



# Office of the City Auditor

To: Charae McDaniel, Chief Financial Officer, City of Colorado Springs

From: Jacqueline Rowland, City Auditor

Date: June 23, 2022

Re: Citywide Development Impact Fee Review

We have completed our review of the 2022 proposed ordinance creating Citywide Development Impact Fees, accompanying resolution, and supporting documents. Our review was limited, focusing on the process used to determine the fees and administrative procedures covered by the ordinance and resolution. We did not attempt to recalculate or verify the data models used by TischlerBise. We consider TischlerBise to be an expert in this field and relied upon their calculations.

We reviewed the documentation of the process that was followed in preparing these fees and conclude the process was robust and considered input from stakeholders appropriately. The methodology used appears to be sufficient to determine the calculation of appropriate fee amounts. We conclude the proposed legislation appears to meet the requirements of C.R.S. §§ 29-20-104.5. We concur the projected revenue from these fees in 2023 should be approximately \$4.5 million.

One recommendation made by TischlerBise was to recalculate the fees when there are significant changes in demand or cost. These changes may not be reflected in the annual inflationary review based on the U.S. Bureau of Labor Statistics, Producer Price Index by Industry: New School Building Construction, PCU236222236222.

The draft ordinance states:

*F. The Chief Financial Officer shall periodically identify and report to Council funds, including grants, fees, dedicated public safety tax revenues or other sources, that have been newly obtained by the City for the specific purpose stated in this part. Upon identifying the new funding source, but not more often than once every four (4) years, the Chief Financial Officer shall conduct an updated fee study and advise Council on the feasibility and effects of reducing or eliminating the CDI Fee.*

As stated, the Chief Financial Officer's review would not address the TischlerBise concern of significant changes in demand or cost. We suggest the four-year review also contemplate significant changes to demand or cost that may result in increased or decreased fees.

Our March 2018 audit recommendation concerning Police and Fire fees is considered fully implemented based upon this review.

A handwritten signature in black ink, appearing to read "Jacqueline Rowland".