



Introductory Seminar

February 1, 2016

Policy on Development Paying Its Fair Share

The City of Boulder has a policy that new growth should pay its own way, which is articulated in the Boulder Valley Comprehensive Plan (BVCP). Policy 1.30 states:

1.30 Growth to Pay Fair Share of New Facility Costs

Since the public costs of annexation and developing several areas concurrently could prove excessive, the city will limit said costs to those, which can reasonably be accommodated within the Capital Improvements Program and are compatible with anticipated revenues. When permitting additional development or redevelopment, the city will consider whether public facilities and services are adequate to reasonably maintain current levels of service or service standards given the impacts of such additional development or committed funding sources for such adequate facilities are sufficient to ensure their provision in a timely fashion. 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 including affordable housing, and to mitigate negative impacts such as those to the transportation system.



What is an Impact Fee?

An impact fee (or capital facility impact fee, or development impact fee) is a one-time fee to fund capital improvements necessitated by new development. Colorado law explicitly authorizes municipalities to impose impact fees to defray the cost of any improvements that are necessary to accommodate new developments and also sets out requirements for the adoption of impact fees including:

- The fee is for capital facilities.
- The amount of the fee must be based upon “the reasonable impacts of proposed development on existing capital facilities” and must be assessed at a level no greater than necessary to defray the impacts directly related to the proposed development.
- A “capital facility” is “any improvement or facility that: (a) is directly related to any service that a local government is authorized to provide; (b) has an estimated useful life of five years or longer; and (c) is required by the charter or general policy pursuant to resolution or ordinance.”
- An impact fee cannot be imposed to remedy any deficiency in capital facilities that exists without regard to the proposed development.
- The fee needs to be based on a study that quantifies the impacts.
- The fee needs to be accounted for separately and earmarked for the capital expenses for which they were collected.

What is an Excise Tax?

Excise taxes (or Development Excise Taxes or DET) are one-time revenues often used to fund new infrastructure needed to accommodate new development. The City of Boulder has legislative authority to impose development excise taxes upon approval of the voters. The ballot measure passed by city voters indicated that the revenues were to be spent “pursuant to city policy that new development should pay for growth-related impacts on public facilities”. Excise taxes differ from impact fees in that they are:

- Primarily a tool for raising revenue, as opposed to a land use regulation designed to provide growth-related facilities.
- Do not have to be earmarked or accounted for separately from the City’s general revenue.
- Do not have to specifically benefit new growth.
- Are generally more flexible than impact fees.

Current City Development Excise Taxes & Impact Fees



Park Land Development Excise Tax
Used to fund park land purchases; charged on residential development.



Transportation Excise Tax
Used to fund transportation system capital improvements and enhancements such as road improvements, intersections, bike lanes, underpasses, and pedestrian enhancements. Charged on residential and non-residential development.



Housing Excise Tax
Used to fund the construction, rehabilitation and acquisition of affordable housing; charged on residential and non-residential development.



Library Impact Fee
Used to fund library facilities and materials in the library's collections, charged on residential development.



Parks & Recreation Impact Fee
Used to fund outdoor parks, recreation center and pool facilities, and support facilities; charged on residential development.



Human Services Impact Fee
Used to fund senior center facilities and the Children, Youth and Family Center facility; charged on residential development.



Municipal Facilities Impact Fee
Used to fund additional municipal building space; charged on residential and non-residential development.



Police Impact Fee
Used to fund police station facilities, and communication center space; charged on residential and non-residential development.



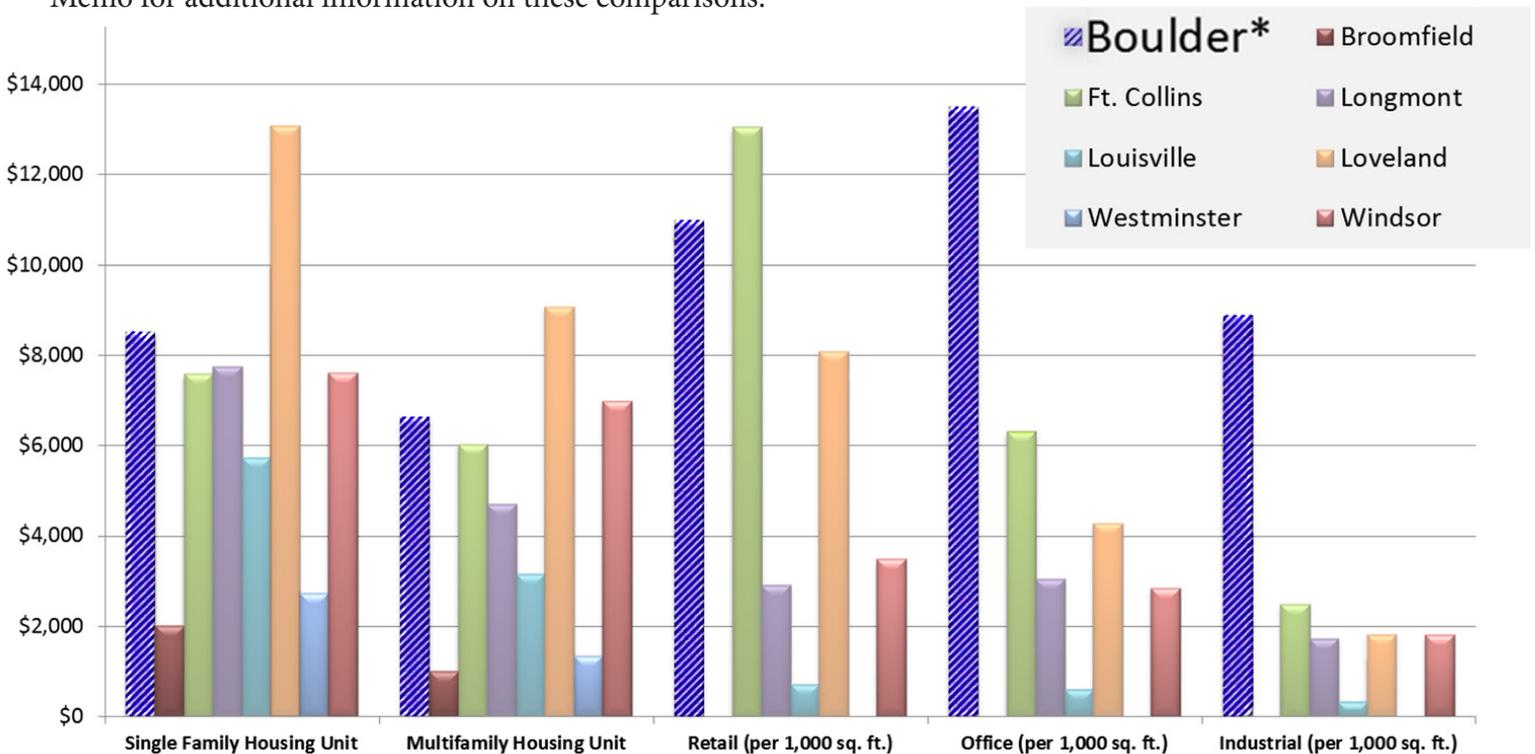
Fire Impact Fee
Used to fund fire station facilities, land, and fire apparatus; charged on residential and non-residential development.



Affordable Housing Commercial Linkage Impact Fee
Used to fund additional affordable housing; charged on non-residential development.

How Does Boulder Compare?

This comparison chart is only a subset of the total development costs in each community, and only includes impact fees and excise taxes. It does not include other one-time costs such as utility plant investment fees, other permit and tap fees, construction use tax, or the City of Boulder's inclusionary housing program. Includes the full phase in of the affordable housing commercial linkage fee. See the Oct 13, 2015 City Council Study Session Memo for additional information on these comparisons.



1301 Walnut

72,200 square feet - Commercial



Description: Office Building

- Zoning: Downtown - 5 (DT-5)
- Height: 55'
- Approved Modifications: Height (38' to 55'), stories (2 to 4)
- Size: 72,200 Square Feet (56,600 above grade and 15,600 below grade)
- Project Valuation: \$12,300,000 (core and shell only)

Development-Related Fees and Taxes

Impact Fees & Excise Taxes (DET & CFI)	\$341,655	<i>(Credit for 12,375 sq. ft of former building)</i>
• Fire:	\$27,335	
• Municipal Facilities:	\$9,426	
• Police:	\$7,541	
• Affordable Housing:	\$180,471	<i>(Would have been \$521,291 with full phase in)</i>
• Transportation:	\$116,882	
Permitting Fees and Sales Tax:	\$420,861	
Plant Investment Fees	\$624	<i>(Credit for former building)</i>
Total Development Review Fees	\$36,818	
TOTAL FEES & TAXES	\$799,958	

Exactions & Development Approval Conditions

File an application for individual landmark designation of the Colorado Insurance Group Building at 1919 14th St., sidewalk construction, street improvements, landscaping

3100 Pearl Pkwy.

335,617 square feet - Residential Mixed-Use



Description: Residential Apartment Building

- Zoning: Mixed Use - 4 (MU-4)
- Height: 55'
- Approved Modifications: Height, Setbacks
- Size: 319 units, 335,617 square feet (332,461 residential, 3,156 retail, 207,787 underground parking)
- Project Valuation: \$38,000,000

Development-Related Fees and Taxes

Impact Fees & Excise Taxes (DET & CFI)	\$1,833,749 <i>(Credit for 21,943 square feet of former building)</i>
• Fire:	\$78,253
• Human Services:	\$32,871
• Library:	\$101,613
• Municipal Facilities:	\$59,669
• Parks & Recreation:	\$697,184
• Police:	\$69,554
• Housing:	\$72,070
• Transportation:	\$487,432
• Park Land:	\$235,103
Permitting Fees and Sales Tax	\$1,578,852
Plant Investment Fees	\$2,830,371
Inclusionary Housing Cash-in-lieu	\$5,376,903
Total Development Review Fees	\$165,283

TOTAL FEES & TAXES **\$11,706,904**

Exactions & Development Approval Conditions

Right-of-Way Dedication, public easements for internal roads, multi-use path and multi-way boulevard.

5025 Pearl Pkwy.

31,678 square feet - Warehouse and Office Space



Description: Industrial Building

- Zoning: Industrial Service - 2 (IS-2)
- Height: 40'
- Approved Modifications: By-right development, 25% parking reduction (administrative)
- Size: 31,678 square feet (8,486 office, 23,202 warehouse)
- Project Valuation: \$4,600,000

Development Fees

Impact Fees & Excise Taxes (DET & CFI)	\$105,887
• Fire:	\$5,765
• Municipal Facilities:	\$3,089
• Police:	\$2,286
• Affordable Housing:	\$0 (<i>Would have been \$153,030 with full phase in</i>)
• Transportation Excise Tax:	\$78,586
• Housing Excise Tax:	\$16,161
Permitting Fees and Sales Tax	\$176,229
Plant Investment Fees	\$184,670
Total Development Review Fees	\$13,093
TOTAL FEES & TAXES	\$479,880

Exactions & Development Approval Conditions

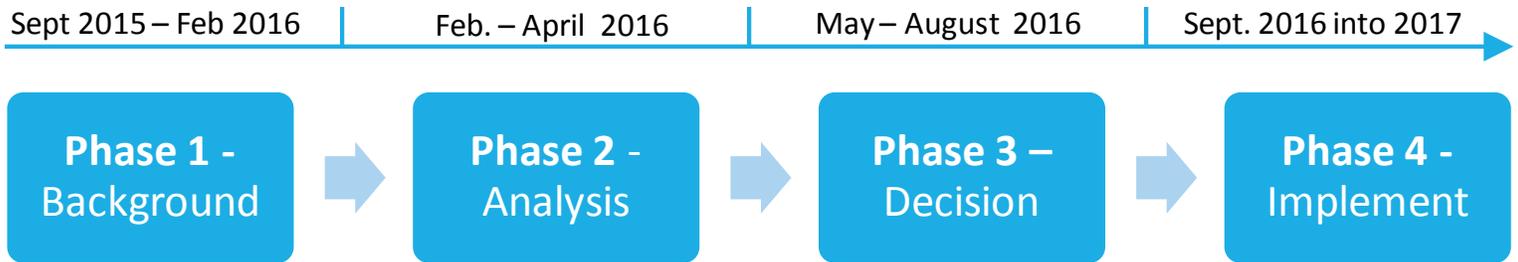
Public access easement dedication, sidewalk construction, street improvements, landscaping

2016 Update Project Scope

The city is currently updating the development-related fee studies. The city has retained two consultants to assist in the analysis, TischlerBise and Keyser Marston Associates. The update is examining four different areas:

1. An Update of the 2009 Impact Fee Study. This update will include all of the components of the Capital Facility Impact Fee (Fire, Human Services, Library, Municipal Services, Parks & Recreation, and Police) and an update to the park land component of the Excise Tax Study. This update will look at the current and projected development, and capital facility needs. (TischlerBise)
2. A study of the Capital and Operating Impacts to Multimodal Transportation from New Development. The purpose of the study would be to develop a multimodal transportation impact fee and/or excise tax as well as other mechanisms to provide capital improvements and possibly initial and on-going operations and maintenance funding associated with new development. This study will go beyond impact fees and into operational funding tools including some level of consideration of both the needed capital facilities created by new growth as well as programs, operations and maintenance. (TischlerBise)
3. Affordable Housing Linkage Fee on Non-Residential Development. The city recently adopted an affordable housing linkage fee that was recommended by the 2009 impact fee and excise tax studies. This component will include preparation of a nexus study for an affordable housing linkage fee on new non-residential development that would mitigate the need for affordable and workforce housing created by the development. (Keyser Marston Associates)
4. Preparation of a study to create a public art program for new development. The City Council recently accepted the Community Cultural Plan. One recommendation of the plan is to re-invent the public art program, including a sustainable and sufficient source of funding to implement. The purpose of this study would be to identify best practices across the country including both regulatory and fee based approaches, to compliment a standard source of funding, and recommend options for the city to develop a program. (Keyser Marston Associates)

Development-Related Impact Fee & Excise Taxes Project Overview



How you can stay informed and involved?

Project Website:

<https://bouldercolorado.gov/plan-develop/development-impact-fees-excise-taxes>

City Council Study Session – April 12

Public Information Session – June 13

City Council Study Session – June 14

Contact Chris Meschuk, Project Manager

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