$100.00 or fraction thereof, up to and including \$2,000.00
\$2,000.01 through \$25,000.00	\$82.15 \$74.00 for the first \$2,000.00 plus \$16.60 \$14.95 for each additional \$1,000.00 or fraction thereof, up to and including \$25,000.00
\$25,000.01 through \$50,000.00	\$464.50 \$418.00 for the first \$25,000.00 plus \$11.95 \$10.75 for each additional \$1,000.00 or fraction thereof, up to and including \$50,000.00
\$50,000.01 through \$100,000.00	\$763.40 \$686.00 for the first \$50,000.00 plus \$8.30 \$7.45 for each additional \$1,000.00 or fraction thereof, up to and including \$100,000.00
\$100,000.01 through \$500,000.00	\$1,178.45 \$1,059.00 for the first \$100,000.00 plus \$6.60 \$5.95 for each additional \$1,000.00 or fraction thereof, up to and including \$500,000.00
\$500,000.01 through \$1,000,000.00	\$3,835.00 \$3,447.00 for the first \$500,000.00 plus \$5.60 \$5.05 for each additional \$1,000.00 or fraction thereof, up to and including \$1,000,000.00
\$1,000,000.01 or more	\$6,651.35 \$5,979.00 for the first \$1,000,000.00 plus \$4.30 \$3.85 for each additional \$1,000.00 or fraction thereof