



**CITY OF BOULDER  
CITY COUNCIL AGENDA ITEM**

**MEETING DATE: September 20, 2016**

**AGENDA TITLE:** Consideration of a motion to accept the study session summary from August 30, 2016 City Council Study Session regarding the Development-Related Impact Fees and Excise Taxes

**PRESENTERS:**

Jane S. Brautigam, City Manager  
David Gehr, Deputy City Attorney  
Susan Richstone, Deputy Director of Planning, Housing and Sustainability  
Chris Hagelin, Senior Transportation Planner  
Kristin Hyser, Community Investment Program Manager  
Devin Billingsley, Senior Budget Analyst  
Lauren Holm, Associate Planner  
Chris Meschuk, Project Manager

**EXECUTIVE SUMMARY**

This agenda item provides a summary of the August 30, 2016, study session on Development-related Impact Fees and Excise Taxes. The purpose of this study session was to continue the discussion with council from the questions initially posed at the June 14 study session on the development-related impact fees and excise taxes project.

Key takeaways from the study session were:

Multi-modal Transportation:

- City Council supported staff's recommendation to have one rate structure for Multimodal Transportation fees/taxes.

Economic Impact Analysis (EIA)

- Some council members were expecting a much more quantitative analysis to aid in setting fees, which is not what an EIA provides.

Affordable Housing Credits/Fee Waivers:

- City Council was interested in discussing impact fee credits, and requested this be addressed prior to making final decisions on fees.

**STAFF RECOMMENDATION**

**Suggested Motion Language:**

Staff requests council consideration of this summary and action in the form of the following motion:

Motion to accept the summary (**Attachment A**) of the Aug. 30, 2016 Study Session on Development-Related Impact Fees and Excise Taxes

**NEXT STEPS**

On September 20, staff will present recommendations and fee and tax change options and next steps for council discussion under Matters from the City Manager. Based on direction from council, changes to the impact fees and excise taxes ordinances will be drafted along with further discussion of the affordable housing linkage fee. A public hearing is scheduled for Nov. 15.

**ATTACHMENT**

**A:** Summary of the August 30, 2016, study session on the Development-related Impact Fees and Excise Tax Update Study

**Aug. 30, 2016 Study Session**  
**Development-Related Impact Fees and Excise Taxes**

**PRESENT**

**City Council:** Mayor Suzanne Jones, Mayor Pro Tem Mary Young, Matthew Appelbaum, Aaron Brockett, Jan Burton, Lisa Morzel, Sam Weaver and Bob Yates.

**Staff:** Jane S. Brautigam, City Manager; David Gehr, Deputy City Attorney; Susan Richstone, Deputy Director for Planning; Chris Hagelin, Senior Transportation Planner; Lauren Holm, Associate Planner; Chris Meschuk, Project Manager

**PURPOSE**

The purpose of this study session was to continue the discussion with council of the questions initially posed at the June 14 study session on the development-related impact fees and excise taxes project.

Staff sought input on policy issues related to transportation rate structure and a draft of the economic impact report. The study session also provided an update on the housing credits analysis project and preparation for the Sept. 20 public hearing.

**SUMMARY OF COMMENTS BY DISCUSSION SECTION**

Chris Meschuk introduced the item, and reviewed the purpose and agenda of the study session item. Meschuk presented an overview of the process to-date of the Development-Related Impact Fees and Excise Taxes project and reviewed the June 14 study session. He then forecasted to the Sept. 20 Public Hearing and described that council will be getting charts and graphs that help put these various fee options in context, as well as a staff memo with staff recommendation and final fee reports from the consultants.

**Multimodal transportation**

*Presentation summary*

Chris Hagelin introduced the topic and reminded council of the previously proposed methods for rate adjustments. Since the June 14 study session, staff conducted additional analysis and recommended no tiered rate structure. This recommendation is based on the consideration that staff is using a plan-based approach to determine fee levels. In a plan-based approach, new growth is paying its share of planned capital improvements located throughout the city, as a part of an open system and network. The specific location of a new development does not change the need to collect new growth's share of those planned capital improvements. Furthermore, the city's zoning powers require capital infrastructure improvements directly related to or adjacent to its location as a part of the project approval

*Feedback/comments summary*

Council was supportive of staff's recommendation.

### **Affordable Housing Credits/Fee Waivers**

#### *Presentation summary*

Chris Meschuk responded to council questions about the staff recommendation to hold the affordable housing credits/fee waivers conversation until other affordable housing fee-related work is completed.

#### *Feedback/comments summary*

Council was generally supportive of holding the conversation of credits and waivers, but directed staff to bring back a timeline for that discussion at the Sept. 20 meeting. It was discussed that there are several timing factors to consider with this conversation, including the final adoption of the fee ordinance and the relationship to the Inclusionary Housing program. There was also a desire expressed for staff to be completely clear about the trade-offs when this discussion does happen. Several council members expressed support to have a decision on credits prior to the fee changes ordinance adoption.

### **Economic Impact Analysis**

#### *Presentation summary*

Chris Meschuk presented the draft Economic Impact Analysis (EIA) prepared by TischlerBise. Meschuk described at a high level what an EIA looks at (direct, indirect, and induced effects) as well as the results of the report. An EIA measures the overall economic benefit to the local economy based on job growth, wages and goods and services purchased and the multiplier effects as the dollars circulate in the community. Meschuk stated that this report cannot be an apples to apples comparison to the impact fee studies, but rather is a context point to understand the benefits of development. The consultants were unable to be at this meeting so Meschuk took council's questions.

#### *Feedback/comments summary*

Some council members expressed disappointment that this analysis did not produced a result that would allow them to directly compare the dollar per sq.ft. benefits of development to the dollar per sq.ft. impacts of development. Susan Richstone responded that such an analysis would need to account for the operating and capital revenues and expenses of the city, and is a significant analysis that is outside the scope of this project or an impact fee update. Furthermore, such an analysis will still not provide a metric to assist in setting the affordable housing linkage fee.

### **Closing**

Chris Meschuk closed the meeting by reminding council of the process and describing what council will expect to receive for the September 20 Public Hearing. Meschuk summarized that staff will be:

- Developing three options for setting fees using the incremental update for capital facilities, the hybrid approach to multimodal transportation funding and \$10, \$20 and \$35 office fee levels for the affordable housing linkage fee.

Attachment A - Summary of the August 30, 2016 study session

- Writing a staff memorandum outlining the three options for fee changes including staff recommendations, as well as options for phasing and implementation.
- Compiling comparative charts showing the three fee options applied to a sample development project, in comparison to surrounding communities.
- Finalizing fee and tax studies, as well as the Economic Impact Report.
- Continuing analysis on potential credits and a subsidy funding system for affordable housing for consideration and bringing back a timeline for the discussion as part of the September 20 packet.

*\*Note: On Sept 6, the city council agenda committee has requested a shift in the agenda for Sept. 20. The previously scheduled public hearing will now be a discussion under Matters from the City Manager. On Sept. 20, staff will be: seeking final direction on Capital Facility Impact Fees and Transportation Fee/Taxes, discussing the Housing Linkage Fee to get input from Council on what next steps/additional analysis is desired, and discussing housing subsidy/credits. The public hearing is now tentatively scheduled for Nov. 15.*