



Legislation Text

File #: CPC CA 22-00016, **Version:** 5

Ordinance No. 22-40 creating new Part 19 (Citywide Development Impact Fees) of Article 5 (Administration and Procedures) of Chapter 7 (Planning Development and Building) of the Code of the City of Colorado Springs 2001, as amended, pertaining to Citywide Development Impact Fees

Presenter:

Charae McDaniel, Chief Financial Officer
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Summary:

The attached ordinance creates a new Part 19 - Citywide Development Impact Fees ("CDI Fee") in Chapter 7 (Planning Development and Building) of the City Code. The new Part includes sections creating the Police Capital Expansion Fee, the Fire Protection Capital Expansion Fee, and provides for the Administration of the Fees. It is the purpose of this part to require the payment of Police and Fire Protection Capital Fees (Police and Fire Impact Fees) whenever new developments are constructed or when existing developments are converted to a more intensive use. The Impact Fees will replace the current Police and Fire Annexation fees.

*** July 12, 2022 - Regular Meeting Update: During the City Council Work Session on June 27, 2002, City Council expressed a desire to incorporate changes to Section 7.5.1906.F of the Ordinance. The City Council requested that the language be changed from referencing the result of future Fee Studies reducing or eliminating the Fee, to wording that included the possibility that future Fee Studies would result in the Fee decreasing or increasing, based not only on identifying future dedicated revenue sources, but also significant changes in demand or cost. These updates address City Councils comments and incorporate the City Auditor's recommendation. The Ordinance has been updated to incorporate these changes. A redline version is included, in addition to the clean version, to demonstrate the changes.

Background:

After the Banning Lewis Ranch Amended and Restated Annexation Agreement was complete, it was observed by the City Auditor's Office, in Report 18-05, that "The proposed police and fire fees described in the Agreement were not defined in City Code. Current fees imposed through annexation agreements do not cover the full cost of land acquisition, construction, and initial outfitting of the required police and fire stations." The Report contained a Recommendation, which stated that City Management should develop a clear policy and methodology for calculation of police and fire fees for incorporation into City Code and obtain Council approval for related City Code changes.

To accomplish this, the City contracted with TischlerBise (a fiscal, economic, and planning consultant) to conduct a study to determine the appropriate level of fee needed to fund capital infrastructure for the City's Police and Fire Departments. As new development is created within the City, it necessitates increased capacity for emergency services response. It is the purpose of this part to

require the payment of Police and Fire Impact Fees whenever new developments are constructed or existing developments are converted to a more intensive use. The fees will fund capital improvements that provide additional capacity to the Police and Fire Departments, they will not be used to replace existing facilities. The fees recommended by the study are proportional to the burdens on the City's police and fire services created by the new development. The fees are a one-time payment for growth-related public safety infrastructure.

The current Police and Fire Annexation fee is required of annexations via annexation agreements. The annexation fee is calculated based on gross-acre area and is collected at recordation of annexation, or plat, or deferred to building permit, depending on the annexation agreement. The fee is adjusted annually for construction inflation.

The new Police and Fire Impact Fees will apply to all new development and redevelopment city-wide. For residential development it will be calculated on a per unit basis, using tiers which group the development based on residential density. For non-residential development it will be calculated on a per square foot basis, using tiers which group the development based on intensity of use. The fee will be collected at building permit and will be adjusted annually for construction inflation. The Impact Fees are set at a 70% cost recovery level, which is the High-cost recovery category per the City's User Fee Policy and in recognition that the City already has in place a dedicated Public Safety Sales Tax (PSST). The Ordinance also allows credits to be applied for land dedication, previous annexation payments, and for the current use of the property. For example, if a property is being redeveloped from industrial to retail, the amount of fee will be calculated based on the retail use, then the amount will be calculated for the current industrial use and subtracted from the retail fee, to determine the net amount of fee that is required.

The Police and Fire Impact fees are set by separate Resolution, which is a companion item to this Ordinance.

Previous Council Action:

N/A.

Financial Implications:

Revenue generated by the Police and Fire Impact Fees will be dependent on development activity. As development activity increases, there will be more revenue collected by the application of the Police and Fire Impact Fee, and as development activity decreases, the revenue collected will decrease. Based on development activity at the 2021 level, it is anticipated that the Police and Fire Impact Fees could produce approximately \$4.5 million annually.

City Council Appointed Board/Commission/Committee Recommendation:

This Ordinance was discussed with the City Council Budget Committee on February 8 and June 14, 2022.

This Ordinance was discussed with the City Planning Commission on June 16, 2022. City Planning Commission recommended approval to the City Council by a unanimous vote (5:0:3:0 - Graham, Raughton, McMurray were absent, one vacant slot)

Stakeholder Process:

The Police and Fire Impact Fees were presented to the Housing and Building Association's Policy Committee and representatives multiple times in 2020, 2021. The Police and Fire Impact Fees were

presented to the representatives from the Housing and Building Association's Policy Committee, Downtown Development Authority Board, the Colorado Springs Chamber/EDC, the Colorado Association of General Contractors, Pikes Peak Area Realtors, and the Apartment Association of Southern Colorado multiple times in 2022.

Alternatives:

City Council could change or not approve the fee.

Proposed Motion:

Move approval of the Ordinance creating new Part 19 (Citywide Development Impact Fees) of Article 5 (Administration and Procedures) of Chapter 7 (Planning Development and Building) of the Code of the City of Colorado Springs 2001, as amended, pertaining to Citywide Development Impact Fees

An Ordinance authorizing Police and Fire Protection Capital Expansion Impact Fees